

Sohar
international

Prospectus Rights Issue

Issue Opening Date: 14 November 2024

Issue Closing Date: 20 November 2024



Sohar International Bank SAOG
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RIGHTS ISSUE PROSPECTUS

Rights Issue of 1,040,000,000 shares at a price of Baisa 127 per share
(with a share price of Baisa **125** per share plus issue expenses of Baisa **2** per share)

RIGHTS TRADING PERIOD

Opening Date: 11 November 2024
Closing Date: 17 November 2024

ISSUE PERIOD

Opening Date: 14 November 2024
Closing Date: 20 November 2024

Financial Advisor and Issue Manager

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Collecting Bank

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This Prospectus has been prepared in accordance with the applicable guidelines stipulated by the Financial Services Authority of Sultanate of Oman. This is an unofficial English version of the original prospectus prepared in Arabic and approved by Financial Services Authority vide its Administrative Decision no. Kh/63/2024 dated 27th October 2024. In the event of any conflict between the English and Arabic versions of the prospectus, the Arabic version will prevail. The Financial Services Authority assumes no responsibility for the accuracy and adequacy of the statements and information contained in the Prospectus nor shall it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person.



His Majesty
Sultan Haitham Bin Tarik Al Said



IMPORTANT NOTICE TO INVESTORS

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

This Prospectus includes all material information and data and does not contain any misleading information or omit any material information that would have positive or negative impact on an investors' decision as to whether or not to invest in the offered securities.

The Board of Directors of the Issuer are jointly and severally responsible for the integrity and adequacy of the information contained in this Prospectus and confirm that, to their knowledge appropriate due diligence had been observed in the preparation of this Prospectus and further confirm that no material information has been omitted, the omission of which would render this Prospectus misleading.

All investors should examine and carefully review this Prospectus in order to decide whether it would be appropriate to invest in the offered securities by taking into consideration the information contained in this Prospectus in the context. Investors should not consider this Prospectus a recommendation by the Issuer to subscribe the offered securities. Every investor shall bear the responsibility of obtaining independent professional advice on the investment in the offered securities and conduct independent evaluation of the information and assumptions contained herein using whatsoever analysis or projections he/she sees fit as to whether or not to invest in the offered securities.

It is noteworthy that no person has been authorized to make any statements or provide information on the Issuer or the offered securities other than the persons whose names are indicated herein. Where any person makes any statement or provides information, it should not be taken as authorized by the Issuer or the Issue Manager.

IMPORTANT POINTS

This Prospectus includes relevant information that is deemed important and neither includes any misleading information nor excludes any material information, the omission of which may materially influence any investor's decision pertaining to the investment in the offered securities through this Prospectus. All summaries of documents or provisions of documents provided in this Prospectus should not be relied upon as being comprehensive statements in respect of such documents and are only to be seen as being a summary of such documents.

All market investments carry various risks including market risks to varying degrees. The value of any security can fall as well as rise depending on the market conditions.

ADDITIONAL POINTS TO BE NOTED

References to documents

All summaries of documents referred to in this Prospectus may not provide a complete summary of such documents, and statements in this Prospectus relating to such documents may not be exact reproductions of such documents or parts thereof and should not be relied upon as being comprehensive statements in respect of such documents.

Scope of information

The information contained in this Prospectus is intended to provide a prospective Applicant with adequate information relating to the investment opportunity and background information on the Issue. However, this Prospectus does not necessarily contain all the information that a prospective Applicant may consider material. The content of



this Prospectus is not to be construed as legal, business or tax advice. Each prospective Applicant should consult his own lawyer, financial advisor or tax advisor for legal, financial or tax advice in relation to any purchase or proposed subscription to the Issue.

Investor due diligence

Prior to making any decision as to whether to subscribe to the Issue, prospective Applicants should read this Prospectus in its entirety. In making an investment decision, prospective Applicants must rely upon their own examination of the terms of this Prospectus and the risks involved in making an investment.

Restrictions on distribution of this Prospectus

The distribution of this Prospectus and the Issue may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. This Prospectus does not constitute an offer or an invitation by or on behalf of the Bank to any person in any jurisdiction outside Oman to purchase any of the Offer Shares where such offer or invitation would be unlawful. The Bank and the Issue Manager require persons into whose possession this Prospectus comes, to inform them of and observe, all such restrictions. None of the Bank or the Issue Manager accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for Offer Shares by any person, whether or not a prospective Applicant, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

Restrictions on use of information contained in this Prospectus

The information contained in this Prospectus may not be published, duplicated, copied or disclosed in whole or in part or otherwise used for any purpose other than in connection with the Issue, without the prior written approval of the Bank and the Issue Manager other than the purpose it has been issued for.

Disclaimer of implied warranties

Save and except as required under applicable law and

regulations, no representation or warranty, express or implied, is given by the Bank or the Issue Manager, or any of their respective directors, managers, accountants, advisers, lawyers, employees or any other person as to the completeness of the contents of this Prospectus; or of any other document or information supplied at any time in connection with the Issue; or that any such document has remained unchanged after the issue thereof.

FORWARD-LOOKING STATEMENTS

This Prospectus may contain certain “forward-looking statements”. These forward-looking statements generally can be identified by the use of forward-looking terminology, including terms such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “goal”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue”, their negative, or other words or phrases of similar import. Similarly, statements that describe the Bank’s strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual outcomes, including among other things, the Bank’s result of operations, financial condition, cash flows, liquidity, financial projections and growth to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from the Bank’s expectations include but are not limited to:

- inability to estimate future performance;
- inability of the Bank to meet its debt service obligations;
- inability of the Bank to meet its payment obligations;
- certain financing and/or operational and maintenance risks;
- access to adequate insurance to cover all potential losses;
- change in monetary and/or interest policies of Oman, local and/or international inflation, local and/or international interest rates;
- fluctuations in foreign exchange rates, equity prices or other rates or prices;



- the performance of the financial markets in Oman;
- general political, economic and business conditions in Oman which may have an impact on the Bank's business activities;
- changes in laws and/or regulation and/or conditions that may have a bearing on the position of the Bank's clients, and/or suppliers, or the banking sector in Oman; and
- increased competition in the banking sector in Oman changes in the economic and/or financial conditions of the Bank's clients, suppliers and the banking sector.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated. None of the Bank or the Issue Manager or any of their respective affiliates have any obligation to update or otherwise revise any statements in this Prospectus to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition or differ in actuality.

The above list is not exhaustive and for a further discussion of factors that could cause actual results to differ, see the Chapter on Risk Factors of this Prospectus. The Bank will adhere to the disclosure rules and regulations issued by the FSA, which includes making timely disclosure regarding the Bank's results of operation. The Bank advises investors to track the information or announcements made by it through the MSX website at www.msx.om.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from the Bank's audited financial statements or its unaudited interim financial statements, in each case prepared in accordance with IFRS. Copies of the financial statements are

available on MSX website or on the Bank's website. The Bank's financial year commences on 1 January and ends on 31 December. In this Prospectus, any discrepancy in any table between the total and the sum of the relevant amounts listed is due to rounding.

Currency of Presentation

In this Prospectus, all references to "RO" and/or "Omani Rials" are to the legal currency of Oman.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from third-party industry publications and/or websites. Although it is believed that industry data used in this Prospectus is reliable, it has not been independently verified and therefore its accuracy and completeness is not guaranteed and its reliability cannot be assured. Similarly, internal company reports, while believed to be reliable, have not been verified by any independent sources. The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

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CHAPTER 1: ABBREVIATIONS AND DEFINITIONS

Additional Shares	Additional Shares mean additional Offer Shares applied for by a Shareholder in addition to such Shareholder's rights entitlement.
Allotment Date	The date on which FSA approves the allotment of Offer Shares to successful Applicants.
Applicant	Shareholders who are eligible as at the Record Date for subscription to the Rights Issue or a person who has purchased a rights entitlement through the MSX and who submits their completed Application Form to the Collecting Bank on or before the issue closing date.
Application Form	The application form required to be completed by an Applicant for subscribing to the issue.
Articles	Articles of Association of the Bank as registered with MOCIIP and FSA, as may be amended from time to time in accordance with the provisions as contained therein
AC	Audit committee of the Board of Directors of the Bank
Baisa	One thousandth of Omani Rial (1000 Baisa = 1 Omani Rial)
Banking Law	The Banking Law of Oman promulgated by Royal Decree 2000/114 and the amendments thereto
Board / Board of Directors	The Bank's Board of Directors elected in accordance with the Articles and the CCL
BRC	Committee of the Board of Directors of the Bank
Business Day	A day, other than a Friday, Saturday or a public holiday, on which banks and the MSX are open for general business in Oman
CBO	Central Bank of Oman
CCL	Commercial Companies Law of Oman promulgated by Royal Decree 2019/18 and the amendments thereto
Code of Corporate Governance	The Corporate Governance Code for public listed companies issued vide FSA Circular No. E/2015/4 on 2015/7/22 (The FSA Code of Corporate Governance can be found at the following website www.fsa.gov.om .)
CAC	credit approval committee of the Board of Directors of the Bank
Director	A member of the Board of Directors of the Bank
ENRC	The executive, nomination & remuneration committee of the Board of Directors of the Bank
ESG	Environmental and Social Governance
Financial Advisor and Issue Manager	Sohar International Bank SAOG
Financial Year	The financial year of the Bank commencing from 1 January and ending on 31 December or as may be amended by the Shareholders in accordance with the Articles
FSA	Financial Services Authority of Oman



Government	Government of Oman
IFRS	International Financial Report Standards
Issue / Rights Issue	The rights issue of the Shares made under this Prospectus
Issuer / Bank / Sohar International	Sohar International Bank SAOG
Laws of Oman	The laws of Oman in the form of Royal Decrees, Ministerial Decisions, CBO regulations, FSA regulations etc. as the same may have been, or may from time to time be enacted, amended or re-enacted or issued
MCD	Muscat Clearing and Depository SAOC
MOCIIP	Ministry of Commerce, Industry and Investment Promotion of Oman
MSX	Muscat Stock Exchange SAOC of Oman
NPL	Non-performing loans, being the loans granted by the Bank to its customers in respect of which payments of interest, principal or other amounts are more than 90 days in arrear
Offer Shares	The Shares that are the subject of the Rights Issue
Oman	Sultanate of Oman
Omani Rial / RO	The lawful currency of Oman. Each Omani Rial is equivalent to 1,000 Baisa
Prospectus	Means this Prospectus, as approved by the FSA
SAOG Regulations	The Regulation of Public Joint Stock Companies No 2021/27 issued on 25 February 2021
Record Date	The date as on which the Shareholders whose names are registered in the MCD records will be eligible to subscribe to the Rights Issue.
Shares	The ordinary shares of the Bank
Shareholders	The shareholders of the Bank
SME	Small and medium enterprises
Sohar Islamic	Islamic banking window of the Bank
Subscription Price / Issue Price	127 Baisa per Offer Share, payable by an Applicant, as stated in this Prospectus.

CHAPTER 2: SUMMARY OF THE ISSUE

Issuer	Sohar International Bank SAOG
Commercial Registration No.	1014333 established on 4 March 2007
Principal place of business	PO Box 44, PC 114, Hai Al Mina, Oman
Bank's duration	Unlimited
Authorised Share Capital	RO 1,000,000,000
Issued & Paid up Capital (pre-issue)	RO 572,508,187 mn divided into 5,577,246,270 shares
Issued & Paid up Capital (post-issue)	RO 702,508,187mn divided into 6,617,246,270 shares (assuming full subscription of the Rights Issue)
Issue size	1,040,000,000 Shares offered at Baisa 127 per share, aggregating to RO 132,080,000
Issue Price	Baisa 127 per Offer Share, consisting of issue price 125 plus Baisa 2 towards issue expenses, payable in full on submission of Application Form.
Purpose of the issue	The purpose of the Rights Issue is to increase the Tier I capital of the Bank by increasing its paid-up capital, so as to enable its business growth.
Issue period	Opening Date: 14 November 2024 Closing Date: 20 November 2024
Rights trading period	Opening Date: 11 November 2024 Closing Date: 17 November 2024
Rights Entitlement	Every shareholder as on the Record Date is entitled to about 18.65 Offer Shares for every 100 shares held as on the Record Date i.e. 1 Offer Share against about every 5.36 shares held on Record Date, duly rounded down.
Eligibility for Subscription	<p>Subscription for the Rights Issue is open to the Shareholders whose names appear in the Bank's shareholder register with the MCD as on the Record Date. Persons who purchase the rights on the MSX within the rights entitlement trading period are also eligible to subscribe for the Offer Shares before the Rights Issue closes.</p> <p>The 'rights' representing ownership rights of Shareholders to subscribe to the Rights Issue may be traded on the MSX during the period prescribed for that purpose. A Shareholder has the option to either subscribe to the Rights Issue or sell the 'rights' entitlement on the MSX. The eligibility to subscribe for Offer Shares shall lapse in case the Shareholder neither exercises his right of subscription to the Rights Issue nor sells its 'rights' (whether fully or partially) on the MSX during the prescribed period.</p>



Application for Additional Shares	<p>Shareholders as on the Record Date may apply for Additional Shares and shall fill in the required details in the Application Form and submit it to Collecting Bank along with requisite subscription amount.</p> <p>A Shareholder who does not subscribe to his full rights entitlement or sells his rights entitlement (either in part or in full) is not eligible to apply for Additional Shares.</p> <p>A non-shareholder who has bought rights entitlement is not eligible to apply for Additional Shares.</p> <p>The application and allotment of Additional Shares shall be subject to the terms and conditions stipulated in Chapter 14.</p>
Record date	5 November 2024
Start of trading of rights entitlement	11 November 2024
End of trading of rights entitlement	17 November 2024
Subscription opening date	14 November 2024
Subscription closing date	20 November 2024
Allotment	<p>The Offer Shares shall be allotted against valid and approved Application Forms, subject to the provisions of Chapter 14.</p> <p>The Offer Shares shall be allotted and refunds will be made (if required) within 3 days from the Allotment date, after obtaining FSA approval for allotment. The Applicant, after the announcement of the allotment, shall ensure that the allotted shares are appearing in its account with MCD.</p>
Refund of application money	Refund of application money, if any, shall be made to the Applicants, within 3 days of the Allotment.
Listing	Since the shares of the Bank are already listed on the MSX, the Offer Shares shall also be listed on the MSX.
Approvals for the Issue	<ul style="list-style-type: none"> Board approval vide its resolution dated 10 September 2024 CBO in principle approval vide its letter no. SD/ 2024/CPOC/ SIB/423 dated 8th October 2024 and principle approval vide its letter no. SD/ 2024/CPOC/SIB/480 dated 27th October 2024. FSA approval vide its Administrative Decision Kh/63/2024 dated 27th October 2024.
Financial Advisor & Issue Manager	<p>Sohar International Bank SAOG PO Box 44, PC 114, Hai Al Mina, Oman Tel: +968 24730000, Fax: +968 24730010 Email: advisory@soharinternational.com</p>
Legal Advisor to the Issue	<p>Nasser Al Habsi & Saif Al Mamari Law Firm PO Box 4, PC 102, Al Qurum, Oman Tel: +968 249 50700, Fax: +968 246 49044 Email: r.byrne@aglaw.com, m.albusaidi@aglaw.com</p>
Statutory auditor	<p>KPMG LLC Children's Public Library Building, 4th floor P.O. Box 641, P.C. 112 Shatti Al Qurum , Sultanate Of Oman</p>
Collecting Bank	<p>Sohar International Bank SAOG PO Box 44, PC 114 Hai Al Mina, Oman Tel: +968 24730000, Fax: +968 24730010 Email: assetmanagement@soharinternational.com</p>

CHAPTER 3: USE OF PROCEEDS AND ISSUE EXPENSES

Use of Proceeds

The purpose of the Rights Issue is to increase the capital of the Bank by increasing its paid up capital, so as to enable its business growth.

Estimated issue expenses

The issue expenses of the Rights Issue are estimated at RO 1,303,000 which is equal to approximately 0.98% of the total gross proceeds of the Rights Issue, assuming full subscription. The issue expenses of the Rights Issue will be partly met from the amounts collected from Applicants at 2 Baisa per Offer Share and the remainder will be borne by the Bank. Any surplus of the collection towards Issue Expenses over the actual expenses incurred will be retained by the Bank and credited to its legal reserve or a special reserve to be established pursuant to Article 126 of the CCL.

The estimated issue expenses under various heads are given in the following table:

Particulars	Amount (RO)*
Issue Manager and Placement Agent Fees	800,000
Legal Advisor's fees	18,000
FSA Fees	50,000
Collecting Agent Fee	400,000
Marketing, Advertising, Printing, Postage & Publicity	25,000
Other Expenses	10,000
Total estimated issue expenses	1,303,000

*These are estimates and may change as per actuals. The estimates excludes VAT.



CHAPTER 4: ISSUER'S OBJECTIVES AND APPROVALS

Overview

Sohar International Bank SAOG, formerly Bank Sohar SAOG, was established in the Sultanate of Oman on 4 March 2007 as a public joint stock company and is primarily engaged in commercial, investment and Islamic banking through a network of 54 branches and 3 customer service units for conventional banking and 18 Islamic banking branches within the Sultanate of Oman. The Bank operates under commercial, investment and an Islamic banking licence issued by the CBO and is covered by its deposit insurance scheme.

The Bank started commercial operations from 9 April 2007. The registered address of the Bank is PO Box 44, Hai Al Mina, Postal Code 114, Muscat, Sultanate of Oman. The Bank has its primary listing on the MSX. With effect from 30 April 2013, the Bank obtained a license to operate Sohar Islamic. Sohar Islamic offers a full range of Islamic banking services and products. The principal activities of Sohar Islamic include accepting Shari'a compliant customer deposits, providing Shari'a compliant financing based on Murabaha, Mudaraba, Musharaka, Ijarah, Istisna'a, Salam and providing commercial banking services, investment and other activities permitted under Islamic Banking Regulatory Framework.

The Bank established a branch in Riyadh, Kingdom of Saudi Arabia in November 2022, Commercial Registration No. 1010839168 dated 07/11/2022. In October 2023 the Saudi Central Bank (SAMA) approved the commencement of operations of KSA Branch which will initially provide commercial and Islamic banking services.

In 2023, Sohar International also completed a strategic merger with HSBC Bank Oman SAOG, further consolidating its position in the Omani banking landscape. This merger enabled the Bank to enhance its offerings, solidifying its status as one of the leading financial institutions in the Sultanate of Oman.

In addition to being regulated by CBO, as a public joint stock company whose shares are listed and traded on MSX, the Bank is also regulated by FSA. Apart from this, the Bank's business operations are subject to compliance with the Bank's own policies and procedures and the laws and regulations of Oman.

Objects of the Bank

In accordance with the applicable laws and amendments thereof in Oman, especially banking authorized activities and restrictions as defined by the regulations and laws of CBO and provisions of the Banking Law, its amendments or alternation thereafter, the objects of the Bank under the Articles are as follows:

- (1) To carry on the business of banking in all its fields, and to transact and to do all matters and things incidental thereto, or which may, at any time hereafter at any place, where the Bank shall carry on business, be usual in connection with the business of banking or dealing in money or securities for money;
- (2) To advance and lend money on real, personal and mixed securities, on cash, credit or other accounts, on policies, bonds, debentures, bills of exchanges, promissory notes, letters of credit or other obligations, or on the deposit of title deeds, merchandise, bills of sale and landing, delivery orders, warehousemen and certificates, notes, dock warrants, or other mercantile or tokens, bullion, stocks and shares;
- (3) To carry on the business of discounting dealing in exchanges, in species and securities;
- (4) To invest money in such manner as may from time to time be thought proper;
- (5) To act as agents for the sale and purchase of any shares or securities or for any other monetary transactions;
- (6) To carry on the business of financiers;



- (7) To contract for public and private loans, and to negotiate and issue the same;
- (8) To act as executors and trustees of wills, settlements and trust deeds of all kinds made by customers and others and to undertake and execute trusts of all kinds;
- (9) To deal with all types of bank notes, coins, currencies, receive and to deposit any monies in current accounts, term deposits, savings accounts and receive precious articles and financial documents for deposit in safes;
- (10) To issue and negotiate bank guarantees and letters of credit, cheque payments, money orders and all other negotiable documents and their collection;
- (11) To sell bonds, certificates, stocks and all other securities;
- (12) To settle negotiable cheques;
- (13) To sell, buy and exchange currencies, monies, bullions;
- (14) To participate in all investments relating to economic activity including participation in companies' share capital;
- (15) To enter into partnership with companies and organisations transacting activities similar to those transacted by the Bank;
- (16) To deposit, lend or advance money with or without security and generally to make or negotiate loans and advances of every kind;
- (17) To encourage saving schemes and mobilize deposits to be employed by the Bank for the purposes of its objectives. This includes acceptance of deposits, with or without interest, and the application of regulations deem fit by the Board of Directors for the encouragement of saving schemes and mobilization of deposits, in compliance with licenses and permits issued by the CBO;
- (18) To attract local and foreign capital, arranging or obtaining local or international loans for the Bank and the acceptance of foreign deposits and external loans, provided that such activities comply with the regulations stipulated by the Government of Oman for this purpose;
- (19) To finance lease and hire purchase and purchase of debts and other extraordinary finance;
- (20) To acquire and discount, hire purchase or other agreements or any rights therein (whether proprietary or contractual) and generally to carry on business and to act as financiers, traders in securities and commission agents or in any other capacity in Oman and to sell, barter, exchange, pledge, make advances upon or otherwise deal in properties, houses, buildings, flats furnished or otherwise as aforesaid subject to first obtaining the CBO's approval;
- (21) To act as insurance agents, intermediaries or financial advisors for the benefit of its customers and to advise, sell and procure the sale of such services to its customers, subject to the CBOs and other necessary regulatory approvals;
- (22) Own, lease and rent movable and real estate assets in accordance with the Banking Law and other related and Laws of Oman, and directives of the CBO;
- (23) Without prejudice to the afore-mentioned conventional banking activities, the Bank may, consistent with the instructions of the CBO;
 - a) carry on the business of Islamic banking in all its fields, and provide banking services in compliance with Islamic Shari'ah;
 - b) carry on all works of finance and investment in accordance with the provisions of Islamic Shari'ah through different types of Islamic finance and investment, including but not limited to Murahaba, Mudaraba, Musharaka, Ijara, Istisna', etc; and



- c) accept Zakat and unconditional donations and contributions from third parties for the account of the Zakat fund and to spend and utilise such funds for the benefit of others and to the discharge of the Bank's social responsibilities.

