

RIGHTS ISSUE PROSPECTUS

SUPPORTING THE NEXT PHASE OF GROWTH

ISSUE MANAGER



COLLECTING BANK



RIGHTS TRADING PERIOD	RIGHTS SUBSCRIPTION PERIOD
Opening Date: 5 September 2021	Opening Date: 7 September 2021
Closing Date: 12 September 2021	Closing Date: 16 September 2021

بنك نزوى
Bank Nizwa





HIS MAJESTY
SULTAN QABOOS BIN SAID
MAY HIS SOUL REST IN PEACE



HIS MAJESTY
SULTAN HAITHAM BIN TARIK



BANK NIZWA SAOG

P.O. Box 1423, P.C. 133, Al Khuwair, Sultanate of Oman
Tel: +968 24955599 Fax: +968 24649038
www.banknizwa.om

RIGHTS ISSUE PROSPECTUS

Rights Issue of 789,473,685 shares at a price of Baizas 95 per share

RIGHTS TRADING PERIOD	RIGHTS SUBSCRIPTION PERIOD
Opening Date: 5 September 2021	Opening Date: 7 September 2021
Closing Date: 12 September 2021	Closing Date: 16 September 2021

ISSUE MANAGER



Ubhar Capital SAOC

P.O. Box 1137, P.C. 111, CPO, Sultanate of Oman
Tel: +968 24949100 | Fax: +968 24949099

COLLECTING BANK

Bank Nizwa SAOG

P.O. Box 1423, P.C. 133, Al Khuwair, Sultanate of Oman
Tel: +968 24645530, Fax: +968 24655570

LEGAL ADVISOR

Said Al Shahry & Partners (SASLO)

P.O. Box 1288, P.C. 112, Ruwi, Sultanate of Oman
Tel: +968 24636999, Fax +968 24636900

This Prospectus has been prepared in accordance with the applicable guidelines stipulated by the Capital Market Authority (CMA) of the Sultanate of Oman. This is an unofficial English version of the original Prospectus prepared in Arabic and approved by the Capital Market Authority vide its Administrative Decision No. E/100/2021 dated 17 August 2021. In the event of any conflict between the English and Arabic versions, the Arabic version will prevail. The Capital Market Authority assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor shall it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person.



IMPORTANT NOTICE TO INVESTORS

ALL PROSPECTIVE SUBSCRIBERS/INVESTORS SHOULD READ THIS NOTICE.

The aim of this Prospectus is to present all material information that may assist investors to make an appropriate decision as to whether or not to invest in the shares of Bank Nizwa SAOG (the “Bank”) that are the subject of the rights issue hereunder (the “Offer Shares”).

This Prospectus includes all material information and data and does not contain any misleading information or omit any material information that would have a positive or negative impact on an investor’s decision as to whether or not to invest in the Offer Shares.

The members of the Board of Directors of the Bank 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 Offer Shares by taking into consideration all the information contained in this Prospectus in this context. Investors should not consider this Prospectus to be a recommendation by the Bank to subscribe for the Offer Shares. Each investor is responsible for obtaining their own independent professional advice on an investment in the Offer Shares and should conduct an independent evaluation of the information and assumptions contained herein using whatsoever analysis or projections they see fit as to whether or not to invest in the Offer Shares.

No person has been authorized to make any statement or provide any information in relation to the Bank or the Offer Shares other than the Chief Executive Officer of the Bank, and no person has been authorized to make any such statement or provide any such information which is not contained in, or which is inconsistent with, this Prospectus. Where any person makes any such statement or provides any such information, it must not be relied upon as having been authorized by the Bank or the Issue Manager or the Legal Advisor.

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 Offer Shares through this Prospectus.

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 IMPORTANT POINTS TO BE NOTED

References to documents

Summaries of documents, or of provisions thereof, contained in this Prospectus may not provide a complete summary thereof, 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 summaries/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 rights issue contemplated hereby. 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 or tax advice or as a business or investment opportunity. Each prospective Applicant should consult their own lawyer, financial advisor, or tax advisor for legal, financial or tax advice in relation to any purchase of or proposed subscription for Offer Shares.

Investor due diligence

Prior to making any decision as to whether to subscribe for Offer Shares or not, 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 the distribution of this Prospectus

The distribution of this Prospectus and the issue of the Offer Shares 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 subscribe for 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 themselves of, and to observe, all such restrictions. Neither the Bank nor the Issue Manager nor any of their respective directors, managers, accountants, advisers, lawyers, or employees accepts 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 the 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 of the Offer Shares, without the prior written approval of the Bank and the Issue Manager.

Disclaimer of implied warranties

Save and except as required under applicable Omani 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 Offer Shares; or that this Prospectus or any other such document or information has remained unchanged after the issue thereof.



FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that relate to intentions, future acts, and future events. These statements generally can be classified as forward-looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events, and circumstances to differ materially from the way in which they are presented in this Prospectus. The use of any of the words “aim”, “anticipate”, “continue”, “estimate”, “objective”, “plan”, “schedule”, “intend”, “expect”, “may”, “will”, “project”, “propose”, “should”, “believe”, “will continue”, “will pursue”, and other words of similar import, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect current expectations regarding future results or events, and are based on various estimates, factors, and assumptions. The Bank believes the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Moreover, forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made and should not be relied upon as reflecting the Bank’s expectations as of any subsequent date.

The Bank draws the attention of investors to a number of important factors that could cause actual results to differ materially from the Bank’s expectations, including but 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 and the economy of 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 (including fiscal developments) that may have a bearing on the position of the Bank’s clients, and/or suppliers, or the banking sector in Oman;
- 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;
- level of demand for the Bank’s products and services; and
- other factors described in Chapter 10 of this Prospectus.

The Bank offers no assurance that forward-looking statements will materialize. Neither the Bank nor the Issue Manager nor any of their respective affiliates intends to nor has any obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, unless required by applicable law.

The risk factors described above do not comprise all of the important factors that could cause actual results to differ materially from those presented in the forward-looking statements in this Prospectus, see Chapter 10 “Risk Factors and Mitigants” of this Prospectus. The Bank will adhere to the disclosure rules and regulations issued by the CMA, which includes making timely disclosure regarding the Bank’s results of operation. The Bank advises investors to track the information or announcements made by the CMA through the MSX website at www.msx.om.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

The Issue Manager has not independently verified any of the financial or other data prepared by the Bank.

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 FAS issued by AAOIFI, as applicable unless otherwise specifically highlighted where IFRS standard is applied, and as modified by the Central Bank of Oman. Copies of the Bank's financial statements are available on the 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", "OMR", and "Omani Rials" are to Omani Rials, the official currency of Oman.

Summary of Extracts of Documents

Any summaries of documents or extracts of documents contained in this Prospectus should not be relied upon as containing a comprehensive description of such documents.

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; 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.



INDEX

CHAPTER 1: ABBREVIATIONS AND DEFINITIONS	7
CHAPTER 2: SUMMARY OF THE ISSUE	11
CHAPTER 3: USE OF PROCEEDS AND ISSUE EXPENSES	13
CHAPTER 4: ISSUER'S OBJECTIVES AND APPROVALS	14
CHAPTER 5: OVERVIEW OF THE OMAN ECONOMY	16
CHAPTER 6: BANKING SECTOR OVERVIEW	20
CHAPTER 7: BUSINESS OVERVIEW	23
CHAPTER 8: SUMMARY FINANCIALS	38
CHAPTER 9: RELATED PARTY TRANSACTIONS	40
CHAPTER 10: RISK FACTORS AND MITIGANTS	41
CHAPTER 11: CORPORATE GOVERNANCE	47
CHAPTER 12: SHARE PRICE MOVEMENT, DIVIDEND POLICY, & PRICE JUSTIFICATION	57
CHAPTER 13: RIGHTS AND LIABILITIES OF SHAREHOLDERS	59
CHAPTER 14: SUBSCRIPTION CONDITIONS AND PROCEDURES	61
CHAPTER 15: UNDERTAKINGS	67

1. ABBREVIATIONS AND DEFINITIONS

AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions.
Additional Shares	Any Offer Shares applied for by an Applicant in addition to the Rights Entitlement of such Applicant in the Rights Issue.
Allotment Date	The date on which the CMA approves the allotment of Offer Shares to successful Applicants.
Applicant	An Eligible Shareholder, or a person who has purchased a Rights Entitlement through the MSX, in each case, who submits their completed Application Form to the Collecting Bank on or before the Subscription Closing Date.
Application Form	The application form required to be completed by an Applicant wishing to subscribe for Offer Shares.
Articles of Association	The Articles of Association of the Bank as registered with the MOCIP and the CMA, as amended from time to time.
Baizas	One thousandth of an Omani Rial (1000 Baizas = 1 Omani Rial).
Banking Law	The Banking Law of Oman promulgated by Royal Decree 114/2000, as amended from time to time.
Board / Board of Directors	The Bank's Board of Directors elected from time to time in accordance with the Articles of Association, the CCL, and applicable rules and regulations issued by the CMA.
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 Muscat, Oman.
CAGR	Compound Annual Growth Rate.
Capital Market Law	The Capital Market Law of Oman promulgated by Royal Decree 80/98, as amended from time to time.
CAR	The Capital Adequacy Ratio.
CBO	The Central Bank of Oman.
CCL / Commercial Companies Law	The Commercial Companies Law of Oman promulgated by Royal Decree 18/2019, together with the executive regulations for public joint stock companies issued pursuant to Ministerial Decision 27/2021.
CEO	Chief Executive Officer.
CMA	The Capital Market Authority of Oman.
Code	The Corporate Governance Code for public listed companies issued vide CMA Circular No. E/4/2015 on 22 July 2015.
Collecting Bank	Bank Nizwa SAOG.
Diminishing Musharakah	A partnership where one partner purchases the share of the other partner in a project or asset, gradually, until the purchaser could own solely the project. This transaction is initiated by a partnership between the two or more parties. From a Shari'a perspective, the sale and purchase of the ownership share among partners shall be executed without prior stipulating it in the agreement. The sale and purchase of the ownership share can be executed by means of an undertaking to purchase by one of the partner, and it is not permitted to contractually link the two contracts. This is also known as Diminishing Equity Participation or Musharakah Mutanaqisah.
Director	A member of the Board of Directors of the Bank.
Eligible Shareholder	A person registered with the MCDC as a Shareholder on the Record Date.
Executive Regulations	The Executive Regulations of the Capital Market Law issued by Decision 1/2009, as amended from time to time.
Issue Manager	Ubhar Capital SAOC.
FAS	Financial Accounting Standards issued by AAOIFI

FCIL	The Foreign Capital Investment Law promulgated by Royal Decree 50/2019.
Financial Year	The financial year of the Bank commencing on 1 January and ending on 31 December, as may be amended from time to time.
FVOCI	Fair Value through Other Comprehensive Income.
FVTPL	Fair Value through Profit & Loss.
GCC	The Gulf Cooperation Council.
Government	The Government of Oman.
Hibah	A conditional gift in an Ijara Muntahia Bittamleek by means of an undertaking contract executed between the bank (lessor) and the customer (lessee) whereby the lessor donates the leased asset to the lessee on the condition that the lessee fulfils all its obligations related to the lease agreement.
IBRF	The Islamic Banking Regulatory Framework issued by the CBO on 18 December 2012, as amended from time to time.
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards.
Ijara	An agreement whereby the bank (lessor) purchases an asset for lease upon customer's (lessee) request and customer's promise to lease the asset for a specific period and to pay rent instalments. Ijara results in ownership of the asset to the lessee.
Ijara Muntahia Bittamleek	A lease agreement associated with a promise to own the leased asset by the lessee at the end of or during the lease period upon settlement of rent instalments, and ownership is by means of an independent separate contract from the lease agreement in the form of a sale undertaking or an undertaking to transfer ownership by way of donation or Hibah.
ISR	The Bank's Internal Shari'a Review.
Issue / Rights Issue	The rights issue of the Offer Shares made under this Prospectus.
Issuer / Bank / Bank Nizwa	Bank Nizwa SAOG.
Issue Expenses	The expenses related to the Rights Issue are estimated to be RO 130,800. The Issue Expenses to be completely borne by the Issuer.
Istisna	An agreement between the bank and a customer whereby the bank sells to the customer a developed property to be developed according to a set of previously agreed terms. The bank develops the property either on its own or through a subcontractor, and then hands it over to the customer at the agreed price and payment mode.
Laws of Oman	The laws of Oman which are issued in the form of Royal Decrees, Ministerial Decisions, CBO regulations or CMA regulations, in each case as issued, enacted, re-enacted, or amended from time to time.
Legal Advisor	Said Al Shahry & Partners (SASLO).
MCDC	The Muscat Clearing and Depository Company SAOC.
MOCIP	Oman's Ministry of Commerce, Industry, and Investment Promotion.
MSX	The Muscat Stock Exchange, Oman.
Murabaha	An agreement whereby one party sells to another a commodity or asset which it has purchased based on a promise from the second party to buy the item on specific terms. The selling price comprises the cost of the asset and an agreed profit margin.
Mudaraba	An agreement between two parties whereby one party (Rab ul Maal) provides funds which the other party (Mudarib) invests in a Shari'a compliant enterprise or activity. The risk of loss is borne by the capital provider.

Mudarib	The entrepreneur or the investment manager in a Mudaraba, the Mudarib manages the investor's funds through a common pool of investments called Mudaraba Pool in return for a share of profits through Shari'a compliant investments.
Musharakah	An agreement between two (or more) parties to contribute to a particular business activity, existing or new, or to the ownership of a property under an arrangement resulting ultimately with one party acquiring full ownership. Profits are shared in accordance with the agreement between the parties. Losses are shared in proportion to relative shares of capital.
Musawamah	A general kind of sale on which price of the commodity or asset to be traded is stipulated between seller and the buyer without any reference to the cost paid by the seller or purchase price.
Muwakkil	The principal or the owner of funds in a Wakala who authorizes a Wakeel or its agent to invest the Muwakkil's funds in accordance with Shari'a requirements in such manner as deems fit to both parties' interest.
NPA	Non-performing assets
Offer Shares	The Shares that are the subject of the Rights Issue.
Oman / the Sultanate	The Sultanate of Oman.
Omani Rial / RO / OMR	The lawful currency of Oman.
Prospectus	This Prospectus, as approved by the CMA.
Rab ul Maal	The provider of the capital or investor in an Islamic contract such as Mudaraba.
Record Date	29 August 2021. The Shareholders whose names are recorded in the register of the Muscat Clearing and Depository Company on this date will be entitled to subscribe in the Rights Issue.
Rights Entitlement	Each Eligible Shareholder is entitled to participate in the Rights Issue pro rata based on their percentage shareholding in the Bank as on the Record Date, rounded down in the case of fractional entitlements (the "Rights Entitlement"). Accordingly, each Eligible Shareholder is entitled to approximately 52.63 Offer Shares for every 100 Shares held by them on the Record Date, duly rounded down, or to 1 Offer Share for approximately every 1.90 Shares held by them on the Record Date, duly rounded down.
Rights Trading Opening Date	5 September 2021
Rights Trading Closing Date	12 September 2021
Rights Trading Period	The period commencing on the Rights Trading Opening Date and ending on the Rights Trading Closing Date.
Salam (forward sale)	A sale contract whereby goods are delivered at a future date and sale price is paid in full in advance. Goods must be defined, and the date of delivery fixed. Ownership of the Salam goods is transferred immediately.
SD	The Bank's Shari'a Department.
Shares	The ordinary shares of the Bank with a value of Baizas 100 per share.
Shareholders	The shareholders of the Bank from to time.
Shareholding Limits	Has the meaning given to it in Chapter 14 of this Prospectus.
Shari'a ExCom	The Shari'a Executive Committee of the SSB.
Shirkat ul Mulk	A joint ownership of two or more persons in a particular asset or property without common intention to engage in business with respect to such asset or property.
SME	Small and medium enterprises.

SOP	Standard operating procedure.
SSB	The Bank's Shari'a Supervisory Board.
Subscription Price / Issue Price	The subscription price of 95 Baizas per Share for this subscription, to be paid by the shareholders in accordance with this Prospectus.
Subscription Opening Date	7 September 2021
Subscription Closing Date	16 September 2021
Subscription Period	The period commencing on the Subscription Opening Date and ending on the Subscription Closing Date.
Sukuk	Securities of equal value evidencing common undivided ownership of tangible assets. Sukuk bear fixed or variable profit rate payable to the investor as set out in the Sukuk contract terms.
Tahawwut	A hedging method to safeguard or minimize loss from risk that constantly exists in the financial market. However, hedging in conventional perspectives involves the usage of derivative instruments which are a controversy in Shari'a. In addition, the objective of Tahawwut to reduce risk must only be related to real economic activities.
US\$ / USD / US Dollars	United States Dollars, the lawful currency of the United States of America.
VAT	Value Added Tax.
Wa'ad	A unilateral promise given when a party informs another of its resolute intention or undertaking to act in the future in the interest of the other, with the other having the option to avail itself of the promise. The party issuing the undertaking or promise is the promisor, and the party receiving the promise (beneficiary of the promise) is called the promisee, and the action is called the promised action.
Wakala	An agreement or arrangement under which the bank accepts funds from customers as Wakeel and invests in Shari'a compliant assets. Wakeel is entitled to a fixed fee as a lump sum or percentage of fund provided. Expected profit pay-out is mentioned to customers upfront while any return generated in excess of expected profit is retained by the bank as Wakeel. Wakeel should bear the loss in case of Wakeel's default, negligence or violation of any terms and conditions of the Wakala agreement, otherwise the loss would be borne by the Muwakkil.
Wakala bil Istethmar	An agreement or arrangement under which the bank in its capacity as the Muwakkil appoints the customer as Wakeel to manage the investment amount in Shari'a-compliant activities that may be entered into, as agreed, by the Wakeel on behalf of the Muwakkil. The prime objective of making such an investment is to generate profit from the business activities and get the investment amount paid back along with the realized profit amount, if any, on the investment maturity date compared to the anticipated profit rate of investments.
Wakeel	The investment agent who invests funds in Shari'a compliant assets on behalf of the Muwakkil (capital provider). Wakeel is entitled to a fixed fee as a lump sum or percentage of fund provided. Any return generated in excess of expected profit (actual realized profit higher than expected profit) may be retained by the Wakeel as performance incentive.
Zakah	Refers to the obligation that a person has to donate a certain proportion of wealth each year to charitable causes. Zakah is a mandatory process for Muslims and is regarded as a form of worship. Giving away money to the poor is said to purify yearly earnings that are over and above what is required to provide the essential needs of a person or family.

2. SUMMARY OF THE ISSUE

Issuer	Bank Nizwa SAOG.
Commercial Registration No.	1152878 (established on 15 August 2012).
Principal place of business	PO Box 1423, PC 133, Al Khuwair, Sultanate of Oman.
Bank's duration	Unlimited.
Authorised Share Capital	RO 300,000,000 (Three hundred million Omani Rials only) divided into 3,000,000,000 (Three billion) shares.
Issued Capital (pre-issue)	RO 150,000,000 (One hundred fifty million Omani Rials) divided into 1,500,000,000 (One billion five hundred million) shares.
Issued Capital (post-issue)	RO 225,000,000 (Rial Omani Two Hundred Twenty Five million) divided into 2,289,473,685 (Two billion Two Hundred Eighty Nine million Four Hundred Seventy Three thousand Six Hundred Eighty Five) shares after issuance of the Offer Shares (assuming full subscription).
Issue size	789,473,685 (Seven Hundred Eighty Nine million Four Hundred Seventy Three thousand Six Hundred Eighty Five) Shares offered at Baizas 95 per Offer Share, aggregating to RO 75,000,000 (Seventy Five Million Omani Rials).
Issue Price	Baizas 95 per Offer Share, consisting of issue price of Baizas 95 payable in full on submission of the Application Form, with the Issuer bearing all issue related expenses.
Purpose of the issue	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 and capital adequacy compliance.
Rights Entitlement	<p>Each Eligible Shareholder is entitled to participate in the Rights Issue pro rata based on their percentage shareholding in the Bank as on the Record Date, rounded down in the case of fractional entitlements (the "Rights Entitlement").</p> <p>Accordingly, each Eligible Shareholder is entitled to approximately 52.63 Offer Shares for every 100 Shares held by them on the Record Date, duly rounded down, or to 1 Offer Share for approximately every 1.90 Shares held by them on the Record Date, duly rounded down.</p>
Eligibility for Subscription	<p>Subscription for the Rights Issue is open to Shareholders whose names appear in the Bank's shareholder register with the MCDC as on the Record Date. Persons who purchase the rights on the MSX within the Rights Trading Period are also eligible to subscribe for the Offer Shares before the Subscription Closing Date.</p> <p>The 'rights' representing ownership rights of Shareholders to subscribe to the Rights Issue may be traded on the MSX during the Rights Trading Period. A Shareholder has the option to either subscribe to the Rights Issue or sell its Rights Entitlement on the MSX. The eligibility to subscribe for Offer Shares shall lapse in case the Shareholder neither subscribes to the Rights Issue nor sells their 'rights' on the MSX during the Rights Trading Period.</p>
Application for Additional Shares	<p>An Eligible Shareholder wishing to apply for Additional Shares shall complete the required details in the Application Form and submit it during the Subscription Period to the Collecting Bank together with the requisite subscription amount.</p> <p>A Shareholder who does not subscribe for their full Rights Entitlement during the Subscription Period or who sells their Rights Entitlement (either in part or in full) is not eligible to apply for Additional Shares.</p> <p>An Applicant that is not a Shareholder on the Record Date but that has acquired a 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	29 August 2021
Start of Trading of Rights Entitlement	5 September 2021
End of Trading of Rights Entitlement	12 September 2021
Subscription Opening Date	7 September 2021
Subscription Closing Date	16 September 2021
Allotment	<p>The Offer Shares shall be allotted against valid 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 6 working days from the Subscription Closing Date, after obtaining CMA approval for allotment. The Applicant, after the announcement of the allotment, shall ensure that the allotted shares are appearing in its account with MCDC.</p>
Refund of Application Money	Refund of application money, if any, shall be made to the Applicant's bank within 3 working days of the Allotment.
Listing	As 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 at its meeting on 28 January 2021 • CBO approval vide its letter no. IBD/BN/2021/199 dated 9 August 2021. • CMA approval vide its Administrative Decision E/100/2021 dated 17 August 2021
Issue Manager	<p>Ubhar Capital SAOC P.O. Box 1137, P.C. 111, CPO, Sultanate of Oman Tel: +968 24949010 Fax: +968 24949099 Email: ubhar-corporatefinance@u-capital.net</p>
Legal Advisor to the Issue	<p>Said Al Shahry & Partners (SASLO) P.O. Box 1288, P.C. 112, Ruwi, Sultanate of Oman Tel: +968 24636 999, Fax +968 24636 900 Email: mail@saslo.com</p>
Statutory Auditor	<p>KPMG P.O. Box 641, P.C. 112, Ruwi, Sultanate of Oman Tel: +968 24749 600, Fax: +968 24601570 Email: rpetluri@Kpmg.Com</p>
Collecting Bank	<p>Bank Nizwa SAOG P.O. Box 1423, P.C. 133, Al Khuwair, Sultanate of Oman Tel: +968 24645530, Fax: +968 24655570 Email: collectingbank@banknizwa.om</p>

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 and capital adequacy compliance.

Estimated Issue Expenses

The issue expenses of the Rights Issue are estimated at RO 130,800, which is equal to approximately 0.17% of the total gross proceeds of the Rights Issue, assuming full subscription.

