

IMPORTANT NOTICE

THE ATTACHED BASE PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)) AND ARE OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following applies to the base prospectus following this page, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the base prospectus. In accessing the base prospectus, you agree to be bound by the following terms and conditions, including any modifications to them anytime you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the base prospectus is intended for you only and you agree you will not forward this electronic transmission or the attached document to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS AS DEFINED IN REGULATION S, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE FOLLOWING BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE PROSPECTUS, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES.

Confirmation of your representation: In order to be eligible to view this base prospectus or make an investment decision with respect to the securities, investors must be persons that are not, and are not acting for the account or benefit of, U.S. persons (“U.S. Persons”) as defined in Regulation S in offshore transactions in accordance with Regulation S. This base prospectus is being sent at your request and by accepting the e-mail and accessing this base prospectus, you shall be deemed to have represented to us, the arrangers (the “Arrangers”) and the dealers (the “Dealers”) set forth in the attached base prospectus, that (i) you consent to delivery of such base prospectus by electronic transmission, (ii) that you and any person you represent are not U.S. Persons, (iii) that the e-mail address that you gave us and to which this base prospectus has been delivered is not located in the United States and (iv) if you are a Hong Kong purchaser, your business involves the acquisition and disposal, or the holding, of securities (whether as principal or as agent) and you fall within the category of persons described as “professional investors” under the Securities and Futures Ordinance (Cap. 571) of Hong Kong and its relevant rules. You are reminded that this base prospectus has been delivered to you on the basis that you are a person into whose possession this base prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this base prospectus to any other person.

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**relevant persons**”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Base Prospectus or any of its contents.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, securities, in any place where such offers, solicitations or sales are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

None of the Dealers nor any of their respective directors, affiliates, advisers, agents, nor the Agents (as defined in the agency agreement relating to the Note programme described in the base prospectus (the “**Programme**”)) accepts any responsibility whatsoever for the contents of the base prospectus or for any statement made therein in connection with the Issuer or the Programme. The Dealers and their respective directors, affiliates, advisers, agents and the Agents accordingly each disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Dealers or their respective directors, affiliates, advisers or agents or the Agents as to the accuracy, completeness, verification or sufficiency of the information set out in this Base Prospectus and neither the Dealers nor any of their respective directors, affiliates, advisers or agents accepts any responsibility for any acts or omissions of the Issuer or any other person in connection with the base prospectus or the issue and offering of Notes under the Programme.

The Dealers are acting exclusively for the Issuer and no one else in connection with any offer of the securities described in the base prospectus. They will not regard any other person (whether or not a recipient of this Base Prospectus) as its client in relation to any offer of the securities described in the base prospectus and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for giving advice in relation to any offer of the securities described in the document or any transaction or arrangement referred to herein.

This base prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Dealers nor any person who controls any Dealer, or any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the base prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Dealers.



BANK MUSCAT (SAOG)

(Incorporated with limited liability in the Sultanate of Oman)

U.S.\$2,000,000,000 Euro Medium Term Note Programme

Under the U.S.\$2,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) described in this base prospectus (the “**Base Prospectus**”), Bank Muscat (SAOG) (the “**Issuer**”, the “**Bank**” or “**Bank Muscat**”) may, from time to time, issue Notes (the “**Notes**”) denominated in any currency agreed by the Issuer and the relevant Dealer(s). Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein.

This Base Prospectus has been approved as a base prospectus by the Central Bank of Ireland (the “**Central Bank of Ireland**”), as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council (the “**Prospectus Regulation**”). The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of the Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (“**MiFID II**”) in the European Economic Area (“**EEA**”) and/or which are to be offered to the public in any Member State of the EEA. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for Notes issued under the Programme to be admitted to the official list of Euronext Dublin (the “**Official List**”) and to trading on its regulated market (the “**Regulated Market**”). The Regulated Market is a regulated market for the purposes of MiFID II. References in this Base Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the Regulated Market. This Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Regulation. The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under the Prospectus Regulation. References in this Base Prospectus to “**Exempt Notes**” are to Notes for which no prospectus is required to be published under the Prospectus Regulation. The Central Bank of Ireland has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes. Notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the “**Final Terms**”) which will be filed with the Central Bank of Ireland.

Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>). In the case of Exempt Notes, notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the “**Pricing Supplement**”). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with Bank Muscat.

The Issuer has been assigned a long-term rating of Ba3 with a positive outlook and a short-term rating of Not Prime by Moody’s Investors Service Cyprus Limited (“**Moody’s**”), a long-term rating of BB with a positive outlook and a short-term rating of B by Standard & Poor’s Global Ratings (“**Standard & Poor’s**”) and a long-term rating of BB with a stable outlook and a short-term rating of B by Fitch Ratings Limited (“**Fitch**”).

Moody’s is established in the European Union, and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). As such, Moody’s is included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website (at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) in accordance with the CRA Regulation.

Standard & Poor’s is not established in the EEA but the ratings it has assigned to each of the Sultanate of Oman and Bank Muscat are endorsed by S&P Global Ratings Europe Limited in accordance with the CRA Regulation. S&P Global Ratings Europe Limited is established in the EEA and is registered under the CRA Regulation. As such, S&P Global Ratings Europe Limited is included on the list of credit rating agencies published by ESMA on its website (at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>).

Fitch is established in the United Kingdom and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). Fitch is not established in the EEA but the ratings it has assigned to each of the Sultanate of Oman and Bank Muscat are endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings

Ireland Limited is established in the EEA and is registered under the CRA Regulation. As such, Fitch Ratings Ireland Limited is included on the list of credit rating agencies published by ESMA on its website (at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>).

Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Base Prospectus (as supplemented at the relevant time, if applicable) is valid as a base prospectus under the Prospectus Regulation for 12 months from its date. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

Programme Arrangers

Citigroup

HSBC

Dealers

Barclays

Citigroup

Commerzbank

Crédit Agricole CIB

Emirates NBD Capital

First Abu Dhabi Bank

HSBC

Mizuho

MUFG

Société Générale Corporate & Investment Banking

Standard Chartered Bank

12 April 2023

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. The Issuer declares that the information contained in this Base Prospectus and the Final Terms is, to the best of its knowledge, in accordance with the facts and the Base Prospectus as completed by the Final Terms does not omit anything likely to affect the import of such information.

The Issuer accepts responsibility for the information contained in the section entitled “*Description of Bank Muscat (SAOG)*”. Where information in this section has been extracted from a third party source, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

IMPORTANT NOTICES

This Base Prospectus should be read and construed together with any supplement to the Base Prospectus and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes which is the subject of any Final Terms (or Pricing Supplement, in the case of Exempt Notes) (both as defined herein), should be read and construed together with the relevant Final Terms or Pricing Supplement, in the case of Exempt Notes.

Other than in relation to the documents which are incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus.

The Issuer has confirmed to the Dealers named under “*Subscription and Sale*” below that this Base Prospectus (including, for this purpose, each relevant Final Terms or, in the case of Exempt Notes, Pricing Supplement) contains all information which is material (in the context of the Programme, the issue, offering and sale of the Notes); that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility (i) as to the accuracy or completeness of the information contained in this Base Prospectus or (ii) for any acts or omissions of the Issuer or any other person in connection with the Issuer, the Base Prospectus, the Programme or the issue or offering of any Notes thereunder. Neither the delivery of this Base Prospectus or any Final Terms (or Pricing Supplement, in the case of Exempt Notes) nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No Dealer will be responsible for, or for investigating, any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in any of the Notes or any other agreement or document relating to any of the Notes, or for the execution, legality or effectiveness thereof.

The distribution of this Base Prospectus and any Final Terms (or Pricing Supplement, in the case of Exempt Notes) and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms (or Pricing Supplement, in the case of Exempt Notes) comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the

distribution of this Base Prospectus or any Final Terms (or Pricing Supplement, in the case of Exempt Notes) and other offering material relating to the Notes, see “*Subscription and Sale*”. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”), or any securities laws of any state or other jurisdiction of the United States, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)).

Neither this Base Prospectus nor any Final Terms (or Pricing Supplement, in the case of Exempt Notes) constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms (or Pricing Supplement, in the case of Exempt Notes) should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms (or Pricing Supplement, in the case of Exempt Notes) shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Regulation to publish a prospectus. As a result, any offer of Notes in any Member State of the EEA (each, a “**Relevant Member State**”) or the United Kingdom must be made pursuant to an exemption under the Prospectus Regulation or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK Prospectus Regulation**”) from the requirement to publish a prospectus for offers of Notes. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$2,000,000,000 (and for this purpose, any Notes denominated in another currency shall be converted into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement as defined under “*Subscription and Sale*”). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In this Base Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the EEA and references to “**£**” are to British pounds sterling.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any websites referred to herein do not form part of this Base Prospectus.

Suitability or Appropriateness of Investment

The Notes may not be a suitable or appropriate investment for all investors. Each potential investor in the Notes must determine the suitability or appropriateness of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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 advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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 Base 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 Group's business, as well as result in a decrease in the price of Notes issued under the Programme.

Stabilisation

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "**Stabilisation Manager(s)**") (or any person acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might

otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Ratings

This Base Prospectus includes details of the long-term ratings assigned to the Sultanate of Oman and Bank Muscat by Moody's. Moody's is a credit rating agency established in the EEA, and is registered under the CRA Regulation by the relevant competent authority as set out within the list of registered credit rating agencies dated 31 January 2023 by ESMA (<https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) in accordance with the CRA Regulation.

This Base Prospectus includes details of the long-term ratings assigned to the Sultanate of Oman and Bank Muscat by Standard & Poor's and Fitch. Standard & Poor's is not established in the EEA but the ratings it has assigned to each of the Sultanate of Oman and Bank Muscat are endorsed by S&P Global Ratings Europe Limited, in accordance with the CRA Regulation. Fitch is established in the United Kingdom and is registered in accordance with the UK CRA Regulation. Fitch is not established in the EEA but the ratings it has assigned to each of the Sultanate of Oman and Bank Muscat are endorsed by Fitch Ratings Ireland Limited, in accordance with the CRA Regulation. As such, each of S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited is a credit rating agency established in the EEA, and is registered under the CRA Regulation by the relevant competent authority as set out within the list of registered credit rating agencies dated 31 January 2023 by ESMA (<https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) in accordance with the CRA Regulation.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Historical financial statements

The financial statements relating to the Bank and its consolidated subsidiaries (the “**Group**”) and incorporated by reference in this Base Prospectus are:

- the audited consolidated financial statements as at and for the year ended 31 December 2022 (the “**2022 Financial Statements**”); and
- the audited consolidated financial statements as at and for the year ended 31 December 2021 (the “**2021 Financial Statements**”) and, together with the 2022 Financial Statements, the “**Financial Statements**”).

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board, the applicable regulations of the Central Bank of Oman (the “**CBO**”), the requirements of the Commercial Companies Law of 2019, as amended (the “**Commercial Companies Law**”), and the relevant disclosure requirements of the Capital Markets Authority (the “**CMA**”).

The Islamic window operation of the Bank, “Meethaq”, uses Financial Accounting Standards (“**FAS**”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“**AAOIFI**”) for the preparation and reporting of its financial information. Meethaq's financial information is included in the results of the Bank, after adjusting for financial reporting differences, if any, between AAOIFI and IFRS.

The Group's financial year ends on 31 December and references in this Base Prospectus to "2022", "2021" and "2020" are to the 12-month period ending on 31 December in each such year. All audited financial information relating to the financial years ended 31 December 2022 and 31 December 2021 in this Base Prospectus has been extracted from the 2022 Financial Statements. All audited financial information relating to the financial year ended 31 December 2020 in this Base Prospectus has been extracted from the 2021 Financial Statements.

Independent auditors and unaudited information

The Financial Statements have been audited by Ernst & Young LLC, Oman ("EY") independent auditors, in accordance with International Standards on Auditing, as stated in their reports incorporated by reference herein.

Certain financial information in this Base Prospectus is unaudited financial information which has been extracted without material adjustment from the accounting records of the Group which form the underlying basis of the Financial Statements. In particular, the financial and other ratios included under "*Selected financial information*" are unaudited.

Certain non-IFRS financial information and Alternative Performance Measures

This Base Prospectus includes certain financial information which has not been prepared in accordance with IFRS or any other generally accepted accounting principles and which may also constitute alternative performance measures ("APMs") as defined in the "ESMA Guidelines on Alternative Performance Measures" published by the European Securities and Markets Authority on 5 October 2015. None of this financial information, which principally appears in "*Selected financial information—Selected Ratios*", is subject to any audit or review by independent auditors.

In particular, this Base Prospectus includes references to capital and leverage ratios, such as the common equity tier 1 ratio and the liquidity coverage ratio. Although these ratios are not IFRS measures, the Group believes that they are important to understanding its capital and leverage position, particularly in light of current and planned future regulatory requirements to maintain these ratios above prescribed minimum levels. The APMs and other non IFRS measures contained in this Base Prospectus should not be considered as a substitute for financial measures computed in accordance with IFRS. Other companies may calculate these APMs and other non IFRS measures differently than the Group. Because all companies do not calculate APMs and non IFRS measures in the same manner, the Group's presentation of non IFRS measures may not be comparable to other similarly titled measures of other banks.

Presentation of Other Information

Currencies

Unless otherwise indicated, in this Base Prospectus, all references to:

"rial" and "RO" are to the lawful currency of Oman;

"U.S. dollars" and "U.S.\$" are to the lawful currency of the United States; and

"€" and "euro" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in rial. The Group's functional currency is the rial and the Group prepares its financial statements in rial.

The rial has been pegged to the U.S. dollar at a fixed exchange rate of RO 1.00 = U.S.\$2.6008 since 1986.

Use of benchmarks

Interest and/or other amounts payable under the Notes may be calculated by reference to certain benchmarks. Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks maintained by ESMA (the “**ESMA Benchmarks Register**”) under Article 36 of Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”), are set out below.

Benchmark	Administrator	Administrator appears on ESMA Benchmarks Register
EIBOR.....	UAE Central Bank	No
EURIBOR	European Money Markets Institute	Yes
HIBOR	Hong Kong Treasury Markets Association	No
KIBOR	State Bank of Pakistan	No
KLIBOR.....	Bank Negara Malaysia	No
NIBOR	FMDQ Group PLC	No
SAIBOR	Refinitiv Benchmark Services (UK) Limited	No
SHIBOR	National Interbank Funding Centre	No
SIBOR.....	ABS Benchmarks Administration Co Pte. Ltd.	No
SOFR.....	Federal Reserve Bank of New York	No
SONIA.....	Bank of England	No
STIBOR.....	Swedish Financial Benchmark Facility	No
TIBOR.....	Japanese Bankers Association	No
TRLIBOR.....	Banks Association of Turkey	No
€STR	European Central Bank	No

As at the date of this Base Prospectus, the administrators of EIBOR, HIBOR, KIBOR, KLIBOR, NIBOR, SAIBOR, SHIBOR, SIBOR, STIBOR, TIBOR and TRLIBOR are not included in the ESMA Benchmarks Register. As at the date of this Base Prospectus, the administrator of EURIBOR is included in ESMA’s register of administrators under Article 36 of the EU Benchmarks Regulation.

As far as the Issuer is aware: (a) SOFR, SONIA and €STR do not fall within the scope of the EU Benchmarks Regulation; and (b) the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that UAE Central Bank, Hong Kong Treasury Markets Association, State Bank of Pakistan, Bank Negara Malaysia, FMDQ Group PLC, Refinitiv Benchmark Services (UK) Limited, National Interbank Funding Centre, ABS Benchmarks Administration Co Pte. Ltd., Federal Reserve Bank of New York, Bank of England, Swedish Financial Benchmark Facility, Japanese Bankers Association, Banks Association of Turkey and European Central Bank are not currently required to obtain authorisation or registration in the European Union (the “EU”) (or, in each case, if located outside the EU, recognition, endorsement or equivalence).

The registration status of any administrator under the EU Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update this Base Prospectus or any Final Terms to reflect any change in the registration status of an administrator.

For definitions of the benchmarks set out above, see Condition 2(a) (*Definitions*).

Third party and market share data

This Base Prospectus contains information regarding the Group's business and the industry in which it operates and competes, which the Group has obtained from third party sources. The Group and other institutions operating in the financial services industry in Oman make available a wide range of financial and operational information to regulatory bodies, including the CBO. These bodies use certain of the data supplied to publish statistics relating to the Omani banking sector, among other matters. However, no assurance can be made that the information reported to these bodies by different market participants is, in all cases, directly comparable. Where third party information has been used in this Base Prospectus, the source of such information has been identified.

Statistical information relating to Oman included in this Base Prospectus has been derived from official public sources, including the CBO, the Organisation of Petroleum Exporting Countries ("**OPEC**"), the International Monetary Fund (the "**IMF**"), the Omani Ministry of Finance, the Oman National Centre for Statistics and Information (the "**NCSI**") and the United States Central Intelligence Agency World Factbook (the "**CIA Factbook**"). All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Group to investors who have purchased Notes issued under the Programme.

Where information has not been independently sourced, it is the Group's own information.

No incorporation of website information

The Bank's website is <https://www.bankmuscat.com>. The information on this website or any other website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Base Prospectus, and investors should not rely on it.

Definitions

References in this Base Prospectus to:

"**billion**" are to a thousand million;

"**government**" are to the government of Oman; and

"**Oman**" are to the Sultanate of Oman.

Rounding

Certain data in this Base Prospectus has been rounded to the nearest million rial (or as otherwise stated), with RO 500,000 (or its equivalent) being rounded up. As a result of such rounding, the totals of data presented in tables in this Base Prospectus may vary slightly from the arithmetic totals of such data. Where the number "0" appears in a table, it means that the relevant number has been rounded to zero. Where the symbol "—" appears, it means that there is no number for the particular item.

The changes, percentages or percentage changes in financial data included in this Base Prospectus are based on the amounts rounded to the nearest million or billion presented in this Base Prospectus. As a result, changes, percentages or percentage changes stated in this Base Prospectus will provide a less precise arithmetical reflection than they would have done if the changes, percentages or percentage changes had been calculated

using the numbers stated in the Financial Statements, particularly where the changes, percentages or percentage changes relate to smaller numbers.

Notice to Residents of the Kingdom of Saudi Arabia

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations. Any offer of Notes to any investor in Saudi Arabia or who is a Saudi person (the “**Saudi Investor**”) must be made (i) in compliance with Article 8(a)(1) of the Rules on the Offer of Securities and Continuing Obligations or (ii) by way of a limited offer under Article 9 of the Rules on the Offer of Securities and Continuing Obligations, and, in each case, in compliance with Article 10 of the Rules on the Offer of Securities and Continuing Obligations.

The CMA does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If you do not understand the contents of this Base Prospectus, you should consult an authorised financial adviser.

The Saudi Central Bank (the “**SAMA**”) does not make any representation as to the accuracy or completeness of this Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. In particular, prospective purchasers of the Notes agree and acknowledge that SAMA assumes no liability whatsoever to any purchaser of the Notes for any loss arising from, or incurred as a result of, the subscription of the Notes. If you do not understand the contents of this Base Prospectus, you should consult an authorised financial adviser.

Notice to Residents of the Kingdom of Bahrain

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Base 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 any other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase any Notes, 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 Base Prospectus or related offering documents and it has not in any way considered the merits of the Notes 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 Base 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 Base Prospectus. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Base 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 Oman

The information contained in this Base Prospectus does not constitute an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 18/2019, as amended) (the “**Commercial Companies Law**”) or Article 28 of the Securities Law of Oman (Royal Decree 46/2022). This Base Prospectus will only be made available to investors in Oman in accordance with Article 139 of the Executive Regulations of the Capital Market Law (CMA Decision 1/2009, as amended) (the “**Executive Regulations**”) by an entity duly licensed by the Oman Capital Market Authority to market non-Omani securities in Oman.

This Base Prospectus has not been (and will not be) filed with the Oman Capital Market Authority (except in accordance with Article 139 of the Executive Regulations), the CBO or any other regulatory authority in Oman and the Oman Capital Market Authority and the CBO do not assume responsibility for the accuracy and adequacy of the statements and information contained in this Base Prospectus and shall not have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

Notice to Residents of the State of Qatar

Any Notes to be issued under the Programme will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (“**Qatar**”) (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar. The Notes are not and will not be traded on the Qatar Stock Exchange. The Notes and interests therein will not be offered to investors domiciled or resident in Qatar and do not constitute debt financing in Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar.

Prohibition of Sales to EEA Retail Investors

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

Prohibition of Sales to UK Retail Investors

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act

2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the Financial Conduct Authority Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Singapore SFA product classification

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes

are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Subordinated Notes

Subordinated Notes (as defined under “*Terms and Conditions of the Notes*”) are complex financial instruments and are of high risk and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Subordinated Notes to retail investors. There are risks inherent in the holding of the Subordinated Notes, including the risks in relation to their subordination and the circumstances in which Noteholders may suffer loss as a result of holding the Subordinated Notes. See “*Risk Factors—Notes issued on a subordinated basis will be subordinated to most of the Issuer’s liabilities*” for a discussion of certain considerations to be taken into account in connection with an investment in the Subordinated Notes

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GENERAL DESCRIPTION OF THE PROGRAMME

The programme is a U.S.\$2,000,000,000 Euro Medium Term Note Programme under which the Issuer may from time to time issue Notes including, without limitation, Fixed Rate Notes, Floating Rate Notes, Index Linked Interest Notes (issued as Exempt Notes), Zero Coupon Notes, Dual Currency Interest Notes (issued as Exempt Notes) and such other Notes in accordance with and subject to all applicable laws and regulations and denominated in any currency, subject as set out herein. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes.

RISK FACTORS

Investing in Notes issued under the Programme involves certain risks. If any of the risks described below materialise, the Issuer's business, financial condition and results of operations could suffer, and the trading price and liquidity of any Notes issued under the Programme could decline, in which case an investor may lose some or all of the value of its investment. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but it may be unable to pay interest, principal or other amounts on or in connection with Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

Risks Relating to the Issuer

The Group's business, financial condition, results of operations and prospects are and will continue to be affected by economic conditions in Oman, which were significantly adversely impacted by COVID-19 in 2020

The Group's business is focussed on Oman and its results of operations are affected by economic conditions in Oman which, in turn, may be affected by regional and global economic conditions. As at 31 December 2022, 96.3 per cent. of the Group's net loans and advances and Islamic financing receivables (together referred to as its "**customer loan portfolio**") were made to counterparties located in Oman, with almost all of the balance being made to counterparties located in other Gulf Cooperation Council ("**GCC**") countries.

Oman's economy was materially adversely affected by the Coronavirus disease 2019 ("**COVID-19**"), which was first identified in Wuhan, Hubei Province, China in late 2019. COVID-19 spread rapidly, infecting people around the world and spread to most countries around the world. Almost all countries that were significantly affected introduced measures designed to contain the spread of the virus, including border closures and restricting the movement of their citizens. The measures had a significant adverse impact on the global economy in 2020.

The economies of Oman and many other countries in the Middle East are dependent on oil and gas and related industries, as well as the prices and production quantities of these commodities. For example, the oil and gas sector is estimated to have accounted for 30.3 per cent. of Oman's nominal gross domestic product ("**GDP**") in 2021 according to provisional data from the CBO (based on NCSI information).

International oil prices fell significantly in the first four months of 2020, principally reflecting reduced demand as a result of the impact of COVID-19 containment measures around the world, and this trend was exacerbated by the failure of a plan proposed by OPEC officials to both the OPEC countries and other non-OPEC countries, including Russia, to cut global production by 1.5 million barrels. Reflecting these factors, the average price for a barrel of Omani crude oil was U.S.\$46.0 in 2020. The annual average price for a barrel of Omani crude oil recovered to U.S.\$64.3 in 2021 and U.S.\$96.2 in 2022, as international oil prices increased in response to supply concerns following the Russian invasion of Ukraine in February 2022. However, the adverse impact on oil prices due to the Russian oil price cap may adversely affect the global oil prices due to recalibration of demand from large importing countries.

The restrictive measures imposed in Oman and certain other markets, together with reduced economic activity in 2020, had an adverse impact on the Bank. The decrease in interest rates, together with capping of interest rates, waiver of interest and deferment of principal repayments resulted in lower profits and liquidity

mismatches for the Bank in 2020 compared to 2019. Additionally, the impact of non-oil GDP contraction, lower oil prices and lockdown measures resulted in a significant increase in impairment provisions in 2020 compared to 2019 and, to a lesser extent, in 2021.

Although the economy has largely recovered from the impact of the COVID-19 pandemic, no assurance can be given that there will not be any resurgence of the pandemic or any re-imposition of significant containment measures in the future. Any such event could result in significantly increased volatility in markets and interest rates, each of which has the potential, particularly if the volatility is prolonged, to materially adversely affect the Bank's results.

In addition, Oman's economy remains vulnerable to sustained periods of low oil prices, which could materially adversely affect the Group by:

- reducing the demand from its customers for financing and by adversely affecting the quality of its outstanding financing, thus potentially increasing its impairment losses further and so continuing to reduce profitability; and/or
- causing certain large depositors of the Group to withdraw their deposits (in whole or in part) to address their own liquidity needs, resulting in the Group having to source alternative and more expensive sources of funding. See also "*—The Group's customer loan portfolio, investment securities and deposit base are all concentrated in Oman*" below and "*—The Group is subject to the risk that liquidity may not always be readily available or may only be available at significant cost*" below.

In addition, to the extent that the same factors have a negative impact on the government's spending, this could affect the Group's financial condition indirectly through its impact on the oil and gas, banking, trade, construction, real estate and tourism sectors in particular. Further, any reduction in Oman's revenues would reduce the likelihood and/or extent of government financial support being available to Omani banks, including the Group, should such support be needed in the future.

The Group may not be able to manage its growth effectively

The Group's strategy includes retaining its market leadership position in Oman, which means that it will need to continue to grow in line with its principal competitors. The Group cannot assure, however, that it will be able to achieve this objective or that it will be able to manage its growth effectively. The Group's growth strategy is based on growing organically in Oman and growing regionally both through opportunistic acquisitions and organically through leveraging its existing regional presence to scale up business growth.

Challenges that may result from growth include the Group's ability to:

- manage efficiently the operations and employees of expanding businesses;
- hire and retain enough qualified personnel to staff new or expanded operations;
- maintain its existing customer base; and
- continue to compete effectively in light of increasing competition in the Omani banking sector.

In addition, challenges that are specific to acquisition-based growth include the Group's ability to:

- finance acquisitions;
- integrate acquired businesses; and
- assess the value, strength and weaknesses of acquisition candidates.

The Group cannot assure that it will be able to adequately address all of these challenges at all times. Any failure to meet these challenges could prevent it from achieving its strategic objectives and could also have a material adverse effect on its business, results of operations and financial condition.

The Group is exposed to credit risk and has a significant customer concentration of credit risk

Risks arising from adverse changes in the credit quality and recoverability of loans, investment securities and amounts due from counterparties are inherent in a wide range of the Group's businesses, principally in its lending and investment activities. In particular, the Group is exposed to the risk that borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. This risk is heightened in times of economic downturns, as was evidenced in the downturn resulting from the COVID-19 pandemic. The Group continuously reviews and analyses its loan portfolio and credit risks, and the Group's provision for losses on loans is based on, among other things, its analysis of current and historical delinquency rates and loan management and the valuation of the underlying assets, as well as numerous other management assumptions. However, these internal analyses and assumptions may give rise to inaccurate predictions of credit performance, particularly in volatile economic climates.

Credit losses could also arise from a deterioration in the credit quality of specific borrowers, issuers and other counterparties of the Group, or from a general deterioration in local or global economic conditions, or from systemic risks within financial systems, any or all of which could affect the recoverability and value of the Group's assets and require an increase in the Group's provisions for the impairment of loans, investment securities and other credit exposures.

The Group's credit risk is increased by concentrations of risk. The Group has significant customer risk concentrations. For example, the Group's funded exposure to its 10 largest corporate borrower groups accounted for 19.9 per cent. of its gross loans and advances and Islamic financing receivables as at 31 December 2022 and its exposure to personal and housing loans accounted for 41.9 per cent. of its gross loans and advances and Islamic financing receivables as at 31 December 2022. In addition, the Group has a significant geographic risk concentration. See "*The Group's customer loan portfolio, investment securities and deposit base are all concentrated in Oman*" below.

As at 31 December 2022, the Group had IFRS impairment allowances in relation to its customer loan portfolio amounting to RO 558 million and carried total IFRS impairment allowances of RO 614 million compared to IFRS impairment allowances in relation to its customer loan portfolio amounting to RO 469 million and total IFRS impairment allowances of RO 536 million as at 31 December 2021 and IFRS impairment allowances in relation to its customer loan portfolio of RO 396 million and total IFRS impairment allowances of RO 475 million as at 31 December 2020. Any failure by the Group to maintain the quality of its assets through effective risk management policies could lead to higher loan loss provisioning and result in higher levels of defaults and write-offs. In addition, the CBO may, at any time, amend or supplement its guidelines and require additional provisions to be made in respect to the Group's loan portfolio if it determines (acting in its role as the prudential regulator for the Omani banking sector) that it is appropriate to do so. If any additional provisions were required to be made, then depending on the exact quantum and timing, such provisions could have an adverse impact on the Group's financial performance.

The Group's customer loan portfolio, investment securities and deposit base are all concentrated in Oman

The Group's customer loan portfolio is concentrated, geographically, in Oman. The Group's customer loan portfolio constituted 73.7 per cent. of its total assets as at 31 December 2022 and 96.3 per cent. of the Group's customer loan portfolio comprised loans made to counterparties located in Oman as at the same date. Almost all of the remaining balances were made to counterparties located in other GCC countries.

As at 31 December 2022, the Group's gross personal and housing loans amounted to RO 4,179 million, or 41.9 per cent. of its total gross customer loan portfolio. The ability of its retail customers to repay these loans remains strongly linked to economic conditions in Oman, with increases in interest rates and unemployment levels among the main factors that could adversely impact the Group's retail credit exposures.

The Group's investment securities constituted 12.3 per cent. of its total assets as at 31 December 2022. Of these, 91.5 per cent. were debt securities and of the Group's investment debt securities, 95.8 per cent. were in Omani issuers.

As a result, any deterioration in general economic conditions in Oman or any failure by the Group to manage effectively its geographic risk and sector concentrations could lead to a deterioration in the credit quality of counterparties of the Group. See "*—The Group's business, financial condition, results of operations and prospects are and will continue to be affected by economic conditions in Oman, which were significantly adversely impacted by COVID-19 in 2020*" above.

The Group's customers' deposits (including its Islamic customers' deposits) constituted 67.7 per cent. of its total liabilities and equity as at 31 December 2022 and 95.2 per cent. of its customer deposits as at 31 December 2022 had been accepted from Omani counterparties. As at 31 December 2022, the Group's top 20 customer deposits constituted 31.8 per cent. of its customers' deposits and Islamic customers' deposits. A substantial portion of the Group's funding requirements are met through short-term and long-term deposits by government-related entities. As at 31 December 2022, deposits from ministries and other government organisations accounted for 30.4 per cent. of the Group's customers' deposits and Islamic customers' deposits compared to 28.1 per cent. as at 31 December 2021.

Any withdrawal of a significant portion of these large deposits could have a material adverse effect on the Group's business, results of operation and financial condition, as well as its ability to meet CBO regulations relating to liquidity. Any such withdrawal could require the Group to seek additional sources of funding (whether in the form of deposits or wholesale funding), which may not be available to the Group on commercially acceptable terms or at all. Any failure to obtain replacement funding would be likely to negatively impact the Group's ability to maintain or grow its loan portfolio or otherwise increase its overall cost of funding, any of which could have a material adverse effect on its business.

A significant decrease in the quality of the Group's customer loan portfolio could materially adversely affect its business

The Group's IFRS stage 3 loans and advances were RO 371 million as at 31 December 2022 compared to RO 356 million as at 31 December 2021 and RO 338 million as at 31 December 2020. The Group's impaired loans ratio (defined as the ratio of stage 3 loans and advances and Islamic financing receivables to total gross customer loans and advances and Islamic financing receivables) amounted to 3.7 per cent. as at 31 December 2022 compared to 3.7 per cent. as at 31 December 2021 and 3.6 per cent. as at 31 December 2020.

The Group's IFRS stage 2 and stage 3 impairment allowance on loans and advances amounted to RO 232 million and RO 308 million, respectively, as at 31 December 2022 compared to RO 152 million and RO 286 million, respectively, as at 31 December 2021 and RO 112 million and RO 265 million, respectively, as at 31 December 2020. The Group's stage 2 impairment allowance was 12.4 per cent. of its stage 2 gross customer loan portfolio as at 31 December 2022, 7.8 per cent. as at 31 December 2021 and 6.1 per cent. as at 31 December 2020. The Group's stage 3 impairment allowance was 83.0 per cent. of its stage 3 gross customer loan portfolio as at 31 December 2022, 80.3 per cent. as at 31 December 2021 and 78.4 per cent. as at 31 December 2020.

The gross carrying amount of the Group's loans with restructured terms amounted to RO 1,196 million as at 31 December 2022 compared to RO 610 million as at 31 December 2021 and RO 341 million as at 31 December 2020. This includes rescheduled credit facilities of customers affected by the pandemic in line with CBO

guidance, amounting to RO 1,060 million as at 31 December 2022 compared to RO 250 million as at 31 December 2021.

Any significant deterioration in the Group's customer loan portfolio in future years could result in increased impairments and thus materially adversely affect its business.

The Group's credit risk may be increased by the fact some of its debtors are unable or unwilling to provide the quality and quantity of financial data sought by the Group and by limitations on its ability to enforce security in Oman

Although the Group requires regular disclosure of its debtors' financial information, some debtors, especially retail customers and small and medium-sized enterprises ("SMEs"), do not, or are unable to, provide the quality and quantity of information sought by the Group. Furthermore, such financial data may not always present a complete and comparable picture of each such debtor's financial condition.

The unavailability of an adequate quantity or quality of financial data in respect of some of its debtors may result in the Group's failure to accurately assess the financial condition and creditworthiness of those debtors, leading to an increase in impairment allowances, particularly at times when economic conditions deteriorate.

The practice of mortgaging or pledging assets (such as share pledges or legal mortgage security over real estate assets) to obtain a bank loan is subject to certain limitations and administrative restrictions under Oman law. As a result, security over certain assets may not be enforced in Omani courts. Furthermore, there are no self-help remedies available to creditors in an enforcement scenario under Oman law and therefore recourse is only available through a formal court process. Accordingly, the Group may have difficulty foreclosing on collateral (including any real estate collateral) or enforcing guarantees or other third party credit support arrangements when debtors default on their loans.

In addition, even if such security interests are enforceable in Omani courts, the time and costs associated with enforcing security interests in Oman may make it uneconomic for the Group to pursue such proceedings, adversely affecting the Group's ability to recover its loan losses. Even in the event that the Group acquires real estate assets as a result of enforcement of security, the Banking Law of Oman requires the Group to dispose of the real estate within 12 months of it being acquired unless an extension has been obtained from the CBO.

The Group is exposed to declining property values in Oman on the collateral supporting its loans secured by mortgages over real estate

The Group's total gross customer loan portfolio as at 31 December 2022 was RO 9,975 million, which included loans secured by mortgages over real estate. The estimated fair value of the Group's real estate collateral held against this portfolio amounted to RO 6,714 million as at 31 December 2022. Negative economic and other factors could lead to a contraction in the residential mortgage and commercial lending markets and to decreases in residential and commercial property prices. This would adversely affect the value of the Group's collateral and could lead to increased impairment charges which would reduce the Group's profitability.

The Group has significant credit-related contingent liabilities and commitments that may lead to substantial potential losses

As part of the Group's lending and trade-related activities, the Group provide guarantees and letters of credit, which are commitments to make payments on behalf of customers contingent upon the failure of the customer to satisfy its obligations supported by the commitment. Although these commitments are contingent and therefore off-balance sheet, they nonetheless subject the Group to related credit risk. Credit-related commitments are subject to the same credit approval and compliance procedures as loans and advances and commitments to extend credit are contingent on customers maintaining specific credit standards. As at 31 December 2022, the Group had RO 2,038 million of credit-related contingent liabilities and commitments

outstanding, being 13.8 per cent. of its total assets plus credit-related contingent liabilities and commitments. Although the Group anticipates that only a portion of its obligations in respect of these commitments will be triggered, it may become obligated to make payments in respect of a greater portion of such commitments than originally anticipated, which could have a material adverse effect on its business, results of operations and financial condition.

The Group could be adversely affected by the weakness or the perceived weakness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults

Against the backdrop of constraints on liquidity and the high cost of funds in the interbank market, and given the high level of interdependence between financial institutions that became most evident following the bankruptcy of Lehman Brothers in 2008, the Group is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to significant losses, and potentially defaults, by other institutions. As was experienced globally in 2008 and 2009, concerns about, or a default by, one institution could also lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions is closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Group or other institutions. This risk, often referred to as “systemic risk”, may also adversely affect other financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, with whom the Group interacts on a daily basis. The likelihood that systemic risk may occur has been increased by the recent collapse of banks such as Silicon Valley Bank and Signature Bank in the United States and Credit Suisse in Europe. Systemic risk, should it materialise, could have a material adverse effect on the Group’s ability to raise new funding and on its business and prospects.

The Group is subject to the risk that liquidity may not always be readily available or may only be available at significant cost

Liquidity risk is the risk that the Group will be unable to meet its obligations, including funding commitments, as they become due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. Credit markets worldwide experienced a prolonged severe reduction in liquidity in the final quarter of 2008 and the first half of 2009. Since then, market conditions have been volatile with financial institutions continuing to experience periods of reduced liquidity.

The perception of counterparty risk between banks has also increased significantly since the final quarter of 2008, which has led to reductions in certain traditional sources of liquidity, such as the debt markets, asset sales and redemption of investments. The recent collapse of banks such as Silicon Valley Bank and Signature Bank in the United States and Credit Suisse in Europe has also increased counterparty risk. The Group’s access to these traditional sources of liquidity may, at times, be restricted or available only at a higher cost.

In addition, uncertainty or volatility in the capital and credit markets may limit the Group’s ability to refinance maturing liabilities with long-term funding or increase the cost of such funding. The Group’s access to any additional financing it may need will depend on a variety of factors, including market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Group’s financial condition, credit ratings and credit capacity.

The Group has historically relied on customers’ deposits, which are mainly short-term in nature, to meet most of its funding needs. The availability of deposits is subject to fluctuation due to factors outside the Group’s

control, including possible loss of confidence and competitive pressures, and this could result in a significant outflow of deposits within a short period of time. As at 31 December 2022, approximately 19.4 per cent. of the Group's total customer deposits (including Islamic customer deposits) had remaining maturities of three months or less or were payable on demand and approximately 39.6 per cent. had remaining maturities of one year or less or were payable on demand. In addition, the Group is reliant on certain large deposits from a limited group of government-related and private sector corporate customers. See "*—The Group's customer loan portfolio, investment securities and deposit base are all concentrated in Oman*" above.

If a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their time deposits at maturity, the Group may need to seek other sources of funding or may have to sell assets to meet its funding requirements. There can be no assurance that the Group will be able to obtain additional funding as and when required or at prices that will not affect the Group's ability to compete effectively and, if the Group is forced to sell assets to meet its funding requirements, it may suffer material losses as a result. In extreme cases, if the Group is unable to refinance or replace such deposits with alternative sources of funding to meet its liquidity needs, through customers' deposits, interbank borrowing, capital markets or asset sales, this would have a material adverse effect on the Group's business and prospects and could, potentially, result in its insolvency.

The Group is subject to extensive regulation and compliance with changes in, or the interpretation and enforcement of, this regulation may be costly and any failure by the Group to comply with this regulation may result in the application of penalties to the Group

The Group is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These controls include laws and regulations promulgated by the CBO, the CMA and the Muscat Stock Exchange (the "MSX") and these controls are further described under "*Omani Banking System and Prudential Regulations*".

In addition, in order to carry out and expand its businesses, it is necessary for the Group to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licences, permits, approvals and consents are often lengthy, complex, unpredictable and costly. If the Group is unable to maintain or obtain the relevant licences, permits, approvals and consents, its ability to achieve its strategic objectives could be impaired.

The regulations to which the Group is subject may limit its ability to carry on certain parts of its business, increase its loan portfolio or raise capital or may impose significant additional costs on the Group. Changes in these laws and regulations (such as pursuant to Basel III) and the manner in which they are interpreted or enforced may have a material adverse effect on the Group's business, results of operations and financial condition, liquidity and prospects and thereby affect its ability to make payments in respect of Notes issued under the Programme.

Changes in applicable regulations may also increase the Group's cost of doing business. For example, in December 2021, the CBO issued the Financial Consumer Protection regulatory framework which gives the CBO broad powers to regulate Omani banks. In addition, it has been announced that the CBO is currently reviewing a draft of a new banking law which is currently under the process of legislative procedures. The new banking law is expected to take into account current and emerging trends and developments in the banking and financial services industry. The draft has not been issued to the public. There is currently no announced timing for the release of the draft law.

It is not always possible for the Group to anticipate when a new regulation will be introduced by the Omani authorities. This creates a risk that the Group's profitability may be adversely affected as a result of it being

unable to adequately prepare for regulatory changes. In addition, increased regulations or changes in laws and regulations and the manner in which they are interpreted or enforced may have a material adverse effect on the Group's business, financial condition, results of operations or prospects. Furthermore, non-compliance by the Group with any applicable regulations could expose the Group to potential liabilities and fines, which may be significant.

The Group is also required to comply with applicable know your customer, anti-money laundering and counter-terrorism financing laws and regulations, including those related to countries subject to national or international sanctions, and applicable anti-corruption laws in the jurisdictions in which it conducts business. To the extent that the Group fails or is perceived to fail to comply with these and other applicable laws and regulations, its reputation could be materially damaged, with consequent adverse effects on its business and prospects.

A negative change in the Bank's credit ratings could limit its ability to raise funding and may increase its borrowing costs

As at the date of this Base Prospectus, the Bank has long-term foreign currency ratings of:

- Ba3 with positive outlook from Moody's;
- BB with positive outlook from Standard & Poor's; and
- BB with stable outlook from Fitch.

These ratings, which are intended to measure the Bank's ability to meet its debt obligations as they mature, are an important factor in determining the Bank's cost of borrowing funds.

The Bank's rating is closely related to the government's rating.

In March 2019, Moody's downgraded the long-term local and foreign currency deposit ratings of four Omani banks, including the Bank, to Ba1 (negative outlook), following the downgrade of the Omani government's rating to Ba1 (negative outlook). In March 2020, Moody's downgraded the rating of the Bank from Ba1 to Ba2 (stable outlook) following the downgrade of the Omani government's rating to Ba2 (stable outlook). In April 2020, Moody's placed the Bank's rating under review for possible downgrade and in June 2020 it reduced the rating to Ba3 (negative outlook). Both these actions followed equivalent actions taken by Moody's with respect to the Omani government's rating. In October 2021, Moody's changed the outlook on the Bank's rating to stable and in October 2022 it changed the outlook to positive, in both cases in line with its rating of the Omani government.

In March 2020, Standard & Poor's downgraded the Bank's rating to BB- (negative outlook) following its downgrade of the Omani government's rating to the same level. In October 2020, Standard & Poor's increased the Bank's rating to B+ (stable outlook), in line with its rating of the Omani government, and then changed the outlook to positive in October 2021. In April 2022 and November 2022, Standard & Poor's increased the Bank's ratings to BB- (stable outlook) and BB (stable outlook), respectively, again in line with its ratings of the Omani government. In April 2023, Standard & Poor's increased the Bank's rating to BB (positive outlook) again in line with its rating of the Omani government.

In March and August 2020, Fitch downgraded both the Omani government's and the Bank's ratings to BB (negative outlook) and then BB- (negative outlook), respectively. In January 2022, Fitch changed the outlook on the Bank's rating to stable and, in August 2022, it increased the rating to BB (stable outlook) in line with its rating of the Omani government.

However, it is important to note that the Omani government is under no obligation (contractual or otherwise) to support any Omani bank (including the Bank) and there is no certainty that the government will do so in the

future. As a result, investors should not rely on there being any such future support in making their investment decision.

A downgrade of any of the Bank's credit ratings, or a negative change in outlook, may limit the Group's ability to raise funding and increase its cost of borrowing, which could adversely affect its business, financial condition, results of operations and prospects. A downgrade of any of the Bank's credit ratings (or announcement of a negative change in ratings outlook) may also limit the Group's ability to raise capital. Moreover, actual or anticipated changes in the Bank's credit rating may affect the market value of any Notes issued under the Programme.

In addition, the credit rating assigned to the Bank may not reflect the potential impact of all risks related to an investment in Notes issued under the Programme, the market or any additional factors discussed in this Base Prospectus, and other factors may affect the value of such Notes. A credit rating is not a recommendation to buy, sell or hold the securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

The Group could be adversely affected by market risks

The Group's financial condition and results of operations could be affected by market risks that are outside its control, including, without limitation, volatility in interest rates, prices of securities and foreign exchange rates. Fluctuations in interest rates could adversely affect the Group's financial condition and results of operations in many ways. In particular, an increase in interest rates generally may decrease the value of the Group's fixed-rate loans and the debt securities in its investment securities portfolio and may raise the Group's funding costs. As a result, the Group may experience a reduction in its net interest income. See note 41.4.4 to each of the Financial Statements which illustrates the Group's interest rate sensitivity as at 31 December in each of 2022, 2021 and 2020 and also "*Risk Management—Market risk—Interest rate risk*". Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the CBO and the U.S. Federal Reserve (which, principally in response to increases in inflation, has increased interest rates on multiple occasions since March 2022 resulting in a 4.75 per cent. increase since that time), political factors and domestic and international economic conditions.

The Group's financial condition and results of operations may also be affected by changes in the market value of its investment securities portfolio. The Group earns interest income on the debt securities comprised in the portfolio. It also realises gains and losses on the sale of securities and records unrealised gains and losses resulting from the fair valuation of the securities at each balance sheet date in its statement of comprehensive income. The level of the Group's income from its investment securities depends on numerous factors beyond the Group's control, such as overall market trading activity, interest rate levels, fluctuations in currency exchange rates and general market volatility. In addition, the fair value of the Group's fixed income investment securities changes in response to perceived changes in the credit quality of the issuers of the securities as well as changes in interest and currency exchange rates. For example, in an increasing interest rate environment the fair values of the Group's fixed rate investment securities are likely to decline which could expose the Group to fair valuation losses or losses on the sale of such securities. Similarly, a decline in the credit quality of any of the issuers of the debt securities held by the Group could result in the Group making impairments or write-offs in respect of those securities. See note 41.4.3 to each of the Financial Statements which illustrates the price sensitivity of the Group's equity portfolio as at 31 December in each of 2022, 2021 and 2020.

Adverse movements in foreign exchange rates may also adversely impact the revenue and financial condition of the Group's depositors and borrowers, including those who borrow or deposit in foreign currencies or whose businesses have foreign currency exposures, which, in turn, may impact the Group's deposit base and the quality of its exposures to certain borrowers. In general, the Group aims to make foreign currency loans on terms that are generally similar to its foreign currency borrowings, thereby naturally hedging its exposure. Where this is

not possible, it generally relies on derivative instruments to match the currencies of its assets and liabilities. Any open currency position is maintained within the limits set by the CBO. However, where the Group is not hedged, it is exposed to fluctuations in foreign exchange rates and any hedging strategy that it uses may not always be effective. Adverse movements in foreign exchange rates also may impact the creditworthiness of its depositors and borrowers negatively, which in turn may impact on its deposit base and the quality of its exposures to certain borrowers. Any volatility in foreign exchange rates, including as a result of the re-fixing of the rial-dollar exchange rate (or the elimination of the pegged rate altogether), could have a material adverse effect on its business. See note 41.4.2 to each of the Financial Statements which illustrates the sensitivity of the Group's foreign exchange exposure to changes in non-parity foreign currency prices as at 31 December in each of 2022, 2021 and 2020.

The Group depends on complex information technology systems, the failure, ineffectiveness or disruption of which could have a material adverse effect on it

The Group is dependent on sophisticated information technology ("IT") systems, the failure, ineffectiveness or disruption of which could materially adversely affect the Group's businesses. The Group uses T24 from Temenos as its core banking system and Murex as its core treasury dealing system for conventional business and Imal from Path Solutions for its Islamic window businesses. In addition, there are number of other systems and sub-systems to support the businesses and operations of the Group.