Licenses

The Bank is required to obtain and maintain certain licenses, permits and memberships which are renewable, where applicable, in accordance with their terms. The Bank presently holds the following material licenses:

Authority	Description	Expiry Date
Ministry of Commerce, Industry and Investment Promotion	Commercial Registration No. 1014333	27 February 2027
Oman Chamber of Commerce and Industry	Membership Certificate No. 1779	26 March 2026
CBO	Commercial Banking License Islamic Banking Licence	Ongoing as per Banking Law
FSA	Investment related activities*	31 December 2024

*Activities covered are Issue of structured instruments, Issue management, Fund management, Portfolio management, Marketing of non-Omani securities, Investment advice & research and Custodian.

Approvals

The Issue has been approved by:

- Board of Directors – vide its resolution date 10 September 2024.
- CBO – vide its letter ref. SD/ 2024/CPOC/SIB/423 dated 8th October 2024 and principle approval vide its letter no. SD/ 2024/CPOC/SIB/480 dated 27th October 2024.
- FSA – vide its Administrative Decision ref Kh/63/2024 dated 27th October 2024.

Changes in Bank's equity capital

Year	Paid-up capital opening balance (RO '000)	Issue of Rights shares	Share premium transferred to share capital	Bonus Shares	Bonus Shares for every 100 shares held	Issue of shares as part of merger consideration (RO '000)	Paid-up capital end of the period (RO '000)
2019	198,265	38,095					236,360
2020	236,360		1,904	7,091	3		245,355
2021	245,355	50,000					295,355
2022	295,355	160,000					455,355
2023	455,355					106,217	561,572
June 2024	561,572			10,936	2		572,508



CHAPTER 5: OVERVIEW OF THE OMAN ECONOMY AND BANKING SECTOR

OVERVIEW OF OMAN ECONOMY

The Sultanate's 10th Five-year Development Plan (FDP), aligned with Oman's Vision 2040 priorities, has been a driving force in achieving fiscal sustainability, economic diversity, and reducing the share of public debt to GDP. The plan, which commenced in 2021, continues to yield positive results, as reflected in the preliminary fiscal surplus RO 931 million in 2023. Public revenue also witnessed a notable increase of circa RO 2,163 million, while public spending experienced a decline of circa RO 68 million compared to earlier estimates.

The 10th Five-Year Development Plan (FDP) focuses on increasing the contribution of non-oil industries to 90% of GDP by 2040 while also reducing government debt. Similarly, Oman's Budget 2024 is designed to achieve a broad range of economic and social objectives. These include ensuring financing sustainability and targeting economic growth of at least 3% at constant prices during 2024. The budget aims to maintain inflation rates at moderate levels and continue fostering an attractive and stimulating investment climate. Additionally, it seeks to enhance the role of the Oman Development Bank in financing value-added projects, operate the Future Fund Oman, and commence its financing activities. The budget also prioritizes maintaining public spending on healthcare, education, and social security. It supports governorate development programs and continues the implementation of national initiatives such as Vision 2040 and the FDP.

The Financial Sector Development Plan ("**Estidamah**") is a strategic initiative launched by the Ministry of Finance to bolster public finances and establish the financial sector as a crucial driver in achieving the goals of Oman Vision 2040. This program is designed to enhance the competitiveness of the financial sector, offer diverse financing options for various stakeholders, and expand the financing market to accommodate future developments in the investment and economic landscape. It further outlines a comprehensive set of initiatives and projects aimed at strengthening the financial sector's core components.

In addition to Estidamah, several other national programs are actively contributing to Oman's development. The National Program for Economic Diversification ("**Tanwea'a**"), overseen by the Ministry of Commerce, Industry, and Investment Promotion, is a major initiative comprising over 170 dynamic projects. It is strategically organized into three key areas: sectoral development and investment, fostering a conducive business environment, and enhancing foreign trade. Over the past two years, Tanwea'a has successfully established a national negotiation team dedicated to attracting high-quality investments and opened an investment hall in Oman to support investors. The program also plans to introduce a unified investment incentives guide applicable across all sectors.

Further advancing the investment landscape are the Government Digital Transformations Program ("**GDTP**") and the National Program for Investment and Export Development ("**Nazdahir**"). The GDTP, overseen by the Ministry of Transport, Communications, and Information Technology, focuses on streamlining business models and leveraging technological advancements. Meanwhile, Nazdahir, managed by the Ministry of Commerce, Industry, and Investment Promotion, aims to improve the efficiency of government units, create transparent and innovative solutions, and enhance the overall investment environment.

In 2023, Royal Decree 68/2023 on the Public Debt Law was issued. This law governs the management of funds borrowed by the government from institutions or individuals to address emergency situations, enhance public revenues, and finance development projects. Its primary objectives are to mitigate financial risks for the State, exercise control over public debt, and alleviate financial burdens. Concurrently, the Ministry of Finance is reviewing the Financial Law and its Executive Bylaws. This review aligns with ongoing projects and systems aimed at improving financial procedures, including the Government Financial System, Program-Based Budget, Treasury Single Account, and other related initiatives.

The Sultanate of Oman has made significant strides in strengthening public finances, reducing public debt, and managing its lending portfolio. Coupled with the rebound in oil prices, these efforts have notably improved the State's fiscal performance. As a result, Oman has seen an upgrade in its credit rating and



outlook, reversing previous declines.

On 27th of September 2024, Standard & Poor's upgraded Oman's credit rating to BBB- "Stable" from BB+ "Positive". The agency attributed this upgrade to the effective implementation of fiscal policies and the government's commitment to reducing public debt. These measures are expected to bolster the State's financial stability and enhance its resilience against future economic shocks, even in the face of fluctuating oil prices. Standard & Poor's projects that public debt will decrease to approximately 31% of GDP over the next three years.

OVERVIEW OF BANKING SECTOR

The Omani banking sector has remained resilient and robust, and maintained a steady growth in 2023 despite economic challenges. Organic growth and strengthened capital buffers have allowed banks to provide adequate credit and other services efficiently to all segments of the economy while posting reasonable profits. The prudent and farsighted policies of the CBO combined with better than budgeted global oil prices helped steady the banking sector further. Several measures were implemented to encourage the use of digital mode for payments, which included relaxations in various access rules and quantitative restrictions.

The FinTech Regulatory Sandbox, launched in December 2020 received an overwhelming response, with several local and international participants, coming forward to present their payment solutions during the first cohort. Despite initial challenges, the relevant authorities are working toward overcoming these and foster the growth of an effective ecosystem, wherein the FinTech start-ups and banks work under a collaborative framework, for the benefit of all stakeholders. Accordingly, the CBO with Oman Banks Association is working on various initiatives, including FinTech, such as the open banking strategy for the financial sector, cloud computing and extending banks' support to regulatory sandbox applicants.

CBO had also facilitated digital on-boarding of customers, recognising its importance and to make it an 'on-tap' facilitation. Accordingly, an e-KYC project has been initiated to be undertaken in collaboration with Oman Credit Bureau, Malaá. The platform, once operationalized, will pave the way for quick and compliant digital on boarding of customers. The 'Direct Debit Mandate Management', successfully rolled out July 2021, had been well received by corporates and businesses and is currently, in the integration stage with the banks. The Ministry of Commerce, Industry and Investment Promotion, mandating E-payment option in certain private sector activities from 2022, will further support the digital transformation in the Sultanate, under Oman Vision 2040, thus fulfilling the goal of being a 'less-cash' dependent society.



CHAPTER 6: BUSINESS OVERVIEW

INTRODUCTION

Established in the year 2007, the inspiring ongoing story of the Bank is one that was shaped as a direct result of a deeper purpose to help people 'win' by delivering banking for their ever-changing world. It's a story driven by a vision to be a world-leading Omani service company that helps customers, communities and people, to prosper and grow. Sohar International has become the fastest growing bank within the Sultanate of Oman and attained recognition in 2024 of being the 'Best Bank in Oman'. The Bank's continued success is based on a forward-looking comprehensive strategy resulting in achievement of key milestones, attested by numerous local, regional, and international accolades demonstrating distinction across a wide spectrum of the Bank's activities and initiatives.

Predominantly owned by the Government of Oman, Sohar International prides itself on having a very strong ownership structure reflecting stability as a result of long-term shareholders and Board members. With their inspirational and visionary outlook, the Bank has excelled in all facets of its activities playing a catalyst role for Oman's economic advancement and viewing itself as a steadfast partner and contributor to the nation and its people.

Sohar International seeks innovation to add value to every experience. Engaged with a diverse array of businesses catering to Commercial and Investment Banking to Wealth Management, Islamic Banking and beyond. Every segment presents an opportunity waiting to be harnessed into a unique value proposition achieving diversity and contributing towards Oman Vision 2040. With a clear direction of bringing the best of the world to Oman, and taking the best of Oman to the world, Sohar International has been establishing partnerships with key international entities with the purpose of adding value to its ecosystem of offerings.

The Bank has positioned itself well within the market and beyond having established presence throughout the country with over 80 locations within the Sultanate and a regional presence within the Kingdom of Saudi Arabia. The Omni channel approach to banking under the digitalization agenda of the Bank has also taken off with state-of-the-art digital banking platforms that provide retail and corporate clients seamless, secure, and convenient banking solutions at the touch of their fingertips.

Sohar International strongly believes in the spirit of winning, extending beyond customers through many CSR programs. With increased global focus and importance on ESG factors, the Bank remains committed to incorporating these principles within its business strategies. The Bank's values complement initiatives in relation to sustainability, diversity & inclusion, and are well aligned with the national agenda to adopt environmental sustainability and social spheres, through effective governance structures.



Awards and Recognition

The Bank has received a number of awards and recognition within its short operating history. Some of the recent awards are –

	Award	Organization
2024		
1.	Most Innovative Digital Bank for Ecosystem Services – Oman 2023	The Annual Global Economics Awards 2023
2.	Straight Through Processing Award (MT202)	JP Morgan Quality Recognition Award
3.	Straight Through Processing Award (MT103)	JP Morgan Quality Recognition Award
4.	Top Omani Brand in the Banking Sector Award Alam Al Iktisaad Magazine	Alam Al Iktisaad Magazine - UMS
5.	Oman's Best Bank	Euromoney Awards for Excellence
6.	Oman's Best Bank for ESG	
7.	CEO of the Year – Banking Sector in Oman	Oman Banking & Finance Awards 2024
8.	Best Bank – Large Bank Catogory	Oman Banking & Finance Awards 2025
9.	Best Mobile App Oman 2024	World Business Outlook annual awards 2024
2023		
10.	Best Place To Work In Banking Sector – Oman 2022	The Global Economics Awards 2022
11.	Top Omani Brand in Banking Sector Award	Alam Al-Iktisaad Top Omani Brands Awards – United media services
12.	A Key Enabler of Sustainable Economic Growth in Oman	OER Business Summit 2023
13.	Industry leader in Digital Banking	Oman Banking and Finance Awards 2023
14.	Best Bank in Growth	Oman Banking and Finance Awards 2023
15.	Best Investment Bank in Oman	Euromoney Awards for Excellence
16.	Fastest Growing Retail Banking Bank Oman 2023	World Business Outlook Awards 2023
17.	Best Wealth Management Services in Oman 2023	Global Business Magazine Awards 2023
18.	Best Digital Bank Oman 2023	Global Business Review Magazine Award 2023
19.	CEO of the Year Award	Alam Al Iktisaad Awards
20.	Leadership in Sustainable Community Development	Alam Al Iktisaad Awards



21.	Best In Class Wealth Management Services of the year	The Signature
22.	CEO of the Year – Banking & Leadership Award	The Le Fonti International Awards
2022		
23.	Fastest Growing Commercial Bank	The Global Economics
24.	Fastest Growing Bank – Large Banks	Oman Banking and Finance Awards 2022
25.	Excellence in Digital Transformation Award	Oman Banking and Finance Awards 2022
26.	Wells Fargo Special Recognition Award	Wells Fargo
27.	Best Tourism Promotion Campaign Award	Arab Forum for Tourism and Heritage
28.	Best Corporate Bank in Oman 2022	Global Business Review Magazine Award 2022
29.	Leading CSR Campaign of the year	ORE Live Digital Transformation Conference and Awards 2022
30.	Best Retail Banking in Oman 2022	The World Economics Magazine 2022
31.	Corporate Social Responsibility Award	Ministry of Social Development
32.	Best Wealth Management Bank in Oman 2022	International Business Magazine
33.	CEO of the Year Award	Alam Al Iktisaad Awards
34.	Leadership in Corporate Social Responsibility (CSR) Award	Alam Al Iktisaad Awards
35.	Best Performing Company in the Large Cap Organization	Alam Al Iktisaad Awards
36.	International Excellence Award – Socio Economic Initiative Category Award 2022	Excellence Awards
37.	Best Advisory for Shari'ah Compliant Investment	United Media Services
38.	Best In Class Wealth Management Services of the year	The Signature
39.	Best Digital Bank Award	The Arabian Stories Business Awards



STRENGTHS

The Bank's core strengths are its:

- **Significant indirect government shareholding:** The Bank's Shares are majorly held by government entities including long-term investors such as pension funds and sovereign wealth funds.
- **Diversified portfolio:** Credit book of the Bank is widely diversified among all the key sectors of economy offering a well-balanced portfolio.
- **Strong growth:** The Bank has been one of the fastest growing banks in Oman in terms of total assets since 2007. It has achieved strong growth in deposits, with a very healthy CASA ratio over the last few years. This reflects the successful ongoing implementation of the strategy set by the Bank.
- **Strong management:** The Bank possesses an experienced senior management team, largely from the Omani market, and this team has successfully grown the Bank's assets and profitability with a prudent balancing of risk.
- **Strong culture and robust practices of corporate governance:** The Bank maintains clear demarcation between the different layers of the organization. There are clear checks and balances between these different layers, viz. shareholders, board and management. The Bank abides by the rules and regulations of the CBO and FSA in this regard and also strives to adhere to best international practices of corporate governance.
- **Robust risk management framework and systems:** The Bank operates a robust risk management system covering all areas of risk including credit, market, operational, fraud, information security, business continuity, system administration, and residual risk. The risk is evaluated on a transaction basis as well as on a portfolio basis. Risk management is strengthened by historical portfolio analysis, projections, and predictions, sensitivity analysis etc. Sufficient process, policies, and triggers are established which is updated at regular intervals to ensure regulators' compliance requirement as well as to support inclusive growth.
- **Islamic banking window:** Sohar Islamic was established in full compliance with Shari'ah requirements and CBO regulations. Islamic banking provides the Bank with significant flexibility in allowing customers to choose the type of banking service they prefer.

BUSINESS SEGMENTS

Segment information is presented in respect of the Bank's operating segments as follows:

- **Wholesale Banking** delivers comprehensive banking services and products to a diversified and global institutional customer base including commercial, financial and government entities.

The corporate banking team provides corporate loan and working capital facilities in addition to trade and payment, cash management products and services.

The global banking and markets team offer money market, foreign exchange and derivative products to customers in addition to managing the Bank's overall balance sheet funding and liquidity.

The investment banking team provides debt capital market advisory services and funds management services in addition to managing the Bank's proprietary investment portfolio.

The government banking team provides customized value-added products and services to the unique needs of government ministries, public enterprises, and NGOs.



The priority banking team provides advisory services to foreign investors seeking to enter Omani market through direct investments in addition to providing a range of personalized and customized financial solutions to family offices and non-residents.

- **Retail Banking** delivers superior customer experience to individuals through cutting edge technology and best in class relationship management through its extensive branch network. The Bank offers a wider range of products including personal loans, house finance, foreign currency, credit cards, current and term deposits.

The private banking and wealth management team provide value-added services including fund management and advisory to its private clients.

- **Islamic Banking** provides Shari'ah compliant products and services to its customer base.
- **KSA Branch** offers commercial and Islamic banking products and services to customers in Saudi Arabia.

Branch network and product distribution

The Bank's products and services are offered through its branches and a range of other channels described below.

Branches

As at July 2024, the Bank had a network of fifty four (54) branches and three (3) customer service units for conventional banking and eighteen (18) Islamic banking branches for Sohar Islamic customers in Oman. The Bank's branch network continues to be the principal channel through which retail and corporate customers conduct their banking business. In addition to the local presence, the Bank established its first international branch in Riyadh, Kingdom of Saudi Arabia, in 2023.

Other distribution channels

The Bank's other distribution channels comprise:

- **Call centre:** The Bank's call centre operations are located in Muscat and commenced in 2007, which serves both retail and corporate customers;
- **Direct sales agents:** direct sales agents target sales by offering bundled and tailor-made products and services to existing and potential customers.
- **Internet banking:** The Bank is primarily engaged in commercial, investment and Islamic banking through a network online banking services to its corporate and retail customers. The Bank's retail and corporate internet banking services include local and international payment transfers, bill payments (for retail customers), trade finance and payroll services (for corporate customers), balance enquiries, account statements and other services;
- **ATMs and CDMs:** On July 2024, the Bank operates a network of total of 133 machines of which includes 91 units of full function machines (both the ATMs CDMs) and 42 units of dedicated ATM only machines. Additionally, the Bank's customers are also able to access more than 1,000 OmanNet ATMs across the country; and
- **Mobile banking:** Offers quick and instant banking services, eliminating your dependence on banks for basic transactions. Offering verses services such as account and card management, Transfers (Own, within Sohar, Domestic and international), utility payments and top-up.



Sources of Financing and Debt Equity Ratio (Based on unaudited interim condensed financial statements for the six months ended 30 June 2024)

(RO '000)

	Pre-issue	Post-rights issue
Due to banks	727,871	727,871
Customer deposits	5,610,483	5,610,483
Other liabilities	110,779	110,779
Total Debt	6,449,133	6,449,133
Shareholders' Equity		
Share capital	572,508	702,508
Share premium	18,038	18,038
Legal reserve	44,910	44,910
Other reserves	(5,556)	(5,556)
Retained earnings	88,601	88,601
Total Shareholders' Equity	718,501	848,501
Total financing sources	7,167,634	7,297,634
Total Debt/Total Equity ratio	8.98	7.60

Asset quality and Provisioning

Asset quality reflects the quality/quantity of existing and potential credit risk associated with the loan book and other investment portfolios. The strength and soundness of the banking system primarily depends upon health of the loans and advances as they significantly contribute to the developmental activities of the country. Loans and advances occupy an important part in gross earnings and net profit of SIB. Hence, ability of the Bank to formulate and adhere to policies and procedures that promote solid asset quality becomes extremely crucial. SIB carries an inherent responsibility to maintain the quality of assets and to recover the interest and other outstanding dues in time. The Bank evaluates the asset quality of its loan portfolio and adequacy of provisions using two primary measures - the NPL ratio and the NPL coverage ratio. The NPL ratio is the ratio of NPLs as a percentage of total gross loans. The NPL coverage ratio is the ratio of total expected credit losses ("ECL") as a percentage of total NPLs. All ECL are calculated/applied as per the IFRS9 requirements and applicable CBO guidelines.

Information Technology

The Bank's Technology strategy is focused on providing reliable, available information and digital services to its customers and employees in a secure environment. It also assesses the Bank's future operational and growth needs, develops, and implements new state of the art Technology to meet them, in each case with reference to the Bank's overall technology strategy and with the primary aim of delivering efficient and cost-effective systems.

For the Bank's customers, the focus is on delivering convenient and efficient banking services, offering a



range of digital services. For the Bank's internal businesses, the focus is on providing effective methods and processes for promoting and delivering services to their customers.

