

IMPORTANT NOTICE

THE FOLLOWING BASE PROSPECTUS IS AVAILABLE ONLY TO: (1) QIBs (AS DEFINED BELOW) IN RELIANCE ON RULE 144A ("RULE 144A") UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR (2) INVESTORS WHO ARE LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the base prospectus (the "**Base Prospectus**") following this notice and you are therefore required to read this carefully before accessing, reading or making any other use of the Base Prospectus. In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, any time you receive any information from the Issuer, the Arrangers or the Dealers (as defined in the Base Prospectus) as a result of such access. You acknowledge that this electronic transmission and the delivery of the Base Prospectus is confidential and intended only for you and you agree you will not forward, reproduce or publish this electronic transmission or the Base Prospectus to any other person.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES DESCRIBED IN THE BASE PROSPECTUS (THE "**NOTES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

In the United Kingdom, the Base Prospectus may be distributed only to, and is directed only at, (i) persons who have professional experience in matters relating to investments and who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "**Financial Promotion Order**"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom the Base Prospectus may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Base Prospectus must not be acted on or relied on by persons who are not relevant persons in the United Kingdom. Any investment or investment activity to which the Base Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Confirmation of your Representation: In order to be eligible to view the Base Prospectus or make an investment decision with respect to the Notes described therein, you must be (i) a person who is purchasing

outside the United States or (ii) a qualified institutional buyer ("**QIB**") as defined in Rule 144A that is acquiring the securities for your own account or the account of another QIB. By accepting this e-mail and accessing the Base Prospectus, you shall be deemed to have represented to the Issuer, the Arrangers and the Dealers that (i) you understand and agree to the terms set out herein; (ii) you are a relevant person; (iii) you are either (A) a QIB and the electronic mail (or e-mail) address to which, pursuant to your request, the Base Prospectus has been delivered by electronic transmission is utilised by someone who is a QIB or (B) you are outside the United States and to the extent you purchase the Notes described in the attached Base Prospectus, you will be doing so pursuant to Regulation S; (iv) you are a person who is permitted under applicable law and regulation to receive the Base Prospectus; (v) you consent to delivery of such Base Prospectus and any supplements thereto by electronic transmission; (vi) you will not transmit the Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person; and (vii) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Notes.

You are reminded that you have accessed the Base Prospectus on the basis that you are a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Prospectus to any other person.

Any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any of the Arrangers or the Dealers or any affiliate thereof is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by such Arranger or Dealer or such affiliate on behalf of the Issuer in such jurisdiction. Under no circumstances shall the Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the Base Prospectus who intend to subscribe for or purchase the Notes described therein are reminded that any subscription or purchase may only be made on the basis of the information contained in the Base Prospectus and the applicable Final Terms.

The Base Prospectus has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers, the Dealers, any person who controls them, or any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and any hard copy version available to you on request from the Issuer, Arrangers or Dealers. By accessing the linked document, you consent to receiving it in electronic form. Please ensure that your copy is complete. If you received the Base Prospectus by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "reply" function on your e-mail software, will be ignored or rejected.

None of the Arrangers, the Dealers or any of their respective affiliates accepts any responsibility whatsoever for the contents of the Base Prospectus or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or any offer. The Arrangers, the Dealers and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Dealers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the Base Prospectus.

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

You are responsible for protecting against viruses and other destructive items. Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



THE GOVERNMENT OF THE SULTANATE OF OMAN
represented by
THE MINISTRY OF FINANCE
Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the "**Programme**"), the Government of the Sultanate of Oman represented by the Ministry of Finance (the "**Issuer**") may from time to time issue medium term notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer(s) appointed under the Programme from time to time by the Issuer (each, a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealers" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (the "**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Notes issued under the Programme for the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the "**Official List**") and to trading on its regulated market (the "**Regulated Market**"). The Regulated Market is a regulated market for the purposes of Article 4.1 (21) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of MiFID II and/or which are to be offered to the public in any relevant member state of the European Economic Area (an "**EU Member State**"). References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to listing on the Official List and to trading on the Regulated Market or, as the case may be, another MiFID II regulated market as may be specified in the applicable final terms relating to the relevant Tranche (the "**applicable Final Terms**" or "**Final Terms**"). The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). However, unlisted Notes may also be issued pursuant to the Programme. The applicable Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Regulated Market (or any other stock exchange).

