



بنك عمان العربي  
OMAN ARAB BANK

**Oman Arab Bank S.A.O.G.**

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

## PROSPECTUS

Issue of 10,016,460 Mandatory Convertible Bonds at an Issue Price of RO 1 per Bond (comprising of RO 1 per Bond as nominal value) and aggregating to RO 10,016,460

### Issue Manager:



**Ubhar Capital S.A.O.C.**

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

### Registrar, Paying Agent & Bondholders' Agent:



مستط للمقاصة و الإيداع  
Muscat Clearing & Depository

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

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

### Legal Adviser:



تروورز اند هاملينز  
trowers & hamlins

**Trowers & Hamlins**

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

The date of this Prospectus is 26 September 2024.

This Prospectus has been prepared in accordance with the requirements as set out by the Financial Services Authority of Oman (**FSA**). This is an unofficial English translation of the original Prospectus prepared in Arabic and approved by the FSA in accordance with Administrative Decision no. KH/57/2024 dated 26 September 2024. If there is any conflict between this unofficial English version of the Prospectus and the official Arabic version, then the official Arabic version of the Prospectus shall prevail.

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

The FSA assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor shall it have any liability for any damage or loss resulting from the reliance upon or use of any part of the Prospectus by any person. The FSA has also not assessed the suitability of the Bonds to which this Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus, then you should seek independent professional advice.

## IMPORTANT NOTICE TO INVESTORS

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This Prospectus presents material information relating to the mandatory convertible bonds which are being issued to the shareholders of Oman Arab Bank S.A.O.G. (the **Issuer**) as dividends in accordance with the decisions of the EGM held on 28 March 2024.

This Prospectus includes all material information and data and does not contain any misleading information or omit any material information.

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

All investors should examine and carefully review this Prospectus to understand the nature of the securities which are the subject of this Prospectus.

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

### Forward-Looking Statements

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

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

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

- Level of demand for the Issuer’s products and services;
- The competitive environment;
- Regulatory, legal and fiscal developments;
- Fluctuations in foreign exchange rates, equity prices or other rates or prices;
- Inability to estimate future performance;
- performance of the Omani economy; and
- Other factors described in the Section titled “Risk Factors” of this Prospectus.

**CONFIDENTIAL**

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

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

### **Notice to residents of Oman**

The Prospectus has been filed with the FSA and the Bonds shall be governed by the Laws of Oman. The issuance has been approved by the FSA and the information contained in this Prospectus does not constitute (i) an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations of the Capital Market Law; or (ii) a public offer of securities in Oman as contemplated by the Commercial Companies Law or the Securities Law or the Bond and Sukuk Regulations.

### **Notice to residents of the Kingdom of Saudi Arabia**

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

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

### **Notice to residents of the Kingdom of Bahrain**

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

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

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

### **Notice to residents of the United Arab Emirates**

The Bonds have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (the **UAE**) (excluding the Dubai International Financial Centre and Abu Dhabi

Global Market) other than in compliance with the laws of the UAE (excluding the Dubai International Financial Centre and Abu Dhabi Global Market) governing the issue, offering and sale of securities. This Prospectus does not constitute a public offer of securities in the UAE (excluding the Dubai International Financial Centre and Abu Dhabi Global Market) and is not intended to be a public offer. This Prospectus has not been approved by or filed with the Central Bank of the UAE, the Securities and Commodities Authority or the Dubai Financial Services Authority or the Abu Dhabi Global Market.

### **Notice to the residents of the State of Kuwait**

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

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

### **Notice to residents in other Jurisdictions**

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

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## 1. DEFINITIONS AND ABBREVIATIONS

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<b>Accelerated Mandatory Conversion Date</b>	means the date on which the Conversion shall take place as specified in the Accelerated Mandatory Conversion Notice, which date shall be no later than 30 days (or such earlier date if instructed by the CBO) after the date of the Accelerated Mandatory Conversion Notice.
<b>Accelerated Mandatory Conversion Event</b>	means:  (a) an Event of Default; and  (b) a Capital Event.
<b>Accelerated Mandatory Conversion Notice</b>	has the meaning given to it in Condition 6.8.2 ( <i>Accelerated Mandatory Conversion</i> ).
<b>Additional Tier 1 Capital</b>	The capital qualifying as, and approved by the Regulator as, additional tier 1 capital in accordance with the Capital Regulations.
<b>Allotment Ratio</b>	means 6 bonds of nominal value of RO 1 to be issued for every 1000 Ordinary Shares held by a Shareholder on the Allotment Record Date.
<b>Allotment Record Date</b>	means the EGM Date i.e. 28 March 2024.
<b>Applicable Regulatory Capital Requirements</b>	means any requirements contained in the Capital Regulations for the maintenance of capital from time to time applicable to the Issuer, including transitional rules and waivers granted in respect of the foregoing.
<b>Articles</b>	means articles of association of the Issuer, as may be amended from time to time in accordance with the provisions as contained therein.
<b>Authorised Signatories</b>	means the persons listed from time to time on the Issuer's Commercial Register with the MOCIIP and/ or authorised via extra-ordinary general meeting held on 28 March 2024.
<b>Issuer</b>	means Oman Arab Bank S.A.O.G.
<b>Basel Committee</b>	means the Basel Committee on Banking Supervision.
<b>Basel III</b>	means the reforms to the international regulatory capital framework issued by the Basel Committee as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for international credit institutions (including guidance on the eligibility criteria for tier 1 capital instruments and tier 2 capital instruments).



<b>Board / Board of Directors</b>	means the Issuer's board of directors elected by the Shareholders' general meeting from time to time in accordance with the Articles, the CCL and the regulations and rules issued by the CBO and the FSA.
<b>Bond and Sukuk Regulations</b>	means the regulations governing the issuance of bond and sukuk instruments in Oman promulgated by Ministerial Decision No.KH/21/2024, as may be amended, supplemented, or restated from time to time.
<b>Bonds</b>	means the unsecured, mandatory convertible bonds qualifying as Additional Tier 1 Capital instrument under CBO guidelines being issued under this Prospectus having a nominal value of RO 1 per Bond.
<b>Bondholders</b>	means a holder of a Bond issued by the Issuer pursuant to this Issue.
<b>Bondholders' Agent</b>	means the Muscat Clearing and Depository S.A.O.C. or "MCD" or any successor body thereto and includes all persons who may be appointed bondholders' agent under the terms of the Declaration of Agency to act for and on behalf of the Bondholders as their representative.
<b>Bondholders' Register</b>	means the register maintained by the Registrar listing the details of the Bondholders.
<b>Business Day</b>	means a day in which commercial banks and the Registrar are open for general business in Oman.
<b>Baiza / Bzs</b>	means One thousandth of RO (1000 Bzs = 1 RO).
<b>Capital Event</b>	means the Issuer is notified in writing by the Regulator to the effect that the outstanding principal amount of the Bonds would cease to qualify for inclusion in the consolidated Additional Tier 1 Capital of the Issuer (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital).
<b>Capital Regulations</b>	means the regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Oman, including those of the Regulator (which shall include, without limitation, the Regulator's CP-1 Guidelines on regulatory capital under Basel III issued via the Central Bank circular BM1114 dated 17 November 2013).
<b>CBO / Regulator</b>	means the Central Bank of Oman or any successor entity having primary bank supervisory authority with respect to the Issuer in Oman.

<b>CCL or Commercial Companies Law</b>	means the Commercial Companies Law of Oman promulgated by Royal Decree 18/2019, as may be amended, supplemented, or restated from time to time.
<b>Conversion</b>	means the exchange in whole (as determined by the Issuer in consultation with the CBO or as the CBO may, in its sole discretion, direct) of the Bonds (together with any amounts due and payable under such Bonds) into Ordinary Shares, calculated based on the Conversion Ratio.
<b>Conversion Date</b>	means the earlier of 9 October 2026 or the Accelerated Mandatory Conversion Date.
<b>Conversion Ratio</b>	means 8 Ordinary Shares to be issued against each Bond at the Conversion Date, at an underlying price of 125 baiza per share, subject to any regulatory limitations on shareholding in Oman at the Conversion Date.  The shareholding of Arab Bank plc in the Issuer on the Conversion Date shall not exceed 49%.
<b>Day-count Fraction</b>	means the number of days in the relevant period divided by 365 or 366 in case of a leap year (including the first such day but excluding the last).
<b>Declaration of Agency</b>	means a declaration of agency entered into between the Issuer and MCD for MCD to act as Bondholders' Agent.
<b>Director</b>	means a member of the Board of Directors of the Issuer.
<b>Distributable Items</b>	means the Issuer's accumulated and realised profits as approved by CBO (to the extent not previously distributed or capitalised) less accumulated losses, all as set out in the most recent audited or (as the case may be) auditor reviewed financial statements of the Issuer.
<b>Dividend Stopper Date</b>	has the meaning given to it in Condition 6.4.4 ( <i>Dividend and Redemption Restrictions</i> ).
<b>EGM</b>	has the meaning given to it in the preamble to the Terms and Conditions.
<b>EGM Date</b>	means the date the Issue of the Bonds was approved in the EGM.
<b>Event of Default</b>	means:  (a) <b>Non-payment:</b> the Issuer fails to pay any Interest Payment Amount due and payable by it pursuant to the Terms and Conditions and the failure continues for a period of 14 days in the case of Interest (save in each case where such failure occurs solely as a result of the occurrence of either a Non-Payment

	<p>Event or the Issuer making a Non- Payment Election); or</p> <p>(b) <b>Insolvency:</b> a final determination is made by a court or other official body that the Issuer is insolvent or bankrupt or unable to pay its debts; or</p> <p>(c) <b>Winding-up:</b> either an administrator is appointed, an order is made by a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or cease, or through an official action of its Board of Directors threaten to cease, to carry on all or substantially all of its business or operations, in each case except: (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer; or (ii) for any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority.</p> <p>An Event of Default is, amongst others, an Accelerated Mandatory Conversion Event.</p>
<b>Executive Regulations of the Capital Market Law</b>	means the Executive Regulations of the Capital Market Law issued by the FSA by the decision no.1/ 2009 pursuant to Royal Decree no. 80/98.
<b>First Interest Payment Date and Interest Payment Date</b>	<p>means the First Interest Payment Date is 9 April 2025.</p> <p>The Interest Payment Date shall be each 9 April and 9 October in each year, starting on and including the Issue Date.</p> <p>Interest Payment Amounts shall be paid to the Bondholders whose name appears on the Bondholders' Register at the close of business six Business Days before the corresponding Interest Payment Date (<b>Record Date</b>).</p>
<b>FSA</b>	means the Financial Services Authority of Oman.
<b>Interest Payment Amount</b>	means the amount of interest payable, subject to Condition 6.4 ( <i>Interest Restrictions</i> ) and Condition 6.5 ( <i>Payments</i> ), on each Interest Payment Date, in respect of the Interest Period ending on such date.
<b>Interest Period</b>	means the period from, and including, the Issue Date and to, but excluding, the next (or first) Interest Payment Date, or such other period specified as the Interest Period in the Terms and Conditions.