The Bank has implemented a disaster and recovery site on remote premises that can be activated when required, to ensure that critical systems and data continue to be fully operational and to provide essential services to its customers.

Legal Proceedings

The Bank does not have any major/material legal proceedings pending in a court of law in Oman or outside, either instituted by, or against the Bank, other than normal cases filed by clients in the normal course of business. The cases filed by the Bank against its borrowers are in the normal course business.

Corporate Social Responsibility

The Bank has been at the forefront of driving economic progress and societal contributions, as underscored by its strategic sponsorships and partnerships. The Bank played a pivotal role as the gold sponsor of the Finance and Insurance Forum 2024, an esteemed event orchestrated by the Oman Chamber of Commerce and Industry. Additionally, The Bank partnered with Oman InFocus to support a seminal documentary showcasing the rich biodiversity of the Empty Quarter, positioning Oman as a key destination for wildlife tourism and conservation.

Promoting environmental sustainability, The Bank proudly backed the 'Sustainable Innovation Hackathon for a Better Future' at the University of Technology and Applied Sciences in Muscat, designed to spur young entrepreneurs and innovators to create eco-friendly solutions. The Bank has pledged continued financial support to the University for the enhancement of its facilities.

Reinforcing ties with the academic community, The Bank has forged a collaboration with the College of Banking and Financial Studies via its dedicated academy, Sohar|Academy. This partnership focuses on developing specialized training programs to prepare graduates with the competencies demanded by the ever-changing job market. The Bank also supported the Fashion Future Program in conjunction with Dar Al Aseel, providing practical experience and fostering career growth within the dynamic fashion sector.

The Bank actively engages with the community through various initiatives. During the holy month of Ramadan, the "Sohar Al Ataa" convoy collaborated with the Muscat charity team to provide essential aid to 100 families in the Governorate of Muscat.

In line with Oman Vision 2040, the Bank is committed to advancing Oman's economic, cultural, and social landscapes. Key sponsorships this quarter included the gold sponsorship of "Jalsat Molhemon" at Sultan Qaboos University, "Oman Sustainability Week 2024", and strategic sponsorships at "Oman Forum 2024", "The Future of Communication and Media in the Age of Technology and Artificial Intelligence Forum", and the "International Conference on Innovative Engineering Sciences & Technological Research 2024".

The Bank actively participated in the "New Age Banking Summit", enhanced healthcare services through collaboration with the Ministry of Health, and reinforced its role in capital markets at the "Bonds, Loans, and Sukuks Middle East 2024 Event". Supporting Oman's sports legacy, The Bank was the exclusive banking sponsor for the "Socca World Cup 2024" and continued its focus on education through the "Financial Explorer 3 Program", promoting financial literacy and entrepreneurship among youth.



Environmental, Social, and Governance ("ESG")

At the heart of our corporate vision is a commitment to become a world-class Omani services company that helps customers, community, and people to prosper and grow, the Bank operates with a purpose to help people 'win' by delivering responsible products and services to meet their ever-changing needs.

Our responsibilities extend to supporting all stakeholders (government; communities; customers; investors, and our people; in responding to the impacts of environmental; societal and economic concerns. This is particularly important with the increasing requirements in relation to ESG including the critical need to support the Sultanate of Oman in its commitment to the Sustainable Development Goals ("SDGs") and its NetZero 2050 and Oman Vision 2040 commitments.

To this end, the Bank were first movers in establishing an ESG function – a function what is tasked with developing and implementing the Bank's ESG approach – driving integration of ESG matters throughout the Bank's operations – from risk considerations such as climate change, opportunity support through sustainable financing, to supporting our people and communities through strong socio-economic and environmental activities.

Our ESG vision

To be enablers of positive social, environmental and economic impact and change, supporting our stakeholders (people, customers, and communities) to prosper and grow

Our Approach –ESG Framework

Our support for inclusive, sustainable growth helps customers and communities build paths to prosperity.

Our ESG approach aligns directly with overall business strategy, ensuring we stay focused on: financially empowering people, businesses, and communities; supporting and enabling the transition to a low-carbon economy; and responsibly managing environmental and social risks.

To operationalise our ESG vision and focus – the Board in October 2023 approved the Bank's ESG Approach. Through an ESG materiality exercise – the Bank arrived at three key focus areas: enabling the transition to a sustainable future; embedding responsible business operations; and empowering and developing people (employees; customers and communities).

Further details of the Bank's ESG Framework is detailed below:

- Enabling the transition to a sustainable future
 - ✦ Sustainable Finance and Investment (Decarbonisation; NetZero; Biodiversity and Natural Capital, E&S Product / Service Innovation)
 - ✦ Direct environmental footprint (Energy; Waste; and Water management)
- Embedding responsible business operations
 - ✦ Governance, Compliance and Ethics (Culture) (AML and Anti-corruption; Transparency; Financial performance)
 - ✦ Sustainable Supply Chain / Procurement
 - ✦ E and S risk management (ESRM) (including climate risk)
 - ✦ Digital Leadership and Inclusion
- Empowering and developing people (employees; customers and communities)
 - ✦ Human Capital (Employee Health Safety and Wellbeing; Diversity and Inclusion; Talent Attraction; Engagement & Retention; Employee Training and Development)
 - ✦ Customer protection (Privacy and security; Responsible Communications & Marketing)
 - ✦ Customer experience
 - ✦ Financial inclusion, accessibility and education (financial empowerment)
 - ✦ Community investment and socio-economic development (CSR)



CHAPTER 7: FINANCIAL REVIEW

The following information has been extracted from the audited financial statements for the years ended 31 December 2019 to 2023. For full financial statements, please visit MSX website at www.msx.om or Bank's website at www.soharinternational.com. The financial information presented for the six month period ended 30 June 2024 is unaudited.

Statement of Financial Position

(RO'000)

	Unaudited June 2024	2023	2022	2021	2020	2019
Assets						
Cash and balances with CBO	171	206	126	96	203	90
Due from banks	735	652	104	173	82	198
Investment securities	2,053	1,711	854	1,032	701	637
Loans, advances and Islamic financings (net)	4,025	3,921	2,924	2,612	2,503	2,454
Other assets	43	53	72	169	75	85
Investment properties	3	3	3	3	3	3
Property and equipment	74	76	48	48	44	38
Intangible assets	64	67	-	-	-	-
Total assets	7,168	6,689	4,131	4,133	3,611	3,505
Liabilities						
Due to banks	728	676	806	919	720	735
Customer deposits	5,610	5,103	2,560	2,394	2,232	2,097
Other liabilities	111	108	99	188	91	101
Subordinated loans	-	-	0	35	35	35
Certificates of deposit	-	-	1	1	1	1
Total liabilities	6,449	5,887	3,466	3,537	3,079	2,969
Shareholders' equity						
Share capital	573	562	455	295	245	236
Share premium	18	18	18	18	18	20
Legal reserve	45	45	38	34	31	29
General reserve	1	1	1	1	1	1
Impairment reserve	5	5	5	5	5	-
Fair value reserve	(1)	(1)	(0)	(2)	(3)	(2)
Fair value reserve on acquisition	(11)	(11)	-	-	-	-
Subordinated loans reserve	-	-	1	28	21	14
Retained earnings	89	83	47	17	14	38
Total shareholders' equity	719	702	565	396	332	336
Perpetual Tier 1 Capital Securities	-	100	100	200	200	200
Total Equity	719	802	665	596	532	536
Total liabilities and equity	7,168	6,689	4,131	4,133	3,611	3,505



Statement of Comprehensive Income

(RO million)

	Unaudited June 2024	2023	2022	2021	2020	2019
Interest income	153	240	167	148	147	147
Interest expense	(68)	(122)	(72)	(70)	(75)	(77)
Net interest income	85	118	95	78	72	70
Net income from Islamic financing and investing activities	5	7	9	8	6	6
Other operating income	28	38	29	25	14	29
Total operating income	118	163	133	111	92	105
Staff costs	(28)	(45)	(33)	(30)	(27)	(28)
Other operating expenses	(17)	(28)	(18)	(17)	(15)	(14)
Depreciation	(3)	(4)	(4)	(3)	(3)	(3)
Total operating expenses	(48)	(77)	(55)	(50)	(45)	(45)
Net Operating Income	70	86	78	60	47	60
Gain on bargain purchase	-	92	-	-	-	-
Loan impairment charges and other credit risk provisions (net)	(10)	(105)	(40)	(27)	(23)	(19)
Net profit before tax	60	73	38	33	24	41
Income tax expense	(10)	(3)	(3)	(5)	(4)	(6)
Net profit for the period	50	70	35	28	20	34

Statement of Cash Flows

(RO'000)

	Unaudited June 2024	2023	2022	2021	2020	2019
Net cash (used in)/from operating activities	516	786	(148)	401	18	(131)
Net cash (used in)/from investing activities	77	624	15	(103)	(9)	(50)
Net cash (used in)/from financing activities	(134)	(29)	(5)	33	(25)	114
Cash and cash equivalents at beginning of period	1,836	455	593	262	278	345
Cash and cash equivalents at end of period	2,295	1,836	455	593	262	278



STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024 (Unaudited)

	Share capital	Share premium	Legal reserve	General reserve	
Balance as at 1 January 2024	561,572	18,038	44,910	988	
Profit for the year	-	-	-	-	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	
Issue of bonus shares	10,936	-	-	-	
Repayment of perpetual tier 1 capital securities					
Dividends paid for the year 2023	-	-	-	-	
Perpetual tier 1 interest paid	-	-	-	-	
Balance as at 30 June 2024 (Unaudited)	572,508	18,038	44,910	988	



(RO'000)

Fair value reserve	Impairment reserve	Fair value reserve on acquisition	Retained earnings	Total Shareholders' Equity	Perpetual Tier 1 Capital Securities	Total Equity
(568)	5,464	(11,411)	83,081	702,074	100,000	802,074
-	-		50,269	50,269	-	50,269
(29)	-		-	(29)	-	(29)
(29)	-	-	50,269	50,240	-	50,240
-	-		(10,936)	-	-	-
		-	-	-	(100,000)	(100,000)
-	-		(30,073)	(30,073)	-	(30,073)
-	-		(3,740)	(3,740)	-	(3,740)
(597)	5,464	(11,411)	88,601	718,501	-	718,501



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium	Legal reserve	General reserve	Fair value reserve	
Balance as at 1 January 2023	455,355	18,038	37,877	988	(173)	
Profit for the year	-	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	(410)	
Total comprehensive income for the year	-	-	-	-	(410)	
Issue of ordinary shares	106,217	-	-	-	-	
Reclassification of net change in fair value of equity instruments upon de-recognition	-	-	-	-	15	
Fair value reserve on acquisition						
Dividends paid for the year 2022	-	-	-	-	-	
Perpetual tier 1 interest paid	-	-	-	-	-	
Transfers	-	-	7,033	-	-	
Balance as at 31 December 2023	561,572	18,038	44,910	988	(568)	



(RO'000)

Subordinated loans reserve	Impairment reserve	Fair value reserve on acquisition	Retained earnings	Total Shareholders' Equity	Perpetual Tier 1 Capital Securities	Total Equity
485	5,464	-	47,464	565,498	100,000	665,498
-	-		70,335	70,335	-	70,335
-	-		-	(410)	-	(410)
-	-	-	70,335	69,925	-	69,925
-	-		-	106,217	-	106,217
-	-		(15)	-	-	-
		(11,411)	-	(11,411)	-	(11,411)
-	-		(20,655)	(20,655)	-	(20,655)
-	-		(7,500)	(7,500)	-	(7,500)
(485)	-		(6,548)	-	-	-
0	5,464	(11,411)	83,081	702,074	100,000	802,074



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Legal reserve	General reserve	Fair value reserve	
Balance as at 1 January 2022	295,355	18,038	34,389	988	(2,181)	
Profit for the year	-	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	1,252	
Total comprehensive income for the year	-	-	-	-	1,252	
Issue of rights shares	160,000	-	-	-	-	
Repayment of perpetual tier 1 capital securities	-	-	-	-	-	
Reclassification of net change in fair value of equity instruments upon de-recognition	-	-	-	-	756	
Dividends paid for the year 2021	-	-	-	-	-	
Perpetual tier 1 interest paid during the year	-	-	-	-	-	
Transfers	-	-	3,488	-	-	
Balance as at 31 December 2022	455,355	18,038	37,877	988	(173)	



(RO'000)

Subordinated loans reserve	Impairment reserve	Retained earnings	Total Shareholders' Equity	Perpetual Tier 1 Capital Securities	Total Equity
28,000	5,464	16,525	396,578	200,000	596,578
-	-	34,878	34,878	-	34,878
-	-	-	1,252	-	1,252
-	-	34,878	36,130	-	36,130
-	-	-	160,000	-	160,000
-	-	-	-	(100,000)	(100,000)
-	-	(756)	-	-	-
-	-	(11,960)	(11,960)	-	(11,960)
-	-	(15,250)	(15,250)	-	(15,250)
(27,515)	-	24,027	-	-	-
485	5,464	47,464	565,498	100,000	665,498



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital	Share Premium	Legal Reserve	General Reserve	Fair Value Reserve	
Balance as at 1 January 2021	245,355	18,038	30,520	988	(3,437)	
Profit for the year	-	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	754	
Total comprehensive income for the year	-	-	-	-	754	
Issue of rights shares	50,000	-	-	-	-	
Issue expenses – rights shares	-	-	1,034	-	-	
Reclassification of net change in fair value of equity instruments upon de- recognition	-	-	-	-	502	
Additional Tier 1 coupon paid during the period	-	-	-	-	-	
Transfers	-	-	2,835	-	-	
Balance as at 31 December 2021	295,355	18,038	34,389	988	(2,181)	



(RO'000)

Subordinated Loans Reserve	Impairment reserve	Retained Earnings	Total Shareholder's Equity	Perpetual Tier 1 Capital Securities	Total Equity
21,000	5,464	13,774	331,702	200,000	531,702
-	-	28,338	28,338	-	28,338
-	-	-	754	-	754
-	-	28,338	29,092	-	29,092
-	-	-	50,000	-	50,000
-	-	-	1,034	-	1,034
-	-	(502)	-	-	-
-	-	(15,250)	(15,250)	-	(15,250)
7,000	-	(9,835)	-	-	-
28,000	5,464	16,525	396,578	200,000	596,578



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share pre- mium	Legal reserve	General reserve	Special reserve	
Balance as at 1 January 2020	236,360	19,942	28,519	988	(2,213)	
Profit for the year	-	-	-	-	-	
Other comprehensive loss for the year	-	-	-	-	(2,079)	
Total comprehensive income for the year	-	-	-	-	(2,079)	
Share premium transferred to share capital	1,904	(1,904)	-	-	-	
Dividends paid for 2019	-	-	-	-	-	
Issue of bonus shares for 2019	7,091	-	-	-	-	
Additional Tier 1 coupon paid during the year	-	-	-	-	-	
Reclassification of net change in fair value of equity instruments upon de-recognition	-	-	-	-	855	
Provision for credit Impairment (BM1149)	-	-	-	-	-	
Transfers	-	-	2,001	-	-	
Balance as at 31 December 2020	245,355	18,038	30,520	988	(3,437)	



(RO'000)

Fair value reserve	Subordinated loans reserve	Retained earnings	Total Shareholders' Equity	Perpetual Tier 1 Capital Securities	Total Equity
14,000	-	38,513	336,109	200,000	536,109
-	-	20,013	20,013	-	20,013
-	-	-	(2,079)	-	(2,079)
-	-	20,013	17,934	-	17,934
-	-	-	-	-	-
-	-	(7,091)	(7,091)	-	(7,091)
-	-	(7,091)	-	-	-
-	-	(15,250)	(15,250)	-	(15,250)
-	-	(855)	-	-	-
-	5,464	(5,464)	-	-	-
7,000	-	(9,001)	-	-	-
21,000	5,464	13,774	331,702	200,000	531,702



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital	Share Premium	Legal Reserve	General Reserve	Special Reserve	
Balance as at 1 January 2019	198,265	18,037	24,375	988	(2,124)	
Profit for the year	-	-	-	-	-	
Other comprehensive loss for the year	-	-	-	-	(749)	
Total comprehensive income for the year	-	-	-	-	(749)	
Issue of rights shares	38,095	-	-	-	-	
Share premium received	-	1,905	-	-	-	
Rights issue expenses	-	-	704	-	-	
Issue of perpetual Tier 1 capital securities	-	-	-	-	-	
Dividends paid for 2018	-	-	-	-	-	
Additional Tier 1 coupon paid during the year	-	-	-	-	-	
Issue expenses - Additional Tier 1 capital	-	-	-	-	-	
Reclassification of net change in fair value of equity instruments upon de-recognition	-	-	-	-	683	
Reclassification of fair value of debt instruments from FVOCI to investment securities	-	-	-	-	(23)	
Transfers	-	-	3,440	-	-	
Balance as at 31 December 2019	236,360	19,942	28,519	988	(2,213)	



(RO'000)

Fair Value Reserve	Subordinated Loans Reserve	Retained Earnings	Total Shareholder's Equity	Perpetual Tier 1 Capital Securities	Total Equity
7,000		38,883	285,424	100,000	385,424
-	-	34,406	34,406	-	34,406
-	-	-	(749)	-	(749)
-	-	34,406	33,657	-	33,657
-	-	-	38,095	-	38,095
-	-	-	1,905	-	1,905
-	-	-	704	-	704
-	-	-	-	100,000	100,000
-	-	(11,896)	(11,896)	-	(11,896)
-	-	(11,531)	(11,531)	-	(11,531)
-	-	(226)	(226)	-	(226)
-	-	(683)	-	-	-
-	-	-	(23)	-	(23)
7,000	-	(10,440)	-	-	-
14,000	-	38,513	336,109	200,000	536,109



CHAPTER 8: RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank enters into transactions with certain of its directors, shareholders, senior management, Shari'ah Supervisory Board, Shari'ah reviewer and companies in which they have a significant interest. These transactions are conducted on an arm's length basis and are approved by the Bank's management and Board of Directors.

The aggregate of balances and the income and expenses generated with such related parties are as follows:

(RO'000)

	30 June 2024 (Unaudited)	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Directors & Senior management						
Loans, advances and financings at end of the period	4,702	4,569	3,305	3,505	2,476	2,661
Disbursed during the period	701	1,730	632	1,811	684	538
Repaid during the period	(414)	(732)	(399)	(394)	(357)	(364)
Deposits at end of period	2,524	602	890	1,671	1,575	1,387
Received during the period	167	589	983	1,299	1,492	614
Matured/paid during the period	(58)	(64)	(992)	(1,992)	(1,461)	(646)
Interest income during the period	97	167	109	120	104	102
Interest expense during the period	28	33	21	22	11	14
Directors' sitting fees and remuneration	175	367	681	198	198	190
Shari'ah Supervisory Board members	22	49	55	55	55	47
Other related parties						
Loans, advances and financing at end of period	82,606	94,158	100,570	71,947	69,125	36,727
Disbursed during the period	48,329	52,249	49,685	34,911	47,750	17,142
Repaid during the period	(1,397)	(9,301)	(3,859)	(3,486)	(8,829)	(6,468)
Deposits at end of period	7,270	12,401	8,055	14,895	17,991	7,004
Received during the period	363	8,684	2,379	6,726	12,893	6,589
Matured/paid during the period	(3,502)	(1,977)	(3,483)	(5,310)	(4,169)	(2,914)
Interest income during the period	2,321	4,760	4,303	3,856	3,199	3,207
Interest expense during the period	150	293	247	247	217	55



In the ordinary course of business, the Bank conducts transactions with certain of its key management personnel and companies in which they have a significant interest. The balances in respect of these related parties as at the reporting date are as follows:

(RO'000)

	30 June 2024 (Unaudited)	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Key management personnel						
Loans as at end of the period	1,278	1,295	1,380	1,499	264	43
Deposits as at end of the period	114	48	182	303	292	380
Interest Income during the period	25	49	45	22	13	2
Interest expense during the period	1	1	2	1	2	8
Salaries and other short term benefits	761	3,131	2,550	2,257	1,559	2,117
Post-employment benefits	27	78	43	26	42	24

The aggregate of balances and the income and expenses generated with shareholders holding 10% or more of the Banks' shares are as follows:

(RO'000)

	30 June 2024 (Unaudited)	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Loans, advances and financing at end of period	14,849	15,100	12,800	7,896	6,495	8,454
Disbursed during the period	6,016	9,512	12,800	7,728	6,041	8,453
Repaid during the period	(467)	(412)	(196)	(311)	-	-
Deposits at end of period	300	38	127	52	144	2,001
Received during the period	261	14	82	1	143	1
Matured/paid during the period	-	(22)	(6)	(90)	-	(395)
Interest income during the period	431	797	357	427	499	236
Interest expense during the period	-	1	3	1	71	85

As at above reporting period, no loans to related parties classified under stage 3.