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

Particulars	Amount (RO)*
Issue Management Fees	42,000
Legal Advisor Fees	6,300
CMA Fees	37,500
Marketing, Advertising, Printing, Postage and Publicity	30,000
Other Expenses	15,000
Total estimated issue expenses	130,800

**These are estimates and may change as per actuals.*

The issue expenses will be borne entirely by the Issuer.

4. ISSUER'S OBJECTIVES AND APPROVALS

OVERVIEW

The formation of Bank Nizwa came about with the CBO granting its initial approval to the licensing of the Bank as per issued letters dated 10 May 2011 and 29 January 2012 to Sheikh Saud bin Ali Al Khalili. Sheikh Saud and a further 92 other Omani individuals, companies and pension funds constitute the founder shareholders of the Bank.

The founder shareholders appointed a Founding Committee to represent them and to help manage the establishment of the Bank as a licensed Shari'a compliant commercial bank. The Founding Committee consisted of five individuals including the Chairman of the Founding Committee, Ahmed bin Saif Al Rawahi. The Founding Committee also liaises with the CBO during the formulation of the IBRF.

The Bank under the supervision of the Founding Committee offered 40% of its capital of RO 150 million, RO 60 million to the public through Initial Public Offering in mid-2012. The IPO received an overwhelming response with IPO being oversubscribed manifolds. Post-IPO the Bank commenced its operations in January 2013.

Bank Nizwa is Oman's first dedicated Islamic bank, with fully Shari'a compliant products and services.

The Bank holds an Islamic Banking License issued by the CBO, which enables the Bank to offer a comprehensive portfolio of Islamic banking services.

As a public joint stock company whose shares are listed and traded on the MSX, the Bank is also regulated by the CMA.

In addition, the Bank is required to conduct its operations in accordance with the Banking Law, the IBRF, and the Bank's policies and procedures.

OBJECTIVE OF THE BANK

The main purpose for which the Bank was established is to invest in all commercial and banking business in accordance with the license issued by the CBO and the Banking Law, and the license issued by the CMA pursuant to the Capital Market Law, and the laws regulating it including the financing of trade and projects; conducting studies, research and related matter for the benefit of the Bank or others; and exercising all activities including acquiring or disposing of any rights, whether as owner or otherwise, relating to real estate which are considered supplementary to such objects or connected to it and which are required for banking business, in accordance with the provisions of Article 5 of the Banking Law.

In general, the Bank may carry out all banking business and services which banks are allowed to provide pursuant to the applicable laws and regulations and which are subject to the Islamic Shari'a principles, for example without limiting the generality of the foregoing:

1. Open current, savings and fixed term deposit accounts.
2. Accept deposits of all kinds and issue deposit receipts.
3. Undertake foreign exchange transactions, conversions of foreign currencies, and trade in precious metals.
4. Effect transactions on the money markets by accepting funds and placing them.
5. Open documentary credits, confirm them on behalf of others and effect collections in respect thereof.
6. Issue bank guarantees and indemnities of all kinds.
7. Issue and exchange banker's acceptances.
8. Act as banking agent for other parties.
9. Provide financing and banking facilities against non-monetary security or without security.
10. Provide financing directly or in cooperation with other parties.
11. Arrange international financing and participate in such financing.
12. Arrange and underwrite the issuance of shares, Sukuk and securities and promote and market such securities to other parties.
13. Search for and evaluate investment opportunities with the objective of direct investment in such investment opportunities or financing such opportunities in all sectors of economic activity.
14. Promote and participate in industrial, agricultural, commercial, or other projects.
15. Arrange mergers and acquisitions between existing companies.
16. Invest or trade in quoted or unquoted securities.
17. Set up companies or other entities owned wholly or partly by the Bank and acquire ownership of or become a shareholder in existing institutions subject to the provisions of Article (65) of the Banking Law.
18. Acquire interests in entities carrying on business which is similar to that of the Bank, or which could assist the Bank to achieve its objectives in Oman or elsewhere and become associated in any manner howsoever with any such entity or merge with, purchase or join such entity.

The objectives referred above are subject to the laws

in force in the Sultanate of Oman from time to time and are subject to regulatory approvals. The Bank also conducts its banking and financial activities or any of the objectives mentioned in the Article in accordance with the provisions and principles of Islamic Shari'a.

LICENSES

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

Authority	Description	Expiry Date
MOCIP	Commercial Registration No. 1152878	14 August 2022
Oman Chamber of Commerce and Industry	Membership Certificate No. 3202	14 August 2022
CBO	Islamic Banking License	Ongoing as per Banking Law
CMA - registration number in the authority record is CM1034	Investment-related activities*	31 December 2022

*Activities covered are Issue Management and Managing Investment Fund.

APPROVALS

The Issue has been approved by:

- Board of Directors – vide its resolution dated 28 January 2021.
- CBO approval vide its letter no. IBD/BN/2021/199 dated 9 August 2021.
- CMA approval vide its Administrative Decision E/100/2021 dated 17 August 2021.

CHANGES IN BANK'S PAID-UP CAPITAL

Year	Paid-up Capital Opening Balance (RO '000)	Bonus Shares (RO '000)	Shares Issuance (RO '000)	Rights Issue (RO '000)	Paid-up Capital End of the Year (RO '000)
2012- Incorporation	150,000	-	-	-	150,000
2020	150,000	-	-	-	150,000

BANK'S MAJOR SHAREHOLDERS AS OF 30 JUNE 2021

Name	Country of incorporation	Number of shares	%
Aflag Financial Investment	Oman	324,564,930	21.64%
Civil Employees' Pension Fund	Oman	138,398,078	9.23%
Al Ghadeer Investment	Oman	120,000,000	8.00%
Public Authority for Social Insurance	Oman	109,893,262	7.33%
Diwan of Royal Court Pension Fund	Oman	76,397,824	5.09%
Others		730,745,906	48.71%
Total		1,500,000,000	100.00%

5. OVERVIEW OF THE OMAN ECONOMY

In nominal terms, the Oman economy contracted by 15.3 per cent during 2020 compared to contraction of 4.3 per cent in 2019, mainly led by a significant decline of 23.4 per cent in the petroleum activities. Oman oil price declined by 27.7 per cent to USD 46 per barrel in 2020 compared to USD 63.6 per barrel in 2019 while oil production also declined as per the OPEC / OPEC+ agreement. The average daily oil production decreased by 2.1 percent to 950.7 thousand barrels during this period. The non-

hydrocarbon sector shrank by a marginal 10.5 per cent in 2020. The manufacturing construction, wholesale and retail trade, and public administration sectors primarily propelled the contraction in the non-hydrocarbon sector. Whereas the agriculture and fisheries and financial intermediation activities grew and provided support to the non-hydrocarbon sector. The Sultanate Consumer Price Index (CPI) witnessed a Y-o-Y negative growth of -0.9 percent during Jan-December 2020.

KEY ECONOMIC AND SOCIAL INDICATORS

The following table shows a selection of key economic and social statistics for Oman for the periods indicated:

OMR million	2017	2018	2019	2020*
1. Petroleum Activities	8,072	11,031.10	10,095.6	7,732.5
Agriculture and Fishing	617.20	667.00	690.6	751.7
Industry	5,441.40	5,525.50	5,672.1	4,311.8
Services	14,131	14,456.00	14,128.0	13,270.2
2. Non-Petroleum Industrial Activities	20,189.60	20,648.50	20,490.7	18,333.7
3. Financial Intermediation Services	(768.60)	(833.05)	(810.7)	(786.1)
4. GDP at Producers Prices (1+2+3)	27,492.60	30,846.55	29,775.6	25,280.0
Taxes Less Subsidies on Products	(347.7)	(364.7)	(426.1)	(422.7)
5. GDP at Market Prices	27,144.90	30,481.85	29,349.5	24,857.3

Source: NCSI

* Preliminary

OMAN BUDGET 2021

- Budget assumes oil price of USD 45/bbl. for 2021 compared to USD 58/bbl. in 2020, with a daily production rate of 960,000 barrels.
- Aggregate revenue is estimated at OMR 8.64bn vs OMR 8.46bn revenue estimated to have been achieved in 2020.
- Expenditure is budgeted at about OMR 10.88bn, 17.6% lower compared with the budgeted figures of 2020.
- Deficit has been budgeted at OMR 2.2bn, equivalent to 8% of GDP, lower than the last budgeted year and also lower than 2020 full year preliminary numbers.
- The deficit will be financed through external and domestic borrowing to the tune of OMR 1.6bn, i.e. 73%, while the remaining deficit, estimated at OMR 600mn, will be covered from reserves.
- Subsidies have been raised to OMR 800mn for 2021.
- VAT implementation from April 2021 to raise OMR 300mn in 2021.

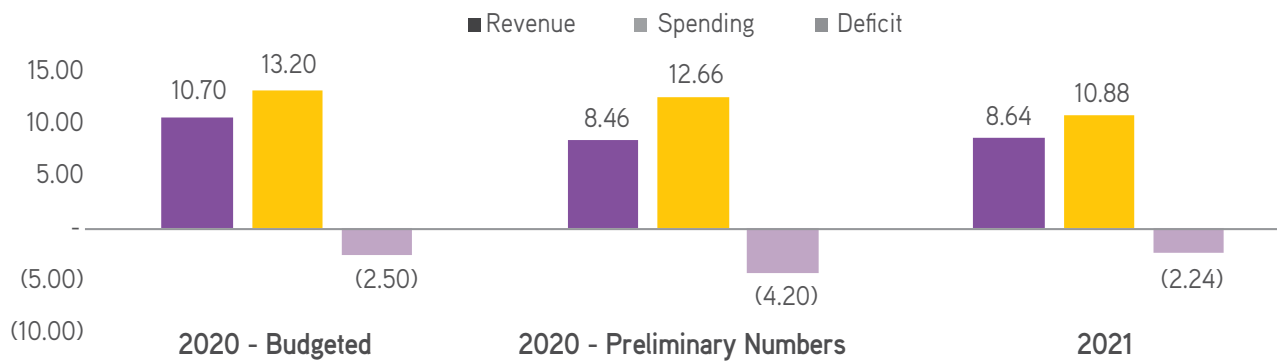
- Debt financing to cost OMR 1.2bn while debt repayment of OMR 150mn to be completed in 2021.
- Investment spending of OMR 5.1bn planned for 2021 (GOVT: OMR 0.9bn) (OIA: OMR 2.9bn) and (EDO: OMR 1.3bn)
- Key sectors outlined for PPP projects under MTFP: Seaports, Education, Environment, Transport, Health Care, Municipalities and Government Services

The Government of Oman recently announced a budget for the year 2021. It lowered the expenditure by taking various measures, especially the removal of oil and gas production expenditures of Petroleum Development of Oman (PDO) from the budget after the establishment of Energy Development of Oman (EDO); 10 ministries were merged last year; subsidy reform in electricity and water sectors; increased investment spending by the Oman Investment Authority; and more private public partnership programs, to name a few.

In terms of 2020 preliminary performance, the total revenue is projected to have reached OMR 8.5bn compared with the budgeted figure of OMR 10.7bn.

Public spending is estimated to have declined to nearly OMR 12.7bn, down by 4 per cent as compared with 2020 budget. The primary deficit however, rose by OMR 1.7bn i.e. 68 per cent, reaching to OMR 4.2bn, as against the budgeted deficit of OMR 2.5bn.

Oman General Budget - OMR bn



Source: Budget Statement

The Oman government expects to earn a revenue of OMR 8.64bn in 2021 which is 19.3 per cent lower than the budgeted revenue last year and slightly higher than the actual estimated to have been achieved in 2020. The government has budgeted a 29.6 per cent decline in oil and gas revenues, which have been budgeted at an expected oil price of USD 45/bbl. for 2021 compared to USD 58/bbl. in 2020. Oil and gas revenue is budgeted to touch OMR 5.42bn in 2021 compared to OMR 7.7bn in 2020. In terms of breakup, oil and gas constitutes majority of the revenue at 62.7 per cent while the remaining will come from non-oil sources.

The Oman government has budgeted spending of OMR 10.88bn for 2021 compared to OMR 13.2bn in 2020, lower by 17.6 per cent when compared to last year's budgeted numbers and 14 per cent lower than the preliminary numbers of 2020. Current expenditure comprises 82.9 per cent of the total, investment expenditure 8.3 per cent, and other expenses at 8.8 per cent of the total.

Expenditure for the 2021 budget was estimated based on the following considerations:

- Removal of oil and gas production expenditures of PDO from the budget after the establishment of EDO.
- Reducing current expenditures of government units in 2021 budget by 5 per cent, considering the financial

impact of fiscal measures, such as retirement order, restructure of State's administrative apparatus, and revision of the financial grades of new employees.

- Allocations for gas expenditures will be in accordance with the expected cost.
- Allocations of electricity subsidy, considering the subsidy reform outcomes.
- Allocating subsidies for water sector, sewage, and waste sector as per the estimates made by the relevant entities.
- Cost of public debt service in accordance with the existing loans and the planned ones.

The budget deficit for 2021 is estimated at OMR 2.24bn. Almost the same set of arrangements have been planned in 2021 as in earlier years to fund the deficit. This comes in line with the guidelines set out by the government to maintain sovereign reserve funds, and to rely upon borrowing, notably external borrowing, to finance the deficit. Foreign and local borrowing of OMR 1.64bn would be arranged along with OMR 0.6bn to be taken from reserves. Expenses of servicing public debt are estimated to reach OMR 1.2bn in 2021, due to higher public debt and interests. Moreover, an amount of OMR 150mn has been allocated in the budget to partially repay future loans.

MEDIUM TERM FISCAL PLAN (2021-25)

	2021e	2022e	2023e	2024e	2025e
Avg. Daily Oil Prod. (000 b/d)	960	1,107	1,133	1,140	1,140
Average Price (USD/bbl.)	45	45	50	50	50
Revenue (OMR mn)	8,640	9,490	10,815	11,315	11,500
Expenditure (OMR mn)	10,880	11,150	11,420	11,480	11,435
Surplus/Deficit (OMR mn)	(2,240)	(1,660)	(605)	(165)	65

(Source: U Capital Research and MTFP Document 2021-25)

FOREIGN DIRECT INVESTMENT

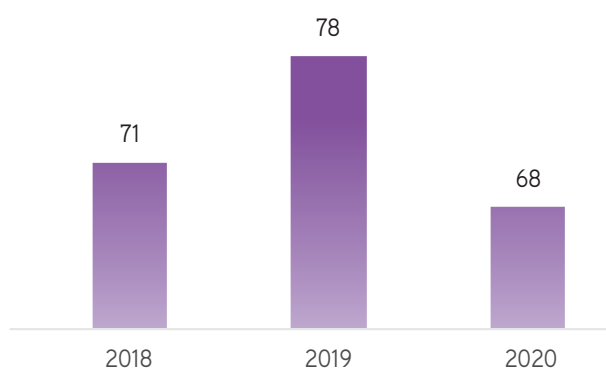
The provisional figures released by the NCSI showed a growth of 12.1 per cent in the total foreign investment stock at the end of 2019. The foreign direct investment (FDI) increased by 19 per cent and constituted a major part of the total foreign investment (accounting for 63.6 per cent) at the end of 2018. Foreign investment, other than FDI, increased by 2.0 per cent during 2018 and accounted for 36.4 per cent in the total foreign investment stock. In recent years, the main sectors that attracted the largest share of FDI remained the same. The oil and gas sector received the largest share of 67.3 per cent, followed by financial intermediation with a share of 11.4 per cent. The total return on FDI (dividends plus retained earnings) declined slightly from 9.1 per cent in 2018 to 8.5 per cent in 2019.

The government and other stakeholders have been continuously striving to promote diversification in the economy through increased participation of the private sector and foreign investors. The government has implemented various structural reforms, including the FCIL which came into force on 1 January 2020. The FCIL allows an investor to establish a company to carry on one of the permitted activities and to fully own the company's share capital. Furthermore, several important laws relating to foreign capital investment, privatization, public-private partnership, and bankruptcy, have recently been issued to improve the business environment and the functioning of the labour market so that Oman could provide a competitive edge to foreign investors. These reforms, coupled with existing potential and strategic locations, would facilitate higher inflows of FDI in the Sultanate, especially in non-hydrocarbon sectors.

EASE OF DOING BUSINESS

Oman advanced 10 positions in the Ease of Doing Business 2020 report by the World Bank. The Sultanate has jumped 10 places in the 'Doing Business 2020' report, ranking 68th in the world for 2019, while in 2018 it was 78th. According to the World Bank, the Sultanate ranks at the top among the Gulf Cooperation Council (GCC) countries in the cross-border trade index as a result of continuous improvement in legislative and executive measures.

Oman Ease of Doing Business Ranking



Source: Doing Business Report 2020 - World Bank
Note: The lower the ranking the better

Other fields in which Oman achieved recognition globally are Building Permits (47th), Access to Electricity (35th), Property Registration (52nd), Investor Protection (88th), Payment of Taxes (11th) and Enforcing Contracts (69th).

OMAN MACROECONOMIC OUTLOOK

Oman Real GDP is estimated to grow by 1.8% in 2021 and 7.4% in 2022 as per IMF. The fiscal adjustment plan (Tawazun) targets the elimination of the fiscal deficit over 2021-25 by boosting non-oil revenues while keeping nominal fiscal expenditures broadly constant. Key revenue measures of the government include: (i) introducing VAT in 2021; (ii) a personal income tax on high-income earners being developed; and (iii) full-year impact of the expansion of the excise tax base in 2020. Key expenditure measures include: (i) containing the wage bill via civil service reforms; (ii) targeting energy subsidies to the most vulnerable groups; (iii) streamlining capital expenditure; and (iv) broad-based improvements in expenditure efficiency.

	2019	2020	2021	2022	2023	2024	2025	2026
OIL AND GAS SECTOR								
Average crude oil export price (US\$/barrel)	63.6	46.0	55.1	52.6	51.2	50.5	50.1	49.9
Crude oil production (mbpd)	0.97	0.95	0.96	1.11	1.13	1.14	1.14	1.14
NATIONAL ACCOUNTS								
Nominal GDP (US\$ billions)	76.3	63.2	73.0	77.1	79.5	81.8	83.8	86.4
Real GDP (%)	-0.8	-6.4	1.8	7.4	2.7	2.2	1.7	2.0
Consumer prices (average)	0.1	-0.9	3.9	2.5	2.8	1.0	0.9	0.9
CENTRAL GOVERNMENT FINANCES								
Revenue and grants	38.1	34.3	33.3	35.5	35.7	36.3	35.9	35.6
Expenditure	44.1	51.6	38.6	37.6	37.4	36.4	35.3	34.8
Total government debt, of which:	60.0	81.1	72.7	69.6	68.1	65.5	62.6	59.9
External debt	42.5	57.2	51.3	46.3	42.4	37.1	32.3	29.5

Source: IMF

OMAN CREDIT RATING

Agency	Rating	Outlook	Date
S&P	B+	Stable	16 October 2020
Fitch	BB-	Negative	18 May 2021
Moody's	Ba3	Negative	23 June 2020

Sources:

<https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/2541665>

<https://www.fitchratings.com/research/sovereigns/fitch-affirms-oman-at-bb-outlook-negative-18-05-2021>

https://www.moody's.com/research/Moodys-downgrades-Omans-rating-to-Ba3-changes-outlook-to-negative--PR_426102

6. BANKING SECTOR OVERVIEW

The CBO continues to play an important role in maintaining financial stability, pursuing appropriate monetary policies, developing financial markets, implementation of modern payment and settlement systems and supervising and regulating the banking sector. The banking sector in Oman continued its positive growth trend in 2020. The liquidity situation in the banking system remained comfortable to support domestic demand and growth. Despite an increase in the size of banks' balance sheet, the ratio of gross NPAs to total credit registered a marginal increase and stayed comfortably lower when compared with GCC peers. Notwithstanding, the macroeconomic challenges of twin deficits in the fiscal and current accounts due to the fall in crude oil prices, the banking sector remained robust, supporting economic diversification initiatives and growth.

Oman's authorities and CBO, for their part, have taken steps to support non-oil economic activities, which remain important to ensuring sustainable growth over the medium to a long run in the Sultanate.

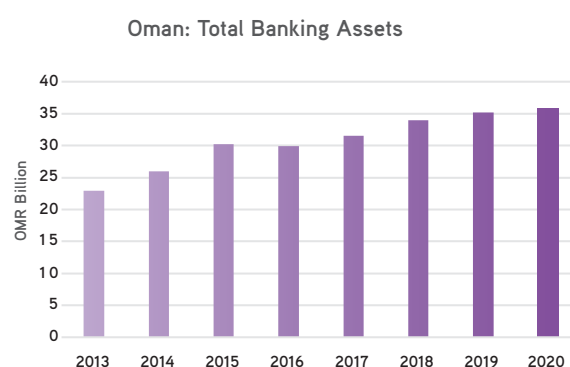
CBO'S SUPPORT MEASURES AGAINST COVID-19

On 18 March 2020, the CBO announced a comprehensive incentive package to inject additional liquidity of more than OMR 8 billion (USD 20.78 billion) into the economy. Key measures for the banking sector announced as part of the package include:

- Lowering the capital conservation buffers by 50 per cent, from 2.5 per cent to 1.25 per cent;
- Increasing the lending ratio/financing ratio by 5 per cent, from 87.5 per cent to 92.5 per cent, on the condition that this additional scope be reserved for lending to productive sectors of the economy, including the healthcare sector;
- Accepting requests for deferment of loans/interest (profit for Islamic financial institutions) for affected borrowers, particularly SMEs, with immediate effect for the coming six months without adversely impacting the risk classification of such loans;
- Reducing the interest rate on repo operations by 75 basis points, to 0.50 per cent, and increase the tenor of repo operations up to a maximum of three months;
- Decreasing the interest rate on discounting of government treasury bills by 100 basis points, to 1.00 per cent;
- Reducing the interest rate on foreign currency swap operations by 50 basis points and increase in the tenor of swap facility up to a maximum period of six months;

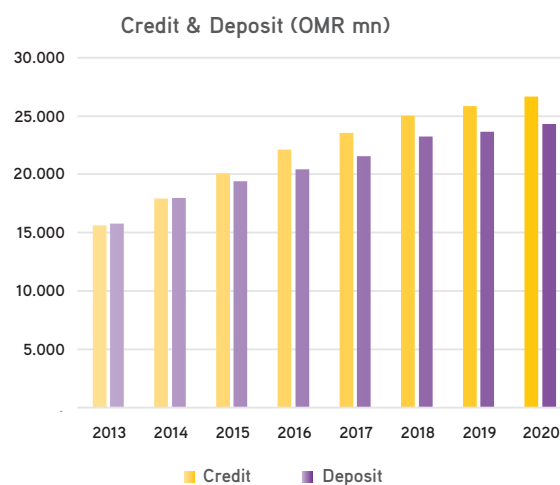
- Lowering the interest rate on rediscounting of a bill of exchange and promissory note (with two signatures) by 100 basis points, to 3 per cent;
- Decreasing the interest rate on rediscounting of a promissory note with acceptable guarantee by 100 basis points, to 3.25 per cent; and
- Reducing the interest rate on rediscounting of a promissory note accompanied by trust receipt by 125 basis points, to 3.50 per cent.