<b>Interest Restriction</b>	has the meaning given to it in Condition 6.4 ( <i>Interest Restrictions</i> ).
<b>Issue</b>	means the issue of up to 10,016,460 Bonds under this Prospectus.
<b>Issue Date</b>	means 9 October 2024.
<b>Junior Obligations</b>	means either:  (a) All claims of the holders of Ordinary Shares; or  (b) any other present or future payment obligations that rank or are expressed to rank junior to the Bonds.
<b>Laws of Oman</b>	means the laws of Oman in the form of Royal Decrees, Ministerial Decisions, FSA and CBO Regulations all as published in the Official Gazette, or may from time to time be enacted, amended or re-enacted or issued.
<b>MOCIIP</b>	means the Ministry of Industry, Commerce and Investment Promotion of Oman.
<b>MSX</b>	means the Muscat Stock Exchange S.A.O.C.
<b>Non-Payment Election</b>	has the meaning given to it in Condition 6.4.2 ( <i>Non-Payment Election</i> ).
<b>Non-Payment Event</b>	has the meaning given to it in Condition 6.4.1 ( <i>Non-Payment Event</i> ).
<b>Non-Viable</b>	means (a) the Issuer has become insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business, or (b) any other event or circumstance which is specified as constituting non-viability by the Regulator or as is set out in the applicable banking regulations.
<b>Non-Viability Event</b>	means an event that:  (a) the Regulator has notified the Issuer in writing that it has determined that the Issuer is, or shall become, Non-Viable without a Write-down; or  (b) a decision is taken to make a public sector injection of capital (or equivalent support) without which the Issuer is, or shall become, Non-Viable, the Bonds shall be permanently written down in whole or in part, as determined by the Issuer in conjunction with the Regulator in accordance with the Capital Regulations.  For the avoidance of doubt, where the Regulator has determined that a public sector injection of capital (or

	equivalent support) is required, the Write-Down shall be full and permanent, and shall occur prior to any public sector injection of such capital or equivalent support.
<b>Non-Viability Event Write-down Date</b>	means the date on which the Write-down shall take place as specified in the Non-Viability Notice, which date shall be no later than 10 Business Days (or such date as determined by the Regulator) after the date of the Non-Viability Notice.
<b>Non-Viability Notice</b>	has the meaning given to it in Condition 6.9.2 (Non-Viability Notice).
<b>Obligations</b>	has the meaning given to it in Condition 6.2.2 ( <i>Subordination of the Bonds</i> ).
<b>Oman</b>	means the Sultanate of Oman.
<b>Ordinary Shares</b>	means the ordinary shares of the Issuer.
<b>Pari Passu Obligations</b>	means all subordinated payment obligations of the Issuer which rank, or are expressed to rank, pari passu with the Obligations.
<b>Paying Agent</b>	means the Muscat Clearing and Depository S.A.O.C. or "MCD" or any successor body thereto.
<b>Paying Agent Agreement</b>	means the agreement dated on or around the Issue Date between the Issuer and MCD for MCD to act as Paying Agent for the Bondholders.
<b>Payment Day</b>	has the meaning given to it in Condition 6.5.3 ( <i>Payment Day</i> ).
<b>Potential Events of Default</b>	means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.
<b>Prospectus</b>	means this Prospectus as approved by the FSA.
<b>Qualifying Additional Tier 1 Instruments</b>	means instruments (whether securities, trust certificates, interests in limited partnerships or otherwise) issued directly or indirectly by the Issuer that shall be eligible to constitute (or would, but for any applicable limitation on the amount of such capital, constitute) Additional Tier 1 Capital.
<b>Registrar</b>	means Muscat Clearing and Depository S.A.O.C. or "MCD" or any successor body thereto.

<b>Registrar Agreement</b>	means the agreement dated on or around the Issue Date between the Issuer and MCD for MCD to act as Registrar for the Bondholders.
<b>Rial Omani or RO</b>	means Omani Rial, which is the lawful currency of Oman. Each Omani Rial is equivalent to 1000 Baizas.
<b>Securities Law</b>	means the Securities Law promulgated by Royal Decree 46/2022, as may be amended, supplemented, or restated from time to time.
<b>Senior Obligations</b>	means the deposit holders, general creditors, holders of subordinated debt/ bonds/ sukuk of the Issuer, all unsubordinated payment obligations of the Issuer and all subordinated payment obligations (if any) of the Issuer to which the Obligations rank, or are expressed to rank, junior.
<b>Shareholders</b>	means the holders of Ordinary Shares.
<b>Write-down</b>	<p>means that:</p> <p>(a) the Bonds shall be cancelled (in the case of a write-down in whole) or written-down in part on a pro rata basis (in the case of a write-down in part) as determined by the Issuer in conjunction with the Regulator in accordance with the Capital Regulations; and</p> <p>(b) all rights of any Bondholder for payment of any amounts under or in respect of the Bonds (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) shall, as the case may be, be cancelled in whole or written-down in part pro rata among the Bondholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date and even if the Non-Viability Event has ended.</p> <p>For the avoidance of doubt, with respect to paragraphs (a) and (b) of this definition, the Write-down shall be full and permanent where the Regulator has determined, under paragraph (b) in the definition of “<b>Non-Viability Event</b>”, that a public sector injection of capital or equivalent support is required and shall occur prior to any public sector injection of such capital or equivalent support.</p> <p>A Write-down shall only take place with the prior written approval of the CBO.</p>

**USD**

means United States Dollars, the lawful currency of the United States of America.

## 2. THE OFFERING

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### 2.1 Key Terms of the Offering

The following is an overview of the principal features of the Bonds. This overview must be read as an introduction to this Prospectus.

Issuer	Oman Arab Bank S.A.O.G., a public joint stock company established in accordance with the laws of and incorporated and registered in Oman.
Commercial Registration	1223518
Registered Office	Al Ghubrah North, PO Box 2240, PC 130, Muscat, Oman
Issuer Manager	Ubhar Capital S.A.O.C.
Issued Capital	RO 166,941,000 (as on 30 June 2024)
Credit Rating of Issuer	Moody's: Ba1 (Long Term Deposits – Foreign Currency) Outlook: Positive  Capital Intelligence: BB+ (Long Term – Foreign Currency) Outlook: Stable
Instrument Offered	Unsecured, Mandatory Convertible Bonds – Additional Tier 1 Capital Instruments
Issue Size	Up to RO 10,016,460.
Issue Date	means 9 October 2024.
Issue Price	RO 1 per Bond.
Purpose of the Issue	The purpose of the Issue is to optimise the Issuer's capital structure and distribute a dividend to the shareholders of the Issuer owing to the Issuer's strong performance, financial and liquidity position. The Issuer shall not receive any funds from the Issue.
Denomination	RO
Nominal Value	RO 1 per Bond
Interest Rate	The Interest Rate is 6% per annum.
Interest Payment Dates	Semi-annual, on 9 April and 9 October. The first Interest Payment Date shall be 9 April 2025.
Interest Payment Amount	Subject to the Interest Restrictions, Interest Payment Amount shall be payable in arrears in respect of the Bonds on each Interest Payment Date, in respect of the Interest



	<p>Period ending on such date and shall accrue based on the Interest Rate.</p>
Interest Restriction	<p>If the Issuer makes a Non-Payment Election or a Non-Payment Event occurs, then the Issuer shall not pay the corresponding Interest Payment Amount on the relevant Interest Payment Date and the Issuer shall not have any obligation to make any subsequent payment in respect of any unpaid Interest Payment Amount as more particularly described in Condition 6.4 (<i>Interest Restrictions</i>).</p> <p>In these circumstances, interest shall not be cumulative and any interest which is not paid shall not accumulate or compound and Bondholders shall have no right to receive such interest at any time, even if the interest is paid in the future for this Issue.</p> <p>Such non-payment of Interest Payment Amount by the Issuer shall not constitute an Event of Default.</p>
Dividend Restrictions	<p>If either any Interest Payment Amount is not paid as a consequence of a Non-Payment Event or a Non-Payment Election (as the case may be), then, from the date of such Non-Payment Event or Non-Payment Election (the <b>Dividend Stopper Date</b>), the Issuer shall not, so long as any of the Bonds are outstanding:</p> <p>(a) declare or pay any distribution or dividend or make any other payment on, and shall procure that no distribution or dividend or other payment is made on, the Ordinary Shares (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date); or</p> <p>(b) pay interest, profit or any other distribution on any of its other common equity tier 1 instruments or securities, ranking, as to the right of payment of dividend, distributions or similar payments, junior to or pari passu with the obligations (excluding securities the terms of which do not at the relevant time enable the Issuer to defer or otherwise not to make such payment), only to the extent such restriction on payment or distribution is permitted under the Applicable Regulatory Capital Requirements; or</p> <p>(c) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Ordinary Shares; or</p> <p>(d) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire other common equity</p>

	<p>tier 1 instruments or any securities issued by the Issuer ranking, as to the right of repayment of capital, junior to or pari passu with the obligations (excluding securities the terms of which stipulate a mandatory redemption or conversion into equity), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted under the Applicable Regulatory Capital Requirements, in each case unless or until one Interest Payment Amount following the Dividend Stopper Date has been paid in full.</p>
Mandatory Conversion	<p>The Bonds are securities in respect of which no there shall be no redemption by cash.</p> <p>Pursuant to Condition 6.8 (<i>Mandatory Conversion</i>), the Bonds shall be mandatorily converted into Ordinary Shares in accordance with the Conversion Ratio on the Conversion Date.</p> <p>Upon the Conversion of the relevant Bonds in accordance with Condition 6.8 (<i>Mandatory Conversion</i>) and the fulfilment by the Issuer of all its obligations in respect of them, the relevant Bondholders shall have no further rights in respect of such Bonds and the obligations of the Issuer in respect thereof shall be extinguished and no further amounts shall be payable in respect of the relevant Bonds.</p>
Accelerated Mandatory Conversion	<p>No later than the fifth Business Day following the date on which an Accelerated Mandatory Conversion Event occurs (or on such earlier date if instructed by the CBO), the Bondholders' Agent shall notify the Bondholders thereof in accordance with Condition 6.13 (<i>Notices</i>) (<b>Accelerated Mandatory Conversion Notice</b>).</p> <p>Following the issue of an Accelerated Mandatory Conversion Notice, the relevant Bonds shall be mandatorily converted on the Accelerated Mandatory Conversion Date into Ordinary Shares in accordance with the Conversion Ratio.</p> <p><b>Accelerated Mandatory Conversion Event</b> includes an Event of Default and a Capital Event.</p>
Conversion and Variation	<p>The Bonds are mandatory convertible securities in respect of which there is no redemption date. The Bonds do not have any step-up features or other incentives for the Issuer to redeem the Bonds.</p> <p>In circumstances where the terms of the Bonds are required to be varied pursuant to Condition 6.7 (<i>Variation to Remedy a Capital Event</i>), the Issuer agrees to make such variations</p>

	to ensure that the Bonds either become or, as appropriate, remain Qualifying Additional Tier 1 Instruments.
Maturities	<p>The Bonds are securities in respect of which there shall be no redemption by cash. The Bonds shall be mandatorily converted into Ordinary Shares in accordance with Condition 6.8 (<i>Mandatory Conversion</i>) on the Conversion Date.</p> <p>The Bondholders shall have no right to require the Issuer to redeem or purchase the Bonds at any time.</p>
Write-Down	<p>If a Non-Viability Event occurs, a Write-down shall occur on the relevant Non-Viability Event Write-down Date (as defined) as described in Condition 6.9 (Write-down upon occurrence of Non-Viability Event).</p> <p>In such circumstances, either the rights of the Bondholders to payment of any amounts under or in respect of the Bonds shall, as the case may be, be cancelled or written-down permanently, in full or in part pro rata among the Bondholders.</p> <p>A Write-Down shall not constitute an Event of Default.</p> <p>A Write-Down shall only take place with the prior written approval of the CBO.</p>
Status of the Bonds	<p>The payment obligations of the Issuer under the Bonds shall:</p> <ul style="list-style-type: none"> <li>(a) constitute direct, unsecured, unconditional and subordinated obligations of the Issuer that rank pari passu amongst themselves;</li> <li>(b) rank subordinate and junior to all Senior Obligations;</li> <li>(c) rank pari passu with all Pari Passu Obligations; and</li> <li>(d) rank in priority to all Junior Obligations.</li> </ul> <p>The Bonds are not redeemable at either the Bondholder's request or without the written consent of CBO.</p> <p>The Bonds are not secured nor covered by a guarantee of the Issuer or a related entity or other arrangement legally or economically enhancing the seniority of the claim vis-à-vis depositors, general creditors, holders of other subordinated debt/ bonds / sukuk of the Issuer and all subordinated payment obligations (if any) of the Issuer to which the obligations rank, or are expressed to rank, junior.</p>