The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Group's business and ability to compete effectively. The Group's business activities would be materially disrupted if there is a partial or complete failure of any of these information technology systems or communications networks. Such failures can be caused by a variety of factors, many of which are wholly or partially outside the Group's control including natural disasters, extended power outages and computer viruses or other malicious intrusions, see "*The Group's business is dependent on its IT systems which are subject to potential cyber-attack*" below.

The Group relies on third party service providers for certain aspects of its business operations. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the quality of the Group's operations and could impact its reputation.

The proper functioning of the Group's information technology systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing the Group's transaction data could subject it to claims for losses and regulatory fines and penalties. The Group has implemented and tested business continuity plans and processes as well as disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any failure may have a material adverse effect on the Group's business and reputation.

The Group's business is dependent on its IT systems which are subject to potential cyber-attack

In common with other financial institutions globally, the threat to the security of the Group's information and customer data from security breaches and cyber-attacks presents a real and growing risk to the Group's business. Activists, rogue states and cyber criminals are among those targeting IT systems around the world. Risks to technology and cyber-security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. A failure to adequately manage cyber-security risk and continually monitor, review and update current processes in response to new threats could have a number of material adverse effects on the Group, including disruption to its business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation.

The Group's risk management policies and procedures may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks

The Group's risk management strategies and internal controls may not be effective in all circumstances and may leave the Group exposed to unidentified or unanticipated risks. There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect the Group against, all credit, liquidity, market, operational and other risks. In addition, certain risks may not be accurately quantified by the Group's risk management systems. Some of the Group's methods of managing risk are based upon the use of historical market data which, as evidenced by events caused by the global financial crisis, may not always accurately predict future risk exposures, which could be significantly greater than historical measures indicate. In addition, certain risks could be greater than the Group's empirical data would otherwise indicate.

Other risk management methods depend upon evaluation of information regarding the markets in which the Group operates, its clients or other matters that are publicly available or information otherwise accessible to the Group. This information may not be accurate, complete, up-to-date or properly evaluated in all cases. Any material deficiency in the Group's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Group's business.

The Group's ability to manage operational risks is dependent upon its internal compliance systems, which might not be fully effective in all circumstances

Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures, natural disasters or the failure of external systems (for example, those of the Group's counterparties or vendors). The Group has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, but it is not possible to eliminate entirely each of the potential operational risks the Group faces.

The Group's ability to manage operational risk, including its ability to comply with all applicable regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. Although the Group is subject to external audit and oversight by regulatory authorities, including regular examination activity, performs regular internal audits to monitor and test its compliance systems, the Group cannot be certain that these systems and procedures will be fully effective in all circumstances, particularly in the case of deliberate employee misconduct or other frauds perpetrated against the Group. In the case of actual or alleged non-compliance with applicable regulations, the Group could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages. Any of these could have a material adverse effect on the Group's business.

The Group may need to raise further capital in the future for a variety of reasons and such capital may be difficult to raise when needed

As at 31 December 2022, the Bank's tier 1 and total capital adequacy ratios (each as determined in accordance with Basel III requirements as adopted by the CBO) were 20.11 per cent. and 21.25 per cent., compared to the CBO's requirements of a minimum tier 1 capital adequacy ratio of 11.25 per cent. and a minimum total capital ratio (including buffers and the additional charge for a bank which is a domestic systemically important bank ("D-SIB")) of 13.25 per cent. The Bank is a D-SIB.

A variety of factors affect the Group's capital adequacy levels, including, in particular, changes in its risk weighted assets and its profitability from period to period. A significant increase in lending in the future is likely to reduce the Group's capital adequacy ratios and any future losses experienced by it would have a similar

effect. In addition, regulatory requirements in relation to the calculation of capital adequacy and required levels of capital adequacy change from time to time. The Group may also need to increase its capital as a result of market perceptions of adequate capitalisation levels and the perceptions of rating agencies.

The Group may need to obtain additional capital in the future. Such capital, whether in the form of debt financing or additional equity, may not be available on commercially favourable terms, or at all. Moreover, should the Group's capital ratios fall close to regulatory minimum levels or the Group's own internal minimum levels, the Group may need to adjust its business practices, including reducing the risk and leverage of certain activities. If the Group is unable to maintain satisfactory capital adequacy ratios, its credit ratings may be lowered and its cost of funding may therefore increase.

The Group is exposed to reputational risks related to its operations and industry

All financial institutions depend on the trust and confidence of their customers to succeed in their business. The Group is exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will harm its reputation. The Group's reputation may also be adversely affected by the conduct of third parties over whom it has no control, including entities to which it lends money or in which it has invested. In common with other banks, the Group is also exposed to adverse publicity relating to the financial services industry as a whole. Financial scandals unrelated to the Group or questionable ethical conduct by a competitor may taint the reputation of the industry and affect the perception of investors, public opinion and the attitude of regulators. Any damage to the Group's reputation could cause existing customers to withdraw their business and lead potential customers to be reluctant to do business with the Group. Any of these developments could have an adverse effect on the Group's business. Although the Group has a framework for measuring reputational risk which is designed to identify its strengths, weaknesses and evolving trends that impact its reputational risk, there can be no assurance that this framework or any measures which it takes in response to perceived threats will be effective in all cases.

The Group relies on certain executive officers, the loss of whom could adversely affect its business

Certain members of the Bank's current senior management team have been with the Group (or its predecessor entities) for substantial periods of time. The Group believes that these executives contribute significant experience and expertise to the Bank's management across its operations. The Group's continuing success depends, in part, on its ability to continue to attract, retain and motivate qualified and experienced banking and management personnel. Competition in the Omani market for such individuals is intense, due to the relatively small number of qualified persons available. If any key members of management become unwilling or unable to continue in their role, or if the Group is unable to attract or promote and retain other qualified executives, it could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may become subject to increasingly intense competition

The Omani banking sector is competitive, particularly in the corporate and retail banking areas. Increasing investment in the sector by Omani financial institutions other than banks (such as finance companies), as well as non-Omani financial institutions (particularly with respect to large scale financing, such as project finance), has facilitated the use of a wider range of financing sources by corporate customers (such as bond and share issuances) and increased the range and technological sophistication of products and services being offered to both the corporate and retail banking markets in Oman. Although the Group offers a wide range of financing sources and continues to focus on enhancing its product and service offerings, furthering the quality of its customer service and improving its delivery channels, the Group cannot assure that some of its customers will not choose to transfer some or all of their business to its competitors or to seek alternative sources of financing from those competitors. Such choices could have a material adverse effect on the Group's business, results of operations and financial condition.

As at the date of this Base Prospectus, the Oman banking industry is dominated by three banks (including the Bank) which accounted for approximately 58.6 per cent. of the total credit in the banking system as at 31 December 2022 (based on an analysis of their published financial statements and CBO data for total credit in the Omani banking system). As at 31 December 2022, the Bank was the largest bank in Oman by total assets, representing 34.1 per cent. of total assets in the Omani banking system (based on an analysis of the Bank's published financial statements and CBO data for total assets in the Omani banking system). Given the overlap in services offered and the customer base in Oman, it is possible that one or more of the Bank's competitors may choose to merge or consolidate their operations. The benefits which may result from such a merger or consolidation may enable the Bank's competitors to significantly enhance their financial resources, access to funding and product offerings. In July 2020, Al Izz Islamic Bank SAOC was acquired by Oman Arab Bank SAOG and now operates the Islamic banking business of Oman Arab Bank SAOG. In addition, in June 2022, Sohar International Bank SAOG ("**Sohar International**") confirmed that it was pursuing separate merger transactions with Bank Nizwa SAOG and HSBC Bank Oman SAOG ("**HSBC Oman**"). In November 2022, Sohar International announced that it had entered into a binding merger agreement with HSBC Oman under which all of HSBC Oman's assets and liabilities would be transferred to Sohar International and HSBC Oman would cease to exist as a legal entity. In February 2023, Sohar International announced that it had received CBO approval for its proposed merger with HSBC Oman.

The Group may have difficulty managing its overseas operations and strategic investments successfully

The Group has sought and continues to seek to expand and enhance its operations from time to time by forming overseas branches or making strategic investments in certain businesses.

As at the date of this Base Prospectus, the Group's international banking segment comprise branches in Kuwait and Saudi Arabia, representative offices in Dubai, Singapore and Iran and an associate, SICO BSC(c), in Bahrain. These operations form a key part of the Group's objectives of establishing a regional network to meet the needs of its customers and be a visible regional player in the medium term. The Group's international banking segment generated a net profit of RO 3.8 million for the year ended 31 December 2022 and a net loss of RO 3.3 million in the corresponding period of 2021.

The interests of the Bank's shareholders may, in certain circumstances, conflict with those of Noteholders

Investors should be aware that the interests of the Bank's shareholders may, in certain circumstances, be different from those of the Bank's creditors (including the holders of Notes issued under the Programme) and, in those circumstances, the holders of such Notes could be disadvantaged.

The Bank is exposed to an increased tax burden as a result of changes in the Omani Tax Law

In connection with certain changes to Income Tax Law (Sultani Decree No. 28/2009, as amended) and its Executive Regulations (MD 30/2012, as amended) (the "**Omani Tax Law**"), which came into force on 27 February 2017, withholding tax is to be levied on the gross amount of certain categories of income (as specified under "*Taxation — Withholding Taxes in Oman*" below) paid or credited to the account of any non-resident person, being foreign companies that do not have a permanent establishment in Oman and those that carry on business through a permanent establishment but do not include the accrued income in the gross income of that permanent establishment.

An amendment to the Executive Regulations of the Tax Law (MD 30/2012) (the "**Executive Regulations**") by Ministerial Decision 14/2019 (MD 14/2019) clarified that interest payable on bonds and sukuk issued by the Government or banks incorporated in Oman, would not be subject to withholding tax under Article 52 of the Omani Tax Law.

Subsequently, the CMA on 15 May 2019 announced that on the basis of a Royal Directive, withholding tax applicable on cross-border payments of interest and dividends would be suspended for a period of three years effective from 6 May 2019 (the "**Tax Suspension**"). The Tax Suspension applies to all Omani companies and is not restricted to the Government and banks incorporated in Oman (as provided for in the amendment to the Executive Regulations pursuant to MD 14/2019). The Tax Suspension was further extended up to 2024 as part of an incentive in an economic stimulus plan announced by His Majesty Sultan Haitham bin Tarik on 9 March 2021.

Currently, companies in Oman, including the Bank, making payment of interest to persons who are not Oman tax residents are not obliged to deduct withholding tax on such payments. However, any future obligation to gross up withholding tax on interest payments to persons who are not Oman tax residents would increase the Bank's finance costs in connection with its borrowings, including Notes issued under the Programme.

In addition, with effect from 27 February 2017, the threshold below which income is not taxed was eliminated (from RO 30,000), and the rate of tax to which the Bank is subject was increased to 15 per cent. (from 12 per cent.). Any future increases in the Bank's tax burden could have a material adverse effect on the Group's business, results of operations and financial condition and, if continued, adversely affect the Bank's ability to fulfil its obligations in respect of Notes issued under the Programme.

Additionally, as part of a broader, regional framework, Oman implemented value-added tax ("VAT") on 16 April 2021 at the rate of 5 per cent. With effect from 16 April 2021, VAT is now payable on most goods and services exported to or imported from Oman.

Risks Relating to Investments in Oman and the GCC Region

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

The Group conducts almost all of its business in Oman. For example, as at 31 December 2022, 90.8 per cent. of its total assets were attributable to Oman and 95.2 per cent. of its customers' deposits were attributable to Oman. Oman is an emerging market and therefore is subject to greater risks than more developed markets. In particular, specific factors related to emerging markets, such as Oman, that may have a material impact on the Group's business, operating results, cash flows and financial condition include:

- regional political instability, including military strikes or the outbreak of war or other hostilities involving nations in the region, see "*—Oman is located in a region that is subject to ongoing political and security concerns*" below;
- a material curtailment of the industrial and economic infrastructure development that is currently underway across the Middle East and North Africa ("**MENA**") region, including Oman;
- possible government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- possible increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies, land and water use and foreign ownership;
- changing tax regimes, including the imposition or increase of taxes in tax favourable jurisdictions such as Oman;
- difficulties in staffing and managing operations;
- difficulties in enforcing collateral; and

- difficulties and delays in obtaining governmental and other approvals for operations or renewing existing ones.

There can be no assurance that either the economic performance of, or political stability in, Oman or other countries in which the Group may in the future operate can or will be sustained. Investors should note that a deterioration in financial market conditions, an oil price shock, a material increase in the prevalence of COVID-19 in Oman or the wider region, instability in certain sectors of the Omani economy or a major political upheaval in Oman could lead to decreased investor and consumer confidence, market volatility, economic disruption, and declines in real estate markets and, as a result, could have an adverse effect on the Group's business and prospects.

Further, companies located in emerging markets, such as the Bank, 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, such as the Bank, within any of these markets.

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

Although Oman enjoys domestic political stability and generally healthy international relations, as a country located in the MENA region, there is a risk that regional geopolitical instability could impact Oman. In recent years there has been significant political and social unrest in a number of countries in the MENA region, ranging from public demonstrations, sometimes violent, in countries such as Algeria, Bahrain, Egypt, Lebanon, Tunisia and Turkey, to armed conflict and even civil war in countries such as Iraq, Libya, Syria, Palestine and Yemen. The Bank does not have operations in any MENA region countries other than Oman, Saudi Arabia and Kuwait.

Although Oman has not recently experienced terrorist attacks, such as those experienced by a number of countries in the MENA region including Egypt and Turkey, there can be no assurance that extremists or terrorist groups will not initiate violent activity in Oman. Any terrorist incidents in, or affecting, Oman or increased regional geopolitical instability (whether or not directly involving Oman) may have a material adverse effect on Oman's attractiveness for foreign investment and capital, its ability to engage in international trade, its tourist industry and, consequently, its economic, balance of payment and fiscal positions.

Other potential sources of instability in the region include the ongoing security situation in Iraq and Syria, the ongoing civil war in Yemen, an escalation in the Israeli-Palestinian conflict and periodic attacks on oil facilities in Saudi Arabia. There has also been an escalation of tension between Iran and a number of western governments following the United States' withdrawal from the Joint Comprehensive Plan of Action, including the attack on a number of oil tankers in the Strait of Hormuz, the seizure of foreign-flagged oil tankers, the military strike by the United States which killed a senior Iranian military commander and the retaliatory Iranian missile strike on United States military bases in Iraq and the decision of Iran to resume uranium enrichment activities. Any further deterioration in political stability in the region, or increase in conflict between the United States and certain governments in the MENA region, such as Iran or Syria, has the potential to adversely affect regional security, as well as global oil and gas prices. Such a deterioration in relations, should it materialise, could adversely impact Oman and broader regional security, potentially including the outbreak of a regional conflict.

These recent and continued developments, along with historic regional wars and terrorist acts, acts of maritime conflict and other forms of instability in the MENA region, could have an adverse effect on Oman's economy and its ability to engage in international trade which, in turn, could have a material adverse effect on the Bank's

business, financial condition, results of operations, liquidity and prospects and thereby affect the Bank's ability to make payments in respect of Notes issued under the Programme.

Investors should also note that the Group's business and financial performance and its ability to make payments due under Notes issued under the Programme 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.

Enforcement of foreign judgments and other proceedings in Oman

Under Notes issued under the Programme the Issuer has submitted to the exclusive jurisdiction of the courts of England. However, since the Issuer is incorporated in and has the majority of its operations and assets in Oman, there may be insufficient assets of the Issuer located outside Oman to satisfy in whole any English judgments obtained in relation to such Notes.

Although Omani law provides for the enforcement of foreign judgments in Oman subject to the conditions set out in Articles 352 to 355 of the Law of Civil and Commercial Procedures (promulgated by Sultani Decree 29/2002, as amended) (the "**Law of Civil and Commercial Procedures**") being met, there have not been any foreign judgments (other than a judgment subject to a Gulf Co-operation Council reciprocity treaty) enforced in Oman. Accordingly, in the absence of the conditions set out in Articles 352 to 355 of the Law of Civil and Commercial Procedures being met, it may be the case that an English judgment against the Issuer may not be enforced before the courts of Oman without a re-examination of the merits and that such a judgment would be of evidential value only in such proceedings.

If any proceedings were brought in Oman in relation to Notes issued under the Programme (whether in connection with the enforcement of an English judgment or otherwise), no assurance can be given that an Omani court would recognise and give effect to the choice of English law as the governing law of all provisions of such Notes, particularly if any provision of English law were considered to be contrary to a mandatory provision of law, public order or morality of Oman or Islamic Shari'a principles.

In addition, there is no established system of precedent that would be binding on the courts in Oman. If it was sought to enforce any Notes issued under the Programme before the courts in Oman, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to such Notes would be interpreted and applied by those courts and whether all of the provisions of such Notes would be enforceable. Moreover, although there is a provision of Omani law that protects the right to charge interest, it is not beyond doubt that such law could be challenged as being contrary to Shari'a principles.

Foreign arbitral awards may not be recognised before the courts of Oman

Foreign arbitration awards may be enforced in Oman pursuant to (a) treaty obligations; (b) the Law of Civil and Commercial Procedures; or (c) the Law of Arbitration (promulgated by Sultani Decree 47/1997, as amended) (the "**Law of Arbitration**"). Oman has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (promulgated by Sultani Decree 36/1998) (the "**Convention**"), and ratified the Riyadh Arab Convention of 1983 (promulgated by Sultani Decree 34/1999). In the event an award is passed in a country that is not a signatory to the Convention then it may be possible to enforce such an award in accordance with Articles 352 to 355 of the Law of Civil and Commercial Procedures pursuant to which Omani courts possess an inherent jurisdiction to enforce foreign awards. When considering enforcement of arbitral awards in the above circumstances, Omani courts will need to be satisfied that the following conditions are met (reading "judgment" as "award"): (a) that the foreign judgment was given by a competent arbitration tribunal in accordance with the law of the country the judgment was given in; (b) that the parties to the action in which the foreign judgment was rendered were summoned to appear and were validly represented; and (c) that the judgment or order contained nothing involving a violation of any law in force in

Oman, and that it does not conflict with a judgment or order previously rendered by a court in Oman, and includes nothing which offends morals or public order. The Law of Civil and Commercial Procedures also requires that the matter in which the award is rendered is competent to be arbitrated under Omani law and that the award is enforceable in the country in which it is issued. Enforcement of foreign arbitral awards in Oman is also directly available under the provisions of the Law of Arbitration, where the award in question has been rendered: (a) in Oman; or (b) in an international commercial arbitration (for example, an arbitration under London Court of International Arbitration (“**LCIA**”) or International Chamber of Commerce (“**ICC**”) rules) in which parties have specified that the Law of Arbitration shall apply.

In the event that the conditions of Articles 352 to 355 of the Law of Civil and Commercial Procedures are not met by a foreign arbitral award, such foreign arbitral award may be of evidentiary value only in a full hearing before the courts of Oman and the matter may have to be litigated *de novo* before the courts of Oman.

Although the Sultanate of Oman is a party to the Convention, there is only one case which has come before the courts of Oman where a claimant has sought to enforce a foreign arbitral award issued by a contracting state (in this case, the Kingdom of Denmark): Co Ro Foods AS and National Beverages Company (the “**Co Ro Case**”). In the Co Ro Case, the Supreme Court in Oman ordered the enforcement of an arbitral award issued in the Kingdom of Denmark in favour of Co Ro Foods AS. The Issuer has no reason to believe that the courts of Oman would not enforce an arbitral award without re-examination or re-litigation subject to the conditions specified above. It should be noted, however, that there is no doctrine of binding precedent under Omani law, although decisions of the Supreme Court of Oman should be persuasive.

Regulation of interest rates under Omani law

The CBO and the Ministry of Commerce, Industry and Investment Promotion (“**MOCIIP**”), each has the power to regulate interest rates in Oman. Ministerial Decision 329/2022 (Determining Return in Exchange of Procurement of Loan or Commercial Debt), which is issued pursuant to Article 80 of the Oman Commercial Law (Royal Decree 55/90, as amended) (the “**Ministerial Decision**”), specifies that the maximum rate of "return" that a creditor has the right to receive on a loan or commercial debt is 6 per cent. This decision does not apply to loans provided by banks and certain other entities licensed by the CBO, though there is uncertainty as to whether this will apply to lending to banks such as under the Notes. It is not clear whether interest on the Notes would fall to be regulated by the CBO or the MOCIIP and (if the latter) whether the Notes would be considered a loan or commercial debt as described in Ministerial Decision and what maximum rate of interest would apply to the Notes.

There is a possibility that the Omani courts, pursuant to Royal Decree 29/2013 (the “**Civil Transactions Law**”), may decide not to enforce provisions of a contract governed by foreign law or a judgment from a foreign court or arbitral award in relation to any provisions which are deemed contrary to Shari’a principles, such as the charging of interest, even if it is permitted by the chosen governing foreign law, although this is at odds with the current practice of the courts in Oman which regularly enforce contracts charging interest and the fact that the charging of interest is expressly permitted under Omani law.

In addition to the regulations of the MOCIIP and the CBO, Omani courts will not enforce interest claims in excess of what the relevant court considers just and reasonable. Accordingly, no assurance can be given as regards the enforceability of interest in excess of such amounts to the extent that the matter fell to be considered by an Omani court.

Risks Relating to the Notes Generally

Set out below is a description of material risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there will at the time of issuance be no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued and for which an active trading market has developed). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes issued under the Programme to be admitted to trading on the regulated market of Euronext Dublin, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates which may adversely affect the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase, this will adversely affect the value of the Fixed Rate Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Oman or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) specify that the Notes are redeemable at the Issuer's option, in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because the Global Notes and Global Registered Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by, in the case of Bearer Notes, one or more temporary global notes (each, a “**Temporary Global Note**”), permanent global notes (each, a “**Permanent Global Note**” and, together with a Temporary Global Note, the “**Global Notes**”) or, in the case of Registered Notes, interests in a global registered note (a “**Global Registered Note**”). Such Global Notes and Global Registered Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note or Global Registered Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes or, as the case may be, Global Registered Notes. While the Notes are represented by one or more Global Notes or Global Registered Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes or Global Registered Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Registered Notes must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Registered Notes.

Holders of beneficial interests in the Global Notes or Global Registered Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Registered Notes will not have a direct right under the Global Notes or Global Registered Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Notes issued on a subordinated basis will be subordinated to most of the Issuer's liabilities

If, in the case of any particular Tranche of Notes, the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) specify that the Notes are Subordinated Notes, holders of such Notes should be aware that such Notes are unsecured and subordinated obligations of the Issuer.

Subordinated Notes are complex financial instruments and are of high risk and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Subordinated Notes to retail investors. There are risks inherent in the holding of the Subordinated Notes, including the risks in relation to their subordination and the circumstances in which Noteholders may suffer loss as a result of holding the Subordinated Notes.

In respect of such Notes, only in the event of a failure to pay by the Issuer or the dissolution, liquidation or insolvency of the Issuer, any bankruptcy or winding up proceedings or other similar proceedings affecting the Issuer or any moratorium affecting the claims of creditors of the Issuer generally, as described in Condition 16.2 (*Events of Default for Subordinated Notes*), will such Notes be capable of being declared immediately due and payable. Notwithstanding any such declaration, any payments made on Subordinated Notes will be subordinated to Priority Claims (as defined in the Conditions). In the event of dissolution or insolvency of the Issuer or the initiation of any winding up, liquidation, bankruptcy, moratorium or other similar proceedings, the Issuer will be required to pay all unsubordinated creditors (including holders of Senior Notes) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Subordinated Notes. So, although the Subordinated Notes may bear a higher rate of interest than comparable securities which are not subordinated, there is a real risk that an investor in the Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

In the case of Subordinated Notes which form part of the regulatory capital of the Issuer, payment by the Issuer of principal or interest will be subject to the terms and conditions attached to the approval given to the Issuer by the CBO in respect of such Subordinated Notes and to the regulatory requirements of the CBO at the time such payment falls to be made.

Subordinated Notes will not have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*).

The Issuer's ability to effect early redemption of Subordinated Notes shall be dependent on the terms and conditions attached to the approval given to the Issuer by the CBO to issue the Subordinated Notes.

Risks Relating to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features, distinguishing between factors which may occur in relation to any Notes and those which might occur in relation to certain types of Exempt Notes:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature in relation to any Note is likely to limit its market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/floating rate Notes are notes which may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market in and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. If the Issuer converts from a fixed rate to a floating rate, the spread on the fixed/floating rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than that in the then prevailing market.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Notes issued with step-up interest provisions

Notes may be issued which include a provision for the step-up of interest rates or margin or other change resulting in an increase in the level of interest to be paid on the Notes. Such provisions may be coupled with a call option in favour of the Issuer allowing it to redeem the Notes at an earlier date than the designated maturity date. Investors should be aware that provisions relating to step-up interest may incentivise the Issuer to exercise its option to call and redeem the Notes early.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

The Issuer's credit ratings are an assessment by the relevant rating agencies of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Notes. One or more independent credit rating agencies may assign credit ratings to the Issuer, the Programme or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Base Prospectus and other factors that may affect the value of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third-country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of an updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, in general, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (x) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (y) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Risks applicable to certain types of Exempt Notes

There are particular risks associated with an investment in certain types of Exempt Notes, such as index linked Notes and dual currency Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes and may lose some or all of the principal amount invested by it

The Issuer may issue Exempt Notes with principal or interest determined by reference to an index or formula or linked to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Exempt Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Exempt Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Exempt Notes may be volatile;

- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Exempt Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Exempt Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Exempt Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Where Exempt Notes are issued on a partly paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of his investment

The Issuer may issue Exempt Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Exempt Notes could result in such investor losing all of his investment.

Exempt Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities

Exempt Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes will have more volatile market values than conventional Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as dismissed benchmark. The market values of those Exempt Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Exempt Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Exempt Notes.

Risks Relating to Notes which are linked to “benchmarks”

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”

Interest rates and indices which are deemed to be "benchmarks" (including, without limitation, EURIBOR) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) No. 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA (the “**UK Benchmarks Regulation**”), among other things, applies to the provision of benchmarks and the use of a benchmark in the United Kingdom. Similarly, it prohibits the use in the United Kingdom by United Kingdom supervised entities of benchmarks of administrators that are not authorised by the Financial Conduct Authority (the “**FCA**”) or registered on the FCA register (or, if non-United Kingdom based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

On 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a “risk-free overnight rate” which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate (“**€STR**”) as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the EU Benchmarks

Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The Conditions provide that, where the relevant Final Terms specifies that Condition 7(m)(1) (*Benchmark discontinuation – Independent Adviser*) is applicable, there are certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions) occurs, including if an Original Reference Rate (as defined in the Conditions) and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable, or a Benchmark Event otherwise occurs.

Such fallback arrangements include the possibility that the Rate of Interest (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Rate (each as defined in the Conditions), with or without the application of an Adjustment Spread (as defined in the Conditions) and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer following consultation with the Independent Adviser (as defined in the Conditions), acting in good faith and in a commercially reasonable manner, and without the requirement for the consent or sanction of Noteholders. An Adjustment Spread, if applied, is (a) a spread (which may be positive, negative or zero); or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which: (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the Conditions); or (ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (iii) (if the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that no such spread is customarily applied) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be. If the Issuer, following consultation with the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread. The use of a Successor Rate or Alternative Rate (including with or without the application of an Adjustment Spread) may still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of the calculation of the Rate of Interest (or the relevant component part thereof) for the relevant immediately following Interest Period may result in the Rate of Interest (or the relevant component part thereof) for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Where the relevant Final Terms specifies that Condition 7(m)(2) (*Benchmark discontinuation – ARRC*) is applicable, if the Issuer determines on or prior to the relevant Reference Time (as defined in the Conditions) on the relevant Interest Determination Date (as defined in the Conditions) that a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined in the Conditions) have occurred with respect to the

then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes (as defined in the Conditions) from time to time, without any requirement for the consent or approval of Noteholders.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Notes in making any investment decision with respect to any Notes referencing a benchmark.

The market continues to develop in relation to risk-free rates (including overnight rates) which are possible reference rates for Floating Rate Notes

Investors should be aware that the market continues to develop in relation to risk-free rates, such as SONIA, the Secured Overnight Financing Rate (“SOFR”) and €STR, as reference rates in the capital markets for sterling, U.S. dollar or euro bonds, as applicable, and their adoption as alternatives to the relevant interbank offered rates. In addition, market participants and relevant working groups are exploring alternative reference rates based on risk-free rates, including term SOFR, SONIA and €STR reference rates (which seek to measure the market's forward expectation of an average SOFR, SONIA or €STR over a designated term). The continued development of risk-free reference rates for the Eurobond markets, as well as the continued development of SOFR, SONIA and €STR based rates and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The substance of the calculation of, and the adoption of market infrastructure for the issuing and trading of Eurobonds referencing, SOFR, SONIA and €STR continues to develop. In particular, investors should be aware that several different SOFR methodologies have been used in notes referencing SOFR issued to date and no assurance can be given that any particular methodology, including the compounding formula in the Conditions, will gain widespread market acceptance.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a risk-free rate issued under this Base Prospectus. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes that reference a risk-free rate issued under the Programme from time to time. In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

Risk-free rates differ from interbank offered rates in a number of material respects and have a limited history

Risk-free rates may differ from interbank offered rates in a number of material respects, including (without limitation) by, in most cases, being backwards looking, calculated on a compounded or weighted average basis and risk-free overnight rates, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term and include a risk element based on interbank lending. As such, investors should be aware

that interbank offered rates and any risk-free rates may behave materially differently as interest reference rates for the Notes.

Interest on Notes which reference a backwards looking risk-free rate is only capable of being determined immediately prior to or on the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes referencing interbank offered rates, if the Notes become due and payable under Condition 16 (*Events of Default*), the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes.

The use of risk-free rates as a reference rate for Eurobonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such risk-free rates.

Notes referencing risk-free rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing such risk-free rates, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of subsequently issued indexed debt securities as a result. Further, if the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Investors should consider these matters when making their investment decision with respect to any Floating Rate Notes.

The administrator of SOFR, SONIA or €STR may make changes that could change the value of SOFR, SONIA or €STR or discontinue SOFR, SONIA or €STR

The Federal Reserve Bank of New York, the Bank of England or the European Central Bank (or their respective successors), as administrators of SOFR, SONIA and €STR, respectively, may make methodological or other changes that could change the value of SOFR, SONIA or €STR, including changes related to the method by which SOFR, SONIA or €STR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, SONIA or €STR, or timing related to the publication of SOFR, SONIA or €STR. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR, SONIA or €STR (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SOFR, SONIA or €STR. Any of the foregoing could have a material adverse effect on the value or liquidity of, and return on, any Notes which reference SOFR, SONIA or €STR.

DOCUMENTS INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (i) the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2022 prepared in accordance with IFRS as issued by the IASB, the applicable regulations of the CBO, the requirements of the Commercial Companies Law of 2019, as amended and the disclosure requirements of the CMA (including the auditors' report thereon issued in accordance with International Standards on Auditing (ISA) on the consolidated financial statements prepared in accordance with IFRS and notes thereto) (an electronic copy of which is available at: <https://www.bankmuscat.com/en/investorrelations/AnnualReports/BM%20Audited%20Financials%202022%20English.pdf>);
- (ii) the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 prepared in accordance with IFRS as issued by the IASB, the applicable regulations of the CBO, the requirements of the Commercial Companies Law of 2019, as amended and the disclosure requirements of the CMA (including the auditors' report thereon issued in accordance with International Standards on Auditing (ISA) on the consolidated financial statements prepared in accordance with IFRS and notes thereto) (an electronic copy of which is available at: https://www.bankmuscat.com/en/investorrelations/AnnualReports/BM_Annual_Financials%20Eng%202021.pdf); and
- (iii) the Terms and Conditions of the Notes contained on pages 44 to 87 (inclusive) in the base prospectus dated 29 September 2020 prepared by the Issuer in connection with the Programme,

provided, however, that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement and that any information not listed in the pages stated in paragraphs (i), (ii) and (iii) above but included in the documents incorporated by reference is given for information purposes only.

The following items appearing in the 2022 Financial Statements are to be found on the following pages of the 2022 Financial Statements:

Item	Page(s) of 2022 Financial Statements
Independent Auditors' Report.....	2-6
Consolidated Statement of Financial Position	7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Changes in Equity.....	9-10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements.....	12-96

The following items appearing in the 2021 Financial Statements are to be found on the following pages of the 2021 Financial Statements:

Item	Page(s) of 2021 Financial Statements
Independent Auditors' Report.....	2-6
Consolidated Statement of Financial Position	7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Changes in Equity.....	9-10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements.....	12-97

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant annexes to Commission Delegated Regulation (EU) No 2019/980.

The Base Prospectus dated 29 September 2020 is available for viewing on the website of Euronext Dublin at: https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_03019275-b2ac-4283-ae4f-68d3eb805dbf.PDF.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

KEY FEATURES OF THE PROGRAMME

The following overview of key features of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). Any decision to invest in Notes should be based on a consideration of the Base Prospectus as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Words and expressions defined in “Forms of the Notes” or “Terms and Conditions of the Notes” below shall have the same meanings in this overview of key features of the Programme.

Issuer:	Bank Muscat (SAOG)
Issuer Legal Entity Identifier:	549300HC6W6OEXV7SY67
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under “ <i>Risk Factors</i> ”.
Description:	Euro Medium Term Note Programme.
Arrangers:	Citigroup Global Markets Limited and HSBC Bank plc.
Dealers:	Barclays Bank PLC, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc, Mizuho International plc, MUFG Securities EMEA plc, Société Générale and Standard Chartered Bank and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”).
Fiscal Agent:	HSBC Bank plc.
Irish Listing Agent:	Arthur Cox Listing Services Limited.
Final Terms/Pricing Supplement or Drawdown Prospectus:	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms (or, in the case of Exempt Notes, Pricing Supplement) or (2) pursuant to a drawdown prospectus (each a “ Drawdown Prospectus ”) prepared in connection with a particular Tranche of Notes. For a Tranche of Notes which is the subject of Final Terms (or, in the case of Exempt Notes, Pricing Supplement), those Final Terms must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of

Notes which is the subject of Final Terms (or, in the case of Exempt Notes, Pricing Supplement) are the Terms and Conditions of the Notes as completed by the relevant Final Terms (or as completed, modified or replaced, in the case of Exempt Notes, by the relevant Pricing Supplement).

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes as replaced or modified to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus.

Admission to Trading and Listing:

Other than Exempt Notes, each Series may be admitted to trading on the regulated market of Euronext Dublin and/or admitted to listing on the official list of Euronext Dublin and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement) or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

Clearing Systems:

Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

Initial Programme Amount:

Up to U.S.\$2,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

Distribution:

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Issuance in Series:

Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Forms of Notes:

Notes may be issued in bearer form or in registered form.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement). Each Global Note will

be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules (as defined in “*Form of the Notes*”) are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will initially be in the form of a Global Registered Note. Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Note Certificates in accordance with its terms.

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions or the 2021 ISDA Interest Rate Derivatives Definitions (each as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of the reference rate set out in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark Replacement

On the occurrence of a Benchmark Event or a Benchmark Transition Event and its related Benchmark Replacement Date, the Issuer may (subject to certain conditions) be permitted to substitute the original benchmark or screen rate (as applicable) specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement) with a successor, replacement or alternative benchmark and/or screen rate, together with, potentially, an adjustment spread (which could be positive, negative or zero). See Condition 7(m) (*Benchmark discontinuation*) for further information.

Exempt Notes:

The Issuer may issue Exempt Notes which are index linked Notes, dual currency Notes, Partly Paid Notes or Notes redeemable in one or more instalments.

Index linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

Dual currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of dual currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Partly Paid Notes: The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

Notes redeemable in instalments: The Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Currencies:

Notes may be denominated in U.S. dollars, euro and rials or in any other currency or currencies, subject to compliance with all

applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes:

Notes may be issued on a subordinated or unsubordinated basis, as specified and provided for in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement). Subject to applicable laws, the rights and claims of holders of Subordinated Notes will, in the event of the dissolution, liquidation or insolvency of the Issuer, any bankruptcy or winding up proceedings or any other similar proceedings affecting the Issuer or any moratorium affecting the claims of creditors of the Issuer generally, be subordinated in right of payment to the rights and claims in full of all holders of Senior Notes.

In the case of Subordinated Notes which form part of the regulatory capital of the Issuer, payment by the Issuer of principal or interest will be subject to the terms and conditions attached to the approval given to the Issuer by the CBO in respect of such Subordinated Notes and to the regulatory requirements of the CBO at the time such payment falls to be made.

Issue Price:

Notes may be issued on a fully-paid or, in the case of Exempt Notes, a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Maturities:

There is no minimum or maximum maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention by the Issuer of section 19 of the Financial Services and Markets Act 2000, as amended (the “FSMA”).

Redemption:

The relevant Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in the case of Exempt Notes in specified instalments,

if applicable, or in the case of any Note for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders, as more particularly described below.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “*Maturities*” above.

Optional Redemption:

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement), upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be specified in such Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

Tax Redemption:

Except as described in “*Optional Redemption*” above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (*Redemption for tax reasons*). In the case of Subordinated Notes, the Issuer’s ability to effect early redemption may be dependent on attaining the approval of the CBO.

Interest:

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or, in the case of Exempt Notes, be index linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Maturities*” above, and save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Negative Pledge:

The Notes (other than Subordinated Notes) will have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*).

Cross Default:

The Notes (other than Subordinated Notes) will have the benefit of a cross-default provision as described in Condition 16 (*Events of Default*).

Taxation:

All payments in respect of Notes will be made free and clear of withholding taxes of Oman unless the withholding is required by law. In that event, the Issuer will (subject as provided in

Condition 15 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Rating:

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the relevant Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing:

Application has been made to the Central Bank of Ireland to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be listed on Euronext Dublin.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The relevant Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

**Enforcement of Notes in
Global Form:**

In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 12 April 2023, a copy of which will be available for inspection at the Specified Office of the Fiscal Agent and the Paying Agent.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the UK, the EEA, the Sultanate of Oman, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Qatar, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the State of Kuwait, Hong Kong, Singapore and Malaysia, see "*Subscription and Sale*" below.

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or TEFRA D/TEFRA not applicable, as specified in the relevant Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes).

FORMS OF THE NOTES

Any reference in this section to “relevant Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” where relevant.

Bearer Notes and Registered Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). Each Tranche of Notes in bearer form (“**Bearer Notes**”) will initially be in the form of either a temporary global note in bearer form (a “**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (a “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA D Rules**”) is applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specify the form of Notes as being “*Temporary Global Note exchangeable for a Permanent Global Note*”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; **provided, however, that** in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Bearer Notes in definitive form (“**Definitive Notes**”):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specify “*in the limited circumstances described in the Permanent Global Note*”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 16 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify the form of Notes as being “*Temporary Global Note exchangeable for Definitive Notes*” and also specify that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specify the form of Notes as being “*Temporary Global Note exchangeable for Definitive Notes*” and also specify that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

If the relevant Final Terms specify that the Temporary Global Note is exchangeable for Definitive Notes at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify the form of Notes as being “*Permanent Global Note exchangeable for Definitive Notes*”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specify “*in the limited circumstances described in the Permanent Global Note*”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 16 (*Events of Default*) occurs.

If the relevant Final Terms specify that the Permanent Global Note is exchangeable for Definitive Notes at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in permanent global form, the Notes in definitive form and any Coupons, Receipts and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to in such legend provide that a United States person who holds a Note, Coupon, Receipt or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon, Receipt or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Registered Notes

Each Tranche of Registered Notes will initially be in the form of a global Note in registered form (a “**Global Registered Note**”). Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for

individual Note Certificates in registered form (“**Individual Note Certificates**”) if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 16 (*Events of Default*) occurs.

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If the relevant Final Terms specify that the Permanent Global Note is exchangeable for Definitive Notes at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms (or, in the case of Exempt Notes, as completed, modified and/or replaced by the relevant Pricing Supplement), will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.

1 Introduction

- (a) **Programme:** Bank Muscat (SAOG) (the “**Issuer**”) has established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of up to U.S.\$2,000,000,000 in aggregate principal amount of notes (the “**Notes**”).
- (b) **Final Terms and Pricing Supplement:** Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of final terms (the “**Final Terms**”) or, in the case of Notes issued pursuant to an exemption from the requirement to publish a prospectus under the Prospectus Regulation (the “**Exempt Notes**”), a pricing supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). Any reference in these Conditions to relevant Final Terms shall be deemed to include a reference to the relevant Pricing Supplement where relevant. The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. In these Conditions, the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 of the European Parliament and of the Council.
- (c) **Agency Agreement:** The Notes are the subject of an amended and restated issue and paying agency agreement dated 12 April 2023 (the “**Agency Agreement**”) between the Issuer, HSBC Bank plc as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), HSBC Bank plc as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the “**Agents**” are to the Paying Agents and the Transfer Agents and any reference to an “**Agent**” is to any one of them.
- (d) **Deed of Covenant:** The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). Registered Notes are constituted by a deed of covenant dated 12 April 2023 (the “**Deed of Covenant**”) entered into by the Issuer.
- (e) **The Notes:** All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the Specified Office of the Fiscal Agent and at the Specified Office of the Paying Agent, the initial Specified Offices of which are set out below. If the Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”), the relevant Final Terms will be published on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>). If the Notes are Exempt Notes, the relevant Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder

must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity.

- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any (the “**Couponholders**” and the “**Coupons**”, respectively), are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2 Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Business Day**” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

- (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
- (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (D) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**CBO**” has the meaning given in Condition 4(c)(ii);

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if “**Actual/Actual (ICMA)**” is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year;
- (ii) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of: (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/365 (Sterling)**” is so specified, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (v) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (vi) if “**30/360**” or “**360/360**” is so specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day of the Calculation Period, expressed as a number, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30;

- (vii) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day of the Calculation Period, expressed as a number, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30; and

- (viii) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period unless: (i) that day is the last day of February; or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless: (i) that day is the last day of February but not the Maturity Date; or (ii) such number would be 31, in which case D₂ will be 30;

“**Dual Currency Interest Note**” means a Note, the Interest Basis of which is specified as Dual Currency Interest in the relevant Pricing Supplement;

“**Dual Currency Redemption Note**” means a Note, the Redemption/Payment Basis of which is specified as Dual Currency Redemption in the relevant Pricing Supplement;

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or, in the case of Exempt Notes, such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“**Early Termination Amount**” means, in respect of any Note, its principal amount or, in the case of Exempt Notes, such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

“**Event of Default**” means any one of the circumstances described in Condition 16 (*Events of Default*);

“**Extraordinary Resolution**” has the meaning given in the Agency Agreement;

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or, in the case of Exempt Notes, such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

“**Guarantee**” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

“**Holder**”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

“**Indebtedness**” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 30 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“**Index Linked Interest Note**” means a Note, the Interest Basis of which is specified as Index Linked Interest in the relevant Pricing Supplement;

“**Index Linked Redemption Note**” means a Note, the Redemption/Payment Basis of which is specified as Index Linked Redemption in the relevant Pricing Supplement;

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable per Calculation Amount in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date unless otherwise specified in the relevant Final Terms;

“**ISDA**” means the International Swap and Derivative Association, Inc.;

“**ISDA Definitions**” means: (i) if “2006 ISDA Definitions” is specified in the relevant Final Terms, the 2006 ISDA Definitions, as published by ISDA, as supplemented, amended and updated as at the date of

issue of the first Tranche of the Notes of the relevant Series; or (ii) if “2021 ISDA Definitions” is specified in the relevant Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, including any Matrices referred to therein, as published by ISDA as at the date of issue of the first Tranche of the Notes of the relevant Series);

“**Issue Date**” has the meaning given in the relevant Final Terms;

“**Margin**” has the meaning given in the relevant Final Terms;

“**Maturity Date**” has the meaning given in the relevant Final Terms;

“**Maximum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Note Certificate**” has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

“**Noteholder**”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Optional Redemption Amount (Put)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Final Terms;

“**Optional Redemption Date (Put)**” has the meaning given in the relevant Final Terms;

“**Partly Paid Note**” means a Note, the Redemption/Payment Basis of which is specified as Partly Paid in the relevant Pricing Supplement;

“**Payment Business Day**” means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Permitted Security Interest” means:

- (i) any Security Interest created or outstanding with the prior approval of an Extraordinary Resolution; or
- (ii) any Security Interest arising only by operation of law, provided that such Security Interest is discharged within 30 days of arising; or
- (iii) any Security Interest arising in the ordinary course of banking transactions including, without limitation, sale and repurchase transactions and share, loan and bond lending transactions, provided that any such Security Interest is limited to the assets which are the subject of the relevant transaction; or
- (iv) any Security Interest in respect of any Indebtedness not covered by paragraph (i), (ii) or (iii) above provided that the aggregate outstanding amount secured thereby and falling within this paragraph (iv) shall not at any time exceed an amount equal to five per cent. of the aggregate of the share capital and reserves of the Issuer, as evidenced by its most recent audited annual financial statements (or, if at any time the Issuer has Subsidiaries, its most recent audited consolidated financial statements);

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“Principal Subsidiary” means any Subsidiary whose revenues, profits or assets from time to time represent not less than five per cent. of the consolidated revenues, profits or assets of the Issuer from time to time as shown in the Issuer’s most recent audited annual financial statements (or, if more recent, interim financial statements);

“Priority Claims” has the meaning given in Condition 4(c)(ii);

“Proceedings” has the meaning given in Condition 25(d)(iii) (*Governing Law, Arbitration and Jurisdiction – Jurisdiction – Process agent*);

“Put Option Notice” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“**Receipt**” means a receipt for the payment of instalments of principal in relation to Bearer Notes;

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, these Conditions and/or the relevant Final Terms;

“**Reference Banks**” has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“**Reference Price**” has the meaning given in the relevant Final Terms;

“**Reference Rate**” means one of the following benchmark rates (as specified in the relevant Final Terms) in respect of the currency and period specified in the relevant Final Terms:

- (i) Euro-zone interbank offered rate (“**EURIBOR**”);
- (ii) Norwegian interbank offered rate (“**NIBOR**”);
- (iii) Stockholm interbank offered rate (“**STIBOR**”);
- (iv) Karachi interbank offered rate (“**KIBOR**”);
- (v) Shanghai interbank offered rate (“**SHIBOR**”);
- (vi) Hong Kong interbank offered rate (“**HIBOR**”);
- (vii) Kuala Lumpur interbank offered rate (“**KLIBOR**”);
- (viii) Turkish Lira interbank offered rate (“**TRLIBOR**” or “**TRYLIBOR**”);
- (ix) Singapore interbank offered rate (“**SIBOR**”);
- (x) Emirates interbank offered rate (“**EIBOR**”);
- (xi) Tokyo interbank offered rate (“**TIBOR**”);
- (xii) Saudi Arabia interbank offered rate (“**SAIBOR**”);
- (xiii) Secured Overnight Financing Rate (“**SOFR**”);
- (xiv) Sterling Overnight Index Average (“**SONIA**”); and
- (xv) Euro short-term rate (“**€STR**”).

“**Regular Period**” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and

- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“**Relevant Date**” means, in relation to any payment, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Financial Centre**” has the meaning given in the relevant Final Terms;

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Time**” has the meaning given in the relevant Final Terms;

“**Reserved Matter**” means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment (other than an amendment as described in Condition 20(b) (*Meetings of Noteholders; Modification – Modification*)), to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Senior Notes**” means Notes issued by the Issuer and described as such in the relevant Final Terms, being Notes in respect of which all claims for payment of principal and interest are senior in priority to the claims of subordinated creditors of the Issuer, as further described in Condition 4 (*Status and Subordination*);

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” has the meaning given in the Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**Subordinated Notes**” means Notes issued by the Issuer and described as such in the relevant Final Terms, being Notes in respect of which all claims for payment of principal and interest are subordinated in priority to the claims of unsubordinated creditors of the Issuer, as further described in Condition 4 (*Status and Subordination*);

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Talon**” means a talon for further Coupons;

“**TARGET Settlement Day**” means any day on which T2 is open for the settlement of payments in euro;

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system; and

“**Zero Coupon Note**” means a Note, the Interest Basis of which is specified as Zero Coupon in the relevant Final Terms.