SIGNIFICANT GROWTH IN ASSET BASE



Oman's total banking assets (Conventional as well as Islamic) have grown at a CAGR of 6.6 per cent during 2013-20. Overall assets of the sector grew from OMR 22.9 billion in 2013 to OMR 35.8 billion in 2020. In 2020, sector assets grew by 1.7 per cent to OMR 35.8bn compared to OMR 35.2bn in 2019.

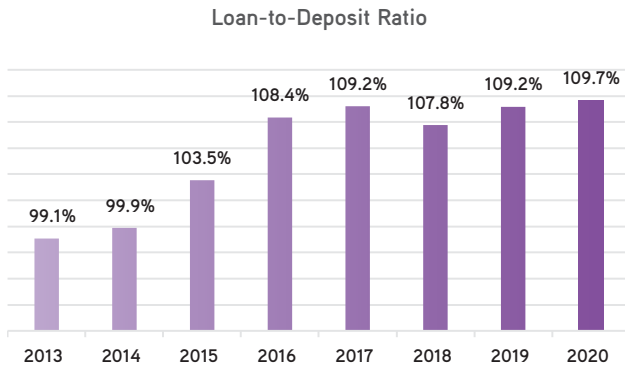
HEALTHY CREDIT AND DEPOSIT GROWTH



The Sultanate's banking sector consolidated in 2020 with a healthy credit growth of about 3.3 per cent year-on-year, touching OMR 26.7 billion mark as at the end of December 2020. Total Credit registered a CAGR of 8.0% during 2013-20. Total deposits registered a growth of

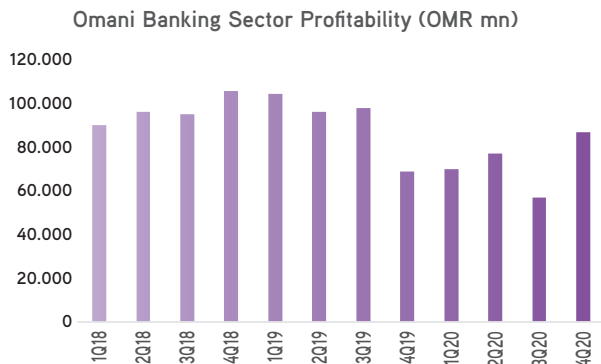
2.9 per cent year-on-year to OMR 24.3 billion as at the end of December 2020. Total deposits registered a CAGR of 6.4% during 2013-20.

LOANS TO DEPOSIT RATIO CONTINUES TO RISE



The loan to deposit ratio in Oman has also continued to increase over the years. In 2019, the loan to deposit ratio stood at 109.2 per cent compared to 107.8 per cent in 2018 and 99.9 per cent five years ago in 2014. The loan-to-deposit ratio has further risen to 109.7 per cent by end of 2020.

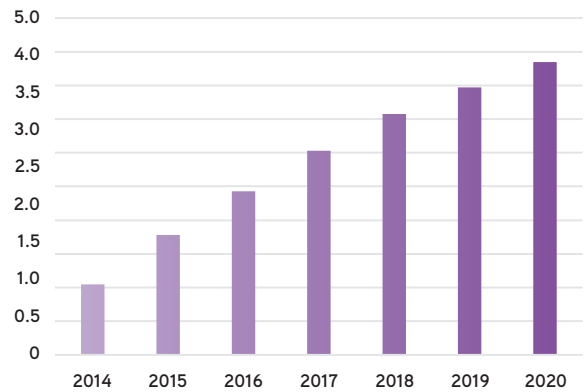
Banking Sector Profitability



The banking sector has continued to maintain its profitability despite various challenges it faced over the last several years especially in 2020 because of Covid-19 related challenges and subsequent moratorium on loans as well as rising NPLs. Overall banking sector profits (listed companies on MSX) in 2020 stood at OMR 291mn compared to OMR 367.7mn in 2019. In 2020, sector reported the most dip in third quarter when the profitability touched OMR 56.9mn which in fourth quarter of 2020 bounced back to OMR 86.98mn.

Balance sheet of Islamic Banks and Windows

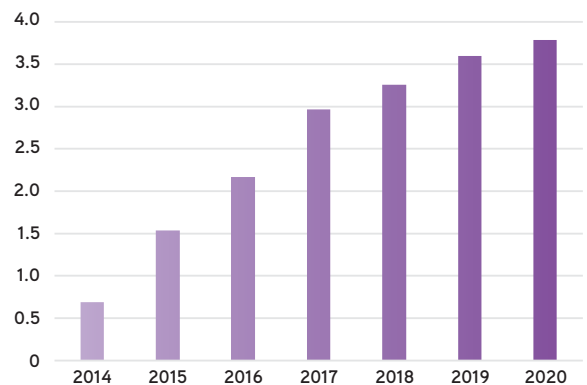
Oman: Islamic Banking Financing (OMR bn)



The Islamic banking sector consists of two full-fledged Islamic bank and five Islamic windows of domestic conventional banks, which have been significantly contributing to the financial intermediation in the Sultanate. During 2020, Alizz Islamic Bank was acquired by Oman Arab Bank as a fully owned subsidiary. Islamic banking entities (IBEs) continued to grow at healthy rates since the launch of their operations in 2013.

SALIENT PERFORMANCE OF ISLAMIC BANKING ENTITIES IN 2020

Oman: Islamic Banking Deposits (OMR bn)



- The total assets of Islamic Banks and Windows increased by 6.3 per cent on a Y-o-Y basis to OMR 5.2 billion and constituted about 14.5 per cent of the banking system's assets as at end- December 2020.
- Islamic banking entities provided financing of OMR 4.3 billion at the end of December 2020, recording a growth of 9.5 per cent over that a year ago.
- Total deposits held with Islamic banks and windows increased by 5.4 per cent to OMR 3.8 billion.

[Source: U Capital Research]

SELECT MONETARY AND BANKING INDICATORS OF OMAN

	2016	2017	2018	2019	2020
Monetary Indicators					
Currency with Public (OMR mn)	1,299	1,266	1,242	1,611	1,737
Narrow Money - M1 (OMR mn)	4,979	4,941	4,930	5,344	5560
Broad Money - M2 (OMR mn)	15,424	16,069	17,400	17,752	19,326
CBO's Foreign Assets (OMR mn)	7,791	6,186	6,686	6,407	5,771
Banking Indicators					
Number of Conventional Banks	16	16	16	16	16
Number of Branches of Conv. Banks	470	436	449	435	449
NUMBER OF ISLAMIC BANKING ENTITIES*					
Number of Islamic Bank's Branches	72	79	80	84	91
Financial Deepening Indicators					
Bank Credit to GDP	87.9%	86.7%	81.7%	88.0%	107.4%
Bank Credit to Non-Oil GDP	114.1%	116.6%	120.5%	126.1%	145.6%
Bank Deposit to GDP	81.1%	79.5%	75.8%	80.6%	97.9%
Bank Deposit to Non-Oil GDP	105.3%	106.8%	111.8%	115.5%	132.7%
Broad Money to GDP	61.3%	59.2%	56.7%	60.5%	77.7%
Broad Money to Non-Oil GDP	79.5%	79.6%	83.7%	86.6%	105.4%
Source: CBO & NCSI					

*2016-2019: 2 Islamic Banks and 6 Islamic Windows; 2020: 2 Islamic Banks and 5 Islamic Windows (Islamic Window of Oman Arab Bank (OAB) – Al Yusr, was merged with Alizz Islamic Bank in 2020 post its acquisition by OAB).

7. BUSINESS OVERVIEW

Bank Nizwa SAOG is a public joint stock company incorporated in the Sultanate of Oman and is engaged in Shari'a Compliant commercial banking and investment banking activities through a network of 15 branches as of 30 June 2021. The registered address of the Bank is P.O. Box 1423, Al Khuwair, P.C. 133, Sultanate of Oman.

Bank Nizwa is a Shari'a-based financial institution in the business of both intermediation and participation that would lead to the economic, social, and ethical wellbeing of the society. The Bank's overall service proposition is divided into Personal Banking, Business Banking and Financial Markets & Investments with customers being served through multiple channels, including branches, direct sales, call centre, ATM/CCDMs, mobile application, and internet banking.

RETAIL BANKING

Constituting the largest segment of the business, Retail Banking Division, serves the financial needs of individuals across the country, providing them with the necessary means to lead financially secured lifestyles through innovative Shari'a compliant products including savings and current and investment deposits accounts as well as home, personal and auto finance solutions.

2020 was an unprecedented year, and individuals and retail customers were most impacted. Due to the pandemic and related restrictions on movements, closure of markets, reduction of salaries and various other factors, the retail banking sector was negatively impacted. Despite these challenges, the retail banking division consolidated its customer base. The focus was to strengthen and improve Bank Nizwa's market share while carefully balancing credit risk and exposure.

During 2020, the focus had been to stand by the customer during difficult times by offering financial and non-financial relief. Bank Nizwa offered instalment deferral for Ijara / Diminishing Musharakah Home Finance to low-income customers as monthly instalments for Home Finance is a significant household expense. The division also provided instalment deferral to customers impacted directly by the pandemic or salary reduction. As the restrictions ended, Bank Nizwa ran an exclusive promotion for frontline 'COVID Warriors' to honour and thank all those who worked hard and selflessly to serve the country and its people.

To support the economic recovery, Bank Nizwa signed a number of agreements with reputed developers, dealerships, and retailers to provide customers with value-added services and discounts. In order to strengthen the relationship with Wealth Management customers, Bank Nizwa launched a range of exclusive products, benefits, and discounted rates tailor-made to suit their unique needs.

Retail banking continued to upgrade its digital channels to improve financial inclusion and accelerate the move to a digital economy. Various new services were introduced across all electronic platforms – like IVR/ phone banking, mobile app, internet banking, ATM/ CDM machines, SMS, and Email – to enhance customer convenience. The 15th Branch of Bank Nizwa was inaugurated at Rustaq to continue to bring Islamic banking closer to the community.

Retail banking conducted regular knowledge sessions to increase awareness and clarity about Islamic banking and Shari'a compliant financial services and products, with the aim of enabling attendees to make informed financial decisions.

In March 2021, Bank Nizwa further consolidated its position as the leading Islamic bank in Oman by increasing its customer base, which consequently increases its Islamic banking sector market share in the deposits to 24% and assets to 23%. Drawing insights from branches at strategic locations across Oman, Bank Nizwa continued to analyse and anticipate customers' needs and set new benchmarks in customer service.

In 2021, the Bank aims to innovate further its suite of products and services to offer a rewarding and enriching experience and expand its network to grow its customer base.


WHOLESALE BANKING GROUP

The Wholesale Banking Group serves the needs of the government sector, government-owned entities, corporate and commercial clients, as well as small-and-medium-enterprises (SMEs) through innovative structured working capital, long-term financing, and trade finance facilities.

Wholesale Banking recorded growth during the year 2020, despite a multitude of challenges that were made more pronounced due to the COVID-19 pandemic and is now poised to address 2021 growth ambitions and client requirements in all business segments.

Noteworthy involvements in the economy were made in 2020, including sealing several notable landmark deals with key clients. This included financing agreements to Public-Private Partnership (Public-Private Partnership) projects such as advanced dates processing plant with Nakheel Oman Development Company, vital sanitation network project in the Dhofar region with Oman National Engineering & Investment Company, and a new campus project under the Arab Gulf Programme for Development with Arab Open University.

Additionally, a refreshed SME policy and support from a growing branch network will be catalysts to reach more



clients in every corner of the Sultanate. The focus going forward, will be harnessing the strength and resources from all stakeholders, internally and externally, towards enhancing market share, client experience and service quality. The Wholesale Banking Group continues to redefine the business by enhancing capabilities and focussing on meeting diverse business needs towards the aspirations of Oman 2040 vision.

SME BANKING

Bank Nizwa acknowledges the vital role the small and medium enterprise (SME) sector plays in contributing to the economy and its impact in providing national employment and supports the sector keenly with solutions tailor-made for SMEs in the Sultanate.

The trust placed in Bank Nizwa's Shari'a compliant products and services is evident in the notable increase of the SME customer-base and business volume. The SME business continues to expand coverage in key cities outside Muscat. With a special focus on industrial areas such as Madayn, more tie-ups and associations with major corporations and oil majors are on the cards.

Affiliations with vendors in the supply chain of larger corporate enterprises, particularly SMEs, will remain a mainstay. A dedicated brochure was made to highlight the Shari'a-compliant products and services available to SMEs. Despite numerous challenges, the SME Banking unit added new business and products to register satisfactory growth. Bank Nizwa will continue to support the growth of SMEs with Shari'a compliant products and services utilising various channels.

CORPORATE BANKING

Bank Nizwa Corporate Banking is managed by a team of experts in corporate finance. It offers customised Shari'a compliant products to all the major industry segments – including construction, manufacturing, contracting, oil & gas, pharmaceuticals, aviation, and automobile.

Corporate Banking remains one of the key growth drivers in the Wholesale Banking business, registering a record growth during 2020. Although there were several new business opportunities, the Bank's well-diversified portfolio approach has helped maintain an emphasis on asset quality.

During the pandemic, clients were supported in their cash flow management within the extent policy measures allowed as issued by the CBO. With a balanced approach and focus on COVID-19 affected clients and industries, the Bank continued to support businesses – and in

turn the general economy – during the difficult period of the pandemic. The multi-industry and multi-product approach have successfully delivered results.

Major cities of Muscat, Sohar, Salalah and Duqm continued to be the main focus areas. In Duqm, the emphasis was on development projects in line with national objectives. With the active collaboration of all stakeholders, special attention was given to infrastructure projects and national priority industries across the Sultanate in order to develop innovative Shari'a compliant solutions that delivered strong business value.

MID-CORPORATE BANKING

A new Mid-Corporate unit was established during 2020 to provide broader coverage, in addition to the existing business verticals, ensuring clearer and focused account management as well as business development. The scope of the unit is intended to bridge the segment between SMEs and large corporates. Companies within this segment present significant growth opportunities, along with the prospect of becoming their primary banker. Although only a setup, the unit made commendable inroads in the market, onboarding key clients operating in national priority sectors. Mid-Corporate Banking is expected to grow rapidly and provide continuity to clients' enterprise lifecycle.

Mid-Corporate Banking aims to support all mid-industries with specialized products with 100% Shari'a compliance, tailored to support entities across Oman during their development.

- To offer Shari'a compliant banking services for companies in their early growth stage.
- To support companies with turnover between RO 5 million and RO 15 million.
- To bridge segments between SMEs and Large Corporates.
- To be sole banker to target clients by providing a suite of Islamic banking products to meet their requirements.
- To focus on clients in all business segments under the national priorities of services, trading, and manufacturing.

Product Coverage of Mid-Corporate Banking is primarily in two areas.

Asset Product Offerings

- Working capital finance
- Islamic Trade finance including letter of credits, guarantees and trade bills
- Retail banking products to promoters
- Long term finance
- Dedicated customer support team

Deposit Product Offering

- Digital and Transaction Banking services
- Current / Checking account
- Call account
- Term investment account
- Islamic foreign exchange services

PROJECT FINANCE

Project Finance and Syndication is a specialised function within the Wholesale Banking Group to provide fully Shari'a compliant project financing solutions. The team has successfully carved out a niche market in fast-expanding sectors, like long-term infrastructure, industrial projects and public services using a non-recourse or limited recourse financial structure. The team works closely with clients to provide complete tailor-made business solutions across industry segments. Its core strength lies in project appraisal, advisory and structuring role in syndication of client requirements among local and regional banks.

The Project Finance unit continues to deliver coverage and financing needs to national priority economic sectors. Increased attention to private sector involvement in strategic national projects with the establishment of supportive new laws and regulations including the Public-Private Partnership Law promulgated by Royal Decree 52/2019, the Bankruptcy Law promulgated by Royal Decree 53/2019, the FCIL, and the Privatization Law promulgated by Royal Decree 51/2019, and the setup of the Government's dedicated Public-Private Partnership (PPP) unit have resulted in the rising need of project financing.

PPP projects in the pipeline are expected to be the key catalysts to growth. The Project Finance unit stands ready to meet the emerging need by continuing with successful execution and completion as well as delivering Shari'a compliant project-related services to developing projects and contracts. During the year, the unit had done well in closing a number of milestone transactions of national importance. The Bank is actively working to carve out a niche as an active player in the Project Finance & Syndication market in Oman. This area of business, particularly infrastructure and utilities sector, is crucial not only to the Bank but also to the wider economy, where the Bank offers 100% Shari'a-compliant solutions.

GOVERNMENT & INVESTMENT BANKING

Bank Nizwa's Government & Investment Banking services follow a highly structured approach to complex transactions involving investments. Propositions of Shari'a compliant investment products and services are tailored to requirements. This highly experienced team offers a multitude of investment and capital market

services, particularly Sukuk advisory expertise to high profile clients, including government-owned entities.

Government & Investment Banking services add strength and diversity to the Wholesale Banking Group through its delivery of funding sources and other revenue streams.

The Government & Investment Banking unit is essential in driving the wholesale deposit base that supports asset growth, apart from investments and advisory mandates. Increasing costs was a mounting challenge to the industry, and efforts by the Government unit had ensured the requisite sustenance while adding new clientele. With the increased budget rationalisation in the public sector, a proactive relationship management approach had ensured uninterrupted business.

The Investment Banking unit continued to make efforts in developing the Islamic capital market sector. Significant contribution was made to the collective efforts on the Omani Rial Sovereign Sukuk issuances, which Bank Nizwa co-arranged. The Government & Investment Banking unit will continue to broaden the base for the Bank to deliver core-funding sources as well as supplement other income streams, including advisory services, with a differentiated approach.

GLOBAL MARKETS (TREASURY)

Bank Nizwa Global Markets Department (GMD) provides tailored solutions for corporate liquidity management. The objective is to optimise return within the sphere of a specific cash-flow based programme. GMD also provides customised foreign exchange solutions to meet the specific requirements of clients.

For diversification and for investors with a longer-term investment horizon, GMD maintains a dynamically managed portfolio consisting of Shari'a compliant securities (Sukuk). The team specialises in creating customised investment solutions geared to the client's specific risk appetite and targeted return.

Given the challenging market dynamics, liquidity management once again was at the fore. In this respect, Global Markets successfully navigated all funding requirements, both at the Bank and regulatory levels. Collaborating with related divisions, and guided by the Bank's management, proactive steps were executed to further enhance diversification of the liability structure. These measures had resulted in a more dynamic funding profile with additional cost savings to the Bank. Global Markets also played a role in supplementing income through its Foreign Exchange operations and Sukuk Portfolio management.

Foreign Exchange recorded significant growth year-on-year and is expected to be further enhanced to parallel with the Bank's expansion. The Sukuk Portfolio continued to record comprehensive growth despite market volatility and continues to be a stable revenue contributor for the Bank. Global Markets will continue to strive to expand its offerings backed by the Bank's market knowledge, expertise and experience in a variety of Islamic banking markets.

INTERNATIONAL BANKING (FINANCIAL INSTITUTIONS)

The International Banking (FI) unit focuses on building and maintaining relationships within financial institutions across the globe to ensure smooth correspondent relations and business flows.

Bank Nizwa continues building strong connections with local and international banks around the world. The Bank's aim is to provide access to its clients the international network for trade and payments, and also to the state-of-the-art products from the top regional and global banks.

International Banking treats all its local and international banks also as its customers. The Bank set up credit lines for handling local and international payments, placements, letters of credit and letters of guarantee. The Bank also ensures efficiency in transaction processing with their correspondent banks.

The International Banking unit continues to build and maintain relationships with partner financial institutions, domestically and globally. This effort is fundamental to provide clients with the requisite network for payments and trade as well as state-of-the-art products by top regional and global banks. Supplemental funding sources were also achieved through financial institution partnerships.

The Bank ensured smooth correspondent relations and business flows. Overall worldwide country exposures and risk are monitored by the unit. During 2020, Bank Nizwa continued to add new financial institution partners, connections, and new geographies. New lines for handling local and international payments, placements and trade finance business continued to be set up and enhanced. The International Banking unit will continue to increase participation to ensure the efficiency in the Bank's transaction processes, internally and externally.

TRANSACTION BANKING AND TRADE FINANCE

Transaction Banking offers a host of digital banking services to Bank Nizwa Wholesale Banking Group customers. It gives the power to conveniently execute digital banking transactions round the clock, with best-in-class security.

Key features include;

- Online salary processing
- Online payments in OMR
- Online payments in foreign currencies
- Online bill payments
- Comprehensive reports and statements
- Admin user privilege to customers
- Multi-level approvals for requests and transactions

Other Shari'a Compliant services are;

- Call accounts with higher returns and easy liquidity
- Wakala deposits with high returns
- Wholesale Banking Debit Card
- Shari'a compliant Takaful services

Trade and Treasury Desk

- Islamic trade finance services
- Advanced and Shari'a compliant treasury products

Bank Nizwa provides Shari'a compliant Trade Finance solutions to meet the needs of a wide spectrum of both local and international clients.

Key Trade Finance & Services includes:

- **Import Services**
 - o Import Letter of Credit (LC)
 - o Import Documentary Collection
 - o LC Murabaha Financing
 - o IBC Murabaha Financing
- **Letters of Guarantee**
 - o Tender Guarantee
 - o Advance Payment Guarantee
 - o Performance Guarantee
 - o Financial / Payment Guarantee
 - o Retention Guarantee
 - o Counter Guarantee
- **Export Services**
 - o Export Letter of Credit (LC)
 - o Confirmation of LC
 - o Transfer of LC
 - o Scrutiny & Handling of LC Documents
 - o Export Documentary Collection
 - o Musawamah Financing
- **Other Trade Finance Products**
 - o Participation in High Value Letter of Credit (LC)
 - o Participation in High Value Letter of Guarantee (LG)
 - o Export LC Financing - Musawamah
 - o Pre-shipment Finance against LC
 - o Arranging LC Confirmation from International Financial Institutions

The Transaction Banking and Trade Finance business continued to expand with additional capability and facilities to meet the rising demand for efficient banking and cash management services, as well as international trade. The usage of Shari'a compliant Trade Finance products and solutions by clients recorded a commendable increase during the year. This was afforded by the continuous marketing efforts and the efficiency of the operations that also enhanced clients' confidence in the Bank's capabilities.

Consequently, the sustained growth achieved has contributed to the increase in non-funded income for the Bank. The Transaction Banking unit and Trade Finance unit will continue with efforts towards delivering requisite professional services to customers, augmenting transactional services, as well as local and international trade facilitation.

WHOLESALE BANKING SUPPORT

A key anchor for all Wholesale Banking units, the Wholesale Banking Support team was instrumental in the overall commendable performance and growth of the Wholesale Banking business. The unit fortifies the efficiency of the Wholesale Banking Group covering multitude of client services.

The unit aims to deliver high client satisfaction levels through continuous improvement in its operations. In addition, the unit collaborates with all departments to resolve bottleneck issues in the timely delivery of services to clients. The unit will continue to provide all necessary support to new initiatives.

PRODUCT DEVELOPMENT

Islamic Banking Product Development unit in Wholesale Banking is involved in designing, developing new products and services, process re-evaluation, documentation streamlining, and customising solutions to create an impactful suite of products and services that deliver on-point services to clients. These products are fully coordinated with the pressing needs of the modern world and leverage technology, customer relationship management, and pure market insights.

Bank Nizwa is very open to creativity and innovation and has continually developed new and superior Shari'a compliant products that deliver unique benefits with real added value to clients. The unit has the ability to arrive at both simple and complex Shari'a solutions customised for the precise needs of corporate clients.