	Neither the Issuer nor a related entity over which it exercises control or significant influence can either directly or indirectly purchase and own the Bonds, nor can the Issuer directly or indirectly have financed its ownership and purchase of the Bonds.
Listing	The Bonds shall be listed on the Bond and Sukuk Market of MSX.
Form of the Bonds	The Bonds shall be issued in dematerialised form and MCD shall act as the Registrar to the Bonds and maintain a register setting out the names and addresses of the Bondholders and the number of Bonds held by them respectively. The administration of registration of transfers of Bonds shall also be maintained by MCD.
Allotment	The Bonds shall be allotted without any consideration to Shareholders on the Allotment Record Date on a proportionate basis on the Allotment Ratio.
Registrar & Bondholders' Agent	Muscat Clearing and Depository S.A.O.C. or "MCD" or any successor body thereto.
Legal Adviser	Trowers & Hamlins
Auditors to the Issuer	Deloitte & Touche (M.E.) & Co. LLC
Transaction Documents	<ul style="list-style-type: none"> <li>(a) the Declaration of Agency;</li> <li>(b) the Paying Agent Agreement;</li> <li>(c) the Registrar Agreement; and</li> <li>(d) any other agreement or document from time to time designated to be a transaction document by the Issuer and the Bondholders' Agent.</li> </ul>
Authorisation of the Issue	<ul style="list-style-type: none"> <li>(a) The CBO vide letter dated 6 March 2024 bearing the reference no. SD/2024/BKUP/OAB/077 approved the Issue.</li> <li>(b) The CBO vide letter dated 24 July 2024 bearing reference no. SD/2024/CPOC/OAB/321 approved the issuance of the Bonds as Additional Tier 1.</li> <li>(c) The Issue was authorised by the Shareholders of the Issuer at an extra-ordinary general meeting held on 28 March 2024 (<b>EGM</b>).</li> <li>(d) The Issue was authorised by an approval of the Board dated 7 February 2024.</li> </ul>

	(e) The FSA has approved both the Issue and the Prospectus, the details of which are set out on page one of this Prospectus.
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### 3. CREDIT RATING OF THE ISSUER

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3.1 The Issuer has been assigned a credit rating by Moody's and CI.

#### 3.2 **Moody's Investor Service (Moody's)**

On 4 September 2024, Moody's affirmed the below ratings of the Issuer:

<b>Long Term Deposits - Foreign Currency</b>	<b>Outlook</b>
Ba1	Positive

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Moody's is a leading provider of credit ratings, research, and risk analysis. Further information is available at [www.moodys.com](http://www.moodys.com).

#### 3.3 **Capital Intelligence**

On 28 March 2024, Capital Intelligence affirmed the below ratings of the Issuer:

<b>Foreign Currency – Long Term</b>	<b>Foreign Currency- Short Term</b>	<b>Financial Strength/ Support</b>	<b>Outlook Foreign Currency/ Long Term</b>
BB+	B	BBB-/ Moderate	Stable

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Capital Intelligence is a privately owned and independent international credit rating agency that has been providing credit risk analysis and independent rating opinions since 1982.

Capital Intelligence is registered as a credit rating agency in the European Union in accordance with Regulation (EC) No 1060/2009 (as amended).

3.4 A 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 relevant rating agency.

## **4. RISK FACTORS**

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### **4.1 Risk Factors**

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. Most of these factors are contingencies which may or may not occur and the Issuer is not able to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in connection with the Bonds, but the inability of the Issuer to pay any amounts on or in connection with any Bonds may occur 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. The Issuer does not represent that the risk factors below are exhaustive.

Words and expressions defined in the "Terms and Conditions" section of this Prospectus shall have the same meaning as in this section.

### **4.2 Risks relating to the Issuer**

#### **4.2.1 Competition risks**

The Issuer operates in a competitive business environment where it faces competition from other commercial banks, specialised banks and finance companies. This could result in increased pressure on the level of business which may have a negative impact on margins and profitability. In turn, this could have a material adverse effect on the Issuer's business and operating results and, consequently, the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.2 Regulatory risks**

The suspension, cancellation or restrictions imposed on the Issuer's banking license may result in the Issuer becoming incapable of carrying on all its activities. This may have a material adverse effect on the Issuer's business and operating results. In turn, this could affect the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.3 Banking risks**

Banks, including the Issuer, are faced with a number of risks arising from the nature of their business which includes credit risk (such as default by borrowers or counterparties), interest rate risk (such as adverse movement in market rates), liquidity risk (such as inability to meet financial obligations when they become due and to obtain required amount of funding at economical rates), currency risk (such as adverse movement in foreign exchange rates), price risk (such as adverse changes in the market prices of securities, investments and assets), operational risk (such as risk of fraud, errors or improper documentation), technology risk (such as data loss, interruptions and obsolescence) and reputational risk (such as risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether valid or not, shall harm its reputation which may adversely affect its financial position, business and profitability). Any of these risks could

affect the Issuer causing it to incur financial and business losses. If this were to have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity or prospects then, in turn, this could affect the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.4 Credit risks**

Credit risk is the risk that one party to a financial instrument shall fail to discharge an obligation and cause the other party to incur a financial loss. This risk is inherent in the Issuer's business. Credit risks could arise from a deterioration in the credit quality of specific counterparties of the Issuer. This could be from a general deterioration in local or global economic conditions or from systemic risks within the financial system. This could affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provisions for the impairment of its assets and other credit exposures. This could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects and thereby affect the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.5 Market risks**

Market risks arise from changes in market rates such as interest rates, foreign exchange rates and equity prices. The Issuer's management of market risk is designed to limit the number of potential losses on open positions that may arise due to unforeseen changes in interest rates, foreign exchange rates or equity prices. Notwithstanding that, if there was an unforeseen level of volatility, this could have an adverse effect on the Issuer's business, financial condition, results of operation and prospects and thereby affect the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.6 Business continuity risks**

The Issuer's business may be affected by natural disasters and accidents such as fire, which may result in interruption of business, loss of property, records and information. Any interruption or threat, real or perceived, to the Information Technology (IT) system of the Issuer could significantly affect its operations. If significant, then these could have a material adverse effect on the financial position of the Issuer which, in turn, could affect the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.7 Legal risks**

The Issuer has a risk of losses occurring due to legal or regulatory action that invalidates or otherwise precludes performance by the Issuer or any of its counterparties under the terms of its contractual agreements. Any such legal or regulatory action could significantly impact its operations which could have a material adverse effect on the Issuer's business, financial condition, results of operation and prospects and thereby affect the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.8 Critical accounting estimate risks**

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and report amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed



to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates shall, by definition, seldom equal the related actual results. If the estimates prove to be materially incorrect, then this could mean the amounts of assets, liabilities, income and/or expenses are incorrect. This could have a material adverse effect on the Issuer's business, financial condition, results of operation and prospects and thereby affect the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.9 Interest rate risk**

Interest rate risk is the risk of deviations in earnings or economic value due to adverse movement of the yield curve. It is inherent primarily to the banking book mainly through an advances and deposits portfolio.

The interest rate exposure of the Issuer arises due to mismatches between contractual maturities or re-pricing of on and off-balance sheet assets and liabilities.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the earnings for one year, based on the variable interest rate, non-trading financial assets and financial liabilities held at the reporting date.

If there is a material deviation in earnings or mismatch in contractual liabilities, then this could have a material adverse effect on the Issuer's business, financial condition, results of operation and prospects and thereby affect the Issuer's ability to make payments in respect of the Bonds.

#### **4.2.10 Liquidity risk**

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

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

#### **4.2.11 Failure to maintain adequate regulatory capital, capital adequacy norms**

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

this could affect the ability of the Issuer to meet its payment obligations in respect of the Bonds.

#### **4.2.12 Risk of dependence on key personnel**

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

#### **4.2.13 The Issue, and the Issuer, is subject to evolving regulatory requirements**

The primary regulations governing the issuance of bond and Sukuk instruments in Oman is Ministerial Decision No. KH/21/2024 (the **Bond and Sukuk Regulations**). The Bond and Sukuk Regulations cover the issuance of bond and Sukuk instruments and they came into force on 21 March 2024. The Bond and Sukuk Regulations provide for minimum requirements for issuing such securities in Oman, including (among other things) timelines for retaining transaction documents and for obtaining approvals from the FSA to any issuance.

No certainty can be given as to its effects on the Bonds, including any effect on the pricing of the Bonds in any secondary market. More generally, the Issuer shall not always be able to predict the effect of recent or future legislation or regulation or changes in the interpretation or operation of existing legislation or regulation (including the Bond and Sukuk Regulations) on its business, results of operations and financial condition. Changes in government policy, legislation or regulation interpretation applying to the Issuer in any of the markets in which it operates, which may be applied retrospectively, may adversely affect capital requirements, dividends payable and, consequently, financial results.

Each of the above factors, if they were to have a material adverse effect on the business, financial condition, or prospects of the Issuer, could affect the ability of the Issuer to meet its payment obligations in respect of the Bonds.

### **4.3 Risks relating to the market in which the Issuer operates**

#### **4.3.1 Economic risks**

The global, as well as Oman's, economic performance has a direct impact on the Issuer's performance. Any change in the economic environment could have an impact on the Issuer's operations and performance.

Any future credit rating downgrade of Oman may result in increased cost of borrowing or may limit the Issuer's ability to raise further capital at low costs which in turn could have a material adverse effect on its business, financial condition, results of operations or prospects.

#### **4.3.2 Change in laws, regulations and rules**

The Issuer is supervised by the CBO, FSA and MOCIIP. The government may implement regulations or fiscal or monetary policies, or otherwise take actions which could have a

material adverse effect on the Issuer's business. Any of these factors could adversely affect the economy and growth of Oman and consequently the Issuer's business.

Any changes to the applicable laws or regulations including the regulations relating to capital adequacy, Basel regulatory framework and subordinated bond instruments could affect the value of the Bonds, in particular in the secondary market.

#### 4.3.3 **Downgrade in the Issuer's credit rating**

The Issuer's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining the Issuer's cost of borrowing funds. The interest rates of the Issuer's borrowings are partly dependent on its credit ratings. As at the date of this Prospectus, the Issuer has Long-term Deposit – Foreign Currency of Ba1 from Moody's and Long Term – Foreign Currency of BB+ from Capital Intelligence.