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 15 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 15 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “**outstanding**” shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Interpretation – Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “**Not Applicable**”, then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement and/or the Deed of Covenant shall be construed as a reference to the Agency Agreement and/or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3 Form, Denomination, Title and Transfer

- (a) **Bearer Notes:** Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) **Title to Bearer Notes:** Title to Bearer Notes and the Receipts, Coupons and Talons will pass by delivery. In the case of Bearer Notes, Receipts, Coupons or Talons, “**Holder**” means the holder of such Bearer Note, Receipt, Coupon or Talon and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.
- (c) **Registered Notes:** Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) **Title to Registered Notes:** The Registrar will maintain the register in accordance with the provisions of the Agency Agreement (the “**Register**”). A certificate (each, a “**Note Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.
- (e) **Ownership:** The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) **Transfers of Registered Notes:** Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) **Registration and delivery of Note Certificates:** Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general

business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

- (h) **No charge:** The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) **Closed periods:** Noteholders may not require transfers of Registered Notes to be registered during the period of 15 days ending on (and including) the due date for any payment of principal or interest in respect of the Notes.
- (j) **Regulations concerning transfers and registration:** All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4 Status and Subordination

(a) **Claims in respect of Notes**

Claims in respect of the Notes shall rank higher in priority to the rights and claims of holders of all classes of equity (including holders of any preference shares).

(b) **Senior Notes**

If the Notes are specified in the relevant Final Terms as Senior Notes, the Notes (and relevant Coupons) of such Series of Senior Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) **Subordinated Notes**

- (i) If the Notes are specified in the relevant Final Terms as Subordinated Notes, the Notes (and relevant Coupons) of such Series of Subordinated Notes constitute direct, general and unconditional obligations of the Issuer which are subordinated in accordance with paragraph (ii) below and which will rank at all times *pari passu* among themselves.
- (ii) In the case of Subordinated Notes, the claims of the Noteholders against the Issuer in respect of the principal and interest relating to such Notes (or the relevant Coupons) will be subordinated to: (A) debts that have priority under section 87 of the Omani Banking Law of 2000, as amended from time to time; (B) unsubordinated claims against the Issuer with respect to the repayment of borrowed money; and (C) other unsubordinated claims against the Issuer (the “**Priority Claims**”). By virtue of such subordination, payments to Noteholders in respect of the principal and interest relating to such Notes (or the relevant Coupons) will, in the event of the dissolution, liquidation or insolvency of the Issuer, any bankruptcy or winding up proceedings or any other similar proceedings affecting the Issuer or any moratorium affecting the claims of creditors of the Issuer generally, be made only after, and no set-off may be effected by a Noteholder until, all Priority Claims against the Issuer have been satisfied or provided for in full. The Issuer shall execute such instruments and do such acts as may be required by the laws of the Sultanate of Oman to ensure the effectiveness of such ranking following any change in law or regulation

relating thereto which becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Subordinated Notes and which requires the Issuer to take such action.

In the case of Subordinated Notes which form part of the regulatory capital of the Issuer, payment by the Issuer of principal or interest will be subject to the terms and conditions attached to the approval given to the Issuer by the Central Bank of Oman (the “CBO”) in respect of such Subordinated Notes and to the regulatory requirements of the CBO at the time such payment falls to be made.

5 Negative Pledge

This Condition 5 does not apply to Subordinated Notes.

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Indebtedness or Guarantee of Indebtedness, without: (a) at the same time or prior thereto securing the Notes equally and rateably therewith; or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution.

6 Fixed Rate Note Provisions

- (a) **Application:** This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of Interest Amount:** The amount of interest payable in respect of each Note per Calculation Amount for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount and multiplying the product by the relevant Day Count Fraction.

7 Floating Rate Note Provisions

- (a) **Application:** This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

- (b) **Accrual of interest:** The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination for Floating Rate Notes not Referencing SOFR, SONIA or €STR:**
- (i) Where Screen Rate Determination not Referencing SOFR, SONIA or €STR is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:
- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,
- (expressed as a percentage rate per annum) for the Reference Rate for the relevant currency and/or period, all as specified in the relevant Final Terms which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations;
- (ii) if, in the case of paragraph (i)(A) above, such rate does not appear on the Relevant Screen Page or, in the case of paragraph (i)(B) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will, subject to Condition 7(m) (*Benchmark discontinuation*):
- (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date as would be quoted to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
- (B) determine the arithmetic mean of such quotations; and
- (iii) if paragraph (ii) above applies and fewer than two such quotations are provided as requested then, subject to Condition 7(m)(1) (*Benchmark discontinuation – Independent Adviser*), the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a

single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that**, subject to Condition 7(m)(1) (*Benchmark discontinuation – Independent Adviser*), if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) **Screen Rate Determination for Floating Rate Notes Referencing SOFR, SONIA or €STR (other than where in the relevant Final Terms the Reference Rate is specified as being SONIA and the Calculation Method is specified as being “SONIA Index”):**

Where Screen Rate Determination Referencing SOFR, SONIA or €STR is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the relevant Final Terms is SOFR, SONIA or €STR (other than where the Calculation Method is specified as being “SONIA Index”):

- (i) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the relevant Final Terms as being “**Compounded Daily**”, the Rate of Interest for each Interest Period will, subject to Condition 7(m) (*Benchmark discontinuation*) and as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent, where:

“**Compounded Daily Reference Rate**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the relevant Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{r_i - pBD \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

“**Applicable Period**” means,

- (A) where “**Lag**”, “**Lock-out**” or “**Payment Delay**” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; and
- (B) where “**Observation Shift**” is specified as the Observation Method in the relevant Final Terms, the Observation Period relating to such Interest Period;

“**Business Day**” or “**BD**”, in this Condition means: (i) where “**SOFR**” is specified as the Reference Rate, a U.S. Government Securities Business Day; (ii) where “**SONIA**” is specified as the Reference Rate, a London Banking Day; or (iii) where “**€STR**” is specified as the Reference Rate, a TARGET Settlement Day;

“**D**” is the number specified in the relevant Final Terms;

“**d**” means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

“**d₀**” means, for the relevant Applicable Period, the number of Business Days in such Applicable Period;

“**Effective Interest Payment Date**” means any date or dates specified as such in the relevant Final Terms;

“**ESTR**” means, in respect of any Business Day, a reference rate equal to the daily euro short term rate for such Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the European Central Bank's Website, in each case, on or before 9:00 a.m. (Central European Time) on the Business Day immediately following such Business Day;

“**European Central Bank's Website**” means the website of the European Central Bank currently at <https://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank;

“**i**” means, for the relevant Applicable Period, a series of whole numbers from one to d_0 , each representing the relevant Business Day in chronological order from, and including, the first Business Day in such Applicable Period;

“**Lock-out Period**” means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

“**London Banking Day**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**n_i**”, for any Business Day “**i**” in the Applicable Period, means the number of calendar days from and including such Business Day “**b**” up to but excluding the following Business Day;

“**New York Fed's Website**” means the website of the Federal Reserve Bank of New York currently at <https://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

“**Observation Period**” means, in respect of an Interest Period, the period from and including the date falling “**p**” Business Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date which is “**p**” Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “**p**” Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means, for any Interest Period:

- (A) where “**Lag**” is specified as the Observation Method in the relevant Final Terms, the number of Business Days included in the Observation Look-back Period specified in the relevant Final Terms (which should not be less than five Business Days without the consent of the Calculation Agent);
- (B) where “**Lock-out**” or “**Payment Delay**” is specified as the Observation Method in the relevant Final Terms, zero; or
- (C) where “**Observation Shift**” is specified as the Observation Method in the relevant Final Terms, the number of Business Days included in the Observation Look-back Period

specified in the relevant Final Terms (which should not be less than five Business Days without the consent of the Calculation Agent);

“**r**” means:

- (A) where in the relevant Final Terms “**SOFR**” is specified as the Reference Rate and either “**Lag**” or “**Observation Shift**” is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day;
- (B) where in the relevant Final Terms “**SONIA**” is specified as the Reference Rate and either “**Lag**” or “**Observation Shift**” is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day;
- (C) where in the relevant Final Terms “**€STR**” is specified as the Reference Rate and either “**Lag**” or “**Observation Shift**” is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (D) where in the relevant Final Terms “**SOFR**” is specified as the Reference Rate and “**Lock-out**” is specified as the Observation Method:
 - (I) in respect of any Business Day “**i**” that is a Reference Day, the SOFR in respect of the Business Day immediately preceding such Reference Day, and
 - (II) in respect of any Business Day “**i**” that is not a Reference Day (being a Business Day in the Lock-out Period), the SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (E) where in the relevant Final Terms “**SONIA**” is specified as the Reference Rate and “**Lock-out**” is specified as the Observation Method:
 - (I) in respect of any Business Day “**i**” that is a Reference Day, the SONIA rate in respect of the Business Day immediately preceding such Reference Day; and
 - (II) in respect of any Business Day “**i**” that is not a Reference Day (being a Business Day in the Lock-out Period), the SONIA rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (F) where in the relevant Final Terms “**€STR**” is specified as the Reference Rate and “**Lock-out**” is specified as the Observation Method:
 - (I) in respect of any Business Day “**i**” that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day, and
 - (II) in respect of any Business Day “**i**” that is not a Reference Day (being a Business Day in the Lock-out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (G) where in the relevant Final Terms “**SOFR**” is specified as the Reference Rate and “**Payment Delay**” is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the

Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “**r**” shall be the SOFR in respect of the Rate Cut-off Date;

- (H) where in the relevant Final Terms “**SONIA**” is specified as the Reference Rate and “**Payment Delay**” is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “**r**” shall be the SONIA rate in respect of the Rate Cut-off Date; and
- (I) where in the relevant Final Terms “**€STR**” is specified as the Reference Rate and “**Payment Delay**” is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “**r**” shall be the €STR in respect of the Rate Cut-off Date;

“**Rate Cut-off Date**” has the meaning given in the relevant Final Terms;

“**Reference Day**” means each Business Day in the relevant Interest Period, other than any Business Day in the Lock-out Period;

“**r_{i-pBD}**” means the applicable Reference Rate as set out in the definition of “**r**” above for: (i) where “**Lag**” is specified as the Observation Method in the relevant Final Terms, the Business Day (being a Business Day falling in the relevant Observation Period) falling “**p**” Business Days prior to the relevant Business Day “**i**”; or (ii) otherwise, the relevant Business Day “**i**”;

“**SOFR**” means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed’s Website, in each case on or about 3:00 p.m. (New York City Time) on the Business Day immediately following such Business Day (the “**SOFR Determination Time**”);

“**SONIA**” means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Business Day immediately following such Business Day; and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (ii) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the relevant Final Terms as being “**Weighted Average**”, the Rate of Interest for each Interest Period will, subject to Condition 7(m) (*Benchmark discontinuation*) and as provided below, be the Weighted Average Reference Rate (as defined below) plus or minus (as indicated in the relevant Final Terms) the Margin and will be calculated by the Calculation Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards, where:

“**Lock-out Period**” has the meaning set out in paragraph (i) above;

“**Observation Period**” has the meaning set out in paragraph (i) above;

“**Reference Day**” has the meaning set out in paragraph (i) above;

“**Weighted Average Reference Rate**” means:

- (A) where “**Lag**” is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such Reference Rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and
 - (B) where “**Lock-out**” is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant Reference Rate by the number of days such Reference Rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, provided however that for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day;
- (iii) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the relevant Final Terms as being “**SOFR Index**”, the Rate of Interest for each Interest Period will, subject to Condition 7(m)(2) (*Benchmark discontinuation – ARRC*) and as provided below, be the SOFR Index Reference Rate (as defined below) plus or minus (as indicated in the relevant Final Terms) the Margin and will be calculated by the Calculation Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards, where:

“**SOFR Averages**” shall mean the computation bearing the same name as published on the New York Fed’s Website;

“**SOFR Index**” with respect to any Business Day, means:

- (A) the SOFR Index value as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) as such index appears on the New York Fed’s Website at 5.00 p.m. (New York City time) on such Business Day (the “**SOFR Determination Time**”); or
- (B) if a SOFR Index value does not so appear as specified in paragraph (i) above at the SOFR Determination Time, then:
 - (I) if a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined in Condition 7(m)(5) (*Benchmark discontinuation – Definitions*)) have not occurred, the SOFR Index Reference Rate shall be the SOFR Index Unavailable value; or

- (II) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, then the SOFR Index Reference Rate shall be the rate determined pursuant to Condition 7(m) (*Benchmark discontinuation*);

“**SOFR Index_{End}**” is the SOFR Index value for the day which is “**p**” Business Days preceding the Interest Payment Date relating to such Interest Period;

“**SOFR Index Reference Rate**” means:

$$\left(\frac{SOFR\ Index_{END}}{SOFR\ Index_{START}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

where “**d_c**” is the number of calendar days from (and including) SOFR Index_{Start} to (but excluding) SOFR Index_{End} (the number of calendar days in the relevant Observation Period);

“**SOFR Index_{Start}**” is the SOFR Index value for the day which is “**p**” Business Days preceding the first date of the relevant Interest Period;

“**SOFR Index Unavailable**” means if a SOFR Index_{Start} or SOFR Index_{End} is not published on the associated Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date) have not occurred, “**SOFR Index Reference Rate**” means, for the relevant Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the New York Fed’s Website at <https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index>;

For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to “**calculation period**” shall be replaced with “**Observation Period**” and the words “**that is, 30-, 90-, or 180-calendar days**” shall be removed. If the daily SOFR does not so appear for any day, “**i**” in the Observation Period, SOFR for such day “**i**” shall be SOFR published in respect of the first preceding Business Day for which SOFR was published on the New York Fed’s Website;

- (iv) where “**SONIA**” is specified as the Reference Rate in the relevant Final Terms, if, in respect of any Business Day, SONIA (as defined in paragraph (i) above) is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be:
- (A) (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of SONIA to the Bank Rate over the previous five days on which SONIA has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
- (B) subject to Condition 7(m) (*Benchmark discontinuation*), if such Bank Rate is not available, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and in each case, “**r**” shall be interpreted accordingly.

- (v) where “**SOFR**” is specified as the Reference Rate in the relevant Final Terms, if, in respect of any Business Day, the SOFR (as defined in paragraph (i) above) is not available, subject to Condition 7(m) (*Benchmark discontinuation*), such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the New York Fed’s Website, and “**r**” shall be interpreted accordingly;
- (vi) where “**€STR**” is specified as the Reference Rate in the relevant Final Terms, if, in respect of any Business Day, €STR (as defined in paragraph (i) above), is not available, subject to Condition 7(m) (*Benchmark discontinuation*), such Reference Rate shall be the €STR for the first preceding Business Day on which €STR was published on the European Central Bank’s Website (as defined in paragraph (i) above), and “**r**” shall be interpreted accordingly; and
- (vii) in the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 7(m) (*Benchmark discontinuation*), the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes becomes due and payable in accordance with Condition 10 (*Redemption and Purchase*) or Condition 16 (*Events of Default*), or is otherwise redeemed early on a date which is not an Interest Payment Date, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

For the purposes of this Condition 7(d), if “**Payment Delay**” is specified in the relevant Final Terms as being applicable, all references in these Conditions to interest on the Notes being payable on an Interest Payment Date shall be read as references to interest on the Notes being payable on an Effective Interest Payment Date instead.

- (e) **Screen Rate Determination for Floating Rate Notes where in the relevant Final Terms the Reference Rate is specified as being SONIA and the relevant Calculation Method is specified as being “SONIA Index”:**

Where Screen Rate Determination Referencing SOFR, SONIA or €STR is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Reference Rate specified in the relevant Final Terms is SONIA, and the Calculation Method specified in the relevant Final Terms is “**SONIA Index**”, the Rate of Interest for each Interest Period will, subject as provided below, be the Compounded Daily SONIA Rate (as defined below) plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent.

“**Compounded Daily SONIA Rate**” means, with respect to an Interest Period, as determined by reference to the screen rate or index for compounded daily SONIA administered by the administrator of

the SONIA reference rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the relevant Interest Determination Date, as further specified in the relevant Final Terms (the “**SONIA Compounded Index**”) and in accordance with the following formula:

$$\text{Compounded Daily SONIA Rate} = \left(\frac{\text{SONIA Compounded Index}_{END}}{\text{SONIA Compounded Index}_{START}} - 1 \right) \times \left(\frac{365}{d} \right)$$

and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards, where:

“**d**” is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index_{Start} is determined to (but excluding) the day in relation to which SONIA Compounded Index_{End} is determined;

“**London Banking Day**” has the meaning given to it in Condition 7(d)(i);

“**Relevant Number**” is as specified in the relevant Final Terms (or, if no such number is specified, five);

“**SONIA Compounded Index_{Start}**” means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Period; and

“**SONIA Compounded Index_{End}**” means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to: (A) the Interest Payment Date for such Interest Period; or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period).

- (i) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions (unless the Calculation Agent has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 7(m)(1) (*Benchmark discontinuation – Independent Adviser*), if applicable), the Rate of Interest shall be determined in accordance with Condition 7(d)(iv) as if “**SONIA Index**” was not specified in the relevant Final Terms.
 - (ii) If the Notes become due and payable in accordance with Condition 16 (*Events of Default*), the final Rate of Interest shall be calculated for the Interest Period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in Condition 7(b) (*Floating Rate Note Provisions – Accrual of Interest*).
- (f) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) if the Final Terms specify either “2006 ISDA Definitions” or “2021 ISDA Definitions” as the applicable ISDA Definitions:

- (A) the Floating Rate Option (as defined in the relevant ISDA Definitions) is as specified in the relevant Final Terms;
- (B) the Designated Maturity (as defined in the relevant ISDA Definitions), if applicable, is a period specified in the relevant Final Terms;
- (C) the relevant Reset Date (as defined in the relevant ISDA Definitions) is as specified in the relevant Final Terms;
- (D) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the relevant ISDA Definitions), Compounding is specified to be applicable in the relevant Final Terms and:
 - (I) Compounding with Lookback is specified as the Compounding Method in the applicable Final Terms, then: (a) Compounding with Lookback is the Overnight Rate Compounding Method; and (b) Lookback is the number of Applicable Business Days (as defined in the relevant ISDA Definitions) specified in the relevant Final Terms;
 - (II) Compounding with Observation Period Shift is specified as the Compounding Method in the applicable Final Terms, then: (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method; (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the relevant Final Terms; and (c) Observation Period Shift Additional Business Days (as defined in the relevant ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
 - (III) Compounding with Lock-out is specified as the Compounding Method in the applicable Final Terms, then: (a) Compounding with Lock-out is the Overnight Rate Compounding Method; (b) Lock-out is the number of Lock-out Period Business Days (as defined in the relevant ISDA Definitions) specified in the relevant Final Terms; and (c) Lock-out Period Business Days, if applicable, are the days specified in the applicable Final Terms; and
- (E) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the relevant ISDA Definitions) and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift shall be applicable and: (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Final Terms; and (b) Observation Period Shift Additional Business Days (as defined in the relevant ISDA Definitions) are the days, if applicable, specified in the relevant Final Terms);
- (F) references in the relevant ISDA Definitions to:
 - (I) **“Confirmation”** shall be deemed to be references to the relevant Final Terms;
 - (II) **“Calculation Period”** shall be deemed to be references to the relevant Interest Period;
 - (III) **“Termination Date”** shall be deemed to be references to the Maturity Date; and

- (IV) “**Effective Date**” shall be deemed to be references to the Interest Commencement Date; and
- (ii) if the Final Terms specify “2021 ISDA Definitions” as the applicable ISDA Definitions:
- (A) Administrator/Benchmark Event shall be disappplied; and
- (B) if the Temporary Non-Publication Fallback for any specified Floating Rate Option is specified to be “**Temporary Non-Publication Fallback – Alternative Rate**” in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to “**Calculation Agent Alternative Rate Determination**” in the definition of “**Temporary Non-Publication Fallback – Alternative Rate**” shall be replaced by “**Temporary Non-Publication Fallback – Previous Day’s Rate**”.
- (g) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise specified in the relevant Final Terms, the Minimum Rate of Interest shall be zero.
- (h) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount and multiplying the product by the relevant Day Count Fraction.
- (i) **Calculation of other amounts:** If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (j) **Linear Interpolation:** Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the relevant Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, **provided, however, that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.
- “**Designated Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate; and (b) in relation to ISDA Determination, the Designated Maturity specified in the relevant Final Terms.
- (k) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first

day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

- (l) **Notifications etc.:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

- (m) **Benchmark discontinuation**

- (1) **Independent Adviser**

This Condition 7(m)(1) shall apply in respect of Floating Rate Notes unless in the relevant Final Terms “Condition 7(m)(2) (ARRC) is applicable” is specified for the Benchmark Replacement fall back.

- (i) **Appointment of Independent Adviser**

- (A) If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(m)(1)(ii)) and, in either case, an Adjustment Spread (if any) and any Benchmark Amendments (in accordance with Condition 7(m)(1)(iv)).

In making such determination, the Issuer and any Independent Adviser appointed pursuant to this Condition 7(m)(1) shall act in good faith and in a commercially reasonable manner, and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders, the holders of Receipts or the Couponholders in connection with any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 7(m)(1).

- (B) If: (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 7(m)(1)(ii) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 7(m)(1)(i)(B) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 7(m)(1)(i)(A).

(ii) **Successor Rate or Alternative Rate**

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread (if any) shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(m)(1)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread (if any) shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(m)(1)).

(iii) **Adjustment Spread**

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (if any) is determined in accordance with this Condition 7(m)(1) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines: (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread, if any (such amendments, the “**Benchmark Amendments**”); and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with this Condition 7(m)(1)(iv), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

The Agents shall be obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 7(m)(1), provided that no Agent shall be required to effect any such changes or amendments if the same would, in the sole opinion of such Agent, impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to such Agent in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 7(m)(1)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(2) **ARRC**

This Condition 7(m)(2) shall apply, in the case of Floating Rate Notes for which the Specified Currency specified in the relevant Final Terms is U.S. dollars and the Reference Rate specified in the relevant

Final Terms is SOFR, if in the relevant Final Terms “Condition 7(m)(2) (*ARRC*) is applicable” is specified for the Benchmark Replacement fall back.

If the Issuer determines on or prior to the relevant Reference Time on the relevant Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this Condition 7(m)(2), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and
- (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the Noteholders or any other party.

(3) *Notices, etc.*

(a) Any Successor Rate, Alternative Rate, Adjustment Spread (if any) and the specific terms of any Benchmark Amendments determined under Condition 7(m)(1); and (b) any Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and the specific terms of any Benchmark Replacement Conforming Changes determined under Condition 7(m)(2) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 22 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer:

- (A) where a Benchmark Event in relation to an Original Reference Rate has occurred in accordance with Condition 7(m)(1) above:
 - (I) confirming: (i) that a Benchmark Event has occurred; (ii) the Successor Rate or, as the case may be, the Alternative Rate; (iii) the applicable Adjustment Spread (if any); and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of Condition 7(m)(1); and
 - (II) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (if any); or
- (B) where a Benchmark Replacement in relation to a Benchmark has occurred in accordance with Condition 7(m)(2) above:
 - (I) confirming: (i) that a Benchmark Transition Event has occurred; (ii) the Benchmark Replacement determined in accordance with Condition 7(m)(2), the

applicable Benchmark Replacement Adjustment (if any); and (iii) the specific terms of the Benchmark Replacement Conforming Changes (if any); and

- (II) certifying that the Benchmark Replacement Conforming Changes (if any) are necessary to ensure the proper operation of such Benchmark Replacement;

The Fiscal Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any), or (as the case may be), the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and the Benchmark Replacement Conforming Changes (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination thereof be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 7(m), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread (if any) and the Benchmark Amendments (if any), or (as the case may be), the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and the Benchmark Replacement Conforming Changes (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 7(m), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(4) *Survival*

Without prejudice to the obligations of the Issuer under Condition 7(m)(1) or Condition 7(m)(2), as applicable, the Original Reference Rate or Benchmark, as the case may be, and in either case the fallback provisions provided for in Conditions 7(m)(1)(ii) and (iii) or Condition 7(d), as applicable, will continue to apply unless and until the Calculation Agent has been notified of: (a) the Successor Rate or the Alternative Rate (as the case may be), and the Adjustment Spread and any Benchmark Amendments (if any) determined in accordance with Condition 7(m)(1); or (b) the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and Benchmark Replacement Conforming Changes (if any) determined in accordance with Condition 7(m)(2).

(5) *Definitions:*

As used in this Condition 7(m):

“**Adjustment Spread**” means either: (a) a spread (which may be positive, negative or zero); or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)

- (ii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that no such spread is customarily applied)
- (iii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, in accordance with Condition 7(m)(1)(ii), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“**Benchmark**” means, initially, SOFR, as the case may be; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR, as the case may be, or the then-current Benchmark, then “**Benchmark**” shall mean the applicable Benchmark Replacement;

“**Benchmark Amendments**” has the meaning given to it in Condition 7(m)(1)(iv).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur: (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be; (b) in the case of sub-

paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate; and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Issuer on the Benchmark Replacement Date:

- (i) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark; and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) the ISDA Fallback Rate; and (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time; and (b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer on the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of clause (i) or (ii) of the definition of “**Benchmark Transition Event**”, the later of:
 - (a) the date of the public statement or publication of information referenced therein; and
 - (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of clause (iii) of the definition of “**Benchmark Transition Event**”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“**Corresponding Tenor**” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 7(m)(1)(i) (*Benchmark discontinuation – Independent Adviser*) or Condition 7(m)(2) (*Benchmark discontinuation – ARRC*).

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“**Original Reference Rate**” means the originally-specified Reference Rate used to determine the Rate of Interest (or any relevant component part thereof) on the Notes.

“**Reference Time**” with respect to any determination of the Benchmark means: (i) if the Benchmark is SOFR, the SOFR Determination Time; and (ii) if the Benchmark is not SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates; (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); (c) a group of the aforementioned central banks or other supervisory authorities; or (d) the Financial Stability Board or any part thereof.

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body; and

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

8 Exempt Notes

- (a) In the case of Exempt Notes which are also Floating Rate Notes where the relevant Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the relevant Pricing Supplement as being other than EURIBOR, NIBOR, STIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR, TIBOR, SAIBOR, SOFR, SONIA or €STR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the relevant Pricing Supplement.
- (b) The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the relevant Pricing Supplement, provided that where such Notes are Index Linked Interest Notes the provisions of Condition 7 (*Floating Rate Note Provisions*) shall, save to the extent modified or replaced in the relevant Pricing Supplement, apply as if the references therein to Floating Rate Notes and to the Fiscal Agent were references to Index Linked Interest Notes and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Fiscal Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.
- (c) In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as specified in the relevant Pricing Supplement.

9 Zero Coupon Note Provisions

- (a) **Application:** This Condition 9 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10 Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 15 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Sultanate of Oman or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding to such effect by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent: (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred; and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

- (c) **Redemption at the option of the Issuer:** If Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer, in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders with a copy to any listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) **Partial redemption:** If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) (copied as aforesaid) shall specify the serial numbers of the Notes to be so redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) **Redemption at the option of Noteholders:** This Condition 10(e) does not apply to Subordinated Notes. If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (f) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(e) (*Redemption at the option of Noteholders*) above.
- (g) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 10(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) **Purchase:** The Issuer or any of its Subsidiaries may (subject, in the case of Subordinated Notes, to the prior approval of the CBO, where required) at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. Such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.
- (i) **Cancellation:** All Notes redeemed by the Issuer and any unmatured Coupons attached to or surrendered with them shall be cancelled (subject, in the case of Subordinated Notes, to the prior approval of the CBO, where required). All Notes so cancelled and any Notes cancelled pursuant to Condition 10(h) (*Purchase*) may not be reissued or resold.

11 Specific Redemption Provisions Applicable to Certain Types of Exempt Notes

- (a) Any Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the relevant Pricing Supplement. For the purposes of Condition 10(b) (*Redemption for tax reasons*), Index Linked Interest Notes and Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.
- (b) Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the relevant Pricing Supplement.
- (c) Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 11 and the relevant Pricing Supplement.

12 Payments – Bearer Notes

This Condition 12 is only applicable to Bearer Notes.

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

- (b) **Interest:** Payments of interest shall, subject to Condition 12(h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 12(a) (*Principal*) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if: (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due; (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** All payments in respect of Bearer Notes are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 15 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 15 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Deductions for unmatured Coupons:** If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 12(a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (f) ***Unmatured Coupons void:*** If the relevant Final Terms specify that this Condition 12(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(e) (*Redemption at the option of Noteholders*) or Condition 16 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) ***Payments on Business Days:*** If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 12(c) (*Payments in New York City*) above).
- (i) ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) ***Exchange of Talons:*** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 17 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

13 Payments – Registered Notes

This Condition 13 is only applicable to Registered Notes.

- (a) ***Principal:*** Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) ***Interest:*** Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part

payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- (c) **Payments subject to fiscal laws:** All payments in respect of the Registered Notes are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 15 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 15 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) **Payments on Business Days:** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed: (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent; and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from: (A) the due date for a payment not being a Payment Business Day; or (B) a cheque mailed in accordance with this Condition 13 arriving after the due date for payment or being lost in the mail.
- (e) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) **Record date:** Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

14 Specific Provisions in Relation to Payments in Respect of Certain Types of Exempt Notes

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 12 (*Payments – Bearer Notes*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 12 (*Payments – Bearer Notes*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Upon the date on which any Dual Currency Interest Note or Index Linked Interest Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

15 Taxation

- (a) **Gross up:** All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Sultanate of Oman or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.
- (b) **Taxing jurisdiction:** If any Note or Coupon becomes subject at any time to any taxing jurisdiction other than the Sultanate of Oman, all references in Condition 10(b) (*Redemption for tax reasons*) and this Condition 15 to the Sultanate of Oman shall be construed as references to the Sultanate of Oman and/or such other jurisdiction.
- (c) **FATCA withholding:** Notwithstanding any other provision in these Conditions, the Issuer and any Paying Agent shall be permitted to withhold or deduct any amounts required by the rules of Sections 1471 through 1474 of the Code, pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA withholding**”). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

16 Events of Default

16.1 Events of Default for Senior Notes

This Condition 16.1 applies only to Senior Notes. If any of the following events occurs and is continuing:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or

- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) **Cross-default of Issuer or Subsidiary:**
- (i) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
- (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;
- provided that** the amount of Indebtedness referred to in paragraph (i) and/or paragraph (ii) above and/or the amount payable under any Guarantee referred to in paragraph (iii) above individually or in the aggregate exceeds U.S.\$5,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Unsatisfied judgment:** one or more judgment(s) or order(s) for the payment of an aggregate amount in excess of U.S.\$5,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment and, is not the subject of similar appeal or judicial proceedings being pursued in good faith and by appropriate means by the Issuer or such Subsidiary, as the case may be; or
- (e) **Security enforced:** a secured party takes possession of, or a receiver, manager or other similar officer is appointed over, the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries; or
- (f) **Insolvency etc.:** (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator of the Issuer or any of its Principal Subsidiaries or of the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is appointed (or application for any such appointment is made); (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business; or
- (g) **Winding up etc.:** an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries; or
- (h) **Analogous event:** any event occurs which under the laws of the Sultanate of Oman or any other jurisdiction has an analogous effect to any of the events referred to in Conditions 16.1(f) (*Insolvency etc.*) and 16.1(g) (*Winding up etc.*) above; or
- (i) **Failure to take action etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order: (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and

comply with its obligations under and in respect of the Notes; (ii) to ensure that those obligations are legal, valid, binding and enforceable; and (iii) to make the Notes and the Coupons admissible in evidence in the courts of the Sultanate of Oman is not taken, fulfilled or done; or

- (j) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes; or
- (k) **Government intervention:** (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government; or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or
- (l) **IMF:** the Sultanate of Oman ceases to be a member of the International Monetary Fund,

then any Note may, by written notice addressed by the Holder to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) to the date of such repayment without further action or formality or notice of any kind.

16.2 Events of Default for Subordinated Notes

This Condition 16.2 only applies to Subordinated Notes. If any of the following events occurs and is continuing:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or
- (b) **Winding up etc.:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries; or
- (c) **Insolvency etc.:** (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator of the Issuer or any of its Principal Subsidiaries or of the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is appointed (or application for any such appointment is made); (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business,

then, any Note may, by written notice addressed by the Holder to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, effective upon the date of receipt thereof, be declared due and payable, whereupon it shall become forthwith due and payable, subject to Condition 4(c) (*Subordinated Notes*), at its Early Termination Amount, together with accrued interest (if any) to the date of repayment, without further action or formality or other notice of any kind.

17 Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate

Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

18 Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

19 Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed in the Agency Agreement. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the relevant Final Terms. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a fiscal agent and a registrar; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

20 Meetings of Noteholders; Modification

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by Noteholders upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be

two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum.

The Agency Agreement provides that: (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution; (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding; or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification:** The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders: (i) to correct a manifest error; or (ii) in the case of amendments to these Conditions pursuant to Condition 7(m) (*Floating Rate Note Provisions – Benchmark discontinuation*) to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in Condition 7(m) (*Floating Rate Note Provisions – Benchmark discontinuation*), where the Issuer has delivered to the Fiscal Agent a certificate pursuant to Condition 7(m)(3) (*Floating Rate Note Provisions – Benchmark discontinuation – Notices, etc.*) In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

21 Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the date from which interest starts to accrue) so as to form a single series with the Notes.

22 Notices

- (a) **Bearer Notes:** Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are listed on the official list of Euronext Dublin and the rules of that exchange so require, a leading newspaper having general circulation in Dublin (which is expected to be *The Irish Times*) or the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or, if

required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

- (b) **Registered Notes:** Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the regulated market of Euronext Dublin and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Dublin (which is expected to be *The Irish Times*) or published on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

23 Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of: (a) making or filing a claim or proof against the Issuer; (b) obtaining an order or judgment in any court or other tribunal; or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between: (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency; and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

24 Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest sub-unit of such currency (half a sub-unit being rounded upwards). For this purpose, a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

25 Governing Law, Arbitration and Jurisdiction

- (a) **Governing law:** The Notes (including the remaining provisions of this Condition 25 and any non-contractual obligations arising out of or in connection with the Notes) shall be governed by and construed in accordance with English law.

(b) **Arbitration:**

(i) *Arbitration:* Subject to Condition 25(c) (*Noteholder's option*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes (including any dispute, claim, difference or controversy regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity or any dispute relating to any non-contractual obligations arising out of or in connection with them) (a “**Dispute**”) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the LCIA (the “**Rules**”) which Rules (as amended from time to time) are incorporated by reference into this Condition 25(b); provided, however, that any provisions of such Rules relating to the nationality of an arbitrator shall, to that extent, not apply.

(ii) *Formation of arbitral tribunal, seat and language of arbitration:*

(A) There shall be three arbitrators each of whom shall be an attorney experienced in international securities transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator (who shall act as presiding arbitrator) shall be nominated by the arbitrators nominated by or on behalf of the claimant(s) and respondent(s) or, in the absence of agreement on the third arbitrator within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA Court (as defined in the Rules).

(B) The seat of arbitration shall be London, England.

(C) The language of the arbitration shall be English.

(iii) *Recourse to courts:* For the purposes of arbitration pursuant to this Condition 25(b), the Issuer and each Noteholder waive any right of application to determine a preliminary point of law or appeal on a point of law under Sections 45 and 69 of the Arbitration Act 1996.

(c) **Noteholder's option:** Notwithstanding the agreement described in Condition 25(b) (*Arbitration*) above, any Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

(i) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(ii) if no arbitration has commenced,

require that a Dispute be heard by a court of law. If a Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 25(d) (*Jurisdiction*) and any arbitration commenced under Condition 25(b) (*Arbitration*) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration will bear its own cost in relation thereto.

(d) **Jurisdiction:** In the event that a Noteholder issues a notice pursuant to Condition 25(c) (*Noteholder's option*), the provisions of this Condition 25(d) shall apply.

(i) *English courts:* The courts of England shall have exclusive jurisdiction to settle a Dispute arising from or connected with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).

(ii) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(iii) *Process agent:* The Issuer agrees that the documents which start any proceedings relating to a Dispute (“**Proceedings**”) and any other documents required to be served in relation to those

Proceedings may be served on it by being delivered to T&H Secretarial Services Limited at 3 Bunhill Row, London EC1Y 8YZ or, if different, its principal place of business for the time being or to any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this Condition 25(d)(iii) shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

- (iv) *Consent to enforcement etc.:* The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (v) *Waiver of immunity:* To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes which are not Exempt Notes will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[.] / [; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.] *[Include where “Prohibition of Sales to EEA Retail Investors” in Part B is specified as “Applicable”.]*

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA [.] / [; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA]. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.] *[Include where “Prohibition of Sales to UK Retail Investors” in Part B is specified as “Applicable”.]*

[MiFID II product governance/ Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in

Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA] (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a “**distributor**”)]/[distributor] should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are] / [are not] “prescribed capital markets products” (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). [*For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.*]

Final Terms dated [●]

BANK MUSCAT (SAOG)
(LEI: 549300HC6W6OEXV7SY67)
Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]
under the U.S.\$2,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 12 April 2023 (the “**Base Prospectus**”) [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of [Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]/[the Prospectus Regulation]. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>) [and] during normal business hours at [address] and copies may be obtained from [address].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated 29 September 2020. This document constitutes the Final Terms of the Notes described herein for the purposes of [Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]/[the Prospectus Regulation] and must be read in conjunction with the Base Prospectus dated 12 April 2023 [and the supplement[s] to the Base Prospectus dated [●]] in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the base prospectus dated 29 September 2020. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>) [and] during normal business hours at [address] and copies may be obtained from [address].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When completing these Final Terms, consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospective Directive.]

- | | | |
|----|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Issuer: | Bank Muscat (SAOG) |
| 2. | (i) [Series Number:] | [●] |
| | (ii) [Tranche Number:] | [●] |
| | (iii) Date on which the Notes will be consolidated and form a single series: | The Notes will be consolidated and form a single Series with <i>[identify earlier Tranches]</i> on <i>[the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [date]]</i> <i>[Not Applicable]</i> |
| 3. | Specified Currency or Currencies: | [●] |
| 4. | Aggregate Principal Amount of the Notes: | |
| | (i) [Series:] | [●] |
| | (ii) [Tranche:] | [●] |
| 5. | Issue Price: | [●] per cent. of the Aggregate Principal Amount <i>[plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]</i> |
| 6. | (i) Specified Denominations: | [●]

<i>[Note: no Notes may be issued under the Programme which have a minimum denomination of less than EUR 100,000 (or equivalent in another currency at their issue date). If the Specified Denomination is expressed to be EUR 100,000 or its equivalent and multiples of a lower principal amount (e.g. EUR 1,000), then insert the following additional wording: “EUR 100,000 and integral multiples of EUR [1,000] in excess thereof up to and including EUR [199,000]. No notes in definitive form will be issued with a denomination above EUR [199,000].”]</i> |
| | (ii) Calculation Amount: | [●] |
| 7. | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | <i>[Specify/Issue Date/Not Applicable]</i> |
| 8. | Maturity Date: | <i>[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>

<i>[Note: If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of</i> |

issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.]

9. Interest Basis: [[●] per cent. Fixed Rate]
 [[●] +/- [●] per cent. Floating Rate]
 [Zero Coupon]
 (see paragraph [14]/[15]/[16] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their principal amount.
11. Change of Interest Basis: [*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*] / [Not Applicable]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [Not Applicable] (see paragraph [17]/[18] below)
13. Status of the Notes: [Senior Notes/Subordinated Notes]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
- (v) Day Count Fraction: [30/360]
 [360/360]
 [30E/360]
 [30E/360 (ISDA)]
 [Actual/360]
 [Actual/365]
 [Actual/365 (fixed)]
 [Actual/365 (sterling)]
 [Actual/Actual (ICMA)]

- [Actual/Actual (ISDA)]
[Eurobond Basis]
- (vi) Determination Date: [•] in each year [*insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon.*]
[N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Interest Period(s): [•]
- (ii) Specified Period: [•]
[Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"]
- (iii) Specified Interest Payment Dates: [•]
[Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (v) Additional Business Centre(s): [Not Applicable/give details]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination not Referencing SOFR, SONIA or €STR/Screen Rate Determination Referencing SOFR, SONIA or €STR/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [[Name and address] shall be the Calculation Agent]
[No need to specify if the Fiscal Agent is to perform this function]
- (viii) Screen Rate Determination not Referencing SOFR, SONIA or €STR: [Applicable/Not Applicable]
[If not applicable, delete the remaining items of this sub-paragraph]
- Reference Rate: [•] month [EURIBOR/NIBOR/STIBOR/KIBOR/SHIBOR/HIBOR/KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR] is provided by [administrator legal name] [repeat as necessary]. [As at the date hereof, [[administrator legal name] [appears]/[does not appear]] [repeat as necessary] in the register of

administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011, as amended]/[As far as the Issuer is aware, as at the date hereof, the [[specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011, (as amended) by virtue of Article 2 of that Regulation]/[transitional provisions in Article 51 of Regulation (EU) 2016/1011 apply, such that [insert names(s) of administrator(s)] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]] / [Not Applicable]

- Interest Determination Date(s): [●]
 - Relevant Screen Page: [For example, Reuters page [●]]
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprising the countries whose lawful currency is the euro)]
 - Reference Banks [●][Not Applicable]
- (ix) Screen Rate Determination Referencing SOFR, SONIA or €STR [Applicable/Not Applicable]
- [If not applicable, delete the remaining items of this subparagraph]
- Reference Rate [SOFR/SONIA/€STR]
 - Interest Determination Date(s) [●]/[The date falling [●] Business Days prior to the first day of each Interest Period]/[First day of each Interest Period]/[The [●][first, second, third etc.] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable).][provide details]/[The Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date - *Include this wording for Payment Delay only*]]
 - Calculation Method: [Compounded Daily/Weighted Average/SOFR Index/SONIA Index]
 - Observation Method: [Lag/Lock-out/Observation Shift/Payment Delay/ Not Applicable]
 - Observation Look-Back Period: [●]/[Not Applicable]
 - Effective Interest Payment Date: [The date falling [●] Business Days following each Interest Payment Date, provided that the Effective Interest Payment

- Date with respect to the last Applicable Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption - *used for Payment Delay only*]/[Not Applicable]
- Rate Cut-off Date: [The date falling [] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable – *used for Payment Delay only*]/[Not Applicable]
 - Relevant Number: [insert number being [] or greater][Not Applicable]
 - D: [365/360/[]]
 - Relevant Screen Page: []
- (x) ISDA Determination: [Applicable/Not Applicable]
[If not applicable, delete the remaining items of this subparagraph]
- ISDA Definitions [2006 ISDA Definitions/2021 ISDA Definitions]
 - Floating Rate Option: []
 - Designated Maturity: [[]/Not Applicable]
[A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate]
 - Reset Date: []
 - Compounding: [Applicable/Not Applicable]
[If not applicable, delete the remaining items of this subparagraph]
 - [Compounding Method: [Compounding with Lookback
Lookback: [] Applicable Business Days
[Compounding with Observation Period Shift
Observation Period Shift: [] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: []/[Not Applicable]]
[Compounding with Lock-out
Lock-out: [] Lock-out Period Business Days
Lock-out Period Business Days: []/[Applicable Business Days]]]
 - Index Provisions: [Applicable/Not Applicable]
[If not applicable, delete the remaining items of this subparagraph]
 - [Index Method: Compounded Index Method with Observation Period Shift
Observation Period Shift: [] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: []/[Not Applicable]]

- (xi) Linear Interpolation: [Not Applicable/Applicable – the rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (xii) Margin(s): [+/-] [●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction: [30/360]
[360/360]
[30E/360]
[30E/360 (ISDA)]
[Actual/360]
[Actual/365]
[Actual/365 (fixed)]
[Actual/365 (sterling)]
[Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Eurobond Basis]
- (xvi) Benchmark Replacement fall back: [Condition 7(m)(1) (*Independent Adviser*) is applicable/Condition 7(m)(2) (*ARRC*) is applicable]
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[360/360]
[30E/360]
[30E/360 (ISDA)]
[Actual/360]
[Actual/365]
[Actual/365 (fixed)]
[Actual/365 (sterling)]
[Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Eurobond Basis]

PROVISIONS RELATING TO REDEMPTION

[Early Redemption provisions shall not apply to Subordinated Notes]

17. Call Option: [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]

- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
 - (iii) If redeemable in part: [●]
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]
18. Put Option: [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s): [●] per Calculation Amount
 - (iii) Notice period: [●]
19. Final Redemption Amount: [●] per Calculation Amount
20. Early Redemption Amount:
 Early Redemption Amount(s) per Calculation Amount payable on redemption for tax reasons or on event of default: *[if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes]*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: [Bearer Notes:]
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
 [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice.]
 [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
 [Condition 12(f) (*Unmatured Coupons void*) is applicable.]
 [Registered Notes:]
 [Global Registered Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg]]
22. Additional Financial Centre(s): [Not Applicable]

[Note: this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii) and 18(iv) relate]

23. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
[If yes, give details]
24. Consolidation provisions: [Not Applicable/The provisions [in Condition 21 (*Further Issues*)] apply]

ADMISSION TO TRADING

This Final Terms comprise the final terms required for the Notes described herein to be admitted to trading on the regulated market of Euronext Dublin pursuant to the U.S.\$2,000,000,000 Euro Medium Term Note Programme of Bank Muscat (SAOG).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Final Terms [[*relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.].

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. Listing and Admission to Trading

- (i) Listing: [Application [will be/has been] made for the Notes to be listed on the official list of Euronext Dublin]
- (ii) Admission to trading: [Application [will be/has been] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of Euronext Dublin with effect from [●].]
- (iii) Estimate of total expenses related to admission to trading: [●]

2. Ratings

Ratings: The Notes to be issued [have not been][have been][are expected to be] rated:

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

[The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.]

[[Each of] *[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

3. Interests of Natural and Legal Persons Involved in the Issue/Offer

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have

engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

[When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospective Regulation.]

4. **Reasons for the Offer, Estimated Net Proceeds and Total Expense**

[(i)] Reasons for the offer: [●][*To meet the Issuer’s general financing requirements*]

[(ii)] Estimated net proceeds: [●]¹
[If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]

[(iii)] Estimated total expenses: [●] *[Include breakdown of expenses]*

5. *[Fixed Rate Notes only –*
YIELD

Indication of yield: [●]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **Historic interest rates** Details of historic [EURIBOR/NIBOR/STIBOR/KIBOR/SHIBOR/HIBOR/KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR] rates can be obtained from [Reuters]/[●]/[Not Applicable]

7. **Operational Information**

ISIN Code: [●]

Common Code: [●]

CFI: [See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

FISN: [See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery [against/free of] payment

¹ Listed Notes only.

Names and addresses of additional Paying Agent(s) (if any): [●]

8. **Distribution**

(i) If syndicated, names and addresses of Managers: [Not Applicable/give names and addresses]

(ii) Date of [Subscription Agreement]: [●]

(iii) Stabilisation Manager (if any): [Not Applicable/give name]

If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]

US Selling Restrictions: [Reg. S Compliance Category 2]

TEFRA: *(In the case of Bearer Notes)* – [TEFRA Not Applicable/The TEFRA [C/D] rules are applicable]

(In the case of Registered Notes) – Not Applicable

Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the EEA, “Applicable” should be specified.)

Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the UK, “Applicable” should be specified.)

FORM OF PRICING SUPPLEMENT

EXEMPT NOTES OF ANY DENOMINATION

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Exempt Notes, issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 (THE “PROSPECTUS REGULATION”) OR REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “UK PROSPECTUS REGULATION”) FOR THE ISSUE OF EXEMPT NOTES DESCRIBED BELOW.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[.]/[; or (iii) not a qualified investor as defined in the Prospectus Regulation]. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.] *[Include where “Prohibition of Sales to EEA Retail Investors” in Part B is specified as “Applicable”.]*

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA[.]/[; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA]. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.] *[Include where “Prohibition of Sales to UK Retail Investors” in Part B is specified as “Applicable”.]*

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA] (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a “**distributor**”)] [distributor] should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are] / [are not] “prescribed capital markets products” (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). [*For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.*]

Pricing Supplement dated [●]

BANK MUSCAT (SAOG)

(LEI: 549300HC6W6OEXV7SY67)

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

under the U.S.\$2,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Any person making or intending to make an offer of the Exempt Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to either of Article 3 of the Prospectus Regulation or section 85 of the FSMA or supplement a prospectus pursuant to either of Article 23 of the Prospectus Regulation or UK Prospectus Regulation, in each case, in relation to such offer.]

This document constitutes the Pricing Supplement for the Exempt Notes described herein. This document must be read in conjunction with the Base Prospectus dated 12 April 2023 [as supplemented by the supplement[s] dated [date[s]]] (the “**Base Prospectus**”). Full information on the Issuer and the offer of the Exempt Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>) [and] during normal business hours at the head office of the Issuer (at Airport Heights, Seeb, Muscat) and copies may be obtained from the head office of the Issuer (at Airport Heights, Seeb, Muscat).