Financing Products

- Term Financing (Murabaha)
- Leasing Financing (Ijara)

- Forward Ijara
- Partnership Financing (Diminishing Musharakah)
- Working capital Financing (Wakala Bil Istethmar)
- Istisna

Deposit Products

- Term Deposit (Wakala or Mudaraba Investment)
- Call Account (Mudaraba or Wakala)
- Current/ Checking Account (Qard)
- Government Savings Account (Mudaraba)

SHARI'A GOVERNANCE

Compliance with Shari'a principles and requirements are integral to the Bank's end-to-end activities and transactions, including its products and services. The Bank follows a Shari'a Governance Framework designed to ensure holistic Shari'a compliance and which comprises the elements listed below:

1) Islamic Banking Regulatory Framework (IBRF)

- A 'rule book' issued by the CBO containing rules and guidelines applicable to persons licensed to undertake Islamic banking business in Oman, including rules and guidance in relation to governance, risk management and accounting standards.
- CBO Regulation for Islamic Banking Business issued vide BM/56/04/2019 dated 11 December 2019.

2) AAOIFI Standards


Shari'a, Accounting and Governance Standards are published by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Under the IBRF, the books and accounts of persons licensed to undertake Islamic business in Oman must comply with the AAOIFI (and where no relevant standards exist, in accordance with IFRS/ International Accounting Standards).

3) High Shari'a Supervisory Authority (HSSA)

It is a central Shari'a committee established by CBO. The committee has complete independence in exercising its roles which include, in overall, expressing an opinion and providing advice to the CBO on the Shari'a aspects related to Islamic banking, and deciding on issues referred to it through CBO, which are the subject of difference of opinion among the Shari'a Supervisory Board in licensed banks, and their decision shall be binding on the licensed bank.

4) Shari'a Supervisory Board (SSB)

The members of the SSB are well-respected Omani



and international Shari'a scholars who review and provide Shari'a resolutions and Fatwas on all products and related processes. The SSB is the ultimate responsible body within the Bank for all Shari'a related matters and is responsible for overall Shari'a supervision and oversight activities to ensure that the Bank's transactions and operations are Shari'a compliant at all times. The SSB, which meets on a quarterly basis, consists of Sheikh Dr. Mohammad bin Rashid Al Gharbi (Chairman), Sheikh Dr. Aznan bin Hasan (Deputy Chairman and new member) and Sheikh Ibrahim bin Nasser Al Sawwafi (Member) and Sheikh Ali bin Suliman Aljahdami (new member).

The SSB has established a Shari'a Executive Committee ("Shari'a ExCom"), comprising of Sheikh Al Gharbi, Sheikh Al Sawwafi, and new member Sheikh Ali bin Suliman Aljahdami, which meets on a monthly basis to review the Bank's business from a Shari'a perspective and consider current business requirements. Shari'a ExCom resolutions are based on previous SSB Shari'a guidelines and Fatwas.

On the demise of the previous SSB Chairman, Sheikh Dr. Abdul-Sattar Abou-Ghuddah (may Allah be pleased with him) in October 2020, the Bank, with recommendation of the Board of Directors and approval of the CBO in December 2020, appointed Sheikh Dr. Aznan as the new SSB member to ensure quorum is met as per IBRF. The Board and the Bank's management have recorded their highest appreciations to the family of late Sheikh Dr. Abdul-Sattar on his immense contribution toward the capacity-building of Shari'a Governance in Bank Nizwa since establishment in 2012.

5) Internal Shari'a Reviewer (ISR) / Head of Shari'a

The ISR assumes the responsibilities of Head of Shari'a Department. Under the IBRF, the ISR is also responsible for heading the Shari'a Compliance Unit and the Shari'a Audit Unit. The major technical role of ISR is to execute Shari'a review financing proposals in coordination with the Head of Shari'a Structuring. Review of proposals within current approved product programs and Shari'a Supervisory Board guidelines are presented to the respective business units as part of the required documents for execution. This function is the pre-execution Shari'a review activity.

In addition to these daily functions, the ISR with assistance from the assigned team member acts as the coordinator for the SSB and prepares the

meeting file and the minutes of meetings. Shari'a resolutions and guidelines are then communicated to the respective business unit heads for adherence. Any approval required from business units before the next meeting of the SSB is communicated by the ISR to SSB members by email for review and approval by Shari'a resolution. The SSB has also delegated specific authorities to the Shari'a Ex-Com whereby its members are entitled to issue Shari'a resolutions. The ISR also prepares the agenda and documents, and minutes of meetings for Shari'a Ex-Com and communicates its Shari'a resolutions to relevant business unit heads.

6) Shari'a Structuring & Compliance Unit

Under the IBRF, the Shari'a Compliance Unit is responsible for facilitating the Bank's management to ensure compliance with Shari'a (as manifested by the guidelines and Fatwa issued by the SSB) and is extensively involved before a new product or transaction is approved. This function provides Shari'a review and supervision for business transactions and support function activities before execution (ex-ante) to confirm that structuring has been concluded based on IBRF, AAOIFI, and SSB Shari'a guidelines and controls. Consequently, Shari'a Review Reports (SRR) are prepared to document this supervision activity and presented to Shari'a Ex-Com and the SSB in the monthly and quarterly meetings. This function forms the core of Shari'a activity in the department and is also responsible for advising on any new product development activity as well for reviewing product programmes and its ancillary documentations. To support the Shari'a compliance activity, Shari'a non-compliance risks are continuously scrutinised, and specific mitigation controls are set to minimise the risks that occur due to unintentional human errors. Any income of Shari'a non-compliant transactions is donated to charity as per SSB guidelines.

7) Shari'a Audit Unit

Under the IBRF, the Shari'a Audit Unit is responsible for assisting an "Internal Shari'a Reviewer" and the SSB to form and express an opinion on the extent of the Shari'a compliance of the Bank's operations. This is a dedicated function within the Bank that reports directly to the SSB and the ISR, staffed with experienced professionals who conduct Shari'a audit after execution of transactions to confirm adherence to Shari'a guidelines as issued by the SSB and as per Shari'a reviews (ex-post). The function is also responsible for ensuring the Profit Distribution Mechanism on Mudaraba accounts

is properly executed and for ensuring all incomes generated from banking transactions and services are not tainted, which may render it Shari'a non-compliant (in which case such income must be donated to charity). Any Shari'a non-compliance event is immediately reported to Shari'a Ex-Com for review and decision and further reported to the SSB for next course of action / Shari'a rule.

8) External Shari'a Audit

As required by the IBRF, the Bank appoints an independent and qualified external Shari'a Auditor to audit the activities of the Bank on an annual basis.

9) Shari'a Training

To ensure that all members of the Bank's management and staff have sufficient working knowledge of Islamic banking principles and guidelines, Shari'a Compliance Unit staff provide comprehensive Shari'a training so that these principles and guidelines are understood and practiced. Shari'a training also encompasses external parties based on an awareness campaign on Islamic banking for all constituents of society such as schoolteachers and students, university students, employees in ministries and public sector institutions.

10) Non-Shari'a Compliance Risk

Based on the Shari'a guidelines in the IBRF concerning Shari'a Non-Compliance Risk function, the Manager of Shari'a Non-Compliance Risk Unit (SNCRU) identifies, measures, monitors, controls, and manages Shari'a non-compliance risks in the Bank arising from failure to comply with Shari'a rules and principles as set by the IBRF, and Shari'a standards issued by AAOIFI, and the Shari'a rulings and guidelines issued by the SSB. The Manager also assists the ISR in identifying the Shari'a non-compliance risk parameters for each department or function.

- SNCRU measures quantitatively the volume of the identified parameters and detect any Shari'a non-compliance events for each parameter.
- SNCRU monitors the development of the Shari'a non-compliance parameters during the year periodically.
- SNCRU provides reasonable control measures to establish assurance of the soundness of operations, which prevent violations to Shari'a compliance measures and guidelines.

In addition to above, the main roles and responsibilities of the Bank's Sharia Department ("SD") are as follows:

- The SD is an element of the Shari'a Governance vis-à-vis Corporate Governance structure as established in Bank Nizwa and approved by the SSB. An effective Shari'a policy enhances the diligent supervision of the Board of Directors, the SSB and the Bank's management to ensure that the operations and business activities of the Bank remain consistent with Shari'a principles and its requirements.
- At the institutional level, the SD acts as an intermediary between the SSB and the Bank's management. The SD together with the SSB has the role to provide Shari'a resolutions and guidelines to the Bank's management who shall ensure that all activities of the Bank are in compliance with the Shari'a rules and principles, in accordance with the guidelines laid down by Islamic Banking Regulatory Framework issued by the CBO. The accountability to ensure Shari'a compliance as well as the implementation of SSB Shari'a rulings remain with the Board of Directors and the management of the Bank.
- The SD reports functionally directly to the SSB and reports in parallel to the CEO with respect to administrative issues. The SSB through the SD provides copies of its Fatwa / Shari'a decisions and resolutions to the Board of Directors and CEO because management is responsible for ensuring that Shari'a resolutions are executed in the transactions and all products and services of the Bank. The SSB reports its findings directly to the general assembly of shareholders at the end of each year.
- The Shari'a Department performs its functions based on the Shari'a guidelines provided by CBO in the IBRF, and by Shari'a rulings and resolutions issued by the SSB, as well as the Shari'a Standards issued by AAOIFI. To ensure Shari'a compliance of transactions, the overall Shari'a Compliance activities are reported in the monthly report that is sent to CEO and the same report is provided to the SSB on its quarterly meeting.
- Shari'a Audit Unit executes continuous audit for transactions of all departments. Its observations and findings are reported by Shari'a Audit report to the SSB, which is also conveyed and discussed with Management, with documentation of Management responses in addition to recommending action plan for each observation.
- To ensure Shari'a compliance in execution, all transactions are executed according to Standard Operating Procedures prepared by the Operations Department and approved by the concerned department heads including Shari'a. Shari'a audit uses check lists as per SSB Shari'a guidelines to meet Shari'a requirement and ensure that the SOPs are adhered to during execution.



RISK MANAGEMENT

Risk Management is an integral part of the Bank's operations and is the responsibility of all units within the Bank. The Risk Management function is overseen and managed on a bank-wide basis. The Bank's approach to risk management involves understanding drivers of risks, risk types, and impacts of risks. Drivers of risk include, but are not limited to, the economic environment, regulations, competitor or market evolution, business decisions, process or judgment error, dysfunctional markets, and natural disasters.

In 2020, Bank Nizwa has followed closely the guidance of the CBO to mitigate the risk to the financial sector from the economic impact of the COVID-19 outbreak while ensuring adequate liquidity in the market to enable quick recovery of commercial activity. The Bank has also taken proactive steps to ensure the booking of well-diversified, high-quality assets.

Risk Management has been instrumental in identifying emerging key risks and risk drivers, measuring and managing such risks against the backdrop of changing macro-economic conditions and assessing and influencing the Bank's forward-looking strategy.

The Bank is inherently exposed to various types of risks in carrying out its business activities. The Bank has a sound and strong Risk Governance built upon risk-based decision-making principles across all levels of the organization. The Bank has a disciplined approach in managing risk and reward to assure that it is well-positioned to achieve its strategic objectives and to safeguard the interests of all stakeholders.

The Bank's primary responsibility of managing risk lies with the Board of Directors (BOD) who have formed an independent Board-level committee: Board Governance, Risk and Compliance Committee (BGRCC). The BGRCC is further supported by an independent Risk Management Group (RMG) that reports to the BOD through BGRCC.

As part of Risk Governance, Senior Management Committees are established within the Bank to manage the overall level of each risk type. This includes the Assets and Liability Committee (ALCO), the Credit and Investment Committee (CIC) and the IT Steering Committee (ITSC). A well-defined governance structure is in place for manual and system-based activities and is approved by the BOD. Periodic audits and examinations by the internal auditors ensure that the culture of risk awareness is embedded throughout the

business divisions, which is supported by a rigorous set of checks and balances.

As part of the Bank's continuous improvement initiative, the Bank took several initiatives to review and enhance policies and processes to manage the emerging risks, improve efficiencies and customer service aligned to business strategy and risk appetite. The Bank follows the IFRS-9 for impairment and business model classification for financial assets. The Bank is continuously improving internal standards of financial and non-financial parameters for the assessment of credit risk. This will further enhance new client selection capabilities and will strengthen credit underwriting terms and conditions to maintain the quality of asset booking. In addition, this has aided in controlling the quality of assets. Periodic stress tests and review of the portfolio by segments and sectors were undertaken to identify and proactively manage the portfolio through a robust and well-ingrained early alert process of existing approved risk policies and adjusted them to changing regulatory and economic environment.

The Bank's Risk Management Group proactively monitors portfolios and implements strategies considering the external environment, focusing its areas of growth on selected segments. The Bank's risk approach is aimed to support portfolio growth within acceptable risk thresholds and ensure that the objectives of a well-controlled balance sheet are met. The Bank made progress in building balance sheet growth in assets and has taken important initiatives to diversify a portfolio and ensured that portfolio position across products is stable. Non-performing assets in retail and wholesale banking assets are well below the average in the industry and well within the risk appetite. As of Mar-2021 the NPA ratio of the Bank at gross level as per CBO norms was 0.32 respectively as compared to an average gross NPA ratio of 0.44 of all banking companies in Oman. Financial performance of all the assets is robust and all products generated healthy returns. The Bank will continue to focus on diversification of banking portfolios while maintaining the current risk level.

A critical component of Risk Management is liquidity risk. Therefore, the Bank developed policies and monitoring tools that enable the Bank's management to assess liquidity gaps through a cash flow and static approach, creating reserve against deposits, monitoring financing ratio, and mitigating liquidity risk and contingency measures. In order to advance further to manage the risk, the Bank successfully implemented

Basel III Liquidity and Capital Standards to meet regulatory requirements.

A risk that is inherent in the Bank's daily operations is defined as 'Operational Risk'. To minimise this risk, an Operational Risk Management Policy was adopted, and critical controls were implemented and enhanced as and when required at all levels of the organisation. The Bank conducts a bank-wide 'Risk and Control Self-Assessment' to capture and assess all key processes and controls to address operational risks within various businesses and support functions. The Bank conducts Business Continuity testing of all the critical functions to ensure the continuity of critical business in an unforeseen event.

The Bank conducts its annual Internal Capital Adequacy Assessment Process (ICAAP) and a forward-looking stress test. This process provides the Bank with an assessment of the potential risks and capital requirements under stressed scenarios, and through this exercise has developed a systematic approach to manage its capital requirements during the time of stress. The report is approved by the Board of Directors and submitted to the CBO). The Risk Management team actively tracks the developments from the Basel Committee on Banking Supervision on the global regulatory frameworks and CBO on-going guidelines for local regulations. The Bank progressively integrates relevant aspects of both the frameworks and regulations to build a more resilient Bank in Oman.

POLICIES AND PROCEDURES

The Board of Directors under its terms of reference controls and directs the Bank on behalf of the shareholders, its conduct of business, setting objectives and strategy by establishing policies under which the Bank operates. The Board of Directors approve the Bank's risk appetite, risk management strategies, policies and their framework for their effective implementation and control, including delegated authorities to the Executive and Credit Committee and the Bank's management to approve all credit exposures.

The Board of Directors meets regularly with the Senior Management and respective Board Committees to establish and approve policies and review key developments. The Bank reviews and enhances policies and processes to manage emerging risks, improve efficiencies and customer service aligning to business strategy and risk appetite. Board members independently assess and question the policies, processes, and

procedures of the Bank, with the intent to identify and initiate management action on issues requiring improvement. Procedures may be defined to appoint advisors or external experts to assist Board members in effectively discharging their responsibilities.

INTERNAL AUDIT FUNCTION

The Internal Audit function reviews and provides an independent assurance to the Board of Directors and executive management on the effectiveness of the Bank's internal control, risk management, and governance systems and processes. It is an integral part of an effective corporate governance environment of the Bank and provides independent assessment and reviews the audits based on an annual plan and special request. It shares the findings with the senior management and submits the same to the Board and Board Audit Committee.

All issues are followed up for its logical conclusion and timely corrective action.

There are no major adverse unresolved material observations arising from the internal audit of the Bank as of 30 June 2021.

REGULATORY ACTIONS

During the calendar year of 2020, the CBO conducted on-site examination of the Bank. However, it did not find any major violation(s) and no monetary penalties were levied on the Bank.

Following is the detail of penalties imposed by CBO and CMA over the following three-year period:

Regulators	2018	2019	2020
Capital Market Authority	NIL	NIL	NIL
Central Bank of Oman	RO 8,000*	NIL	NIL

* A monetary penalty of RO. 8,000/- was levied on non-compliance related to an operational issue and this was rectified to ensure compliance.

LEGAL PROCEEDINGS

As of the date of this Prospectus, the Bank does not have any significant/material legal proceedings pending in a court of law in Oman or outside, against the Bank, other than normal cases filed by clients and/or the Bank in the normal course of business. All material information related to investors are disclosed on MSX on a timely basis.



CORPORATE SOCIAL RESPONSIBILITY

Guided by the principles of Shari'a and a firm dedication to give back to Omani society, Bank Nizwa has taken a leading role in promoting social development and investment through a number of initiatives and programmes. Since inception in 2013, Bank Nizwa's volunteering platform 'Masoliyati' has successfully taken over and embraced numerous opportunities to champion charitable initiatives across the Sultanate. To date, the programme has successfully launched a number of high-impact projects including its annual Iftar Sa'em outreach programme organised every Ramadan, clean-ups designed to preserve Oman's natural and historic treasures, as well as blood donation drives that have provided blood banks in the Sultanate with urgently needed plasma.

In 2020, the spread of COVID-19 infection and subsequent restrictions adversely impacted the healthcare system of Oman and had a significant socioeconomic affect across the country. As a responsible corporate citizen, Bank Nizwa had taken a number of initiatives to help staff members, customers and the general public to combat the implications of the pandemic.

The Bank allocated OMR 600,000 to aid the government's efforts to battle the pandemic, and also supported Retail and SMEs customers affected by COVID-19 with finance instalment deferral for up to six months. In addition, a special bank account was opened to encourage and facilitate public contributions to the Ministry of Health fund.

Moreover, in 2020, Bank Nizwa Masoliyati members volunteered a total of 164 hours for various charitable activities – including distributing thousands of food packets to the needy and those impacted by the pandemic. The activities during the year also involved a number of successful collaborations with like-minded teams of volunteers and establishments.

Bank Nizwa continues to engage with local, regional, and international stakeholders to affect change, including partnering on humanitarian causes and social initiatives with non-profit organisations, municipalities, and ministries across different regions in the Sultanate.

HUMAN RESOURCES

Bank Nizwa HR function is responsible for the development of Human Resources and enhancing the efficiency of staff by maintaining a healthy working environment to achieve the Bank's goal of being the best employer in the market and managing human capital at an efficient level.

Employees are the driving force behind the Bank's success. Bank Nizwa believes that employees are the major asset for the organisation and efforts were centred on advancing their capacities and capabilities

to become tomorrow's leaders in Islamic banking. As a result of this aspiration, the Bank witnessed higher achievements and stronger performance in 2020 despite of the macroeconomic pressures caused by the COVID-19 and low oil prices. The Bank's HR function played a vital role in taking care of its staff in 2020. All health measure and guidelines issued by the Supreme Committee were followed during the challenging working conditions during the year.

As part of the HR strategy, the Bank maintains a performance management approach to build a 'pay for performance' culture and develop a proper Succession Planning programme by providing a select group of high-potential employees with the required functional and technical skills. The Bank looks at this as a critical part of integrated approach of managing and developing its employees.

Attracting & Recruiting Talent

The Bank ended the year with 397 employees in 2020. Bank Nizwa continued to identify and on-board Omani talent in a competitive market. The Bank aims to be an 'employer of choice' attracting the best and brightest talent in the local market by hiring exceptional fresh graduates who demonstrate great promise, as well as highly qualified professionals with notable industry experience. To this end, the Bank implements precise and clear recruiting policies based on levels of educational and professional qualifications and the suitability of the specialisation for vacant positions. Similarly, the Bank is fully committed to retaining key talents.

Training & Development

In 2020 HR department has applied many strategic projects that are intended to improve over employees' performance, effectiveness, and productivity. This was done through focusing on talent management and employees training. Various programmes have conducted for all employee segments, focused on top management, middle management, and junior employees as well. The Bank continued to build its e-library, and 'going agile' during the COVID-19 pandemic has helped in expediting training. The aim is to develop all employees and cater to the need for succession planning. In fact, in 2020, Bank Nizwa training delivered increased with to the availability of the e-learning platform for individuals as well as for groups.

Bank Nizwa believes in the significance of qualifying and training all categories of employees by providing them with the appropriate skills in various banking and management areas, which would in turn enhance their knowledge and experience that enable them to develop their capabilities and expertise thereby enhancing overall performance.

The Bank's strategic training and development initiatives

during 2020 focused on continuing to enhance the skills of all employees by providing high-level training in all functional categories across the Bank's various departments and branches. With an e-learning platform and various other opportunities, the Bank provided access to a vast number of courses every employee to equip them with different sets of skills, either technical that focus on Islamic Banking Training, Product Development, Sales Leadership, Risk Management, Wealth Management, Corporate and Retail Banking, or Soft Skills. These cutting-edge training programmes reflect the latest developments in banking technology; they also support in engaging employees in specialised activities to augment their qualification and knowledge, and to enhance their work value and ethics in line with Bank Nizwa's vision and aspirations.

In 2020, HR team undertook a complete revamp of all their services delivery with the roll out of a suite digital tool to improve staff awareness, enhance productivity and drive engagement. The tools included an innovative HR App, and series of new initiatives to upskill future leaders and enable Bank Nizwa to become the employer-of-choice for Islamic banking professionals.

The Intranet portal was enhanced to make it easier for the staff to access information in areas such as Personal Development, HR Awareness, HR Content, HR Services, and HR Support. A host of new personal and professional development services were introduced, and others were digitalised for easier access.

In an endeavour to raise the skill levels and empower Omanis for middle and senior management positions, 10 of Bank Nizwa's employees were nominated to enrol in the National Leadership Programme, 'Etimad'. In addition, Bank Nizwa supported over 20 employees to pursue academic and professional qualifications that would help them enhance their professional competency.

Bank Nizwa also enrolled management team members for the Cambridge Islamic Finance Leadership Programme (Cambridge-IFLP), which is the first and the only global leadership programme specifically structured for Islamic financial institutions.

Compensation and Benefits

Bank Nizwa is developing a workforce to optimise the balance between supply and demand for capabilities, and to manage the cost and employee base more efficiently and effectively in the long term. The Bank's strategic plan is 'pay for performance'.

HR has closely monitored the progress of the implementation of the equity, fairness, and competitive pay. The Bank has applied performance appraisal system where annual variable and merit-based remunerations of the employees were linked to the performance system.

The Bank participates annually in an Industry Salary Survey with a professional HR Services company to compare its pay position to the market, and to make appropriate decisions based on the results of the survey in order to position compensations appropriately.

Moreover, the Bank continuously enhances its HR systems to help speed-up HR processes like payroll, recruitment, training, adhoc employees, payments, and employees' self-service. The aim is to ensure HR practices and decisions reinforced agile values and principles.

The Bank continuously strives to create sustainable processes to ensure that compensation structures for employees are appropriately aligned with regulatory requirements and drive sustainable performance at all levels.