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

#### 4.4 **Risks relating to investments in Oman and the GCC region**

##### 4.4.1 ***Emerging markets such as Oman are subject to greater risks than more developed markets. Financial volatility in emerging markets could negatively impact the Issuer's business performance.***

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. Emerging markets such as Oman are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly. 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. During such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Even if Oman's economy remains relatively stable, financial turmoil in any other emerging market could adversely affect the Issuer's business performance, as well as result in a decrease in the price of the Bonds.

Companies located in emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost of debt, which could result in them experiencing financial difficulty. The availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets.

Specific country risks that may have a material impact on the Issuer's business performance, operating results, cash flows and/or financial condition include:

- regional political instability, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism;
- military strikes or the outbreak of war or other hostilities involving nations in the region;
- a material curtailment of the industrial and economic infrastructure development that is currently underway across the Middle East and North Africa (**MENA**) region;
- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- limited overall market liquidity;
- an increase in inflation and the cost of living;
- cancellation of contractual rights, expropriation of assets and/or inability to repatriate profits and/or dividends;
- 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;
- arbitrary, inconsistent or unlawful government action;
- changing tax regimes, including the imposition or increase of taxes in tax favourable jurisdictions such as Oman;
- difficulties in staffing and managing operations;
- difficulties and delays in obtaining governmental and other approvals for operations or renewing existing ones; and
- potential adverse changes in laws and regulatory practices, including legal structures and tax laws.

Investors should be aware that a worsening of current financial market conditions, instability in certain sectors of the Omani economy or a major political upheaval in Oman could lead to decreased investor and consumer confidence and market volatility, which could have an adverse effect on the Issuer's business performance and prospects.

***Oman is located in a region that is subject to ongoing economic concerns.***

Oman has undergone widespread economic and political reform since the 1970s, resulting in significantly increased stability and economic growth in the country.

The oil and gas industry has traditionally been the basis of the economic development. Economic growth and stability may be impacted by the volatile oil and gas prices globally which could, in turn, have a material adverse effect on the Issuer's business. As part of the government's Vision 2040 programme, the government of Oman's economic targets include continuing the diversification of the Oman economy away from oil and gas. There can be no assurance that such stability and growth shall continue. Any shift in the political priorities within Oman or strife within the region could have a material adverse effect on the Issuer's business.

No assurance can be given that the government shall not implement either regulations or fiscal or monetary policies, or otherwise take actions which could have a material adverse effect on the Issuer's business. The Issuer's business may also 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.

***Oman's efforts to diversify its economy, decrease government spending and implement more extensive and higher rates of tax collection may not be successful.***

The government has a long-term strategy of diversifying Oman's economy away from its reliance on oil as the single major revenue source, but there can be no assurance that Oman's efforts to diversify its economy and reduce its dependence on oil shall be successful. Oman's attempts to diversify may mean that it undertakes projects in areas in which it has little or no previous experience or for which there are significant economic risks. Oman's ability to engage in large-scale infrastructure projects and other large expenditures that support its diversification efforts could be reduced, or the projects themselves made economically unfeasible by reduced oil prices.

#### 4.5 **Risks relating to the Bonds**

##### 4.5.1 **Risk of Write-down**

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

A Write-down shall only take place with the prior written approval of the CBO. A Write-down shall not constitute an Event of Default. The Bonds shall not convert into Ordinary Shares in accordance with the Terms and Conditions. Investors should also be aware that the application of a non-viability loss absorption feature (such as Write-down upon occurrence of Non-Viability Event) has not been tested in Oman and some degree of uncertainty may exist in its application.

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

##### 4.5.2 ***The Bonds are securities in respect of which there shall be no redemption by cash***

The Bonds are securities in respect of which there shall be no cash redemption. The Bondholders may not at any time demand repayment or redemption of their Bonds. The Bonds shall be mandatorily converted into Ordinary Shares in accordance with Condition 6.8 (*Mandatory Conversion*) on the Conversion Date.

#### 4.5.3 ***The Issuer is not required to repay principal on the Bonds***

Although the Bonds are a form of subordinated debt securities, the Issuer is never required to repay the principal amount at maturity. Instead, on the Conversion Date, the Bonds shall be mandatorily converted into Ordinary Shares at the stipulated Conversion Ratio in accordance with Condition 6.8 (*Mandatory Conversion*), which may have a market value significantly less than the principal amount of the Bonds.

Accordingly, bondholders are exposed to fluctuations in the value of the Ordinary Shares into which the Bonds shall be converted upon maturity.

#### 4.5.4 ***Interest on the Bonds shall be due and payable only at the sole and absolute discretion of the Issuer and the Issuer may cancel interest payments (in whole or in part) at any time. Cancelled interest shall not be due and shall not accumulate or be payable at any time and Bondholders shall have no rights to cancelled interest***

Interest on the Bonds shall be due and payable only at the sole discretion of the Issuer. The Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any Interest Payment Amount that would otherwise be payable on any Interest Payment Date. Interest Payment Amount shall only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with the terms of the Bonds. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Interest Payment Amount), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such Interest Payment Amount (or the portion of such Interest Payment Amount not paid), and accordingly such Interest Payment Amount (or the portion of it not paid) shall not be due and payable.

#### 4.5.5 ***In addition to the Issuer's right to cancel (in whole or in part) interest payments at any time, the terms of the Bonds also restrict making interest payments on the Bonds in certain circumstances, in which case such interest shall be deemed to have been cancelled. Interest that is deemed cancelled shall not be due and shall not accumulate at any time and Bondholders shall have no rights to cancelled interest***

If either:

- (a) the Issuer makes a Non-Payment Election; or
- (b) a Non-Payment Event occurs,

then the Issuer shall not make an Interest Payment Amount on the Bonds on any Interest Payment Date (and that interest payment shall be deemed to have been cancelled and shall not be due and payable on such Interest Payment Date).

Any interest which is not paid shall not accumulate or compound and Bondholders shall have no right to receive interest not paid at any time, even if interest is paid in the future. Any interest which is not paid shall not constitute an Event of Default.

#### 4.6 **Risks relating to the status of the Bonds**

The Obligations are subordinated to the Senior Obligations and rank pari passu with the Pari Passu Obligations and rank in priority only to all Junior Obligations.

The Obligations are neither secured nor guaranteed by any entity and are not subject to any other arrangement that legally or economically enhances the seniority of the claims of Bondholders as against the Senior Obligations and the Pari Passu Obligations.

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

**4.6.1 Bondholders shall not be entitled to any rights with respect to the Ordinary Shares, but shall be subject to all changes made with respect to the Ordinary Shares**

Bondholders in their capacity as Bondholders shall not have any rights either to participate in shareholders' meetings, cast any shareholder voting rights, rights to receive either dividends or other distributions or any other rights at all with respect to Ordinary Shares.

**4.6.2 There may be circumstances in which the Issuer is unable to complete the Conversion of the Bonds on either the Conversion Date**

The Issuer may become legally barred from delivering or otherwise be unable to deliver the Ordinary shares upon Conversion of the Bonds. If this were to occur, then the Conversion shall complete as soon as the Issuer is able to do so. In such a case, the rights and claims that the Bondholders would otherwise have against the Issuer to convert their Bonds into Ordinary Shares shall be suspended for the time in which the Issuer is unable to deliver the Ordinary Shares. The price of the Ordinary Shares may fall during such a period, which would negatively affect the value of the Bonds.

**4.6.3 There is no restriction on the amount or type of further securities or indebtedness that the Issuer may issue, incur or guarantee**

Subject to complying with applicable regulatory requirements, there is no restriction on the Issuer issuing securities (including convertible securities) similar to the Bonds in the future and no assurance can be given that such an issuance shall not occur. The issue of any such securities or the incurrence of any such other liabilities (Senior Obligations or Pari Passu Obligations) may reduce the amount (if any) recoverable by Bondholders on liquidation or winding-up of the Issuer.

**4.6.4 No anti-dilution features in the Bonds**

The Conversion Ratio is not subject to adjustment for any corporate or other event, including but not limited to the following: extraordinary cash dividends, stock dividend, bonus shares, increases in share capital, the distribution of reserves, absorption, merger, spin-off, division or buy-backs of share capital. There is no legal requirement that there should be an adjustment for every corporate or other event that may affect the market price of the Bonds or the Conversion Ratio. Accordingly, the occurrence of a corporate and/or other event mentioned above may adversely affect the market value of the Bonds.

All classes of Ordinary Shares issued upon Conversion of any Bond shall be identical in all respects. Consequently, the rights of Bondholders may be diluted as against other shareholders if further Bonds are converted into Ordinary Shares.

**4.6.5 An active second market in respect of the Bonds may never be established or may be illiquid**

There is no assurance that a secondary market for the Bonds shall develop or, if it does develop, that it shall provide the Bondholders with liquidity or that it shall continue for the life of the Bonds. If a market for the Bonds does develop then it may not be very liquid. Bondholders may not be able to either sell their Bonds easily or at prices that shall provide them with a yield comparable to similar investments that have a developed secondary market. The market value of the Bonds may fluctuate and a lack of liquidity can have a material adverse effect on the market value of the Bonds. The Bonds generally may have a more limited secondary market liquidity and may be subject to greater price volatility than conventional debt securities as the Bonds are subordinated and shall be converted into equity on the Conversion Date.

**4.6.6 Modification risk**

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Terms and Conditions also provide that the Bondholders' Agent and the Issuer may agree, without the consent of Bondholders, to any modification of any Bonds, in the circumstances specified in the Terms and Conditions.

**4.6.7 The Bonds are subject to modification by a majority of Bondholders without the consent of all Bondholders**

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

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

The Terms and Conditions and Declaration of Agency include provisions permitting the Bondholders' Agent to: (i) agree with the Issuer, without any consent or sanction of the Bondholders, to any modification of any of the provisions of the Declaration of Agency or any other Transaction Document that is, in the opinion of the Bondholders' Agent, of a formal, minor or technical nature or is made to correct a manifest error; or (ii) agree to any other modification (except as mentioned in the Declaration of Agency), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Agency or the Transaction Documents; or (iii) determine that any Events of Default or Potential Events of Default (as defined in the Declaration of Agency) shall not be treated as such provided that such modification, waiver, authorisation or determination is, in the sole opinion of the Bondholders' Agent, not materially prejudicial to the interest of the Bondholders and is not in respect of a Reserved Matter (as defined in the Declaration of



Agency). Unless the Bondholders' Agent decides otherwise, any such modification shall be notified as soon as practicable by the Issuer to the Bondholders in accordance with Condition 6.13 (*Notices*) of the Terms and Conditions and shall, in any event, be binding upon the Bondholders, in all instances without contravening Article 155 of the CCL.

#### 4.6.9 **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: (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

#### 4.6.10 **Limited rights of individual Bondholders**

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

## 5. PURPOSE OF THE ISSUE AND ISSUE EXPENSES

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### 5.1 Purpose of the Issue

The purpose of the Issue is to optimise the Issuer's capital structure and to distribute a dividend to the Issuer's shareholders following the Issuer's robust performance, financial and liquidity position. The Issuer shall not receive any funds from the Issue.

### 5.2 Estimated Issue Expenses

The estimated expense of the Issue under various heads is given in the following table:

<b>Details</b>	<b>Expense (RO)</b>
Issue Manager Fees	15,000
Legal Adviser Fees	18,600
Auditors' Fees	8,500
MCD Fee	8,000
FSA Fees	5,000
Miscellaneous Expenses/ Contingency	9,900
<b>Total estimated Issue expenses</b>	<b>65,000*</b>

\*These are estimates and the actual expenses may be different

## 6. TERMS AND CONDITIONS OF THE ISSUE (TERMS AND CONDITIONS)

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### 6.1 Form, Denomination, Title and Allotment

#### 6.1.1 The Issue

The Bonds shall be created and issued by the Issuer which is incorporated and registered as a public joint stock company in the Commercial Register maintained by the MOCIIP (C.R. No 1223518) and as a commercial bank in Oman.