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated 29 September 2020 which are incorporated by reference in the Base Prospectus].

[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Exempt Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: Bank Muscat (SAOG)
2. [(i)] [Series Number:] [●]
 [(ii)] [Tranche Number:] [●]
 (iii) Date on which the Exempt Notes will be consolidated and form a single series: The Exempt Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [*date*]][Not Applicable]
3. Specified Currency or Currencies: [●]
4. Aggregate Principal Amount of the Exempt Notes:
 [(i)] [Series:] [●]
 [(ii)] [Tranche:] [●]
5. Issue Price: [●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
6. (i) Specified Denominations: [●]
 (ii) Calculation Amount: [●]
7. (i) Issue Date: [●]
 (ii) Interest Commencement Date: [*Specify* /Issue Date/Not Applicable]
8. Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9. Interest Basis: [[●] per cent. Fixed Rate]
 [[●] +/- [●] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [*specify other*]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Instalment]
 [*specify other*]

11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there] / [Not Applicable]*
12. Put/Call Options: [Investor Put]
[Issuer Call]
[Not Applicable] (see paragraph [19]/[20] below)
13. Status of the Exempt Notes: [Senior Notes/Subordinated Notes]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
- (v) Day Count Fraction: [30/360]
[360/360]
[30E/360]
[30E/360 (ISDA)]
[Actual/360]
[Actual/365]
[Actual/365 (fixed)]
[Actual/365 (sterling)]
[Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Eurobond Basis]
[specify other]
- (vi) Determination Date: [●] in each year [insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon.]
[N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]

- (i) Interest Period(s): [●]
- (ii) Specified Period: [●]
[Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”]
- (iii) Specified Interest Payment Dates: [●]
[Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert “Not Applicable”]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (v) Additional Business Centre(s): [Not Applicable/give details]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination not Referencing SOFR, SONIA or €STR/Screen Rate Determination Referencing SOFR, SONIA or €STR/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): *[[Name and address] shall be the Calculation Agent]*
[No need to specify if the Fiscal Agent is to perform this function]
- (viii) Screen Rate Determination not Referencing SOFR, SONIA or €STR: [Applicable/Not Applicable]
[If not applicable, delete the remaining items of this subparagraph]
- Reference Rate: [●] month [EURIBOR/NIBOR/STIBOR/KIBOR/SHIBOR/HIBOR/ KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/ TIBOR/SAIBOR] is provided by *[administrator legal name]* *[repeat as necessary]*. [As at the date hereof, *[[administrator legal name]* [appears]/[does not appear]] *[repeat as necessary]* in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011, as amended]/[As far as the Issuer is aware, as at the date hereof, the *[[specify benchmark]* does not fall within the scope of Regulation (EU) 2016/1011 (as amended) by virtue of Article 2 of that Regulation]/[transitional provisions in Article 51 of Regulation (EU) 2016/1011 apply, such that *[insert names(s)]* of administrator(s)] [is/are] not currently required to obtain authorisation or registration (or, if located outside the

European Union, recognition, endorsement or equivalence).]]
/ [Not Applicable]

- Interest Determination Date(s): [●]
 - Relevant Screen Page: [For example, Reuters page [●]]
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprising the countries whose lawful currency is the euro)]
 - Reference Banks: [●][Not Applicable]
- (ix) Screen Rate Determination Referencing SOFR, SONIA or €STR [Applicable/Not Applicable]
- [If not applicable, delete the remaining items of this subparagraph]
- Reference Rate [SOFR/SONIA/€STR]
 - Interest Determination Date(s) [●]/[The date falling [●] Business Days prior to the first day of each Interest Period]/[First day of each Interest Period]/[The [●][first, second, third etc.] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable).][provide details]/[The Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date - Include this wording for Payment Delay only]
 - Calculation Method: [Compounded Daily/Weighted Average/SOFR Index/SONIA Index]
 - Observation Method: [Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]
 - Observation Look-Back Period: [●]/[Not Applicable]
 - Effective Interest Payment Date: [The date falling [●] Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Applicable Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption - used for Payment Delay only]/[Not Applicable]
 - Rate Cut-off Date: [The date falling [●] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable – used for Payment Delay only]/[Not Applicable]
 - Relevant Number: [insert number being [five] or greater][Not Applicable]
 - D: [365/360/[●]]

- Relevant Screen Page: [•]
- (x) ISDA Determination: [Applicable/Not Applicable]
[If not applicable, delete the remaining items of this sub-paragraph]
- ISDA Definitions [2006 ISDA Definitions/2021 ISDA Definitions]
- Floating Rate Option: [•]
- Designated Maturity: [[•]/Not Applicable]
[A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate]
- Reset Date: [•]
- Compounding: [Applicable/Not Applicable]
[If not applicable, delete the remaining items of this sub-paragraph]
- [Compounding Method: [Compounding with Lookback
Lookback: [•] Applicable Business Days
[Compounding with Observation Period Shift
Observation Period Shift: [•] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: [•]/[Not Applicable]]
[Compounding with Lock-out
Lock-out: [•] Lock-out Period Business Days
Lock-out Period Business Days: [•]/[Applicable Business Days]]]
- Index Provisions: [Applicable/Not Applicable]
[If not applicable, delete the remaining items of this sub-paragraph]
- [Index Method: Compounded Index Method with Observation Period Shift
Observation Period Shift: [•] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: [•]/[Not Applicable]]
- (xi) Linear Interpolation: [Not Applicable/Applicable – the rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (xii) Margin(s): [+/-][•] per cent. per annum
- (xiii) Minimum Rate of Interest: [•] per cent. per annum
- (xiv) Maximum Rate of Interest: [•] per cent. per annum
- (xv) Day Count Fraction: [30/360]
[360/360]

- [30E/360]
 [30E/360 (ISDA)]
 [Actual/360]
 [Actual/365]
 [Actual/365 (fixed)]
 [Actual/365 (sterling)]
 [Actual/Actual (ICMA)]
 [Actual/Actual (ISDA)]
 [Eurobond Basis]
[specify other]
- (xvi) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [Not Applicable/*[specify]*]
- (xvii) Benchmark Replacement fall back: [Condition 7(m)(1) (*Independent Adviser*) is applicable/Condition 7(m)(2) (*ARRC*) is applicable]
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
 [360/360]
 [30E/360]
 [30E/360 (ISDA)]
 [Actual/360]
 [Actual/365]
 [Actual/365 (fixed)]
 [Actual/365 (sterling)]
 [Actual/Actual (ICMA)]
 [Actual/Actual (ISDA)]
 [Eurobond Basis]
[specify other]
17. Index Linked Interest Note: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Index/Formula: *[give annex details]*
- (b) Calculation Agent: *[give name]*

- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [•]
 - (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
 - (e) Specified Period(s)/Specified Interest Payment Dates: [•]
 - (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ specify other/Not Applicable]
 - (g) Additional Business Centre(s): [•]
 - (h) Minimum Rate of Interest: [•] per cent. per annum
 - (i) Maximum Rate of Interest: [•] per cent. per annum
 - (j) Day Count Fraction: [•]
18. Dual Currency Interest Note Provisions: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (a) Rate of Exchange/method of calculating Rate of Exchange: [*give annex details*]
 - (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [•]
 - (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
 - (d) Person at whose option Specified Currency(ies) is/are payable: [•]

PROVISIONS RELATING TO REDEMPTION

[*Early Redemption provisions shall not apply to Subordinated Notes*]

19. Call Option: [Applicable/Not Applicable]
[*If not applicable, delete the remaining sub-paragraphs of this paragraph*]
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s): [•] per Calculation Amount

- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
20. Put Option: [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s): [●] per Calculation Amount
- (iii) Notice period: [●]
21. Final Redemption Amount: [●] per Calculation Amount
- In the case of Index Linked Redemption Notes:
- (i) Index/Formula/variable: *[give or annex details]*
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Fiscal Agent): [●]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
- Determination Date(s): [●]
- Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- Payment Date: [●]
- Minimum Final Redemption Amount: [●] per Calculation Amount
- Maximum Final Redemption Amount: [●] per Calculation Amount
22. Early Redemption Amount:
- Early Redemption Amount(s) per Calculation Amount payable on *[If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the*

redemption for tax reasons or on event of default:

Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes]

GENERAL PROVISIONS APPLICABLE TO THE EXEMPT NOTES

23. Form of Exempt Notes: [Bearer Notes:]
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice.]
[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
[Condition 12(f) (*Unmatured Coupons void*) is applicable.]
[Registered Notes:]
[Global Registered Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg]]
24. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
[Yes, as the Exempt Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
[If yes, give details]
26. Consolidation provisions: [Not Applicable/The provisions [in Condition 21 (*Further Issues*)] [annexed to this Pricing Supplement] apply]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
28. Details relating to Instalment Notes: Instalment Amounts, Instalment Dates [Not Applicable/*give details*]
29. Other terms or special conditions: [Not Applicable/*give details*]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement [[*relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. Listing and Admission to Trading

Listing: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Exempt Notes to be listed on [specify market – note this should not be a regulated market] with effect from [●].] [Not Applicable]

2. Ratings

Ratings: The Exempt Notes to be issued [have not been][have been][are expected to be] rated:

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

[The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.]

[[Each of] *[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Exempt Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Exempt Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

3. Interests of Natural and Legal Persons Involved in the Issue/Offer

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Exempt Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial

banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. **Reasons for the Offer, Estimated Net Proceeds and Total Expense**

[(i)] Reasons for the offer: [●][*To meet the Issuer's general financing requirements*]

[(ii)] Estimated net proceeds: [●]
[If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]

[(iii)] Estimated total expenses: [●] [*Include breakdown of expenses*]

5. **[Fixed Rate Notes only – YIELD]**

Indication of yield: [●]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **Historic interest rates**

Details of historic
[EURIBOR/NIBOR/STIBOR/KIBOR/SHIBOR/HIBOR/KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR] rates can be obtained from [Reuters]/[●]/[Not Applicable]

7. **Operational Information**

ISIN Code: [●]

Common Code: [●]

CFI: [See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

FISN: [See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [●]

8. **Distribution**

(i) If syndicated, names and addresses of Managers: [Not Applicable/*give names and addresses*]

(ii) Date of [Subscription Agreement]: [●]

(iii) Stabilisation Manager (if any):	[Not Applicable/ <i>give name</i>]
If non-syndicated, name and address of Dealer:	[Not Applicable/ <i>give name and address</i>]
US Selling Restrictions:	[Reg. S Compliance Category 2]
TEFRA:	(<i>In the case of Bearer Notes</i>) – [TEFRA Not Applicable/The TEFRA [C/D] rules are applicable] (<i>In the case of Registered Notes</i>) – Not Applicable
Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (<i>If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the EEA, “Applicable” should be specified.</i>)
Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (<i>If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the UK, “Applicable” should be specified.</i>)
Additional selling restrictions:	[Not Applicable/ <i>give details</i>]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to “**Noteholder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to “**Noteholder**” are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or a nominee for that depositary or common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of such Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; **provided, however, that** in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms, or Pricing Supplement, in the case of Exempt Notes), in

an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then, from 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) holders of interests in such Temporary Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant dated 12 April 2023 (the “**Deed of Covenant**”) and executed by the Issuer. The foregoing notwithstanding, payment to any such Holder in respect of any Notes represented by the Temporary Global Note shall constitute a discharge of the Issuer’s obligations to the extent of any such payment and nothing in the Deed of Covenant shall oblige the Issuer to make any payment under the Notes to or to the order of any person other than the Holder.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement, in the case of Exempt Notes), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes;
- (b) the Permanent Global Note was originally issued in exchange for part only of a temporary global note representing the Notes and such temporary global note becomes void or its bearer ceases to have rights thereunder in accordance with its terms; or
- (c) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been

made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then, from 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or from 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void or its bearer ceases to have rights thereunder (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) holders of interests in such Permanent Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, and/or Clearstream, Luxembourg on and subject to the terms of the Deed of Covenant. The foregoing notwithstanding, payment to any such Holder in respect of any Notes represented by the Permanent Global Note shall constitute a discharge of the Issuer's obligations to the extent of any such payment and nothing in the Deed of Covenant shall oblige the Issuer to make any payment under the Notes to or to the order of any person other than the Holder.

Exchange of Global Registered Notes

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then, from 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) holders of interests in such Global Registered Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, and/or Clearstream, Luxembourg on and subject to the terms of the Deed of Covenant. The foregoing notwithstanding, payment to any such Holder in respect of any Notes represented by the Global Registered Note shall constitute a discharge of the Issuer's obligations to the extent of any such payment and nothing in the Deed of Covenant shall oblige the Issuer to make any payment under the Notes to or to the order of any person other than the Holder.

Owner of Global Registered Notes and Payments

Subject to certain provisions of the Deed of Covenant relating to directions, sanctions and consents of Holders of Registered Notes and to meetings of Holders of Notes, so long as Euroclear, Clearstream, Luxembourg or the nominee of their common depository is the registered owner or holder of a Global Registered Note, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note for all purposes under the Agency Agreement, the Deed of Covenant and the Notes. Payments of principal, interest and additional amounts, if any, pursuant to Condition 13 (*Payments—Registered Notes*), on Global Registered Notes will be made to Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Registrar, or any Paying Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Each such payment in respect of a Global Registered Note will be made to or to the order of the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment (the “**Record Date**”), where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Individual Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto. Interest shall be payable in the manner specified in the Terms and Conditions of the Notes, save that the calculation of interest shall be made in respect of the total aggregate amount of the Notes represented by the relevant Global Note or Global Registered Note.

In addition, and notwithstanding Condition 2(a) (*Definitions*), for purposes of each Global Note and Global Registered Note, the definition of “**Payment Business Day**” shall be amended as follows:

“**Payment Business Day**” means:

- (i) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of the payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part at the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions, but in accordance with the rules and

procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*), the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the conditions of the Notes for the deposit of the relevant Note and put option notice, give written notice (or notice through the relevant clearing systems) of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 22 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) or the Global Registered Note is, deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 22 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system **provided, however, that**, so long as Notes are listed on the official list of Euronext Dublin and the rules of that Stock Exchange so require, notices will also be published in a leading newspaper having general circulation in Dublin (which is expected to be the Irish Times) or published on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>).

SELECTED FINANCIAL INFORMATION

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and should also be read in conjunction with “*Financial review*”. See also “*Presentation of financial and other information*” for a discussion of the sources of the numbers contained in this section.

Consolidated Statement of Financial Position Data

The table below shows the Group’s consolidated statement of financial position data as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
	<i>(RO million)</i>		
ASSETS			
Cash and balances with central banks.....	883	1,047	657
Due from banks.....	641	765	575
Loans and advances.....	7,967	7,830	7,731
Islamic financing receivables.....	1,449	1,361	1,251
Investment securities.....	1,572	1,811	1,847
Investment in associates.....	9	8	—
Other assets.....	185	175	321
Property, equipment and software.....	68	74	71
Total assets.....	12,776	13,073	12,454
LIABILITIES			
Deposits from banks.....	1,004	1,218	940
Customers’ deposits.....	7,410	7,604	7,429
Islamic customers’ deposits.....	1,237	1,171	1,030
Sukuk.....	46	91	91
Euro medium term notes.....	390	390	391
Other liabilities.....	401	395	470
Taxation.....	56	53	48
Subordinated liabilities.....	—	—	13
Total liabilities.....	10,544	10,922	10,410
EQUITY			
Equity attributable to equity holders of the parent			
Share capital.....	751	357	325
Share premium.....	156	532	532
General reserve.....	410	410	397
Legal reserve.....	139	119	108
Revaluation reserve.....	5	5	5
Subordinated loan reserve.....	—	—	13
Cash flow hedge reserve.....	—	—	(0)
Cumulative changes in fair value.....	(1)	3	(4)
Foreign currency translation reserve.....	(4)	(2)	(2)
Impairment reserve / restructured loan reserve.....	2	2	2

	As at 31 December		
	2022	2021	2020
		<i>(RO million)</i>	
Retained earnings	268	595	538
Total equity attributable to the equity holders.....	1,727	2,021	1,914
Perpetual Tier I capital	505	130	130
Total equity	2,232	2,151	2,044
Total liabilities and equity	12,776	13,073	12,454

Consolidated Statement of Comprehensive Income Data

The table below shows the Group's consolidated statement of income data for each of 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
		<i>(RO million)</i>	
Interest income	468	445	438
Interest expense	(163)	(143)	(144)
Net interest income	306	302	294
Income from Islamic financing/investments	86	77	68
Distribution to depositors	(46)	(43)	(40)
Net income from Islamic financing	39	34	28
Net interest income and income from Islamic financing	345	336	322
Commission and fee income (net)	110	100	93
Other operating income	48	40	42
Operating income	503	475	457
Other operating expenses	(189)	(174)	(160)
Depreciation	(18)	(17)	(20)
Operating expenses	(207)	(191)	(180)
Share of results from associates	1	0	—
Net impairment losses on financial assets	(60)	(60)	(81)
	(266)	(252)	(261)
Profit before taxation	237	224	196
Tax expense	(36)	(34)	(32)
Profit for the year	201	190	163
Other comprehensive (expense)/income			
<i>Net other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods, net of tax</i>			
Translation of net investments in foreign operations	(1)	(0)	(0)
Change in fair value of FVOCI debt instruments	(5)	(3)	1
Share of other comprehensive income of associates	(0)	0	—
Change in fair value of cash flow hedge	—	0	(0)
	(6)	(3)	1
<i>Net other comprehensive (expense)/income not to be reclassified to profit or loss in subsequent periods, net of tax</i>			
Change in fair value of FVOCI equity instruments	1	9	(8)
Other comprehensive income/(expense) for the year	(5)	6	(7)
Total comprehensive income for the year	196	196	156

Consolidated Statement of Cash Flow Data

The table below summarises the Group's consolidated statement of cash flow data for each of 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
		<i>(RO million)</i>	
Net cash (used in)/from operating activities.....	(234)	352	542
Net cash used in investing activities.....	(74)	(58)	(194)
Net cash used in financing activities	(159)	(101)	(129)
Cash and cash equivalents at 1 January.....	1,395	1,203	983
Cash and cash equivalents at 31 December.....	929	1,395	1,203

Selected Ratios

The table below shows selected consolidated ratios of the Group as at and for the years ended 31 December in each of 2022, 2021 and 2020.

	<u>As at/year ended 31 December</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
		<i>(per cent.)</i>	
Performance measures			
Return on average assets ⁽¹⁾	1.56	1.49	1.32
Return on average equity ⁽²⁾	10.73	9.66	8.61
Cost to income ratio ⁽³⁾	41.2	40.2	39.4
Financial ratios			
Net interest margin ⁽⁴⁾	2.91	2.77	2.77
Net profit margin ⁽⁵⁾	40.0	40.0	35.7
Asset quality			
Impaired loans ratio ⁽⁶⁾	3.72	3.69	3.60
Loan loss coverage ratio ⁽⁷⁾	163.1	147.5	138.8
Liquid assets ratio ⁽⁸⁾	19.1	22.7	20.2
Loans to customer deposits ratio ⁽⁹⁾	108.9	104.7	106.2
Other ratios			
Tier 1 capital adequacy ratio ⁽¹⁰⁾	20.11	20.06	19.74
Total capital adequacy ratio ⁽¹⁰⁾	21.25	21.30	20.77

Notes:

- (1) Profit for the year divided by average assets for the year, with average assets calculated as the sum of total assets at the start and end of each year divided by two.
- (2) Profit for the year divided by average shareholders' equity for the year, with average shareholders' equity calculated as the sum of total equity attributable to equity holders at the start and end of each year divided by two.
- (3) Operating expenses divided by operating income.
- (4) Net interest income and income from Islamic financing divided by average interest earning assets for the year, with average interest earning assets for each month calculated as the sum of interest earning assets on a daily basis divided by the number of days in the month and then adding the monthly averages and dividing the sum by 12. Interest earning assets comprise due from banks, performing loans, advances and Islamic financing receivables and debt investment securities. Performing loans is equal to gross loans and advances and Islamic financing receivables less impaired loans and advances.
- (5) Profit for the year divided by operating income for the period.
- (6) Impaired loans and advances and Islamic financing receivables as a percentage of total gross loans and advances and Islamic financing receivables.
- (7) Sum of impairment loss allowances on loans and advances and Islamic financing receivables, financial guarantee contracts, undrawn commitments and unutilised limits as a percentage of impaired loans and advances and Islamic financing receivables.
- (8) Sum of cash and balance with central banks, government bonds, treasury bills and due from banks (having residual maturity within three months) divided by total assets.

- (9) Net loans and advances and Islamic financing receivables divided by the sum of customer deposits and Islamic customers' deposits.
- (10) Calculated in accordance with Basel III regulatory norms.

FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in “Presentation of financial and other information”, “Selected financial information” and the Financial Statements.

The discussion of the Group’s financial condition and results of operations is based upon the Financial Statements, which have been prepared in accordance with IFRS, the applicable regulations of the CBO, the requirements of the Commercial Companies Law of 2019, as amended, and the relevant disclosure requirements of the CMA. This discussion contains forward-looking statements that involve risks and uncertainties. The Group’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the heading “Risk factors”.

See “Presentation of financial and other information” for a discussion of the source of the numbers presented in this section and certain other relevant information.

Overview

The Bank is the largest bank in Oman, with an approximately 33.6 per cent. market share by total loans and an approximately 34.1 per cent. market share by total assets as at 31 December 2022, based on CBO data for the total bank market in Oman. As at 31 December 2022, the Bank had a customer base of approximately 2.4 million retail customers and approximately 7,200 corporate customers, had issued approximately 2.4 million debit cards and over 95,000 credit cards and employed over 3,950 people.

The Group engages in commercial and investment banking activities through a network of 173 branches (including 24 Meethaq branches) within Oman and one branch each in Riyadh and Kuwait. The Bank has representative offices in Dubai, Singapore and Iran.

Since 2013, the Bank has provided Islamic banking products and services in Oman through its Meethaq Islamic banking window.

The Group’s principal source of income is the net interest income it generates principally through its consumer, corporate and wholesale banking businesses. It also generates net fee and commission income from all of its businesses, net financing income from its Meethaq business and other operating income.

Management’s current focus is on credit and deposit growth by exploiting potential growth opportunities in the government and quasi-government sector and opportunities deriving from Oman’s growing local population. It also targets an increase in synergies among all businesses through its “one-bank” approach along with customer centric initiatives across all functions. Along with growth, the emphasis is on maintaining credit quality and maintaining or increasing market share. Management also aims to enhance productivity and efficiency through cost control measures and the adoption of new technologies and innovation, including electronic delivery channels, targets higher profitability through a focus on non-fund income and enhanced revenue streams by identifying new business lines and opportunities and plans to continue to emphasise the health and safety of the Group’s employees as well as business continuity.

Management believes that the principal challenges facing the Group are:

- the impact of the Russia-Ukraine war, and the resulting impact on oil prices and Oman’s economy and, government spending, employment, stock market prices and other oil-based economic dependencies;

- adverse changes in regulation, such as caps on lending rates, tight regulations on fee based activities, lending and investment restrictions and increases in cost due to the introduction of value added taxes in Oman and on overseas business;
- adverse macroeconomic and geopolitical developments including adverse movements in interest rates and exchange rates, negative geopolitical developments affecting the MENA region and social and economic instability;
- the Group's high level of risk concentration in its local market; and
- the threat of a significant increase in competition due to consolidation among competitor banks.

As at 31 December 2022, the Group's net customer loan portfolio (including its Islamic financing receivables) aggregated RO 9,417 million and its total customers' deposits (including its Islamic customers' deposits) were RO 8,647 million. In 2022, the Group's operating income was RO 503 million and its profit for the year was RO 201 million.

Principal Factors Affecting Results of Operations

The following is a discussion of the principal factors that have affected, or are expected to affect, the Group's results of operations.

Economic conditions

The Group is an Omani bank focused on lending to, and accepting deposits from, institutions, companies and residents in Oman. As a result, its revenues and results of operations are significantly affected by economic and market conditions in Oman.

Oman's nominal GDP is affected by movements in crude oil prices. According to data published by the CBO (based on NCSI information), Oman's nominal GDP fell by 3.1 per cent. in 2020 compared to 2019, grew by 19.2 per cent. in 2021 compared to 2020 and grew by 30.2 per cent. in the first nine months of 2022 compared to the corresponding period in 2021. Nominal GDP in the hydrocarbon sector fell by 24.5 per cent. in 2020 compared to 2019, grew by 35.0 per cent. in 2021 compared to 2020 and grew by 72.5 per cent. in the first nine months of 2022 compared to the corresponding period in 2021. Non-oil GDP fell by 7.6 per cent. in nominal terms in 2020 compared to 2019, grew by 11.5 per cent. in 2021 compared to 2020 and grew by 14.6 per cent. in the first nine months of 2022 compared to the corresponding period in 2021.

According to the CBO (based on Ministry of Oil and Gas and NCSI information), the average export price of Omani crude oil during 2022 was U.S.\$96.2 per barrel compared to U.S.\$64.3 per barrel in 2021 and U.S.\$46.0 per barrel in 2020. According to the CBO (based on NCSI information), average annual inflation based on the Sultanate Consumer Price Index ("CPI") was 2.8 per cent. in 2022 compared to 1.5 per cent. in 2021 and minus 1.6 per cent. in 2020.

Based on the IMF's October 2022 World Economic Database, Oman's real GDP (which excludes the impact of volatile oil prices) growth rate was minus 3.2 per cent. in 2020, 2.9 per cent. in 2021 and estimated at 4.3 per cent. in 2022. The IMF estimates that Oman's real GDP growth rate in 2023 will be 4.0 per cent.

According to the CBO (based on Ministry of Finance information), Oman's provisional fiscal surplus for the 10 months ended 31 October 2022 was RO 1,208 million compared to a deficit of RO 1,007 million for the 10 months ended 30 October 2021.

In March 2020, the CBO announced a comprehensive stimulus package in addition to recommending a set of precautionary measures for the banking sector. The measures aimed to inject additional liquidity of more than

RO 8 billion into Oman's economy. On 7 September 2020, the CBO announced a second stimulus package, which mainly amended or extended provisions in the first stimulus package.

Notwithstanding the CBO's announced stimulus package, the Group financial results were adversely affected in 2020 as a result of the impact of the COVID-19 pandemic and associated low oil prices on Oman's economy.

Factors affecting net interest income and net income from Islamic financing

The Group's net interest income and income from Islamic financing (together, its "**net financing income**") is a major contributor to its operating income, comprising 68.6 per cent. of operating income in 2022, 70.7 per cent. in 2021 and 70.5 per cent. in 2020. Within net financing income:

- interest earned on loans and advances to customers is the major contributor to total interest income and income from Islamic financing and investments (together, the Group's "**total financing income**"), comprising 70.2 per cent. of total financing income in 2022, 73.0 per cent. in 2020 and 75.5 per cent. in 2020, with Islamic financing receivables income comprising 13.9 per cent., 13.2 per cent. and 12.3 per cent., respectively, of total financing income in 2022, 2021 and 2020, respectively, and interest income from investments (including Islamic investments) comprising 12.6 per cent., 12.5 per cent. and 10.1 per cent., respectively, in the same years; and
- interest paid on customers' deposits is the major contributor to total interest expense and distribution to depositors (together, the Group's "**total financing expense**"), comprising 59.3 per cent. of total financing expense in 2022, 61.8 per cent. in 2021 and 61.4 per cent. in 2020. Financing expense related to Islamic customers' deposits comprised 16.7 per cent., 17.7 per cent. and 16.8 per cent., respectively, of total financing expense in 2022, 2021 and 2020, respectively. Interest expense on bank borrowings and euro medium term notes together comprised 18.7 per cent. of total financing expense in 2022, 15.1 per cent. in 2021 and 16.3 per cent. in 2020. Financing expense related to Islamic bank borrowings and sukuk together comprised 5.7 per cent., 5.4 per cent. and 4.9 per cent., respectively, of total financing expense in 2022, 2021 and 2020, respectively.

The Group's net financing income is affected by a number of factors. It is primarily determined by the volume of interest/income-earning assets relative to interest bearing liabilities, as well as the differential between rates earned on interest/income-earning assets and paid on interest bearing liabilities. The Group's interest/income-earning assets principally consist of its customer loan portfolio, lending placements with financial institutions and interest/profit-earning investment securities held by it. The Group's interest bearing liabilities comprise its interest-bearing customers' deposits, its Islamic customers' deposits, its bank and Islamic bank borrowings and its euro medium term notes and sukuk issued.

For a discussion of the changes in the Group's net financing income in each of the periods under review, see "*Results of operations—Net financing income*" below.

The Group's net interest margin (being its interest income divided by its average interest earning assets for the year, with average interest earning assets first calculated for each month in the year as the sum of interest earning assets on a daily basis divided by the number of days in the month and then adding the monthly averages and dividing by 12) was 2.77 per cent. in each of 2020 and 2021 and increased to 2.91 per cent. in 2022. In addition, the Group's financing spread (being the difference between the yield (interest income and income from Islamic financing/investments divided by average interest earning assets for the year, with average interest earning assets first calculated for each month in the year as the sum of interest earning assets on a daily basis divided by the number of days in the month and then adding the monthly averages and dividing by 12) and cost of funds (interest expense and distribution to depositors divided by the average interest bearing liabilities for the year, with average interest bearing liabilities first calculated for each month in the year as the sum of interest

bearing liabilities on a daily basis divided by the number of days in the month and then adding the monthly averages and divided by 12) for the Group's Omani operations was 2.51 per cent. in each of 2020 and 2021 and 2.61 per cent. in 2022.

Movements in net impairment losses on financial assets

The Group's net impairment losses on financial assets for 2022 were RO 60 million compared to RO 60 million for 2021 and RO 81 million for 2020.

For a discussion of the changes in the Group's net impairment losses on financial assets in each year under review, see "*Results of operations—Net impairment losses on financial assets*" below.

Impact of the COVID-19 pandemic

The World Health Organization officially declared COVID-19 as a global pandemic at the start of 2020. COVID-19 caused significant disruptions to businesses and economic activities globally and across industries and sectors. During 2022, the business environment witnessed a recovery following a general relaxation in COVID-19 restrictions and a significant increase in hydrocarbon prices, in part driven by the Russian invasion of Ukraine.

To contain the impact of the pandemic and protect the stability of country's economy, the CBO instituted a range of measures such as the deferral of loan instalments for affected borrowers, deferment and waiver of interest/profit for affected Omani nationals employed in the private sector, waiver of point of sale (POS) charges, lowering of regulatory capital ratios, increasing the lending ratio and restructuring of credit facilities for affected borrowers.

With effect from 1 January 2022, the loan deferral programme announced by the CBO ceased for all customers, excluding laid-off Omani citizens. The CBO instructed banks to complete the restructuring of credit facilities for affected borrowers by 31 October 2022 and mandated banks to hold a minimum expected credit loss ("ECL") cover ranging between 1 per cent. and 6.5 per cent. for corporate borrowers and 0.5 per cent. and 5.5 per cent. for SME and retail borrowers availing restructuring. These requirements have been duly considered in the Group's ECL calculations. The deferment scheme for the laid off Omani citizens has been extended until 31 December 2023.

The Bank has applied the latest customer ratings, probability of default ("PD") term structures and forward looking macro-economic variables as applicable as at 31 December 2022 in the Group's ECL computation for 2022. The Bank does not hold any post model adjustments or overlays in this regard. The Bank also holds collective ECL provisions on a conservative basis to mitigate any unforeseen impacts in the overall portfolio and it continues to reassess and appropriately adjust these collective provisions on a regular basis. Further, the Bank has determined that the impact of day one modification loss was not material.

Significant Accounting Policies

For a discussion of the significant accounting policies applied by the Group generally, see note 3 to the 2022 Financial Statements.

Significant Accounting Judgments and Key Sources of Estimation Uncertainty

In preparing the Group's financial statements, management is required to make certain estimates, judgments and assumptions. These affect the reported amounts of the Group's assets and liabilities, including disclosure of contingent assets and liabilities, as at the date of the financial statements as well as the reported amounts of its revenues and expenses during the years presented. Management bases its estimates and assumptions on

historical experience and other factors that it believes to be reasonable at the time the estimates and assumptions are made and evaluates the estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgment. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements. For a discussion of the most significant accounting estimates, judgments and assumptions made in the preparation of the Group's financial statements, see note 4 to the 2022 Financial Statements. These include:

- the measurement of the Group's expected credit loss allowances for financial assets measured at amortised cost and a fair value through other comprehensive income, and a sensitivity analysis is included in note 4(a) to the 2022 Financial Statements;
- the determination of the fair value of derivatives and other financial instruments that are not traded in an active market, and a sensitivity analysis is included in note 42 to the 2022 Financial Statements;
- the estimation of the amounts and timing of future taxable income, and a sensitivity analysis is included in note 4(c) to the 2022 Financial Statements; and
- the assessment of the significant influence that the Group has on SICO BSC (c), which is discussed in note 10 to the 2022 Financial Statements.

Results of operations

Net financing income

The Group's net interest income amounted to RO 306 million in 2022, RO 302 million in 2021 and RO 294 million in 2020, an increase of RO 4 million, or 1.3 per cent., in 2022 compared to 2021 and an increase of RO 8 million, or 2.7 per cent., in 2021 compared to 2020.

The Group's net income from Islamic financing amounted to RO 39 million in 2022, RO 34 million in 2021 and RO 28 million in 2020, an increase of RO 5 million, or 14.7 per cent. in 2022 compared to 2021 and an increase of RO 6 million, or 21.4 per cent., in 2021 compared to 2020.

The Group's net interest income and income from Islamic financing together amounted to RO 345 million in 2022, RO 336 million in 2021 and RO 322 million in 2020, an increase of RO 9 million, or 2.7 per cent. in 2022 compared to 2021 and RO 14 million, or 4.3 per cent., in 2021 compared to 2020. The Group's net financing income reflects the changes in its interest income and Islamic financing income and its interest expense and Islamic financing cost described below.

Interest income and Islamic financing / investments income

The table below shows a breakdown of the Group's interest income and Islamic financing / investments income in each of 2022, 2021 and 2020.

	2022		2021		2020	
	(RO million)	(% of total)	(RO million)	(% of total)	(RO million)	(% of total)
Interest income conventional banking						
Loans and advances	389	70.2	381	73.0	382	75.5
Due from banks	17	3.1	8	1.5	11	2.2
Investments	62	11.2	56	10.7	45	8.9
	468	84.5	445	85.2	438	86.6
Financing income Islamic banking						
Islamic financing receivables	77	13.9	69	13.2	62	12.3

	2022		2021		2020	
	(RO million)	(% of total)	(RO million)	(% of total)	(RO million)	(% of total)
Islamic due from banks.....	0	0.0	0	0.0	1	0.2
Islamic investments	9	1.6	8	1.5	6	1.2
	86	15.5	77	14.8	68	13.4
Total interest and Islamic financing income.....	554	100.0	522	100.0	506	100.0

The Group's total interest income from conventional banking for 2022 amounted to RO 468 million compared to RO 445 million for 2021 and RO 438 million for 2020.

The increase of RO 23 million, or 5.2 per cent., in 2022 compared to 2021 principally reflected (i) an RO 9 million, or 112.5 per cent., increase in interest income on due from banks, which principally reflected an increase in the effective annual interest rate on due from banks; (ii) an RO 8 million, or 2.1 per cent., increase in interest income on loans and advances to customers, which principally reflected an increase in the effective annual interest rate on loans and advances and an increase in net conventional loans and advances by RO 137 million, or 1.7 per cent., and; (iii) an RO 6 million, or 10.7 per cent., increase in interest income on investments, which principally reflected an increase in the effective annual interest rate on the investments portfolio.

The effective annual interest rates on the Group's interest-earning financial assets were higher in 2022 than in 2021, by 0.25 per cent. in the case of customer loans and advances (including Islamic financing receivables), by 1.19 per cent. in the case of due from banks, and by 0.34 per cent. in the case of investments (including Islamic investments). The increase in annual interest rates on interest-earning assets primarily reflected an increase in benchmark U.S. dollar rates in 2022.

The increase of RO 7 million, or 1.6 per cent., in 2021 compared to 2020 principally reflected an RO 11 million, or 24.4 per cent., increase in interest income on investments which principally reflected an increase in the effective annual interest rate on investments. This increase was offset by (i) a decrease in interest income on due from banks of RO 3 million, or 27.3 per cent., which primarily reflected a decrease in the effective annual interest rate on due from banks in 2021 and (ii) a decrease in interest income on loans and advances to customers of RO 1 million, or 0.3 per cent., which primarily reflected a decrease in the effective annual interest rate on loans and advances in 2021.

The effective annual interest rates on the Group's interest-earning financial assets were generally lower in 2021 than in 2020, by 0.06 per cent. in the case of customer loans and advances (including Islamic financing receivables) and by 0.58 per cent. in the case of due from banks, although in the case of investments (including Islamic investments) they were higher by 0.59 per cent.

The Group's Islamic financing income for 2022 amounted to RO 86 million compared to RO 77 million for 2021, an increase of RO 9 million, or 11.7 per cent. This increase principally reflected an increase in income on Islamic financing receivables by RO 8 million, or 11.6 per cent., principally due to an increase in the net Islamic financing receivables portfolio of RO 88 million, or 6.5 per cent., in 2022.

The Group's Islamic financing income for 2021 amounted to RO 77 million compared to RO 68 million for 2020. The increase of RO 9 million, or 13.2 per cent., principally reflected an increase in income on Islamic financing receivables of RO 7 million, or 11.3 per cent., principally due to an increase in the net Islamic financing receivables portfolio of RO 110 million, or 8.8 per cent., in 2021.

Interest expense and distribution to depositors

The table below shows a breakdown of the Group's interest expense and distribution to depositors in each of 2022, 2021 and 2020.

	2022		2021		2020	
	<i>(RO million)</i>	<i>(% of total)</i>	<i>(RO million)</i>	<i>(% of total)</i>	<i>(RO million)</i>	<i>(% of total)</i>
Interest expense conventional banking						
Customers' deposits.....	124	59.3	115	61.8	113	61.4
Subordinated liabilities.....	—	—	0	0.0	1	0.5
Euro medium term notes.....	19	9.1	17	9.1	16	8.7
Bank borrowings.....	<u>20</u>	<u>9.6</u>	<u>11</u>	<u>5.9</u>	<u>14</u>	<u>7.6</u>
	163	78.0	143	76.9	144	78.3
Distribution to depositors						
Islamic customers' deposits.....	35	16.7	33	17.7	31	16.8
Sukuk.....	3	1.4	5	2.7	5	2.7
Islamic bank borrowings.....	<u>8</u>	<u>3.8</u>	<u>5</u>	<u>2.7</u>	<u>4</u>	<u>2.2</u>
	46	22.0	43	23.1	40	21.7
Total interest expense/distribution to depositors.....	<u>209</u>	<u>100.0</u>	<u>186</u>	<u>100.0</u>	<u>184</u>	<u>100.0</u>

The Group's total interest expense from conventional banking for 2022 amounted to RO 163 million compared to RO 143 million for 2021. The increase of RO 20 million, or 14.0 per cent., in 2022 compared to 2021 principally reflected (i) an RO 9 million, or 7.8 per cent., increase in interest expense on customers' deposits and (ii) an RO 9 million, or 81.8 per cent., increase in interest expense on bank borrowings. The increase in interest expense on customer deposits and bank borrowings principally reflected an increase in the effective annual interest rate on customer deposits of 0.15 per cent. and an increase in the effective annual interest rate on bank borrowings of 1.33 per cent. in 2022. The increase in annual interest rates on interest-bearing liabilities primarily reflected an increase in benchmark U.S. dollar rates in 2022.

The Group's total interest expense for 2021 amounted to RO 143 million compared to RO 144 million for 2020. The decrease of RO 1 million, or 0.7 per cent., in 2021 principally reflected an RO 3 million, or 21.4 per cent., decrease in interest expense on deposits from banks which was offset by an RO 2 million, or 1.8 per cent., increase in interest expense on customers' deposits. The decrease in interest expense on bank borrowings principally reflected a decrease in the effective annual interest rate on bank borrowings of 0.45 per cent. in 2021. The increase in interest expense on customers' deposits reflected an increase in conventional customer deposits portfolio by RO 175 million, or 2.4 per cent., in 2021.

The Group's Islamic financing cost for 2022 amounted to RO 46 million compared to RO 43 million for 2021. The increase of RO 3 million, or 7.0 per cent., in 2022 reflected an increase of RO 3 million, or 60.0 per cent., in financing cost on Islamic bank borrowings which was principally due to an increase in the effective annual interest rate on Islamic due to banks.

The Group's Islamic financing cost for 2021 amounted to RO 43 million compared to RO 40 million for 2020. The increase of RO 3 million, or 7.5 per cent., in 2021 compared to 2020 principally reflected an RO 2 million, or 6.5 per cent., increase in financing cost on Islamic customers' deposits which was due to an increase in the Islamic customers' deposits portfolio of RO 141 million, or 13.7 per cent., in 2021, and an increase of RO 1 million, or 25.0 per cent., in financing cost of Islamic bank borrowings which was due to an increase in the effective annual interest rate on Islamic due to banks.

Net commission and fee income

The Group's net commission and fee income for 2022 amounted to RO 110 million compared to RO 100 million for 2021 and RO 93 million for 2020. The increase of RO 10 million, or 10.0 per cent., in 2022 compared to 2021 due to an increase in transactional income, trade income, and advisory, asset-management and private equity services related income, principally reflecting business growth during 2022. The increase of RO 7 million, or 7.5 per cent., in 2021 compared to 2020 was due to an increase in transactional income and syndication and other loan related income, principally reflecting business growth during 2021.

The net commission and fee income shown in the statement of comprehensive income is net of commission and fee paid of RO 1 million in 2022 and RO 2 million in each of 2021 and 2020.

Other operating income

The Group's other operating income comprises foreign exchange gain or loss, dividend income, the net gain realised on the sale of investments at fair value, the changes in fair value of financial assets and other miscellaneous income.

The Group's other operating income amounted to RO 48 million for 2022 compared to RO 40 million for 2021 and RO 42 million for 2020.

The increase of RO 8 million, or 20.0 per cent., in 2022 compared to 2021 principally reflected an increase of RO 8 million in net realised gain on sale of fair value investments, mainly due to profit on the sale of a 4.99 per cent. stake in Octal Holding SAOC which resulted in a capital gain of RO 7.9 million.

The decrease of RO 2 million, or 4.8 per cent., in 2021 compared to 2020 principally reflected RO 3 million decreases in each of dividend income and foreign exchange which were partly offset by increases in other items of other operating income.

Other operating expenses and depreciation

The Group's other operating expenses comprised staff costs, occupancy costs, other administrative expenses, finance charges on leases and directors' remuneration.

The table below shows a breakdown of the Group's other operating expenses and depreciation in each of 2022, 2021 and 2020.

	2022		2021		2020	
	<i>(RO million)</i>	<i>(% of total)</i>	<i>(RO million)</i>	<i>(% of total)</i>	<i>(RO million)</i>	<i>(% of total)</i>
Staff expenses ⁽¹⁾	104	50.2	98	51.3	92	51.1
Administrative expenses.....	73	35.3	64	33.5	58	32.2
Occupancy costs	8	3.9	9	4.7	6	3.3
Finance charges on leases.....	3	1.5	3	1.6	3	1.7
Directors remuneration.....	0	0.0	0	0.0	0	0.0
Other operating expenses.....	189	91.3	174	91.1	160	88.9
Depreciation.....	18	8.7	17	8.9	20	11.1
Total operating expenses.....	207	100.0	191	100.0	180	100.0

Notes:

- (1) Staff expenses include employees' salaries, other staff costs, contribution to social insurance schemes and employees' end of service benefits.

The Group's other operating expenses amounted to RO 189 million in 2022 compared to RO 174 million in 2021 and RO 160 million in 2020.

The increase of RO 15 million, or 8.6 per cent., in 2022 compared to 2021 principally reflected an increase of RO 9 million, or 14.1 per cent., in administrative expenses (which was driven by business growth) and an increase of RO 6 million, or 6.1 per cent., in staff expenses (which was principally due to an increase in staff remuneration and an increase in the number of staff in 2022).

The increase of RO 14 million, or 8.8 per cent., in 2021 compared to 2020 principally reflected an increase of RO 6 million, or 6.5 per cent., in staff expenses (which was principally due to an increase in staff remuneration and an increase in the number of staff in 2021), an RO 6 million, or 10.3 per cent., increase in administrative expenses (which was driven by business growth and implementation of value added tax in Oman in 2021) and an increase of RO 3 million, or 50.0 per cent., in occupancy costs (which was mainly attributable to business growth). Further, in 2020, the Bank undertook certain cost management measures following the onset of COVID-19 and in light of continuing lower oil prices.

The Group's depreciation charge was RO 18 million in 2022 compared to RO 17 million in 2021 and RO 20 million in 2020.

The Group's cost to income ratio (calculated as total operating expenses divided by total operating income) was 41.2 per cent. in 2022 compared to 40.2 per cent. in 2021 and 39.4 per cent. in 2020.

Net impairment losses on financial assets

The table below shows details of the Group's provision charges and impairment losses in each of 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<i>(RO million)</i>		
(Impairment)/reversal of impairment for credit losses			
Due from banks	1	(3)	(2)
Cash and central bank balances	0	(0)	—
Loans and advances to customers	(110)	(121)	(106)
Financial guarantees	6	17	(10)
Acceptances	(0)	(0)	(0)
Loan commitments/unutilised limits	3	(0)	2
Investments	<u>1</u>	<u>(1)</u>	<u>(2)</u>
	(100)	(109)	(118)
Recoveries from impairment for credit losses	39	47	35
Recoveries from collateral pending sale	—	—	1
Recoveries from loans previously written off	<u>1</u>	<u>1</u>	<u>1</u>
	40	49	37
	(60)	(60)	(81)

The Group's net impairment losses on financial assets amounted to RO 60 million in each of 2022 and 2021 and RO 81 million in 2020.

In 2022, the Bank's impairment for credit losses before recoveries was RO 100 million compared to RO 109 million in 2021, with the principal movements being a RO 11 million, or 9.1 per cent., lower charge for impairment losses on loans and advances to customers offset by an RO 11 million, or 64.7 per cent., lower reversal of impairment for financial guarantees, in each case in 2022 compared to 2021. The Group's recoveries from impairment for credit losses and loans previously written off amounted to RO 40 million in 2022 compared

to RO 49 million in 2021, resulting in net impairment losses on financial assets of RO 60 million in each of 2022 and 2021.

In 2021, the Bank's impairment for credit losses before recoveries was RO 109 million compared to RO 118 million in 2020, with the principal movements being an RO 15 million, or 14.2 per cent., higher charge for impairment losses on loans and advances to customers offset by an RO 27 million positive change in impairment for financial guarantees (from an impairment charge of RO 10 million in 2020 to an RO 17 million reversal in 2021), in each case in 2021 compared to 2020. The Group's recoveries from impairment for credit losses, collateral pending sale and loans previously written off amounted to RO 49 million in 2021 compared to RO 37 million in 2020, resulting in net impairment losses on financial assets of RO 60 million in 2021 and RO 81 million in 2020.

The table below shows the Group's impaired loans and advances (including Islamic financing receivables) and its impaired loans and loan loss coverage ratios as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
	<i>(RO million)</i>		
Impaired loans and advances ⁽¹⁾	371	356	338
Impaired loans ratio ⁽²⁾	3.72%	3.69%	3.60%
<u>Loan loss coverage ratio⁽³⁾.....</u>	163.1%	147.5%	138.8%

Notes:

- (1) Impaired loans and advances refers to stage 3 loans and advances and Islamic financing receivables.
- (2) Impaired loans and advances and Islamic financing receivables as a percentage of total gross loans and advances and Islamic financing receivables.
- (3) Sum of impairment loss allowances on loans and advances, Islamic financing receivables, financial guarantee contracts, undrawn commitments and unutilised limits as a percentage of impaired loans and advances and Islamic financing receivables.

The Group's impaired loans and advances (including Islamic financing receivables) increased by RO 15 million, or 4.2 per cent., from RO 356 million as at 31 December 2021 to RO 371 million as at 31 December 2022. Its impaired loans ratio increased by 0.03 per cent. and the loan loss coverage ratio increased by 15.6 per cent. during 2022 as the increase in impaired loans and advances at 4.2 per cent. was higher than the increase in gross loans and advances (including Islamic financing receivables) at 3.3 per cent.