INFORMATION TECHNOLOGY

The activities of a modern financial institution are unthinkable without Information Technology. Developing the IT infrastructure is one of Bank Nizwa's most important strategic goals. The Bank continued to invest in innovation to offer compelling customer experiences, to stand out amid increasing competition and to position the business for future growth. Innovation is continuous within the Bank and with strategic partners to enhance customer-facing applications as well as back-end processes and systems.

The objective of Information Security is to have continuous improvement and evolution against a backdrop of ongoing change in the business, technology, and threat environments. The department is responsible to ensure necessary functionality of IT systems and solutions as the most critical factor in customer experience. IT function also ensures the highest reliability levels to all IT services, industrializing the development and operation of system to maximize productivity and reduce operations cost.

Some of the major initiatives in 2020 include implementation of Anti-Fraud Solution, Video Conferencing using Microsoft Teams, Work-From-Home Solution, Digital Board Meeting Solution, WPS System, HR Mobile App, Workplace by Facebook, OCB Mala'a System, B2B System, 3D Secure Online Credit Card Transaction, Mobile Banking UI/UX Revamp, as well as additional services like Charity & Bill Payments across multiple institutions in Oman, Instant Account Opening, and Instant Transfer (24x7).

Enhancements and upgrades continued in Corporate Internet Banking, IVR and credit card services with a view to creating greater customer satisfaction. Other developments included the implementation of Oman Credit Bureau, deployment of an advanced



audit management system and reconciliations system to ensure compliance and better control of risks. In 2020, Bank Nizwa enhanced its network security through a firewall upgrade and introduced faster digital connectivity for branches.

Bank Nizwa aspires to be the 'digital bank of choice'. In a rapidly evolving digital environment, this commitment is anchored on preserving robust customer relationships by cultivating trust, relevance, and convenience through every banking channel. Significant investments have been made in future-proofing platforms and in embracing cutting-edge technologies such as artificial intelligence, data science, robotics to enhance customer experience and serve them better. The Bank has also upgraded its networks and systems. Some of the large transformation programmes that will continue into 2021 include a Core Banking transformation and customer experience enhancement through the implementation of multiple Digital Banking solutions.

Against a dynamic backdrop in the business, technology and threat environments, Bank Nizwa maintains an exact balance between tight security and seamless productivity. In line with the Bank's process-centric approach that focuses on continuous improvement, several robust enterprise security protocols have been implemented, including 24/7 security monitoring, upgraded firewall, IP telephony system, direct connectivity with SWIFT alliance, advance call recording system, and faster connectivity links for branch operations.

FUTURE OUTLOOK

The Bank believes that despite the uncertainty in the financial outlook, there are signs of rebound with Covid-19 vaccinations being carried out all around the world and oil prices seen stabilizing at around USD 70 per barrel recently.

The global financial crisis resulted in great destruction and the world has not yet fully recovered from it till now. However, there is something positive that the crisis gave the world; it is the regulatory and policy lessons that can be derived from it. Although Islamic finance was quite immune to the global crisis as compared to its conventional peer, concerns still exist. It is time that Islamic finance industry learns from the financial woes of the rest of the world. In fact, the world is already changing its financial landscape with heavy reforms and stricter regulations related to capital and impairments. In Oman, Islamic Banking is very well regulated as enshrined in the Islamic Banking Regulatory Framework (IBRF) in extension to the Banking Law. Despite a multitude of

challenges, with two full-fledged Islamic banks and five Islamic windows, Shari'a compliant banking assets accounted for 14.5% of Oman's total banking assets in 2020, and the growth is expected to continue in 2021.

Despite the challenges, Oman is set to embark upon a development programme to shift to a diversified economy by developing small and medium-sized enterprises, public-private partnerships (PPPs) and improving the investment climate. This is encouraging. The Government is establishing programmes that will grant numerous opportunities to broaden the country's economic base, both vertical expansion of the sectors dependent on oil and the development of non-oil sectors such as manufacturing, fisheries, transportation & logistics, tourism, and mining. The economic and structural reforms will improve multiple fronts, including financial and social objectives.

Amidst all this, the growth of Islamic Banking in the Sultanate is most encouraging and has become significant in a short space of time through various support and policy measures adopted by the CBO. As the Bank progress, standardised liquidity management frameworks and instruments, diversified financing portfolios and innovative Islamic finance products, will play a crucial role in developing this sector. With the introduction of new products, especially for corporate customers and SMEs, and Shari'a-compliant liquidity management tools, Islamic Banking will continue to grow steadily and achieve all potential opportunities.

Bank Nizwa's values of being driven, principled, innovative, and helpful are the pillars of its strategic approach in providing a diverse set of products and services. In line with the Bank's five years strategy 2025, to support the next phase of growth and increase returns for the shareholder, the Bank shall increase its capital base and will invest in critical infrastructure to support the growth plan. The bank is leading the sector's growth in multiple fronts including in corporate banking, international banking, trade finance and treasury, among others. Through strategic partnerships, Bank Nizwa is well-positioned to spearhead the growth of Islamic finance and solidify its leadership in the sector. The Bank will continue to expand its clientele franchise organically by deepening client relationships, train and retain talents, and invest in the right products and services. The Bank continue to strive to be the financial partner of choice for the people and enterprises of Oman.

The Government's efforts to bolster the fiscal position as per the National Program for Fiscal Balance (Tawazun)

encouraged structural reforms to boost private sector-led growth, increased economic diversification, created jobs, and fostered inclusive growth. The positive recent fiscal and Government initiative providing support to the economy will increase demand for credit. The planned completion of major infrastructure projects is expected to raise non-hydrocarbon growth over the medium term gradually.

The Bank believes that contribution through the business of both intermediation and participation, will lead to the economic, social, and ethical wellbeing of society. Bank Nizwa will continue to play a significant role in supporting the government's diversification plan as well as towards Oman Vision 2040. Looking at the future, the Bank is confident of setting new industry benchmarks and place Oman higher on the Islamic banking landscape globally.

The Bank is forward focused, shaping the future of banking by innovating, modernizing the Bank's operations, and investing in new capabilities. The Bank is continually looking for ways to adapt and reinvent while always keeping the customer at the centre of what the Bank do. And while the Bank have always been at the forefront of innovation, the proliferation of digital technologies provides the Bank with opportunities to redefine how the Bank's customers see Bank Nizwa and the role the Bank play in their lives.

The enduring strength of the Bank, the commitment of the leadership team, and the continued dedication of the

Bank's executives and staff to the Bank's purpose and to the Bank's customers give great confidence that the Bank can deliver a bank of which its shareholders can be proud of.

CHANNELS OF CONTACT WITH SHAREHOLDERS AND INVESTORS

The Bank is committed to ensure timely disclosure and communication of all material information to the shareholders and the market. The Bank prepares, publishes, and sends investor-related information in the quarterly, half-yearly reports and the annual report based on the statutory guidelines.

Under full supervision of the Board of Directors, the Bank's management takes responsibility for the preparation, integrity and fair presentation of the financial statements and other information in the annual report.

The financials of the Bank are available on MSX website viz, www.msx.om and also on the website of the Bank at www.banknizwa.om. The Bank also makes timely disclosures of any and all material information on MSX website strictly in line with the Capital Market Law and Executive Regulations.

PREVIOUS FUND RAISING

The Banks has not raised any funds through Tier-1 or subordinated securities since its inception in 2012.

BANK NIZWA SAOG CREDIT RATING

Agency	Long Term CRR	Long Term Deposit	Outlook	Date of Rating
Moody's	Ba3	Ba3	Negative	21 June 2021

SELECT FINANCIALS AND RATIOS

Select Ratios	30 Jun 2021	31 Dec 2020	31 Dec 2019
1. Profitability Ratios			
Return on Assets ¹	0.9%	0.9%	1.0%
Return on Equity ²	7.4%	6.9%	6.9%
2. Capital			
Capital Adequacy Ratio (Basel III)	13.4%	13.6%	13.8%
3. Asset Quality			
Non-Performing Financing/Gross Financing	1.24%	1.32%	0.08%
Provision Coverage	50%	31%	56%

*Source: Bank's annual audited financial statements for 2020 and 2019 and unaudited financial statements for the six months ending 30 Jun 2021

1 Profit for the year / Total Assets

2 Profit for the year / Owner's Equity

The Bank's profitability has improved with return on assets ratio of around 0.9% in 2020 and as at 30 June 2021, slightly lower than the 1% local average. Over the longer term, higher gross profit income will contribute to gradually improve the Bank's profitability with growth. Rapid growth reflects the increasing penetration and acceptance of Shari'a-compliant assets in Oman. The Bank's capital adequacy ratio slightly declined to 13.4% as of June 2021 from 13.6% as of December 2020 following rapid growth. As of March 2021, the Bank's non-performing financing-to-gross financing ratio remains stable at 1.24% and still compares favourably with the 3.6% local average.

ECONOMIC SECTOR CONCENTRATION

	Assets			Liabilities		
	Gross due from banks and Interbank Wakala investment	Gross financing	Gross investments in Sukuk and securities	Customer account, unrestricted IAH and customer Wakala	Interbank Wakala	Contingent liabilities and commitments
31 December 2020	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Personal	-	440,481	-	414,230	-	-
Construction	-	105,206	-	22,862	-	110,596
Manufacturing	-	84,214	-	8,245	-	17,942
Financial services	13,012	-	-	-	91,833	-
Government	-	-	93,525	377,992	-	94,789
Other services	-	216,944	-	15,568	-	70,413
Others	-	183,695	8,685	85,311	-	42,846
	13,012	1,030,540	102,210	924,208	91,833	336,586

The Bank's concentration in the challenged construction sector has declined materially with much wider economic sector being covered along with growth particularly in the national priority sectors such as manufacturing and transportation & logistics.

Investment Portfolio (RO '000)	30 Jun 2021	31 Dec 2020	31 Dec 2019
Local listed Sukuk	2,002	2,002	2,002
International un-listed Sukuk	15,400	16,555	21,834
International listed Sukuk	-	-	387
Regional un-listed Sukuk	1,641	595	1,466
Regional listed Sukuk	205	206	1,774
Regional un-listed funds	2,385	2,385	2,801
Regional un-listed shares	284	284	280
Local rated listed Sukuk	77,086	76,168	33,771
Local unrated listed Sukuk	3,958	3,958	3,958
Local listed shares	48	57	60
Total	103,009	102,210	68,333

The Bank adopts a conservative investment approach concentrating on Shari'a compliant high quality liquid instruments. Investment portfolio is reviewed and monitored constantly to generate satisfactory yield income. The Bank shall continue existing approach and take on opportunistic investment within allowable threshold in supporting growth targets with focus on development of domestic Shari'a compliant capital market.

ASSET QUALITY AND PROVISIONING

The Bank evaluates the asset quality of its financing portfolio using two primary measures- the provisioning ratio and the non-performing assets ratio. The provisioning ratio is the annual charge for provisions as a percentage of total financing. The non-performing assets ratio is the ratio of non-performing assets as a percentage of total financing. Further, the risk movement is tracked through portfolio analysis with focus on concentrations. The Bank adheres to the extant regulatory guidelines of assigning risk weights to its credit exposures based on counterparties involved and risk weights for non-funded exposures after application of credit conversion factors. It has adopted standardized approach in computing capital adequacy. The classification of credit exposures is considered by the Bank for identifying impaired credit facilities, as per CBO circular number BM 977 dated 25 September 2004.

Gross Financing by type of contract	30 Jun 2021	2020	2019
	RO'000	RO'000	RO'000
Sales Receivables and Other Receivables	261,775	239,330	241,708
Ijara Muntahia Bittamleek	297,421	305,239	318,959
Musharakah financing	219,607	181,257	120,121
Wakala Bil Istethmar	330,638	304,714	186,352
Total Financing	1,109,441	1,030,540	867,140
Less:			
Impairment	(21,261)	(15,977)	(9,780)
Deferred Profit	(27,371)	(26,107)	(27,821)
Reserved Profit	(268)	(298)	(16)
Net Financing	1,060,541	988,158	829,523

Sources of Financing and Debt Equity Ratio (Based on unaudited financials of 30 June 2021)

(in RO '000)

	Pre-issue	Post-issue
Liabilities		
Inter-bank Wakala	74,601	74,601
Customers' Wakala	458,911	458,911
Customers' accounts	228,696	228,696
Other liabilities	34,326	34,326
Total liabilities	796,534	796,534
Equity of unrestricted investment accountholders	360,730	360,730
Total liabilities and equity of unrestricted investment accountholders	1,157,264	1,157,264
Shareholders' Equity		
Paid-up capital	150,000	225,000
Share premium	2,091	2,091
Investment fair value reserve	423	423
Legal reserve	3,266	3,266
Impairment reserve	150	150
Retained earnings / (accumulated losses)	8,236	8,236
Total Shareholders' Equity	164,166	239,166
Total Financing Sources	1,321,430	1,396,430
Total debt/Total equity ratio	7.05	4.84

8. SUMMARY FINANCIALS

The following information has been extracted from the audited financial statements of 2020 and 2019 and unaudited financial statements for the six (6) months ending 30 June 2021. For full financial statements, please visit MSX website at www.msx.om or Bank's website at www.banknizwa.om.

BALANCE SHEET

In RO '000	30 Jun 2021	31 Dec 2020	31 Dec 2019
Assets			
Cash and balances with CBO	104,361	67,943	89,293
Due from banks and financial institutions	13,355	12,996	20,321
Sales & other receivables	228,798	208,909	211,058
Investments	117,007	116,194	82,727
Financing	831,743	779,249	618,465
Property, equity, intangibles, & other assets	26,166	20,968	12,500
Total assets	1,321,430	1,206,259	1,034,364
Liabilities			
Due to banks	74,601	91,833	66,825
Customer deposits	687,607	558,470	487,094
Equity of unrestricted investment accountholders	360,730	366,091	310,396
Share capital	150,000	150,000	150,000
Owner's Equity	164,166	159,688	147,907
Total liabilities	1,157,264	680,480	576,061
Total liabilities, equity of unrestricted investment accountholders, owner's equity	1,321,430	1,206,259	1,034,364
Book value per share (Baizas)	109	106	99

INCOME STATEMENT

In RO '000	For the financial period ended		
	30 Jun 2021	31 Dec 2020	31 Dec 2019
Sales and other receivables revenue	5,637	11,849	11,559
Ijara and Financing Profits	23,043	38,999	33,396
Profit on Investments	2,337	3,904	2,424
Return on unrestricted investment accountholders	(3,583)	(7,603)	(7,504)
Profits paid on Wakala	(10,055)	(15,766)	(14,272)
Other income	5,012	7,871	7,415
Total revenue	22,391	39,254	33,018
Net impairment on financial assets	(5,202)	(6,700)	(2,595)
Operating expenses	(10,437)	(19,656)	(18,430)
Profit before tax	6,752	12,898	11,993
Tax expense	(703)	(1,831)	(1,814)
Net profit for the period	6,049	11,067	10,179
Earnings per share (Baizas)	4	7	7

UN-AUDITED RESULTS AS OF 30 JUNE 2021

The Bank's total assets grew by 25 per cent in 30 June 2021, reaching RO 1.32 billion, compared to RO 1.06 billion during the same period in 2020. Customer deposits went up by 25 per cent to reach RO 1.05 billion compared to RO 0.84 billion in 2020. Gross financing grew by 20 per cent, reaching RO 1.08 billion. The Bank's total revenue increased by 21 per cent, reaching RO 22.39 million in June-2021 while operating expenses increased by only 15 per cent, driven by healthy activity across both our Wholesale and Retail businesses and dedicated cost management. This results from the successful execution of Bank's strategy 2025, which requires continued focus on growing the balance sheet in a controlled manner, diversifying revenue streams, controlling expenses, improving margins, enhancing its digital capabilities, and expanding products and client base.

RO '000	30 Jun 2021	30 Jun 2020	Growth %
Total assets	1,321,430	1,060,779	25%
Gross financing	1,081,802	898,273	20%
Customers' deposits	1,047,967	838,930	25%
Equity	164,166	154,137	7%
Total revenue	22,391	18,557	21%
Operating expenses	(10,437)	(9,038)	15%
Profit for the period	6,049	5,888	3%

9. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts transactions with certain of its directors, major shareholders, senior management, members of the SSB, and companies over which they are able to exert significant influence. The aggregate amounts of balances with such related parties are as follows:

31 December 2020	Major shareholders*	SSB members	Senior management	Total
	RO'000	RO'000	RO'000	RO'000
Sales receivables and other receivables	8	62	174	244
Ijara Muntahia Bittamleek	424	72	1,557	2,053
Wakala Bil Istethmar	1,850	-	-	1,850
Musharakah Financing	1,351	-	-	1,351
Customers' accounts	237	6	163	406
Unrestricted investment accountholders / Customers' Wakala	1,674	2	268	1,944
Wakala Deposits	54,845	-	-	54,845
31 December 2019				
Sales receivables and other receivables	11	76	167	254
Ijara Muntahia Bittamleek	432	75	1,591	2,098
Musharakah Financing	142	-	-	142
Customers' accounts	138	1	69	208
Unrestricted investment accountholders / Customers' Wakala	3,044	1	127	3,172
Wakala Deposits	3,354	-	-	3,354

*including directors representing major shareholders

The expected credit loss for exposures to related parties amounted to RO 9,534 in 2020 (2019: 11,939). No impairment losses have been established in respect of the financing given to related parties.

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

31 December 2020	Major shareholders	SSB members	Senior management	Total
	RO'000	RO'000	RO'000	RO'000
Profit account	121	7	37	165
Operating expenses				
- Staff expense	-	-	1,751	1,751
- Other expenses	74	58	-	132
31 December 2019				
Profit account	24	7	42	73
Operating expenses				
- Staff expense	-	-	1,814	1,814
- Other expenses	63	62	-	125

10. RISK FACTORS AND MITIGANTS

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

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

Shareholders should consider carefully whether subscribing to the Offer Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

RISKS RELATING TO THE BANK

Competition

The Bank operates in a competitive business environment where it faces competition from other commercial banks, Islamic windows of commercial banks, other Shari'a compliant banks, specialized banks, and financing companies. This could result in increased pressure on the level of business that could have a negative impact on margins and profitability.

The Bank has been performing satisfactorily over the past in an increasingly competitive market and is confident of doing so in the future.

Regulatory Risk

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

The Bank's policies and procedures are aimed at complying with the banking rules and regulations so that there is no cause for any punitive regulatory action.

Banking Risks

Risk is inherent in bank's activities but is managed through a process of ongoing identification, measurement and monitoring, the imposition of risk limits and other controls. The Bank is exposed to a number of business-related risks including credit risk, market risk, operational risk, interest rate risk, currency risk, technology risk, reputation risk, price risk, liquidity risk, rate of return risk and legal risk. Any failure by the Bank to manage and/or mitigate such risks and/or predict unexpected market events that are beyond the control of the Bank could have an adverse effect on its business, results of operations and financial condition.

The Bank has put in place various risk management policies and procedures to manage these risks and conduct its operations in a prudent manner.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss and is inherent in the Bank's businesses. Credit risks could arise from a deterioration in the credit quality of specific counterparties of the Bank, from a general deterioration in local or global economic conditions or from systemic risks with the financial systems, 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 its assets and other credit exposures which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank attempts to control credit risk by implementing a credit risk strategy, monitoring credit exposures (in particular, in relation to those counterparties falling within higher risk rating bands), limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. In addition to monitoring credit limits, the Bank manages the credit exposure relating to its interbank activities by entering into arrangements with counterparties in appropriate circumstances and limiting the duration of exposure.

Market risk

Market risk arises from changes in market rates such as profit rates, foreign exchange rates and equity prices, as well as in their correlation and implied volatilities. The Bank's management of market risk is designed to

limit the amount of potential losses on open positions that may arise due to unforeseen changes in, profit rates, foreign exchange rates, or equity prices. The Bank uses appropriate tools, in accordance with standard market practice, for the management of its positions and receives regular market information to regulate its market risk. The Bank's market risk policy is set to manage day-to-day operations and is reviewed periodically to suits the requirement. However, there can be no assurance that such measures will continue to eliminate or reduce market risk and, should any of these measures fail to operate as intended, the Bank's business, results of operations, financial condition and prospects may be adversely affected.

Business Continuity Risks

The Bank's business may be affected by natural disasters and accidents such as fire and other risks outside its control (including the current COVID-19 pandemic), which may result in interruption of business, loss of property, records, and information. Any interruption or threat, real or perceived, to the Information Technology (IT) system of the Bank could significantly impact its operations. These could have substantial adverse impact on the financial position of the Bank.

The Bank has put in place suitable Business Continuity Plans to mitigate potential business interruptions or loss of information.

Critical Accounting Estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Rate of Return Risk

Rate of Return Risk is the risk of deviations in earnings

or economic value due to adverse movement of the yield curve. It is inherent primarily to the banking book mainly through advances and deposits portfolio.

The profit rate exposure of the Bank arises due to mismatches between contractual maturities or re-pricing of on and off-balance sheet assets and liabilities. It is addressed by an Asset and Liability Committee (ALCO) that reviews the profit rate dynamics at regular intervals and decides re-pricing of assets and liabilities ensuring that the spread of the Bank remains at an acceptable level.

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

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant.

Impact on earnings due to profit rate risk in the banking book	2020	2019
	RO'000	RO'000
+200 bps	4,965	5,112
+100 bps	2,483	2,556
-200 bps	(4,965)	(5,112)
-100 bps	(2,483)	(2,556)

Provisions for Non-Performing Financing

The Bank establishes an allowance for credit losses as prescribed by IFRS and the CBO guidelines that represent its estimate of credit losses in its financing portfolio. Additionally, the Bank has applied IFRS 9, which came into effect from 1 January 2018. IFRS-9 imposes more stringent requirements on the Bank for the recognition of impairments.

As of 30 June 2021, the Bank had gross NPAs amounting to RO 13.3 million and carried allowance for credit losses of RO 6.6 million to cover potential identified impairment losses (compared with NPAs amounting to RO 13.2 million and carried allowance for credit losses of RO 4.2 million to cover potential identified impairment losses as of 31 December 2020). As of 30 June 2021, the total allowance for credit losses were 159 per cent of the Bank's NPAs (compared to 133 per cent as of 31 December 2020). In accordance with IFRS 9, the Bank is required to reflect the impairment calculated as a charge to the income statement.

The Bank's management believes that the levels of allowance for credit losses as of 30 June 2021 are sufficient to cover the Bank's estimated impairment losses as of that date. The actual credit losses, however, could be materially different from the allowance for credit losses and if such allowances are insufficient to cover credit losses, this could have an adverse impact on the Bank's business, results of operations, financial condition, liquidity, and prospects.

Asset Liability Mismatch Risk

The Bank is in the business of financing assets, commodities, trade financing in line with Shari'a requirements. To fund the same, the Bank receives investment and funding as per the applicable Shari'a terms and conditions from retail and wholesale banking customers; it is exposed to the risk of mismatch in the tenors and other key terms of its assets and liabilities, e.g., short-term funding used for funding long-term advances.

The Bank's asset and liability mismatch risk is monitored and managed by the Assets and Liabilities Committee (ALCO) with the objective of limiting the potential adverse effects on the Bank's profitability.

Contingent Liabilities

As per the Bank's financial statements, as of 30 June 2021, the Bank had contingent liabilities and commitments of RO 412 million, comprising financial guarantees (RO 111 million), letters of credit and acceptances (RO 118 million), and financing commitments (RO 183 million). While these are in the normal course of business, it exposes the Bank to credit and liquidity risks. In case these contingent liabilities materialize sooner or later than scheduled, the Bank may need to raise additional funding, which may be at short notice. Such developments may adversely impact the Bank's business.