#### 6.1.2 Nominal Value and Issue Price

Each Bond shall have a nominal value of RO 1 and the Issue Price of RO 1.

#### 6.1.3 Allotment of Bonds

Each Shareholder shall receive a direct credit of such Bonds entitlement in his/her/its respective MCD Investors Account. The allotment of Bonds shall be overseen by the Registrar using its proprietary systems and procedures.

### 6.2 Status and Subordination of the Bonds

#### 6.2.1 Status of the Bonds

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

#### 6.2.2 Subordination of the Bonds

- (a) The payment obligations of the Issuer under the Bonds (the **Obligations**) shall:
- (i) constitute direct, unsecured, unconditional and subordinated obligations of the Issuer that rank pari passu amongst themselves;
  - (ii) rank junior to all Senior Obligations;
  - (iii) rank pari passu with all Pari Passu Obligations; and
  - (iv) rank in priority only to all Junior Obligations.
- (b) On the Conversion Date, all of the Issuer's obligations under the Bonds shall be irrevocably and automatically released in consideration of the Issuer's issuance of its Ordinary Shares to the Bondholders pursuant to Condition 6.8 (Mandatory Conversion). Following the Conversion, the status of each Bondholder shall be effectively further subordinated, from being the holder of a Bond ranking ahead of holders of Ordinary Shares, to being the holder of Ordinary Shares or being entitled to receive the Ordinary Shares, as evidenced by the applicable Terms and Conditions of the Bonds.
- (c) The Bondholders may only exercise their enforcement rights in relation to the Obligations in the manner provided in Condition 6.8 (*Mandatory Conversion*) and Condition 6.10 (*No Enforcement*).

- (d) Subject to applicable laws (Banking Law and Commercial Companies Law), no Bondholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Bonds and each Bondholder shall, by virtue of being a Bondholder, be deemed to have waived all such rights of set-off.
- (e) The Obligations shall be neither secured nor guaranteed by any entity and shall not be subject to any other arrangement which, either legally or economically or otherwise, enhances the seniority of the claims of Bondholders in respect of the Obligations compared with the claims of holders or beneficiaries of Senior Obligations.

### 6.3 Interest

#### 6.3.1 Interest Payments

- (a) Subject to Condition 6.4 (*Interest Restrictions*), the Bonds bear interest for the Interest Period based on the Interest Rate on the aggregate nominal amount of the Bonds for the time being outstanding in accordance with the provisions of this Condition 6.3.
- (b) Subject to Condition 6.4 (*Interest Restrictions*), interest shall be payable on the Bonds semi-annually in arrears on each Interest Payment Date. Interest shall not be cumulative and any interest which is not paid shall not accumulate or compound. Bondholders shall have no right to receive any unpaid interest at any time, even if interest is paid in respect of any subsequent Interest Period. If interest is required to be calculated in respect of a period of less than a full Interest Period (the **Relevant Period**), then it shall be calculated as an amount **equal to** the product of:
  - (i) the applicable Interest Rate;
  - (ii) the aggregate nominal amount of the Bonds for the time being outstanding; and
  - (iii) the applicable Day count Fraction for the Relevant Period, rounding the resultant figure to the nearest Baiza (half a Baiza and above being rounded upwards).

#### 6.3.2 Partial Payment

If the Interest Payment Amount is not paid in full, the Registrar shall annotate the Register with a record of the Interest Payment Amount actually paid. If Interest Payment Amounts are due and payable and the available funds are insufficient to pay all the amounts due and payable, any such available funds to be applied in respect of such Interest Payment Amount shall be applied pro rata among the Bondholders.

#### 6.3.3 Cessation of Accrual

Subject to Condition 6.4 (*Interest Restrictions*) and Condition 6.8 (*Mandatory Conversion*), each Bond shall cease to accrue Interest Payment from the Conversion Date.

## 6.4 Interest Restrictions

### 6.4.1 Non-Payment Event

If any of the following event occurs (each, a **Non-Payment Event**), then the Interest Payment Amount shall not be paid on any Interest Payment Date:

- (a) if on any Interest Payment Date the aggregate of (a) the Interest Payment Amount and (b) any Pari Passu Obligations payable on that Interest Payment Date exceeds the Distributable Items on that Interest Payment Date;
- (b) the Issuer is, on that Interest Payment Date, in breach of Applicable Regulatory Capital Requirements (including any payment restrictions due to a breach of capital buffers imposed on the Issuer by the Regulator) or payment of the relevant Interest Payment Amount would cause it to be in breach of them; and
- (c) the Regulator requires that the Interest Payment Amount due on that Interest Payment Date shall not be paid.

### 6.4.2 Non-Payment Election

The Issuer may, in its sole discretion, elect not to pay an Interest Payment Amount on any Interest Payment Date (a **Non-Payment Election**).

Subject to Condition 6.4.4 (*Dividend and Redemption Restrictions*), the Issuer may use any Interest Payment Amount not paid as it thinks fit.

### 6.4.3 Effect of Non-Payment Event or Non-Payment Election

If either the Issuer makes a Non-Payment Election or a Non-Payment Event occurs, then the Issuer shall:

- (a) in the case of a Non-Payment Election, 14 calendar days prior to such event; and
- (b) in the case of a Non-Payment Event, as soon as practicable thereafter but in any case no later than one Business Day prior to the relevant Interest Payment Date;

give notice to the Bondholders and the Bondholders' Agent in accordance with Condition 6.13 (*Notices*) in each case providing details of either the Non-Payment Election or Non-Payment Event (as the case may be).

Bondholders shall have no claim in respect of any Interest Payment Amount not paid as a result of either a Non-Payment Election or a Non-Payment Event and any non-payment of an Interest Payment Amount in such circumstances shall not constitute an Event of Default. The Issuer shall not have any obligation to make any subsequent payment in respect of any unpaid Interest Payment Amount.

### 6.4.4 Dividend and Redemption Restrictions

If any Interest Payment Amount is not paid as a consequence of either a Non-Payment Event or a Non-Payment Election, then, from the date of either the Non-Payment Event or

Non-Payment Election (the **Dividend Stopper Date**), the Issuer shall not, so long as any of the Bonds are outstanding:

- (a) declare or pay any distribution or dividend or make any other payment in respect of the Ordinary Shares (other than to the extent that any such distribution, dividend or other payment is declared before the Dividend Stopper Date); or
- (b) pay interest, profit or any other distribution on any of its other common equity tier 1 instruments or securities, ranking, as to the right of payment of dividend, distributions or similar payments, junior to or pari passu with the Obligations (excluding securities the terms of which do not at the relevant time enable the Issuer to defer or otherwise not to make such payment), only to the extent such restriction on payment or distribution is permitted under the Applicable Regulatory Capital Requirements; or
- (c) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Ordinary Shares; or
- (d) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire other common equity tier 1 instruments or any securities issued by the Issuer ranking as to the right of repayment of capital, junior to or pari passu with the Obligations (excluding securities the terms of which stipulate a mandatory redemption or Conversion into equity), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted under the Applicable Regulatory Capital Requirements,

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

## 6.5 **Payments**

### 6.5.1 **Interest Payments in Respect of Bonds**

Interest payments shall be made in RO on the Interest Payment Date to the Bondholder appearing in the Bondholders' Register on the Record Date. Interest Payment Amounts shall be paid by electronic transfer to the Bondholder's bank account, as registered with MCD and provided to the Issuer by MCD. If a Bondholder wants the payment to be transferred to a different bank account then the Bondholder shall inform the MCD in writing at least three Business Days before the relevant Interest Payment Date providing all required details regarding the bank account.

### 6.5.2 **Payments subject to Laws**

All payments are subject in all cases to: (a) any applicable laws, regulations and directives in the place of payment, without prejudice to the provisions of Condition 6.11 (*Taxation*); and (b) any withholding or deduction required by the tax rules/ regulations and/or the Laws of Oman.

### 6.5.3 **Payment Day**

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

## 6.6 No Redemption

- 6.6.1 The Bonds are mandatory convertible securities in respect of which there is no redemption date. The Bonds do not have any step-up features or other incentives for the Issuer to redeem the Bonds.
- 6.6.2 The Bonds are securities in respect of which there shall be no redemption by cash. No Bondholder shall be entitled to redeem any Bonds at any time and accordingly Article 86 of the Bond and Sukuk Regulations shall be inapplicable for the purposes of the Issue. The Bonds shall be mandatorily converted into Ordinary Shares in accordance with either Condition 6.8 (*Mandatory Conversion*) on the Conversion Date.
- 6.6.3 Subject to the provisions of Condition 6.2.2 (*Subordination*) and Condition 6.10 (*No Enforcement*) and without prejudice to the provisions of Condition 6.8 (*Mandatory Conversion*), the Issuer may only vary the terms of the Bonds in accordance with the following provisions of Condition 6.7 (*Variation to Remedy a Capital Event*).

## 6.7 Variation to Remedy a Capital Event

- 6.7.1 Subject to the provisions of Article 155 of the Commercial Companies Law, if a Capital Event has occurred and is continuing, and having given not less than 30 or more than 45 days' irrevocable notice to the Bondholders' Agent and the Bondholders in accordance with Condition 6.13 (*Notices*), then the Issuer may, in its sole and absolute discretion, as an alternative to the mandatory Conversion described in Condition 6.8.2 (*Accelerated Mandatory Conversion*) vary the terms of the relevant Bonds so that the Bonds remain or become, as the case may be, Qualifying Additional Tier 1 Instruments. The consent of the Bondholders to the variation shall not be required and the Bondholders' Agent shall consent to the variation subject to the receipt by it of:
- (a) a certificate of 2 Authorised Signatories (upon which the Bondholders' Agent may rely without liability to any person) stating that:
    - (i) the relevant requirement or circumstance giving rise to the right to vary is satisfied or has occurred and, where applicable, cannot be avoided by the Issuer taking reasonable measures available to it;
    - (ii) the terms of the Bonds as varied are not materially less favourable to the relevant Bondholders than the terms of the Bonds prior to the variation and that a determination was reached by the Issuer in consultation with either a bank or financial adviser of reputable standing or a recognised international law firm which carries professional indemnity insurance in Oman that the criteria specified in the definition of Qualifying Additional Tier 1 Instruments shall be satisfied upon variation or variations; and
  - (b) legal opinion from a recognised international law firm which carries professional indemnity insurance in Oman in form and content acceptable to the Bondholders' Agent, acting reasonably having regard to market standards for opinion of this type, as to: (1) the capacity and authority of the Issuer respect of the Qualifying Additional Tier 1 Instruments; and (2) the legality, validity and enforceability of the Qualifying Additional Tier 1 Instruments under all relevant laws,

and the Bondholders' Agent may accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in this Condition 6.7 (*Variation to Remedy a Capital Event*), in which event it shall be conclusive and binding on the Bondholders.

- 6.7.2 In connection with any variation of the Bonds, the Issuer shall comply with the rules of the MSX or any stock exchange on which the Bonds are at that time listed or admitted to trading.
- 6.7.3 Any variation in accordance with this Condition 6.7 (*Variation to Remedy a Capital Event*) shall not be permitted if any such variation would give rise to a Tax Event with respect to the Bonds or the Qualifying Additional Tier 1 Instruments.