CHAPTER 9: RISK FACTORS AND MITIGANTS

An investment in the Offer Shares may be subject to a number of risks. Before deciding whether to invest in the Offer Shares, Applicants should carefully consider and evaluate the risks inherent in the Bank's proposed business, including the risks described below, together with the information contained in this Prospectus. Such risks could have an impact on the Bank's proposed business and anticipated financial conditions or results. In such case, Applicants could lose all or part of their investment. Additional risks and uncertainties may also have an adverse effect on the Bank's proposed business.

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

Applicants should consider carefully whether an investment in the Offer Shares is suitable for them in light of the information in this Prospectus and their individual circumstances.

1 RISK FACTORS SPECIFIC TO THE BANK

1.1 **The Bank's business, financial condition, results of operations and prospects are and will continue to be affected by economic conditions and any deterioration in economic conditions in Oman could materially adversely impact the Bank**

The Bank's business has historically been focused on Oman and its results of operations are impacted by economic conditions in Oman which, in turn, may be affected by regional and global economic conditions. At 31 December 2023, almost all of the Bank's credit risk exposure was to counterparties located in the Middle East, principally in Oman. The Bank has recently commenced its Branch operation in the Kingdom of Saudi Arabia (KSA), based in Riyadh which will expose the Bank to economic conditions in KSA.

The global economic landscape in 2023 is characterized by a significant slowdown in growth. The International Monetary Fund (IMF) forecasted the global economy to grow at 3.0% in 2023, a noticeable deceleration from 3.5% in 2022. This trend is expected to persist into 2024 with a further slowdown to 2.9%, well below the historical average growth rate of 3.8% observed from 2000 to 2019. This slowdown in global growth is a reflection of multiple challenges, including ongoing regional divergences, the aftermath of the pandemic, and heightened geopolitical tensions, especially the effects of Russia's invasion of Ukraine. These factors have contributed to an environment of heightened uncertainty, further exacerbated by persistent high inflation rates and financial sector volatility.

Inflation, a pivotal concern in the global economic discourse, is projected to see a decline, albeit gradual. From a peak of 8.7% in 2022, global headline inflation was expected to decrease to 6.8% in 2023, and further to 5.2% in 2024. However, core inflation, which excludes volatile food and energy prices, is anticipated to decline at a slower rate, with forecasts for 2024 having been revised upward, indicating a prolonged period of inflationary pressures.

A notable shift in the economic landscape is changing the perception of risk. Rising interest rates, a dominant concern in previous years, have receded in immediacy, now ranking seventh in the list of risks to global economic stability. This change suggests an adaptation in the global financial system to the new normal of higher interest rates, which have been a key policy tool for central banks worldwide in their effort to curb inflation.



Despite these challenges, the possibility of a global recession remains a topic of debate among economists. The World Economic Forum's Chief Economist's Outlook revealed a split in opinion on the likelihood of a global recession in 2023. This division underscores the uncertainty and complexity of the current global economic environment, influenced by a mix of persistent inflation, policy responses, and geopolitical tensions.

In the GCC region, economic growth in 2023 was forecasted to be more subdued compared to previous years. The World Bank predicted a growth rate of 2.5% for the GCC economies in 2023, down from higher rates in previous years. This slowdown is primarily attributed to lower oil and gas earnings, which have been the cornerstones of these economies, and the broader global economic slowdown. Despite these challenges, the GCC's growth outlook remained somewhat more optimistic compared to the global scenario, with PwC forecasting a growth rate of 3.6% for the region in 2023. This resilience is partially attributed to the region's ongoing efforts to diversify its economies and reduce dependence on oil and gas revenues.

Mitigant: Fitch Ratings noted that GCC corporates are expected to navigate the challenges of 2023 successfully. The fiscal budgets in these economies are likely to benefit from oil price trends, contributing positively to economic activities. A significant focus for major GCC economies has been on investments in non-hydrocarbon sectors, an initiative aimed at reducing the budget volatilities linked to oil prices and fostering a more diversified economic base.

Oman, within the GCC, presents a unique and promising economic profile for 2023. The country's GDP was expected to grow by 5.5% in 2023, outpacing its regional peers. This robust growth is driven largely by investments in sectors outside the traditional hydrocarbon domain, specifically in renewable energy, agriculture, and fisheries. The non-hydrocarbon sectors in Oman are also projected to experience moderate growth, supported by an anticipated increase in demand for Omani exports. The country is positioned as the fastest growing economy within the GCC in 2023, with a projected growth rate of 4.3%.

As a result of the increasing focus on climate change and the need to decarbonize economies the world over, the Omani government is actively pursuing a broad economic diversification strategy. This strategy involves targeting specific sectors for development, a move away from the country's historically hydrocarbons-focused economic structure. This diversification is a response to the global economic shocks of the past decade, which have highlighted the vulnerabilities of an oil-dependent economy. The diversification efforts are further supported by the government's commitment to overcoming the economic repercussions of health crises and global geopolitical tensions.

The recovery of Oman's economy is further bolstered by favorable oil prices. The country experienced a growth of 4.3% in 2022, primarily driven by the hydrocarbon sector. However, in the first half of 2023, this growth rate slowed down to 2.1%, partially due to OPEC+-related oil production cuts. This slowdown reflects the broader global economic trends and underscores the need for continued diversification and economic resilience.

The banking sector in Oman has shown significant growth and development, particularly between 2012 and 2022. As a cornerstone of the Omani economy, this sector's performance is closely tied to the overall economic health of the country. In 2023, the banking sector in Oman has continued to exhibit strong performance, marked by record-high profits in the first half of the year. Local banks reported a net profit growth of 17.5%, reflecting a robust financial performance and growth momentum within the sector.

A notable trend in the Omani banking sector is the rising prominence of Islamic banking. Fitch Ratings reports that the market share of Islamic banking in Oman is expected to increase steadily in 2023–2024, after reaching 16.4% of total sector assets at the end of 2022. The CBO is developing a medium-term strategy for the Islamic banking segment, including the establishment of a lender of last resort for Shari'ah-compliant entities. This strategic development is aimed at enabling Islamic banks to take on more risk and grow their role in financing economic growth at the national level.

The International Monetary Fund (IMF) assesses Oman's banking sector as sound, with ample capital and liquidity buffers and strong asset quality. This assessment indicates the sector's stability and resilience, crucial in the face of economic challenges and uncertainties.



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

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

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

The Bank's credit risk is increased by concentrations of risk. The Bank has significant customer risk concentrations. For example, the Bank's top 20 customer loan exposures at 30 June 2024 amounted to 33.5% of its total customer loan, advances and financing and the Bank's top 10 customer loan exposures at 30 June 2024 amounted to 20.5% of its total customer loan, advances and financing. In addition, the Bank has a significant geographic risk concentration. See Risk Factor 1.3 below. At 30 June 2024, the Bank had provided expected credit losses allowances amounting to RO 310 million and carried total impairment allowances of RO 308 million on its loans and advances (RO 156 million of 30 June 2023 and RO 154 million 30 June 2022). Any failure by the Bank to maintain the quality of its assets through effective risk management policies could lead to higher loan loss provisioning and result in higher levels of defaults and write-offs. In addition, the CBO may, at any time, amend or supplement its guidelines and require additional provisions to be made in respect to the Bank's loan portfolio if it determines (acting in its role as the prudential regulator for the Omani banking sector) that it is appropriate to do so. If any additional provisions are required to be made, then depending on the exact quantum and timing, such provisions could have an adverse impact on the Bank's financial performance. See also Risk Factor 1.4 below.

Mitigant: The NPLs as of 30 June 2024 were 216 million (30 June 2023 NPLs were 165 million) of the gross loans. The Bank continuously reviews and analyses its loan portfolio and credit risks.

1.3 The Bank's customer loans, advances and financing and its deposit base are concentrated in the Middle East, principally Oman and very limited exposure in KSA

The Bank's customer deposits constituted 87.0% of its total liabilities at 30 June 2024 and 73.5% of its customer deposits at 30 June 2023. At 30 June 2024, the Bank's top 20 customer deposits constituted 50.0% of its total customer deposits and its top 10 customer deposits constituted 41.7% of its total deposits.

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

1.4 A significant decrease in the quality of the Bank's customer loans, advances and financing could materially adversely affect its business

The Bank's NPLs were RO 216 million at 30 June 2024 compared to RO 165 million at 30 June 2023 and RO 148 million at 30 June 2022. The Bank's NPL ratio (defined as the ratio of NPLs to total gross customer loans,



advances and financing) amounted to 5.0% at 30 June 2024 compared to 5.15% at 30 June 2023 and 5.14% at 30 June 2022

Any significant future deterioration in the Bank's portfolio of customer loans advances and financing could result in increased impairments and thus materially adversely affect the Bank's financial performance and overall business.

Mitigant: The Bank has put in place a system of portfolio rating of its corporate portfolio and the portfolio rating has remained stable at medium risk.

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

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

Unavailability of adequate quantity or quality of financial data in respect of some of its debtors may result in the Bank's failure to accurately assess the financial condition and creditworthiness of its debtors, leading to an increase in impairment allowances, particularly at times when economic conditions deteriorate. However, Credit Risk Management Function of the Bank has robust policies and assessment mechanism to overcome the above limitations. Further, Bank has maintained substantial amount of overlays which are in line with local regulatory and internationally followed best practices in terms of governance.

The practice of mortgaging or pledging assets (such as share pledges or legal mortgage security over real estate assets) to obtain a bank loan is subject to certain limitations and administrative restrictions under the Laws of Oman. As a result, security over certain assets may face substantial delays while undergoing legal proceedings in the courts. Furthermore, there are no self-help remedies available to creditors in an enforcement scenario under Laws of Oman and therefore recourse is only available through a formal court process. Accordingly, the Bank may have difficulty foreclosing on collateral (including any real estate collateral) or enforcing guarantees or other third-party credit support arrangements when debtors default on their loans.

In addition, even if such security interests are enforceable in Omani courts, the time and costs associated with enforcing security interests in Oman may make it uneconomic for the Bank to pursue such proceedings, adversely affecting the Bank's ability to recover its loan losses. Even in the event that the Bank acquires real estate assets as a result of enforcement of security, the Banking Law of Oman requires the Bank to dispose of the real estate within 12 months of it being acquired unless an extension has been obtained from the CBO, which could result in the Bank being required to sell the assets at a time when their market price is depressed or otherwise being unable to realise the full value of the assets concerned.

Mitigant: This risk is mitigated by regulatory stipulation that all borrowers with exposure of RO 250,000 from the Bank or RO 500,000 from the banking system must submit audited financials before the close of 120 days from the Financial Year end." Regarding SME lending, the Bank applies a similar approach to its corporate reviews with a detailed credit due-diligence and internal obligor rating.

1.6 The Bank is exposed to declining property values in Oman on the collateral supporting its retail and wholesale loans secured by mortgages over real estate

Mitigant: At 30 June 2024 the existing loan portfolio of the Bank was well covered against expected losses through adequate provisions with coverage ratio (provisions to NPLs) of 142.5% including Stage 1 and Stage 2 provisions).



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

The Bank issues irrevocable loan commitments, guarantees and letters of credit, all of which are accounted for off the Bank's balance sheet until such time as they are funded or cancelled. Although these commitments are contingent, they nonetheless subject the Bank to both credit and liquidity risks. Although the Bank anticipates that only a portion of its obligations in respect of these commitments will be triggered and funds itself accordingly, the Bank may need to make payments in respect of a greater portion of such commitments than it anticipated, particularly in cases where there has been a general deterioration in market conditions. This would result in the Bank needing to obtain additional funding, potentially at relatively short notice, which could have an adverse effect on its business. At 30 June 2024, the Bank had RO 1,524 million in such contingent liabilities outstanding, equal to 26% of its combined customer loans, advances and financing and contingent liabilities.

Mitigant: The underwriting standards adopted for non-funded exposures are the same as that of funded exposures in the Bank eliminating increased credit risk for contingent liabilities.

1.8 The Bank could be adversely affected by the weakness or the perceived weakness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults. Exposures to overseas entities from Treasury is limited to very short tenors under a month. In addition, to address liquidity, most of our funding is sought to be longer term such as 1 year borrowing and syndicated funding for 2 or 3 years.

Against the backdrop of constraints on liquidity and the volatile and high cost of funding in the interbank market and given the high level of interdependence between financial institutions, the Bank is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to significant losses, and potentially defaults, by other institutions. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Bank or other institutions. This risk, often referred to as "systemic risk", may also adversely affect other financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, with whom the Bank interacts on a daily basis. Systemic risk, should it materialise, could have a material adverse effect on the Bank's ability to raise new funding and on its business and prospects.

Mitigant: The Bank monitors stable long-term liquidity through its regulatory NSFR ratio. The Bank continues to focus on CASA growth as a source of stable long-term funding leveraging the strength of its Retail and Corporate franchise. Customer diversification aims to augment this strategy. In addition, there is a strong focus on managing liquidity through well maintained buffers of HQLA, complying with both internal levels and those mandated by CBO. The Bank is pro-active in its forecasting of future funding needs and has demonstrated historically its ability to secure committed funding lines and term debt if required.

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

Liquidity risk is the risk that the Bank will be unable to meet its obligations, including funding commitments, as they become due. This risk is inherent in banking operations and can be heightened by numerous enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters.

The perception of counterparty risk between financial institutions has also increased significantly since the final quarter of 2008, which has led to reductions in certain traditional sources of liquidity, such as the debt markets, asset sales and redemption of investments. The Bank's access to these traditional sources of liquidity may be restricted or available only at a higher cost.

In addition, uncertainty or volatility in the capital and credit markets may limit the Bank's ability to refinance



maturing liabilities with long-term funding or increase the cost of such funding. The Bank's access to any additional financing it may need will depend on a variety of factors, including market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Bank's financial condition, credit ratings and credit capacity.

The Bank has historically relied on customer deposits, which are mainly short-term in nature, to meet most of its funding needs. The availability of deposits is subject to fluctuation due to factors outside the Bank's control, including possible loss of confidence and competitive pressures, and this could result in a significant outflow of deposits within a short period of time. At 30 June 2024, approximately 66.6% of the Bank's total deposits (including amounts due to banks and other money market placements) had remaining maturities of three month or less or was payable on demand and approximately 77.9% had remaining maturities of one year or less or was payable on demand. In addition, the Bank is reliant on certain large deposits from a limited group of government-related and private sector corporate customers. (See Risk Factor 1.3 above).

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

Mitigant: The Bank has established diversified clientele base spread across different types of customers, network of relations with other banks, both locally and internationally, to mitigate this risk. Furthermore, the Bank maintains liquid assets at levels above regulatory required mandates of LCR to ensure that liquidity can be made available quickly to honour its obligations, even under stressed conditions. To further address liquidity risk, the Bank's management has an established Liquidity Contingency Policy and, ALCO policy, besides being governed by local central bank regulations with respect to LCR. The Bank maintains a statutory deposit with the CBO and has a range of credit lines from banks and financial institutions.

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

The Bank is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These controls include laws and regulations promulgated by the CBO, the FSA and the MSX.

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

Changes in applicable regulations (including new interpretations of existing regulations) may also increase the Bank's cost of doing business. It is not always possible for the Bank to anticipate when a new regulation will be introduced by the Omani authorities. This creates a risk that the Bank's profitability may be adversely affected as a result of it being unable to adequately prepare for regulatory changes. In addition, increased regulations or changes in laws and regulations and the manner in which they are interpreted or enforced may have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.



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

Mitigant: The banking regulator is expected to formulate policies that are aimed at improving the banking sector and its long term growth. Further, the Bank has a well-experienced management team to appropriately respond to such developments.

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

The Bank currently has long-term ratings of BB with a Stable outlook from Fitch and Ba1 with a Positive outlook from Moody's. These ratings are intended to measure the Bank's ability to meet its debt obligations as they mature, and are an important factor in determining the Bank's cost of funding.

On 24 May 2024, Fitch Ratings has affirmed Oman's Long-Term Foreign-Currency Issuer Default Rating at 'BB+' with a Stable Outlook. Fitch Ratings has affirmed the long-term issuer default ratings of the largest bank in Oman at 'BB+' and the long-term issuer default ratings of 4 other banks including the Bank at 'BB'. It reflects improved probability of support for the banks from the Omani authorities, as well as improved business conditions that will benefit the banks' intrinsic credit profiles.

On 4 September 2024, Moody's Ratings affirmed the long-term local and foreign currency deposit ratings of six Omani banks. The rating agency has revised the outlook on these banks' long-term deposit ratings from 'stable' to 'positive'. Moody's affirmed the Bank's long-term local and foreign currency deposit ratings at Ba1, with its BCA and Adjusted BCA at ba3. The Bank's long-term deposit ratings are also in line with the Government of Oman's ratings.

However, it is important to note that the Omani government is under no obligation (contractual or otherwise) to support any Omani bank (including the Bank) and there is no certainty that the government will do so in the future. As a result, investors should not rely on there being any such future support in making their investment decision.

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

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

Mitigant: The last rating action on the Bank from Moody's was on 4 September 2024 affirming Ba1 with positive outlook. The last rating action on the Bank from Fitch was on 31 January 2024 affirming BB with stable outlook. On 24 May 2024, Fitch affirmed the Oman Sovereign rating at BB+ with stable outlook.

1.12 The Bank may become subject to increasingly intense competition

The Omani banking sector has become increasingly competitive. Increasing investment in the sector by Omani financial institutions other than banks (such as trade finance companies), as well as non-Omani financial institutions (particularly with respect to large scale financing, such as project finance), has facilitated



the use of a wider range of financing sources by corporate customers (such as bond and share issuances) and increased the range and technological sophistication of products and services being offered to both the corporate and retail banking markets in Oman. Although the Bank offers a wide range of financing and continues to focus on enhancing its product and service offerings, furthering the quality of its customer service and improving its delivery channels, the Bank cannot be certain that its customers will not choose to transfer some or all of their business to its competitors or seek alternative sources of financing from those competitors. Such choices could have a material adverse effect on the Bank's business.

The Oman banking industry currently has 7 listed Banks, dominated by 1 Bank with circa 35% of total assets and the next three largest Banks, including the Bank, representing combined total assets of circa 42%. As at 30 June 2024, the Bank was the second largest bank in Oman by total assets. Given the overlap in services offered and the customer base in Oman, it is possible that one or more of the Bank's competitors may choose to merge or consolidate their operations. The benefits which may result from such a merger or consolidation may enable the Bank's competitors to significantly enhance their financial resources, access to funding and product offerings. The Bank completed its merger with HSBC Bank Oman SAOG as announced to the market in August 2023.

Mitigant: Notwithstanding the above, the Bank keeps updated in the market environment, has studied the market and expected competition and has designed, and will continue to do so, appropriate products and services to meet the needs of the market in what the Board of Directors believes is the best possible manner. The Bank has an established track record of fast growth and has established itself as a leading and transformational Bank in Oman.

1.13 The Bank's financial condition and results of operations could be adversely affected by market risks, including volatility in interest rates, prices of securities and foreign exchange rates

The Bank's financial condition and results of operations could be affected by market risks that are outside its control, including, without limitation, volatility in interest rates, prices of securities and foreign exchange rates. Fluctuations in interest rates could adversely affect the Bank's financial condition and results of operations in a number of different ways. In particular, an increase in interest rates generally may decrease the value of the Bank's fixed-rate loans and the debt securities in its investment securities portfolio and may raise the Bank's funding costs. As a result, the Bank may experience a reduction in its net interest income interest rates are sensitive to many factors beyond the Bank's control, including the policies of central banks, such as the CBO and the U.S. Federal Reserve, political factors and domestic and international economic conditions.

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

Adverse movements in foreign exchange rates may also adversely impact the revenue and financial condition of the Bank's depositors and borrowers which, in turn, may impact the Bank's deposit base and the quality of its exposures to certain borrowers. In general, the Bank aims to make foreign currency loans on terms that are generally similar to its foreign currency borrowings, thereby naturally hedging its exposure. Where this is not possible, it generally enters into derivative instruments to match the currencies of its assets and liabilities. Any open currency position is maintained within the limits set by the CBO. However, where the Bank is not



hedged, it is exposed to fluctuations in foreign exchange rates and any hedging strategy that it uses may not always be effective. Any volatility in foreign exchange rates, including as a result of the re-fixing of the Rial-dollar exchange rate (or the elimination of that rate altogether), could have a material adverse effect on its business.

Mitigant: Interest rates are dynamic, influenced by macroeconomic factors and the Bank's ability to raise liquidity at reasonable and competitive rates. This is coupled with the type of customers the Bank relies upon for funding, customer's trust in the Bank, and efficient pricing of the products. The Bank has a pro-active ALCO which considers interest rate risk, ensuring smooth liquidity management, market risk management, and foreign exchange risk. Although the interest rates keep changing, ALCO ensures reasonable spread, (Net Interest Margins) by appropriate pricing of incremental business of the Bank.

Foreign exchange risk: As a financial intermediary, the Bank is exposed to foreign exchange rate risk. The Bank is an active player in the foreign currency market in the country and is having all the challenges associated with the business. In general, the Bank aims to make foreign currency loans on terms that are generally similar to its foreign currency borrowings, thereby naturally hedging its exposure. Where this is not possible, it generally employs cross currency forwards, options and swaps to match the currencies of its assets and liabilities. Any open currency position is maintained within the limits set by the CBO. Further, the Bank has matched most of the foreign currency liabilities with foreign currency assets, thereby reducing the gap and keeps the foreign currency related risks to the minimum.