The Bank monitors these liabilities on a regular basis to minimize such risks.

Non-Performing Financing Risk

The Bank's non-performing financing have increased since 2019, mainly due to the unfavourable macroeconomic environment, with a gross NPA ratio of 0.08 per cent as of 31 December 2019, 1.32 per cent as of 31 December 2020 and 1.24 per cent as of 30 June 2021. Whilst the Bank will continue to deal with the emerging risks to manage and maintain the quality of its financing portfolio, the persistence of the stressed and unfavourable microenvironment might lead to a further increase in non-performing financing ratio, and this

could have an adverse impact on the Bank's business, results of operations, financial condition, liquidity, and prospects.

In addition, the CBO may, at any time, amend or supplement its guidelines and require additional provisions to be made in respect of the Bank's financing portfolio if it determines (acting in its role as the prudential regulator for the Omani banking sector) that it is appropriate to do so. If any additional provisions were required to be made, then depending on the exact quantum and timing, such provisions could have an adverse impact on the Bank's business, results of operations, financial condition, liquidity, and prospects.


The Bank follows prudent credit policies and processes through which it reviews the creditworthiness of customers and manages its risk exposure. To mitigate the risk of unforeseen eventualities, adequate security cover is maintained over the assets of borrowers. Furthermore, despite decrease in provision coverage, the Bank maintains adequate provision coverage as required by the CBO.

Displaced Commercial Risk

Displaced Commercial Risk (DCR) refers to the magnitude of risks that are transferred to shareholders in order to cushion the Profit-Sharing Investment Account (PSIA) from bearing some or all of the risks to which they are contractually exposed in Mudaraba funding contracts. Under a Mudaraba (profit sharing and loss-bearing) contract, in principle, unrestricted PSIA are exposed to the aggregate impact of risks arising from the assets in which their funds are invested, but they benefit from the DCR assumed by the Bank. This risk-sharing is achieved by constituting and using various reserves such as Profit Equalization Reserve (PER), and by adjusting the Mudarib's (Bank as fund manager) profit share to smooth the returns payable to the Investment Account Holders (IAH) from exposure to the volatility of aggregate returns arising from banking risks, and thereby to enable payment of returns that are competitive in the marketplace.

Credit Rating

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.



The last change in the Bank's credit rating was in December 2020 and no rating downgrade has happened since then. The rating outlook, however, remains negative.

Risk of Dependence on Key Personnel

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

The Bank places high importance on developing conducive human resource policies aimed at achieving employee satisfaction and motivation, which help employee retention as well as attracting new talent. The Bank also develops senior management succession plans to achieve a smooth transition.

Dependence on short-term funding and liquidity

As with most banks, a substantial portion of the Bank's funding requirements is met through low-cost, short-term funding sources, primarily in the form of customer deposits. As of 30 June 2021, approximately 39 per cent of the Bank's total liabilities, equity of unrestricted investment accounts and owner's equity had remaining maturities of one year or less or were payable on demand, whereas 33 per cent of assets are having a residual maturity of one year or less.

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

The Bank's deposit base has grown steadily over the years increasing from RO 189.4 million at the end of 2015 to RO 1,048 million at the end of June-2021, which indicates the Bank's ability to renew as well as mobilize new deposits over the period. The Bank expects that it will be in a position to mitigate such risks through retaining its existing depositor base, acquiring new deposits, and generating liquidity through additional funding sources.

Deposit and Borrower Concentrations

Although the Bank considers that it has adequate access to sources of funding, the withdrawal of a significant portion of large deposits could have a material adverse effect on its business, results of operation and financial condition, as well as their ability to meet the CBO regulations relating to liquidity. Any such withdrawal may 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 any replacement funding may negatively impact the Bank's ability to maintain or grow its financing portfolio or otherwise increase its overall cost of funding, any of which could have a material adverse effect on its business, results of operation and financial condition.

A significant default by one or more of the Bank's large corporate borrowers could have an adverse effect on the Bank's business, financial condition, results of operations or prospects. Retail customer portfolios are strongly linked to the economic conditions in Oman, with changes in employment levels and decline in purchasing power among the factors that may impact retail credit exposures.

A downturn in the financial position of any of the Bank's depositors or borrowers could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

The Bank has put in place various risk management policies and procedures to manage such risks and conduct its operations in a prudent manner.

Shari'a Non-Compliance Risk

The Bank may incur a loss due to risk that arises from the failure of the Bank to comply with the Shari'a rules and principles determined by the Shari'a Board or CBO.

To ensure the Bank complies with the requirement, an independent function is established in the Bank. This function provides Shari'a review and supervision for business transactions and support function activities before execution (ex-ante) to confirm that structuring has been concluded based on IBRF, AAOIFI, and SSB Shari'a guidelines and controls. Consequently, Shari'a Review Reports (SRR) are prepared to document this supervision activity and presented to Shari'a Ex-Com and the SSB in the monthly and quarterly meetings. This function forms the core of Shari'a activity in the department and the Bank that is also responsible to advise on any new Product Development activity as well review of Product Program and its ancillary

documentations. To support the Shari'a compliance activity, Shari'a non-compliance risks are continuously scrutinized, and specific mitigation controls are set to minimize these risks which occur due to un-intentional human errors. Any income of Shari'a non-compliant transactions is donated to charity as per SSB guidelines.

Foreign Exchange Risk

Foreign exchange risk is the risk that the foreign currency positions taken by the Bank may be adversely affected due to volatility in foreign exchange rates.

The responsibility for management of foreign exchange risk rests with the Treasury department of the Bank. Foreign exchange risk management is ensured through regular measurement and monitoring of open foreign exchange positions. Treasury takes every possible measure to cover open positions created by customer transactions.

Instruments used to mitigate this risk are foreign exchange spot, forwards, deposits, etc. These instruments help to insulate the Bank against losses that may arise due to significant movements in foreign exchange rates. All foreign exchange exposures are centrally managed by the Bank's Treasury and are daily marked to market. Limits have been assigned with respect to overnight open exposures, stop loss and authorized currencies to monitor and control foreign exchange exposures.

Value Added Tax

The introduction of Value Added Tax (VAT) in Oman, which has been implemented from April 2021 may have an impact on economy in general and particular on the Bank, where service and operational cost may increase.

At this stage, it is not possible for the Bank to provide any forecast or guidance on the level of impact this will have on its future performance. The Bank, however, expects that it will be able to pass on any VAT charges that may apply on its services to the Bank's customers.

Real-Estate Exposure Risk

Real estate exposure risk is the credit risk associated with providing financing to customers for the purpose of acquiring real estate, either for their own use or for investment, as well as where financing to the client is secured by real estate as collateral. Any downturn in the real estate market or default of Bank's main real estate related clients could have a material adverse effect on Bank's business, reputation, financial condition, results of operations and prospects. The Bank seeks to manage this risk through its credit risk policies and procedures, including the carrying out of due diligence and the establishment of concentration limits.

Information Technology Risk

Information technology (IT) plays a critical role in many businesses. The Bank has legal obligations in relation to privacy, electronic transactions, and staff training that influence IT risk management strategies.

The risks include hardware and software failure, human error, spam, viruses, and malicious attacks, as well as natural disasters such as fires, cyclones, or floods.

The Bank manages this risk by continuously conducting business risk assessment and has a business continuity plan in place to counter any such risks and enable the Bank to continue and/or recover from any IT related incident.

Product Development

The Bank is in continuous need to meet the demand for Shari'a compliant products developed in a way to effectively cater to evolving customer needs. Any delay or non-availability of products and/or services may result in the Bank losing its customers to competitors along with withdrawal of funds.

The bank's existing products meets broad need of various banking products and services requirements particularly Shari'a discerning demands. Nevertheless, the Bank is continuously improving and innovating products to meet the ever-changing market needs with dedicated in-house product development and Shari'a specialist.

Optimum Utilization of New Capital to generate Return for shareholders

The ongoing COVID-19 pandemic and resultant economic slowdown is shaping an unprecedented challenging operating environment globally. Although the Bank has successfully managed its operations with increasing profitability over the years including the year 2020, future growth may get hampered or even halted should capital is not deployed optimally, which may result in reduced profitability and consequently lower than desired dividends to participating shareholders.

As demonstrated in 2020, Bank Nizwa has the strength to adapt and will remain focused on delivering for clients, employees, communities, and shareholders. The Bank has a plan for deployment of funds to generate return for shareholder. Following Strategy 2025, the Bank is committed to spearheading Islamic finance's growth and solidifying its leadership in the sector, leading the market share towards new heights prudently.



RISK FACTORS RELATING TO THE MARKET IN WHICH THE BANK OPERATES

Economic Risk

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

The Oman economy continues to be dependent on oil and gas production and revenues and the sustained drop in oil prices has had an adverse impact on economic, investments and other areas. If the current low crude oil prices continue for a significant period, this will likely have a significant adverse impact on Oman's economy and its revenues and financial condition. In addition, the current COVID-19 pandemic has intensified the economic impact in various sectors, which have faced significant disruptions and uncertainty. Loss of oil revenues, tourism revenues and disruption to supply chains has resulted in a weakening outlook for Oman's macroeconomic environment.

The Bank considers the economic outlook and its implications while drawing up its business plan. Furthermore, the Board and its management monitor the functioning of the Bank and adopt suitable actions in the event of any unanticipated developments. The current economic business environment, however, has been severely impacted by the COVID-19 pandemic and as this is an unprecedented development, there is a high level of uncertainty relating to the duration of the pandemic and its fallout. It is not possible; therefore, for the Bank to provide any forecast or guidance on the level of impact this will have on its future performance and position.

Change in Laws, Regulations and Rules

The Bank's functioning is supervised by the CBO, CMA and MOCIP. Any change in the prevailing policies and regulations and/or the Laws of Oman could impact the Bank's performance. Further, any changes to the applicable laws or regulations including the regulations relating to capital adequacy and Basel regulatory framework could also impact the Bank's performance.

The Bank does not currently anticipate any radical changes in the regulations; therefore, the impact of such changes remains limited. Furthermore, the Bank has a well-experienced management team to appropriately respond to any such developments.

Default by Bank's Clients and Counterparties

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

The Bank has appropriate risk management policies and procedures to address these issues so that these do not have a material adverse impact on the Bank's long-term prospects.

Risk Factors Related to the Offer Shares Following the Listing

Share price fluctuation: After the listing of the Offer Shares on the MSX, the price of the Shares may fluctuate for various reasons and may go below the Issue Price.

Liquidity: There are no guarantees that an active market will exist in the Shares on the MSX. To that extent, the Shareholders face the risk of holding shares that may not be actively traded.

Future increase of equity capital or capital securities: The Bank, may, in the future, increase its equity capital through further issues of shares and/or may issue other capital securities. Such capital increase may be required to sustain the Bank's business growth as also to meet the Capital Adequacy Ratio (CAR) as per regulatory requirements. Details of the Bank's capital adequacy position are set out in Note 18 to the Bank's notes to the interim condensed financial statements for the six-month period ending 30 June 2021. Such capital increases could impact the price of the Shares on the MSX and/or potential dividends.

Market fluctuations: Market fluctuations and other factors may adversely affect the trading price of the Shares regardless of the actual operating performance of the Bank. All equity investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on market conditions.

11. SHAREHOLDING DETAILS AND CORPORATE GOVERNANCE

SHAREHOLDERS

The table below shows the Bank's shareholders as of 30 June 2021.

Name	Country of incorporation	Number of shares	%
Aflag Financial Investment	Oman	324,564,930	21.64%
Civil Employees' Pension Fund	Oman	138,398,078	9.23%
Al Ghadeer Investment	Oman	120,000,000	8.00%
Public Authority for Social Insurance	Oman	109,893,262	7.33%
Diwan of Royal Court Pension Fund	Oman	76,397,824	5.09%
Others		730,745,906	48.71%
Total		1,500,000,000	100.00%

CORPORATE GOVERNANCE FRAMEWORK

The Bank's corporate governance philosophy has been developed within the directives and guidelines of the CBO, the CMA (including the Code) and the CCL and requires that the Board and management shall:

- maintain the highest standard of corporate governance and regulatory compliance;
- promote transparency, accountability, responsiveness, and social responsibility;
- conduct their affairs with stakeholders, customers, employees, investors, vendors, government, and society at large both fairly and in an open manner; and
- create an image of the Bank as a legally and ethically compliant entity.

BOARD

The Board of the Bank were elected by the Shareholders during the Annual General Assembly that took place on 28 March 2019, for a period of three years.

The Board is responsible for overseeing the Bank's management and business affairs and makes all major policy decisions for the Bank.

The Board is responsible for approving the financial statements of the Bank, and the overall compliance of the Bank with the applicable rules and regulations. The Board continuously protects and enhances shareholders' value by looking after the Bank's overall corporate governance. The Board members have acknowledged that they shall, during the term of the Board, remain compliant with the applicable rules and regulations, and they shall inform the Bank of any changes in their status, which might affect their category or status. Directors are nominated to the Board of the Bank in accordance with the CCL. The Bank's Board's principal responsibilities are as follows:

- Appointing key executives with integrity, technical and managerial competence, and appropriate experience, and deciding their compensation package;
- Overseeing succession planning and replacing key executives when necessary;
- Reviewing key executive and Board remuneration packages and ensuring such packages are consistent with the Bank's corporate values and strategy;
- Ensuring a formal and transparent Board nomination process;
- Effectively monitoring and evaluating management's performance in implementing agreed strategy and business plans, and ensuring that appropriate resources are available;
- Approving budgets, reviewing performance against those budgets, and deciding on the future strategies and plans;
- Meeting regularly with senior management and respective Board Committees to establish and approve policies and review key developments;
- Identifying, understanding, and measuring the significant risks to which the Bank is exposed in its business activities;
- Board members shall independently assess and question the policies, processes and procedures of the Bank, with the intent to identify and initiate management action on issues requiring improvement (i.e. to act as checks and balances on management). Procedures may be defined to appoint advisors or external experts to assist Board members in effectively discharging their responsibilities; and
- Approve financing transactions as per Delegation of Authority Matrix.



POWERS OF THE BOARD

The Board has full authority to perform all acts required for the management of the Bank for achievement of the Bank's objectives and for the implementation of the resolutions of the general meeting. Such authority shall not be limited or restricted except as provided by law and regulations in force in the Sultanate or by the Articles of Association or by a resolution of the Shareholders. Some of the principal functions of the Board include:

- A. To approve the commercial and financial policies and the estimated budget of the Bank with a view to achieving the objectives of the Bank and to the maintenance and promotion of the rights of its shareholders.
- B. To draw up, review and update the necessary plans from time to time for implementation of the Bank's objectives and carrying out its activities in the light of the objective for which it has been established.
- C. To adopt the Bank's disclosure procedures and follow up of the implementation thereof in accordance with the rules and conditions of disclosure issued by the CMA.
- D. To supervise the performance of the executive management and ascertain the good performance of the business in a manner which achieves the objectives for which the Bank has been established.
- E. To provide accurate information to the shareholders at the times specified pursuant to the Disclosure Guidelines issued by the CMA.
- F. To appraise the performance of the Bank's employees referred to in the preceding paragraph and to assess the works performed by the related committees of the Board formed pursuant to Article 183 of the CCL.
- G. To approve the financial statements related to the Bank's activities and the results of its business as submitted to it by the executive management every three months, which should reflect the exact financial position of the Bank.
- H. To include in the annual report presented to the General Meeting the reasons, which justify the ability of the Bank to continue pursuing its specified activities and achievement of its objectives.
- I. To appoint a secretary to the Board of Directors in its first meeting who shall not be a member of the Board of Directors and convene four meetings annually in accordance with the requirement of the CCL.
- J. To include in the financial statements a full statement of all amounts which might have been received by any director from the Bank during the year including the

amounts paid to Directors.

- K. To specify remuneration of the Shari'a Supervisory Board which is appointed and whose terms of reference are specified by the General Meeting, pursuant to the requirements of the CBO.

The CBO has also outlined the responsibilities of the Board of Directors of a licensed bank and some of the key aspects of these responsibilities include:

- a) The Board shall exercise its collective mind independently on all policy matters and shall not be limited by the submissions or presentations made to it.
- b) The Board shall ensure that it has an organizational structure in place to provide adequate checks and balances and functionality for guarding licensed banks from the undue influence of any internal and external sources having a bearing on corporate governance.
- c) The Board shall recruit and develop talented and capable senior management who will enjoy the Board's confidence. It is of crucial importance for the Board to have in place a well-thought-out management succession plan.
- d) It is the responsibility of the Board to approve and monitor a risk management framework that reflects best practices and implements the risk management strategies approved by the Board, across all business activities and operations.
- e) While the Board depends on the management's expertise to run the Banks' daily operations, it remains ultimately responsible for the monitoring thereof. The Board is expected to exercise utmost caution to ensure that, while bearing of ultimate responsibility for monitoring operations, it does not overstep into the jurisdiction of the management (constricting their freedom of operation).

The Board of Directors shall not perform the following acts unless expressly authorized to do so by the articles of association of the Bank or by resolution of a General Meeting of the Bank's shareholders:

- Make donations, other than donations of small value and customary, which are in the interest of the business.
- create a mortgage or a pledge on the assets of the company, except for securing its debts incurred in the ordinary course of its business.
- Guarantee debts of third parties, with the exception of contracted guarantees made in the ordinary course of business or as authorized by the CBO.

The Board of the Bank abides by and complies with all these legal and regulatory requirements. The Bank

shall be bound by all acts performed by its Board of Directors, its Chairman, Chief Executive Officer, and all other executives, (if any) as long as they act in the name of the Bank and within the scope of their powers.

COMPOSITION OF THE BOARD

The Articles provide that the Board comprises nine members. Details of the current Board members, who were elected at the Annual General Meeting held on 28 March 2019, are as follows:

Name of Director	Category	Represents
Sheikh Khalid Abdullah Ali Al Khalili	Non-Executive	Aflag Financial Investment
Mr. Musabah Saif Musabah Al Mutairy	Non-Executive	Non-Representative
Sayyid Amjad Mohammed Ahmed Al Busaidi	Non-Executive	Non-Representative
Mr. Hussain Yousef Dawood Al Shalwani	Non-Executive	Non-Representative
Sheikh Saif Hilal Nasser Al Mawali	Non-Executive	Non-Representative
Mr. Sami Yahya Hamed Al Dughaishi	Non-Executive	Civil Services Pension Fund
Mr. Ishaq Zayed Khalifa Al Mawali	Non-Executive	PASI
Sheikh Majid Ali Majid Al Mamri	Non-Executive	Non-Representative
Mr. Atif Said Al Siyabi*	Non-Executive	Non-Representative

*Mr. Atif Said Al Siyabi has been elected as Board member on 28 March 2021. His term will end with rest of Board member by the next Annual General Assembly in 2022.

BRIEF PROFILE OF DIRECTORS

The profile of the Board members is provided below:

Sheikh Khalid Abdullah Ali Al Khalili - Chairman

Sheikh Khalid Al Khalili has over 21 years of experience in various fields. He is a graduate in Civil Engineering from Florida Institute of Technology, USA. He is the Chairman of Aflag Group, a diverse group of operating companies. In the past, he has held various senior management positions, involving varied business disciplines, which include finance, project management and real estate development.

Sheikh Khalid is the Deputy Chairman of the board of directors in OMNIVEST SAOG and member of the Board's

Executive Committee and Nomination & Remuneration Committee. In addition, he is the Chairman of the board of Al Ahlia Insurance Co. SAOG. Moreover, Sheikh Khalid is a member of the Board of Omantel SAOG and its Investment and Strategy Committee.

Mr. Musabah Saif Musabah Al Mutairy – Vice Chairman

Mr. Almutairy has 27 years of experience in the areas of investment, finance, and accounting. Mr. Al Mutairi is a Member of several Boards, including Member of the Investment Committee of Royal Guard of Oman Pension Fund, a Member of the Board at Hotels Management Co. International, Oman Ammunition co, Khaleeji Commercial Bank, Takaful Oman, Oman National Investments Development Company, United GCC fund and Bank Muscat Money Fund.

Mr. Almutairy holds a bachelor's degree in Accounting and a Master of Business Administration in Finance. In addition, he holds several internationally recognized accounting qualifications.

Sayyid Amjad Mohammed Ahmed Al Busaidi – Member

Sayyid Amjad is currently the Assistant Head of Admin and Finance at the Diwan of Royal Court. He has served as the Executive President at the Diwan of Royal Court Pension Funds, and as Deputy Director General at the Directorate General of Financial Affairs. His list of memberships includes coveted positions such as Chairman of Oman Qatari Telecommunications Company (Ooredoo). He holds a Master of Business Administration degree from Southern Cross University, Australia.

Mr. Hussain Yousef Dawood Al Shalwani - Member

Mr. Hussain was previously a board member at Bank Sohar and played an active role in its set up. Moreover, he was also founding committee member of Al Tawasul Financial and Investment Services. Currently, he is serving as director on the Board of SalamAir, National Aluminium Products Company and Bank Nizwa. Mr. Hussain has earned a bachelor's degree with over 35 years of experience, holding various posts related to finance and investment in prestigious organizations like Al Ghadeer Investments, United Securities, Al Mawarid Securities, Qurum Investments etc.

Sheikh Saif Hilal Nasser Al Mawali – Member

Sheikh Saif has worked for the Sultanate of Oman Ministry of Commerce and Industry in the Directorate General of Organizations and Foreign Relations. He has served as a Senior Customs Clearance Officer at

Sultan Qaboos Sea Port as well as the Customs Liaison Officer for the regional office for MENA and Near East Region. As a key member of the Free Trade Agreement negotiations between Oman and the United States of America, Sheikh Saif represented Oman's interest in this important agreement, both at home and abroad. Sheikh al Mawali is an accredited expert for the MERCATOR program which assists governments in implementation of the WTO Trade Facilitation Agreement and strategic planning. He has held other key positions within the burgeoning logistics sector in Oman including as an associate of the Tanfeeth Program.

Sheikh Al Mawali's experience also spans across the private sector as he has successfully overseen the development of various real estate and cultural renewal projects in Oman and the region. He is a recipient of a bachelor's degree in Economics from Arkansas University in the United States of America.

Mr. Sami Yahya Hamed Al Dughaisi – Member

Mr. Sami holds prestigious masters in Financial Risk Management (FRM) from University of Glasgow, UK. He is currently serving as a Director of Pension Benefits Department in Civil Services Employee Pension fund. Other than Bank Nizwa, he is currently serving as a director on the board of United Power Company SAOG. Moreover, has served as director on the board of Oman Housing Bank from 2011 to 2014 and Ubar Hotels and Resorts from 2013 to 2019.

Mr. Ishaq Zayed Khalifa Al Mawali – Member

Mr. Ishaq is serving as director of Shell Oman Marketing SAOG and National Gas SAOG, along with Bank Nizwa. He has Masters in Finance from Melbourne University, Australia and around 22 years of diverse experience in funds and asset management companies, including State General Reserve Fund (SGRF), Public Authority for Social Insurance (PASI) and Oman Airport Management Company (OAMC). Currently, he is serving as Head of Asset Management- International in PASI.

Sheikh Majid Ali Majid Al Mamri – Member

Sheikh Majid is currently leading Operations of Al Ghadeer Investments as General Manager. He has a vast experience of more than 11 years in banking, construction, managing real estate and properties, along with exposure of strategic analysis and decision-making.