## 6.8 **Mandatory Conversion**

### 6.8.1 **Mandatory Conversion**

- (a) The Bonds shall be mandatorily converted on 9 October 2026 into Ordinary Shares, at an underlying price of 125 baiza per share, which is equivalent to 8 Ordinary Shares per Bond, in accordance with the Conversion Ratio and the Conversion rules and conditions applicable to the Bonds under Oman law (**Conversion Rules and Conditions**).
- (b) Any proposed transfer of Ordinary Shares pursuant to this Condition 6.8.1 (*Mandatory Conversion*) may only be made with the prior written approval of the Issuer to the extent that such transfer would result in the breach of controller limits set by the CBO from time to time.
- (c) Fractions of such Ordinary Shares shall be aggregated as part of the Conversion, and the result of such aggregation shall be rounded down to the next full Ordinary Share. Any remaining fraction of an Ordinary Share shall not be delivered and shall not be compensated in cash. The number of Ordinary Shares to be delivered to the relevant Bondholders shall be determined in accordance with the calculation above by the Issuer.
- (d) A Conversion shall not constitute an Event of Default.

### 6.8.2 **Accelerated Mandatory Conversion**

- (a) No later than the fifth Business Day following the date on which an Accelerated Mandatory Conversion Event occurs (or on such earlier date if instructed by the CBO), the Bondholders' Agent shall notify the Bondholders of the occurrence in accordance with Condition 6.13 (*Notices*) (**Accelerated Mandatory Conversion Notice**).
- (b) Upon the provision of an Accelerated Mandatory Conversion Notice, the Bonds shall be mandatorily converted into Ordinary Shares on the Accelerated Mandatory Conversion Date in accordance with the Conversion Ratio and in accordance with the Conversion Rules and Conditions.
- (c) Any delivery of the Ordinary Shares pursuant to this Condition 6.8.2 (*Accelerated Mandatory Conversion*) may only be made with the prior written approval of the Issuer to the extent that the transfer would result in the breach of controller limits set by the CBO from time to time.



- (d) Fractions of the Ordinary Shares for the aggregated number of converted Bonds of a Bondholder as part of the Conversion shall be aggregated, and the result of such aggregation shall be rounded down to the next full Ordinary Share. Any remaining fraction of an Ordinary Share shall not be delivered and shall not be compensated in cash. The number of Ordinary Shares to be delivered to the Bondholders shall be determined in accordance with the calculation above by the Issuer.

### 6.8.3 Conversion Procedures

As soon as practicable and in any event within seven calendar days after the date of Conversion, the Issuer shall require the Registrar to record in the investors accounts of the Bondholders (as they then were) (**Investors Account**) the number of relevant Ordinary Shares issued to each Bondholder upon Conversion.

The Bondholders shall be required to open and maintain such Investors Account with the MCD for the purposes of receiving the Ordinary Shares.

Upon the crediting of the Ordinary Shares to the Investors Account of the relevant Bondholders:

- (a) the Issuer's obligation to pay any outstanding amounts on the Bonds shall be deemed to be satisfied and the relevant payment obligations of the Issuer under and pursuant to the Bonds shall be automatically and irrevocably discharged in full; and
- (b) all rights of any Bondholder for payment of any amounts due under or in respect of the Bonds (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) shall, as the case may be, be cancelled or converted in part and, in each case, shall not be restored under any circumstances.

The detailed process for the Conversion will be carried out in accordance with the latest rulings, guidelines and circulars from FSA and procedures prescribed by MCD, as may be updated and revised from time to time.

## 6.9 Write-down upon occurrence of Non-Viability Event

### 6.9.1 Non-Viability Event

If a Non-Viability Event occurs, a Write-down shall take place in accordance with Condition 6.9.2 (*Non-Viability Notice*).

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

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

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

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

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

#### 6.9.2 Non-Viability Notice

If a Non-Viability Event occurs, then on the third Business Day following the occurrence of the Non-Viability Event (or an earlier date as determined by the Regulator), the Issuer shall notify the Bondholders in accordance with Condition 6.13 (*Notices*) (a **Non-Viability Notice**). Upon provision of a Non-Viability Notice, a Write-down of the Bonds shall take place on the Non-Viability Event Write-down Date and, with effect from that date, holders shall not be entitled to any claim for any amount subject to a Write-down of the Bonds. Any such Write-down shall not constitute an Event of Default. Bondholders acknowledge that there shall be no recourse to the Regulator in respect of any determination made by it with respect to the occurrence of a Non-Viability Event.

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

Following any Write-down of the Bonds in accordance with this Condition 6.9:

- (a) references in these Terms and Conditions to the “principal amount” or “outstanding principal amount” of the Bonds shall be construed as referring to the written-down amount;
- (b) the principal amount so written-down shall be cancelled and interest shall continue to accrue only on the outstanding principal amount following such cancellation, subject to Conditions 6.4.1 (*Non-Payment Event*) and 6.4.2 (*Non-Payment Election*) as described herein; and (c) any amounts so written-down may not be restored and Bondholders shall not have any claim thereto under any circumstances, including, without limitation (i) where the relevant Non-Viability Event is no longer continuing; (ii) upon liquidation or winding-up of the Issuer; (iii) following the Conversion or variation of the Bonds in accordance with Condition 6.8 (*Mandatory Conversion*) and Condition 6.7 (*Variation to Remedy a Capital Event*).

#### 6.10 No Enforcement

Following the Conversion of the Bonds in accordance with Condition 6.8 (Mandatory Conversion), neither the Bondholders' Agent nor the Bondholders shall:

- (a) institute proceedings for the winding-up of the Issuer; and/or
- (b) prove in the winding-up of the Issuer; and/or
- (c) claim in the liquidation of the Issuer.

## 6.11 Taxation

The Issuer shall not be obliged to gross up any payments in respect of the Bonds and shall not be liable for or otherwise obliged to pay any taxes imposed or levied by or on behalf of Oman or any political subdivision of, or any authority in, or of, Oman having power to tax which may arise as a result of the ownership or transfer of any Bonds and all payments made by the Issuer shall be made subject to any tax which may be required to be paid, withheld or deducted by the Issuer.

## 6.12 Prescription

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

## 6.13 Notices

- (a) All notices to the Bondholders shall be posted to them at their respective addresses in the Register and/or sent to them by electronic means in accordance with their respective contact details registered with the MCD. Any notice shall be deemed to be delivered two Business Days after despatch.
- (b) In addition to the above, all notices to the Bondholders (including with respect to any general meeting of the Bondholders) shall be published in, at least, two daily newspapers in Oman (one of which shall be in Arabic) on two consecutive days and shall also be sent to the Bondholders, in the case of Bondholders' Meetings, at least 15 days prior to the date of the meeting. Any notice relating to a Bondholders Meeting shall be required to be accompanied by an agenda of the meeting and shall be subject to the prior approval of the FSA. Each such notice shall be deemed to have been given on the date of such publication, or if published more than once or on different dates, on the second date on which such publication is made.
- (c) Any notice relating to a Reserved Matter to be decided in a Bondholders' Meeting:
  - (i) must clearly mention that the notice contains a Reserved Matter;
  - (ii) must include appropriate warnings to advise the Bondholders of the importance of the matters and if the Bondholders are in any doubt as to the action they should take on the proposals contained in the notice, they should consult their own independent professional advisers;
  - (iii) must be accompanied by an agenda of the meeting together with all other documents or materials (**Ancillary Meeting Documents**) relating to matters on which the Bondholders are requested to provide their consent at the Bondholders' Meeting. The agenda of the meeting and the Ancillary Meeting Documents must contain background to any proposal and all material information to enable the Bondholders to vote in a properly informed manner; and
  - (iv) shall be subject to the prior approval of the FSA in respect of procedural compliance of such notice with the applicable regulations or prevailing in Oman. For the avoidance of doubt, the FSA shall not accept any responsibility for any commercial, financial or other information contained

in any notice, agenda of the meeting or the Ancillary Meeting Documents. Each recipient of such notice should consult its professional advisers to appraise the contents of the notice, agenda of the meeting and/or the Ancillary Meeting Documents to ensure that it fully understands all the risks associated with making any decision associated with any resolutions proposed to be passed at the Bondholders' Meeting pursuant to such notice.

- (d) In each case, the Bondholders' Agent shall not be responsible for monitoring the content of, or reviewing the adequacy of any notices or any Ancillary Meeting Documents provided to the Bondholders.
- (e) Notwithstanding the above, any meeting of the Bondholders shall be conducted in compliance with Schedule 2 (*Provisions for Meetings of Bondholders*) of the Declaration of Agency and as per the latest rulings, guidelines and circulars from FSA, and MCD procedures as updated and revised from time to time.

#### **6.14 Registrar, Paying Agent & Bondholders' Agent**

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

#### **6.15 Listing on the MSX**

The Bonds shall be listed on the Bond and Sukuk Market of MSX. The Issue Manager shall complete all the formalities relating to the listing of the Bonds on the MSX.

#### **6.16 Registration of Transfers**

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

#### **6.17 Transferability of Bonds and Restrictions on Transferability**

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

MCD shall affect the registration of transfer of any Bonds. Any charges levied by the Registrar shall be borne by the buyer and the seller of the Bonds in accordance with the regulations. All transfers of Bonds and entries on the register of the Bondholders as

maintained by the Registrar shall be made subject to the regulations concerning transfer of Bonds.

Any proposed transfer of Bonds may only be made with the prior written approval of the Issuer to the extent that such transfer would result in the breach of controller limits set by the CBO from time to time.

#### 6.18 **Variation of Rights**

The Terms and Conditions may be amended in the following circumstances:

- (a) If any term or condition thereof needs to be amended in order to comply with the Laws of Oman, or change in the Laws of Oman, or any regulation of CBO, the FSA, the MSX, or MOCIIP, then the Issuer shall be entitled to enforce such change or amendment forthwith, on condition that each Bondholder shall be duly notified of such amendment, within 14 days.
- (b) If the Issuer intends proposing any other amendment or variation to the Terms and Conditions, then after receipt of prior written CBO approval, it shall call a meeting of Bondholders for such purpose. The Bondholders who may consider, and vote upon any proposed variation or amendment by way of formal meeting to be held in accordance with the provisions of Condition 6.19 (*Meetings of the Bondholders, Modifications and Waiver*).

#### 6.19 **Meetings of the Bondholders, Modifications and Waiver**

6.19.1 Subject to the provisions of Article 155 of the Commercial Companies Law, and Articles 85 to 95 of the Bond and Sukuk Regulations, the Declaration of Agency contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the modification or abrogation of any of these Terms and Conditions (which shall also be subject to the approval of the FSA) or any of the provisions of the Declaration of Agency (each a **Bondholders' Meeting**). In accordance with Article 158 of the Commercial Companies Law and Article 90 of the Bond and Sukuk Regulations, a general meeting of Bondholders shall not be valid unless such general meeting is attended, in person or by proxy, by a number of Bondholders representing at least two-thirds of the aggregate face value of the Bonds for the time being outstanding, failing which a second general meeting shall be convened. The second general meeting shall be valid if it is attended by Bondholders representing one third of the aggregate face value of the Bonds for the time being outstanding, provided that the second general meeting shall be held within thirty (30) days of the date of the first (1st) general meeting.

6.19.2 In accordance with Article 85 of the Bond and Sukuk Regulations and Clause 4.6 of Schedule 2 of the Declaration of Agency, the general meeting of the Bondholders must have a secretary appointed by the Bondholders and the Issuer shall bear the expenses relating to convening of the Bondholders' Meeting and the appointment of any legal adviser appointed by the Bondholders' Agent.