1.14 Any failure of the Bank's information technology systems could have a material adverse effect on its business and reputation

The Bank depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Bank's business and operating data. The proper functioning of the Bank's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Bank's business and ability to compete effectively. The Bank's business activities would be materially disrupted if there is a partial or complete failure of any of these information technology systems or communications networks. Such failures can be caused by a variety of factors, many of which are wholly or partially outside the Bank's control including hardware and software failures, natural disasters, extended power outages and computer viruses or other malicious intrusions.

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

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

Mitigant: The Bank has Business Continuity Management System ("**BCMS**") in place that include framework, governance, policies and procedures. We have also established Business Continuity and Disaster Recovery sites that cover identified mission critical systems of the Bank. This will allow the Bank to recover its operation at a recovery site in case of a major incident that might affect its head office and other buildings. The BCMS is reviewed and updated on annual basis to include all major changes and new critical systems and services in the scope of the BCMS.



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

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

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

Mitigant: The Bank has a robust risk management framework involving Board oversight through policies, Board level Committees, Management Committees and independent Risk Management Department. This ensures that the known risks are mitigated effectively. The Bank maintains adequate regulatory capital and insurance policies which cover, within limits, unforeseen business related risk including fraud.

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

Operational risks and losses are the result due to lack of or inadequate process, systems and people. Examples are fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisations, failure to comply with regulatory requirements and business rules, failure of internal systems, equipment and external systems and the occurrence of natural disasters. Although the Bank has implemented risk controls and loss mitigation strategies and substantial resources have been devoted to developing efficient procedures, it is not possible to eliminate in their entirety any of these or any other operational risks.

Mitigant: The Bank already has in place appropriate risk management policies and procedures to address these issues so that these do not have a material adverse impact on the Bank's operations should the risks materialize. This is ensured through:

- Board level oversight through approved Policies, Board level Risk Management Committee
- Operational Risk Management Committee
- established Standard Operating Processes for all business operations
- robust IT systems that support business activities. This system is secured for transactions, data maintenance, secrecy and having Disaster Recovery capabilities
- competent staff to handle various businesses and operations. Knowledge levels of the people are kept updated through regular training and workshops
- insurance, specialised outsourcing arrangements and other operational risk mitigants.

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

At 30 June 2024, the Bank's Tier 1 Capital Adequacy Ratio and Total Capital Adequacy Ratio (each as



determined in accordance with Basel III requirements as adopted by the CBO) were 14.08% and 14.93%, compared to the CBO's requirements of a minimum Tier 1 Capital Adequacy Ratio of 11.5% and a minimum Total Capital Adequacy Ratio of 13.5%.

A variety of factors affect the Bank's capital adequacy levels, including, in particular, changes in its risk weighted assets and its profitability from period to period. A significant increase in lending in the future is likely to reduce the Bank's capital adequacy ratios and any future losses experienced by it would have a similar effect. In addition, regulatory requirements in relation to the calculation of capital adequacy and required levels of capital adequacy change from time to time. The Bank may also need to increase its capital, or reduce its risk weighted assets, as a result of potentially adverse credit ratings and resultant market perception. The Bank has taken full Capital Conversion Buffer in order to comply with the regulatory required total capital adequacy ratio of 13.5%.

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

The Bank announced on 10 September 2024, subject to regulatory and Shareholder approval, a Rights Issue of RO 130 million. This transaction may be unsuccessful, in whole or in part, depending on market conditions and shareholder participation.

Mitigant: The Bank analyses capital requirement on a monthly basis taking into consideration both current performance and strategic growth initiatives. The Bank's capital planning initiatives are discussed regularly with the Board of Directors who represent the shareholders. Successful achievement of Rights issue will be facilitated through the Bank's pro-active engagement with shareholders and investors.

1.18 The Bank is exposed to reputational risks related to its operations and industry

All financial institutions depend on the trust and confidence of their customers to succeed in their business. The Bank is exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will harm its reputation. The Bank's reputation may also be adversely affected by the conduct of third parties over whom it has no control, including entities to which it lends money or in which it has invested. In common with other banks, the Bank is also exposed to adverse publicity relating to the financial services industry as a whole. Financial scandals unrelated to the Bank or questionable ethical conduct by a competitor may taint the reputation of the industry and affect the perception of investors, public opinion and the attitude of regulators. Any damage to the Bank's reputation could cause existing customers to withdraw their business and lead potential customers to be reluctant to do business with the Bank. Any of these developments could have an adverse effect on the Bank's business.

Mitigant: The Bank has code of ethics and conduct rules to ensure quality services and to obtain the trust of customers, thus maintaining its reputation in the market.

1.19 The Bank may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its strategy

The Bank's success and ability to maintain current business levels and sustain growth will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. The market for such personnel in the Middle East is intensely competitive and the Bank could face challenges in recruiting and retaining such personnel to manage its businesses.

The Bank depends on the efforts, skill, reputation and experience of its senior management, as well as synergies among their diverse fields of expertise and knowledge. The loss of key personnel could delay or prevent the Bank from implementing its strategies. The Bank is also not insured against losses that may be incurred in the event of the loss of any member of its key personnel.



Mitigant: The Bank continues to review and align its compensation and benefit policy to effectively position itself in the market so that it can attract and retain the required talent. The Bank also has in place performance management process, staff development programs, staff reward and recognition schemes, annual promotional and salary reviews and staff CSR activities in order to create a better work environment and to increase staff engagement and retention.

1.20 The Bank could unintentionally report incomplete or inaccurate information while adhering to IFRS as reported to investors, regulators and rating agencies

Accounting policies and methods are fundamental to how the Bank records and reports its financial condition and results of operations. Management must exercise judgment in selecting and applying many of these accounting policies and methods so that they comply with IFRS.

Management has identified certain accounting policies in its financial statements as being critical because they require management's judgment to ascertain the valuations of assets, liabilities, commitments and contingencies. (See notes to the financial statements of the Bank). These judgments include, for example, the determination of impairment allowances and fair values of assets and liabilities.

A variety of factors could affect the ultimate value that is obtained either when earning income, recognising an expense, recovering an asset or reducing a liability. The Bank has established policies and control procedures that are intended to ensure that these critical accounting estimates and judgments are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding the Bank's judgments and the estimates pertaining to these matters, the Bank cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

Mitigant: The Bank's accounting policies and internal controls are critical to the accurate reporting of its financial position and results of operations. These policies and internal controls also cover instances where management is required to make estimates about matters that are uncertain. These are approved at Board level and reviewed annually by both the internal and external auditors.

1.21 Value Added Tax Compliance

The Bank may not comply with VAT regulations given inadequate systems or interpretation of Vat law. Non-compliance may give rise to regulatory penalties and reputational risk

Mitigant: The Bank has implemented leading VAT systems and internal controls. The Bank is not aware of any compliance issues and continues to engage, both directly and through the Oman Bankers Association, with the tax authorities to ensure compliance with VAT in all material and practical respects.



2 RISKS RELATING TO OMAN

2.1 The Omani legal system continues to develop and this may create an uncertain environment for investment and business activity

Oman and many of the GCC countries are in various stages of developing their legal and regulatory institutions that are characteristic of more developed markets. As a result, procedural safeguards as well as formal regulations and laws may not be applied consistently. In some circumstances it may not be possible to obtain the legal remedies provided under the relevant laws and regulations in a timely manner. As the legal environment remains subject to continuous development, investors in Oman may face uncertainty as to the security of their investments. Any unexpected changes in the legal system in Oman may have a material adverse effect on the investments that the Bank has made or may make in the future.

2.2 The statistical data contained in this document should be treated with caution by prospective investors

Statistics contained in this document, including in relation to GDP, balance of payments and revenues of the government, have been obtained from governmental and other sources, including the CB and the IMF. Such statistics, and the component data on which they are based, may not have been compiled in the same manner as data provided by other sources and may be different from statistics published by other parties, reflecting the fact that the underlying assumptions and methodology may vary from source to source.

There may also be material variances between preliminary, estimated or projected statistics set forth in this document and actual results, and between statistics set forth in this document and corresponding data previously published by or on behalf of Oman. Consequently, the statistical data contained in this document should be treated with caution by prospective investors.



CHAPTER 10: CORPORATE GOVERNANCE

1. PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance Philosophy within the Bank has been developed within the directives and guidelines of the CBO, the FSA and the CCL. The four universal values synonymous with corporate governance – accountability, fairness, responsibility and transparency – underpin the Bank's Corporate Governance approach.

Corporate governance is a set of processes, customs, policies, laws and practices affecting the way an organization – namely the Bank – is directed, administered or controlled. Corporate governance also covers the relationships between the many parties or stakeholders involved with the Bank, and the aims and objectives for which the Bank is governed. The principal relationships for the Bank include those between the shareholders, management, and the Board of Directors. Other relationships include customers, employees, regulators, suppliers, the environment and the community in which the Bank operates. Additionally, governance relates to economic efficiency, through which the Bank's governance system aims to optimize economic results, thereby placing emphasis on the shareholder's welfare.

The Board of Directors of the Bank are committed to the highest standards of Corporate Governance. The Bank is committed to lead by example in the letter and spirit of the Code of Corporate Governance, and the regulations for Corporate Governance of Banking and Financial Institutions issued by CBO. Both are the principal codes and drivers of effective corporate governance in the Sultanate of Oman. The Bank has complied with all of their provisions, except for certain instances, which are included in the 'Statement of Compliance' section of this report. The FSA Code of Corporate Governance can be found at the following website www.fsa.gov.om.

The Bank's Corporate Governance Framework requires that the Board of Directors, and the Shari'ah Supervisory Board for Sohar Islamic, and management shall:

- Maintain the highest standards of corporate governance and regulatory compliance.
- Promote transparency, accountability, responsiveness and social responsibility.
- Conduct its affairs with its Shareholders, customers, employees, investors, vendors, government and the society at large in a fair and open manner.
- Create an image of the Bank as a legally and ethically compliant entity.

2. BOARD OF DIRECTORS

The Bank's Board of Directors is the highest governing authority within the Bank's structure. Its role is to ensure that the Bank conducts itself in accordance with its core values and develops them further on a continuous and sustainable basis. The Board consists of professionals from various fields and professions and gives representation to the stakeholders and administrators in the decision-making process. The Board composition includes 6 independent directors, out of 7, which represents a percentage of 85 percent independent directors. This structure enables meaningful discussions, and an unbiased and qualitative view of matters placed before it.

There is a clear segregation between the ownership of the Bank and management. The role of the Chairman of the Board, and that of the chief executive officer are separated, with clear separation of responsibilities between the running of the Board, and executive management's responsibilities in terms of running the Bank's operations. As per applicable regulations, the chief executive officer is prohibited from holding a role in the Board. The Board is responsible for overseeing how management serves the long-term interests of shareholders and other key stakeholders.



2.1 Composition and classification of the Board

The constitution of the Board, election process for Board members and shareholders' interests are areas of prime concern for the good governance commitment of the Bank. Details of the elected Board members are outlined below:

Composition and classification of the Board

Name of Director	Category	Represents
Mr. Said Mohamed Al-Aufi Chairman	Non-Executive	Independent
Mr. Tareq Mohamed Al Mugheiry Deputy Chairman	Non-Executive	Independent
Mr. Said Ahmed Safrar	Non-Executive	Independent
Mr. Salim Mohamed Masaud Al Mashaikhi	Non-Executive	Independent
Sheikh Ahmed Said Al Mashani	Non-Executive	Non- Independent
Mr. Ahmed Dawood Al Busaidi	Non-Executive	Independent
Mr. Bipin Dharamsey Nensey	Non-Executive	Independent

2.2 Profile of Directors

Mr. Said Mohamed Al-Aufi – Chairman

Mr. Al-Aufi is currently the Chief Executive Officer of Mars Development & Investment Oman “MDI”. Before joining MDI, Mr. Said worked in the Asset Allocation and Business Strategy team in the State General Reserve Fund.

Mr. Said Al Aufi has a Double Degree in Commercial Law & Banking and Finance from Monash University in Australia, he is a Chartered Financial Analyst “CFA” and Chartered Alternative Investment Analyst “CAIA”. He has also completed several executive management programs in the areas of executive leadership, Blockchain, Cryptocurrency, Fintech, Artificial Intelligence, Internet of Things (IOT) and Venture Capital. Mr. Al Aufi is member of the board of directors of Oman Telecommunication SAOC and the board of directors of Oman Broadband Company SAOC.

Mr. Tareq Mohamed Al Mugheiry – Deputy Chairman

Mr. Tareq Al Mugheiry is the Chief Investment Officer of Oman Investment Corporation SAOC (OIC). Prior to joining OIC, Tareq worked with several international companies including Philips Electronics in corporate strategy and mergers & acquisitions; J.P. Morgan in investment banking covering the European technology sector; and Oman LNG’s project finance team.

Mr. Al Mugheiry holds a Bachelor of Law (LLB) and Bachelor of Commerce (B. Com) from the University of Western Australia. He serves on the boards of Innovation Development Oman, Takaful Oman Insurance, Sembcorp Salalah O&M Company and TMK GIPI. Mr. Tareq Al Mugheiry is a member of the CAC, and the ENRC of the Bank.



Mr. Said Ahmed Safrar – Director

Mr. Said Ahmed Safrar holds a Master in Business Administration (MBA) from the University of Hull in the UK, a Business Management Diploma from King's College Bournemouth in the UK and a Specialized Diploma from the Arab Academy for Banking and Financial Science in Jordan.

Mr. Said has over 24 years of experience in the Banking and Telecommunications' Sector, he is Board member of The Financial Corporation (FINCORP) and Dhofar Power, currently Mr. Said holds the position of Chief Executive Officer of Oman Investment & Finance Co. SAOG.

In addition to his role as a member of the Board of Directors, Mr. Said Safrar is also the Chairman of the CAC and member of ENRC of the Bank.

Mr. Salim Mohamed Masaud Al Mashaikhi – Director

Mr. Salim Mohamed Masaud Al Mashikhi Holds a Bachelor's Degree in Mathematics, he is currently employed in the Expenditure Department of the Royal Court Affairs. Mr. Salim is Deputy Chairman of Oman Fixed Income Fund.

In addition to his role as a member of the Board of Directors, Mr. Salim Al Mashaikhi is currently the Chairman of the AC, and a member in the BRC.

Sheikh Ahmed Said Mustahil Al Mashani – Director

Sheikh Ahmed Al Mashani holds a Bachelor's Degree in Business Administration from Staffordshire University. He works in Muscat Overseas Group which provides services in the scope of investments, industry, education, mining, real estate, media, and agricultural.

He was a previous board member of the Financial Centre, and he is currently a board member in Oman Investment and Finance Company, and Wasel Exchange, besides his work in the Governmental sector.

Mr. Bipin Dharamsey Nensey – Director

Mr. Bipin Dharamsey Nensey holds a bachelor's degree in accounting and finance. He has been the Director of Dharamsey Nensey Company since 1977.

He is currently Independent Non-Executive Director of Al Suwadi Power Company SAOG as well as Muscat Insurance Company SAOG since 14th July 2007. He served as the Vice Chairman of one of the local banks for over 15 years.

Mr. Ahmed Dawood Al Busaidi

Mr. Ahmed is a seasoned Omani veteran with over 30 years of experience in both the government and private sector, working in a wide range of disciplines, including finance and economics, diplomacy, and administrative matters. He has retired in 2019.

Known for his networking skills, Ahmed has a large network of contacts inside and outside of Oman due to the nature of his previous work.

In addition to his role as a member of the Board of Directors, Mr. Ahmed is currently the Chairman of the BRC.



2.3 Board of Directors – Executive Powers

The Bank's Board of Directors:

- Is vested with the powers of general superintendence, direction and management of the affairs and business of the Bank.
- Has the ultimate responsibility for the overall compliance and oversight of the management of the Bank.
- Guides the Bank to achieve its objectives in a prudent and efficient manner.
- Is primarily responsible for ensuring that all financial transactions are legal and that all disclosures are made as per regulations.
- Lays down a comprehensive Code of Professional Conduct for all members of the Board and senior management of the Bank, to be followed under all circumstances.
- Approves the delegation of power to the executive management as well as nominee members of the sub-committees and specify their roles, responsibilities and power.
- Authorizes management to implement the strategy for the Bank that is designed to deliver increasing value to the shareholders.
- Develops strategies for managing risks associated with the business and for meeting challenges posed by competitors.
- Develops vision to anticipate crisis and to act proactively when necessary.
- Ensures that information flows upward and that authority flow downward, and therefore ensuring the Bank is under their control, direction and superintendence.

During the year under review, the Board has:

- Reviewed and approved the Bank's financial objective, plans and actions.
- Reviewed the Bank's performance.
- Evaluated whether the business is properly managed according to the Bank's objectives.
- Ensured compliance with laws and regulations through proper internal systems of controls.
- Reviewed the efficiency and adequacy of the internal control systems and confirmed their compliance with internal rules and regulations.

The Board of Directors has approved the Code of Conduct, including the Standards of Professional Conduct, which covers the standards of conduct expected from the directors and the Senior Management of the Bank. The purpose of this code is to articulate highest standards of honesty, integrity, ethical and law-abiding behaviour.

The Board has approved the two quarterly financial reports and the annual financial statements. Moreover, The Board has taken steps to comply with rules, regulations and international best practice, reviewed compliance reports prepared by the Bank's management of all applicable provisions of the law.

The Bank's Board of Directors has exercised all such powers and performed all such acts as the Board is authorized to exercise and do.



2.4 Meetings and Remuneration of the Board

The Board of Directors meets regularly, monitors the executive management, and exercises necessary control over the Bank's functioning. The Board conducts its business in formal meetings. In Board meetings, the "majority" is computed as the absolute majority of the directors present in person or proxy, whether or not they participate in the voting process.

The number of meetings of the full Board during the year 2024 as at 15 September 2024 is 5. The maximum interval between any two meetings in compliance with Article 189 of the CCL, which requires meetings to be held within a maximum time gap of 120 days. The dates of the meetings of the Board of Directors during year 2024 were as follows:

Board Meetings held in 2024 and dates on which they were held

Name of Director	30 Jan	28 March	30 April	25 July	10 Sep
Mr. Said Al-Aufi	√	√	√	√	√
Mr. Tareq Al Mugheiry	√	√	√	√	√
Mr. Salim Al Mashaikhi	√	√	√	√	√
Mr. Said Ahmed Safrar	√	√	√	√	√
Sheikh Ahmed Al Mashani	√	√	√	√	√
Mr. Bipin Dharamsey Nensey	√	√	√	√	√
Mr. Ahmed Al Busaidi		√	√	√	√

Sitting fee remuneration is paid to the Directors for attending the Board or its sub-committee meetings. The fee is within the limits stipulated by the CCL and the directives of the FSA.

An amount of RO **300,000** was paid in 2024 as remuneration for Board of Directors for the year ended 31 December 2023. The remuneration paid was within the limit prescribed under applicable laws and regulations.

Sitting fees paid to Directors during 2023 is given below:

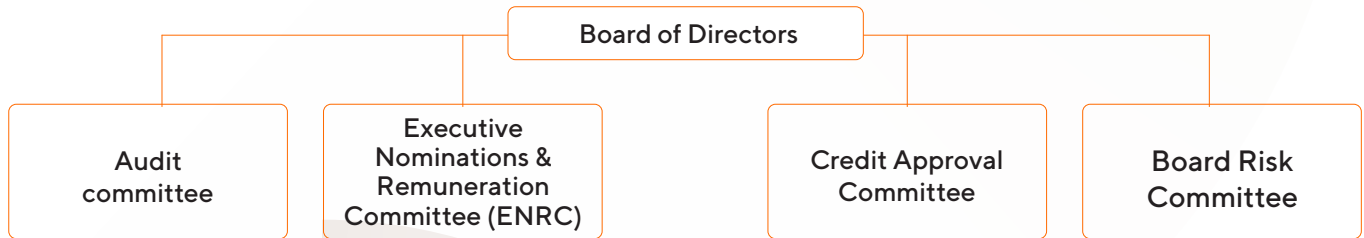
Sl. No	Name	Sitting fees paid during 2023
1	Mr. Mohamed Mahfoodh Al Ardhi	8,550 RO
2	Mr. Said Mohamed Al-Aufi	10,000 RO
3	Mr. Salim Mohamed Al Mashaikhi	10,000 RO
4	Mr. Said Ahmed Safrar	10,000 RO
5	Sheikh Ahmed Said Al Mashani	10,000 RO
6	Mr. Tareq Mohamed Al Mugheiry	10,000 RO
7	Mr. Bipin Dharamsey Nensey	8,700 RO
	Total	67,250 RO



2.5 Committees of the Board

The Board of Directors has created various subcommittees for specific purposes with clearly defined terms of reference and responsibilities. The committees' mandate is to ensure focused and specialized attention to specific issues related to the Bank's governance. The various sub-committees of the Board together with the Internal Audit and Compliance department form an important tool in the process of corporate governance. The subcommittees and their primary responsibilities were as follows:

The Corporate Governance Structure of the Bank is depicted below:



Board Sub-Committees meetings held in 2023 / Number of meetings attended

Table 3: Board Sub-Committees meetings held in 2023 / Number of meetings attended

Name of Director	Executive, Nomination & Remuneration Committee (ENRC)	Audit Committee (AC)	Credit Approval Committee (CAC)	Board Risk Committee (BRC)	Attendance of AGM - March 2023
Mr. Mohamed Al Ardhi	3	-	-	-	Present
Mr. Said Al-Aufi	4	5	-	4	Present
Mr. Salim Al Mashaikhi	-	5	-	4	Present
Mr. Said Ahmed Safrar	4	-	2	-	Present
Sheikh Ahmed Said Al Mashani	-	5	-	4	Present
Mr. Tareq Al Mugheiry	4	-	2	-	Present
Mr. Bipin Dharamsey Nensey	-	-	2	-	Present

2.5a Executive, Nomination & Remuneration Committee

The ENRC is a sub-committee of the Board and, as such, assists the Directors in discharging their responsibilities in relation to: (1) General performance aspects of the Bank such as strategy setting and implementation, annual budget recommendations, information technology, management of environment, social and governance (ESG) activities, and generally to assist the Board in reviewing business proposals, other than credit, and other related issues that require a detailed study and analysis; and (2) HR, Nomination and Remuneration issues such as to provide direction and guidance to have the right chief executive officer and Senior Management team and provide support and direction to the Bank and its stakeholders and ensure their interests are protected, etc.