Impaired loans increased by RO 18 million, or 5.3 per cent., from RO 338 million as at 31 December 2020 to RO 356 million as at 31 December 2021. The impaired loans ratio increased by 0.09 per cent. and the loan loss coverage ratio increased by 8.7 per cent. during 2021 as the increase in impaired loans and advances at 5.3 per cent. was higher than the increase in gross loans and advances (including Islamic financing receivables) at 3.0 per cent.

Profit before taxation

Reflecting the above factors, the Group's profit before taxation for 2022 was RO 237 million compared to RO 224 million for 2021 and RO 196 million for 2020, an increase of RO 13 million, or 5.8 per cent., in 2022 compared to 2021 and an increase of RO 28 million, or 14.3 per cent., in 2021 compared to 2020.

Taxation

The Group's taxation charge comprises the tax paid by the Bank in Oman and by its overseas branches. Together, these amounted to RO 36 million in 2022, RO 34 million in 2021 and RO 32 million in 2020.

The tax rate applicable to the Bank in all three years was 15 per cent. For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes includes items relating to both income and expense. After giving effect to these adjustments, the average

effective tax rate was estimated to be 15.12 per cent. in 2022, 15.34 per cent. in 2021 and 16.50 per cent. in 2020. The difference between the applicable tax rate and the effective tax rate arises due to the tax effect of income not considered to be taxable and expenses not considered to be deductible. The adjustments are based on the Bank's current understanding of existing tax laws, regulations and practices. See note 19 to each of the Financial Statements.

Profit for the year

Reflecting the above factors, the Group's profit for 2022 was RO 201 million compared to RO 190 million for 2021 and RO 163 million for 2020, an increase of RO 11 million, or 5.8 per cent., in 2022 compared to 2021 and an increase of RO 27 million, or 16.6 per cent., in 2021 compared to 2020.

Other comprehensive (expense)/income

In 2022, the Group's other comprehensive expense was RO 5 million compared to other comprehensive income of RO 6 million in 2021 and other comprehensive expense of RO 7 million in 2020.

The Group's other comprehensive expense or income in the years under review principally comprised changes in fair value of debt and equity investments held at fair value through other comprehensive income ("FVOCI") and translation of net investments in foreign operations.

The Group's other comprehensive expense in 2022 principally reflected a negative RO 5 million change in the fair value of FVOCI debt investments and an RO 1 million expense from translation of net investments in foreign operations which were partially offset by a positive RO 1 million change in the fair value of FVOCI equity investments.

In 2021, the Group's other comprehensive income was driven by a positive RO 9 million change in the fair value of FVOCI equity investments, which was partially offset by a negative RO 3 million change in the fair value of FVOCI debt investments.

In 2020, the Group's other comprehensive expense was driven by a negative RO 8 million change in the fair value of FVOCI equity investments, which was partially offset by an RO 1 million gain on the translation of net investments in foreign operations.

Total comprehensive income for the year

Reflecting the above factors and the Group's profit for the year, the Group's total comprehensive income was RO 196 million in each of 2022 and 2021 and RO 156 million in 2020.

Segmental analysis

The tables below show certain income statement line items of each of the Group's reporting segments for each of 2022, 2021 and 2020.

	<u>Corporate banking</u>	<u>Personal banking</u>	<u>Wholesale banking</u>	<u>Internatio nal banking</u>	<u>Islamic banking</u>	<u>Total</u>
	<i>(RO million)</i>					
2022						
Net interest income ⁽¹⁾	105	151	46	4	39	345
Operating income	128	235	90	7	43	503
Profit for the year.....	49	73	61	4	13	201
2021						
Net interest income ⁽¹⁾	111	143	44	4	34	336
Operating income	130	216	85	7	37	475
Profit/(loss) for the year.....	61	65	56	(3)	12	190
2020						

	<u>Corporate banking</u>	<u>Personal banking</u>	<u>Wholesale banking</u>	<u>International banking</u>	<u>Islamic banking</u>	<u>Total</u>
	<i>(RO million)</i>					
Net interest income ⁽¹⁾	117	137	36	5	28	322
Operating income	137	200	76	11	31	457
<u>Profit/(loss) for the year</u>	60	55	48	(9)	10	163

Note:

(1) Net financing income in above table includes Net interest income and net income from Islamic financing.

	<u>Corporate banking</u>	<u>Personal banking</u>	<u>Wholesale banking</u>	<u>International banking</u>	<u>Islamic banking</u>	<u>Total</u>
	<i>(per cent.)</i>					
2022						
Net interest income ⁽¹⁾	30.4	43.8	13.3	1.2	11.3	100.0
Operating income	25.4	46.7	17.9	1.4	8.5	100.0
Profit/(loss) for the year.....	24.4	36.3	30.3	2.0	6.5	100.0
2021						
Net interest income ⁽¹⁾	33.0	42.6	13.1	1.2	10.1	100.0
Operating income	27.4	45.5	17.9	1.5	7.8	100.0
Profit/(loss) for the year.....	32.1	34.2	29.5	(1.6)	6.3	100.0
2020						
Net interest income ⁽¹⁾	36.3	42.5	11.2	1.6	8.7	100.0
Operating income	30.0	43.8	16.6	2.4	6.8	100.0
<u>Profit/(loss) for the year</u>	36.8	33.7	29.4	(5.5)	6.1	100.0

Note:

(1) Net financing income in above table includes Net interest income and net income from Islamic financing

Corporate banking

Corporate banking recorded operating income of RO 128 million in 2022 compared to RO 130 million in 2021 and RO 137 million in 2020. The decrease of RO 2 million, or 1.5 per cent., in 2022 compared to 2021 principally reflected an RO 6 million, or 5.4 per cent., decrease in net interest income resulting from a decrease in gross conventional corporate loans and advances in the first half of 2022 due to certain large repayments offset by an RO 4 million, or 21.1 per cent., increase in commissions, fees and other income (net) resulting from an increase in transactional, trade and syndication and other loan related income in 2022.

The decrease of RO 7 million, or 5.1 per cent., in segment operating income in 2021 compared to 2020 principally reflected a decrease of RO 6 million, or 5.1 per cent., in net interest income resulting from a decrease in total assets in the corporate segment of RO 101 million, or 2.3 per cent., mainly due to a decrease in gross conventional corporate loans and advances in 2021.

Corporate banking's segment profit was RO 49 million in 2022, RO 61 million in 2021 and RO 60 million in 2020. The decrease of RO 12 million, or 19.7 per cent. in 2022, principally reflected RO 9 million, or 33.3 per cent., higher net impairment losses on financial assets in 2022 which was mainly due to a decrease in recoveries from impairment for credit losses in 2022.

Although the corporate banking segment's profit was substantially flat in 2021 compared to 2020, this reflected the decrease of RO 7 million in segment operating income described above offset by an RO 9 million, or 11.5 per cent., decrease in total segment operating expenses which was driven by RO 9 million, or 25.0 per cent., lower net impairment losses on financial assets which was mainly due to an increase in recoveries from impairment for credit losses in 2021.

Personal banking

Personal banking recorded operating income of RO 235 million in 2022 compared to RO 216 million in 2021 and RO 200 million in 2020. The increase of RO 19 million, or 8.8 per cent., in 2022 compared to 2021 reflected an RO 11 million, or 15.1 per cent., increase in commission, fee and other income which resulted from an increase in transactional income due to business growth and an RO 8 million, or 5.6 per cent., increase in net interest income, which was principally due to an increase in gross conventional personal and housing loans of RO 95 million, or 2.7 per cent., in 2022.

The increase of RO 16 million, or 8.0 per cent., in segment operating income in 2021 compared to 2020 reflected an RO 10 million, or 15.9 per cent., increase in commission, fee and other income which resulted from an increase in transactional income due to business growth and an RO 6 million, or 4.4 per cent., increase in net interest income, which was due to an increase in gross conventional personal and housing loans of RO 222 million, or 6.8 per cent., in 2021.

Personal banking's segment profit was RO 73 million in 2022, RO 65 million in 2021 and RO 55 million in 2020. The RO 8 million, or 12.3 per cent., increase in 2022 compared to 2021 principally reflected the RO 19 million higher segment net operating income described above offset by an RO 9 million, or 5.9 per cent., increase in total segment expenses which was driven by RO 12 million, or 9.6 per cent., higher segment operating expenses including depreciation resulting from an increase in staff expenses and administrative expenses in 2022.

The RO 10 million, or 18.2 per cent., increase in segment profit in 2021 compared to 2020 principally reflected the RO 16 million higher segment operating income described above offset by RO 7 million higher total segment expenses which reflected RO 9 million, or 7.8 per cent., higher segment operating expenses including depreciation, which mainly resulted from higher staff expenses and administrative expenses offset by RO 4 million, or 21.1 per cent., lower net impairment losses on financial assets for the segment.

Wholesale Banking

Wholesale banking recorded operating income of RO 90 million in 2022, RO 85 million in 2021 and RO 76 million in 2020. The increase of RO 5 million, or 5.9 per cent., in 2022 compared to 2021 reflected RO 2 million, or 4.5 per cent., higher net interest income reflecting higher interest income on due from banks and RO 2 million, or 4.9 per cent., higher commission, fee and other income which was mainly due to higher transactional income in 2022.

The increase of RO 9 million, or 11.8 per cent., in segment operating income in 2021 compared to 2020 principally reflected RO 8 million, or 22.2 per cent., higher net interest income which was due to a decrease in interest expense on bank borrowings in 2022.

Wholesale Banking's segment profit was RO 61 million in 2022, RO 56 million in 2021 and RO 48 million in 2020. The RO 5 million, or 8.9 per cent. increase in 2022 compared to 2021 principally reflected the RO 5 million higher segment operating income described above.

The RO 8 million, or 16.7 per cent. increase in segment profit in 2021 compared to 2020 principally reflected the RO 9 million higher segment operating income described above.

International banking

International banking recorded operating income of RO 7 million in each of 2022 and 2021 and RO 11 million in 2020. The decrease of RO 4 million, or 36.4 per cent., in 2021 compared to 2020 was principally due to RO 3 million, or 50.0 per cent., lower commission, fee and other income in 2021 which was mainly due to lower advisory, asset management and private equity services related income in 2021 due to the sale of a majority

stake in a subsidiary in 2021 (resulting in that subsidiary ceasing to be fully consolidated) and lower trade income.

The International banking segment recorded a profit of RO 4 million in 2022 and losses of RO 3 million in 2021 and RO 9 million in 2020. The RO 7 million improvement in profitability in 2022 principally reflected RO 7 million, or 70.0 per cent., lower total segment expenses in 2021 which was driven by an RO 2 million reversal of net impairment losses on financial assets in 2022 compared to RO 4 million net impairment losses on financial assets in 2021. The RO 6 million, or 66.7 per cent., reduction in loss in 2021 compared to 2020 was principally due to RO 9 million, or 69.2 per cent., lower net impairment losses on financial assets in 2021 partially offset by the RO 4 million, or 36.4 per cent., lower segment operating income recorded in 2021.

Islamic banking

Islamic banking recorded operating income of RO 43 million in 2022, RO 37 million in 2021 and RO 31 million in 2020. The RO 6 million, or 16.2 per cent., increase in 2022 compared to 2021 principally reflected RO 5 million, or 14.7 per cent., higher net income from Islamic financing mainly driven by growth in gross Islamic financing of RO 103 million, or 7.3 per cent., in 2022.

The increase of RO 6 million, or 19.4 per cent., in operating income in 2021 compared to 2020 principally reflected RO 6 million, or 21.4 per cent., higher net income from Islamic financing which was mainly driven by growth in gross Islamic financing of RO 120 million, or 9.3 per cent., in 2021.

Islamic banking's segment profit was RO 13 million in 2022, RO 12 million in 2021 and RO 10 million in 2020. The increase of RO 1 million, or 8.3 per cent., in 2022 compared to 2021 principally reflected the RO 6 million higher segment operating income described above offset by RO 5 million, or 20.0 per cent., higher total segment expenses driven by RO 4 million, or 40.0 per cent., higher net impairment losses on financial assets. The RO 2 million, or 20.0 per cent., increase in 2021 compared to 2020 principally reflected the RO 6 million higher segment operating income described above offset by RO 3 million, or 13.6 per cent., higher total segment expenses driven by RO 2 million, or 25.0 per cent., higher net impairment losses on financial assets.

Liquidity and Funding

Overview

The Group's liquidity needs arise primarily from making loans, advances and Islamic finance available to customers, its investments in securities, the repayment of deposits, the payment of expenses (including its financing costs), the acquisition of property, plant and equipment and the payment of dividends. To date, the Group's liquidity needs have been funded principally through the acceptance of deposits, proceeds from loans, advances and Islamic financing, redemption or sale proceeds from investments and operating cash flow, including interest and profit income received on its customer loan portfolio and interest, profit and dividend income received on its portfolio of investment securities. See "*Funding*".

Liquidity

The tables below show the Group's cash flow from operating activities, investing activities and financing activities for each of 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
		<i>(RO million)</i>	
Net cash (used in)/from operating activities.....	(234)	352	542
Net cash used in investing activities.....	(74)	(58)	(194)
Net cash used in financing activities	(159)	(101)	(129)
Cash and cash equivalents at 1 January.....	1,395	1,203	983

	<u>2022</u>	<u>2021</u>	<u>2020</u>
		<i>(RO million)</i>	
Cash and cash equivalents at 31 December.....	929	1,395	1,203

Operating activities

The Group's net cash outflow from operating activities in 2022 was RO 234 million compared to a net cash inflow of RO 352 million in 2021 and a net cash inflow of RO 542 million in 2020.

The Group's net cash from operating activities before working capital changes amounted to RO 299 million in 2022, RO 294 million in 2021 and RO 291 million in 2020. The Group's net cash from operating activities before working capital changes in each year principally reflects its profit for the year before taxation and primarily adjusted to reflect its net impairment on financial assets, depreciation and dividend income.

The principal working capital changes in 2022 were net cash outflows of RO 194 million in customers' deposits, RO 193 million in loans advances, RO 152 million in deposits from banks and RO 103 million in Islamic financing receivables which were partially offset by net cash inflows of RO 75 million in due from banks and RO 66 million in Islamic customers' deposits.

The principal working capital changes in 2021 were net cash inflows of RO 175 million in customers' deposits, RO 147 million in other assets, RO 141 million in Islamic customers' deposits and RO 83 million in deposits from banks which were partially offset by net cash outflows of RO 164 million in loans and advances, RO 119 million in Islamic financing receivables, RO 114 million in due from banks and RO 62 million other liabilities.

The principal working capital changes in 2020 were net cash inflows of RO 358 million in customers' deposits and RO 247 million in deposits from banks which were partly offset by outflows of RO 116 million in other assets, RO 85 million in Islamic financing receivables, RO 68 million in loans and advances and RO 56 million in due from banks.

Investing activities

Net cash used in investing activities for 2022 was RO 74 million compared to RO 58 million in 2021 and RO 194 million in 2020. In each year, the principal investment activity was the purchase and sale or redemption of investment securities. In each of 2022, 2021 and 2020, the Group invested net amounts of RO 71 million, RO 46 million and RO 192 million, respectively, in investment securities.

Financing activities

Net cash used in financing activities was RO 159 million in 2022 compared to RO 101 million in 2021 and RO 129 million in 2020.

In 2022, the Group paid dividends of RO 107 million, repaid sukuk amounts of RO 45 million and paid interest on perpetual tier 1 capital of RO 7 million. In 2021, the Group paid dividends of RO 81 million, repaid subordinated loan amounts of RO 13 million and paid interest on perpetual tier 1 capital of RO 7 million. In addition, in 2021, the Group also redeemed and issued euro medium term notes of RO 193 million. In 2020, the Group paid dividends of RO 108 million, repaid subordinated loan amounts of RO 13 million and paid interest on perpetual tier 1 capital of RO 7 million.

Funding

Overview

The Group's principal sources of funding are its customers' deposits (including Islamic customers' deposits), deposits from banks, euro medium term notes and sukuk. The Group also has access to a pool of unencumbered and liquid securities in the form of treasury bills and bonds as well as quoted securities that it can access to

meet liquidity needs, in addition to its cash balances and placements with central banks and other financial institutions. The Group also has equity capital, including perpetual tier 1 capital.

The table below shows the Group's non-equity capital funding in the form of customers' deposits, Islamic customers' deposits, deposits from banks, euro medium term notes, sukuk and subordinated liabilities.

	As at 31 December					
	2022		2021		2020	
	(RO million)	(% of total)	(RO million)	(% of total)	(RO million)	(% of total)
Customers' deposits.....	7,410	73.5	7,604	72.6	7,429	75.2
Islamic customers' deposits.....	1,237	12.3	1,171	11.2	1,030	10.4
Deposits from banks	1,004	10.0	1,218	11.6	940	9.5
Euro medium term notes.....	390	3.9	390	3.7	391	4.0
Sukuk	46	0.5	91	0.9	91	0.9
Subordinated liabilities	-	-	-	-	13	0.1
Total	10,087	100.0	10,474	100.0	9,892	100.0

Customers' deposits and Islamic customers' deposits

The Group's customers' deposits (including Islamic customers' deposits) were RO 8,647 million, or 82.0 per cent. of its total liabilities, as at 31 December 2022, RO 8,775 million, or 80.3 per cent. of its total liabilities, as at 31 December 2021 and RO 8,459 million, or 81.3 per cent. of its total liabilities, as at 31 December 2020. Deposits from the Omani government and its related agencies have approximated 28 to 30 per cent. of the Group's total customers' deposits and Islamic customers' deposits over the three years to 31 December 2022. See "*Risk Factors—Risks relating to the Issuer—The Group's customer loan portfolio, investment securities and deposit base are all concentrated in Oman*".

The Group's conventional customer deposits comprise savings accounts, time deposits, current and call accounts and margin accounts. The current, call and margin accounts are mostly non-interest bearing and amounts may be withdrawn from these accounts at any time without notice. Until 2021, saving accounts from conventional operations were mostly non-interest bearing but eligible for prize draws. In line with CBO directives, the prize-linked saving deposit schemes for conventional banking have been withdrawn with effect from 1 January 2022. After the withdrawal, the Bank offered slab-rate based interest bearing savings products based on the monthly average savings account balance. Time deposits from conventional operations are interest bearing and have a fixed maturity date.

The Group's Islamic customer deposits comprise time deposits, savings accounts, current and call accounts and margin accounts. The Group's Islamic current and call accounts are non-profit bearing and amounts may be withdrawn from these accounts at any time without notice. The Group's Islamic savings and time deposit accounts are eligible for profit distribution. Amounts may be withdrawn from these accounts at any time without notice. Until 2021, some Islamic saving accounts were also eligible for a prize draw. In line with CBO directives, the prize-linked saving deposit schemes for Islamic banking have been withdrawn with effect from 1 January 2022. Time deposits from Islamic operations are eligible for profit distribution and have a fixed maturity date.

The Group believes that its conventional and Islamic customers' deposits are diversified and constitute a stable and secure source of low-cost funding. As at 31 December 2022, the Group's conventional customer deposits accounted for 73.5 per cent. of its total funding. As at 31 December 2022, the Group's Islamic customer deposits accounted for 12.3 per cent. of its total funding.

The Group accepts conventional and Islamic time deposits for a range of periods up to five years.

The table below shows a breakdown of the Group's conventional and Islamic customers' deposits by type as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December					
	2022		2021		2020	
	(RO million)	(% of total)	(RO million)	(% of total)	(RO million)	(% of total)
Savings accounts.....	3,268	37.8	3,316	37.8	3,280	38.8
Deposit accounts.....	3,131	36.2	3,178	36.2	2,869	33.9
Current accounts.....	1,791	20.7	1,793	20.4	1,882	22.2
Call and margin accounts.....	457	5.3	487	5.5	427	5.0
Total.....	8,647	100.0	8,775	100.0	8,459	100.0

As at 31 December 2022, the Group's total customers' deposits decreased by RO 128 million, or 1.5 per cent., as compared to 31 December 2021, reflecting decreases across all deposit categories.

As at 31 December 2021, the Group's total customers' deposits increased by RO 316 million, or 3.7 per cent. as compared to 31 December 2020, principally reflecting an increase of RO 309 million, or 10.8 per cent., in deposit accounts.

Deposits from banks

The Group's deposits from banks comprise inter-bank borrowings, vostro balances and other money market deposits. The Group's deposits from banks are typically short-term in nature and volatile over time. The Group's deposits from banks amounted to RO 1,004 million as at 31 December 2022, RO 1,218 million as at 31 December 2021 and RO 940 million as at 31 December 2020.

The Group's deposits from banks fell by RO 214 million, or 17.6 per cent., as at 31 December 2022 compared to 31 December 2021, principally reflecting falls of RO 118 million, or 17.5 per cent., in other money market deposits and RO 99 million, or 20.1 per cent., in inter-bank borrowings.

The Group's deposits from banks increased by RO 278 million, or 29.6 per cent., as at 31 December 2021 compared to 31 December 2020, principally reflecting an increase of RO 142 million, or 40.5 per cent., in inter-bank borrowings and an increase of RO 128 million, or 23.4 per cent., in other money market deposits.

Other funding sources

The Group's other funding sources comprise euro medium term notes, sukuk and, in 2020, subordinated liabilities.

As at 31 December 2022, the Group had RO 385 million in two series of notes issued under its euro medium term notes programme outstanding, comprising:

- RO 193 million due 2023 issued in 2018 with an annual interest rate of 4.875 per cent.; and
- RO 193 million due 2026 issued in 2021 with an annual interest rate of 4.750 per cent.

In May 2021, the Group redeemed a series of RO 193 million notes that had been issued in May 2016.

As at 31 December 2022, the Group had RO 46 million in a single series of sukuk issued under its sukuk programme outstanding, comprising:

- RO 46 million sukuk due 2024 issued in 2019 with an expected annual profit rate of 5.5 per cent.

In June 2022, the Group redeemed a series of RO 45 million sukuk that had been issued in June 2017.

In 2021, the final instalment of the Group's U.S. dollar denominated floating rate subordinated loans was repaid. The Group had no subordinated loans outstanding as at 31 December 2022 or 31 December 2021.

Maturity profile

The table below shows the maturity profile of the Group's funding as at 31 December 2022. This analysis is based on contractual undiscounted cash flows and maturity dates.

	On demand or up to 1 month	2 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	<i>(RO million)</i>					
As at 31 December 2022						
Deposits from banks.....	319	204	41	440	—	1,004
Customer deposits ⁽¹⁾	728	951	1,746	3,198	2,023	8,647
Euro medium term notes and sukuk.....	—	195	—	241	—	436
Total.....	1,047	1,350	1,788	3,879	2,023	10,087

Note:

(1) Including Islamic customers' deposits.

A significant proportion of the Group's funding disclosed in the table above as at 31 December 2022 is short-term in nature, with 23.8 per cent. of such funding being repayable within three months and an additional 17.7 per cent. being repayable within one year. See "*Risk Factors—Risks relating to the Issuer—The Group is subject to the risk that liquidity may not always be readily available or may only be available at significant cost*".

Given the state-run and oil-driven nature of the domestic economy, the Group's deposit base is, at least in the near future, expected to remain concentrated by depositor type, namely government and government-related entities. Significant time deposits from large customers are, with the customers' agreement, divided into smaller deposits with varying maturities, thereby partly mitigating the risks associated with single party deposit concentration.

Equity funding

The Group's equity funding portfolio comprises mainly ordinary share capital, share premium, retained earnings, legal, general and other reserves and perpetual tier I capital.

In 2022, the total equity of the Group increased from RO 2,151 million as at 31 December 2021 to RO 2,232 million, an increase of 3.8 per cent. This principally reflected the Group's total comprehensive income for the year of RO 196 million less dividends paid of RO 107 million for 2021 in 2022.

In 2021, the total equity of the Group increased from RO 2,044 million as at 31 December 2020 to RO 2,151 million, an increase of 5.2 per cent. This principally reflected the Group's total comprehensive income for the year of RO 196 million less dividends paid of RO 81 million for 2020 in 2021.

In November 2022, as part of a capital optimisation plan, the shareholders of the Bank approved a dividend to the existing shareholders in the form of (i) bonus shares of one ordinary share of RO 0.100 for each ordinary share held equivalent to RO 375 million and (ii) perpetual bonds of RO 1 each for every 10 shares held equivalent to RO 375 million. Accordingly, the Bank's share capital doubled to RO 751 million as at 31 December 2022 by transfer from share premium and its perpetual tier 1 capital increased from RO 130 million as at 31 December 2021 to RO 505 million as at 31 December 2022 by transfer from retained earnings.

The return on average shareholders' equity of the Group (calculated as profit for the year divided by average shareholders' equity for the year, with average shareholders' equity calculated as the sum of total equity

attributable to equity holders at the start and end of each year divided by two) increased from 9.66 per cent. in 2021 to 10.73 per cent. in 2022 primarily due to an increase in net profit of RO 11 million, or 5.8 per cent., and a decrease in equity attributable to equity holders of RO 294 million, or 14.5 per cent., under the capital optimisation plan described above.

The return on average shareholders' equity of the Group increased from 8.61 per cent. in 2020 to 9.66 per cent. in 2021 due to an increase in net profit of RO 27 million, or 16.6 per cent., in 2021.

Lending

The Group's total customer loan portfolio (which comprises its loans and advances and Islamic financing provided to customers (net of provisions)) was RO 9,417 million as at 31 December 2022.

The table below shows the Group's customer loan portfolio, provisions and loan to deposit ratios as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
	<i>(RO million)</i>		
Gross loans ⁽¹⁾	9,975	9,660	9,379
Less: Impairment loss allowance.....	(588)	(469)	(396)
Net loans ⁽²⁾	<u>9,417</u>	<u>9,191</u>	<u>8,983</u>
Net loans/customers' deposits ⁽³⁾	108.9%	104.7%	106.3%
Net loans/total deposits ⁽⁴⁾	97.6%	92.0%	95.6%

Notes:

- (1) Gross loans comprises total loans, advances and Islamic financing provided to customers disregarding impairment.
- (2) Net loans comprise gross loans less Impairment loss allowance.
- (3) Customers' deposits includes Islamic customers' deposits.
- (4) Total deposits comprises customers' deposits and deposits from banks.

The Group's customer loan portfolio is principally denominated in rial, although loans are also made in U.S. dollars, Saudi riyals and Kuwaiti dinar, among other currencies. The Group believes that there is only limited structural cross-currency exposure as the majority of its assets and liabilities are match-funded in currency terms. In addition, the Group hedges a part of its currency exposure through the use of derivative contracts, such as forward foreign exchange contracts, cross currency swaps and currency options.

The Group may also, from time to time, enter into forward contracts and cross currency interest rate swaps to manage its interest rate exposure.

Distribution of customer loans by maturity

The table below shows the distribution of the Group's customer loan portfolio by maturity (based on contractual undiscounted cash flows and maturity dates) as at 31 December in each of 2022, 2021 and 2020.

	On demand or up to 1 month	2 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	<i>(RO million)</i>					
As at 31 December 2022.....	1,122	672	889	1,973	4,761	9,417
As at 31 December 2021.....	1,147	697	696	2,249	4,401	9,191
As at 31 December 2020.....	1,361	563	677	2,362	4,019	8,983

The table below shows the distribution of the Group's customer loan portfolio by geographic location of the customer as at 31 December in each of 2022, 2021 and 2020.

	Oman	Other GCC	Europe	Others	Total
			<i>(RO million)</i>		
31 December 2022.....	9,072	282	2	60	9,417
31 December 2021.....	8,961	169	0	60	9,191
31 December 2020.....	8,740	191	—	51	8,983

The table below shows the distribution of the Group's gross customer loan portfolio by IFRS 9 stage as at 31 December in each of 2022, 2021 and 2020.

	Stage 1	Stage 2	Stage 3	Total
			<i>(RO million)</i>	
As at 31 December 2022.....	7,734	1,870	371	9,975
As at 31 December 2021.....	7,355	1,949	356	9,660
As at 31 December 2020.....	7,200	1,841	338	9,379

Note 7 to each of the Annual Financial Statements show the Group's conventional loans and advances and Islamic financing receivables by type of advance.

Concentration of the Group's gross loans and advances by sector

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be affected similarly by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group also obtains appropriate security cover corresponding to its borrowers' location for loans and advances. Concentration by location for investment securities is measured based on the location of the issuer of the security.

The table below shows the concentration of the Group's gross loans and advances by type of borrower as at 31 December in each of 2022, 2021 and 2020:

	As at 31 December			
	2022	2021	2020	
			<i>(RO million)</i>	
Corporate	5,334	4,971	4,908	
Sovereign	46	147	116	
Financial institutions	415	484	530	
Retail	4,179	4,058	3,825	
Total	9,975	9,660	9,379	

The table below shows the concentration of the Group's gross loans and advances by industry sectors as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
		<i>(RO million)</i>	
Corporate and other loans			
Transport	861	899	898
Manufacturing	818	996	1,002
Utilities	786	771	794
Services	778	621	605
Import trade	477	351	328
Construction	477	416	416
Financial institutions	415	484	530
Mining and quarrying	347	257	171
Real estate	286	265	287
Wholesale and retail trade	210	215	207
Agriculture and allied activities	174	103	87
Export trade	54	34	74
Government	46	147	116
Others	66	42	39
Total corporate and other loans	5,795	5,602	5,554
Personal and housing loans	4,179	4,058	3,825
Total loans and advances	9,975	9,660	9,379

As at 31 December 2022, the Group's funded exposure to personal and housing loans accounted for 41.9 per cent. of its total exposure compared to 42.0 per cent. as at 31 December 2021 and 40.8 per cent. as at 31 December 2020. These loans are all backed by salary assignments and/or collateral. In accordance with CBO regulations, conventional personal and housing loans are capped at 35 per cent. and 15 per cent., respectively, of total conventional banking loans. Islamic banks or windows are permitted a maximum housing finance exposure of 35 per cent. of total finance.

The Group's four largest funded corporate sector exposures as at 31 December 2022 were to the transport sector (8.6 per cent. of total funded exposure), manufacturing (8.2 per cent.), utilities (7.9 per cent.) and services (7.8 per cent.).

Investment securities portfolio

The Group's investment securities portfolio comprises (i) a portfolio of FVOCI quoted and unquoted debt and equity securities, with the debt securities comprising foreign and local bonds; (ii) a portfolio of quoted and unquoted held at amortised cost debt securities, principally comprising quoted government bonds and unquoted treasury bills; and (iii) a portfolio of quoted and unquoted equity securities held at fair value through profit or loss ("FVTPL"). The Group invests in these securities both to generate returns and to provide an additional source of liquidity when needed.

The table below summarises the Group's investment securities portfolio as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
	<i>(RO million)</i>		
FVOCI			
<i>Quoted</i>			
Equity	117	83	77
Debt	104	58	56
<i>Unquoted</i>			
Equity	2	1	2
Debt	—	4	6
Impairment loss allowance for debt securities	(1)	(2)	(3)
FVOCI (net)	221	145	139
At amortised cost			
<i>Quoted</i>			
Debt	1,059	1,058	1,000
<i>Unquoted</i>			
Treasury bills	274	589	676
Bonds	5	5	13
Impairment loss allowance	(2)	(3)	(1)
Total	1,335	1,649	1,688
FVTPL			
<i>Quoted</i>			
Equity	4	3	10
<i>Unquoted</i>			
Equity	12	15	10
Total	16	18	21
Total investment securities	1,572	1,811	1,847

The Group's investment policy requires all investments in debt securities to have an investment grade rating, except for sovereign securities denominated and funded in local currencies in countries where the Group has an operating presence.

For further information on the manner in which the fair value of these securities is determined, see note 42 to the 2022 Financial Statements.

Capital Adequacy

The Bank's regulator, the CBO, sets and monitors capital requirements for the Bank, as parent company of the Group. In implementing Basel III's capital requirement, the CBO requires the Bank to maintain a minimum ratio of 13.25 per cent. of total capital to total risk-weighted assets. In accordance with Basel III regulations, the Bank's regulatory capital is grouped into Tier I and Tier II capital:

- Tier I capital includes Common Equity Tier 1 Capital (CET1) which comprises ordinary share capital, share premium, distributable and non-distributable reserves and retained earnings (net of proposed dividend) after deducting carrying value of investment in associates, carrying value of strategic investments and other prudential valuation adjustments in line with Basel III guidelines. Further CET 1 capital includes Additional Tier 1 Capital (AT1) in the form of Basel III compliant perpetual bonds.

- Tier II capital includes qualifying subordinated liabilities, general loan loss impairment / ECL provision (Stage 1 and 2) and the element of the fair value reserve relating to unrealised gains on equity instruments classified as FVOCI.

Various limits are applied to elements of the capital base. The qualifying Tier II capital cannot exceed Tier I capital and the amount of collective impairment allowances that may be included as part of Tier II capital is limited to 1.25 per cent. of the total credit risk-weighted assets. Further incremental Stage 2 ECL as at 31 December 2022 over Stage 2 ECL as at 31 December 2019, qualifies as Tier II capital with a gradual phase out until 2024.

Capital adequacy indicates the ability of the Group to meet any contingency without compromising the interest of the depositors and to provide credit across the business cycles. Sufficient capital in relation to the risk profile of the Group’s assets helps promote financial stability and the confidence of its stakeholders and creditors in the Group. The Group aims to maximise the shareholders’ value through an optimal capital structure that protects the stakeholders’ interests under the most extreme stress situations, provides sufficient room for growth while meeting the regulatory requirements and at the same time gives a reasonable return to the shareholders. The Group has a forward-looking capital policy which considers the current risk, planned growth and an assessment of the emerging risk for the forecasted period.

While risk coverage is the prime factor influencing capital retention, the Group is conscious of the fact that, as a business entity, its capital needs to be serviced and a comfortable rate of return needs to be provided to the shareholders. Excessive capital will dilute the return on capital and this in turn can exert pressure for profitability, propelling business asset growth resulting in the Group assuming higher levels of risk. Hence, with regards to the retention of capital, the Group’s policy is governed by the need for adequately providing for associated risks and the need for servicing the capital retained. During 2022, as part of a capital optimisation plan, the shareholders of the Bank approved a dividend in the form of bonus shares and perpetual bonds to the existing shareholders as discussed under “—Funding—Equity funding” above.

The Group utilises Additional Tier 1 capital and raises share capital as and when the need arises. The Group’s strong and diverse shareholder profile gives the Group the necessary confidence in its ability to raise capital when it is needed.

The Group desires to move to more advanced approaches for measuring credit risk, market risk and operational risk and has put in place a ‘building block’ approach. A road map has been laid down for each core area of risk, such as credit, market and operational risk. Progress has been made in line with the road map and is being monitored on a continuous basis and reported.

Basel III regulatory reporting

The CBO has issued final guidelines on the implementation of the new capital norms along with the phase-in arrangements and reporting norms. The Group remains strongly capitalised and is ahead of the transitional phase-in arrangements.

The minimum capital adequacy ratio requirement of the Bank is as below:

	31 December 2022
Common Equity Capital Ratio	7.000%
Capital Conservation Buffer.....	1.250%
D-SIB.....	1.000%
Additional Tier I - Restricted to a maximum of.....	2.000%
Tier 1 Capital Ratio	11.250%

	31 December 2022
Tier 2 Capital Ratio - Restricted to a maximum of	2.000%
Total Capital Ratio	13.250%

The Bank has adopted the standardised approach for credit and market risk and the basic indicator approach for operational risk, although it aims to move to more advanced approaches for measuring credit risk, market risk and operational risk over time. The Bank has in place an internal capital adequacy assessment process (“ICAAP”) which provides an assessment of the Bank’s actual capital adequacy based on an advanced economic capital measure. The Bank’s ICAAP incorporates the impact of residual risk including business risk, concentration risk, correlation risk and interest rate risk on the banking book along with the core risks. The purpose of the Bank’s ICAAP is not only to provide a detailed assessment of its current capital adequacy, but also to estimate future capital adequacy ratios in line with approved business plans in order to evaluate their validity from a risk perspective.

The table below shows the Group’s Basel III liquidity coverage ratio (the “LCR”) and net stable funding ratio (“NSFR”) as at 31 December in each of 2022, 2021 and 2020. The LCR and NSFR requirements were 100 per cent. in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
LCR	219%	268%	228%
NSFR	118%	122%	118%

The table below shows the Bank’s Basel III capital calculations as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
		<i>(RO million)</i>	
CET1 capital	1,534	1,837	1,779
Total Additional Tier 1 capital.....	505	130	130
Tier 2 capital	116	122	100
Total regulatory capital	2,155	2,090	2,009
Risk weighted assets	10,139	9,809	9,670
<i>of which:</i>			
<i>Credit risk weighted assets</i>	9,122	8,750	8,630
<i>Market risk weighted assets</i>	122	184	181
<i>Operational risk weighted assets</i>	896	875	859
Capital ratios		<i>(per cent.)</i>	
Common equity tier 1 capital ratio	15.13	18.73	18.39
Tier 1 capital adequacy ratio.....	20.11	20.06	19.74
Total capital adequacy ratio	21.25	21.30	20.77

The Bank has applied in its capital adequacy calculations the “Prudential filter” under the interim adjustment arrangement for Stage-1 and Stage-2 ECL. The impact of this filter on the Bank’s regulatory capital was 86 basis points as at 31 December 2022 compared to 45 basis points as at 31 December 2021.

The Bank's Basel III leverage ratio, which is calculated by dividing the Bank's tier 1 capital by its total assets (including off-balance sheet assets) was 14.7 per cent. as at 31 December 2022, 13.9 per cent. as at 31 December 2021 and 13.8 per cent. as at 31 December 2020. The required leverage ratio for the Bank is 5 per cent.

Contingent Liabilities and Commitments

The Group has contingent liabilities in respect of funding commitments it has made as well as in relation to letters of credit and guarantees issued by it. It also has commitments in respect of the purchase of property and equipment and partly paid investments. The table below shows these contingent liabilities and commitments as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
	<i>(RO million)</i>		
Irrevocable commitments to extend credit	408	222	395
Letters of credit.....	345	476	307
Guarantees	1,285	1,357	1,559
Acceptances.....	109	112	144
Purchase of property and equipment	2	1	1
Partly paid investments.....	8	6	4
Total	<u>2,158</u>	<u>2,174</u>	<u>2,409</u>

Related Party Transactions

In the ordinary course of business, the Group conducts transactions with certain of its directors, shareholders, senior management and companies in which they have a significant interest. The terms of these transactions are approved by the Board of Directors (the "**Board**") and by management. See note 35 to each of the Financial Statements for further information.

DESCRIPTION OF BANK MUSCAT (SAOG)

Introduction

The Bank is the largest bank in Oman, with an approximately 32.8 per cent. market share by customers' deposits and Islamic customers' deposits and an approximately 34.1 per cent. market share by total assets as at 31 December 2022, based on CBO data for the total bank market in Oman. The Bank has a customer base of approximately 2.4 million retail customers and approximately 7,200 corporate customers, has issued approximately 2.4 million debit cards and over 95,000 credit cards and employs over 3,950 people. The Bank offers a wide range of both conventional and, through its Islamic banking window Meethaq, Shari'a-compliant commercial, retail and investment banking products and services. Meethaq's Shari'a Supervisory Board ensures Meethaq's adherence to Shari'a rules and principles.

The Bank engages in banking activities through a network of 173 branches (including 24 Meethaq branches) within Oman and one branch each in Saudi Arabia (Riyadh) and Kuwait. The Bank has representative offices in Dubai, Singapore and Iran.

The Bank's key shareholders include Royal Court Affairs, the investment arm of the Omani government, Dubai Financial Group and major pension funds in Oman.

The Bank has credit ratings from three international rating agencies, with long-term foreign currency ratings of:

- Ba3 with positive outlook from Moody's;
- BB with positive outlook from Standard & Poor's; and
- BB with stable outlook from Fitch.

In 2022, the Group generated a net profit of RO 201 million and, as at 31 December 2022, the Group had total assets of RO 12.8 billion and total equity of RO 2.2 billion.

History

The Bank is a public joint stock company incorporated in Oman under the Commercial Companies Law with commercial registration number 1/14573/8. The Bank's registered office is at P.O. Box 134, Ruwi, Postal Code 112, Sultanate of Oman and its general telephone number is +968 24768888.

The Bank was established on 30 April 1982 following the voluntary merger of two banks: Bank of Muscat and Bank Al Ahli Al Omani, which had been operating in Oman since 1982 and 1976, respectively. In 2000, the merged operation merged with Commercial Bank of Oman, an indirect successor of ANZ Grindlays Bank's Omani subsidiary, which began operating in Oman in 1969. In 2001, the Bank merged with the Industrial Bank of Oman. This merger facilitated the rapid expansion of its industrial and project finance business.

The Bank has had its primary listing on the MSX since January 1993 following the merger between Bank of Muscat and Bank Al Ahli Al Omani, which had been listed on the MSX since November 1976.

The Bank opened its first overseas branch in Saudi Arabia in 2007. In 2010, the Bank opened its branch in Kuwait, in 2012 and 2016 it opened representative offices in Singapore and Iran, respectively. In accordance with the Bank's strategic objectives of achieving long term sustainable value, operational efficiency and business growth, both local and international, the Bank intends to gradually reduce the operations of its branch presence in Kuwait with the aim of complete closure in Kuwait by 2025. The Kuwait branch constitute about 0.6 per cent. of the Bank's total assets.

The Bank has had a representative office in Dubai since 1996. The Group has undertaken a number of significant acquisitions and disposals since 2000. In 2002, the Bank acquired the Bahrain operations of ABN AMRO Bank N.V., comprising a full commercial branch and an offshore banking unit, and the operations of Al Ahlia Securities Co., a leading securities and brokerage firm in Oman which accounted for over 15 per cent. of the turnover on the MSX when acquired.

In 2005, the Bank co-founded BMI Bank, Bahrain with a 49.0 per cent. shareholding. Following the acquisition of BMI Bank by Al Salam Bank (a Bahrain based Islamic Bank) through a share-swap in March 2014, the Bank is now a 14.7 per cent. shareholder in Al Salam Bank, which was accounted for as an associate until the end of 2017, reflecting the significant influence the Bank had retained through its shareholding and representation on the board of directors of Al Salam Bank. In December 2017, and following a change in the Bank's influence over Al Salam Bank, its investment in the bank was reclassified from an associate and Al Salam Bank is now an FVOCI equity investment.

In April 2007, the Bank acquired a strategic stake in MKH, one of the top 20 security houses in India in terms of market share. In 2015, the Bank completed the full exit of its investment in MKH through a share buyback programme initiated by MKH.

During 2009, the Bank incorporated a new company Muscat Securities House LLC (later renamed to Muscat Capital LLC and SICO Capital) based in Riyadh, Saudi Arabia as its subsidiary for providing investment banking services in Saudi Arabia. On 15 March 2021, the Bank sold 72.71 per cent. stake in Muscat Capital to SICO BSC (c) ("SICO"), a leading regional asset manager, broker, market maker and investment bank (licensed as a wholesale bank by the Central Bank of Bahrain). The acquisition took place by share swap and as a result of the said transaction, SICO owns 72.71 per cent. of Muscat Capital while Bank Muscat owns a 10.38 per cent. stake in SICO, 9 per cent. on account of share swap transaction and additional 1.38 per cent. due to further investments through secondary market purchase. Subsequent to the disposal of the subsidiary, Muscat Capital LLC has been renamed as SICO Capital. On 23 October 2022, the Bank sold its remaining 27.29 per cent. stake in SICO Capital to SICO. The Bank received RO 1.95 million as sale consideration. Subsequent to this transaction, the Bank has now fully exited the shareholding interest in SICO Capital. In 2022, the Bank acquired a further 2.76 per cent. shareholding in SICO for RO 1.957 million. Subsequent to this transaction, the Bank has increased its stake to 13.14 per cent. in SICO and continues to be designated as an associate.

The Bank's achievements continue to be recognised internationally and locally, with the Bank winning numerous global, regional and local awards. In 2020 to 2022, these have included:

- Best Bank in Oman or equivalent awards from Asiamoney (2021), The Banker (2021), EMEA Finance (2020, 2021 and 2022), Euromoney (2020, 2021 and 2022) and Global Finance (2020 and 2021);
- Best Private Bank in Oman awards from EMEA Finance, Global Finance and The Banker/PWM (in all three cases in each of 2020, 2021 and 2022);
- Best Investment Bank in Oman awards from EMEA Finance (in 2020, 2021 and 2022) and Global Finance (in 2020 and 2021);
- Best Asset Manager in Oman award from EMEA Finance (in 2020, 2021 and 2022) and Global Investor Group (in 2021);
- Best Consumer Digital Bank in Oman award from Global Finance (in 2020, 2021 and 2022), Best Corporate/Institutional Digital Bank in Oman awards from Global Finance (in 2021 and 2022) and Best Islamic Digital Bank in Oman awards from Global Finance (in 2022);
- Best Foreign Exchange Provider in Oman award from Global Finance (in 2021 and 2022);

- Listed in Forbes Middle East listing of “Top 100 Companies in the Middle East” (in 2020, 2021 and 2022) as well as “Top 50 Banks in the Middle East” (in 2021 and 2022); and
- Best Bank (Large) award from Oman Economic Review (in 2020, 2021 and 2022).

International banking segment

The Bank has international branches located in Riyadh, Saudi Arabia and Kuwait. It has representative offices in United Arab Emirates, Singapore and Iran. It has investment in an associate, SICO BSC (c) in Bahrain.

Strategy

The Group’s vision “**To Serve you Better, Everyday**” reiterates its commitment towards continuous improvement in customer experience and satisfaction with the services and products the Group offers. The Group’s medium-term strategic plan for the three-year period of 2022-2024 focuses on customer-centricity, efficiency, innovation, agility and maintaining its leadership position in the market.

The strategic plan is based on the following core principles:

Consolidate the Group’s leading position in Oman

The Group’s strategy for consolidating its leading position in Oman has three principal aspects:

- ***Capitalise on growth opportunities in Oman:*** The Group believes that it is well positioned to capitalise on infrastructure and industrial development projects and on the Omani government’s focus on economic diversification and developing tourism in Oman, which are expected to support wholesale banking business growth in Oman. In addition, the Group believes that there are significant opportunities to grow its consumer banking business by attracting young Omanis entering the workforce, given that approximately 35 per cent. of the Omani national population in Oman is under 19 years of age.
- ***Leverage the Group’s large network of branches and delivery channels:*** The Group’s customer-centric approach to doing business and its vision of “To Serve you Better, Everyday” by leveraging its large network of branches, other delivery channels and experienced employees is an important element of the Group’s strategy. The Group continues to increase its branch network and focus on improved electronic delivery channels to deliver increased customer convenience and service quality, with a view to growing its customer base and increasing its cross selling opportunities.
- ***Focus on fee based income:*** The Group aims to continue to increase the contribution from non-interest income by expanding its fee-based activities in all business areas. There are number of strategic initiatives to grow the Group’s non-interest income in areas such as bancassurance, credit cards, treasury, investment banking and transaction banking.

Enhance financial strength

The Group continues to focus on enhancing its financial strength in terms of strong capitalisation and stable returns. In addition, the Group aims to further enhance its diversified funding mix and its large customer and savings account deposit base, in addition to continuing to manage efficiently its operating costs.

Leverage technology and infrastructure improvements

The Group continues to focus on pioneering investments in technology that support its growth plans, including its multiple digital banking channels for sales and services and using technology to enhance the customer experience and improve internal efficiency. For example, the Group recently launched digital onboarding of new to bank customers through its mobile banking application, Trade Portal, for corporate customers and enabled e-applications for loan products for retail customers. The Group continues to make significant

investments in technology and other infrastructure to provide best in class customer convenience and service quality through improving processes and implementing new technologies.

Regional expansion

The Group aims to strengthen its regional presence through focused and controlled expansion in the GCC on an opportunistic acquisition basis and organically through leveraging its existing regional presence to scale up business growth.

Focus on the Group's Islamic banking platform

The Group's strategy for Meethaq is to be the market leader in Islamic banking in Oman through a full product and service offering with a branch and electronic channel network. It currently has the largest Islamic banking network in Oman with 24 branches as at 31 December 2022.

Strengths

The Group believes that its key strengths are:

Leading market position

The Bank is the largest bank in Oman with an approximately 33.6 per cent. market share by total loans and approximately 34.1 per cent. market share by total assets as at 31 December 2022 based on CBO data for the consolidated banking sector in Oman.