6.19.3 In accordance with Article 85 of the Bond and Sukuk Regulations and Clause 9 of Schedule 2 of the Declaration of Agency, any decision taken during the Bondholders' Meeting shall be binding on all Bondholders, whether present at the meeting or not, and each Bondholder shall commit to implementing such decision accordingly. The issuance of this decision is conclusive evidence that the circumstances justify its issuance.

- 6.19.4 In accordance with Article 95 of the Bond and Sukuk Regulations and Clause 7.2 of Schedule 2 of the Declaration of Agency, the convening of a Bondholders' Meeting is deemed valid if any of the Bondholders (or their proxies, as applicable) withdraw from such Bondholders' Meeting after the announcement of its quorum.
- 6.19.5 The Declaration of Agency, any other Transaction Document and the Issuer's constitutive documents may only be amended by the Issuer with the consent of the Bondholders' Agent and the Bondholders' Agent may agree, without the consent or sanction of the Bondholders, to any modification of any of the Transaction Document or the Issuer's constitutive documents if, in the opinion of the Bondholders' Agent:
- (a) such modification is of a formal, minor or technical nature;
  - (b) such modification is made to correct a manifest error; or
  - (c) such modification is not materially prejudicial to the interests of the outstanding Bondholders and is other than in respect of a Reserved Matter or any provisions of the Transaction Documents referred to in the definition of a Reserved Matter.
- 6.19.6 Any such modification may be made on such terms and subject to such conditions (if any) as the Bondholders' Agent may determine and shall be binding on the Bondholders and, unless the Bondholders' Agent otherwise decides, shall be notified by the Issuer to the Bondholders in accordance with Condition 6.13 (*Notices*) as soon as practicable thereafter.

A **Reserved Matter** for the purposes of a Bondholders' Meeting means each of the following matters:

- (a) amending the Conversion Date in respect of the Bonds or any date for payment of the Interest Payment Amount;
- (b) reducing the Interest Payment Amount on any Interest Payment Date;
- (c) reducing or cancelling or varying the method for calculating the Interest Payment Amount due;
- (d) varying any date for calculating the Interest Rate;
- (e) varying any rights, preferences, economic or other interests, privileges or powers of, or the restrictions provided for the benefit of, the Bondholders in respect of the Conversion;
- (f) varying the Conversion Ratio;
- (g) varying the definition of any of the following terms (which have the meanings given to them in the Terms and Conditions):
  - i Conversion Date;
  - ii Accelerated Mandatory Conversion Event;
  - iii Accelerated Mandatory Conversion Notice;
  - iv Capital Event;
  - v Event of Default;

- vi Non-Payment Event;
  - vii Non-Viability Event;
  - viii Dividend Stopper Date;
  - ix Junior Obligations, Senior Obligations and Pari Passu Obligations;
- (h) varying the ranking of any Bonds;
  - (i) varying Condition 6.2.2 (*Subordination of the Bonds*), Condition 6.7 (Variation to Remedy a Capital Event), Condition 6.8 (Mandatory Conversion) and Condition 6.10 (No Enforcement);
  - (j) varying any of the Issuer's covenants in any Transaction Document to which it is a party;
  - (k) varying the currency of payment or denomination of the Bonds;
  - (l) varying the provisions concerning the quorum required at any Bondholders' Meeting or the majority required to pass a resolution;
  - (m) power to sanction any compromise or arrangement proposed to be made between, or any abrogation, modification, compromise or arrangement in respect of the rights of, the Issuer, the Bondholders' Agent and the Bondholders or any of them;
  - (n) power to waive or authorise any breach (subject to Condition 6.19) by the Issuer of its obligations under the Terms and Conditions or any act or omission which might otherwise constitute a default under the Terms and Conditions;
  - (o) power to assent to any modification (subject to Condition 6.19) of the Terms and Conditions which is proposed by the Issuer, the Bondholders' Agent or any Bondholders (which shall also be subject to the approval of the FSA);
  - (p) power to give any authority or sanction which under the provisions of these Terms and Conditions is required to be given by a resolution;
  - (q) power to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholders could themselves exercise by a resolution;
  - (r) power to discharge or exonerate the Issuer and/or the Bondholders' Agent from all liability in respect of any act or omission for which the Issuer and/or the Bondholders' Agent may have become responsible under these Terms and Conditions;
  - (s) power to authorise the Bondholders' Agent and/or the Issuer to concur in and execute and do all such deeds, instruments, acts, and things as may be necessary to conduct and give effect to a resolution;
  - (t) power to amend, alter, or repeal any Resolution concerning a Reserved Matter previously passed by the Bondholders; and
  - (u) amending the above list.

6.19.7 The Bondholders' Agent may, without the consent or sanction of the Bondholders and without prejudice to its rights in respect of any subsequent breach from time to time and at any time:

1.1.2 give its consent under any Transaction Document and agree to waive or to authorise any breach or proposed breach of any provision of any Transaction Document; or

1.1.3 determine that any Accelerated Mandatory Conversion Date shall not be treated as such, provided that:

(a) in the opinion of the Bondholders' Agent, such waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding Bondholders; and

(b) the Bondholders' Agent shall not do so in contravention of an express direction given by the Bondholders pursuant to a Bondholders' Meeting.

6.19.8 No such direction or request shall affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Bondholders and unless the Bondholders' Agent otherwise requires, shall be notified by the Issuer to the Bondholders in accordance with Condition 6.13 (*Notices*) as soon as practicable thereafter.

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

## 6.20 Other Issues

The Issuer may from time to time make further issues of bonds or any other debt, equity or hybrid (a combination of debt and equity) instrument including debt instruments ranking in priority to the Bonds in accordance with the Capital Regulations, CCL and the Laws of Oman.

If the Issuer issues any new instrument(s) in the future, at a price lower than or on terms that are more favourable than those for this Bond issue, the Issuer shall not be liable to compensate the Bondholders or the subscribers to the Issue.

## 6.21 Corporate Reorganisation

If there is any consolidation or amalgamation of the Issuer with any company or other corporate entity (other than a consolidation or amalgamation in which the Issuer is the continuing entity), or if the Issuer sells or transfers ownership of all the assets of the Issuer, then the Issuer shall notify the Bondholders of the event and it shall (to the extent permitted by law) cause the company or the corporate resulting from the consolidation or amalgamation or which might have acquired the assets, as the case may be, to execute a supplemental declaration of agency to the Declaration of Agency (in form and substance



satisfactory to the Bondholders' Agent) so that the new entity assumes the obligations of the Issuer under the Declaration of Agency.

#### **6.22 General Duties and Obligations of the Issuer to Bondholders**

The Issuer shall conduct its business of operating a bank in accordance with the Laws of Oman.

The Issuer shall prepare quarterly and annual financial statements in accordance with the laws applicable to banks in Oman. Any Bondholder shall be provided with a copy of any released financial results, or Annual Report, within 14 days of a written request to the Issuer.

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

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

#### **6.23 Other Rights attaching to the Bonds**

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

#### **6.24 Joint and Fraction Holdings**

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

#### **6.25 Documents for Inspection**

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

#### **6.26 Applicability of the Rules & Regulations**

The Issue shall be governed by the Executive Regulations of the Capital Market Law and the Laws of Oman. If any provisions of these Terms and Conditions do not comply with or contract any of the Laws of Oman then the Laws of Oman shall prevail. Nothing contained within these Terms and Conditions shall preclude any matter or dispute arising from the Issue from being adjudicated by a competent court of Oman. As the Issue is to meet the Additional Tier 1 Capital requirements of the Issuer, the rules and regulations of the CBO shall have an overriding influence on the Issue.

## 6.27 Agent

MCD shall be appointed as Bondholders' Agent to oversee the compliance of the Issuer with the Terms and Conditions, and to oversee, co-ordinate and monitor the status and the rights of the Bondholders.

## 6.28 Governing Law and Jurisdiction

- (a) The Transaction Documents and the Bonds (including any non-contractual obligations arising out of or in connection with the same) are governed by, and shall be construed in accordance with the Laws of Oman.
  - (b) The Issuer and the Bondholders' Agent have in the Declaration of Agency agreed that, subject to Condition 6.28(c) (*Court of Law*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Declaration of Agency and/or the Bonds (including any dispute, claim, difference or controversy regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligation arising out of or in connection with it) (a **Dispute**) shall be referred to and finally resolved by arbitration under the Arbitration Law issued by Royal Decree 47/1997 as amended (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition 6.28 (*Governing Law and Jurisdiction*). For these purposes:
    - (i) the seat of arbitration shall be Muscat, Oman;
    - (ii) the place of arbitration shall be Muscat, Oman;
    - (iii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint another arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed in accordance with the Rules. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed in accordance with the Rules; and
    - (iv) the language of the arbitration shall be English.
  - (c) Court of law
- Notwithstanding Condition 6.28(b) (*Arbitration*) above, the Bondholders' Agent, 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 is commenced,

require that a Dispute be heard by a court of law. If the Bondholders' Agent gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 6.28(d) (*Submission to Jurisdiction*) and, subject as provided below, any arbitration commenced under Condition 6.28(b) (*Arbitration*) in respect of that Dispute shall be terminated. Each of the parties to the terminated arbitration shall bear its own costs in relation thereto.

If any notice to terminate the arbitration in accordance with this Condition 6.28(c) (*Court of Law*) is given after service of any Request for Arbitration in respect of any Dispute, then the Bondholders' Agent must also promptly give notice to the relevant arbitration tribunal formed in accordance with Condition 6.28(b) in relation to the Dispute that such Dispute shall be settled by a court of law. Upon receipt of such notice by the tribunal, the arbitration and any appointment of any arbitrator in relation to such Dispute shall immediately terminate. Any such arbitrator shall be deemed to be *functus officio*. The termination is without prejudice to:

- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (ii) his entitlement to be paid his proper fees and disbursements; and
- (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(d) Submission to Jurisdiction

If a notice pursuant to Condition 6.28(c) (*Court of Law*) is issued, then the following provisions shall apply:

- (i) subject to paragraph (iii) below, the Omani courts shall have exclusive jurisdiction to settle any Dispute and the Issuer irrevocably submits to the exclusive jurisdiction of such courts;
- (ii) the Issuer agrees that the Omani courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it shall not argue to the contrary; and
- (iii) this Condition 6.28(d) is for the benefit of the Bondholders' Agent (for and on behalf of the Bondholders) only. As a result, and notwithstanding paragraphs (a) and (b) above, the Bondholders' Agent may take proceedings relating to a Dispute (**Proceedings**) in any other court with jurisdiction. To the extent allowed by law, the Bondholders' Agent may take concurrent Proceedings in any number of jurisdictions.

## **7. RIGHTS AND RESPONSIBILITIES**

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### **7.1 The Bondholder's Agent**

- 7.1.1 MCD shall act as the Bondholders' Agent with respect to the Bonds pursuant to the Agency Agreement. The Bondholders' Agent shall be the representative of the Bondholders for the purposes of the CCL.
- 7.1.2 The Bondholders' Agent shall also act upon any reasonable request of Bondholders, the Auditors of the Issuer, the MOCIP, MSX, FSA, or the Issuer itself, who may alert the Bondholders' Agent to a situation which may constitute an event or breach which has, or potentially may have a material effect on the rights of the Bondholders.