2.5b Audit Committee

The main functions of AC are to assess and review the financial reporting system of the Bank to ensure that the financial statements are correct, sufficient and credible. The Committee reviews with management the quarterly and annual financial statements before their submission to the Board for adoption. The Committee also reviews the adequacy of regulatory compliance, regulatory reporting, internal control systems and structure of Internal Audit and Compliance Departments. The Committee also holds discussions with the internal auditors / external auditors on significant findings on the control environment. The role of Chief Internal Auditor is to provide assurance that the management control framework used within the Bank is operating effectively. The role of Chief Compliance Officer is to ensure that the Bank complies with all the laws, rules and regulations as applicable under the regulatory framework in the Sultanate of Oman, and international best practice. Both chiefs report directly to the AC.

2.6c Credit Approval Committee

The CAC is a sub-committee of the Board and as such approves loans above the lending mandate of Executive Credit Committee (ECC) of the management, and reviews on annual basis credit product policies, credit policy, credit portfolio, and existing credit facilities – all within its authority as per its terms of reference.

2.6d Board Risk Committee

The BRC assists the Board discharge its responsibilities of oversight and governance in relation to the risk performance of the Bank. The Committee is responsible, among other things, for making recommendations to the Board on the risk appetite of the Bank in relation to credit, interest rate, market, liquidity and operational risk.

The Committee ensures the implementation of risk strategy and policy in addition to ensuring that a robust risk framework is in place within the Bank which optimizes the quality and return on deployment of assets. The Committee also provides guidance and direction on all credit, market, interest rate, liquidity and operational risk policy matters .

3. SHARI'AH SUPERVISORY BOARD OF SOHAR ISLAMIC

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

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

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

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

- a) An appropriate Shari'a governance framework in compliance with IBRF, AAOIFI governance standards and guidelines and directives issued by Shari'ah Supervisory Board is maintained;
- b) Key duties and functions are segregated. An independent executive is designated with the responsibility for Shari'a compliance and audit;



- c) Policies and procedures manuals and documentation in relation to our products, operations, compliance, trainings, and internal controls are maintained and available to relevant staff;
- d) Shari'a audit reports are submitted to the Shari'ah Supervisory Board in line with the agreed annual plan.
- e) Islamic Banking Window assets are kept separate and distinct from conventional assets;
- f) Window cannot place funds with the conventional banks including the Bank.
- g) Sohar Islamic management ensures that staff for certain key functions reporting to their respective department heads with dotted line reporting to the Head of Sohar Islamic.
- h) Sohar Islamic has dedicated staff for business functions, such as retails, corporate, treasury, etc. and the staff reports to the Chief Islamic Banking Officer
- i) The core banking system adopted by Sohar Islamic is capable of recognizing the unique nature of Islamic Banking contracts, transactions and processes.

Shari'a audits are conducted on a quarterly basis in accordance with IBRF and submitted to Shari'ah Supervisory Board for its review and guidance. Shari'ah Supervisory Board has issued its annual report for 2023 on Shari'a compliance of Sohar Islamic.

Internal Shari'a Reviewer oversees the Shari'a training plans and schedule for the Licensee. During the year 2023 training programs were conducted for the staff & Public such as colleges & companies.

Related party transactions with Shari'ah Supervisory Board is disclosed in notes of financial statements

Profile of the Shari'ah Supervisory Board

Sheikh Al-Mu'tasim Said Al Maawali (Chairman)

Al-Mu'tasim Said Al-Maawali is a religious supervisor working for The Omani Studies Centre at Sultan Qaboos University. He holds an MA degree in Islamic Studies from the University of Birmingham, 2016. Al-Mu'tasim authored a seven-volume series in Islamic Jurisprudence called al-Mu'tamad, including the sixth volume in Islamic Financial Transactions, and the seventh in Islamic Banking. In 2016, he published his English book Articles on Ibāi Studies. In February 2017, he published his translation of the first volume 'The Reliable Jurisprudence of Prayer' from Arabic into English. In 2019, he also translated 'Christians in Oman' from English into Arabic. Al-Mu'tasim presented some academic papers at some international conferences in Islamic Studies, including TIMES 2017 at Birmingham University and BRISMES 2018 at King's College London, and BRISMES 2019 at the University of Leeds.

Sheikh Nasser Yousuf Al Azri (Deputy Chairman)

Sheikh Nasser is working as the secretary to the Grand Mufti of the Sultanate of Oman in the Fatwa Section at the Grand Mufti's Office. He is also an active member of several committees at the Ministry responsible for Mosques, Zakat, Hajj, Publications and Book Revision. Prior to his current capacity, Sheikh Al Azri held a number of prestigious positions including Judge Assistant at the Ministry of Justice and a Researcher for Islamic affairs in fatwa's at the Ministry of endowments and Religious Affairs.

Sheikh Al Azri has extensive knowledge and expertise in Islamic and judiciary laws. He has also authored several papers and research studies, and attended prominent Islamic conferences such as those held by the International Islamic Fiqh Academy. He received a High Diploma degree in Jurisprudence from the Institute of Shari'a Sciences in Oman.



Dr. Muhammad Abdul Rahim Sultan Al Olama (Member)

Dr. Muhammad Abdul Rahim Sultan Al Olama was a Professor of Jurisprudence and its Fundamentals at the College of Law at United Arab Emirates University in Al Ain, in addition he is a certified expert in Shari'ah-compliant financial affairs. He chairs the Shari'ah committee of Zakat Fund in the United Arab Emirates. He has published books and articles on various jurisprudential topics, especially Islamic banking transactions in their contemporary form. He has also presented a series of research papers in various international forums and conferences related to this field. He is a member of Shari'ah supervisory boards of Islamic financial institutions and Takaful companies including: Dubai Islamic Bank, Abu Dhabi Islamic Bank Emirates Islamic Bank, Noor Takaful & Mawarid Fiance Company.

He holds a PhD in Comparative Islamic Jurisprudence from Umm Al-Qura University in Makkah the Kingdom of Saudi Arabia.

Shari'ah Supervisory Board attendance & remuneration for 2023

Table 5 : Attendance & Remuneration – Shari'ah Supervisory Board for year 2023

Name of Shari'ah Board Members	24-May-23	10-Jul-23	08-Nov-23	TBA	Attended	Meeting allowance in USD	Annual Remuneration in USD
Shiekh Al Mutasim Al Maawali	√	√	√	√	4	4,000	40,000
Shiekh. Nasser Al Azri	√	√	√	√	4	4,000	35,000
Dr. Mohammed Al Olama	√	√	√	√	4	4,000	30,000

4. MANAGEMENT TEAM

The management of the Bank has been entrusted by the Board to the Bank's management team. The top management team has over 200 years of banking expertise between them. The top management keeps the Board of Directors informed on all issues concerning the operations of the Bank and takes directions from the Board on matters that concern and affect the business of the Bank and the objectives it should pursue. In the interest of good governance, the top management places all the key information before the Board, where it forms part of the agenda papers.

4.1 Profile Senior Management Team

Mr. Ahmed Jafar Al Musalmi Chief Executive Officer

Mr. Ahmed Al Musalmi joined Sohar International in May 2018 as the Chief Executive Officer. He has been a catalyst in the Bank's transformation and a proven leader who combines business vision and people skills. Mr. Musalmi has more than two decades of experience. He is a results-oriented and strategic thinker with extensive industry and functional expertise that includes Wholesale Banking, Capital Markets, Retail Banking and Wealth Management, Trade Finance, Risk Management, Operations Management, Information Technology, Human Resources, Finance and Strategy Development & Business Planning.

Mr. Al Musalmi is a talented leader who uses keen analysis and insights, and a team approach to drive organizational performance and motivate employees to peak performance. He has held leadership positions and has worked across several national and international financial institutions in his career. He was the chief executive officer and successfully led transformation of National Bank of Oman SAOG prior to his move to Sohar International.

Mr. Al Musalmi is a graduate of Harvard Business School and holds an MBA Degree with distinction from the University of Bedfordshire, UK. He also holds an International Diploma in Financial Services. Mr. Al Musalmi is a Chartered Market Analyst with Financial Analyst Designate, a Chartered Portfolio Manager and a Chartered Wealth Manager to add on to his wealth of expertise. He is a fellow of the American Academy of



Financial Management and has been a part of several advanced programs including in IMD-Switzerland and Stanford Graduate School of Business-USA. Mr. Al Musalmi is the Deputy Chairman of ASYAD Group and Chairman of its board audit committee. He is also a board member of the College of Banking and Financial studies' board.

Mr. Khalid Al Guthami
Country Chief Executive Officer of KSA branch

Mr. Khalid Al Guthami joined Sohar International in September 2023 as Country Chief Executive Officer of KSA Branch with over 25 years of experience, Mr. Khalid is an experienced banker with vast knowledge and expertise in corporate and commercial banking, trade operations, investment, and risk management. Prior to joining Sohar International, Mr. Khalid Al Ghuthami was the Head of Corporate Bank Group at one of the prominent banks in Riyadh, Saudi Arabia, where he made significant contributions to the development of business and banking transactions.

Mr. Khalid Al Guthami holds a Bachelor Degree in Economics with emphasis on International Business from the University of Southern Mississippi. Mr Khalid has completed an Accelerated Management & Executive Leadership Program at Institut Européen d' Administration des Affaires (INSEAD). Additionally, he holds notable financial certifications from SAMBA, Euromoney, and Citibank.

Mr. Majid Nasser Al Busaidi
Chief Risk Officer

Mr. Al Busaidi joined Sohar International in November 2020 as Chief Risk Officer. He has over 17 years of professional experience across different functions of the banking sector. His experiences and responsibilities include developing risk management strategies; overseeing and assessing the Bank's risk mitigations both internally and externally; and reporting to the Board of Directors. Prior to his role in Sohar International, he was heading the division of credit review in a popular Omani bank.

Mr. Al Busaidi holds a Bachelor's Degree in Finance from College of Economy and Political Studies at Sultan Qaboos University (SQU).

Mr. Hamood Al Sawai
Chief Operating Officer

Mr. Al Sawai joined Sohar International in December 2021 as Chief Operations Officer. With over 22 years of experience, Mr. Hamood is an experienced banker with vast knowledge and expertise in field of Operations. Prior to joining Sohar International, Mr. Hamood was the Deputy General Manager at a prominent local bank. Since joining Sohar International, he has made notable contributions in conceptualizing and implementing robust strategies to enhance operational efficiencies. He is a knowledgeable leader with rich experience who combines the values of the business and technical expertise, with his personal integrity and commitment. Mr. Al Sawai holds an MBA degree from Bedfordshire University and has completed his Bachelor's Degree in Finance and Investment from Cairo University.

Mr. Craig Barrington Bell
Chief Financial Officer

Mr. Craig Barrington Bell joined Sohar International as Chief Financial Officer in January 2019 bringing with him over 25 years of banking experience; 15 of which have been in CFO roles with HSBC and Deutsche Bank, including three years as CFO of the Saudi British Bank. Mr. Bell has extensive background in finance and deep experience of managing complex international businesses across dynamic and changing markets. Commencing his banking career with Citibank in 1985, Mr. Bell has a plethora of technical and management skills in financial and regulatory reporting, management reporting, financial analytics, system infrastructure and controls, balance sheet management, strategic planning, investor relations and tax. Prior to joining Sohar International, Mr. Bell served for over two years as CFO with Al Hilal Bank (Abu Dhabi). He is a distinguished member of the Institute of Chartered Accountants of Australia & New Zealand and graduated from Auckland University with a Bachelor of Commerce degree majoring in Accounting.



Mr. Khalil Salim Al Hedaifi
Chief Government & Private Banking Officer

Mr. Khalil joined Sohar International in October 2018 as the Chief Retail Banking Officer. One of his key responsibilities is to develop the Bank's business franchise. With over 19 years of experience, Mr. Khalil is a dynamic leader with pioneering experience in achieving business growth objectives in mid-sized as well as large, established organizations. His vast experience includes expertise in operations management; banking including retail banking and wealth management; strategic planning; etc..." He started his career in 2000 with a local bank in Oman and has worked with other national and international banks in Oman and Qatar throughout his professional life before joining Sohar International as the Retail Banking Division Head. Mr. Khalil holds an MBA Degree from Northampton University and has also received an Administration Certificate from Oxford Cambridge and RSA.

Dr. Manish Dhameja
Chief Wholesale Banking Officer

Dr. Manish is a seasoned banking professional with over 23 years of working experience, during which he worked in UAE, Africa and across various cities in India. He is an Engineer, MBA and CFA qualified. He has joined Sohar International from Standard Chartered Bank, where he held multiple leadership roles and led many businesses and large teams. Mr. Manish strength lies in establishing and growing new and large businesses, improve business profitability, client connections and team engagement.

Mr. Abdul Wahid Al Murshidi
Chief Islamic Banking Officer

Mr. Al Murshidi has been associated with Sohar International since July 2019. Coming with over 18 years of professional experience across different functions of the banking sector including Audit, Finance, Investment, and Islamic Banking. Prior to his role in Sohar International, he was the Deputy General Manager at one of the prominent local Islamic banks. Mr. Abdul Wahid holds an EMBA Degree from London Business School, and has completed his Bachelor's Degree in Science from Sultan Qaboos University (SQU).

Dr. Saud Al Shidhani
Chief Transformation Officer

Dr. Saud Al Shidhani joined Sohar International in August 2023 as Chief Transformation Officer. With a seasoned banking professional with over 25 years of experience in the industry, Dr. Saud Al Shidhani is an experienced banker with vast knowledge and expertise in various areas of banking including risk management, retail business, overseas operations, cost management, Business Excellence & Technology. Prior to joining Sohar International, Dr. Saud Al Shidhani was the Chief Operating Officer at one of the prominent local banks and has made notable contributions in streamlining operational efficiency and driving digital transformation initiatives.

Dr. Saud Al Shidhani holds a PHD in Accounting and Finance from the University of Cambridge, an MBA degree from the College of Banking Oman and a Diploma in Banking and Finance from Binary University.

Mr. Abdul Qadir Al Sumali
Chief Retail & Premier Banking Officer

Mr. Abdul Qadir Al Sumali joined Sohar International in August 2023 as Chief Retail & Premier Banking Officer. With over 25 years of experience, Mr. Abdul Qadir is an experienced banker with vast knowledge and expertise in field of Retail Banking. Prior to Joining Sohar International, Mr. Abdul Qadir was General Manager and the Head of Wealth and Personal Banking at one of the prominent local banks and has made notable contributions in the retail banking business. He is a knowledgeable leader with rich experience who combines his passion for customers and investing in people with personal integrity and discipline. Mr. Abdul Qadir holds an MBA from Durham University Business School, United Kingdom.



Mr. Khalid Khalfan Rashid Al Subhi
Chief Compliance Officer

Mr. Al Subhi joined Sohar International in December 2016. He has over 19 years of extensive experience as a Central Banker in various domains like banking, insurance and administration. His experience and responsibilities included conducting risk-based examinations/audits, corporate governance, capital adequacy, various business processes, control framework, and much more. Mr. Khalid holds a Bachelor's Degree in Banking and Financial Sciences (CBFS) from the Arab Academy for Banking and Financial Sciences, and has completed his Higher Diploma in Administrative Procedures from the South Devon College, UK.

Mr. Elsamawal Abdulhadi
Idris Chief Legal & Governance Officer

Elsamawal joined Sohar International in July 2013 and holds the position of Chief Legal Officer and secretary of the Board in the Bank. With over 20 years of experience in the legal profession during which he has helped organizations and clients carry on business in a legal and compliant manner and was able to prove himself consistently in major transactions and disputes. He is signaled out by legal directories regularly as an individual with exceptional understanding of Oman's banking system and commended for his wide-reaching initiatives to improve efficiency and performance in his function.

Mr. Elsamawal holds a Master's Degree LLM and Bachelor's Degree LLB from the University of Khartoum, Sudan.

Mr. Ali Moosa Al Abri
Chief Corporate Affairs Officer

Mr. Ali Moosa Al Abri joined Sohar International in August 2023 as Chief Corporate Affairs Officer. With over 25 years of experience, Mr. Ali Moosa is an experienced banker with vast knowledge and expertise in field of Human Resources. Prior to Joining Sohar International, Mr. Al Abri was the Country Head - Human Resources at one of the prominent local banks and has made notable contributions in Developing and implementing HR strategies. He is a knowledgeable leader with rich experience who combines the values of the banking industry with his personal integrity and commitment. Mr. Al Abri holds a bachelor degree in International Commerce from Halwan University, Egypt.

Mr. Hamood Khalfan Al-Aisri
Chief Internal Auditor

Mr. Al-Aisri is a qualified Chartered Certified Accountant with over 25 years of professional experience across different functions within the Banking sector. He has been associated with Sohar International since December 2020. Prior to joining Sohar International, he held the role of Chief Internal Auditor for one of the local banks. Mr. Al-Aisri holds Senior Leadership qualification from London Business School, and Islamic Financial qualification from Chartered Institute of Investment and Security – UK.

Mr. Aziz Al Jahdhami
Chief Priority Banking Officer

Mr. Aziz Al Jahdhami has joined Sohar International in December 2018 and currently serving as the Chief Priority Banking Officer at Sohar International. Mr. Al Jahdhami is a highly experienced banking professional. With a career spanning over 15 years in the banking industry, Mr. Al Jahdhami has developed a strong expertise in various aspects of Wealth Management, Private Banking, and Investment Management. His proven track record & achievements in these areas have been instrumental in the growth of several local and international banks.

Al Jahdhami holds two Executive Management certifications from prestigious institutions such as the University of Cambridge and the London Business School. These qualifications have further enhanced his skills and knowledge in managing financial institutions effectively. Additionally, he has also achieved both undergraduate and postgraduate degrees from the University of London in the United Kingdom.



Ms. Mahira Saleh Al-Raisi
Chief Human Resources Officer

Ms. Mahira joined Sohar International in October 2007, and currently holds the Chief Human Resources Officer role. With over 21 years of extensive experience in managing Human Resources in the Banking sector, she has supported the achievement of the Bank's strategy successfully through the deployment of effective Human Capital Management Policies and Practices in line with the Bank's strategic objectives. Responsible for developing and executing Human Resource Strategy in support of the overall business plans, specifically in the areas of talent acquisition, talent Management, succession planning, change management, organizational and performance management, capability development and total rewards. Ms. Mahira holds a Bachelor's Degree and Diploma in Human Resources Management and Development from University of Leicester-UK. She also holds a Post Graduate Diploma in Management from Institute of Leadership and Management and Leading Strategy Execution Certificate in Financial Services from Harvard Business. Ms. Mahira Al Raisi is the Deputy Chairman of Human Resources Committee of Oman Banker's Association. She is also a member of College Advisory Committee in College of Banking and Financial Studies in Oman.

Mr. Mazin Mahmood Al Raisi
Chief Marketing Officer

Mr. Mazin assumed the role of Chief Marketing Officer at Sohar International in 2022. With over 22 years of experience, he was one of the key individuals who played a prominent role in establishing the Marketing Department at the Bank when he joined in 2007. Having been instrumental in the launch of Bank Sohar, and Sohar Islamic, Mazin's passion, professionalism, and leadership saw him rise to the position of EVP & Head of Marketing before he took on his current role. He has been a critical part of the Bank's rebranding project, playing a pivotal role in the transition of Bank Sohar to Sohar International, and Islamic, conceptualizing innovative ways to position them in diverse markets. Mazin also supports ESG within the Bank through management of the Bank's corporate social responsibility activities, driving meaningful partnerships that benefit the community.