Mr. Atif Said Al Siyabi – Member

Mr. Atif possesses more than 18 years of experience in Information Technology and business transformation. His experience varies from hands-on experience in

leading innovative technology solutions and system operations to transforming business operations and driving technological advancements. He is involved in various investment initiatives in the ICT sector, where he has been leading various assignments, devising comprehensive strategies and delivered several ICT projects at the national level.

Currently, he is associated with the Oman Investment Authority and sits in various boards in the ICT sectors in Oman and internationally. He is highly adaptable and driven senior technology executive with extensive experience devising, establishing, and leading information technology and solutions architecture operations aimed at transforming business operations and driving technological advancements.

BOARD COMMITTEES

The Board of Directors has created various sub-committees for specific purposes with the clearly defined term 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 committees of the Board together with the Internal Audit, Risk and Compliance Department form an important tool in the process of corporate governance.

Board Executive Committee

The members of the Board Executive Committee are playing an increasingly important role to ensure that the financing exposures and investments conform to the respective policies of the Bank and to ensure implementation of the Business Strategy, Policies and Procedures of the Bank.

Executive Committee	
Name of Members	Position
Sheikh Khalid Abdullah Ali Al Khalili	Chairman
Sheikh Saif Hilal Nasser Al Mawali	Member
Sheikh Majid Ali Majid Al Mamri	Member
Mr. Sami Yahya Hamed Al Dughaisi	Member

Board Audit Committee

In addition to the roles specified in the Code and CMA Decision 10/2018, the main functions of the Audit Committee are to assist the Board in discharging its oversight responsibilities for the financial reporting process, reviewing the effectiveness of the Bank's internal financial control including accounting policies and changes thereto and review of annual and quarterly

financial statements prior to publication in order to ensure their balance, transparency, and integrity.

The Audit Committee also reviews the effectiveness of the internal audit function; the independent external audit process including recommending the appointment and assessing the performance of the external auditors as well as specifying their fees and the Bank's process for monitoring compliance with local laws and regulations affecting financial reporting.

Audit Committee	
Name of Members	Position
Sayyid Amjad Al Busaidi	Chairman
Mr. Hussain Al Shalwani	Member
Mr. Musabah bin Saif Al Mutairy	Member

Board Remuneration & Nomination Committee

The role of the Board Remuneration & Nomination Committee is to review and approve the selection criteria and appointment procedures for the Chief Executive Officer, Senior Management and any other key position as may be determined by the Board of Directors or the applicable laws, rules, and regulations. The Committee also ensures application of the remuneration framework for the Chief Executive Officer, Senior Management and any other key position as may be determined by the Board of Directors or the applicable laws, rules, and regulations.

Remuneration & Nomination Committee	
Name of Members	Position
Sheikh Saif Hilal Nasser Al Mawali	Chairman
Sheikh Khalid bin Abdullah bin Ali Al Khalili	Member
Mr. Ishaq Zayed Khalifa Al Mawali	Member
Mr. Sami Yahya Hamed Al Dughaishi	Member

Board Governance, Risk and Compliance Committee

The Board Governance, Risk and Compliance Committee's (BGRCC) primary function is to assist the Bank's Board of Directors in fulfilling its governance, compliance and risk management responsibilities as defined by applicable laws, the CBO regulations, the CMA, and the Bank's internal regulations. As such, the BGRCC exercises the authority and power delegated to it by the Board. The BGRCC's function is one of oversight, recognizing that Top Management is responsible for executing the Bank's risk management policies. BGRCC will neither be involved in the day-to-day management of risk nor in assessing / approving single transactions regardless of amount or risk level.

Risk Committee

Name of Members	Position
Mr. Musabah bin Saif Al Mutairy	Chairman
Mr. Hussain Yousef Dawood Al Shalwani	Member
Mr. Ishaq Zayed Khalifa Al Mawali	Member

Board Information Technology and Cyber Security Committee (BITSC)

The BITSC primary function is to assist the Bank's Board of Directors, in fulfilling its responsibilities related to Information Technology, Electronic Banking and Cyber Security Governance as defined by the Law(s)/Regulations promulgated by the Monetary Authorities/Regulatory Authorities and the competent Legislative Authorities/Bodies and the Bank's Internal Rule(s)/Regulation(s)/Procedure(s).

Information Technology and Cyber Security Committee

Name of Members	Position
Mr. Atif Said Rashid Al Siyabi	Chairman
Sheikh Majid Ali Majid Al Mamari	Member
Mr. Ishaq Zayed Khalifa Al Mawali	Member

SHARI'A SUPERVISORY BOARD

The current members of the SSB of the Bank comprise the following scholars:

1. Sheikh Dr. Mohammad bin Rashid Al Gharbi (Chairman)
2. Sheikh Ibrahim bin Nasser Al Sawwafi
3. Dr. Aznan Hasan
4. Sheikh Ali bin Suliman Aljahdami.

Sheikh Dr. Mohammad Al Gharbi and Sheikh Ibrahim Al Sawwafi were elected in the Shari'a Supervisory Board (SSB) by the Annual General Meeting on March 28, 2019, for a period of 3 years, whereas Dr. Aznan Hasan has been appointed as SSB member in December 2020 by the Board of Directors, subject to ratification in the next Annual General Meeting. Dr. Aznan has replaced late Sheikh Dr. Abdul-Sattar Abdul-Kareem Abu-Ghuddah, who served as an SSB member till October 2020.

The main roles and responsibilities of the SSB

- The SSB shall be the ultimate responsible authority within the Bank for all Shari'a related matters. The Board of Directors, which bears the responsibility of overall governance of the institution, shall rely on the SSB for all matters relating to Shari'a in the normal course of business and operations of the Bank.

- The SSB shall use the various elements of Shari'a Governance framework in order to fulfil its responsibilities i.e. Internal Shari'a Reviewer, Shari'a Compliance Unit and Shari'a Audit Unit. The SSB shall receive reports from Sharia audit function periodically and use them in its assessment and decisions.
- Advise the Board and the management on Shari'a matters in the day-to-day business of the Bank.
- Review and approve all the policies & procedures, products, processes, systems, contracts, and agreements for their Shari'a compliance to be ratified by the Board.
- Review and approve product documentation (including product features, terms & conditions, underlying Islamic contracts, product manual marketing, collateral other legal documentation etc.).
- Conduct Shari'a checks post product approval to ensure implementation of the related guidelines as approved by the SSB.
- Review and approve the work carried out by Shari'a compliance and Shari'a audit function.
- Guide related parties on Shari'a matters (e.g. legal counsel external auditor, etc)
- Provide written Shari'a opinion/ ruling on matters brought to its attention by the management of the licensee through internal Shari'a Reviewer or taken up by the SSB itself.
- Submit a report to the board of directors on the Bank's Shari'a compliance to publish as part of the annual report.
- SSB define the key elements to be evaluated while reviewing and approving anew products. Such key elements shall be used as minimum guidelines/ checklist by Internal Shari'a Reviewer while reviewing all new products and services, before presenting the product/ service document to SSB. This checklist shall include, at minimum key features of the product, processes, structure, documentation (including legal contracts), risk and compliance considerations, marketing, collateral, and other such necessary details required to ensure proper business understanding. The SSB shall advise on the Shari'a compliance of proposed product/ service backed by relevant Fiqh literature, evidence, and reasoning.
- SSB members allocate appropriate time and effort to understand fully the issues under consideration. They are not to comprise the rigour of the Shari'a ruling process due to commercial or business pressures.

- SSB shall document its Shari'a rulings (Fatwa) and guidelines, which shall be maintained centrally for ready reference, dissemination, and implementation within the Bank.
- SSB also publish as appendix to its annual Shari'a compliance report all the Shari'a Ruling (Fatwa) issued during a year along with their bases (religious evidence).
- Please also refer to Chapter 7, under the heading "Shari'a Governance", for further information in relation to the SSB.

SHARI'A SUPERVISORY BOARD MEMBERS PROFILE

Late Sheikh Dr. Abdul-Sattar Abdul-Kareem Abu-Ghuddah

Dr. Abdul Sattar Abdul Kareem Abou Ghuddah was the Chairman of the Bank Nizwa Shari'a Supervisory Board till 23 October 2020, when he passed away. He was an esteemed personality in Islamic Banking and author of several books on Islamic jurisprudence and Fatwa of modern financial transactions and other specialist Islamic subjects.

He was an active member of Islamic Fiqh Academy evolving from the Organization of Islamic Assembly in Jeddah, KSA, and a member of the Shari'a Supervisory Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain. He was Chairman and a member of the Shari'a Supervisory Boards of a number of Islamic Banks and institutions in the region including the Shari'a Supervisory Board of the Central Bank in Bahrain, and Dow Jones index, USA. Dr. Abu-Ghuddah also worked as an Expert and Reporter for the Islamic Fiqh Encyclopaedia, Ministry of Awqaf & Islamic Affairs, Kuwait.

Dr. Abou Ghuddah held bachelor's degrees in law and Shari'a from the University of Damascus, and two Master's Degrees in Shari'a and Hadith and a PhD degree in Comparative Islamic Jurisprudence from Al-Azhar University in Egypt.

Sheikh Dr. Mohammed bin Rashed Al-Gharbi (Chairman)

Sheikh Mohammad bin Rashid Al-Gharbi has been a member of the Shari'a Supervisory Board at Bank Nizwa since July 2012 and has been now entrusted as the Chairman of the SSB Board of the Bank.

Sheikh Al-Gharbi is currently Assistant Professor in

the Department of Islamic Sciences at Sultan Qaboos University. He is a published academic with an extensive research portfolio, based upon his contribution and attendance of seminars and conference proceedings across many countries. In addition to his written volumes, Sheikh Al-Gharbi has delivered his research into Shari'a throughout numerous academic papers on financial transactions within Islamic jurisprudence.

Sheikh Al-Gharbi holds several degrees, including a Bachelor's from the Shari'a Justice Institute in Oman, a Master's degree from Jordan University and a PhD within the field of Islamic Sciences from Zaytouna University in Tunisia.

Sheikh Ibrahim bin Nasser Al-Sawwafi (Member)

Sheikh Ibrahim Bin Nasser Al-Sawafi joined Bank Nizwa as a member of the Shari'a Supervisory Board in July 2012. In his capacity, Sheikh Al-Sawafi also serves as the Fatwa Trustee for the Mufti of Oman and a Member of the Committee for Endowments and Zakat at the Ministry of Endowment and Religious Affairs.

As an eminent scholar, he contributes to various radio and television programs presenting Islamic issues and pens for several newspaper columns and articles. He has written more than twenty books and organized training sessions on various Islamic topics while regularly attending conferences on areas such as Islamic Finance, Takaful, Sukuk, Corporate Governance, Islamic Jurisprudence to name a few.

Sheikh Al-Sawafi holds a degree of high judicial license from the Shari'a Justice Institute, graduating with distinction, and is a prominent professional Shari'a Auditor, certified by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Dr. Aznan Hasan (Member)

Dr. Aznan has joined the Shari'a Supervisory Board of Bank Nizwa in December 2020. He is an Associate Professor in Shari'a at Institute of Islamic Banking and Finance (IIBF), IIUM. He is currently the President, Association of Shari'a Advisors in Islamic Finance (ASAS) He is also the Deputy Chairman, Shari'a Advisory Council, Securities Commission and Deputy Chairman, Shari'a Advisory Committee, Employee Provident Fund (EPF). He is also a member, Shari'a Advisory Council, AAOIFI, Bahrain and Higher Shari'a Authority, Central

Bank of UAE. He also serves as a member of Board of Directors, Maybank Islamic Berhad.

Dr Aznan Hasan received his first Degree in Shari'a from University of al-Azhar (1994). He then successfully completed his master's degree in Shari'a from Cairo University with distinction (mumtaz) (1998) and his thesis was recommended for publication. He then obtained his Ph. D from University of Wales, Lampeter, United Kingdom (2003). Dr Aznan has conducted and published more than 50 research and presented more than 100 presentations.


Sheikh Ali bin Suliman Aljahdami (Member)

He obtained a Bachelor's in Fiqh and Da'wah from the College of Sharia Sciences in the Sultanate of Oman, then a Master's degree in Economics and Islamic Banking from Yarmouk University in Jordan. He is currently a PhD researcher in the Department of Jurisprudence and its Fundamentals at the College of Revelation Knowledge and Human Sciences at the International Islamic University in Malaysia. He obtained some courses and experiences in the field of Islamic banking, such as a certificate of Islamic banking accredited by the Arab Academy for Banking and Financial Sciences in Jordan and a certificate of professional Sharia audit in Islamic banks and financial institutions.

He has worked as a fatwa researcher in the Fatwa Department of the Office of the General Mufti of the Sultanate since 2007, and a visiting lecturer at the College of Sharia Sciences in the diploma, bachelor's and master's stages for a number of subjects such as: Jurisprudence of Financial Transactions, Jurisprudence of Enjoining Good and Forbidding Evil, Introduction to Islamic Economics, Hadiths of Rulings, and Family Fiqh Compared to the Personal Status Law, he participated as a member of the Drafting and Description Committee in a seminar on the development of jurisprudence organized by the Ministry of Endowments and Religious Affairs in a number of its sessions, and a member of the Committee for Reviewing and Approval of Books and Publications of the Research and Studies Department of the Ministry of Endowments and Religious Affairs.

Senior Management

The Bank's senior management team is responsible for the day-to-day supervision and control of the Bank's business, particularly with respect to ensuring



the functionality of compliance and risk control, independence of functions, and separation of duties. Business policies, accounting policies and operations procedures and controls are documented and communicated through policies and standard operating procedures manuals that cover all areas and activities of the Bank. All significant policies are reviewed and approved by the Board.

EXECUTIVE MANAGEMENT MEMBERS OF BANK NIZWA:

Mr. Khalid Jamal Al Kayed, Chief Executive Officer – Khalid Al Kayed, Chief Executive Officer of Bank Nizwa, is responsible for overall leadership and effective management of the Bank, setting direction and driving total performance consistent with the interests of shareholders, employees, and other stakeholders. He oversees all aspects of the Bank's business segments in line with Islamic finance principles including its progressive Shari'a-compliant portfolio of products and services.

Under his tenure, Al Kayed steered the Bank to a new era, positioning Bank Nizwa as a strong, innovative, and relationship oriented Shari'a compliant financial institution with the largest market share as a full-fledged Islamic bank. He leads the management team to further build the Bank Nizwa brand and its corporate and retail customers' portfolio across various industries. He is also leading the Bank's ongoing and new initiatives and programs to raise awareness on the benefits of Islamic finance to the wider public across Oman. Because of his services and contribution towards the growth and development of the industry, he was recognized as 'Islamic Banker of Year' at the 7th Global Islamic Finance Awards 2018.

A financial industry veteran with over 28 years under his belt, Al Kayed is associated with Bank Nizwa since its inception. Prior to joining the Bank, Al Kayed held various posts in a host of well-respected financial institutions including Deputy Chief Executive Officer & Chief Financial Officer at Jordan Dubai Islamic Bank and Chief Financial Officer at Standard Chartered Bank Jordan. His expertise ranges from banking management, financial control, accounting, risk management, and asset liability among other fields.

Al Kayed holds Masters in International Accounting and Finance from Liverpool University. He is also an

alumnus of Columbia Business School from where he has completed executive management program. In addition to this, he is a Certified Management Accountant and Certified Financial Manager from Institute of Management Accountants.

Mr. R. Narasimhan, GM Wholesale Banking – Mr. Narasimhan is currently serving as General Manager Wholesale Banking at Bank Nizwa. His experience spans over four decades in banking and financial services industry, including but not limited to Corporate, Retail, Treasury & Investments, SME Business and Project Financing exposure, with geographical diversity in Asian region. He has held senior positions at many banks previously, including Bank Sohar. The bank has experienced a sizeable growth in Asset base, as well as human resource development under his leadership. Mr. Narasimhan has Masters in Science and PG Diploma in Banking. He participates in local and international seminars as speaker and panellist on invitation. He has also authored on a few occasions' chapters on Islamic banking in CBFS publications.

Mr. Nasser Said Al Lamki, GM Internal Audit - has over 24 years of banking experience. Prior to joining Bank Nizwa, he worked in reputed local and international banks in Oman and Saudi Arabia. During his career, he led pragmatic and advanced audit function, while developing and maintaining strong working relationships at both strategic and operational levels, promoting strong risk management, and raising the profile of audit. Mr. Lamki was Vice President of Audit in one of the leading Islamic Bank in Saudi Arabia. He holds an MBA in Leadership and Sustainability from University of Cumbria, UK.

Mr. Mujahid Said Al Zadjaly, GM IT and Operations – Mr. Mujahid is a strategic, decisive and result oriented leader with over 20 years of professional expertise with an in-depth knowledge in Digital Transformation & Innovation. He is leading the Digital Transformation & Innovation project as a part of banks long-term strategic initiative to deliver Bank Nizwa's vision to become the "Digital Bank of Choice" for people of Oman.

Mujahid Al Zadjaly graduated the National CEO Program Cohort 2-2016 developed under the patronage of the Diwan of Royal Court and delivered by International Institute of Management Development (IMD). He holds Masters in Business Administration from Luton

University, UK. Other credentials include General Management Program from Harvard Business School, USA and Diploma in Leadership and Management from Institute of Leadership and Management, UK.

Mr. Mohamed Fida Hussain, GM-Chief Risk Officer - He has MS in Engineering from the USA and an MBA from Sultan Qaboos University. Has over all 26 years of experience in the banking industry and 13 years in risk management across areas of Risk Management Framework, including the Risk Mitigation strategies for the organization's critical risks, development & communicate Risk Management Policies, Risk Appetite & Limits, and Enterprise-wide Risk Management (ERM). He worked as member of various committees, participated in various task forces concerning banking and development issues. He has also served as part time lecturer at College of Banking and Financial Studies (CBFS).

Mr. Arif Al Zaabi, AGM Retail Banking - has over two decades of experience in the banking industry. His experience covers the entire spectrum of Commercial and Retail Banking and in his current role, Mr. Arif is spearheading and catalysing the Bank's growth in Retail Business. His extensive expertise and experience in the management of Branch Banking, Retail Banking enables him to work cross-functionally with various businesses / support functions in the Bank, to build and deliver a comprehensive suite of products/solutions to our customers in retail segments. Mr. Arif previously held senior positions across different banks. He holds a Master's degree in Business Management from Majan College.


Mr. Salim Rashid Ali Al Maharbi, AGM- Chief Financial Officer - He has 24 years of diversified banking experience ranging from domestic and international banks. He is a Certified Islamic Professional Accountant, Certified Accounting Technician from ACCA UK, holds B.A. He has obtained a leadership certificate in Islamic Finance from a specialized institute from UK with distinction. He possesses expertise in all the applicable financial standards of AAOIFI, IAS, IFRS and local legislations. Prior to joining Bank Nizwa, he was Chief Manager, Commercial and Finance at Bank Sohar. He has varied experience in the field of Financial Reporting, Financial Accounting, Management Accounting, Internal Controls, Business Planning and Performance Management.

Mr. Tariq Mohammed Osman, Head of Legal Department and Board Secretary - He is a veteran in the field of legal and has 38 years of experience working with reputed financial institutions of the region. His major experience is with Dubai Islamic bank - UAE where he served as a legal advisor and lawyer for 12 years of his successful career. He has also served a reputed non-financial corporate where he served 14 years as a legal advisor and Board secretary. He holds a Master's degree on commercial law.

H.H. Sayyida Wisam Jaifer Al Said, Head of Marketing & Communications - With 15 years of experience as a marketing and communications professional. Sayyida Wisam previously headed the corporate affairs department at Oman Oil Marketing Company before joining Bank Nizwa. She has a Bachelor's degree in Corporate Communications from the American University of Paris with a Master's degree in Strategic Marketing from Cardiff University, UK. Sayyida Wisam also holds a specialized certificate in Direct Marketing. Outside her career in Oman, Sayyida Wisam also trained with UNESCO's Public Bureau of Information and the International Chamber of Commerce based in Paris, France.

Dr. Mansour Al Qudah, Head of Shari'a - Has over 20 years of experience in the Islamic Banking and Shari'a audit. He worked in Jordan Islamic Bank as a Shari'a board secretary and Shari'a audit manager and in the Saudi-based Al Inma Bank as the Assistant General Manager of Shari'a Group as well as section manager of Shari'a policies and procedures auditing. Dr. Mansour has a PhD in Islamic Banking and Economics from the University of Yarmouk in Jordan. In addition, he has Professional Diploma in Accounting and Auditing from Arab Academy for Banking and Financial Sciences, Jordan. He is also Certified Islamic Banker (CIB), Certified Islamic Specialist Shari'a Auditing (CISSA), Certified Entrepreneurship Consultant, Certified Internal Quality Evaluator and Auditor and Certified Expert in Contract Management and Contractual, Relationships.

Mr. Mohammed Al Hashmi, Head of Compliance - is currently leading Regulatory Compliance, Corporate Governance and Anti-Money Laundering & Counter terrorism Financing functions. Mohammed's professional career spans over 11 years, including six (6) years of handful experience as an External Bank Examiner at Central Bank of Oman. Mohammed holds



a Bachelor's degree in Accounting from Sultan Qaboos University. Mr. Mohammed is certified in Governance, Risk and Compliance by International Compliance Association, UK. Moreover, he has obtained multiple specialized international trainings and certifications, including certifications from Federal Deposit Insurance Corporation (FDIC) from the United States on Banks Examination and Financial Analysis and certification in Islamic Banking by Islamic Financial Services Board (IFSB). His portfolio of trainings now also include certification with distinction in Cambridge Leadership Program from University of Cambridge, UK. Moreover, he participated in various session and discussion tables at the local and international levels.

Ms. Haifa Abdul Ali Al Lawatia, Head of Human Resource - With 25 years of total professional experience, she has previously worked in reputed organizations like PDO and Oxy Oman. She has an MBA, BSc, and other professional accounting certifications and has cross posting experience in Houston USA. She joined Bank Nizwa at foundation stage and helped in building HR department from scratch. Her core competencies include Human Resources, Compensations & Benefits, Staffing, and Strategic HR. She has over 17 years of experience in Human resource management and is currently responsible to support and align HR

objectives with bank's overall vision, implement HR change initiatives to support the business strategy and continuous improvements in HR management to achieve organizational objectives.

Employees

The Bank's human resources policies are designed to attract, retain, and motivate high-calibre, professional, skilled, and knowledgeable employees. The Bank protects and abides by the rights provided to employees which include but are not limited to: a transparent working environment; employee talent-management schemes; a transparent remuneration and compensation structure; and access to a direct communication policy with the Board of Directors (which enables employees to raise concerns in good faith and confidence directly up to the level of the Chairman).

As of 30 June 2021, the Bank has employed 406 fulltime staff.

The Bank is committed to identifying, attracting and developing Omani nationals in its workforce. The Omani government's recommended policy is that 90% of a bank's total personnel should consist of Omani nationals. The Bank's Omanization level as of 31 May 2021 was 90 percent and it is currently in compliance with all other applicable employment regulations.