### **7.2 Responsibilities and Duties of the Bondholder's Agent under the Bond and Sukuk Regulations**

- 7.2.1 The duties of the Bondholders' Agent pursuant to Article 77 of the Bond and Sukuk Regulations include, amongst others:
- (a) Calling for periodical reports from the Issuer and inspecting its books of accounts, records, registers, assets, and the documents and reports relating to the credit rating of the Issuer;
  - (b) Ensuring that the relevant Interest Payment Amount has been paid to the Bondholders on the relevant Interest Payment Dates, in accordance with the Terms and Conditions;
  - (c) Monitoring the Issuer's adherence to the Terms and Conditions and assessing whether or not the Issuer is able to discharge the claims of Bondholders as and when they become due;
  - (d) Calling or causing to be called, the general meeting of Bondholders on any event which may affect the interest of the Bondholders or on a requisition by one or more Bondholders who own at least 10% of the total issued Bonds pursuant to Articles 156 and 158 of the CCL; and
  - (e) Conducting such other acts as necessary for the protection of the interests of the Bondholders.
- 7.2.2 The Securities Law envisages that new executive regulations shall be issued thereunder, and the duties of the Bondholders' Agent under the Bond and Sukuk Regulations may from time to time be amended, supplemented or replaced in accordance with the Securities Law and any executive regulations issued from time to time thereunder.
- 7.2.3 The Bondholders' Agent may seek the assistance of experts and professionals to perform its duties, without prejudice to their responsibility.

### **7.3 Responsibilities and Duties of the Bondholders' Agent under the Declaration of Agency**

The duties of the Bondholders' Agent under the Declaration of Agency include but are not limited to the following:

- (a) Acting as agent for and on behalf of the Bondholders for the purposes of Article 77 of the Bond and Sukuk Regulations;
- (b) Monitoring material contracts, events, actions and announcements (including publication of annual financial statements) entered into or announced by the Issuer from time to time, to the extent so required under the Declaration of Agency;
- (c) Following its receipt of an Accelerated Mandatory Conversion Notice from the Issuer in accordance with Condition 6.8 (*Mandatory Conversion*), it shall (subject to Condition 6.8.2 (*Accelerated Mandatory Conversion*)), promptly notify the Bondholders of the occurrence of such Accelerated Mandatory Conversion Event);
- (d) Overseeing that the Issuer complies with the Terms and Conditions and the terms of the Declaration of Agency; and
- (e) Monitoring and approving notices from the Issuer to the Bondholders.

#### **7.4 Rights and Powers of the Bondholders' Agent**

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

- (a) the Bondholders' Agent shall forthwith upon any breach, regulatory failure, negligent act, or similar act or omission on the part of the Issuer, bring such matter to the attention of the Issuer, by way of written letter addressed to the Chief Executive Officer of the Issuer. The Bondholders' Agent and the Issuer shall use their best endeavour to restore any procedural issue, breach, and/or reach a fair and reasonable settlement of such matter. Where appropriate and agreed with the Issuer, the Bondholders' Agent may decide and rule upon matters on behalf of the Bondholder without calling a meeting of Bondholders;
- (b) if the Issuer fails to remedy any breach or action a reasonable time period of having been given due notice by the Bondholders' Agent to do so, or if the Issuer unilaterally commits an act which may have a material effect on the Bondholders, the Bondholders' Agent may take such actions as it seems appropriate. Where possible and practical, depending on circumstances, Bondholders' Agent shall act upon a decision of a meeting of Bondholders, by decision on a vote by the applicable majority in accordance with the CCL. The Bondholders' Agent shall also act upon an order or the guidance of duly empowered regulatory authorities in Oman;
- (c) where the Issue to be decided upon is of a legal nature or based upon a dispute of facts, the Bondholders' Agent shall have the right to approach an attorney, or a court of law. The Bondholders' Agent may in all matters, unless it is proven that it acted negligently, recklessly, or not in the collective interest of the Bondholder, to be reimbursed by the issuer within reasonable limits, for defending any legal actions

arising from, or conducting any case relating to its office as Bondholders' Agent, or matter of dispute as described above;

- (d) upon the meeting of the Bondholders taking place, it shall be convened and held in accordance with the procedure for meetings as contained in the Terms and Conditions of the Issue;
- (e) the Bondholders' Agent shall be provided by the Issuer with the following documentation:
  - (i) quarterly and yearly financial results of the Issuer; and
  - (ii) a copy of all notices of general meetings of Shareholders of the Issuer;
- (f) the Bondholders' Agent may attend general meetings of the Issuer, and where applicable may address such meeting as and when deemed appropriate by the chairman of such meeting; and
- (g) the Bondholders' Agent may request certain information from the Issuer in order of it to perform its function appropriately and diligently. All reasonable requests of the Bondholders' Agent shall be duly considered by the Issuer, who shall manage all ongoing communication with the Bondholders' Agent through the office of its internal legal department. The Issuer shall not be obliged to provide information beyond what may be reasonable deemed to be appropriate.

7.4.2 The description above is not exhaustive and it is qualified by the more detailed terms set out in the Declaration of Agency. The powers granted to the Bondholders' Agent pursuant to the Declaration of Agency are additional to any other powers conferred on the Bondholders' Agent by laws of Oman.

7.4.3 For the purposes of the Issue, the Bondholders' Agent shall not, at any time, be responsible or accountable for or have any duty, responsibility, or accountability to any Bondholder with respect to:

- (a) the Conversion or the Conversion Ratio;
- (b) any calculation relating to the Conversion or the Conversion Ratio, including all figures and values used in such calculations;
- (c) any adjustment to the Conversion Ratio;
- (d) the conversion method elected by the Issuer;
- (e) any failure by the Issuer to issue, transfer or deliver any Ordinary Shares pursuant to or the subject of the Conversion; or
- (f) the Issuer's compliance with any of the covenants contained in Condition 6.8 (Mandatory Conversion).

7.4.4 For the avoidance of doubt, the Issuer shall be solely responsible for the Conversion, and shall be solely accountable to the Bondholders with respect to the matters set out in Condition 7.4.3 above.

## 7.5 **Bondholders' Rights**

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

- (a) the right to receive Interest Payment Amount subject to and in accordance with the Terms and Conditions;
- (b) the right to dispose or transfer the Bonds in accordance with the Terms and Conditions;
- (c) upon the liquidation of the Issuer, the right to claim any amounts outstanding under the Bonds in priority only to the Junior Obligations;
- (d) the right to participate in Bondholders' Meetings and to vote at such meetings in accordance with the provisions of the Declaration of Agency and the CCL; and
- (e) the right to inspect the Register in accordance with Article 157 of the CCL.

The Bondholders shall participate only in meetings related to the Issue and shall have no rights to participate in any other meetings of the Issuer.

## 8. ALLOTMENT OF BONDS

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### 8.1 Eligibility for the allotment of Bonds offered

The Bonds shall be exclusively allotted to Shareholders who are registered as holders of Ordinary Shares of the Issuer on the Allotment Record Date without any consideration. The allotment shall be made on the basis of the Allotment Ratio.

The Bonds are paid in full out of the accumulated and retained earnings of the Issuer and the Shareholders are not required to incur any expenses related to the Issue.

### 8.2 Allotment of Bonds

Shareholders holding Ordinary Shares on the Allotment Record Date shall be eligible for allotment of Bonds. Each Shareholder shall receive a direct credit of such Shareholder's Bonds entitlement in their respective MCD Investors Account. There is no requirement for a Shareholder to submit an application form or undertake any other actions relating to the allotment of Bonds.

The allotment of Bonds shall be handled by the MCD using its proprietary systems and procedures.

### 8.3 Correspondence

All correspondence shall be sent to the Shareholders at the Shareholder's address and/or contact details recorded with the MCD. All Shareholders are advised to verify the correctness of such addresses and/ or contact details.

### 8.4 Proposed Offer timetable

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

Milestone	Date*
Approval from the FSA of the proposed allotment of Bonds	26 September 2024
Listing of the Bonds on the MSX	13 October 2024

*\*The actual dates may vary.*

### 8.5 Listing and Trading of the Bonds

The Bonds shall be listed on the Bond and Sukuk Market of the MSX in accordance with the laws and procedures that are in force on the date of the listing application. The listing date forecast above is an estimated date and if any rescheduling is required, it shall be published on the MSX website.

### 8.6 Responsibilities & Obligations

The Issue Manager, Legal Adviser and the MCD shall comply with the responsibilities and duties specified under Securities Law, the Executive Regulations of the Capital Market Law, the Bond and Sukuk Regulations and the CCL, and shall comply with by any other responsibilities and obligations set out in the agreements entered into between each of them with the Issuer (including the Transaction Documents to which each is a party).



The parties concerned shall be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. The Issue Manager shall liaise with relevant authorities such as FSA and MSX for taking suitable steps and measures for managing these remedial measures till completion of listing of the Bonds on the MSX.

- 8.7 **Enquiries and Complaints** Shareholders seeking clarification or filing complaints about allotment may contact the MCD at:

MCD's Contact Details:

**Muscat Clearing & Depository SAOC**

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

Fax: +968 2481 7491

<https://mcd.om>

## 9. UNDERTAKINGS

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

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

- the information provided in this Prospectus is true and complete.
- due diligence has been conducted to ensure that no material information has been omitted which would render this Prospectus misleading.
- to comply with all provisions set out in the Securities Law, the Bond and Sukuk Regulations, the Commercial Companies aw, the Executive Regulations of the Capital Market Law and the rules, regulations and directives issued pursuant to them.

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

S. No.	Name	Designation	Signature
1.	Ahmed El Damaty	Chief Financial Officer	
2.	Sulaiman Al Hinai	Chief Wholesale Banking Officer	

## Issue Manager: Ubhar Capital SAOC

**Ubhar Capital SAOC** undertakes the following:

1. Pursuant to our responsibilities under Article 28 of the Securities Law, Article 13 of the Executive Regulations of the Capital Market Law and the Bond and Sukuk Regulations issued by the FSA, we have reviewed all the relevant documents and other material required for the preparation of this Prospectus.
2. The Board of Directors of Oman Arab Bank S.A.O.G. shall, jointly and severally, bear the responsibility with regard to the validity of the information provided in this Prospectus, and they have confirmed that they have not omitted any material information which would have made the Prospectus misleading.
3. We have conducted the due diligence by our profession with regard to this Prospectus, which has been prepared under our supervision. Based on the reviews and discussion with Oman Arab Bank S.A.O.G., its officers, officials and other related parties, we confirm the following:
  - a. we have conducted reasonable due diligence to ensure that the information given to us by Oman Arab Bank S.A.O.G. included in this Prospectus is consistent with the facts in the documents, material and other material of the offering;
  - b. to the best of our knowledge and from the information provided by Oman Arab Bank S.A.O.G; Oman Arab Bank S.A.O.G has not omitted any material information which would render this Prospectus misleading;
  - c. this Prospectus and the offering to which it relates conforms to all the rules and terms of disclosure stipulated in the Securities Law, Executive Regulations of the Capital Market Law, prospectus models (as applicable) applied by the FSA, the Commercial Companies Law, the Bond and Sukuk Regulations and the directives and decisions issued in this regard; and
  - d. the information contained in this Prospectus (and its unofficial translation into English) is true, sound and adequate.

Sd/-

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

S. No.	Name	Designation	Signature
1.			

**Legal Adviser: Trowers & Hamlins**

The Legal Adviser hereby undertakes to the FSA that:

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

For and on behalf of Trowers & Hamlins, Oman

<b>S. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Signature</b>
1.			