Prior to joining Sohar International, Mazin worked with a leading telecom operator as well as other local banks. Mazin has an MBA from the University of Strathclyde United Kingdom and a BSc from the University of Missouri in Marketing, USA. He is also a Certified Brand Manager and completed an Executive Marketing Program at London Business School.

Sajeel Bashiruddin
Chief Digital Officer

Mr. Sajeel Bashiruddin joined Sohar International in 2021 and currently holds the Chief Technology Officer role, wherein he is responsible for Information Technology, Enterprise Project Management Office, FinTech & spearheading Digital Banking functions of the Bank to drive Digital Transformation. With over 20 years of experience, Mr. Sajeel reserves an entrepreneurial spirit and has led large-scale digital transformation in the sector. While strategy development, leadership, and innovation are key areas he places increased emphasis on, Mr. Sajeel has also introduced new digital revenue streams via Fintech partnerships, led cohesive digital ecosystem transformations, spearheaded business expansions and led transitions to be a data-driven organization. He started his career in 2003, and has held key positions in banks in the Kingdom of Saudi Arabia and Oman.

Mr. Sajeel holds a Master's Degree in Computer Applications, Bachelor's Degree in Business Management, and is a Certified Artificial Intelligence Business Professional.

Hanife Ymer
Head of Environment, Social and Governance

Hanife joined Sohar International in July 2022, as Head of ESG and is responsible for developing and executing the Bank's ESG Framework – embedding ESG throughout the Bank – be it through effective ESG risk management, or through supporting Sohar International's stakeholders through sustainable financing solutions. With over 25 years of experience managing across all ESG topics. Hanife draws on her experience



from across South East Asia, Europe, South America, North America, Australia and the MEA (Middle East and Africa) regions. Within MENA, Hanife has previously held similar leadership roles with Jones Lang LaSalle; Mubadala Investment Company and KPMG. Her experience includes advising leading banks globally and regionally. Hanife holds a Bachelor's Degree in Strategic Management and Marketing (Monash University - Australia), a Graduate Certificate in Sustainability (Swinburne University - Australia), as well as certificates in Sustainable Finance (Frankfurt School of Finance and Management), Climate Change and TCFD - Risks and Opportunities for the Banking Sector (UNEP FI), and certifications in Hydrogen Energy; Renewable Energy Management and Finance (Renewable Energy Institute); and Social Return on Investment Practitioner (Social Value International).

4.2 Remuneration of senior managers for the year 2023

The total remuneration paid/accrued to the top management executives of the Bank for the year 2023 was Rial Omani 3,208,193/- This remuneration includes salary, allowances, gratuity, pensions and performance related incentives

5. PROCEDURES FOR STANDING AS CANDIDATE FOR THE BOARD OF DIRECTORS

The Board of Directors is elected by the Shareholders at the Annual General Meeting. The term of office of the Board of Directors is for a maximum period of three years, subject to re-election. The Board reports to the shareholders at the Annual General Meeting (AGM) or specially convened general meetings of the shareholders. The meetings of the shareholders are convened after giving adequate notice and with detailed agenda notes being sent to them. The Board comprised of seven members, elected by the shareholders at the Bank's AGM on 31 March 2022 for a period of three years. The Board exercised its right to appoint alternate directors to fill vacant seats of the Board.

The election process is through a direct secret ballot by the Shareholders, where each shareholder shall have a number of votes equal to the number of shares held by them. Every shareholder shall have the right to vote in entirety to one candidate or divide the shares amongst different nominees, subject to the stipulation that the total votes cast shall not exceed the number of shares owned by such shareholders.

The entire process of nomination and election of the Board of Directors, including the eligibility criteria, is governed by the Articles, as well as in compliance with the relevant provisions of the CCL, the Code of Corporate Governance and the relevant guidelines issued by the CBO.

6. DIVIDEND POLICY

The Bank's dividends policy complies with the CBO & FSA guidelines. The Board of Directors follow a conservative dividend policy and recommend on the distribution of the dividends to the shareholders after due consideration of the regulatory guidelines, the future growth expectations and other factors.

7. STATEMENT ON COMPLIANCE

The Board of Directors of the Bank have been appointed in line with the guidelines of the CCL and in accordance with the regulations of the CBO. The Board of Directors has complied with all the guidelines for the appointment of Directors prescribed by the CCL and the CBO's regulations with reference to eligibility.

The Board of Directors of the Bank consists of seven directors from among shareholders and non-shareholders. The Directors of the Bank affirm that no member of the Board:

- Is an employee of the Bank or an employee of any other bank in the Sultanate of Oman.
- Is on the Board of any other Bank registered in the Sultanate of Oman.
- Sits on the Board of more than four joint stock companies registered in Oman.
- Is a Chairman of more than two joint stock companies registered in Oman.



During the year under report, the Bank has complied with the directives of the FSA, Rules and Guidelines on Disclosure by Issuer of Securities and Insider Trading, the Guidelines of the CCL and the Code of Corporate Governance, except for the following:

- The Chairman of the AC is also a member of the Board Risk Management Committee and the ENRC. This is due to the limited number of Board Members as compared to the number of board committees, required to be formed by the Board of Directors.

In the last three years, the Bank paid a total amount of RO 113,825 in penalties to both the CBO and the FSA. The Bank has addressed the issues and is taking time bound rectification measures.

8. CHANNELS OF CONTACT WITH SHAREHOLDERS AND INVESTORS

The Bank has endeavoured to establish meaningful relations with its Shareholders and investors. The Bank is committed to ensure timely disclosure and communication of all material to the shareholders and the market regulators. The Bank has provided investor related information in the quarterly, and Annual Report as per the statutory guidelines and the terms of the Bank's listing agreement.

The Annual Report includes inter alia, the report of the Board of Directors, Corporate Governance report, Management Discussion and Analysis report and the Audited Financial results. The management has taken the responsibility for the preparation, integrity and fair presentation of the financial statements and other information in the Annual Report of the Bank. The summary of Annual Report will be sent to all Shareholders in line with the rules for the same as stipulated by the FSA.

Additionally the Bank has posted the financial statements on its website: Reports | Sohar International

8.1 Sohar International Bank SAOG Shares - Market Price

Monthly share prices of the Bank's shares quoted at the Muscat Stock Exchange (MSX) and the bands for the banking sector stocks on the MSX. (This information is available from news agencies and it is a published information. This is given here as part of the requirements of the Code of Corporate Governance. This is not a solicitation in any manner to subscribe to the Bank's shares.)

The following table represents monthly share prices of the Bank as listed with Muscat Stock Exchange "MSX" (Par value of share is 100 Baisa/ share).

The Bank's Shares - Market Price

The Bank's Share price Rial Omani				
Last 12 months	High	Low	Closing	Financial Index
2023				
31-Oct	0.102	0.102	0.102	7411.369
30-Nov	0.102	0.100	0.102	7583.917
31-Dec	0.100	0.098	0.098	7392.673
2024				
31-Jan	0.111	0.099	0.111	7,369.919
29-Feb	0.112	0.106	0.109	7,094.121
31-Mar	0.116	0.110	0.110	7,358.579
30-Apr	0.135	0.110	0.135	7,763.074
31-May	0.141	0.134	0.140	8,015.015
30-Jun	0.140	0.132	0.133	7,684.899
31-Jul	0.139	0.135	0.135	7,597.604
31-Aug	0.144	0.131	0.144	7,695.314
30-Sep	0.144	0.137	0.137	7,726.179



8.2 Distribution of share ownership

As of 30 September 2024, the authorised share capital of the Bank is RO 1,000 million and the issued and paid-up share capital of the Bank as at 30 September 2024 is RO 572.508 million. Total shares on issue as at 30 September 2024 was 5,577,246,270

As of September 2024, the following shareholders held 5% or more of the Bank's capital

Name of Shareholder	No of Shares	Percentage of Shareholding
Royal Court Affairs	767,200,535	13.8%
Oman Investment and Finance SAOG	726,416,500	13.0%
The Seventh Moon Investments LLC	422,680,000	7.6%
Neptune National Investments LLC	365,690,345	6.6%
Western Sea Investments LLC	355,890,403	6.4%
Mars Development & Investment LLC	319,972,720	5.7%
Oman Investment Authority	300,215,229	5.4%

9. STATUTORY ACCOUNTS

The Bank has adopted the IFRS in the preparation of its accounts and financial statements.

10. AUDITOR'S PROFILE

KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms. KPMG firms operate in 143 countries and territories, and in FY23, collectively employed more than 270,000 partners and people. Established in 1973, KPMG in the UAE and Oman risk is well connected with its global member network and combines its local knowledge with international expertise.

For 50 years, KPMG Lower Gulf has provided audit, tax and advisory services to public and private sector clients and continues to serve the needs of business, governments, public-sector agencies, not-for-profits and through the firms' audit and assurance practices, the capital markets. As KPMG continues to grow, it aims to evolve and progress, striving for the highest levels of public trust in its work. KPMG is committed to quality and service excellence in all that they do, helping to bring their best to clients and earning the public's trust through their actions and behaviors both professionally and personally.

Their Values guide the behavior day-to-day, informing how they act, the decisions they make, and how they work with each other, their clients, and all of their stakeholders.

To meet the changing needs of their clients, they have adopted an approach aligned with their global purpose: Inspiring Confidence, Empowering Change.

At KPMG Lower Gulf, they believe that ESG is core to sustainable growth. KPMG's Global ESG Plan details its commitments across four ESG categories: planet, people, prosperity, and governance. These four priority areas assist them in defining and managing their environmental, social, economic and governance impacts to create a more sustainable future.

Through KPMG's ESG Plan, they aim to deliver growth with purpose. They unite the best of KPMG to help their clients fulfil their purpose and deliver against the SDGs, so all of their communities can thrive and prosper.



11. RIGHTS OF SHAREHOLDERS

All the Bank's shares shall carry equal rights which are inherent in the ownership thereof, namely the right to receive dividends declared and approved at the general meeting, the preferential right of subscription for new shares, the right to a share in the distribution of the Bank's assets upon liquidation, the right to transfer shares in accordance with the law, the right to inspect the Bank's statement of financial position, statement of comprehensive income and register of shareholders, the right to receive notice of and the right to participate and vote at general meetings in person or by proxy, the right to apply for annulment of any decision by the general meeting or the Board of Directors, which is contrary to the law or the Articles of the Bank or regulations, and the right to institute actions against the directors and auditors of the Bank on behalf of the shareholders or on behalf of the Bank pursuant to the provisions of the CCL. The Bank gives minority shareholders prime importance in terms of safeguarding their interests and ensuring that their views are reflected in shareholders' meetings. The "one share one vote" principle applies to all shareholders so that minority shareholders can nominate members of the Board and can take action against the Board or the management if the actions of the Board or management are in any way prejudicial to their interests.

12. RELATED PARTY TRANSACTIONS, DEALINGS AND POLICY

There is a comprehensive policy on related party dealings, and processes and procedures laid down which are followed in the matter of all loans and advances given to directors and their related parties and also any transactions with companies in which directors have a significant/ controlling interest. Details of loans and advances, if any, given to any Director or his related parties are furnished with full details in the notes to the financial statements given in the annual report as public disclosures. Any other transactions with Directors carried in the normal course of business and without any preferential treatment are disclosed to the shareholders along with the agenda notes for the AGM.

13. CONCLUSION

The Board of Directors acknowledge that the preparation of the Annual Report of the Bank together with the Management Discussion and Analysis Report, the Corporate Governance Report and the audited financial statements has been done with their full knowledge and in line with the standards for accounting and the statutory rules governing disclosure by the FSA and the CBO.

The Board of Directors also acknowledge that there is no material information and material things that will in any way affect the continuation of the business of the Bank in the coming financial year.

CHAPTER 11: DIVIDEND POLICY

DIVIDEND POLICY

The Bank's dividends policy complies with the CBO & FSA guidelines. The Board of Directors follows a conservative dividend policy and recommend on the distribution of the dividends to the shareholders after due consideration of the regulatory guidelines, the future growth expectations and other factors.

The historical dividend details of the Bank are given below –

For Year	Cash dividend (Baisa per share)	Bonus Shares for every 100 shares held
2019	3	3
2020	-	-
2021	4	-
2022	4.5	-
2023	5.5	1.95



CHAPTER 12: PRICE JUSTIFICATION

INTRODUCTION

Since inception, the Bank has shown remarkable all-round growth and has created a strong market presence in terms of market share, product range, brand value, strong ethics and impressive financial performance, leading to attractive returns to investors.

BANK'S STRATEGY AND WAY FORWARD

The Bank has made significant progress in 2024 so far, aligning its effort with Oman's Vision 2040. The Bank aims at achieving growth with excellence in everything Bank does, setting the organization on a sustainable growth path and contributing to the advancement of the Sultanate's economic diversification agenda.

The Bank has ambitions to accelerate its growth locally and expand internationally in line with its vision of becoming a world-leading Omani service company that helps customers, communities and people to prosper and grow.

Locally, the Bank achieved notable inorganic expansion in 2023, securing its place as the second largest bank in Oman through the merger with HSBC Bank Oman SAOG, which propelled the Bank to the second largest market capitalisation on the MSX.

Internationally, having successfully partnered with Saudi EXIM Bank to enhance foreign trade and investment opportunities between our two nations, the Bank has established its first branch in the Kingdom of Saudi Arabia. This initiative further increases the pace of economic cooperation, realizing meaningful commercial and investment exchanges and contributing towards achieving the goals outlined in Oman Vision 2040.

Congruent to its purpose of helping people win by delivering banking for their ever-changing world, the Bank is moving ahead continuing to strike a balance between continuity and change. The bank's culture of innovation, and digital prowess, is embedded across various facets of its businesses as it continues to scale its business model locally and internationally. This aligns seamlessly with the Bank's principles of providing more vision, more value and more velocity to all stakeholders. Moving ahead, the Bank will continue to launch a number of new products and services for its customers delivered through newly developed digital platforms that are designed to scale-up the market coverage, simplify and speed-up service delivery. While digitalization will underpin all of the Bank's initiatives and efforts, a strong people interface will be equally important.

With increased global focus and importance of ESG, the Bank remains committed to incorporating these principles within its business strategies. The Bank's values compliment initiatives in relation to sustainability, diversity & inclusion, and are well aligned with the nation's considerable efforts to adopt environmental sustainability and social spheres, through effective governance structures.

The Bank is confident about Oman's steady growth under the visionary leadership of His Majesty Sultan Haitham bin Tarik. The new five-year rolling plan will bring in new products in sync with changing customer needs, enhanced service standards and technological adoption. The Bank will set new benchmarks as a thought leader and an institution with a social conscience by promoting growth opportunities for young Omanis and contributing to the society at large.



FINANCIAL HIGHLIGHTS

(In RO million)

Particulars	June 2024 (unaudited)	June 2023	Dec 2023	Dec 2022	Dec 2021	Dec 2020	Dec 2019
Loans, advances and financing (net)	4,025	3,041	3,921	2,924	2,612	2,503	2,454
Total assets	7,168	4,352	6,689	4,131	4,133	3,611	3,505
Customers' deposits	5,610	2,709	5,103	2,560	2,394	2,232	2,097
Share capital	573	455	562	455	295	245	236
Retained earnings	89	47	83	47	17	14	38
Total shareholders' equity	719	565	702	565	396	332	336
Net interest income	85	46	118	95	78	72	70
Total operating income	118	69	163	133	111	92	105
Net Operating Income	70	39	86	78	60	47	60
Net profit for the period	50	24	70	35	28	20	34

Profit for the period increased 112% to RO 50.3 million compared to RO 23.7 million for the same period last year. Total operating income increased 71% to RO 117.9 million, (30 June 2023: RO 69.0 million), driven by increases in both net interest income and other operating income. Total operating expenses increased 58% to RO 47.8 million (30 June 2023: RO 30.3 million).

Net operating income before impairment provisions increased 81% to RO 70.1 million (30 June 2023: RO 38.7 million) resulting in an expense-to-income ratio of 40.5% compared to 43.9% for the same period last year. Loan impairment charges and other credit risk provisions (net) for the period was RO 10.2 million compared to RO 11.0 million for the same period last year.

Total assets increased 65% to RO 7,168 million (30 June 2023: RO 4,352 million) mainly driven by a 32% increase of in loans, advances and Islamic financings (net) to RO 4,025 million (30 June 2023: RO 3,041 million) and a 131% increase in investment securities to RO 2,053 million (30 June 2023: RO 889 million).

Customer deposits increased 107% to RO 5,610 million (30 June 2023: RO 2,709 million), highlighting the Bank's funding strength with the net loans-to-customer deposit ratio of 72% compared to 112% for the same period last year.

The 27% increase in shareholder's equity from RO 565 million as at 30 June 2023 to RO 719 million includes RO 106 million increase in share capital resulting from shares issued to the shareholders of HSBC Bank Oman SAOG in part consideration for the merger effective 17th August 2023.

AVERAGE SHARE PRICE

As of 16th October 2024	Share Price (Baisa)	Discount of Issue Price
Closing price	146	13.0%
1-month average closing price	140	9.1%
3-month average closing price	138	7.7%
6-month average closing price	136	6.8%

Source: MSX, Above calculations based on 16th October 2024



PEER COMPARISON

	M.Cap (RO Mn)	BVPS*	P/E	P/BV	ROE*	ROA*
Sohar International	770	0.129	8.45	1.07	14.2%	1.5%
Bank Muscat	1,922	0.247	9.75	1.04	12.1%	1.6%
NBO	485	0.319	10.17	0.93	12.0%	1.3%
Bank Dhofar	470	0.190	18.03	0.83	7.7%	0.9%
Ahli Bank	355	0.155	14.01	0.97	11.0%	1.2%
Bank Nizwa	237	0.114	12.87	0.93	6.3%	1.0%
Oman Arab Bank	245	0.226	14.50	0.65	6.8%	0.6%

Source: Bloomberg, MSX, Annual Reports & Financial Disclosures of the respective banks
Prices as of 25th September 2024.

* 30th June 2024

Based on the aforesaid factors and considering the Issue Price of 127 Baisa per share, the Bank believes that the Issue Price compares favorably with the peer average, and is at a discount of close to 7% compared to the pre-issue 6 months average closing price.



CHAPTER 13: RIGHTS AND LIABILITIES OF SHAREHOLDERS

This Chapter summarizes the rights and liabilities of shareholders in an Omani public joint stock Bank, effective as at the date of this Prospectus. The description provided hereafter is only a summary and neither purports to give a complete overview of the rights and liabilities of shareholders nor of relevant provisions of Laws of Oman or the FSA circulars. Additionally, this Chapter should not be considered as legal advice regarding these matters. A copy of the Articles is available from the corporate office of the Bank.

13.1 Shareholders' Liability

The liability of the shareholder shall be limited to the payment of the value of the shares he subscribes to and he shall not be responsible for the debts of the Bank except within the limits of the value of the Shares he subscribes for.

In case new shares are issued without stipulating the full payment of the value on subscription, payment of the remainder of each Share's value shall be effected at the time and in the manner to be determined by the Board of Directors, provided that each Shareholder shall receive at least fourteen days' notice specifying the time and place of payment.

13.2 Shareholders' Rights

All the Shares shall enjoy equal and inherent (attached) rights in the ownership thereof which in accordance with the CCL are the right to:

- i. Receive dividends declared by the general meeting;
- ii. Preferential subscription for new Shares;
- iii. Share in the distribution of the Bank's assets upon liquidation;
- iv. Transfer Shares in accordance with the applicable law;
- v. Inspect the Bank's balance sheet, profit and loss statement and register of Shareholders;
- vi. Receive notice of and the right to participate and vote in all general meetings in person or by proxy (each Shareholder will have one vote for each ordinary share owned);
- vii. Apply for annulment of any resolution made by the general meetings or the Board of Directors, which is contrary to law or the Articles or other internal regulations of the Bank;
- viii. Institute actions against the Directors and auditors of the Bank on behalf of the shareholders or on behalf of the Bank pursuant to Article 207 of the CCL;
- ix. Approach the FSA (provided that the move is supported by Shareholders who own at least 5% of the Shares), to exercise its authority to suspend resolutions of the general meeting which are passed in favour of, or against, any category of Shareholders or in the interests of the members of the Board of Directors or others.



13.3 Ownership & Transfer of Shares

Ownership and transfer of Shares shall be entered in the registers of the MCD. In case of the death of a Shareholder the person whose name stands next in the register, where the deceased was a joint holder, shall be deemed by the Bank to be the representative of the joint owners of the Shares. If the deceased was a sole holder, his legal personal representatives shall be the only persons recognized by the Bank as having any title to his Shares, but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been held jointly by him with other persons.