12. SHARE PRICE MOVEMENT, DIVIDEND POLICY AND PRICE JUSTIFICATION

SHARE PRICE MOVEMENT (VALUE IN RO)

The movement in share price of the Bank is as under:

Period	Opening Price	High Price	Low Price	Closing Price
2016				
Q1	0.065	0.076	0.065	0.075
Q2	0.076	0.077	0.075	0.077
Q3	0.077	0.078	0.075	0.077
Q4	0.080	0.084	0.079	0.083
2017				
Q1	0.086	0.095	0.086	0.094
Q2	0.093	0.097	0.092	0.094
Q3	0.093	0.094	0.091	0.092
Q4	0.090	0.093	0.089	0.090
2018				
Q1	0.088	0.089	0.085	0.085
Q2	0.086	0.092	0.086	0.091
Q3	0.084	0.089	0.084	0.086
Q4	0.087	0.091	0.086	0.091
2019				
Q1	0.088	0.091	0.088	0.090
Q2	0.089	0.090	0.087	0.088
Q3	0.085	0.095	0.084	0.092
Q4	0.095	0.095	0.093	0.095
2020				
Q1	0.100	0.104	0.090	0.090
Q2	0.091	0.099	0.091	0.095
Q3	0.097	0.102	0.097	0.101
Q4	0.099	0.099	0.095	0.096
2021				
Q1	0.102	0.104	0.094	0.095
Q2	0.094	0.098	0.094	0.097
Jul-21	0.097	0.100	0.097	0.098

Source - MSX

DIVIDEND POLICY

The Bank's dividend policy complies with CBO and CMA guidelines. The Bank follows a conservative dividend policy and shall recommend the distribution of the dividends to the shareholders after due consideration of the regulatory guidelines, the future growth expectations, AGM approval and other factors.

The historical dividend details of the Bank are given below:

For Year	Cash dividend	Stock dividend
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	0.00125	-

Source - MSX

ISSUE PRICE JUSTIFICATION

Average Share Price

Period Ending 30 June 2021	Average Closing Price (RO)	Discount of Issue Price to Average Closing Price
1-month average closing price	0.097	2.1%
3-month average closing price	0.095	0.0%
6-month average closing price	0.096	1.0%
1-year average closing price	0.097	2.1%

Source: MSX, U Capital research

Peer Comparison

Banks	No. of Shares	M. Cap (RO Million)	EPS	BV	P/E	P/Bv	ROE
Bank Muscat	3,574	1,508	0.048	0.569	8.77	0.74	8.5%
National Bank of Oman	1,626	325	0.014	0.259	14.57	0.77	5.3%
Bank Dhofar	2,996	378	0.010	0.181	12.80	0.70	5.5%
Sohar International	2,435	234	0.008	0.130	11.56	0.74	6.4%
Ahli Bank	1,950	214	0.014	0.161	8.03	0.68	8.5%
HSBC Oman	2,000	202	0.006	0.166	18.24	0.61	3.3%
Bank Nizwa	1,500	146	0.008	0.112	12.13	0.86	7.1%
Oman Arab Bank	1,669	311	0.015	0.221	12.19	0.84	6.9%

Note: Above calculations based on 30 June 2021

Based on the aforesaid factors and considering the Issue Price of Baizas 95 per share, the Bank believes that the Issue Price compares favorably with the peer average, and is at a discount to prevailing³ price of Baizas 98 per share and at a discount to the pre-issue one, three, six months and one-year average closing prices.

As of 31 July 2021, the market capitalization of the Bank is RO 147 million, and subject to full subscription of RO 75 million, the post-issue weighted average price is expected to be Baizas 97 per share approximately.

³ As of 5 July 2021

13. RIGHTS AND LIABILITIES OF SHAREHOLDERS

This Chapter summarizes the rights and liabilities of shareholders in an Omani public joint stock company, effective as of 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 the Laws of Oman/any applicable CMA circular. Additionally, this Chapter should not be considered as legal advice regarding these matters. A copy of the Articles of Association is available with the corporate office of the Bank.

SHAREHOLDERS' LIABILITY

The liability of a Shareholder is limited to the payment of the value of the Shares for which such Shareholder subscribes, and a Shareholder is not responsible for the debts of the Bank except to the extent of the value of the Shares for which such Shareholder subscribes.

SHAREHOLDERS' RIGHTS

In accordance with the CCL, all Shares enjoy equal and inherent (attached) rights in the ownership thereof, which include:

- i. the right to receive dividends declared by the general meeting;
- ii. the preferential right of subscription for new Shares;
- iii. disposal of the Shares;
- iv. obtaining a copy of the financial statements;
- v. inspection of the shareholders' register;
- vi. attending general meetings and voting on the items of their agendas and perusal of their minutes;
- vii. the right to apply for suspension or annulment of any resolution adopted by the general meetings or the Board of Directors which is contrary to law, the Articles of Association, or other internal regulations of the Bank;
- viii. the right to institute actions against the Directors and auditors of the Bank on behalf of the shareholders or on behalf of the Bank;
- ix. the right to participate in the distribution of the Bank's assets upon its liquidation;
- x. shareholders are entitled under the CCL to approach the CMA (provided that the move is supported by Shareholders who own at least 5% of the Shares) to suspend resolutions of the general meeting which are in favour of or against any category of Shareholders or in favour of members of the Board of Directors or others;

- xi. the right to take legal proceedings before the competent court in accordance with Article 207 of the CCL.

OWNERSHIP AND TRANSFER OF SHARES

Ownership and transfer of Shares shall be entered in the registers of the MCDC. The transfer of ownership must also be entered in the shareholder register maintained by the Bank, which includes the name and nationality of each Shareholder in addition to their place of residence and the number of Shares they own.

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, their legal personal representatives shall be the only persons recognized by the Bank as having any title to their Shares, but nothing herein contained shall release the estate of a deceased holder from any liability in respect of any share which had been held by him with other persons.


REPORTS AND STATEMENTS TO BE SENT TO THE SHAREHOLDERS

Within 60 days from the end of the Financial Year, the Board of Directors is required to prepare a report containing the Bank's position and performance. Such report must particularly contain the financial position of Bank and its subsidiaries, any net profits proposed to be distributed to Shareholders, any changes to the business of the Bank or of its subsidiaries, and anything that has affected 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 specified by any executive regulations pertaining to the CCL from time to time. The report shall also address the Bank's compliance with governance and sustainability requirements.

The report 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 General Manager of the Bank.

The auditor shall prepare a report, in accordance with FAS issued by AAOIFI, as applicable and as modified by the Central Bank of Oman and IFRS, showing the actual financial position of the Bank. Such report shall include, in addition to the data specified by the regulations to the CCL, a statement on whether the financial statements reflect the true financial position of the Bank.

The financial statements and the reports provided for above must be submitted to the annual ordinary general



meeting, and a copy of such financial statements and reports must be sent to the CMA prior to the approval of the agenda of the general meeting. If the financial statements and the aforementioned reports are not submitted to the general meeting, the resolution approving the accounts submitted thereto will be null and void.

The Board of Directors must send to each Shareholder and anyone who is entitled to attend the annual ordinary 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 CMA and file a copy thereof with the registrar within seven (7) days of the date of sending it to the CMA.

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 MSX website. The Bank will also publish the unaudited quarterly financial statements as directed by the CMA.

14. SUBSCRIPTION CONDITIONS AND PROCEDURES

ELIGIBILITY FOR SUBSCRIPTION

The Rights Issue is open to all Eligible Shareholders and to each person who purchases all or part of the Rights Entitlement of an Eligible Shareholder.

Each Eligible Shareholder is entitled to approximately 52.63 Offer Shares for every 100 Shares held by them on the Record Date, duly rounded down, or to 1 Offer Share for approximately every 1.90 Shares held by them on the Record Date, duly rounded down.

The Rights Entitlement will be listed on the MSX and can be sold or purchased during the Rights Trading Period through the MSX.

RIGHTS SUBSCRIPTION PERIOD AND ISSUE PRICE

Issue opens on – 7 September 2021

Issue closes on – 16 September 2021

The Collecting Bank will reject any Application Form that reaches it after its official working hours on the Subscription Closing Date.

The Rights Entitlement, and any right to participate in the Rights Issue, will lapse if a valid application is not made during the Subscription Period. A failure to validly apply for Offer Shares during the Subscription Period will constitute a waiver of rights of participation in the Rights Issue.

Issue Price – Baizas 95 per Offer Share.

TRADING OF RIGHTS

The Rights Entitlement is tradable on the MSX in accordance with applicable laws/regulations of the CMA and the MSX. Such rights can be traded i.e. bought and sold during the Rights Trading Period. The purchaser of a Rights Entitlement shall contact and coordinate with the Issue Manager to collect the requisite Application Form, complete and submit the Application Form to the Collecting Bank, together with application money and required documents, in each case on or before the Subscription Closing Date in accordance with the terms contained in this Prospectus. An unexercised Rights Entitlement shall lapse at the end of the Subscription Period.

SUBSCRIPTION FOR ADDITIONAL SHARES

- 1) Only Eligible Shareholders are eligible to apply for Additional Shares.
- 2) An Eligible Shareholder who does not subscribe

to their full Rights Entitlement or sells their Rights Entitlement (either partially or in full) is not eligible to apply for Additional Shares.

- 3) A non-Shareholder as on Record Date who purchases a Rights Entitlement, is not eligible to apply for Additional Shares.
- 4) Eligible Shareholders validly subscribing for their full entitlement of Offer Shares may apply for Additional Shares.
- 5) Eligible Shareholders who wish to apply for Additional Shares should indicate this by writing the desired number of Additional Shares in their Application Form and making the required payment with submission of the Application Form to the Collecting Bank.
- 6) The minimum Additional Shares that can be applied for is one Offer Share with the maximum up to a number such that the total application (including such Eligible Shareholder's Rights Entitlement, any Rights Entitlement purchased from another Eligible Shareholder, and Additional Shares) does not exceed the entire Rights Issue size.
- 7) Additional Shares will be allotted simultaneously with the Offer Shares, subject to CMA approval.
- 8) If the total Additional Shares applied for exceeds the under-subscription (before considering Additional Shares) in the Rights Issue, all eligible 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 all of the Additional Shares applied for by them.
- 10) If the Applicants do not subscribe for all of the Additional Shares within the specified period, then the Board of Directors shall offer such shares for subscription pursuant to the provisions of the Capital Market Law, or reduce the amount of the increase of the share capital to the level of the total received subscription amount, i.e. reduced by an amount equal to the value of the shares that have not been subscribed for, as per Article 140 of CCL.

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

Note: Applicants should ensure that their post-rights issue shareholding is within the shareholding limits prescribed in the Bank's Articles of Association, Laws of Oman, and applicable regulatory requirements.

The following is a worked example using illustrative numbers to show the methodology for allotting Additional Shares:

Particulars	Shares
Rights Issue Offer	100,000,000
Subscription	90,000,000
Unsubscribed	10,000,000
Additional Shares applications received from Eligible Shareholders	15,000,000
Allotment of unsubscribed shares on pro-rata basis based on applications received for Additional Shares	10,000,000
Percentage allotment of Additional Shares (10,000,000/15,000,000=66.67%)	
Refund of amount to Shareholders applying for Additional Shares equivalent to	5,000,000

Based on 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 the 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'a (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 Rights Entitlement, any Rights Entitlement purchased from another Eligible Shareholder, and Additional Shares).

PARTICULARS OF THE BANK ACCOUNT

- 1) Each Applicant shall be required to furnish the particulars of their 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 Application Form, they 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 their bank account if they are subscribing through the bank wherein they maintain their 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 except with respect to applications made on behalf of minor children that contain the bank account particulars of their father.

DOCUMENTATION REQUIRED

- 1) A 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 the application is made through a bank other than the one with whom the Applicant has their bank account.
- 3) A 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 made by juristic persons (non-individuals), which are signed by a person in their capacity as an authorized signatory, a copy of adequate and valid documentation should be attached.

MODE OF SUBSCRIPTION

- 1) The Collecting Bank has been instructed to only accept applications for subscriptions that comply with all the requirements as provided for in the Application Form and this Prospectus. It is the responsibility of the Applicant however, to ensure that the particulars and information contained in the Application Form are true, accurate and complete.

- 2) The Applicant shall be required, before submitting the Application Form, to peruse this Prospectus and read the conditions and procedures governing the subscription with care and importance.
- 3) Only the original Application Form (with preprinted details) sent to Eligible Shareholders should be used. Photocopies of Application Forms will not be accepted. If any Eligible Shareholder does not receive the Application Form, such person must contact the Issue Manager sufficiently in advance of the Subscription Closing Date to obtain a duplicate Application Form duly stamped by the Issue Manager.
- 4) Those who validly purchase a Rights Entitlement in the MSX during the Rights Trading Period should contact the Issue Manager and submit a copy of their purchase invoice issued by their broker or statement of account issued by MCDC showing their holding of the Rights Entitlement. The Issue Manager will issue the Application Form to such Applicants. Only the Application Form issued by the Issue Manager should be used by such Applicants.
- 5) The Applicants are required to complete the Application Form for the subscription and furnish all their particulars including the shareholder number available with MCDC, civil number/passport number, and date of birth in case of minor children.
- 6) Applicants are required to sign the Application Form to confirm that the particulars and information contained therein are true, accurate and complete. In case of minor children, only the father or legal guardian may sign the Application Form, on behalf of his minor children.
- 7) The Applicant shall submit the Application Form to the Collecting Bank and make payment at the Issue Price for all Offer Shares (including any Additional Shares) that are the subject of such application. The Applicant shall make such application in accordance with this Prospectus and shall ensure that all documents in support of the information furnished (referred to above) are enclosed.
- 8) If any overseas investor or Shareholder wishes to subscribe to the Rights Issue, they must pay in the currency of the Sultanate of Oman, i.e., Omani Rial. Payment shall be made by cheque or bank transfer.
- 9) In case of payment of the value of the subscription by cheque, it shall be in favor of 'Bank Nizwa Rights Issue'.
- 10) In case of payment through bank transfer, the Applicant is responsible for ensuring the successful transfer of the subscription amount to the Collecting Bank within the subscription period and must attach

a copy of the transfer acknowledgement copy to the Application Form. The transfers should be made to:

Bank Nizwa Rights Issue a/c
A/c no.: 999-512-204903
Bank Nizwa SAOG
Swift Code: BNZWOMRX

AVAILABILITY OF DUPLICATE APPLICATION FORMS

Only the original Application Form (with pre-printed details) sent to Eligible Shareholders should be used. A 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 a 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

Application Forms may only be submitted to the Collecting Bank - Bank Nizwa SAOG during its official working hours.

The Collecting Bank will only accept receipt of an Application Form if the Applicant has complied with the procedure and subject matter in line with the requirements as provided for in this Prospectus; hence, the Collecting Bank must instruct the Applicants to comply and fulfil all requirements stated in the Application Form and this Prospectus.

An Applicant shall be responsible for the submission of their Application Form, together with full payment, to the Collecting Bank before closing of the Subscription Period. In this regard, the Collecting Bank has the right not to accept any Application Form that reaches it after its official working hours on the Subscription Closing Date.

ACCEPTANCE OF THE APPLICATIONS

Applications will be invalid in the following circumstances:

- 1) If the Application Form does not bear the signature and stamp (if applicable) of the Applicant with the exception of fathers who subscribe and sign on behalf of their minor children.
- 2) Failure to pay the full subscription amount (including,

for the avoidance of doubt, related issue expenses) in accordance with the conditions provided for in this Prospectus.

- 3) If the value of the Offer Shares subscribed is paid through cheque and it is dishonoured for whatever reason.
- 4) If the Application Form does not bear the Applicant's investor number available with MCDC.
- 5) If the Applicant's account number stated in the Application Form is incorrect.
- 6) If there is more than one Application Form with same Applicant name (in which case, all of them shall be rejected).
- 7) If the supporting documents referred to in this Prospectus are not enclosed along with the Application Form.
- 8) If the Application Form does not contain all particulars of the bank account of the Applicant.
- 9) If the bank account details of the Applicant in the Application Form are found to be incorrect.
- 10) If the bank account details provided in the Application Form are found to not be those of the Applicant with the exception of applications submitted in the name of minor children, which may include the particulars of bank accounts held by their father.
- 11) In the case of a failure to attach the Power of Attorney with the Application Form as provided for in this Prospectus in respect of a person who subscribes and signs on behalf of another person (with the exception of a father who subscribes on behalf of his minor children).
- 12) If the application is incomplete and/or has not complied with the legal and other requirements as provided for in this Prospectus.
- 13) If the Application Form is not the original form sent by the Bank or a form which is not duly issued by the Issue Manager or the Collecting Bank.
- 14) If the Application Form is not complete or any information provided in it is found to be incorrect.

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 this 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 before the expiry of the period specified for submitting

the Application Form to the Issue Manager.

REFUSAL / REJECTION OF APPLICATIONS

The Issue Manager may reject a subscription application under any of the conditions referred to above, after securing the approval of the CMA and the submission of a report furnishing the details of the applications that are required to be rejected and reasons behind such rejection. If it is observed, from the register of the final subscribers submitted by the Collecting Bank, that there are applications which bear the same shareholder number or same civil number or same bank account number (with the exception of minor children), all such application shall be rejected for belonging to the same Applicant.

ENQUIRIES AND COMPLAINTS

Applicants seeking clarification or filing complaints about allotment or rejected applications or refunds may contact the branch of the Collecting Bank where the Application Form was submitted. Refunds of excess funds shall be made net of bank charges, and for refunds in foreign currency as per the foreign exchange rate between RO and the currency of the other country.

In case of absence of response from the branch, the Applicant may contact the person concerned as hereunder:

Mr. Saif Al Rawahi

Bank Nizwa SAOG
P.O. Box 1423, P.C. 133, Al Khuwair, Sultanate of Oman
Tel: +968 2465 5774 / 5773, Fax: +968 2464 9028
Email: InvestorsRelation@banknizwa.om

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

ISSUE MANAGER'S CONTACT DETAILS:

Mr. Muhammad Kashif Sabih Ubhar Capital SAOC Tel: +968 24949008 Fax: +968 24949099	Ms. Sahar K. Al Zagha Ubhar Capital SAOC Tel: +968 24949007 Fax: +968 24949099
P.O. Box 1137, P.C. 111, CPO, Oman Email: ubhar-corporatefinance@u-capital.net	

RESTRICTIONS ON SHAREHOLDING

Applicants are required to comply with any shareholding

limits prescribed by the Bank's Articles of Association, the Laws of Oman, any regulations/circulars issued by the CBO, and/or any other applicable legal and regulatory requirements (together the "Shareholding Limits"). Without limiting the generality of the foregoing, Applicants are required to comply with the following Shareholding Limits prescribed by 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.

If an Applicant's shareholding is likely to exceed any Shareholding Limits, such Applicant must obtain all requisite approvals for such potential excess shareholding before they submit their Application Form. The Applicant must attach to their Application Form a copy of the relevant approval for such excess shareholding.

Notwithstanding anything to the contrary in this Prospectus, the allotment of Offer Shares under the Rights Issue will be restricted in accordance with the foregoing, and the rights of Eligible Shareholders (and of any purchaser of their Rights Entitlement) in this Prospectus shall be construed accordingly.

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 6 working days from the Subscription Closing Date, after obtaining CMA approval for allotment. The Applicant, after the announcement of the allotment, shall ensure that the allotted shares are appearing in its account with MCDC.

Refund of excess funds (if any) must be made to the Applicant's bank account as provided in the Application Form, and in case of any discrepancy, the Collecting Bank / Issue Manager should be contacted immediately.

RESPONSIBILITIES OF SHAREHOLDERS/ APPLICANTS IN RIGHTS ISSUE

A Shareholder as of the Record Date of 29 August 2021 who sells their Rights Entitlement through the MSX will lose their right to subscribe to the Offer Shares to that extent. Furthermore, such Shareholders cannot apply for Additional Shares.

An investor who buys the Rights Entitlement through the MSX should exercise their right to subscribe to the Offer Shares by submitting their Application Form (which can be obtained from the Issue Manager) to the Collecting Bank before the end of the Subscription Period. Such investors are not eligible to apply for Additional Shares unless they are also Eligible Shareholders.

BANK'S RIGHT

The Bank reserves the right to withdraw / cancel the Rights Issue prior to the listing date for any reason 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 Rights 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 Rights Issue:

ACTIVITY	DATE*
Approval of this Prospectus by CMA	17 August 2021
Date of Publication of Announcement: After approval of this Prospectus, at least five (5) working days before the Record Date, the Issuer must publish an advertisement approved by the CMA in two (2) daily newspapers, at least one of them to be an Arabic daily, for two (2) consecutive days, notifying the Shareholders and other investors of the Rights Issue. The advertisement must include a summary of this Prospectus including the amount and percentage of the increase in the capital, Issue Price, the Record Date, Collecting Bank, Subscription Period and the Rights Trading Period.	22 August 2021
Record Date: Shareholders registered in MCDC records as at this date are eligible for subscription to the Rights Issue as holders of the Rights Entitlements.	29 August 2021
Service of Notices on the Shareholders: At least three (3) days before Subscription Opening Date, the Issue Manager shall send written notices to each Eligible Shareholder at the address recorded in the shareholders register advising of the Rights Issue together with an approved copy of this Prospectus and an Application Form. The notice must specify the number of Offer Shares that may be subscribed and the Subscription Period.	2 September 2021
Listing of the Rights Entitlement (Rights Trading Opening Date): The Issuer and the Issue Manager, in collaboration with MCDC and MSX, will carry out the procedures for listing of the rights for trading on MSX within five working days from the 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.	5 September 2021

ACTIVITY	DATE*
Date of Commencement of Subscription (Subscription Opening Date): This date shall not be less than fifteen (15) 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.	7 September 2021
End of Trading of the Rights (Rights Trading Closing Date)	12 September 2021
End of Subscription Period (Subscription Closing 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.	16 September 2021
Allotment Approval: Submission of Subscription results to CMA by Issue Manager to obtain CMA approval on the proposed allotment.	21 September 2021
Listing and Allotment: The new Offer Shares shall be allotted and listed on the MSX within 6 working days of the Subscription Closing Date.	26 September 2021

*The actual dates may vary.

RESPONSIBILITIES AND OBLIGATIONS

The Issuer, Issue Manager, Legal Advisor, Collecting Bank and the MCDC shall abide by the responsibilities and duties specified under the Regulations issued by the CMA 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 CMA and MSX for taking suitable steps and measures for repairing such damages.

15. UNDERTAKINGS

BANK NIZWA 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 Capital Market Law, the Commercial Companies Law and the rules and regulations issued thereunder have been complied with.

Signed on behalf of the Board of Directors:

Name	Signature
Sheikh Khalid Abdullah Ali Al Khalili, Chairman	Sd/-
Mr. Musabah Saif Musabah Al Mutairy, Vice Chairman	Sd/-



ISSUE MANAGER

Pursuant to our responsibilities under Article 3 of the Capital Market Law, the Executive Regulations thereof and the directives issued by CMA, we have reviewed all relevant documents and other material required for the preparation of this Prospectus pertaining to the Rights Issue.

The Board of Directors of Bank Nizwa SAOG 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 this 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 this 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 this Prospectus misleading.
3. This Prospectus and the Issue to which it relates is consistent with all the rules and terms of disclosure stipulated for in the Capital Market Law, the Executive Regulations of the Capital Market Law and prospectus models applied by CMA and is in conformity with the Commercial Companies Law 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/-

Ubhar Capital SAOC

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 this Prospectus are in line with the laws and legislations related to the Issuer's business, the Commercial Companies Law, the Capital Market Law and the regulations and directives issued pursuant to them, the requirement and rules for the issue of securities issued by the CMA, 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 this Prospectus.

Sd/-

Said Al Shahry & Partners (SASLO)





BANK NIZWA SAOG

P.O. Box 1423, P.C. 133, Al Khuwair, Sultanate of Oman

Tel: +968 24955599 Fax: +968 24649038

www.banknizwa.om