As at 31 December 2022, the Group's gross loans and advances including Islamic financing receivables were RO 10.0 billion and its total assets were RO 12.8 billion. Based on these measures, it has been the leading Omani bank for at least the last fifteen years and is currently around the size of the next three Omani banks combined.

The Bank has the largest branch network in Oman and is the only bank in Oman to be designated a D-SIB. As at 31 December 2022, the Bank's market capitalisation was U.S.\$5.36 billion.

It also has an established and well-recognised brand in Oman. For example, the Bank won the Oman's Most Trusted Brand award in the banking category from Apex Media for five years in the period between 2016-2022.

Positioned to benefit from growth in Oman

As the Omani government focuses on diversifying the economy away from being an oil and gas-reliant economy, the Group expects significant infrastructure development as well as investment in tourism and privatisation activity in the medium term, all of which are expected to contribute to growth in the Omani banking sector. In addition, approximately 35 per cent. of the Omani population are younger than 19 years old and there appears to be a trend in Omani society away from extended families towards more nuclear families. These factors are expected to increase the demand for home financing and other consumer loans and the Group expects significant growth in the retail banking market. In addition, the Group expects that the move towards greater economic integration with other GCC countries will promote alignment of regulations. The Group believes that the wide scope of its product and service offering and the convenience and efficiency of banking with a single provider presents it with significant cross-selling opportunities across both its corporate and retail bases and positions it well to benefit from the anticipated growth in the Omani banking market. In addition, notwithstanding continued volatility in international oil prices and the effect it is likely to have on the government's fiscal position, the Group expects that over the medium to long-term economic diversification and privatisation will lead to continued investments in infrastructure, industrial and tourism projects.

Robust financial performance

The Group's return on average equity was 10.73 per cent. in 2022. The Group has a strong financial track record of both operating income and net profit growth, with compound annual growth rates of 2.9 per cent. and 2.6 per

cent. over the five-year period to 31 December 2022. As at 31 December 2022, the Group's total capital adequacy ratio was at 21.25 per cent. and its liquid asset ratio was 19.1 per cent.

Strong shareholder support

The Bank is one of only two Omani banks to have Royal Court Affairs as a shareholder and has the highest government ownership among Omani banks. As at the date of this Base Prospectus, the Royal Court Affairs has a 23.63 per cent. shareholding in the Bank and the government has significant indirect ownership through various other entities. The other significant shareholder in the Bank is Dubai Financial Group (which has been a shareholder since 2007 and, as at the date of this Base Prospectus, has an 11.77 per cent. shareholding).

Stable and experienced management team

Most members of the Bank's senior management have been in place for more than a decade and its senior management has a proven track record of successfully integrating acquired businesses and driving organic growth. The Group believes that the experience and depth of its management team has been a key factor in obtaining and maintaining its leadership position in the Omani banking market. The Group has also focused on developing the management potential of its Omani national employees, with consistent additions of Omani nationals to the management team.

Shareholders

The table below shows the Bank's shareholding structure as at 31 December 2022.

Major Shareholders	Percentage owned
Royal Court Affairs.....	23.63
Dubai Financial Group LLC	11.77
Jabreen International Development Company SAOC / Ubhar Capital SAOC.....	9.42
Civil Service Employees Pension Fund.....	7.87
Ministry of Defence Pension Fund	6.49
Public Authority for Social Insurance.....	6.05
Muscat Overseas Group.....	4.04
Oman Holdings International Co. SAOC	3.80
Royal Oman Policy Pensions Trust LLC.....	1.94
Diwan of Royal Court Pension Fund.....	1.34
Others.....	23.65
Total	100.0

There are no arrangements known to the Bank, the operation of which may, at a subsequent date, result in a change of control of the Bank. The major shareholders nominate some of their employees or office holders for election as directors at the Bank's annual general meeting. If they are elected they serve on the Board. If there are any items for discussion in which a major shareholder with Board representation has an interest, the interest is declared and the representative may not vote on the matter concerned. Except for the general restrictive provisions in the Bank's Articles of Association, the provisions of the Commercial Companies Law and relevant regulations there are no specific measures in place to ensure that control of the Bank by its shareholders is not abused.

Business

Overview

As at the date of this Base Prospectus, the Group operates through five reporting segments:

- **Corporate banking**, which comprises all activities undertaken with the Group's corporate customer base including project finance, SME, large corporate and transaction banking customers;
- **Personal banking**, which comprises premier banking, retail enterprises, mass retail banking, the cards business and delivery channels;
- **Wholesale banking**, which comprises investment banking, treasury and global markets, Global Financial Institution group and asset management;
- **International banking**, which comprises the activities of the Group's international branches in Saudi Arabia and Kuwait and representative offices in Singapore, the United Arab Emirates and Iran; and
- **Islamic banking**, which comprises the activities of Meethaq.

Operationally, the Group's principal businesses are backed by key support functions, including credit and risk management, legal, audit, compliance, IT, human resources, finance and strategy and operations.

The table below shows the operating income and segment profit / loss from each segment in 2022 and 2021, as well as the segment total assets as at 31 December 2022 and 31 December 2021.

	Corporate Banking	Personal Banking	Wholesale Banking	Internation al Banking	Islamic Banking	Total
	<i>(RO million)</i>					
Year ended/as at 31 December 2022						
Operating income	128	235	90	7	43	503
Profit for the year	49	73	61	4	13	201
Total assets	4,347	3,735	2,745	243	1,706	12,776
Year ended/as at 31 December 2021						
Operating income	130	216	85	7	37	475
Profit for the year	61	65	56	(3)	12	190
Total assets.....	4,328	3,672	3,143	295	1,634	13,073

Corporate banking

Corporate banking contributed 25.4 per cent. of the Group's operating income and 24.4 per cent. of the Group's profit for the year in 2022 and, through it, the Group is the leading provider of corporate banking services in Oman, with over 7,200 corporate customers in Oman and a strong expertise in project finance.

Corporate banking provides an array of financial and transaction banking products to corporate clients by evaluating their specific business and financial needs, backed by high quality service and relationship management. While lending is the core business of corporate banking, the department's strategic focus has been to strengthen relationships by adding value to its corporate customers with an emphasis on the use of technology, processes and products. Corporate banking's holistic suite of products and services covers the entire corporate ecosystem and gives it a competitive advantage. Product innovation and enhanced customer service have helped the Group increase cross-sell and wallet share with non-borrowing customers. The approach towards each client with bespoke solutions has resulted in the Group being considered as a partner of choice to many clients, helping to ensure the Group's continued market leadership position.

The Group launched a ‘One Bank’ initiative in 2022 to drive synergies across the Group and institutionalise a 360-degree customer coverage approach. The key objective of the initiative is to create a unified and harmonious experience for the customer in dealing with the Bank and to leverage existing relationships to originate new business opportunities for all businesses across the Bank. Corporate banking has been playing a significant role in the implementation of the ‘One Bank’ approach by leveraging its strong relationships to drive strategic discussions with its customers for other business units of the Bank and in developing a holistic customer profile which will be the cornerstone for originating new business for the Bank.

The Group’s products and services are offered to institutional customers (both corporate and government) through four exclusive corporate branches strategically located across Oman as well as a centralised Corporate Operations department to ensure customer convenience.

Corporate banking operates through the following business areas:

Large corporates department

The large corporates department is the main point of contact for the Group’s corporate customers. The department works with its customers in understanding their business needs and suggests comprehensive and integrated solutions that meet their business requirements. The department is organised into teams specialising in specific sectors, such as oil & gas, automobiles, manufacturing, services and contracting, with each team led by a unit head attending to each customer’s overall banking needs. The large corporates department provides a range of corporate banking products and services, which include:

- working capital facilities comprising overdrafts, receivables financing, inventory financing, factoring and short-term loans;
- term loans;
- specific contract financing, trade and treasury products; and
- end-to-end solutions with services from other specialised departments such as Agency & Custody Services and Transaction Banking

Small and medium enterprises (SME) department

The SME department (also known as “Al Wathbah” commercially) manages the credit facility accounts of micro, small and medium enterprises, which are categorised based on the annual revenue or turnover of the customers. The credit facility accounts managed by the department are distributed among the department’s various units based on sector, industry and location of the customer. Each unit is self-contained and is responsible for managing a set of accounts entrusted to it. In addition, the units are responsible for generating new business. Relationship managers provide a single point contact for all of a customer’s needs.

Project & structured finance department

The Bank has played a pivotal role in the development of the Sultanate’s major infrastructure projects. The Bank has a leadership position in project and structured finance enabled by its deep sectoral expertise, innovative structuring capabilities and sound due diligence techniques. The Bank’s expertise covers projects in key sectors such as oil and gas, petrochemicals, renewable energy, manufacturing, telecommunications, real estate, aviation and power and water. The projects team comprises experienced specialists with proven expertise in project finance, loan syndications, equity arranging and tailor-made advisory services and financing solutions to clients.

Government banking department

The Group has a dedicated government banking department to facilitate banking requirements for government entities in Oman. The department liaises with ministries, quasi government entities, public authorities and other

government-related enterprises and caters to their banking requirements by extending products and services suited to their needs.

The four business areas described above are supported by the following support functions:

Transaction banking

The Group offers a suite of transaction banking and trade services digital solutions to help customers manage their liquidity, optimise funds position and improve efficiencies in cash flows and trade transactions. Customers are offered a range of digital solutions in payments, collections & receivables, liquidity management, account management and trade services to streamline, optimise and automate their everyday cash management needs.

Using its in-depth knowledge of the Omani market and its experience of working across a wide spectrum of corporates, the transaction banking department has developed comprehensive, customisable and innovative technology and process-driven transaction banking solutions for the Bank's corporate and wholesale banking clients. The extensive footprint of the Group complements its transaction banking capabilities in the country.

The transaction banking department continues to develop innovative value-adding solutions using advanced technology as well as processes aligned to customer needs.

The transaction banking department provides a wide range of digitally-enabled working capital solutions to corporate clients to help manage their payments and collections. Some of the key areas and solutions of the transaction banking department are listed below:

- *Electronic channels*

Supporting digitalisation of corporate processes is one of the key areas in which the transaction banking department works closely with wholesale banking clients. The Corporate Internet Banking Platform is a key offering to help clients make online payments in a smooth and seamless manner. The footprint of the platform has been further extended for large corporate and institutional clients through a 'b2b adapter solution'. This is a host-to-host connectivity solution which can integrate the enterprise and resource planning (**ERP**)/accounting systems of corporates with the Bank's online banking platform to enable direct and secure two-way data transfer between the Bank and the corporate. The Group's electronic and automated channels also provide value to its corporate clients.

- *Domestic and international payments*

The Bank caters to both the domestic and international payment requirements of all sizes of corporates. The Corporate Internet Banking Platform provides an electronic channel to process various payments – from low volume to bulk payments such as payroll and vendor payments. It also offers specialised payment solutions related to utility payments and country specific international payments.

Online Bulk Salary payment solutions is one of the critical solutions for the finance and HR teams of the Bank's corporate clients. The Wages Protection System based salary payments are also offered through the Bank's offline and online channels.

- *Collection solutions*

Collections of corporates are spread across various instruments, such as cash, cheques and direct credits to accounts. Transaction banking provides different solutions for all the collection requirements of a corporate. These solutions not only improve the clearing cycle but also facilitate the operational activities related to the management and the reconciliation of corporate receivables. Effectively managing accounts receivables and collections is critical to the success of the Bank's corporate customers.

The three main digital collections available to corporates are remote deposit capture, direct debit and virtual accounts. Remote deposit capture is an electronic solution which enables faster and efficient clearing of cheques for corporate clients. Direct debits are a legally binding and enforceable agreement between the corporate and the Bank to provide timely settlements of the amounts payable by the corporate's customers to the corporate through direct debit deductions to the customers' bank accounts in Oman using the services of their accounts with the Bank. Virtual account is a receivable reconciliation solution to facilitate reconciliation of the funds collected.

- *Reporting and reconciliations*

The transaction banking department appreciates the importance of account reconciliation for managing both the account payables and account receivables of a company. The solutions offered provide real time access to account statements in various formats. Customised solutions also provide corporate-specific information along with payment and collection reports. These solutions can significantly reduce the amount of effort invested by corporates into the reconciliation of their accounts. An MT940 statement is also provided through the Corporate Internet Banking Platform.

- *Accounts and liquidity management*

The Group provides enhanced visualisation of overall banking relationship across all banks and efficient account structures to help corporates maximise utilisation of their cash balances. The liquidity management solution not only allow corporates to efficiently manage their accounts in various currencies, but also help them maximise the interest earned from excess liquidity.

Agency & custody services

The Group's agency and custodian solutions team, helps customers support all their complex mandates by acting as an independent and trusted administrator, while leveraging on the Bank's distinct advantage of local expertise and global capabilities. The service offerings include facility agency services, account bank services, security agency and custodian services and escrow account agency services.

Trade services

The Group's trade services team is equipped with advanced technology and offers effective, customised solutions, blending traditional financial solutions with tailor-made packages designed to meet the challenging demands of exporters, importers and local traders. In addition, the Group offers non-funded facilities to corporates for the issuance of various types of bank guarantees and letters of credit on behalf of clients.

The Group's extensive network of correspondent banks across the world helps it manage the export and import related collections of clients, allowing them to mitigate the risks related to their international trading activities and the Group's strategy includes utilising this presence to grow its share of GCC trade flows. The Group also offers a value adding advisory trade service in the form of letter of credit document checking.

The Group offers state-of-the-art 'DigiTrade', a digital trade portal which enables initiation of trade transactions, online, from anywhere and at any time, be it from customer's office or home.

Remedial and recovery division

The Group has a robust collection system with dedicated resources to follow-up on past due loans, for both conventional and Islamic banking. There is a specialist remedial credit unit for the Bank's corporate and SME portfolio, for both conventional and Islamic banking, to manage problem loans. The unit provides assistance and advice to customers to recover from problem situations and to help aid recoveries. Corporate accounts once classified as doubtful are also transferred to the remedial credit unit and legal action is initiated in order to recover funds through litigation. For non-performing retail loans, the Bank has a dedicated recovery unit.

The remedial action in case of classified advances is aimed at recovering maximum value through enforcement of collateral and guarantees. No outstanding facility is written-off until it has been classified as doubtful or loss and all recovery options have been exhausted.

Personal banking

Personal banking contributed 46.7 per cent. of the Group's operating income and 36.3 per cent. of the Group's profit for the year in 2022. Personal banking has a customer base of approximately 2.4 million retail customers and the Group believes that it is the leading retail platform in Oman based on its market shares of deposits and loans and has the largest distribution network in Oman.

Personal banking's deposit and lending-based range of retail banking products and services includes the following:

- *Deposit products.* The Group offers a wide range of deposit products in local and foreign currencies, including savings accounts (interest-bearing and non-interest-bearing), current accounts, corporate salary accounts, call recurring deposits and fixed deposits.
- *Loans.* The Group offers a range of loan products to suit the various needs of its customers, including general purpose loans, home loans, consumer loans, car loans, travel loans, marriage loans and educational loans. The Group also offers innovative and customised loan schemes through special loan packages designed to meet the needs of particular groups, such as Petroleum Development Oman, the Ministry of Education, the Ministry of Defence and the Sultan Special Forces.
- *Credit, debit and prepaid cards.* The Group offers its retail customers a variety of branded credit and debit cards, in association with MasterCard and Visa. This range of cards includes Visa "Classic", "Gold", "Platinum", "Signature", "Infinite" and MasterCard "Titanium" cards. The Bank is the only bank in Oman which offers co-branded credit cards with OmanAir and Lulu. In addition, the Group has a range of corporate credit cards, including "Corporate Purchasing", "Corporate Standard" and "Corporate Signature" and a pre-load payment card.

Credit card interest rates are regulated by the CBO and are approximately 18 per cent. per annum, with credit card holders also being charged an annual fee. The Group is the market leader in the card issuing business in terms of numbers of cards issued, with approximately 2.4 million debit cards and approximately 95,000 credit cards in issue as at 31 December 2022. In addition, the Group has close to 50,000 prepaid cards. The Group's market share for cards issuing is close to 70 per cent. The Group has approximately 33,500 point-of-sale terminals as at 31 December 2022 and is the largest payment gateways service provider in Oman.

- *Premier banking.* The Group's premier banking team caters to high net worth and affluent customers in three business segments: private banking, priority banking (Asalah) and privilege banking (Al Jawhar).

Personal banking's commission- and fee-based products and services include the following:

- *Bancassurance.* The Group has offered bancassurance (insurance products distributed through banks) in Oman since 2004. Its offerings are underwritten and issued by GIG and MetLife and cover both life insurance and non-life insurance products. Through bancassurance, the Group provides simple and cost-effective insurance products (term life, critical illness, health insurance, home insurance and motor insurance) through its branches, call centre and digital channels.
- *Remittance services.* The Group offers remittance services through branches and digital platforms like internet banking and mobile banking. In addition to remittance products such as demand drafts, telegraphic transfer (through SWIFT) and travellers cheques, the Group also offers cost-effective

instantaneous money transfer through its Speed Transfer service to various countries, such as: India, Sri Lanka, Pakistan, Bangladesh and Philippines. The Group also offers remittance services through both mobile banking and the internet.

- *Bill payment services.* The Group offers a variety of payment services for bills such as school fees, prepaid mobile top up, post-paid mobile bills, broadband bills and water and electricity utility bills through the Group's assorted channels.
- *Third-party processing.* The Group's third-party processing services facilitate payment collection by third parties. These services benefit from the Group's retail customers generally being required to ensure that their salaries are paid into accounts held with the Group as the Group deducts payments for third parties directly from its customer accounts.

The Group has a wide range of distribution channels:

- *Branches.* With 173 branches (including 24 Meethaq branches), the Group has the most extensive branch network in Oman. To increase its reach and customer servicing through traditional channels, the Group opens service centres dedicated to catering to the requirements of expatriate customers and sales centres dedicated to SMEs.
- *Electronic channels.* The Group offers the widest range of electronic delivery channels in Oman through 476 automated telling machines ("ATMs"), 301 customer deposit machines, including fully-functional machines, nine multi-functional kiosks, 19 statement printers across branches and an online banking service and mobile banking. It has a dedicated unit focusing on e-banking services, and is gaining increasing customer adoption of electronic channels. The Group was the first to introduce a number of electronic banking channels in Oman, and continues to provide a number of unique e-channel services, including its easy-to-use mobile banking service, which enables fund transfers within Oman as well as across the world through the Group's SWIFT network; speed transfer to India, Sri Lanka, Pakistan, Bangladesh, Egypt and Philippines; mutual fund purchases; a variety of bill payment services, a zakat calculator and zakat and charity payments. The Group's mobile banking service has approximately 1.4 million registered customers. The Group offers 24 hours a day, 7 days a week personalised assistance to its customers through its contact centre across all personal banking products and channels.
- *DoorStep banking.* In line with its commitment to offer total service and customer convenience, the Group's direct sales unit personnel bring its services to the customer's doorstep. Through this service, customers may, for example, open an account or apply for a loan or a credit card from their office or home.

Wholesale banking

Wholesale banking contributed 17.9 per cent. of the Group's operating income and 30.3 per cent. of the Group's profit for the year in 2022. Wholesale banking comprises four divisions and units:

- Treasury and capital markets;
- Global financial institutions;
- Investment banking; and
- Asset management,

Treasury and capital markets division

This division is responsible for facilitating the day to day liquidity of the Group's local and foreign currency funds and for managing the Group's interest rate, exchange rate and market risks. It has a liquidity management

desk and an interest rate risk management team. In addition, this division is also responsible for treasury-related off-balance sheet products, such as foreign exchange forwards, derivatives and commodity-related hedging.

The treasury and capital markets division's principal products are:

- deposits in rials, U.S. dollars and other GCC and major currencies;
- money market products in all major currencies;
- interest rate swaps and interest rate options;
- market making in spot and forward rials against all major currencies and other GCC currencies;
- currency swaps in all major currencies; and
- commodity hedging-products in relation to base metals and palm oil.

The treasury and capital markets division offers both standard and structured solutions to corporate clients on all financial products and operates in Saudi Arabia. It also has an active asset and liability management desk which reports to the Group's Asset-Liability Committee (the "ALCO").

Global financial institutions (GFI)

GFI is responsible for developing and maintaining strategic relationships with banks and financial institutions around the world. GFI provides solutions for mitigating country and bank risk. It regularly arranges medium to long term funds for the Group from the international loan and debt capital markets, and also engages in arranging medium to long-term funds for relationship banks.

The key products and services offered by GFI are:

- trade finance solutions such as letter of credit confirmations and discounting, guarantees and forfaiting and other export refinance;
- correspondent banking services;
- payments solutions including Omani-rial nostro accounts;
- medium- to long-term funding solutions through debt market products such as loan syndications and bilateral credit facilities;
- secondary market sale and purchase of bank risk under master risk participation agreements; and
- remittance solutions through online channel co-operation arrangements.

Investment banking division

The investment banking division offers integrated financial solutions tailored to client requirements, covering funding and advisory needs. It provides equity funding solutions (for example, private placements and public offers of equity and convertible debt and quasi-equity structured products) and debt funding solutions (such as debt syndications, debt capital markets, subordinated debt, preferred structures, Shari'a-compliant loans and sukuk). The division's advisory work covers infrastructure advisory, strategic advisory and mergers and acquisitions advisory (including re-organisations, disposals and joint venture partner search). The division has the largest investment banking advisory team in Oman and is amongst the largest in the GCC.

In the last decade, the division has achieved successful closure for transactions valued over U.S.\$30 billion across multiple industries and diverse geographies.

The team's structuring and execution capabilities have been acknowledged and positively received by clients and industry peers, with the division regularly receiving "Deal of the Year" and "Best Investment Bank in Oman" awards from leading global publications.

Asset management division

The asset management division was established in 1994 and has an established track record in managing wealth focused on the GCC market. As at 31 December 2022, it had assets under management of more than U.S.\$2.3 billion, making it the largest asset manager in Oman and one of the largest asset managers in the GCC.

The division offers investment solutions to its reputable retail and institutional clients comprising marquee sovereign wealth funds, local and regional pension funds, large corporates and high net worth investors based on, among other things, their risk appetite and their short-term and long-term investment objectives. Its product range includes equities, fixed income products and alternative/real estate assets through local and overseas registered investment vehicles. The division's flagship products and offerings include:

- the Bank Muscat Oryx Fund (investing across the MENA region), and India Dynamic Fund (investing in India), each of which invest in the listed equity asset class;
- the Money Market Fund (investing across the GCC) and the Enhanced Fixed Income Plan (investing globally), each of which invest in the fixed income asset class; and
- the Izdihar Real Estate Fund, Oman Fixed Income Fund and BM GCC Property Income Fund, each of which invest in the alternatives/private equity asset class primarily within the GCC.

It also offers discretionary portfolio management services across the multiple asset classes to its institutional and high net worth clients.

International banking

International banking provides regional coverage to the Group's customers and leverages the Group's network to benefit each of the individual country operations. As at the date of this Base Prospectus, the Group's international network comprise its two overseas branches in Saudi Arabia and Kuwait, three representative offices in the United Arab Emirates, Singapore and Iran and an equity associate in Bahrain. The Iran representative office was established in late 2016 and given that it is a representative office, it does not execute any transaction-based business in Iran. The office performs a facilitating role only for trade finance related business activity and continues to comply with all relevant sanctions.

The Bank's international branches focus on consolidating their core business of corporate banking, trade and treasury services with the objective of enhancing operational efficiencies and cost rationalisation. The branches also aim to enhance integration with the head office functions. The branches continue to focus on achieving a healthy growth in their credit portfolio by serving select corporate customers.

International banking contributed 1.4 per cent. of the Group's operating income and 2.0 per cent. of the Group's profit for the year in 2022.

Islamic banking

Islamic banking contributed 8.5 per cent. of the Group's operating income and 6.5 per cent. of the Group's profit for the year in 2022. The Group's Islamic banking activities are provided through its Meethaq Islamic window. Meethaq offers retail banking, corporate and SME banking, corporate finance and advisory, project and structured finance, investment banking, treasury and asset management products and services in accordance with Shari'a principles.

Meethaq is the market leader in Islamic banking in Oman with an approximately 27.7 per cent. market share by Islamic financing and an approximately 27.5 per cent. market share by total assets as at 31 December 2022 and based on CBO data for the total market. Meethaq generated net profit of RO 13 million in 2022.

Competition

The Group is subject to competition in Oman from both locally incorporated and foreign banks. As at 31 December 2022, there were 16 commercial banks operating in Oman, of which seven were locally incorporated and nine were foreign commercial banks. In addition, there were two specialised banks: the Oman Housing Bank and the Oman Development Bank, and two full Islamic banks.

Although locally incorporated banks generally have stronger relationships with Omani nationals and companies which are incorporated in Oman, foreign banks may have greater resources and access to potentially cheaper funding sources. Foreign banks are also able to leverage their international expertise and, in some instances, provide more attractive products and services to Omani companies with international business operations, as well as to foreign companies operating in Oman.

Based on published audited accounts, the Bank was the largest bank in Oman in terms of total lending and the largest in terms of total customer deposits as at 31 December 2022.

Information Technology

The Group's IT strategy is focused on providing reliable and available information and systems to its customers and employees in a secure environment. It also assesses the Group's future operational needs and develops and implements new IT systems to meet them, in each case with reference to the Group's overall strategy and with the primary aim of delivering efficient and cost-effective systems.

For the Group's customers, the focus is on delivering a convenient and efficient banking service, offering a range of digital banking applications including point of sale machines, ATMs, bulk cash deposit machines, cheque deposit machines, self-service statement printers, b2b connect, internet (retail and corporate), call centre-interactive voice response, mobile wallet and mobile banking. For the Group's internal businesses, the focus is on providing effective methods and processes for promoting and delivering services to their customers.

The Group has implemented a disaster and recovery site on remote premises that can be activated when required, to ensure that critical systems and data continue to be fully operational and to provide essential services to its customers. The business continuity and disaster recovery planning testing is done annually to ensure the Group's readiness in the event of a disaster. The Group carries out daily and other periodic data back-ups which are stored at a location in Oman away from its head office.

There is an increasing concern in the financial industry globally to ensure that organisations are resilient against cyber-attacks by not only ensuring protection of their assets but also having the capability to respond. The Bank monitors its systems on a 24/7 basis in order to detect suspicious activities and to take appropriate action in response to any threats. The Bank routinely tests the technology it uses in order to identify weaknesses, which cyber attackers could exploit. The Bank conducts simulated "hacking" to identify weakness as well as to test its readiness to respond to an attack. The Bank has built in-house monitoring capability to set up early warning for possible attacks and also conducts periodic cyber-attack exercises to ensure that it can effectively respond and recover from an attack to ensure continuity and readiness of the Bank's operations as well as for the Bank's management to effectively manage public relations during and after any attack. See *"Risk factors—Risks relating to the Issuer—The Group's business is dependent on its IT systems which are subject to potential cyber-attack"*.

RISK MANAGEMENT

Overview

Risk management is the process by which the Group identifies key risks by applying consistent risk measurement techniques, recommends which risks to accept, reject or mitigate and establishes procedures to monitor and report the resulting risk position for necessary action.

The objective of risk management is to ensure that the Group operates within the risk appetite levels set by the Board while various business functions pursue their objective of maximising the risk adjusted returns. In the Group, risk is defined as the potential for loss or an undesirable outcome in relation to expected earnings, capital adequacy or liquidity, leading to volatility in earnings. The Group has exposure to the following core risks:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has delegated responsibility for monitoring risk to its Board Risk Committee (the "BRC"). The Board reviews and approves the risk management strategy and defines the risk appetite of the Group. To facilitate achievement of the Group's strategic objectives within the Board-approved risk appetite, the Group has established a Management Risk Committee (the "MRC"). The Management Risk Committee provides recommendations to the Board through the BRC on the risk-reward strategy, risk appetite, policies and framework for managing various risks. The Chief Risk Officer (the "CRO") is the chairman of the MRC. For the purpose of day-to-day management of risks, the Group has established an independent Risk Management Department, which objectively reviews and ensures that the various functions of the Group operate in compliance with the risk parameters set by the Board. The Risk Management Department acts independently of the business with the CRO reporting directly to the Board.

The Group manages its risk using three lines of defence:

- the first line is the front office or the business risk taker, which acts within stipulated limits;
- the second line is the risk management and compliance department (the "RMD"), which ensures that the Group remains in compliance with the overall risk appetite and reports to the Board; and
- the third line is the internal audit team, which provides the assurance function.

The Group's risk appetite, as approved by the Board, is defined and communicated through a well-established enterprise-wide risk policy. Enterprise-wide risks are managed with the objective of maximising risk-adjusted returns through a well-defined risk management framework. The Group's risk policy, approved by the Board, analyses and sets risk limits/thresholds for credit, market, liquidity, operational and other risks. The risk levels of each of these categories are measured and monitored on a continuous basis and compliance to prescribed risk levels is reported on a regular basis. This aims to ensure prudent management of the risks assumed by the Group in its normal course of business. The risk policy is updated regularly, based on changes in the Group's strategy/organisational goals, regulatory guidelines, analysis of the economic trends and the operating environment in the countries where the Group operates.

The Board remains closely involved with key risk management initiatives, ensuring effective management of the Group's risks and maintenance of appropriate levels of liquidity and capital in line with the evolving requirements.

The Group recognises that the risk management process is key to achieving its objective of enhancing shareholder value and is an area of core competence. It continues to invest in enhancing its risk management capabilities, to ensure that it is able to deliver on its growth plans while managing the underlying risks in an effective manner.

The Bank is designated as D-SIB in Oman. It complies with all the requirements specified by the CBO with respect to D-SIBs. The Bank has in place an updated Board-approved Recovery and Resolution Planning (“RRP”) document to formalise a process of stable and sustainable recovery in an extreme eventuality. The RRP in its present form is essentially the Recovery Plan. During 2019, the CBO issued its final paper on the resolution framework in Oman, which aims to facilitate an orderly recovery of banks and, if that is not possible, to allow the authorities to resolve them in an orderly manner with the least disruption and minimal cost to the national exchequer while preserving financial stability.

Credit Risk

Overview

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations in relation to lending, trading, settlement and other financial transactions. In addition, losses may also result from a reduction in portfolio value arising from the actual or perceived deterioration in credit quality of one or more of the Group's counterparties. Credit risk makes up the largest part of the Group's risk exposure.

The Board has delegated responsibility for monitoring credit risk in both the conventional and Islamic banking operations to the MRC. The credit risk management process in the Group begins with the risk policy, which defines indicators to address different dimensions of credit risk including credit concentration risk and single borrower limit. For each indicator, the Group has set clear and well-defined limits and trigger points. Compliance with the various indicators is monitored and reported on a regular basis and any exceptions are escalated to enable remedial actions.

Credit risk is managed through the following processes:

- all credit processes, including approval, disbursement, administration, classification, recoveries and write-off, are governed by the Group's credit manual which is reviewed by the risk management department and approved by appropriate approval authorities. The credit policy stipulates roles and responsibilities for each of these functions and the lending authority at various levels are stipulated in the Group's 'Lending Authority Limits';
- all corporate lending proposals, where the proposed credit limit for a borrower or related group exceeds a threshold, are submitted for approval/renewal to the appropriate authority after an independent review by the risk management department whose comments are incorporated into the proposal;
all corporate relationships are reviewed at least once a year. The retail portfolio, including credit cards and the mortgage portfolio, is reviewed on a portfolio basis at a product level at least once a year;
- the concentration of exposure to counterparties, geographies and sectors are governed and monitored according to regulatory norms and limits prescribed in the Group's risk policy;

- the analysis of large customers at group level is conducted on a regular basis. The lending division undertakes account updates, monitoring and management of exposures on a continuous basis. Industry and sectoral analysis and benchmark reports are prepared as part of the credit risk management process to understand the trends in industry;
- all corporate credit exposures are risk rated to provide support for credit decisions. The portfolio is analysed based on risk grades and risk grade migration to focus on the management of prevalent credit risk; and
- the retail portfolio is rated using score cards.

The Group follows a risk mitigation practice of identifying business cash flows as the primary driver for the wholesale advances extended by it. These cash flows are then tested for sustainability over the tenor of the credit facility and a suitable mechanism is put in place to capture the cash flows into the client's account with the Group. To cover unforeseen risk which reduces the cash flows, additional tangible security is typically taken, such as real estate mortgages or charges over equity shares. The Group implements guidelines on the acceptability of specific classes of collateral credit risk mitigation. The principal types of collateral for loans and advances and Islamic financing receivables are:

- liens on deposits;
- securities;
- real estate;
- inventories;
- assignments of receivables;
- guarantees; and
- cash or acceptable securities from interbank counterparties.

The Group has a strong credit administration process that ensures compliance with terms of approval, documentation and continuous review to ensure quality of credit and collateral. While securities such as listed equities are valued regularly, the credit policy mandates that securities obtained by way of legal mortgage over real estate is to be valued at least once every three years or more frequently, if the situation warrants it. See note 41.2.6(A) to the 2022 Financial Statements for an analysis of the fair value of the collateral taken by the Group in respect of its customer loan portfolio.

The Group executes credit support annexes to the International Swaps and Derivatives Association (ISDA) document with major counterparty banks to mitigate credit risk arising out of any change in the value of the underlying for its derivative exposures. The Group's treasury middle office undertakes daily valuations of all derivative deals and raises appropriate margin calls.

The Group obtains assets by taking possession of collateral held as security. As at 31 December 2022, the carrying value of the collateral held by the Group for sale was RO 0.1 million. Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified in the statement of financial position within other assets.

Credit origination

Corporate lending accounts for 58.1 per cent. of the total gross loans and advances and Islamic financing receivables of the Bank as at 31 December 2022. While the day-to-day management of corporate credit and the asset quality is the responsibility of the business line management, credit proposals/renewals above a defined

threshold are independently reviewed by the RMD, whose recommendations form an important input to the decision making process. Every relationship is reviewed individually once a year or more frequently, if the situation so warrants. Credit proposals are reviewed by the RMD and submitted to the appropriate approval authority based on the credit limits.

The risk policy ensures that the Bank's corporate lending is targeted and distributed over various economic sectors. To restrict concentration risk in the portfolio, the Bank has various limits, including sectoral, substantial exposure and cross border lending limits, in place. Detailed sector analysis is performed every year and reports are submitted to the Board and management on emerging trends to aid their lending decisions.

Corporate exposures are rated using an internal credit rating model. The rating system uses a combination of financial parameters, based on the borrower's audited financial statements, and qualitative parameters such as industry, company and management information. For country and counterparty bank exposure, the Group uses external ratings and for banks which are not rated by an external credit rating agency, an internal rating model is used.

The risk rating process is centralised in the RMD to provide objectivity and ensure the uniformity of the rating process. In forming an opinion on the corporate proposals/ renewals, the borrower's risk rating, collateral, pricing and other relationship factors are considered. The risk ratings of the borrowers are back tested and calibrated to ensure robustness of the rating model. Portfolio and migration analysis based on risk rating are carried out annually. Downward migrations are escalated for review and necessary mitigating actions.

Personal loans and residential mortgage loans together account for 41.9 per cent. of the gross loans and advances and Islamic financing receivables as at 31 December 2022. Personal loans in the Bank are largely granted against confirmed assignment of salaries from approved employers. The residential housing loans are granted against mortgages of the underlying properties and confirmed by assignment of salaries from approved employers. The approved employers list is regularly reviewed and updated based on the financial profile of the company and other relevant factors, which includes their profile as stable employers.

The risk management review of retail business is achieved through a product-wide portfolio review. Portfolio review analyses the risk prevalent in the retail loans after approval and disbursement. A combination of robust lending policy, loan application process and retail credit control enables mitigation of risk at the pre-approval stage. The loan application process helps mitigate credit risk by evaluating the applicant's ability and the intention to repay the loan.

The Group uses a scorecard for evaluating retail customers and rank ordering them. The retail scorecard brings in objectivity in decision making and helps to ensure centralised, uniform, more consistent and reliable decision management. It also helps in enhancing the credit quality of the retail portfolio by enabling better prediction of credit losses, assisting management's ability to react to changes fast and accurately and to measure and forecast impact of policy decisions.

The credit cycle is managed through appropriate front-end credit, operational and collection processes. For each product, programmes defining customer segments, underwriting standards, security structure and other important factors are specified to ensure consistency of credit granting patterns.

Credit monitoring

All loans and advances of the Group are regularly monitored to ensure compliance with the stipulated repayment terms. Those loans and advances are classified into one of the five risk classification categories stipulated by CBO regulations and guidelines: Standard, Special Mention, Substandard, Doubtful, and Loss. The responsibility for identifying problem accounts and classifying them rests with the business line function.

As required under IFRS 9, the Group classifies its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

- **Stage 1:** Financial instruments which are not credit impaired and for which the credit risk has not increased significantly since initial recognition are classified as Stage 1. When a credit facility is first recognised, the Group recognises a loss allowance based on 12-month ECL.
- **Stage 2:** Financial instruments having significant increase in credit risk since origination are classified under Stage 2 (if not impaired). When a credit facility has shown a significant increase in credit risk since origination, the Group records a loss allowance for the life time ECL (“LTECL”).
- **Stage 3:** All credit facilities that are credit impaired either at origination or at the reporting date (for example, in the CBO default stage) are classified under Stage 3. Credit facilities considered as credit-impaired are those facilities where any payment of principal or interest is overdue by more than 89 days. In addition, quantitative and qualitative criteria are also applied for assigning Stage 3. In such cases, the Group records a loss allowance for the LTECL.

Note 41.2.2 to the 2022 Financial Statements contains a table which provides information about the credit quality of the Group’s financial assets measured at amortised cost and FVOCI debt investments, including its loans and advances, due from banks, investment securities and off-balance sheet items. Based on this table, as at 31 December 2022, 2.5 per cent. of the Group’s net financial assets were classified as Stage 3, with 16.7 per cent. being classified as Stage 2 and the remaining 80.7 per cent. being classified as Stage 1.

All corporate, SME and retail credit ratings serve as a key input in the credit monitoring processes and are reviewed at least annually. A detailed portfolio analysis and rating migration is carried out annually and the outcome of the analysis, along with a recommendation from the RMD, is submitted to the Management Credit Committee (the “MCC”). Portfolio reviews carried out with a specific focus on substantial exposures and industry sectors to identify concentration risks are presented to the BRC and the MRC. The Group’s exposure to sensitive sectors, such as commercial real estate and capital markets, is regularly monitored. A quarterly risk policy compliance report is submitted to the MRC and the Board and analyses credit risk in detail and presents a summary of the risk assessment made by the risk management department and the direction of credit risk.

Industry knowledge is also constantly updated through interactions with clients, regulatory bodies and industry experts. The Group believes that sustained post-disbursement credit monitoring is a critical component for maintaining its loan quality and that overall portfolio diversification and reviews also facilitate mitigation and management. The Group has an independent loan review mechanism to assess the quality and grading of its wholesale loans.

Consumer credit risk is managed largely on a portfolio basis, across various products and customer segments. In the Group’s consumer credit operations, all products, policies and authorisations are approved by the Board or a committee of the Board. The Group continuously reviews the consumer credit parameters based on portfolio analytics.

The MRC is provided with a comprehensive monthly risk pack, which covers credit, market and operational risk within the Group and highlights the level and trend of the Group’s sensitive exposures.

The loan review process also investigates the existing provisions of the Group’s credit policy and process documentation and suggests additions or changes where necessary. An important objective of the loan review process is the capture of the early warning signals for changes in asset quality. With these signals, suitable pre-emptive action can be initiated.

Concentration risk

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet their contractual obligations to be affected similarly by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses or sectors. See note 41.2.8 to the 2022 Financial Statements for an analysis of the Group's concentration risk by type of customer, sector and geographic region.

Impairment policy

All loans, advances and Islamic financing receivables of the Group are regularly monitored to ensure compliance with the stipulated repayment terms. These loans, advances and Islamic financing receivables are classified into one of the five risk classification categories (Standard, Special Mention, Substandard, Doubtful and Loss) stipulated by CBO regulations and guidelines. The risk classification of accounts into Stage 1, 2 and 3 for the purpose of IFRS 9 is done in accordance with the internal policy, accounting standards and applicable regulatory guidelines. The Group adopts a rigorous standard for identification, provisioning and monitoring of non-performing loans and Islamic financing receivables. Every problem account is reviewed to evaluate compliance to identified lending norms, arriving at an appropriate grade commensurate with the risk and incorporating the lessons, if any, into the Group's lending guidelines. The primary responsibility for identifying problem accounts and classification rests with the relevant business lines. Supervisory responsibility to ensure that the accounts are reviewed and classified, in line with the Group's risk policy, rests with the RMD. Line management ensures that the downgrading of accounts is gradual and appropriate measures have been initiated at each level of classification. Counterparties which, on the basis of the risk rating system, demonstrate a likelihood of problems are identified well in advance to effectively manage the credit exposure and optimise recovery. The purpose of this early warning system is to address potential problems while adequate options for action are still available. All possible help is extended to those customers on the watch list in order to enable them to stay in the 'Standard' category.

The CBO requires banks to follow IFRS 9 and requires the recognition of expected credit losses on all financial assets at amortised cost or at FVOCI (other than equity instruments), lease receivables and certain loan commitments and financial guarantee contracts. The ECL must also consider forward looking information to recognise impairment allowances earlier in the lifecycle of a facility. The Bank's portfolio is categorised in Stage 1, 2 and 3 based on the requirements under the IFRS 9 standard. The facilities and borrowers are identified in respective grades based on the significant increase in credit risk as defined in the IFRS 9 policy of the Group and as required by the regulators.

The Group complies with the regulatory guidelines issued from time to time in relation to risk classification. The Group makes provision for bad and doubtful debts promptly, where required in line with the conservative provisioning norms it has set for itself. The Group arrives at the provisioning requirement both under IFRS and regulatory guidelines and maintains the necessary provision, whichever is higher. In case the ECL as per IFRS 9 is lower than the CBO provision required, the excess is charged through equity. The Bank's provisions satisfy the requirements of both IFRS 9 regulations and CBO regulatory guidelines.

The following table details the broad criteria used for the categorisation of exposure per regulatory guidelines:

Sl. no.	Category	Retail – Loans & Islamic financing receivable	Commercial – Loans & Islamic financing receivable (*)
1	Standard	Meeting all the payment obligations or remain past due for less than 60 days	Loans and financing receivables having no financial weaknesses and are not classified in any of the other four categories
2	Special Mention	Remain past due for 60 days or more but less than 90 days and Standard restructured loans	
3	Substandard	Remain past due for 90 days or more but less than 180 days	
4	Doubtful	Remain past due for 180 days or more but less than 365 days	
5	Loss	Remain past due for 365 days or over	

Note:

(*) Commercial loans and corporate Islamic financing receivables are classified into various risk categories both on the basis of quantitative and qualitative parameters. The quantitative parameter, i.e. payments past due for a specified number of days, are considered only as a threshold. Loans which exhibit early signs of defaults are appropriately classified, notwithstanding the fact that the loans are not past due for the period specified under different categories of risk classification.

Note 41.2.7 to 2022 Financial Statements contains a detailed analysis of the manner in which the Group estimates impairment. Different methodologies are applied to the retail and non-retail portfolios and to modified financial assets. The note also contains tables analysing the credit quality (by IFRS stage) of gross exposures as at 31 December 2022 by class of financial asset. These tables are summarised below:

- Due from banks at amortised cost/FVOCI: of the RO 646 million gross exposure at 31 December 2022, 96.9 per cent. was classified as stage 1 and the balance was stage 2;
- Loans and advances/Islamic financing receivables at amortised cost: of the RO 9,975 million gross exposure at 31 December 2022, 77.5 per cent. was classified as stage 1, 18.7 per cent. was classified as stage 2 and 3.7 per cent. was classified as stage 3;
- Retail loans and advances/Islamic financing receivables at amortised cost (including housing loans, personal loans, credit cards and retail overdrafts): of the RO 4,185 million gross exposure at 31 December 2022, 96.0 per cent. was classified as stage 1, 1.6 per cent. was classified as stage 2 and 2.4 per cent. was classified as stage 3;
- Corporate loans and advances/Islamic financing receivables at amortised cost: of the RO 5,790 million gross exposure at 31 December 2022, 64.2 per cent. was classified as stage 1, 31.2 per cent. was classified as stage 2 and 4.6 per cent. was classified as stage 3;
- Debt investment securities at FVOCI: of the RO 104 million gross exposure at 31 December 2022, 99.0 per cent. was classified as stage 1 and the balance was stage 2;
- Debt investment securities at amortised cost: of the RO 1,338 million gross exposure at 31 December 2022, 99.0 per cent. was classified as stage 1 and the balance was stage 2;

- Financial guarantee contracts: of the RO 1,630 million gross exposure at 31 December 2022, 72.2 per cent. was classified as stage 1, 25.8 per cent. was classified as stage 2 and 2.0 per cent. was classified as stage 3;
- Acceptances: of the RO 109 million gross exposure at 31 December 2022, 65.1 per cent. was classified as stage 1 and 34.9 per cent. was classified as stage 2 and the balance was classified as stage 3;
- Loan commitments/unutilised limits at amortised cost: of the RO 2,000 million gross exposure at 31 December 2022, 84.6 per cent. was classified as stage 1 and the balance was stage 2.

Note 41.2.7 to the 2022 Financial Statements also contains an analysis of the changes in the Group's impairment loss allowances by class of financial assets, a comparison of the provisions held in accordance with IFRS 9 and those required by the CBO and an analysis of restructured accounts.

The restructured or rescheduled loans are upgraded only after satisfactory performance for a minimum period defined in the Group's policy from the date of the first payment of interest or principal, whichever is earlier, under the rescheduled/ renegotiated terms and regulatory guidelines.

Write-off policy

The Group writes off a loan or security and any related allowances for impairment when the Group determines that the loan or security is uncollectible. This determination is reached after considering factors such as the occurrence of significant changes in the borrower's financial position resulting in the borrower being no longer able to pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status and the borrower's capacity to repay the loan. No outstanding facility is permitted to be written off until it has been classified as doubtful or loss and all recovery options exhausted. This is to prevent rapid downgrading and writing off overdue accounts without the benefit of any appropriate remedial measures. The Board approves all write-offs above a threshold limit.

Remedial credit

The Group has a robust collection system with dedicated resources to follow-up on past due loans, for both conventional and Islamic banking. There is a specialist remedial credit unit for its corporate and SME portfolio, for both conventional and Islamic banking, to manage problem loans. This unit provides assistance and advice to customers to recover from problem situations and to help aid recoveries. Corporate accounts once classified as doubtful are also transferred to the remedial credit unit and legal action is initiated in order to recover funds through litigation. For non-performing retail loans, the Bank has a dedicated recovery unit.

The remedial action in case of classified advances is aimed at recovering maximum value through enforcement of collateral and guarantees. No outstanding facilities are written-off until it has been classified as doubtful or loss and all recovery options exhausted.

Liquidity Risk

Liquidity risk arises when the Group is unable to generate sufficient cash resources to meet obligations as they fall due or can do so only at materially disadvantageous terms. Liquidity risk may arise even when the Group is solvent. Liquidity stress may be caused by a variety of factors, including counterparties withdrawing credit lines or not rolling over existing funding or as a result of a general disruption in the markets or a run on the Group's customers' deposits.

The Bank gives priority to liquidity risk management and manages its liquidity to ensure that it has the ability, under varying stress conditions, to fund growth in its assets and meet its maturing obligations or other claims

as they arise. The RMD measures and monitors the liquidity stress levels and reports to ALCO on a monthly basis or such other frequency as guided by the ALCO. The Treasury department is responsible for the day-to-day liquidity management under the guidance and supervision of the ALCO. The ALCO ensures that the Group maintains adequate liquidity through:

- establishing suitable limits on time-band based structural liquidity exposure (gaps), through gap limits and maximum cumulative outflow controls;
- ensuring crisis survivability, including the development of liquidity stress tests/scenarios and contingency plans which include liquidity options such as the creation of an appropriate stock of highly liquid, unencumbered marketable assets; and borrowing back-stops such as stand-by credit lines and committed facilities; and
- monitoring various liquidity ratios and thresholds, including the LCR and NSFR.

The Group diversifies its funding base to include inter-bank deposits, the issue of certificates of deposit, retail customer deposits, bonds and medium term funds raised by way of euro medium term notes or the issue of sukuk and subordinated liabilities.