13.4 Reports and Statements to be sent to the Shareholders

Within 60 days from the end of the financial year, the Board of Directors shall prepare a report containing the Bank's financial position and the financial position of its subsidiaries as well as any net profits to be distributed to shareholders, any changes to the business of the Bank or of its subsidiaries, and anything that may have influenced the Bank's position or its ability to continue to practice all of its activities and achieve its objectives, as well as any other data listed in the SAOG Regulation. The report shall also address the Bank's compliance with governance and sustainability requirements and must be signed by the chairman or vice-chairman of the Board of Directors, a member of the Board of Directors and the chief executive officer or director general of the Bank.

The Bank's auditor shall also prepare a report in accordance with IFRS that states the true financial position of the Bank.

Copies of the above-mentioned financial statements and reports must be submitted to the Annual General Meeting and a copy of such financial statement and reports must be sent to the FSA before approving the agenda of the Annual General Meeting, if such financial statements and reports have not been submitted to the Annual General Meeting, approval of such financial statements reports shall be deemed null and void.

The Board of Directors must send to each Shareholder and anyone who is entitled to attend the Annual General Meeting, along with the invitation for attendance, a summary of the audited financial statements, and copies of the reports of the Board of Directors and the auditor related thereto, at least fifteen (15) days prior to the general meeting. Copies of the aforementioned statements and reports, and the resolution of the general meeting in respect thereof, must be filed with the registrar within seven (7) days of the date of convening the general meeting.

If it appears to the Board of Directors prior to the convening of the Annual General Meeting that there are errors in the financial statements, it shall correct such errors and send a notice thereof to the Shareholders and the persons entitled to attend the general meeting, prior to the convening of the general meeting. If the Board of Directors are unable to make the correction prior to convening of the general meeting, the general meeting shall postpone the consideration of the report to another meeting, unless the error is not material. The Board of Directors shall send a copy of the report after it has been corrected to the FSA and file a copy thereof with the registrar within seven (7) days of the date of sending it to the FSA.

The Board of Directors will also prepare unaudited quarterly financial statements for the first, second and third quarter of each Financial Year. These statements will also be disclosed through the electronic transmission system hosted on the MSX website. The Bank will also publish the un-audited quarterly financial statements as directed by the FSA.



CHAPTER 14: SUBSCRIPTION CONDITIONS AND PROCEDURES

ELIGIBILITY FOR SUBSCRIPTION

The subscription for the Rights Issue is open to the Shareholders appearing on the Bank's register with the MCD as at the Record Date and to those persons who have bought rights through the MSX. Every Shareholder is entitled to subscribe to the Rights Issue provided they own Shares as at the Record Date and/or they have purchased rights through the MSX.

Every shareholder as on the Record Date is entitled to about 18.65 Offer Shares for every 100 shares held as on the Record Date i.e. 1 Offer Share against about every 5.36 shares held on Record Date, duly rounded down.

The rights entitlement will be listed on the MSX and can be sold or purchased through the MSX.

Issue Period and Issue Price

Issue opens on – 14 November 2024

Issue closes on – 20 November 2024

The rights entitlement will lapse if valid application is not made during the issue period.

Issue Price –Baisa 127 per share (with a share price of Baisa 125 per share plus issue expenses of Baisa 2 per share)

Trading of rights

The rights entitlement is tradable on the MSX in accordance with applicable laws of the FSA and the MSX. Such rights can be traded i.e. bought and sold during its trading period. The buyer of such rights shall contact and co-ordinate with the Issue Manager to collect the requisite Application Form, fill it and submit it to the Collecting Bank, together with application money and required documents on or before the Issue closing date in accordance with the terms contained in this Prospectus. Unexercised rights shall lapse at the end of the issue period.

Subscription for Additional Shares

- 1) Only Shareholders as at the Record Date are eligible to apply for Additional Shares.
- 2) A Shareholder who does not subscribe to his full rights entitlement or sells his rights entitlement (either partially or in full) is not eligible to apply for Additional Shares.
- 3) A non-shareholder who buys rights entitlement, is not eligible to apply for Additional Shares.
- 4) Shareholders validly subscribing to their full entitlement of Offer Shares can apply for Additional Shares;
- 5) Shareholders who want to apply for Additional Shares should indicate it by writing the desired number of Additional Shares in their Application Form and make the required payment with submission of Application Form to Collecting Bank;
- 6) The minimum Additional Shares that can be applied for is one Offer Share and the maximum up to a number such that the total application (including original entitlement, rights purchased and Additional Shares) does not exceed the entire Rights Issue size of 1,040,000,000 shares;
- 7) Additional Shares will be allotted simultaneously with the Offer Shares, subject to FSA approval.



- 8) If the total Additional Shares applied for is more than the under-subscription (before considering additional shares) in the Rights Issue, each Applicants will be allotted Additional Shares on a pro-rata basis proportionate to the number of Additional Shares applied for, and the balance will be refunded;
- 9) If the total Additional Shares applied by Applicants is less than the under-subscription (before considering Additional Shares) in the Rights Issue, all eligible Applicants will be allotted full Additional Shares applied by them;
- 10) If there is any balance under-subscription even after allotment of Additional Shares, then the Board of Directors as per its decision, shall offer the remaining shares for public or private subscription or close the Rights Issue at the level of total actual subscription received.

The decision of the Issue Manager, in consultation with the FSA, shall be final and binding in respect of the allotment of Shares, including Additional Shares.

Note: Applicants should ensure that their post-rights issue shareholding is within the shareholding limits prescribed in the Laws of Oman.

The following is a working example using illustrative numbers to elaborate the allotment of Additional Shares:

Particulars	Shares
Right Issue Offer	[100,000,000]
Subscription	[90,000,000]
Unsubscribed	[10,000,000]
Additional Shares applications Received	[15,000,000]
Allotment of unsubscribed shares on pro-rata basis based on applications received for Additional Shares Percentage allotment of Additional Shares $(10,000,000/15,000,000=66.67\%)$	[10,000,000]
Refund of extra amount for unallotted shares to Shareholders equivalent to	[5,000,000]

As per this example a person applying for 3,000 Additional Shares will be allotted 2,000 Shares.

Subscription on behalf of Minor Children

- 1) An individual of age less than 18 years as on Record Date will be considered a minor.
- 2) Only a father may subscribe on behalf of his minor child(ren).
- 3) If a Subscription is made on behalf of a minor by any person other than the minor's father, the person submitting the Subscription shall be required to attach a valid Shari'ah (Legal) Power of Attorney issued by the competent authorities authorizing him to deal in the funds of the minor through sale, purchase and investment.

Minimum and Maximum application

The minimum application can be for one Share and the maximum application cannot exceed the Rights issue size (including original entitlement, rights purchased and Additional Shares).

Particulars of the bank account

- 1) Each Applicant shall be required to furnish the particulars of his bank account (registered in the name of the Applicant). The Applicant shall not use the bank account number of any other person except in case of minor children only.



- 2) If the bank account of the Applicant is registered with a bank other than the one receiving the subscription, he shall be required to submit a document in evidence of correctness of the bank account particulars as provided for in the Application Form. This can be done by submitting any document from the Applicant's bank which clearly shows the account number and name of the account holder (Applicant), such as an account statement issued by the bank or a letter / document issued by the Applicant's bank containing the aforesaid information. The Applicant shall ensure that such evidence submitted is readable in a clear manner. The Applicant is not obliged to submit evidence of his bank account if he is subscribing through the bank wherein he maintains his account. In this case, the bank receiving the subscription shall verify and confirm the Applicant's account details in its specific system and procedure.
- 3) The bank account provided in the Application Form would be used only for refunds.
- 4) The Application Form containing the bank account number of a person other than the Applicant shall be rejected.

Documentation Required

- 1) Copy of Applicant's Civil ID / Passport / Commercial Registration certificate, as applicable.
- 2) Submission of a document confirming correctness of the bank account details written in the Application Form, only if subscription is through a bank other than the one with whom the Applicant has his bank account.
- 3) Copy of a valid Power of Attorney duly endorsed by the competent legal authorities in the event the subscription is on behalf of another person.
- 4) In case of applications by non-individuals, which are signed by a person in his/her capacity as an authorized signatory, a copy of adequate and valid documentation should be attached.

Mode of Subscription

- 1) The Applicant shall be required to fill in the Application Form for the subscription and furnish all his particulars including the Shareholder Number available with MCD, Civil ID Number/Passport Number/ Commercial Registration Number or similar details.
- 2) The Applicant shall be responsible for furnishing all his particulars, ensuring correctness and validity of the information provided in the Application Form. While emphasizing on it, the collecting bank has been instructed to accept only those Application Forms that comply with all requirements provided in the Application Form and Prospectus.
- 3) Before filling the Application Form, the Applicant should peruse the Prospectus and read the conditions and procedures governing the subscription with total care and importance.
- 4) The Applicant shall submit the Application Form to the Collecting Bank along with the payment towards the Offer Shares and also ensure that the documents in support of the information furnished are enclosed.
- 5) The payment for the subscription should be made by the Applicant in Omani Rials only. Payment in any other currency may cause rejection of application.
- 6) In case of payment through bank transfer, the Applicant is responsible for ensuring successful transfer of subscription amount to Collecting Bank within the subscription period and attach a copy of the bank transfer confirmation with his Application Form.



- 7) Payment of the value of the subscription can be made by cash / cheque / bank transfer to the following account-

OMR SIB RIGHT ISSUE 2024 - COLLECTING BANK ACCOUNT
A/c no. 00010035005078
Sohar International Bank SAOG
BSHRROUXXX

Availability of duplicate application forms

Only the original Application Form sent to eligible Shareholders by the MCD should be used. Photocopy of Application Forms will not be accepted. If any eligible Shareholder does not receive the original Application Form, such person must contact the Issue Manager or the Collecting Bank sufficiently in advance of the subscription closing date to obtain a duplicate Application Form. Applicants submitting duplicate Application Form should not use the original Application Form, even if it is received/found subsequently. In case of violation of this requirement, both the Application Forms may be rejected.

Collecting Bank

The applications for subscription shall be accepted by the Collecting Bank - Sohar International Bank SAOG during its official working hours only.

The Collecting Bank shall accept the Application Form for subscription after confirmation of compliance of the procedure and subject matter in line with the requirements as provided for in the Prospectus. Hence, the Collecting Bank must instruct the Applicants to comply and fulfil all requirements stated in the Application Form and the Prospectus.

The Applicant shall be responsible for submission of his Application Form to the Collecting Bank before closing of the period for subscription. In this regard, the Collecting Bank shall have the right not to accept any Application Form that reaches it after its official working hours on subscription closing date.

Acceptance of the applications

The Collecting Bank shall neither receive nor accept the applications for subscription under the following circumstances:

- 1) If Application Form does not bear the signature and stamp (if applicable) of the Applicant.
- 2) In case of failure to pay the value of the Offer Shares subscribed in accordance with the conditions provided for in the Prospectus.
- 3) If the value of the Offer Shares subscribed is paid through cheque and it is dishonoured for whatever reason.
- 4) If Application Form does not bear the Applicant's investor no. available with MCD.
- 5) If the investor account number furnished in the Application Form is incorrect.
- 6) If there are more than one Application Form with same Applicant name, all of them shall be rejected.
- 7) If there are more than one Application Form with same investor number, all of them shall be rejected.
- 8) If supporting documents referred to in the Prospectus are not enclosed with the Application Form.
- 9) If Application Form does not contain all particulars of the bank account of the Applicant.
- 10) If bank account details of the Applicant in the Application Form are found to be incorrect.
- 11) If bank account details provided in the Application Form are found to be not relevant to the Applicant.



- 12) In case of failure to attach Power of Attorney with Application Form as provided for in the Prospectus in respect of the person who subscribes and signs on behalf of another person.
- 13) If the application has not complied with the legal and organizational requirements as provided for in the Prospectus.

If the Collecting Bank observes, after receipt of the Application Form and before expiry of the time schedule prescribed for handing over the Application Forms in final form to the Issue Manager, that the application has not complied with the legal or other requirements as provided in the Prospectus, then the Collecting Bank shall take due efforts to contact the Applicant so as to correct the detected mistake. In case of failure to have the mistake corrected within the period referred to, the Collecting Bank shall return the Application Form to such Applicant together with the subscription amount.

Refusal / Rejection of applications

The Issue Manager may reject subscription application under any of the conditions referred to above, after securing approval of the FSA and submission of a report furnishing the details of the applications that are required to be rejected and reasons behind such rejection.

Enquiry & Complaints

Applicants seeking clarification or to file complaints about allotment or rejected applications or refunds may contact the branch of the Collecting Bank where the Application Form was submitted. In case of absence of response from the branch, the Applicant may contact the person concerned as hereunder–

Mr. Hussain Ali Abdullah Al Lawati
Sohar International Bank SAOG
PO Box 44, PC 114, Hai Al Mina, Oman
Tel: +968 24730125, Fax: +968 24730344
E-mail: Hussain.ALLawati@soharinternational.com

If the Collecting Bank fails to arrive at a solution or settlement with the Applicant, it shall refer it to the Issue Manager, and keep the Applicant updated. The Applicant shall keep in touch only with the Collecting Bank to know the outcome.

Issue Manager's contact –

Mr. Mubarak Moosa
Sohar International Bank SAOG
PO Box 44, PC 114, Hai Al Mina, Oman
Tel: +968 24730348, Fax: +968 24730280
E-Mail: mubarak.moosa@soharinternational.com

Restrictions on Shareholding

Applicants are required to comply with the shareholding limits prescribed in the Laws of Oman. In case the post-issue shareholding of any Applicant is likely to exceed the prescribed limits, he must obtain approval for such potential excess shareholding before he submits his Application Form. The Applicant must attach a copy of the relevant approval for excess shareholding along with his Application Form.

The Bank undertakes to comply with the shareholding limits stipulated by the Laws of Oman and the regulations issued by the CBO, particularly CBO Regulation BM/REG/40/96:

- The aggregate holding by an individual and his related parties shall not exceed 15% of the voting shares in a locally incorporated bank;



- The aggregate holding by an incorporated body and its related parties shall not exceed 25% of the voting shares in a locally incorporated bank;
- The aggregate holding by a Joint Stock Company or a Holding Company and its related parties shall not exceed 35% of the voting shares in a locally incorporated bank; and
- No individual, incorporated body or a Joint Stock Company or a Holding Company who, together with any related party already owns 10% or more of the voting shares of a locally incorporated bank shall own by way of investment, more than 15% of the outstanding voting shares of another locally incorporated bank.

Payments for Additional Shares

The payment for Additional Shares shall be made at the time of submission of Application Form to the Collecting Bank. If the Applicant fails to pay for any Additional Shares pursuant to the Application Form, the application will be rejected.

Allotment and Refund

The Offer Shares shall be allotted and refunds will be made (if required) within 3 days from the Allotment, after obtaining FSA approval for allotment. The Applicant, after the announcement of the allotment, shall ensure that the allotted shares are appearing in its account with MCD.

Refunds shall be made net of the bank charges and for refunds in foreign currency, as per the foreign exchange rate between RO and the currency of the respective country, at the date such refund is made.

Responsibilities of Shareholders/ Applicants in Rights Issue

A Shareholder who sells his Rights Issue entitlement through the MSX will lose his right to subscribe to the Offer Shares to that extent. Further, such Shareholders cannot apply for Additional Shares.

An investor who buys the rights entitlement through the MSX should exercise his right to subscribe to the Offer Shares by submitting his Application Form (which can be obtained from Issue Manager) to the Collecting Bank before the subscription closing date. Such investors are not eligible to apply for Additional Shares.

Issuer's right

The Issuer reserves the right to withdraw / cancel the Issue prior to the listing date for any reasons including in the event of any unforeseen development adversely affecting the economic and regulatory environment, any force majeure condition including any change in applicable law, etc. If the Issue is withdrawn / cancelled, the received subscription amounts will be refunded in full, without any interest or further liability.



Proposed Timetable

The following is only an indicative proposed timetable for the Issue –

ACTIVITY	DATE*
Approval of Prospectus by FSA	27 October 2024
Date of publication of announcement: After approval of the Prospectus, at least five working days before the Record Date, the Bank must publish an advertisement approved by FSA through the electronic publication system and in one daily newspaper at least, one of them to be an Arabic, notifying the shareholders and other investors of the Rights Issue. The advertisement must include a summary of the Prospectus including the volume and ratio of the increase in the capital, issue price, the Record Date, Collecting Bank, subscription period and the period for the trading of the rights entitlement.	29 October 2024
Record Date: Shareholders registered in MCD records as at this date are eligible for subscription to the Rights Issue as holders of the rights.	05 November 2024
Service of Notices on the shareholders: At least three days before the date set for the Issue Open Date, the Issue Manager shall send written notices to each shareholder at the address recorded in the shareholders record advising of the Rights Issue together with a summary of the approved Prospectus and an application form. The notice must specify the number of shares that may be subscribed, the period of subscription under such Right or the assignment of the rights within no more than 15 days beyond the date of publication of the notice as prescribed in Article 74 of the SAOG Regulations	10 November 2024
Listing of the rights entitlement: The Issuer and the Issue Manager in collaboration with MCD and MSX carry out the procedures for listing of the rights for trading on MSX within five working days from the date of Record date. A record of holders of the rights shall be prepared for the purposes of the trading of the rights within the specified period. The rights shall be separated from the shares and shall be traded separately.	11 November 2024
Date of commencement of subscription (Issue Open Date): This date shall not be less than fifteen days from the date of publication of the notice of the Rights Issue. Application Forms will be issued directly to the shareholders, but duplicate application forms may be obtained from the Collecting Bank or Issue Manager.	14 November 2024
End of trading of the rights	17 November 2024
End of subscription period (Issue Close Date): After this date, the Issue Manager shall collect the list of subscription from the Collecting Bank, verify the subscription list, match it with the rights holders' record and process the allotment of shares.	20 November 2024
Allotment Approval: Submission of Subscription results to FSA by Issue Manager to obtain FSA approval on the proposed allotment	24 November 2024
Submission of allotment list to MCD	25 November 2024

*The actual dates may vary.

Responsibilities & Obligations

The Issuer, Issue Manager, Legal Adviser, Collecting Bank and the MCD shall abide by the responsibilities and duties specified under the Regulations issued by the FSA and shall comply with any other responsibilities and obligations set out in the agreements entered into between them. 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. In such event the Issue Manager shall liaise with relevant authorities such as FSA and MSX for taking suitable steps and measures for repairing such damages.



CHAPTER 15: UNDERTAKINGS

Sohar International Bank SAOG

The Board of Directors of the Bank jointly and severally undertake that:

1. The information provided in this Prospectus is true and complete.
2. Due diligence was done to ensure that no material information has been omitted, the omission of which would render this prospectus misleading.
3. All provisions of the CCL and the rules & regulations issued thereunder have been complied with.

Signed on behalf of the Board of Directors:

Name	Signature
Mr. Said Mohamed Al-Aufi	Sd/-
Mr. Salim Mohamed Al Mashaikhi	Sd/-



Issue Manager

Pursuant to our responsibilities under the CCL and the SAOG executive Regulations and the directives issued by FSA, we have reviewed all relevant documents and other material required for the preparation of the Prospectus pertaining to the Rights Issue.

The Board of Directors of the Bank shall bear the responsibility for the validity and correctness of the information provided in this Prospectus, and they have confirmed that no material information has been omitted from it, the omission of which would render this prospectus misleading.

We do confirm that we have taken necessary due care as required by our profession with regard to the Prospectus that has been prepared under our supervision. On the basis of the review work referred to above and discussions held with the Issuer, its Directors, officials and other related parties with regard to the subject matter of the Issue and contents of the documents submitted to us, we confirm as under:

1. We have taken necessary and reasonable care to ensure that the information given to us by the Issuer and that contained in the Prospectus are consistent with the facts available in the documents and other material pertaining to the Issue.
2. To the best of our knowledge and on the basis of our perusal and information given to us by the Issuer, the Issuer has not omitted any material information, the omission of which would render the Prospectus misleading.
3. The Prospectus and the Issue to which it relates is consistent with all the rules and terms of disclosure stipulated for in the Securities Law and prospectus models applied by FSA and is in conformity with the CCL and SAOG Regulation and decisions issued in this regard.
4. The information contained in this Prospectus in Arabic (with its unofficial translation in English) is correct, reasonable and adequate as per our perusal to assist the investor in taking an appropriate decision whether or not to invest in the securities offered.

Sd/-

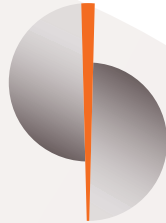
Sohar International Bank SAOG

Legal Advisor to the Issue

The Legal Advisor, whose name appears below, hereby confirms that all the procedures undertaken with regard to the offering of the securities the subject matter of the Prospectus are in line with the laws and legislations related to the Issuer's business, the CCL and the SAOG Regulation, the Securities Law and the regulations and directives issued pursuant to them, the requirement and rules for the issue of securities issued by the FSA, the Articles of Association of the Issuer and the resolutions of the general meeting and Board of Directors of the Issuer. The Issuer has secured all the consents and approvals of the official authorities required to carry out the activities which is the subject matter of the prospectus.

Sd/-

Nasser Al Habsi & Saif Al Mamari Law Firm in association with Addleshaw Goddard (Middle East) LLP



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