The sources and maturities of the Group's assets and liabilities are closely monitored to avoid any undue concentration and ensure proper management of liquidity risks. The Group undertakes structural profiling based on the behavioural patterns of customers to study the structural liquidity position and initiate measures to fund any gaps.

The Group undertakes liquidity risk management using both a cash flow and a stock approach. Under a stock approach, the Group measures liquidity in terms of ratios such as liquid assets to total deposits and liquid assets to total assets. These ratios are closely monitored and managed in order to ensure that adequate stock of liquid assets is held as part of the Group's growth plans. Under the cash flow approach, the Group's assets and liabilities are categorised into maturity buckets based on their residual maturity to ascertain liquidity gaps. ALCO reviews the liquidity position on a regular basis.

The table below provides the ratio of liquid assets to total assets and liquid assets to total deposits as at 31 December 2022 and 2021 and during each of 2022 and 2021.

	Liquid assets to total assets		Liquid assets to total deposits	
	2022	2021	2022	2021
As at 31 December	18.66%	21.96%	25.09%	29.51%
Average for the period	19.94%	20.81%	26.70%	28.12%
Maximum for the period	22.43%	22.08%	30.30%	29.80%
Minimum for the period	16.40%	18.41%	21.94%	24.84%

See note 41.3.2 to the 2022 Financial Statements for the maturity profile of the Group's on and off balance sheet assets and liabilities based on contractual undiscounted cash flows. For 2022, this table indicated an asset surplus within the on demand or within one month and in the more than five years bands and asset deficits within each of the two to three months, four to 12 months and one to five years bands. On a cumulative basis, the Group had an asset surplus in one month, two to three months and more than five years band.

The Group also has in place a liquidity assessment and management process where a dynamic liquidity stress test is conducted based on idiosyncratic as well as systemic stress scenarios and a contingency funding plan is

put in place to meet any such stress scenario. The results of the stress test and the availability of the contingency funding plan are monitored regularly by the ALCO. The contingency funding consists of unencumbered high-quality liquid assets that can be converted in to cash within a short period and without much loss in value. The contingency funding plan framework defines the roles and responsibilities of various departments/individuals and the point of invocation of various liquid assets in the event of severe liquidity strain. The Group is in compliance with the Basel III liquidity coverage, net stable funding and leverage ratios.

Market risk

Introduction

Market risk is the exposure to loss and uncertainties resulting from changes in foreign currency exchange rates, equity prices, interest rates and commodity prices. The Group's exposure to market risk arises from its trading and asset-liability mismatches and its role as a financial intermediary in customer-related transactions. The Group does not enter into trading positions in commodities and derivatives. The objective of market risk management is to minimise the impact of losses on the Group's earnings and equity capital due to market risk.

The Group has an independent market risk team reporting to the CRO that monitors, measures and manages the Group-wide market risk exposure. The Group uses the value-at-risk measurement tool for its market risk portfolio. Its treasury offers foreign exchange, commodities and interest rate hedge tools to customers and covers the position on a back-to-back basis in the interbank markets. The Group does not run any open derivatives position. The Group's residual foreign exchange position is managed within the regulatory thresholds. All traded investments are marked-to-market on a daily basis with a strict stop loss monitoring mechanism. The Group has established credit support annexes specifying thresholds with counterparty banks and variation margin thresholds with customers that execute derivative transactions to address the credit risk element arising out of these transactions. The Group is in compliance with all the global regulations related to derivatives trades, such as the European Market Infrastructure Regulation and the Dodd-Frank Act. The Group has also executed ISDA and credit support annex agreements with various banks as part of its counterparty exposure management.

Overall authority for market risk is vested in the ALCO. The RMD is responsible for the development of detailed risk management policies. The Group's market risk policy is periodically reviewed to keep it up to date with market developments. The ALCO meets monthly and finalises action plans to manage interest rate risks. With the guidance of the ALCO, the Group's treasury manages liquidity risk, interest rate and foreign exchange risk.

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include all positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange risk management involves regular measurement and monitoring of open foreign exchange positions against approved limits. The majority of the foreign exchange transactions carried out are on behalf of corporate customers on a back-to-back basis. The treasury ensures that positions with customers are covered in the interbank market. The Group conservatively restricts its open currency position at below 35 per cent. of its net worth as against the regulatory limit of 40 per cent. of net worth.

See note 41.4.2 to the 2022 Financial Statements for an analysis of the Group's net foreign currency exposures and a sensitivity analysis based on a 10 per cent. change in non-parity currency prices with all other variables assumed to remain constant.

Investment price risk

Investment price risk is the risk of reduction in the market value of the Group's investment securities portfolio as a result of diminution in the market value of individual investments. The Group's investments are governed by the Group's investment policy and risk policy approved by the Board. Investment limits such as position limits, exposure limits, stop loss limits and sectorial limits are clearly articulated in the Board policies. The Group's investment committee monitors its investments. The rating and cost vis-à-vis the market price of the instruments are monitored on a daily basis and action is taken to reduce exposure, if needed. The Group's trading portfolio is revalued on a daily basis and the non-trading portfolio at regular intervals to ensure that unrealised losses, if any, on account of reduction in the market value of the investments remain within the parameters defined in the investment policy.

See note 41.4.3 to the 2022 Financial Statements for a sensitivity analysis based on a +/- 5 per cent. change in the MSX30 Index (for local investments) or in the security prices (for international investments).

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the future profitability of the Group or the fair values of its financial instruments. The Group is exposed to interest rate risk as a result of mismatches in the re-pricing tenure of rate sensitive assets and liabilities.

The short-term impact of interest rate risk is measured by studying the impact on the Group's net interest income while the long-term impact is measured through the study of the impact on the economic value of the Group's equity. The responsibility for interest rate risk management rests with the treasury under the supervision of the ALCO.

See note 41.4.4 to the 2022 Financial Statements for an analysis of the Group's interest sensitivity position based on contractual re-pricing or maturity dates and an analysis of the Group's sensitivity to an increase or decrease in interest rates.

The Bank uses currency-wise and consolidated re-pricing gaps to quantify its interest rate risk exposure over distinct maturities and to analyse the magnitude of portfolio changes necessary to alter the existing risk profile. The distribution of assets and liabilities over these time bands is done based on the actual repricing schedules. The schedules are used as a guideline to assess interest rate risk sensitivity and to focus the efforts towards reducing the mismatch in the repricing pattern of assets and liabilities.

The Bank also uses simulation reports as an effective tool for estimating risk exposure under multiple interest rate scenarios. These reports help the ALCO to comprehend the interest rate risk in the Bank and decide on the appropriate strategy and hedging mechanism for managing the same. The Bank's current on- and off-balance sheet exposures are evaluated under a static environment and compared with simulation values to quantify the potential effect of external interest rate shocks on its earnings and economic value of equity at risk, using assumptions about the future course of interest rates and changes in the Bank's business profile.

Economic value of equity is the present value of all asset cash flows less the present value of all liability cash flows. By calculating the economic value of equity, the Group is able to show the effect of different interest rate changes on its total capital. This allows the Group to prepare against constantly changing interest rates. The impact of interest rate changes on the economic value of equity is monitored by recognising the changes in the value of assets and liabilities for a given change in the market interest rate. The interest rate risk management is facilitated by limits of 5 per cent. impact on net interest income and 20 per cent. impact on economic value of equity for a 200 basis points shock. See note 41.4.4. to the 2022 Financial Statements for an analysis of the Group's sensitivity to an increase or decrease in market interest rates based on the net interest income and economic value of equity impact.

The Group's exposure to interest rate risk arises predominantly due to its banking book as the Group does not run any trading position in interest rates. The Group has undertaken an internal review of its exposures and has chosen an interest rate stress level to simulate its interest rate risk in the banking book and appropriate economic capital is maintained under Pillar II.

Commodity price risk

As part of its treasury operations, the Group offers commodities hedging facilities to its clients. Customers of the Group who are exposed to commodities such as copper, aluminium and oil and jewellers with exposure to gold prices seek to cover their commodity exposures through the Group. The Group covers all its commodity exposures on a back-to-back basis in the interbank market. The Group operates in the commodities market purely as a provider of hedging facilities and does not either trade in commodities or bullion for its own account or maintain positions in commodities.

The Group applies transaction volume limits to its customers based on their turnover and orders and a variation margin limit is also applied to mitigate any mark-to-market related credit exposures for the Group. The transaction volume limit aims to restrict the total outstanding contracts value to the business requirement of the customer and the variation margin limit aims to protect the Group from excessive credit risk due to adverse price movement in the underlying commodity prices. Margin calls for additional collateral or cash deposits are required from customers on any breach of the variation margin limit. The treasury middle-office monitors its customers' positions and the mark-to-market exposures on a daily basis.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk. Operational risk losses result from deficiencies in information systems, internal controls or uncontrollable external events. The risk is associated with human error, systems failure, inadequate procedures or controls and external causes.

Operational risk management

The Bank's Operational Risk Management Department (the "**ORMD**") is responsible for managing its operational risk profile. The ORMD devises the risk management framework, policies and tools to govern and manage inherent operational risks in the Bank's activities and operations by implementing regulatory/Basel guidelines and industry best practices. Operational risk is controlled through internal controls and audits, well-defined segregation of duties and reporting lines, detailed operational manuals and standards.

The ORMD monitors movements in the operational risk profile of the Bank. Deviations are analysed and root cause analysis with recommendations is discussed with appropriate management periodically and on an ad-hoc basis. For this purpose, the Bank keeps a centralised repository of all operational risks events encountered by the Bank's departments and branches. Opportunities of automating Bank's activities, to enhance operational efficiency and reduce human errors, are continually explored. The adoption of a risk management culture is a key element for managing risks successfully, therefore the ORMD conducts regular training to disseminate risk awareness. To minimise the impact of operational risks events, the Bank ensures a fully functional IT disaster recovery system, comprehensive insurance arrangements, up-to-date documentation and effective implementation of its Business Continuity Plan.

Business units, as the first layer of defence, are primarily responsible for identifying, assessing, managing and reporting the operational risks that are inherent in their respective products, activities, processes and systems. Business units are required to conduct a risk control self-assessment ("**RCSA**") annually or whenever a new

product is launched, system or process is changed, or material external risk emerges, alongside embedding effective and efficient internal controls into all of their operations and activities, with consistent application of the Bank's approved operating policies and procedures.

The operational risk management function, as the second layer of defence, is primarily responsible for pursuing the achievement of the operational risk management objectives through facilitating the necessary tools, challenging business units, monitoring the operational risk profile, and reporting deviations to management for action.

The Internal Audit function, as the third layer of defence, is primarily responsible for the independent validation of the overall effectiveness and efficiency of the operational risk management framework and its implementation.

The Management Risk Committee is the primary oversight body for managing operational risk. The committee is represented by various business and control functions and is responsible for ensuring that the Bank has an adequate and sound risk management framework, policies and processes that govern the identification, evaluation and management of operational risks, in line with the Basel requirements, best practices, and regulatory directives and guidelines.

The Bank uses the following tools for operational risk management:

- internal assessment of operational risks performed by the departments through the RCSA exercise, facilitated by the operational risk team;
- operational loss data collected from actual and potential loss events and Key Risk Indicators (“**KRIs**”); and
- independent assessment of operational risks and controls of various departments conducted by the Internal Audit function.

RCSA is a proactive, forward-looking tool for identifying current and emerging operational risks, assessing the effectiveness of controls in place to mitigate those risks and devising action plans to bring unacceptable risks to an acceptable level.

KRIs act as early warning signals by providing the capability to indicate changes in the Bank's operational risk profile and its impact. KRIs are based on measurable thresholds and the ownership matrix is defined for action, if required.

All business units are required to report operational losses through the Bank's operational risk management system. The operational loss data collected is categorised by Basel business line, loss event type and reported to the Board, the Management Risk Committee and senior management. The Bank also undertakes analysis of the operational losses to identify the root cause for the losses and take appropriate actions to reduce and prevent any re-occurrence of the incidents. If required, additional internal controls are embedded into the Bank's operating policies and manuals to reduce the risk.

There are four approaches to mitigate operational risks: risk acceptance, risk avoidance, risk mitigation and risk transfer to/sharing with third parties including insurance companies.

The Bank has obtained insurance coverage against critical risks including Bankers' Blanket Bond, Directors & Officers, Professional Indemnity, Electronic & Computer Crime, Cyber Risk, Property All Risk, Staff Group Life and Staff Group Credit Life insurance. While insurance cannot alter the likelihood of risks, it allows the transfer of the financial impact of risks to the insurance providers. Insurance is primarily aimed at protecting the Bank from risks characterised with high-severity and low-frequency.

Protective Services Unit

The Protective Services Unit (the “PSU”) is an integrated function relating to security and protection of all the Bank’s assets. The objective of PSU is:

- to effectively protect the Bank’s assets from physical (man-made and natural) threats and cyber/technological threats by ensuring appropriate security controls are implemented and operational;
- to set up an early warning mechanism in the Bank to warn of possible or imminent threats so that appropriate plan can be implemented to mitigate and control the impact of the threats;
- to ensure continuity in business by robust risk management techniques and resuming “business as usual” quickly and seamlessly; and
- to have an effective incident response plan to be ready for security incidents.

Physical security management

The Bank ensures that adequate and effective security systems are deployed to protect the Bank’s assets from physical threats that could cause harm and loss to its assets.

The Bank has set up a framework to govern and manage its physical assets. Key elements of the physical security framework include:

- governance through policies, procedures, guidelines and standards;
- implementing physical protection technology to protect the Bank’s assets; and
- implementing early warning systems with authorities for the Bank’s infrastructure, such as branches and ATM’s.

Information / cyber security management

The information / cyber security management function helps to secure information within the Bank as well as protecting the Bank from cyber security risk.

Information risk is defined as the risk of accidental or intentional unauthorised use, modification, disclosure or destruction of information resources, resulting in the compromise of confidentiality, integrity or availability of information. Information risk management deals with all aspects of information in its physical and electronic forms and is focused on the creation, use, transmission, storage, disposal and destruction of information.

Cyber security risk is the risk that cyber attacks could disrupt the Bank’s business by causing failure or breach of the Bank’s various channels, security systems or infrastructure, including that of third party vendors and other service providers, which could result in the disclosure or misuse of confidential or proprietary information, damage the Bank’s reputation, increase its costs and negatively impact its reputation. With the increased sophistication and reach of organised crime, hackers, terrorists, activists, and other external parties the risk has increased.

The Bank continues to invest significant resources to maintain and regularly update its systems and processes that are designed to protect the security of its computer systems, software, networks and other technology assets. This is to protect against attempts to obtain unauthorised access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage. There are ongoing strategic initiatives in protection and detection technology to protect the Bank’s assets as well as to ensure early detection of potential cyber-attacks. A review of all third parties who are connected to the Bank’s network is carried out to ensure

that the connections are secure and the Bank is protected against any untoward events which may happen to a third party.

The Bank also works with appropriate third party and government agencies with expertise in cyber defence to ensure that the Bank is protected and prepared in the eventuality of an attack. The Bank invests in training its staff, stays abreast of global trends in cyber risk and ensures that appropriate measures are taken against emerging threats and changes in the landscape. Comprehensive review and testing are conducted for new technologies that are introduced in the Bank.

The Bank's information and cyber security risk management function focuses on the following important aspects:

- information security governance through security policies, procedures, guidelines and standards;
- implementing a robust network security defense as well as strong internal controls to enforce the "need-to-know" principle;
- information security monitoring through latest solutions and tools, including real time as well as fixed frequency monitoring;
- a cyber security incident response plan to have quick and effective management of cyber security incidents; and
- information security reviews comprising new and existing technologies, solutions, networks and also the various processes/operations within each department of the Bank.

Health, safety and environment management

The Bank acknowledges that people are its most important assets and therefore the health and safety of its staff, customers and vendors/partners (whilst on its premises) is of paramount importance. The Bank's Health, Safety and Environment ("HSE") policy is compliant with regulatory guidelines and has been approved by the Ministry of Manpower. The Bank ensures and provides a safe working environment for its staff while conducting their assigned duties. This includes regular inspection of the fire detection systems in all its premises, conducting emergency evacuation drills, staff training on how to handle minor fires, and installation of In-Vehicle Monitoring System in all its vehicles so that staff adhere to the traffic rules and regulations while they are on duty. The Bank also promotes health awareness through regular health events organised in association with leading organisations in Oman. To enhance the safety of its employees, the Bank has introduced an incident reporting system where all staff can report any incident/ unsafe conditions which will be actioned immediately by the Bank's Health and Safety department.

Business continuity management

Business continuity management is the planning, implementation and management of activities, in order to ensure that the Bank can continue to operate at least at a pre-determined level following a significant unplanned event or major operational disruption.

The Bank ensures that its systems, processes and procedures are resilient in potential situations of failure. The Bank has business continuity plans for each critical department as well as every branch to ensure that its business runs effectively in the event of most disasters as required by the CBO's Business Continuity Guidelines, the Basel Committee Joint Forum High-level principles for business continuity and international business continuity standards.

The Protective Services Committee is responsible for formulating, adopting, implementing, testing and maintaining robust business continuity plans for the Bank. The committee continuously reviews and approves the business continuity strategy. It also ensures that planning and maintenance responsibilities are assigned, understood and implemented across the business.

The Bank's recovery centre has the capability to meet any anticipated disaster and ensure continual operational capability in the event of a major operational disruption. To ensure proper functioning of the business recovery centre, all departments of the Bank are required to complete annual testing to ensure that they can operate successfully in times of emergency. The Bank provides training to its new staff as well as existing employees through both online and onsite means to ensure that everyone is familiar with business resumption and business recovery procedures.

Derivatives

The Group transacts in derivative financial instruments both as principal, to manage its own financial risk, and on behalf of its clients. In the latter case, the Group covers the exposure which it assumes on a back to back basis with market counterparties to avoid taking any market risk. The Group's derivatives are stated at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates or internal pricing models. Unrealised gains and losses are either recognised in profit and loss or in other comprehensive income, depending on the IFRS 9 classification of the relevant instrument.

As part of its asset and liability management, the Group's ALCO guides the treasury department on hedging specific exposure to reduce the Group's exposure to interest rate risks.

The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks. The Group also enters into interest rate swaps to hedge against changes in the cash flow and/or fair value arising from certain interest rate exposures.

For interest rate risks, strategic hedging is carried out by monitoring the repricing of financial assets and liabilities and entering into interest rate swaps to hedge a proportion of the interest rate exposure. As strategic hedging does not qualify for hedge accounting, the related derivatives are accounted for as regular derivative transactions.

Note 37 to the 2022 Financial Statements shows the positive and negative fair values of the Group's derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity as at 31 December 2022 and 31 December 2021. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

Compliance

The Group's compliance department focuses on ensuring compliance with applicable Omani laws as well as the laws of the other jurisdictions in which the Group operates. It also seeks to implement selected best practices from financial institutions, regulators and other relevant bodies worldwide.

The compliance department aims to ensure the Group's ongoing compliance with rules, regulations, circulars and directives issued by regulatory authorities such as the CBO and the CMA. It circulates regular alerts, aiming to increase awareness of issues and emerging trends in the world of compliance. It also provides training on anti-money laundering ("AML") and know your customer ("KYC") requirements and procedures for all staff

across the Group. It also endeavours to adopt international best practices in AML and in combating financial crime in Oman.

The compliance department continuously reviews and monitors the various functions and activities carried out in the Group for compliance with regulatory guidelines. It updates the Board and management on compliance related matters and issues of corporate governance best practice and assists in their implementation. In addition, the compliance department acts as a single point of reference for all compliance issues within the Group.

The compliance department has primary responsibility for overseeing the operation of the Group's AML policy and monitoring its AML procedures.

KYC policies and procedures form the cornerstone of the Group's AML efforts. These measures are used to screen customers and transactions both at the time accounts are opened and customers are accepted and when transactions are performed. The Group's policy also clearly establishes the role and responsibility of its various departments for AML activities and delineates clear reporting lines for any suspected money laundering activities, with any deviations from the policy being reported to management and the Board. The Group also complies with the requirements imposed by the USA Patriot Act of 2001 on non-U.S. banks that maintain correspondent accounts with banks in the United States.

The Deputy General Manager, Compliance is the Group's money laundering reporting officer. He reports directly to the Board and is responsible for ensuring that the Group has a robust AML framework in place. The Group has a Board approved AML policy, which is supported by documented procedures. The Group uses relevant systems and software to ensure it satisfies all of its obligations in relation to the sanctions regimes to which it is subject. This involves screening at the customer and transaction level. In addition, it uses automated alert generating software to monitor all of its transactions and reports any suspicious transaction to the National Centre of Financial Information in Oman as and when they arise.

Internal Audit

The internal audit function reviews and assesses the Group's internal control, risk management and governance systems and processes. Its activities are governed by the Audit Committee Charter approved by the Board and guided by the internal audit manual approved by the Board Audit Committee which is in line with industry best practices. Through the use of risk-based assessment techniques, the internal audit function is able to form an independent and informed view of the Bank's control environment. Internal audit reports its findings and recommendations to the Audit Committee.

Internal audit uses the International Professional Practices Framework from the Institute of Internal Auditors in planning and executing audit assignments and documents the entire audit process using automated audit management software. An independent Quality Assurance team reporting to the Head of Audit reviews the audit assignments to confirm their completeness, effectiveness and objectivity. The Group also has a dedicated fraud investigation unit within internal audit. The unit conducts fraud investigations and makes recommendations to management regarding control enhancements.

The Group maintains clearly defined operating procedures with respect to its internal controls, which it updates as and when necessary to cope with growth in its size and complexity. The Group's organisational structure and human resources policies are designed to ensure that all areas of its operations are managed and supervised effectively by competent and well-qualified staff. Its internal audit function reviews the operation of the Group's internal control systems and reports the results of this review directly to the Audit Committee, which in turn reports directly to the Board.

MANAGEMENT AND EMPLOYEES

Management

The Bank's corporate governance philosophy has been developed within the regulations, directives and guidelines of the CBO and the CMA (including the Code of Corporate Governance for Public Listed Companies issued under circular no. 4.2015 in July 2015 (the "Code")) and requires that the Board and the executive management team shall:

- maintain the highest standard of corporate governance and regulatory compliance;
- promote transparency, accountability, responsiveness and social responsibility;
- conduct their affairs with stakeholders, customers, employees, investors, vendors, government and society at large both fairly and in an open manner; and
- create an image of the Bank as a legally and ethically compliant entity.

Board

The Board is the highest governing authority within the Bank's structure and is responsible for overseeing how management serves the long-term interests of shareholders and other key stakeholders. There are no executives of the Bank who are members of the Board and the predominance of independent directors (as defined in the Code) enables the Board to have meaningful discussions and take an unbiased and qualitative view on matters placed before it. The Board has overall responsibility for the Bank, and its principal responsibilities include policy formulation, the supervision of major initiatives, overseeing policy implementation and formulation, ensuring compliance with laws and regulations, nurturing proper and ethical behaviour, transparency and integrity in stakeholders' reporting, approval of commercial and financial policies and the budget and the preparation, review and updating of the plans necessary for the accomplishment of the Bank's aims and performance of its activities. The Board also appoints the Bank's Chief Executive Officer (the "CEO") and certain other officers reporting to him pursuant to the organisational structure of the Bank. It also monitors and oversees the actions of the executive management team.

The roles of the Board Chairman and the CEO are separated with a clear division of responsibilities between the Board and the executive management team's responsibility for conducting the day-to-day business of the Bank. The Board is responsible for overseeing how management serves the long-term interests of shareholders and other key stakeholders.

The Board comprises nine non-executive directors, elected in the annual general meeting of shareholders, as noted in the table below. Each member of the Board is elected for a period of three years, which may be renewed in accordance with Omani regulation. Its composition is subject to formal approval by the CBO. In line with CBO requirements, the Board convenes at least once each quarter. The Board convened nine times in 2022, nine times in 2021 and eight times in 2020. The current Board was elected on 22 March 2022.

The table below provides details of the current Board members as at the date of this Base Prospectus.

Name	Position
Sheikh Khalid bin Mustahail Al Mashani	Chairman
Sheikh Ahmed bin Hamed bin Hilal Al Sadi	Deputy Chairman
Mr. Nasser bin Mohamed Salim Al Harthy	Director

Sheikh Said bin Mohammed Al Harthy	Director
Sheikh Saud bin Mustahail Al Mashani	Director
Mr. Khalid Nasser Humaid Al Shamsi	Director
Mr. Sunder George	Director
Dr. Saif bin Salim Al Harthi	Director
Dr. Faisal bin Abdullah bin Shaban Al Farsi ⁽¹⁾	Director

Note:

(1) Appointed as a Board member in March 2022.

Detailed below is brief biographical information about each member of the Board.

Sheikh Khalid bin Mustahail Al Mashani

Sheikh Khalid bin Mustahail Al Mashani became Chairman of the Board in April 2011 and is the Chairman of the Board's Nomination and Compensation Committee. He served as Deputy Chairman of the Board since March 1999 until his appointment as Chairman.

Sheikh Khalid bin Mustahail Al Mashani gained a BSc. in Economics in the UK and a Master's degree in International Boundary Studies from the School of Oriental and African Studies at the University of London, UK.

Sheikh Ahmed bin Hamed bin Hilal Al Sadi

Sheikh Ahmed bin Hamed bin Hilal Al Sadi has been Deputy Chairman and a member of the Board since February 2020 and is a member of the Board's Risk Committee. He is Director General of Audit at the Royal Court Affairs. He is a Chairman of Oman Fixed Income Fund, Chairman of Izdihar Real Estate Fund and Deputy Chairman of Nahdha Al Duqum Holding Co. "SAOC".

Sheikh Ahmed Al Sadi has a Bachelor's degree in Commerce from Egypt and a Master's degree in Business Administration from Liverpool University, UK.

Mr. Nasser bin Mohammed Salim Al Harthy

Mr. Nasser bin Mohamed bin Salim Al Harthy (a retired Brigadier General) has been a Board member since March 2007 and is the Chairman of the Board's Audit Committee.

During his military service, he held several key positions including Head of Internal Audit, General Manager of Organisation and Plans and General Manager of Administration and Human Resources.

Mr. Nasser Al Harthy has a Master's degree in Military Science from Egypt and a Master's degree in Business Administration from the UK.

Sheikh Said bin Mohammed Al Harthy

Sheikh Said bin Mohammed bin Ahmed Al Harthy has been a Board member since July 2011 and is a member of the Board's Audit Committee.

He is currently the Director General of Support Services at Royal Flight Oman. He is a board member at Oman National Investments Development Company (Tanmia), Gulf Chlorine "W.L.L." Qatar and is Chairman of Oman Chlorine Co. "SAOG".

Sheikh Said Al Harthy gained a Master's degree in Business Administration from Victoria University, Melbourne, Australia as well as a Bachelor's degree in Business Administration (Management) and a Minor in Computer Information Systems (CIS) from California State University Stanislaus, USA.

Sheikh Saud bin Mustahail Al Mashani

Sheikh Saud bin Mustahail Al Mashani has been a Board member since March 2013 and is a member of the Board's Risk Committee.

He has been a Director of Marketing and Business Development in Muscat Overseas Group, which is a diversified group of companies that has interests in a range of sectors, including the financial, real estate, trading, travel, insurance and projects sectors and he joined the Ministry of Foreign Affairs, International Organizations in 2011.

Sheikh Saud Al Mashani holds a Master's degree in International Diplomacy from the University of East Anglia, UK. He graduated in Business Management from Staffordshire University, UK.

Mr. Khalid Nasser Humaid Al Shamsi

Mr. Khalid Nasser Humaid Al Shamsi has been a Board member since October 2015 and is Chairman of the Board's Risk Committee and a member of the Board's Nomination and Compensation Committee.

Mr. Khalid Al Shamsi has experience varies across public and private assets, real estate and alternative investments. He serves on the boards of several publicly listed and private companies and is an executive graduate from Harvard Business School and INSEAD Business School.

Mr. Khalid Al Shamsi holds a Bachelor's degree in Accounting, Economics and International Business. He is "IDP-C" certified, an internationally recognised directorship programme in corporate governance from INSEAD Business School, France. He is also certified in Board Governance by Harvard University and Hawkamah Institute of Directors.

Mr. Sunder George

Mr. Sunder George has been a board member since March 2016 and is a member of the Board's Risk Committee and the Board's Nomination and Compensation Committee. He is an experienced banker and has over 40 years of banking experience with more than 36 of those years in Oman.

Mr. Sunder George is an Omani national of Indian origin. He was conferred Omani citizenship in the year 2001 considering his dedicated services to Oman in general and banking sector in particular.

Mr. Sunder George is a science graduate from Madras University, India and holds an MBA from IMD, Lausanne, Switzerland. He is also a Fellow of the Chartered Institute of Bankers, London and an Associate of the Indian Institute of Bankers. Mr. Sunder George also sits on the Boards of Renaissance Services "SAOG", Halcyon Capital "SAOC", Oman Fixed Income Fund and Integrated Telecommunication Company (TeO) "SAOC". He is also on the Board of Trustees of Middle East College (Oman).

Dr. Saif bin Salim Al Harthi

Dr. Saif bin Salim Al Harthi has been a Board member since March 2019 and is a member of the Board's Audit Committee. He was an advisor at the Ministry of Defense.

Dr. Saif bin Salim Al Harthi has experience in accounting and financial auditing. He is the Chairman of Al Maha Petroleum Products Marketing Co. "SAOG". He has been a board member of several other joint stock companies.

Dr. Saif Al Harthy has a Ph.D. in Human Resource Development and its relationship with intensive development in the Sultanate of Oman from Egypt as well as fellowships of the International Arab Society of

Certified Accountants (ASCA) of Jordan and the National Defense College at Nasser Higher Military Academy in Egypt. He has a Bachelor's degree in Military Science from the State of Kansas, USA. He has also completed a number of accounting and finance courses including a Higher Diploma in Account Management from the University of Oxford, UK.

Dr. Faisal bin Abdullah bin Shaban Al Farsi

Dr. Faisal bin Abdullah bin Shaban Al Farsi has been a member of the Board since March 2022 and is a member of the Board's Audit Committee. Dr. Faisal Al Farsi is currently the General Manager of the Public Authority of Social Insurance, a Director of Ooredoo Oman, United GCC Fund and has also been a board member of several general joint stock companies.

Dr. Faisal Al Farsi holds a Master's degree in International Business Law and a PhD in Business and Commercial Law.

Board committees

The Board has established three Board committees which are described below. The roles and authority of the Board committees are defined and delegated by the Board and are described in each committee's terms of reference under the Board charter. The Board committees submit reports to the Board depending on the nature of the tasks assigned to them.

Audit Committee

The main functions of the Audit Committee are to provide assistance to the Board in fulfilling its responsibilities of monitoring/overseeing the financial reporting process, the adequacy and effectiveness of the systems of internal control, the effectiveness of the audit process and the Bank's process of complying with the relevant laws and regulations. The Audit Committee meets frequently to review the work of the internal audit department, challenge the Bank's management and to assess the overall control environment prevailing in the organisation. It reviews the reports presented by internal audit and other bodies in its deliberations and offers guidance and direction in the area of risk management, including fraud and related controls.

The members of the Audit Committee are Mr. Nasser bin Mohamed Al Harthy (as Chairman), Sheikh Said bin Mohammed Al Harthy, Dr. Saif bin Salim Al Harthi and Dr. Faisal bin Abdullah Al Farsi.

Nomination and Compensation Committee

The Nomination and Compensation Committee is responsible for leading the process for Board and management appointments, through the identification and nomination of relevant candidates for Board approval, and setting the principles, parameters and governance framework of the Bank's performance and rewards policy.

The members of the Nomination and Compensation Committee are Sheikh Khalid bin Mustahail Al Mashani (as Chairman), Mr. Khalid Nasser Al Shamsi and Mr. Sunder George.

Board Risk Committee

Risk management is the overall responsibility of the Board and is managed through the Board's Risk Committee (the "BRC"). The Board reviews and approves risk management strategy and defines the risk appetite of the Bank, which is cascaded down to the various business segments. The Board Risk Committee supervises the risk management function and ensures that the Bank achieves its business plans in compliance with the risk appetite set by the Board. It provides recommendations to the Board on the risk-reward strategy, risk appetite, risk policies, capital management and the framework for managing various risks. Its key responsibilities are to:

- engage in the formulation of risk policy covering credit, market, liquidity and operational risk and protective services with a view to achieving the strategic objectives of the Bank and to ensuring that these policies are in compliance with applicable laws and regulations;
- review the risk appetite framework and recommend the same for Board approval;
- oversee risk policy implementation;
- monitor the Bank’s capital, liquidity, profitability and asset quality;
- foster transparency and integrity in stakeholder reporting;
- assess the adequacy and effectiveness of the Bank’s risk management practices and risk governance in the Bank; and
- monitor and ensure adherence to the requirements of the Domestically Systematically Important Banks (D-SIB) framework.

The members of the Board Risk Committee are Mr. Khalid Nasser Al Shamsi (as Chairman), Sheikh Ahmed bin Hamed Al Sadi, Sheikh Saud bin Mustahail Al Mashani and Mr. Sunder George.

Senior management

The Bank’s senior management team is responsible for day-to-day supervision and control of the Bank’s business, particularly with respect to ensuring functionality of compliance and risk control, independence of functions, and separation of duties. Business policies, accounting policies, operations procedures and controls are documented and communicated through policies and standard operating procedures manuals which cover all areas and activities of the Bank. All significant policies are reviewed and approved by the Board.

The Bank’s senior management team comprises:

Name and position	Brief CV
<p><i>Mr. Waleed K. Al Hashar</i></p> <p><i>Chief Executive Officer</i></p>	<p>Sheikh Waleed K. Al Hashar is a member of the Board of Directors of the College of Banking and Financial Studies, Oman Banks Association, Securities and Investment Company (SICO) B.S.C, Bahrain and a Member of the Board of Trustees of the Royal Academy of Management. His experience of over 29 years spans banking as well as the oil and gas sectors. Before joining the Bank, he held senior positions in a number of leading corporates including Petroleum Development Oman and HSBC Bank Middle East.</p> <p>Sheikh Waleed K. Al Hashar joined the Bank in 2004 and has since held various senior positions including Group General Manager – Corporate Services and Deputy Chief Executive Officer. He assumed the role of CEO of the Bank in January 2019.</p> <p>He holds a postgraduate diploma in General Management from Harvard Business School as well as a BSc and Master’s degree in Business Administration from California State University in Sacramento, USA.</p>

Name and position	Brief CV
<p><i>Mrs. Sheikha Yousuf Al Farsi</i></p> <p><i>Chief Operating Officer</i></p>	<p>Prior to becoming Chief Operating Officer, Mrs. Sheikha Yousuf Al Farsi served as Chief Strategy & Corporate Services Officer. Her responsibility covers Strategy Management, Information Technology, Operations, Credit and Legal, Enterprise Project Management & Innovation, Human Resources, Corporate Communications and corporate social responsibility and Customer Experience. Prior to this role, she served as General Manager - Strategy and Organizational Development and Assistant General Manager - Financial Control and Strategy at the Bank. She received her BSc in Commerce and Economics, majoring in Marketing, from the Sultan Qaboos University in 1999. Mrs. Sheikha Yousuf Al Farsi holds an MSc in Finance from Bayes Business School (formerly known as Cass Business School), University of London, UK. She holds a General Management Program Certificate from Harvard Business School, USA and has also completed the Advanced Management Program from INSEAD, France. Before joining the Bank, she worked at the Omani Centre for Investment Promotion and Export Development (earlier known as Ithraa') as Acting Director General of Investment Promotion.</p>
<p><i>Mr. Ahmed Faqir Al Balushi</i></p> <p><i>Chief Banking Officer</i></p>	<p>Mr. Ahmed Faqir Al Balushi has been with the Bank since October 1994.</p> <p>He is the Chief Banking Officer of the Bank responsible for leading the Corporate Banking, Retail Banking, Treasury & Global Financial Institutions (TGFI), Project & Structured Finance, and the international branches (in Saudi Arabia and Kuwait) of the Bank. Prior to becoming the Chief Banking Officer, Mr. Ahmed served as the Chief Corporate Banking Officer presiding over the Corporate Banking, Project and Structured Finance, Small and Medium Enterprises, and Transaction Banking departments. He has also served as the Deputy General Manager (DGM) Human Resources Department and before moving back to Oman, he was located in Saudi Arabia as the Chief Executive Officer (CEO) of the Bank's International Businesses.</p>
<p><i>Mr. T. Ganesh</i></p> <p><i>Chief Financial Officer</i></p>	<p>Mr. T. Ganesh has been with the Bank since March 1997.</p> <p>He is responsible for Group Finance and Business Planning, Treasury and Investment Operations. In addition, he is also responsible for the Investment Banking and Asset Management and Enterprise Growth businesses of the Bank. Mr. Ganesh has a post-qualification</p>

Name and position	Brief CV
<p><i>Mr. Shamzani Md Hussain</i></p> <p><i>General Manager – Meethaq Islamic Banking</i></p>	<p>experience of 27 years, out of which 25 years have been in the banking industry.</p> <p>He is a qualified Chartered Accountant (ACA) from the Institute of Chartered Accountants of India, Certified Management Accountant (CMA) from the Institute of Management Accountants, USA and a certified Cost Accountant (ICWA) from the Institute of Costs and Works Accountants of India. He also holds a postgraduate diploma in General Management from Harvard Business School.</p> <p>Mr. Shamzani has 28 years of banking experience in various roles across the Asia Pacific region, the Middle East and Africa. He has served in a number of international and leading financial institutions which include HSBC, AIG, FGB and FAB. His professional experience in the financial institutions sector covers retail, wholesale and Islamic banking. Mr. Shamzani joined the Bank in May 2019 as General Manager – Meethaq Islamic Banking. He holds a Bachelor’s degree (BBA) in Finance as well as a Master’s degree (MBA) in International Business and Human Resource Management from the University of Miami, Florida, USA.</p>

Management Committees

The Bank’s principal management committees are:

Management Executive Committee

The Management Executive Committee is the highest ranking management committee in the Bank. Its purpose is to provide overall leadership and management of the Bank in line with the Bank’s approved strategy, managing all business, operational and performance issues and is empowered to take decisions other than where authority has been retained by the Board. Its authority has been delegated to it by the CEO.

Management Risk Committee

The purpose of the MRC is to facilitate achievement of the Bank’s strategic objectives within the Board approved risk appetite, without exposing the Bank to undue risks or risk concentrations. Specifically, the MRC is responsible for ensuring that:

- there is an appropriate and effective risk management framework in place;
- there is a clear statement of risk appetite at Group level that is translated into more detailed limits and measures that govern the acceptance and ongoing management of risks;
- there is adequate oversight of the acceptance of credit, operational and market risks at transactional and/or customer level to ensure they are within risk appetite, or are approved at the appropriate level if not; and
- the risk profile of the Bank is within approved risk appetite or that appropriate action is promptly taken where this is not the case.

Asset and Liability Committee

The purpose of ALCO is to assist the Bank in consolidated balance sheet planning from a risk-return perspective, including the strategic management of interest rate, currency and liquidity risks and the determination of the funding strategies necessary to achieve the Bank's strategic objectives within the Board approved risk appetite.

Management Credit Committee

The purpose of the MCC is to approve credit exposures and make credit decisions within the delegated lending authority from the Board to the committee in accordance with approved credit and risk policies.

Investment Committee

The Investment Committee oversees the Bank's activities in relation to proprietary investments in accordance with the applicable regulations, the Bank's internal policies and the Bank's strategic objectives.

Information Technology Steering Committee

The purpose of the Information Technology Steering Committee is to provide effective IT planning and governance for the Bank, ensuring alignment of IT projects, infrastructure, platforms and practices with the Bank's approved strategic priorities and objectives.

Sustainability Committee

The purpose of the Sustainability Committee is to ensure that the Bank incorporates sustainable best practices in its core business activities and is an integral part of the corporate culture in terms of contribution to economic performance, development from within, empowering community and responsible banking, including corporate values.

Innovation Committee

The purpose of the Innovation Committee is to drive the culture of innovation in the Bank through constant efforts to encourage and tap into creative solutions to solve a known problem (catch-up) or an unknown problem (disruption). It includes sourcing of ideas, evaluation and overseeing implementation of innovative solutions.

Customer Experience Committee

The primary objective of the Customer Experience Committee is to resolve critical issues that impacts customer experience in an effective and timely manner and to oversee the overall Customer Experience Strategy framework within the Bank.

Operations Committee

The primary objective of the Operations Committee is to establish and periodically review operational risk strategy and to foster the culture of delivering operational excellence across operational processes, systems and people.

Business addresses and conflicts

The business address of each member of the Board and each member of executive management is P.O. Box 134, Ruwi Postal Code 112, Sultanate of Oman. No member of the Board or senior management has any existing or potential conflict of interest between any duties owed to the Bank and the private interests and/or other duties owed by these individuals.

SHARI'A SUPERVISORY BOARD

The Bank's Shari'a Supervisory Board ("SSB") is the apex authority in the Shari'a governance system, responsible for the oversight and assurance of Shari'a compliance in the Islamic banking sphere reporting directly to the Board. The SSB comprises five Islamic finance scholars including three voting members and two technical non-voting members with expertise in Islamic contracts, financial transactions, product structuring as well as capital markets. The business address of each member of the SSB is P.O. Box 132, Ruwi Postal Code 112, Sultanate of Oman.

The SSB comprises five Islamic scholars, as follows:

H.E Dr. Abdullah bin Mubarak Al-Abri – Chairman

Dr. Abdullah Al-Abri is a prominent consultant in Islamic law generally, and Islamic economics and banking in particular. He was a professor at many universities, including Sultan Qaboos University, Sharqiyah University, and the Faculty of Shari'a Studies – Muscat. He is a certified advocate at the Supreme Court in Oman, and a member of the Board of Directors at the Omani Bar Association. He holds a PhD in Economics & Islamic banking from Yarmouk University – Jordan, a Master's degree in Fiqh and its principles from Al-Bayt University – Jordan, and a Bachelor's degree in Sharia, from The College of Shari'a Sciences, Oman. Since 2018, Dr. Al-Abri has been the Vice Chairman of the Board of Trustees at Al-Bureimi University College –Oman. He often appears on legal and Shari'a scholarly platforms locally and globally.

Datuk Prof. Dr. Mohamad Akram bin Laldin – Vice Chairman

Datuk Prof. Dr. Laldin is a leading Shari'a advisor and an eminent professor in Islamic banking, finance and capital markets worldwide. He serves the Shari'a advisory board of: The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) – Bahrain, HSBC Insurance – Singapore, Energy Bank – Bahrain, Bank Negara Malaysia, International Islamic Financial Market (IIFM) – Bahrain, Dubai Islamic Bank– UAE, and the Financial Regulation Advisory Council of Experts - Central Bank of Nigeria. He is an Executive Director of the International Sharia Research Academy for Islamic Finance (ISRA), and a professor at International Center for Education in Islamic Finance (INCEIF). He was an assistant professor at IIUM – Malaysia and a visiting assistant professor at the University of Sharjah – UAE. He holds a PhD in Islamic Law from the University of Edinburgh, Scotland, UK and a Bachelor's degree in Islamic Jurisprudence & Legislation from the University of Jordan.

H.E Prof. Dr. Abdulaziz Khalifah Al Qassar – Member:

Professor Dr. Al-Qassar is a leading worldwide Shari'a advisor in Islamic banking and finance, supervising and teaching. He serves as a member of the Shari'a Supervisory Board of a number of banks including: Boubyan Bank – Kuwait, Kuwait International Bank – Kuwait, Bank of London and the Middle East (BLME) – London, UK, Al Hilal – Islamic window of Ahli United Bank – Bahrain, and Gulf Finance House (GFH) – Bahrain. Dr. Al-Qassar was a professor at the Faculty of Shari'a – Department of Comparative Jurisprudence & Shari'a Politics – Kuwait University, and an Assistant Dean at the same Faculty. In 1997, he received a PhD in Comparative Fiqh from the Faculty of Shari'a & Law, University of Al-Azhar.

H.E Dr. Ahmed Rufai Mohammed – Member:

His Eminence Dr. Rufai is a renowned Shari'a scholar in Islamic jurisprudence with a focus on standardising the Islamic finance sector globally. He has been the head of Shari'a Compliance of the International Islamic Financial Market (IIFM) – Bahrain for nearly 14 years. Dr. Rufai serves as a Sharia Supervisory Board member

of Meethaq and First Abu Dhabi Bank, as well as a Shari'a advisor to the Crescent Financing Company in Hamilton – New Zealand. Dr. Rufai received a PhD in Islamic Law on Transactions & Islamic Insurance from the University of Malaya, Malaysia. Prior to that, he gained a Master's degree in Islamic law from the same university, and a Bachelor's degree in Islamic law from the Islamic University of Madinah, Saudi Arabia.

H.E Waleed bin Sulaiman bin Hamid Al-Qurri – Member:

Sheikh Waleed Al-Qurri is a leading scholar in the field of Islamic Fiqh in Oman, actively serving Islamic finance, both banking and Takaful. Since 2013, he has worked as a Fatwa secretary at the Fatwa Office of the Ministry of Endowments & Religious Affairs in Oman. He was also a member of the Shari'a Supervisory Board of "Oman Takaful" since its incorporation until March 2022, as well as a member of the Bahraini-based Shari'a Review Bureau. He obtained a Bachelor's degree in Islamic Law from the College of Shari'a Sciences, Oman, and the Certified Shari'a Advisor & Auditor (CSAA) qualification from AAOIFI – Bahrain. He is currently studying for a Master's degree at the Faculty of Islamic Theology at the Sultan Qaboos University, Oman.

EMPLOYEES

The Bank's human resources policies are designed to attract, retain and motivate high-calibre, professional, skilled and knowledgeable employees. The Bank protects and abides by the rights provided to employees which include, but are not limited to: a transparent working environment; employee talent-management schemes; a transparent remuneration and compensation structure and access to a whistle blowing policy (which enables employees to raise concerns in good faith and confidence directly up to the level of the Chairman).

As at 31 December 2022, the Bank employed 3,973 full-time staff (including overseas staff) compared to 3,896 full-time staff (including overseas staff) at 31 December 2021.

The Bank is committed to identifying, attracting and developing Omani nationals in its workforce. The Omani government's recommended policy is that 90 per cent. of a bank's total personnel should consist of Omani nationals ("**Omanisation**"). The Bank's Omanisation level as at 31 December 2022 was 93.64 per cent. compared to 94.9 per cent. as at 31 December 2021 and it is currently in compliance with all other applicable employment regulations.

OMANI BANKING SYSTEM AND PRUDENTIAL REGULATIONS

Capitalised terms that are not defined in this section may be defined under “Presentation of financial and other information”.

Overview

The Oman banking system comprises commercial banks, specialised banks (such as Oman Housing Bank, as highlighted below), Islamic banks and windows, non-bank finance and leasing companies and money exchange establishments. According to the CBO’s website, there are 16 conventional commercial banks, of which seven were locally incorporated and nine were branches of foreign banks. In addition, there are two Islamic banks (Bank Nizwa SAOG and AlIzz Islamic Bank (S.A.O.C.)). The locally incorporated conventional commercial banks are the Bank, Bank Muscat SAOG, HSBC Bank Oman SAOG, Oman Arab Bank SAOG, Bank Dhofar SAOG, Sohar International Bank SAOG (previously Bank Sohar SAOG) and Ahli Bank SAOG. The largest bank by a significant margin is Bank Muscat SAOG, which had approximately RO 12.8 billion (U.S.\$33.2 billion) in assets as at 31 December 2022 (Source: Bank Muscat SAOG consolidated financial statements for the year ended 31 December 2022).

As at 31 December 2022, conventional banks in Oman had total deposits of RO 25.9 billion compared to RO 25.6 billion as at 31 December 2021 and RO 24.2 billion as at 31 December 2020 and total credit of RO 29.2 billion as at 31 December 2022 compared to RO 27.9 billion as at 31 December 2021 and RO 26.7 billion as at 31 December 2020 (Source: CBO Monthly Statistical Bulletin December 2022 and December 2021).

The Oman banking system includes two Government owned specialised banks, namely, Oman Housing Bank and Oman Development Bank which were established by the Government to provide long-term financing to low and middle income nationals as well as to providing loans to development projects including agriculture, fisheries, livestock, tourism and traditional craftsmanship. Interest rates on loans advanced by the two specialised banks are subsidised by the Government.

Also, prominent in the sector is a group of five non-bank financial services providers, commonly referred to as leasing companies. Leasing companies are regulated by the CBO and engage in leasing, hire purchase, debt factoring and similar asset based financing in Oman.

ISLAMIC BANKING

In December 2012, the Banking Law promulgated by Royal Decree 114/2000 (the “**Oman Banking Law**”) was amended by Royal Decree 69/2012 (promulgated on 6 December 2012) to allow the CBO to licence the conduct of banks in Oman to carry out Islamic banking business through either fully fledged Islamic banks or windows of conventional banks. Oman was the last of the GCC countries to introduce Islamic banking.

The objective behind the introduction of Islamic banking in Oman was to diversify and widen the pool of banking products available to retail and corporate customers. Along with an amendment to the Oman Banking Law, the IBRF provides detailed and comprehensive guidance on all aspects of Islamic banking. For example, the IBRF sets out the requirements for obtaining an Islamic banking licence from the CBO, the various accounting and reporting standards that Islamic banks licensed by the CBO are required to comply with as well as the supervisory role of the CBO in relation to the various Islamic banking practices and products.

The introduction of Islamic banking in Oman was an important milestone as it added a number of new entrants to the banking system enhancing the competitive environment in terms of efficiency and innovation as well as providing customers with the benefit of choosing between conventional and Islamic banking products. According to CBO’s website, there are two fully-fledged locally incorporated Islamic banks: Bank Nizwa

SAOG and Al Izz Islamic Bank SAOC, which commenced operations in December 2012 and towards the end of 2013, respectively. A number of conventional banks, including the Bank, Bank Muscat SAOG and Bank Dhofar SAOG have established windows for Islamic banking.

As at 31 December 2022, Islamic banks and windows in Oman had total deposits of RO 4.9 billion compared to RO 4.4 billion as at 31 December 2021 and RO 3.8 billion as at 31 December 2020 and total financing of RO 5.4 billion compared to RO 4.8 billion as at 31 December 2021 and RO 4.3 million as at 31 December 2020 (Source: CBO Monthly Statistical Bulletin December 2022 and December 2021).

INTERNATIONAL BANKS

The Foreign Capital Investment Law came into force on 1 January 2020, replacing the Old FCIL. The Foreign Capital Investment Law provides for a list of sectors or activities in which foreign investment is prohibited, to be issued by a decision of the Minister of Commerce, Industry and Investment Promotion. The Foreign Capital Investment Law allows for full foreign ownership of companies and establishments conducting certain activities. In December 2020, the MOCIIP issued Ministerial Decision No. 209/2020 determining the list of investment activities which foreign investors are prohibited from engaging in. This does not include banking activities. According to the CBO's website, the foreign banks operating in Oman through branches are Standard Chartered Bank, Habib Bank Ltd, Bank Melli Iran, Bank Saderat Iran, Bank of Baroda, State Bank of India, National Bank of Dhahi Bank (now known as First Abu Dhabi Bank), Bank of Beirut and Qatar National Bank.

BANK REGULATION IN OMAN

The Central Bank of Oman

The CBO was established in the beginning of 1974 and was a result of the steady evolution of the monetary system in Oman, coupled with the vast economic development in the country. The two monetary authorities which preceded the establishment of the CBO were the Muscat Currency Authority and the Oman Currency Board. According to its website, the CBO is responsible for promoting and maintaining monetary and financial stability in Oman, as well as for fostering a sound and progressive banking and financial system in the country conducive to its sustained economic growth. Monetary stability means stable prices and confidence in the currency. Financial stability entails detecting and reducing threats to the financial system as a whole.

The CBO is also the single integrated regulator of the banking and financial services sector in the country. In order to achieve its purposes, the CBO:

- formulates and administers monetary policy to achieve a variety of goals including stable prices, growth and employment;
- licenses, regulates and supervises commercial banks, specialised banks, financial and leasing companies and money exchange companies;
- acts as a banker to the Government by providing a full range of banking services for the Government, including acceptance of deposits from the Government, lending to the Government to help finance the fiscal deficits, running the Government bank account acting as its fiscal agent, public debt management, exchange control, and management of foreign exchange reserves of the country;
- acts as a banker to the banks by holding deposits from banks operating in Oman, lending them funds for short periods, and providing them with a variety of other services including payment systems, settlement, and clearing facilities; and

- issues the national currency and manages the liquidity in the banking system.

Omani banks are subject to the Oman Banking Law and banking regulations issued by the CBO. Banks are also required to comply with (amongst other laws of general application) the Commercial Companies Law, promulgated by Royal Decree 18/2019, the Law of Commerce promulgated by Royal Decree 55/1990 (as amended), the Oman Labour Law promulgated by Royal Decree 35/2003 (as amended), the Capital Markets Law promulgated by Royal Decree 80/98 (as amended) and the Social Insurance Law promulgated by Royal Decree 72/1991 (as amended).

Banking laws and regulations

Several regulatory and supervisory initiatives have been implemented by the CBO to develop a competitive and sound banking system. Bringing about greater financial inclusion, developing sound risk management systems, and broadening prudential norms have been the core of the recent regulatory and supervisory directives issued by the CBO. Below is a summary of the main Omani banking laws and regulations:

Capital requirements

Pursuant to CBO Circular BM 1019 issued on 9 April 2007, a minimum paid up capital requirement of RO 100 million is required to establish a new local commercial bank and a minimum paid up capital requirement of RO 20 million is required to establish a foreign bank in Oman.

Capital adequacy

The guidelines issued by the CBO require banks operating in Oman to have a robust capital adequacy framework which comprises a minimum total capital adequacy ratio of 12.25 per cent. (13.25 per cent. including D-SIB) of risk weighted assets. Common equity tier 1 capital should be maintained at a minimum level of 7.0 per cent. and tier 1 capital at a minimum level of 10.25 per cent. (including D-SIB 11.25 per cent.) of risk weighted assets. The NSFR and the LCR are key reforms proposed by the Basel Committee to promote a more resilient banking sector. The NSFR requires banks to maintain a stable funding profile in relation to the composition of their assets and off balance sheet activities. The NSFR limits overreliance on short-term wholesale funding and encourages better assessment of funding risks across all on and off balance sheet items, and promotes funding stability. The LCR promotes the short term resilience of the liquidity risk profile of banks by ensuring that they have sufficient high quality liquid assets to survive a significant stress scenario lasting thirty calendar days. Since 1 January 2018, the standard LCR has been set at a minimum of 100 per cent. in Oman. The Bank's NSFR as at 31 December 2022 and 31 December 2021 was 118 per cent. and 122 per cent., respectively. The Bank's LCR as at 31 December 2022 and 31 December 2021 was 219 per cent. and 268 per cent., respectively.

The CBO had previously issued norms for a Capital Conservation Buffer and a Countercyclical Capital Buffer of 2.50 per cent. each, in alignment with Basel III norms. In March 2020, the Capital Conservation Buffers were lowered to 1.25 per cent., as part of stimulus measures in reaction to the COVID-19 pandemic and they remain at this level. All commercial banks are currently complying with the Capital Conservation Buffer requirement.

The CBO introduced a Prompt Corrective Action framework (“PCA”) in 2005, which makes it mandatory for banks to take corrective actions if their total capital adequacy ratio falls below a certain level. The corrective actions consist of certain mandatory and discretionary actions that apply to each relevant trigger point set by the CBO. As at the date of this Base Prospectus, the PCA will be triggered if the total capital adequacy ratio of a bank falls below 13 per cent.

Instruments issued in excess of the Basel III limits for recognition will be phased out by 31 December 2022.

Framework for D-SIBs

In January 2015, the CBO issued a framework for D-SIBs which sets out a list of recommendations and requirements for banks identified as systemically important in Oman. The framework is based on the recommendations of the Basel Committee and requires banks identified as systemically important to comply with certain exclusive requirements to prevent their failure. For example, D-SIBs are subject to an enhanced capital surcharge (comprised of common equity tier 1 capital) of 1.0 per cent. to 2.5 per cent. (with a potential "un-populated" bucket of 3.5 per cent., similar to the calibration under the Basel III framework) of risk-weighted assets in increments of 0.5 per cent., based on their relative systemic importance. Further, D-SIBs in Oman are required to conduct rigorous stress testing exercises, implement a well-defined crisis management system and build a robust recovery and resolution mechanism (which may include the creation of a "resolution fund", provisions for inherent bail-in mechanisms, enabling asset sales and taking other measures to ensure depositors are protected). Further, D-SIBs are required to submit a vision statement to the CBO outlining their medium and long term projections and the strategies they have implemented to address systemic risk. As part of the framework, the CBO has also set out measures relating to the enhancement of its supervisory regime and how it will work, with D-SIBs more effectively to monitor and assess their ongoing operational and financial performance. As at the date of this Base Prospectus, the CBO has only designated one bank (which is not the Bank) as a D-SIB. The CBO's decision to designate a bank as a D-SIB is, however, subject to ongoing regulatory review and the Bank could become subject to such designation by the CBO in the future.

Bank resolution framework

Following the regulatory regime established by the CBO for D-SIBs, on 15 April 2019 the CBO issued a Bank Resolution Framework for Oman. The purpose of the framework is to prepare banks for self-propelled recovery and, if necessary, allow the relevant authorities to resolve the bank in an orderly way with minimum disruption and cost and whilst maintaining financial stability. The Bank Resolution Framework for Oman sets out the recovery and resolution regime for the banking sector in Oman including, amongst other things, the conditions and triggers for the resolution, rules regarding initiating a resolution, rules relating to the priority of claims and recovery and resolution plans. The framework is applicable to all banks designed as D-SIBs by the CBO and the CBO at its discretion may apply the framework or any part of it to any other local bank licensed by the CBO.

Lending ratio

Pursuant to CBO Circular BM 1051 issued on 23 December 2008 (as amended subsequently), no licensed bank in Oman is permitted to lend (whether by loans, discounts, advances or overdrafts and whether secured or unsecured) when such lending in aggregate exceeds 92.5 per cent. of the bank's deposits. Deposits of the bank are determined as the sum of a bank's total demand deposits, saving deposits, time deposits, margin accounts, net amounts due to head office or the bank's own branches abroad, net amount due to other banks abroad and capital funds. CBO Circular BM 1155, issued on 20 March 2018, modified the aforementioned circular with the effect that local inter-bank positions are now taken into account for lending ratio purposes. Borrowings and placements are therefore now included in a bank's deposit base (where such borrowings and placements are from other commercial banks) and any lendings and placements made to other commercial banks are reduced from its deposit base (for lending ratio purposes).

Reserves against deposits

Pursuant to Article 62 of the Oman Banking Law, all banks operating in Oman are required to maintain a deposit with the CBO in an amount which, when added to the aggregate amount of currency and coin, foreign and domestic, held by such bank shall be:

- not more than 40 per cent. of the total daily amount of all demand and saving deposits made with such bank within Oman; and
- not more than 30 per cent. of the total daily amount of all time deposits with such bank within Oman.

Pursuant to CBO Circular BM 1050 issued on 23 December 2008, as amended by CBO Circular BM 1143 issued on 30 March 2016, the percentage of the total amount of reserves against time, savings and demand deposits is currently 5 per cent.

Pursuant to CBO Circular BM 1143 issued on 30 March 2016, the reserve maintenance requirement of 5 per cent. is now allowed to be kept in the form of Government bonds, sukuks and treasury bills up to a maximum of 2 per cent. and the remainder must be kept in the form of a clearing account balance.

Lending limits

To maintain financial stability, the CBO has issued a number of limits and rules with the objective of limiting potential losses arising out of excessive concentration of credit risk:

Loans to a single borrower: pursuant to Article 68(b) of the Oman Banking Law, the total direct or contingent obligation to any licensed bank by any borrower, other than the Government, shall not exceed 15 per cent. of the total net worth of such licensed bank. Article 5 of the Oman Banking Law defines net worth as the aggregate amount of the assets less liabilities both within and outside Oman, other than capital and surplus of a licensed bank.

Lending to non-residents: Pursuant to CBO Circular BM 1120 issued on 31 March 2014, a bank operating in Oman must not lend:

- more than 2.5 per cent. of its local net worth to a non-resident borrower and its related parties. Local net worth of a licensed bank is the total regulatory capital reduced by exceptional investments under Article 65(e) of the Banking Law and reduced by the assigned capital for overseas subsidiaries, associates or affiliates mandated for deduction from capital as per specific CBO directions (Source: CBO Circular BM 988 issued on 31 May 2005);
- more than 20 per cent. of its local net worth in aggregate to all non-resident borrowers (other than banks) and their related parties; and
- more than 30 per cent. of its local net worth in aggregate to all non-resident borrowers (including banks) and their related parties

Further, any single credit exposure of U.S.\$5 million or above to a non-resident borrower other than a non-resident bank shall only be undertaken through syndication.

Pursuant to CBO Circular BSD/2018/3 issued on 20 March 2018, the prudential limits for credit exposures and placement of bank funds abroad under CBO Circular BM 1120 have been revised to the following limits:

Limits as per BM 1120	Revised Limits
Aggregate credit (funded and non-funded) exposure to all non-resident borrowers and related parties (both banks and other than banks) – limit at 75 per cent. of local net worth	50 per cent. of local net worth of the bank
Total placements with related parties and total placements with non-related parties – limit each at 75 per cent. of local net worth	50 per cent. of local net worth of the bank

Aggregate placements and credit exposures to all related and non-related parties – limit at 75 per cent. of local net worth

50 per cent. of local net worth of the bank

Banks were also instructed in 2014 to take effective measures in regards to FATCA to identify their target customers and obtain their consent for making the necessary disclosures.

Loans to SMEs: In an effort to develop the SME sector in Oman, the Government and the CBO took measures towards encouraging prospective entrepreneurs. The CBO directive to banks is to implement a liberal lending policy for SMEs and to achieve a minimum of 5 per cent. of their total credit allocation to SMEs (Source: CBO Circular BM 1141 issued on 12 January 2016 and CBO Circular BM 1150 issued on 26 April 2017). SMEs are:

- micro enterprises, being those which have between one and five employees and an annual turnover of less than RO 100,000;
- small enterprises, being those which have between six and 25 employees and an annual turnover of between RO 100,000 and RO 500,000; and
- medium enterprises, being those which have between 26 and 99 employees and an annual turnover of between RO 500,000 and RO 3,000,000.

On 10 March 2019, the CBO relaxed the above mentioned 5 per cent. allocation of total credit to SMEs, by allowing banks to reckon fund-based credit facilities sanctioned to funds or entities set up for the development of SMEs for the purpose of on-lending to and for the promotion of SMEs, as part of a bank's SME lending up to a maximum of 1 per cent. of the minimum stipulated 5 per cent. of total credit subject to compliance with the requisite due diligence and credit assessment policies (Source: CBO Circular BM 1159 issued on 10 March 2019).

Loans to directors and senior management: pursuant to Article 68(b) of the Oman Banking Law, the total direct or contingent obligation to any licensed bank by a senior member in the management of the licensed bank and any related parties shall not exceed 10 per cent. of the amount of the net worth of such licensed bank. The aggregate of lending to all senior members and any related parties shall not exceed 35 per cent. of the amount of the net worth of the licensed bank.

In addition to imposing a limit on the aggregate lending to directors and senior management, the CBO requires banks to remove members of senior management who have doubtful or classified loans with the bank (Source: CBO Circular BM 985 issued on 15 February 2005).

Loans secured by real estate: in accordance with Article 68(e) of the Oman Banking Law, a licensed bank operating in Oman is not permitted to make any loan secured by real estate when either the total value of real estate held by the licensed bank, or the aggregate amount of the outstanding loans against which the real estate is held, whichever is lower, exceed 60 per cent. of the net worth of such licensed bank within Oman or 60 per cent. of all time and saving deposits, other than Government and inter-bank deposits of such licensed bank, whichever is greater.

Ceiling on personal loans and mortgages: pursuant to CBO Circular BM 1109 issued on 23 May 2013 and in light of the rise in personal loan indebtedness, the ceiling imposed on the aggregate of personal loans banks may advance is currently 35 per cent. of total credit whilst mortgages continue to have a ceiling of 15 per cent. of total credit. Pursuant to CBO Circular BDD/CBS/CB/2017/3950 issued on 30 August 2017, conventional banks are constrained by a 15 per cent. limit on total credit in relation to housing loans and a 35 per cent. limit in relation to non-housing loans. Such limits are set independently for Islamic banking windows.

As per CBO Circular ref. IBD/IBEs/2019/503 dated 30 December 2019, Islamic banks and windows were permitted a combined maximum housing and non-housing personal finance limit of 50 per cent. of total finance until 31 December 2021 with the limit thereafter being 35 per cent.

Bank Credit and Statistics Bureau

The BCSB is a centralised statistical bureau maintained by the CBO. Amongst other things, the primary function of the BCSB is to collect and synthesise financial information on current and prospective borrowers, guarantors and account holders as well as connected counterparties of licensed banks. The BCSB is responsible for providing reports to licensed banks with the objective of facilitating the smooth functioning of the credit market. Banks and finance companies operating in Oman must report credit and financial information of any current or prospective borrower or guarantor and its related parties on a monthly basis.

On 8 May 2019, the OCFIC law was issued establishing the Oman Credit and Financial Information Center (the “OCFIC”, also known as Mala'a). The OCFIC has financial and administrative independence and is supervised by the CBO. As at the date of this Base Prospectus, OCFIC has become operational and has fully replaced the BCSB. Pursuant to the OCFIC Law, the board of governors of the CBO are mandated with the task of issuing the implementing regulations to the OCFIC Law, but these are yet to be issued. Loan loss provisioning

The CBO has directed banks to have appropriate systems to classify loans on the basis of well-defined credit weaknesses and to have robust provisioning in place. Pursuant to CBO Circular BM 977 issued on 25 September 2004, Non Performing Loans should be classified as either standard, special mention, substandard, doubtful or loss depending on the number of days the credit has been overdue.

This circular provides that any proposed settlement for less than full value of delinquent debt of directors or management requires the prior approval of the CBO. Loans in arrears for more than 90 days are classified as non-performing. Of these, banks have to provide 25 per cent., 50 per cent. and 100 per cent. against loans classified as sub-standard, doubtful and loss, respectively. In addition to specific provisions for classified loans, banks are required to create general loan loss provisions, at a minimum of 1 per cent. of their corporate loans which are categorised as “Standard” and “Special Mention”. Further, a minimum general loss provision of 2 per cent. of personal loans categorised as “Standard” and “Special Mention” must be maintained by all banks operating in Oman.

IFRS 9 reporting

The International Accounting Standards Board issued IFRS 9 in July 2014 and it became effective on 1 January 2018. The three phases of IFRS 9 are: (i) classification and measurement of financial assets; (ii) impairment; and (iii) hedging. The CBO issued Circular BM 1149 on implementation of IFRS 9 on 13 April 2017, which aimed to promote consistency and comparability in reporting across Omani banks, provide a robust alternate while replacing existing prudential norms under CBO Circular BM 977, and set out management’s responsibilities and requirements for board approved IFRS 9 policies, policy deviation reporting and norms for creating a regulatory impairment reserve.

The CBO Circular BM 1149, which follows on from BM Circular 977, states that banks should concurrently compute the total provisions for impairment as required by the existing guidelines on provisioning for non-performing and restructured loans. As at the date of this Base Prospectus, the Bank has complied, and will comply, with the dual track of IFRS 9 and BM Circular 977. In accordance with the dual track, if the total provisions required under BM Circular 977 are higher than IFRS 9 requirements, the excess is transferred to the IFRS 9 special impairment reserve from retained earnings and this special impairment reserve is not eligible for distribution nor for capital recognition.

Bank deposit insurance scheme

Pursuant to Royal Decree No 9/1995 promulgating the law of Banking Deposit Insurance System (as amended), a bank deposit insurance scheme was established by the CBO. The objectives of establishing the bank deposit insurance scheme are to provide comprehensive deposit insurance cover, sustain public confidence in the financial soundness of the banking system and to assist banks in financial difficulty. Deposits placed by a natural or juristic person with any bank operating in Oman are protected by the deposit insurance scheme up to an amount of RO 20,000. The deposits covered by the scheme include saving deposits, current deposits, temporary deposits, time deposits, Government deposits and any other deposits of the same nature.

Banks in Oman are required to register with the bank deposit insurance scheme and to pay an annual insurance premium of 0.05 per cent. of annual average deposits to the CBO to support this system.

Loan and interest rate ceilings

As a result of the rising level of individual loan indebtedness, the CBO imposed an aggregate quantitative ceiling on personal loans and mortgages. A debt service ratio has been capped at 50 per cent. of net salary receipts on personal loans and 60 per cent. on mortgages. Further, banks in Oman are only permitted to advance personal loans (other than mortgages) after 24 months of satisfactory conduct of an existing loan or after 50 per cent. of an existing loan is repaid (Source: CBO Circular 1094 issued on 23 May 2012).

In light of the global decline in interest rate trends, the CBO decided to reduce the interest rate ceiling on personal loans and mortgages from 7 per cent. to 6 per cent. with effect from October 2013. The CBO requires banks in Oman to treat the 6 per cent. ceiling as the maximum and not an entitlement. Banks in Oman are encouraged to offer competitive rates consistent with international market forces and to ensure the flow of credit to all sectors including agriculture, industry and SMEs (Source: CBO Circular BM 1112 issued on 2 October 2013).

Maturity mismatch ceiling

Pursuant to CBO Circular BSD/2018/2 issued on 20 March 2018, cumulative gaps in rial, U.S. dollars and other currencies have been revised from the limits set originally in Circular BM 955 dated 7 May 2003 and may not exceed the following limits of a bank's cumulative liabilities in each of the five designated time bands. These revised limits took effect on 1 August 2022:

Time Band	Limits as per CBO Circular BSD/2018/2
Up to one month	15 per cent.
1-3 months	15 per cent.
3-6 months	20 per cent.
6-9 months	30 per cent.
9-12 months	30 per cent.

Banks may fix their own limits on mismatches for time bands greater than one year.

Investment criteria

Article 65 of the Oman Banking Law sets out the general credit and investment powers of banks as follows. A domestic bank may:

- purchase, sell, accept or negotiate: items and bonds, notes, debentures, treasury bills, bonds issued by the Government, written securities guaranteed by the Government and tangible and intangible property.

In accordance with CBO Circular BM 938 issued on 13 May 2002, as amended by CBO Circular BM 1144 issued on 12 April 2016, the total aggregate value of a bank's investment in the Government development bonds must not exceed 45 per cent. of the bank's net worth;

- receive upon deposit or for safekeeping, money, securities, papers of any kind or any other personal property;
- open accounts with the CBO, and utilise the CBO as a clearing house;
- open accounts with other local or overseas banks;
- purchase, hold and sell for its own account bonds, notes, debentures and other evidences of an obligation for the payment of money provided that such obligations are not in default at the time of acquisition by the bank and that the aggregate value of such investments does not exceed 10 per cent. of the net worth of the bank and that any investment in a particular security does not exceed 5 per cent. of the net worth of the bank. Investments in companies domiciled outside Oman should not exceed 25 per cent. of the 10 per cent. ceiling mentioned above;
- purchase, hold and sell for its own account securities issued or guaranteed by the Government or any foreign government provided that such securities are publicly traded and have a maturity period of not more than 90 days. Investment in shares and securities if the corporation is formed by the Government should not exceed 5 per cent. of the net worth of the bank;
- purchase, hold and sell for its own account shares and securities of corporations domiciled in or outside Oman provided that such investment, if made in related companies or other licensed banks has been approved by the CBO, and that any such investment in a particular security does not exceed 5 per cent. of the shares of such corporation and that all such investments by the bank do not exceed 20 per cent. of net worth of the bank. Further, investment in companies domiciled outside Oman should not exceed 25 per cent. of the 20 per cent. ceiling mentioned above; and
- purchase, hold and sell for its own account, foreign currency or other monetary assets in the form of cash, bullion, gold and any other metal utilised as a monetary asset.

Banks operating in Oman are required to strictly adhere to the investment limitations provided for in Article 65 of the Oman Banking Law. The CBO expects banks to be reasonably conservative in investment decisions and to appropriately balance any risks associated with such investments. In addition, the CBO directs banks to implement a comprehensive investment policy approved by the bank's board of directors and to submit such policy to the CBO (Source: CBO Circular BM 958 issued on 5 August 2003).

Foreign exchange trading

Pursuant to CBO Circular BM 341 issued on 10 March 1982, banks are permitted to take total foreign exchange positions, defined as the aggregate of all overbought and oversold positions, of up to 40 per cent. of the bank's capital and reserves in Oman. The limit applies to all foreign currencies without exception. Banks in Oman are required to submit data to the CBO which shows their foreign exchange positions on a monthly basis. Specialised banks and leasing companies are not permitted to take positions in foreign exchange.

Future transactions in foreign exchange and commodity hedging products

Banks in Oman are not permitted to offer any complex derivative products such as target redemption forwards, range accruals or any other similar structures which result in unlimited downside risk to the bank's customer. Plain vanilla derivative products can be offered for hedging purposes and banks are required to ensure that derivative transactions are not used for speculative purposes. Further, in undertaking hedging products, banks are required to assess the overall hedging undertaken by the customer and to ensure that the total notional

amount of derivative transactions is not more than the notional amount of the underlying exposure (Source: CBO Circular BM 545 issued on 3 December 1989, CBO Circular BM 546 issued on 13 December 1989, CBO BM 845 issued 24 June 1998 and CBO Circular BM 1006 issued on 9 June 2006).

Exchange control and foreign exchange rates

The CBO is responsible for Omani exchange rate and monetary policy. Since 1986 a stable exchange rate has been maintained between the rial and the U.S. dollar through the rial being pegged to the U.S. dollar (RO 1 = U.S.\$ 2.6008). There are no exchange controls (other than in relation to the Israeli currency) and capital may move freely to and from Oman.

Anti-money laundering

Banks in Oman are required to adhere to the provisions of the Law on Combating Money Laundering and Terrorism Financing promulgated by Royal Decree 30/2016 (the “**AML Law**”). The AML Law sets out the obligations of financial institutions, including banks, in relation to anti-money laundering and combating the financing of terrorism. The obligations banks are required to adhere to include amongst other things, identifying and verifying customers based on reliable and independent sources and data issued by official authorities, establishing and verifying the identity of any person acting on behalf of a customer of the bank, establishing the identity of true beneficiaries and updating the relevant authority with such information. The AML Law further requires banks to adopt a risk management system to determine whether a particular customer poses any risk and, in such event, the bank is required to obtain senior management approvals and take appropriate measures to determine the source of the customer's funds before establishing a business relationship with such customer. The AML Law further sets out the penalties applicable in the event of the failure of a bank to adhere to any of the obligations set out in the AML Law.

Oman is also party to bilateral and multilateral treaties for cooperation and interactions in respect of anti-money laundering. Oman co-operates with the Financial Action Task Force and the MENA Financial Action Task Force Mutual Evaluations, resulting in the identification of areas requiring improvement. The CBO monitors licensed institutions through periodical reports and on-site examinations.

Other Oman Banking Law requirements

The Oman Banking Law imposes, among other things, the following requirements:

Regular reports: Pursuant to Article 72 of the Oman Banking Law, each licensed bank must submit to the CBO an annual report, audited by independent auditors, and certain interim reports and monthly reports as prescribed from time to time by the regulations of the CBO. These reports must be accurate and must include, but not be limited to, information reflecting the financial condition both within and outside Oman of that bank, showing in detail the assets and liabilities of the bank, the amount of domestic and foreign currency held by such bank and the amount, nature and maturities of all items and instruments, securities and other investments owned or held by such bank, to the extent that such information is related to the conduct of banking business, both within and outside Oman. In addition, licensed foreign banks must file copies of reports prepared within Oman for submission to banking authorities which have jurisdiction over them and which reflect the aggregate financial condition of all operations of the licensed bank.

Real and personal property and secured transactions: Pursuant to Article 66 of the Oman Banking Law, a bank operating in Oman may purchase, acquire or hold, lease or otherwise convey real and personal property which has been conveyed to it in satisfaction of debts previously contracted in the normal course of banking business, which it has acquired at sale under judgment decrees or as the result of foreclosure sales and

mortgages. However, all real property acquired by the bank or which has been transferred to it in these ways must be sold or otherwise disposed of by the bank within 12 months of the date of acquisition.

Omanisation of personnel in banking sector

With the objective of raising job opportunities for Omanis, the CBO requires all banks operating in Oman to achieve an Omanisation ratio of at least 90 per cent. and 80 per cent. in relation to their senior management.

Foreign banks may be exempt from achieving the Omanisation quota in relation to their chief executive officer and/or country managers. All banks operating in Oman are required to provide adequate training to Omani employees (Source: CBO Circular BM 1105 dated 31 March 2013 and CBO Letter BDD/CBS/CB/2018/1888 issued on 8 April 2018).

A new banking Law

It has been announced that the CBO is currently reviewing a draft of a new banking law which is currently under the process of legislative procedures. The new banking law is expected to take into account current and emerging trends and developments in the banking and financial services industry. The draft has not been issued to the public. There is currently no announced timing for the release of the draft law.

OVERVIEW OF OMAN

INTRODUCTION

Oman is the second largest country by geographical area among the states of the GCC region, after Saudi Arabia. It is spread over 309,500 square kilometres and has a 3,165 kilometre coastline. It is strategically placed at the mouth of the Arabian Gulf. It is divided into 11 main governorates: Muscat, Musandam, Al Buraimi, Al Dakhiliyah, Al Batinah North, Al Batinah South, Al Sharqiyah North, Al Sharqiyah South, Al Dhahirah, Al Wusta and Dhofar. The governorate of Musandam is an exclave of Oman, separated from the rest of Oman by the UAE. The governorates are subdivided into a total of 61 provinces or Wilayats. Muscat is the political and business capital. Other prominent cities are Salalah, Sohar, Sur, Nizwa and Khasab (Source: NCSI Statistical Year Book 2022, Issue 50). Arabic is the national and official language, but the use of English is widespread, especially in business transactions.

His Majesty Sultan Haitham bin Tarik rules the country through Royal decrees. The Basic Statute of the State, also called the Basic Statute of the State, also called the Basic Law as promulgated by Royal Decree 6/2021 (the “**Basic Law**”), codifies some of the basic rights of both citizens and the government and effectively serves as the Constitution of Oman. The Basic Law was originally enacted in 1996, and was subsequently amended and restated by His Majesty Sultan Haitham bin Tarik on 11 January 2021 through Royal Decree 6/2021.

The administrative system of the state comprises the Diwan of the Royal Court, the Council of Ministers and the Council of Oman (Majlis Oman). The Council of Oman is a consultative council of two chambers. The upper chamber, the State Council (or the Majlis Al Dawla), has advisory powers only and its members are appointed by His Majesty Sultan Haitham bin Tarik. Members of the lower chamber, the Consultative council (or the Majlis Al Shura), are elected for a term of four years. The most recent elections for Majlis Al Shura took place in October 2019. On 11 January 2021, Royal Decree 7/2021 promulgating the Council of Oman Law was issued, which implements a new law to replace Royal Decrees 86/97 (regarding the Council of Oman), 87/97 (promulgating the internal regulations of the State Council) and 88/97 (promulgating the internal regulations of the Consultative (A’Shura) Council). This new law sets out the competencies of the Council of Oman, its membership requirements and the rights and obligations of the members, as well as establishing new regulations for both chambers.

A census is held in Oman every ten years, with the last census conducted in 2020. As at 30 June 2022, the total population of Oman was estimated by the NCSI to be approximately 4.7 million, of which 2.8 million were Omani nationals and 1.9 million were expatriates. The population of Oman is relatively young. The United States Central Intelligence Agency World Factbook (as updated on 22 September 2022) indicated that the population’s median age was 26.2 years. A key target of Government policy is providing adequate employment opportunities for its young national population.

The majority of the population is Muslim, with small minorities of Christians, Hindus and Jews also present. Arabic is Oman’s national and official language, but the use of English is widespread, especially in business transactions. Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours and other countries and has a non-confrontational and pragmatic approach to foreign relations. Oman has been a member of the United Nations since 1971. Oman became a member of the International Monetary Fund and the International Bank for Reconstruction and Development in 1971. Oman also became a member of the World Trade Organisation in 2001.

Oman joined the Arab League in 1971 and the Organisation of the Islamic Conference in 1972. It became a member of the Non-Aligned Movement in 1973. It is a founder member of the GCC, which also includes Saudi Arabia, Kuwait, Bahrain, the UAE and Qatar. While Oman is not a member of OPEC, as the other members of the GCC are, Oman is a member of the GCC’s Permanent Committee for Petroleum Cooperation.

Oman's economic development is coordinated through a series of five-year development plans within the framework set out by longer-term plans. In particular Vision 2040 lays out Oman's long-term fiscal plan. This is implemented by a series of five-year fiscal plans, and medium term fiscal plans. Each five-year development plan sets forth the parameters within which annual national budgets are determined (including the permitted level of budget deficits and level of withdrawals from the general reserves to meet such deficits). Withdrawals from reserves exceeding budgeted amounts must be specifically authorised by Royal Decree. A principal goal of the five-year development plans is the diversification of Oman's economy, focusing on (a) manufacturing; (b) transportation and logistics; (c) tourism, hotels and restaurants; (d) fisheries; and (e) mining, in the medium term. Oman is currently in its tenth five-year economic development plan of strategy which covers the period from 2021 to 2025. The tenth five-year plan envisages a continued drive towards the diversification of the Omani economy away from hydrocarbons and into infrastructure and other developments, under the guidance of specialist committees.

Key Government reforms implemented in recent years to support the progress of the primary Vision 2040 plan include: (i) Vision 2020, a secondary long-term development strategy with an emphasis on diversification and investment in non-oil and gas industries and services; and (ii) tertiary short-term projects referred to as 'Five-Year Plans' which are also designed to aid the diversification of the economy by increasing expenditure on key infrastructure projects, such as developing the country's ports. The current Five-Year Plan is termed the Tenth Five-Year Plan for 2021 to 2025, which will be part of Vision 2040.

In September 2020, Royal Decree 100/2020 was issued, which provides for the establishment of the Oman Vision 2040 Implementation Follow-Up Unit, consolidating the Implementation Support and Follow-Up Unit and the Directorate General for Following-Up Government Services in the Secretariat General of the Council of Ministers.

The Government announced a medium-term fiscal plan ("MTFP") to cover the years 2020 to 2024, with the objective of "achieving fiscal balance in the medium-term". The MTFP effectively provides for the financial framework of Oman's Vision 2040, and is intended, among other things, to support economic growth and diversify sources of Government revenues, in the face of the impact felt on the national economy as a result of the mid-2020 oil price crisis and the COVID-19 pandemic. Some of the measures mentioned in the MTFP include the introduction of VAT (which took place in April 2021) and personal income tax, as well as an overhaul of Government fees for services and subsidy reforms, and the encouragement of tourism through visa exemptions granted to citizens from certain countries.

RATINGS

The long-term foreign and local currency sovereign ratings assigned to Oman are:

- Ba3 (positive outlook) by Moody's in October 2022;
- BB (positive outlook) by Standard & Poor's in March 2023; and
- BB (stable outlook) by Fitch in August 2022.

ECONOMIC OVERVIEW

According to the NCSI, Oman's nominal GDP was RO 33.9 billion in 2021, RO 29.2 billion in 2020 and RO 33.9 billion in 2019.

The decrease in Oman's nominal GDP in 2020 compared to 2019 was driven by a 26.3 per cent. decrease in hydrocarbon sector activities (principally reflecting the impact of low oil prices for much of 2020 as a result of the restrictions imposed worldwide to combat the COVID-19 pandemic), and to a lesser extent by a 7.8 per

cent. decrease in non-hydrocarbon sector activities. In 2021, Oman's nominal GDP grew by 16.2 per cent., reflecting a 33.1 per cent. increase in hydrocarbon activities (as oil prices recovered) and an 8.4 per cent. increase in non-hydrocarbon activities (as the economy recovered from the impact of COVID-19 in 2020).

Despite its diversification efforts, Oman's economy continues to be dominated by oil and gas activities, which accounted for 30.3 per cent. of nominal GDP during 2021 as compared to 26.5 per cent. of nominal GDP during 2020 and 31.0 per cent. of nominal GDP during 2020.

ANNUAL INDICATORS

The following table sets out the major macroeconomic indicators for Oman for the years indicated based on the NCSI Statistical Year Book 2020:

	2021	2020	2019
Nominal GDP (<i>RO millions</i>)	33,9	29,1	33,8
	09.8	87.2	59.4
Nominal GDP growth rate (<i>per cent.</i>).....	16.2	(13.8)	(3.8)
Sultanate CPI Inflation Rate (<i>per cent.</i>)	1.5	(0.9)	0.1

Note:

(1) The GDP data for 2021 and 2020 is provisional.

TAXATION

*The following is a general description of current tax law and practice in Oman (“**Omani Tax Law**”) and certain other tax considerations under EU and U.S. law, in each case relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries’ tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

Omani Tax Law

The statements herein regarding taxation are based on the laws in effect in Oman as at the date of this Base Prospectus and are subject to any changes of law occurring after such date. The following is a summary only of the material Omani tax consequences of ownership of the Notes by beneficial owners which are not incorporated in or who are not residents of Oman for Omani tax purposes and do not conduct business activities in Oman. The following summary does not purport to be a comprehensive description of all the tax considerations and is not intended to reflect the individual tax position of any beneficial owner, which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their acquiring, holding, and disposing of Notes, including in particular the effect of any local laws.

Withholding Taxes in Oman

There is a withholding tax levy on certain payments, as provided by the Omani Tax Law. Under Article 52 of the Omani Tax Law, as amended by Sultani Decree 9/2017 which came into force on 27 February 2017 (the “**2017 Tax Amendments**”) and Ministerial Decision 14/2019 which came into force on 11 February 2019 (the “**2019 Tax Amendments**”), withholding tax is payable on the following categories of income accrued in Oman:

- (a) royalties;
- (b) consideration for research and development;
- (c) consideration for the use or the right to use computer software;
- (d) fees for management or performance of services; and
- (e) interest or dividend distributions by joint stock companies and mutual funds (not limited liability companies).

Withholding tax payable on interest or dividend distributions was temporarily suspended by the Ministry of Finance for a period of three years with effect from 6 May 2019. Further withholding applicable on dividend and interest payments to foreign persons is suspended for a period of five (5) years starting from 2020 according to the Economic Stimulus Plan (ESP) announced by the Ministry of Finance. Further, recently on the occasion of Accession Day (11 January 2023), a Royal Order was issued mandating the cessation of withholding on dividends and interest payments to non-residents. However, further guidelines on whether this cessation is perpetual is yet to be issued.

The term “interest”, as used in Article 52 of the Omani Tax Law, has been defined in the 2019 Tax Amendments to include any amounts obtained through debt, advances or any arrangement of financial nature, with or without guarantee or profit share and includes income accrued from bonds, instruments and amounts obtained as a compensation on interest. There is no precise definition of “management fee” and it is not clear whether management fees would include any arrangement fee, commitment fee or agency fee. The 2017 Tax Amendments state that any of the payments in paragraphs (a) to (e) above made to foreign persons relating to services or any part thereof rendered in Oman will be subject to withholding tax deductions.

Withholding tax is levied on the gross amount of the above categories of income paid or credited to the account of any non-resident person as specified in Article 40 of the Omani Tax Law (being foreign companies that do not have a permanent establishment in Oman and those that carry on business through a permanent establishment but do not include the accrued income in the gross income of that permanent establishment). Companies in Oman making payment to foreign based companies of the nature specified above are obliged to deduct withholding tax at source at the rate of 10 per cent. on the gross amount paid or credited and to remit it to the Secretariat General for Taxation. The 2017 Tax Amendments also extend the requirement to deduct withholding tax payable pursuant to Article 52 to any ministry, authority, public institution or other public juristic person or unit of the administrative apparatus of Oman.

Should withholding tax be applied to arrangement, agency or commitment fees, any contractual provision which provides for a gross up will protect against the withholding.

The 2019 Tax Amendments exclude the following interest payments from withholding tax:

- Interest paid on amounts deposited in banks located in Oman.
- Returns on bonds and sukuk issued by the government or banks located in Oman.
- The benefits of transactions and facilities between banks for the purpose of providing and managing liquidity or financing, where the term for repayment of the debt does not exceed five years.

In view of the above, it is understood that payment under the Notes to a Noteholder outside Oman by banks in Oman will not attract withholding tax. However, the Secretariat General for Taxation would be the ultimate authority to determine whether these payments would attract withholding tax.

With regards to any such withholding and/or deduction made on account of withholding tax payable in respect of payments under the Notes, Condition 15 (*Taxation*) provides that the Issuer is required to pay such additional amounts in respect of such withholding or deduction in certain circumstances such that the Noteholders will receive the full amount which would have otherwise been receivable by them in the absence of such withholding or deduction.

Capital Gains Taxes in Oman

Under the Omani Tax Law, gains on the sale or redemption of the Notes made by Noteholders who are tax payers in Oman will be subject to a tax of 15 per cent. of the annual taxable profits of the tax payers, if such income forms part of the business profits and the Noteholders are not exempted otherwise under the Omani Tax Law.

Other Taxes in Oman

No stamp, issue, registration fees or similar direct or indirect taxes or duties will be payable in Oman in connection with the issuance, delivery, or execution of the Notes by the Issuer.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as “**FATCA**”, a “**foreign financial institution**” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under “*Terms and Conditions of the Notes—Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc, Mizuho International plc, MUFG Securities EMEA plc, Société Générale and Standard Chartered Bank (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated Dealer Agreement dated 12 April 2023 (the “**Dealer Agreement**”) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement provides that the obligations of the Dealers to subscribe for the Notes are subject to certain conditions precedent. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) or neither if TEFRA is specified as not applicable in the relevant Final Terms.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes comprising the relevant Tranche and the closing date (the “**Resale Restriction Termination Date**”) within the United States or to, or for the account or benefit of, U.S. Persons, and such Dealer will have sent to each dealer to which it sells Notes prior to the Resale Restriction Termination Date a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which

are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or Pricing Supplement, in the case of Exempt Notes) in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area (each, a “**Relevant State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or Pricing Supplement, in the case of Exempt Notes) in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (a) **Qualified investors**: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) **Fewer than 150 offerees**: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) **Other exempt offers**: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 of the European Parliament and of the Council.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or Pricing Supplement, in the case of Exempt Notes) in relation thereto to any retail investor in the UK. For these purposes:

- (a) a “**retail investor**” means a person who is one (or more) of:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restrictions under the UK Prospectus Regulation

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms (or Pricing Supplement, in the case of Exempt Notes) in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression “**UK Prospectus Regulation**” means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their

businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Sultanate of Oman

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been filed with or registered as a prospectus with the CMA pursuant to Article 28 of the Securities Law Royal Decree 46/2022 (Article 28), and the Notes will not be offered or sold as a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law or Article 28, nor does the Base Prospectus or the issue or offering of the Notes constitute a sukuk offering pursuant to the Sukuk Regulation issued by the CMA (CMA Decision 3/2016).

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme and this Base Prospectus have not and will not be offered, sold or distributed by it to any person in Oman and no invitation to subscribe for or to purchase the Notes has been or will be made, directly or indirectly by it, unless: (A) (i) the provisions of the Securities Law of Oman (Royal Decree 46/2022), and the Executive Regulations (issued pursuant to Decision 1/2009 as amended) (to the extent that the applicable regulations are not inconsistent with the Securities Law) are observed, and (ii) the prior consent of the CMA is obtained; or (B) the Dealer is duly licensed to market the Notes in Oman.

The information contained in the Base Prospectus neither constitutes a public offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 18/2019 as amended) or the Securities Law of Oman (Royal Decree 46/2022), nor does it constitute 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 Regulations to the Capital Market Law (issued pursuant to Decision 1/2009 as amended).

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors”.

For this purpose, an “**accredited investor**” means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more (excluding that person’s principal place of residence);
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000;
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund); or
- (d) any other entity which is an “accredited investor” as defined in the Central Bank of Bahrain Rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any Saudi Investor who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 8 of the “Rules on the Offer of Securities and Continuing Obligations” as issued by the CMA resolution number 3-123-2017 dated 27 December 2017, as amended by the CMA resolution number 8-5-2023 dated 18 January 2023 (the “**KSA Regulations**”), made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “institutional and qualified clients” under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9, or as otherwise required or permitted by, the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of the Notes made by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except (i) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus: (i) has not been, and will not be, registered with or approved by, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (i) an “**Exempt Offer**” in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the “**DFSA**”) rulebook; and
- (ii) 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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued have not been and will not be offered, marketed and/or sold by it in the State of Kuwait, except through a licensed person duly authorised to undertake such activity pursuant to Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and Regulating of Securities Activities and its executive bylaws (each as amended) (the “**CML Rules**”) and unless all necessary approvals from the Kuwait Capital Markets Authority pursuant to the CML Rules, together with the various resolutions, regulations, directives and instructions issued pursuant thereto or in connection therewith (regardless of nomenclature or type), or any other applicable law or regulation in the State of Kuwait, have been given in respect of the offering, marketing and/or sale of the Notes.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMPO)**”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and that it will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Malaysia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the "CMSA"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase any Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b), and Part I of Schedule 7 (or Section 230(1)(b)), read together with Schedule 8 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

General

With the exception of the approval by the Central Bank of Ireland of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Regulation, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Base Prospectus or any Final Terms (or Pricing Supplement, in the case of Exempt Notes) comes are required by the Issuer and the Dealers to comply with all applicable

laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “*General*” above.

GENERAL INFORMATION

Listing and Admission to Trading

Application has been made for Notes issued under the Programme to be admitted to trading on the regulated market of Euronext Dublin and to be admitted to listing on the official list of Euronext Dublin.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by Euronext Dublin or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as the Issuer and the relevant Dealer(s) may agree.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Regulated Market for the purposes of the Prospectus Regulation.

Legal Entity Identifier

The legal entity identifier (“LEI”) of the Bank is 549300HC6W6OEXV7SY67.

Authorisations

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 8 March 2004 and by a resolution of the shareholders of the Issuer passed on 30 March 2004. The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 26 March 2019 and 15 December 2022 and by a resolution of the shareholders of the Issuer passed at the extraordinary general meeting of the shareholders held on 25 March 2019. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Redemption or purchase of Subordinated Notes

In the case of Notes that are Subordinated Notes, the Issuer shall not exercise any right to redeem such Notes prior to their scheduled maturity nor shall the Issuer or any Subsidiary of the Issuer purchase any such Notes without the prior approval of the CBO where so required by the terms and conditions of the CBO approval relating to the Subordinated Notes or by the then current regulatory requirements of the CBO applicable to the Issuer.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms (or Pricing Supplement, in the case of Exempt Notes) relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard du Roi Albert II, 1120 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet its general financing requirements.

Material Contracts

There are no material contracts not entered into in the ordinary course of the Bank's business that are material to the Bank's ability to meet its obligations to security holders.

Litigation

The Issuer is not nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

No material adverse change or significant change

There has been no material adverse change in the prospects of the Issuer, nor has there been any significant change in the financial performance or financial position of the Group since 31 December 2022.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents will be available in electronic form on the website of the Issuer at <https://www.bankmuscat.com/en/investorrelations/Pages/Debt%20investor%20information.aspx> and for inspection during normal business hours at the Specified Office of the Fiscal Agent and at the Specified Office of the Paying Agent in Luxembourg, namely:

- (i) the Articles of Association of the Issuer;
- (ii) the Agency Agreement;
- (iii) the Deed of Covenant;
- (iv) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
- (v) any Final Terms and (in the case of Exempt Notes) Pricing Supplements (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders).

The Base Prospectus and Final Terms will also be published in electronic form on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>).

Audited consolidated financial statements available

The Financial Statements were prepared in accordance with IFRS issued by the IASB, the applicable regulations of the CBO, the requirements of the Commercial Companies Law, and the disclosure requirements of the CMA. The Financial Statements were audited by EY, independent auditors, in accordance with International Standards of Auditing (ISA) as stated in their reports incorporated by reference herein. There is no professional institute of auditors in Oman and, accordingly, EY is not a member of a professional body in Oman. All EY's partners

directly involved in the audit are members of the institutes from where they received their professional qualification.

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations, of the most recent publicly available audited consolidated financial statements of the Issuer may be obtained free of charge during normal business hours at the Specified Office of the Fiscal Agent and at the Specified Office of the Paying Agent in Luxembourg.

Notices

Notices to Noteholders will be valid, for so long as the Notes are in global form and admitted to trading on Euronext Dublin, when such notice is filed in the Company Announcement Office of Euronext Dublin.

Banking transactions on behalf of the Dealers

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business for which they have and/or will receive fees and expenses. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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