The Notes of each Tranche (as defined herein) in bearer form will initially be represented by a temporary global note in bearer form, without interest coupons (each, a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**" and, together with temporary Global Notes, the "**Global Notes**"). Global Notes will be deposited on the issue date of the relevant Tranche either with (a) a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") (the "**Common Depository**") or (b) such other clearing system as agreed between the Issuer and the relevant Dealer(s). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

Notes in registered form ("**Registered Notes**") will be represented by registered certificates (each, a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series, and may be represented by a Global Certificate (as defined below). Registered Notes which are sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") ("**Unrestricted Notes**") will initially be represented by a permanent registered global certificate (each, an "**Unrestricted Global Certificate**"), without interest coupons, which may be deposited on the issue date (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with the Common Depository on behalf of Euroclear and Clearstream, Luxembourg, (b) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with a custodian for, and registered in the name of, Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"), and (c) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg and/or DTC or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer(s).

Registered Notes which are sold in the United States to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Notes**") will initially be represented by a permanent registered global certificate (each, a "**Restricted Global Certificate**" and, together with the Unrestricted Global Certificate, the "**Global Certificates**"), without interest coupons, which may be deposited on the issue date either with (a) the Common Depository on behalf of Euroclear and Clearstream, Luxembourg or (b) a custodian for, and registered in the name of, Cede & Co. as nominee for, DTC.

The Issuer has been assigned a long-term and local currency sovereign credit rating of BB by Standard and Poor's Credit Market Services Europe Limited ("**S&P**") with a negative outlook, a long-term issuer rating of Ba1 by Moody's Deutschland GmbH ("**Moody's**") with a negative outlook and a long-term issuer rating of BB+ by Fitch Ratings Limited ("**Fitch**") with a stable outlook. The Programme has been rated Ba1 by Moody's and BB+ by Fitch. Each of S&P, Moody's and Fitch is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended, the "**CRA Regulation**"). As such each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Tranches of Notes (as defined in "*Overview of the Programme – Method of Issue*") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered, sold or, in the case of bearer notes, delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes may be offered and sold (a) in bearer form or registered form outside the United States in reliance on Regulation S of the Securities Act and (b) in registered form within the United States, to QIBs in reliance on Rule 144A.

Prospective investors should have regard to the factors described under the section headed "**Risk Factors**" in this Base Prospectus.

Arrangers for the Programme

Citigroup		HSBC
J.P. Morgan		Standard Chartered Bank
	Dealers	
bank muscat SAOG	Citigroup	Crédit Agricole CIB
First Abu Dhabi Bank	HSBC	ICBC
J.P. Morgan	MUFG	NATIXIS
SMBC Nikko	Société Générale Corporate & Investment Banking	Standard Chartered Bank

Base Prospectus dated 19 July 2019

IMPORTANT NOTICES

This document comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purposes of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial, economic, fiscal and political position and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (having made all reasonable enquiries and having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import and completeness of such information.

This Base Prospectus should be read and construed together with any supplements hereto and, in relation to any Tranche of Notes, should be read and construed together with the applicable Final Terms.

Copies of Final Terms will be available from the specified office of the Fiscal Agent (as defined below) (see "*General Information*") save that, if the relevant Notes are not listed on the Official List and neither admitted to trading on the Regulated Market or any other regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer or, as the case may be, the Fiscal Agent as to its holding of such Notes and identity.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in any relevant member state of the European Economic Area (an "**EU Member State**") in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained in the terms and conditions contained herein (the "**Conditions**") which are applicable to each Tranche of Notes will be set out in the relevant Final Terms which, with respect to Notes to be listed on Euronext Dublin, will be filed with Euronext Dublin prior to listing. Copies of any Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin (www.ise.ie).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

None of the Issuer, or any Arrangers or Dealers have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer(s) to publish or supplement a listing particulars, prospectus, registration statement or any other document for such offer.

No person is or has been authorised by the Issuer to give any information or to make any representation regarding the Issuer, the Ministry of Finance of the Sultanate of Oman (the "**Ministry of Finance**"), the Sultanate of Oman ("**Oman**") or the Notes not contained in this Base Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Ministry of Finance, or any of the Arrangers or the Dealers (as defined in "*Overview of the Programme*"). Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that there has been no change, or any event reasonably likely to involve any change, in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial, economic or otherwise) of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Arrangers or the Dealers or any of their respective affiliates have authorised the whole or any part of this Base Prospectus or have separately verified the information contained in this Base Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made (to the fullest extent permitted by law) and no responsibility or liability is accepted by any of the Arrangers or the Dealers, or any of their affiliates, holding companies, subsidiaries, associated undertakings or controlling persons, or any of their respective directors, officers, partners, employees, agents, representatives or advisers, as to (i) the accuracy or completeness of the information contained in this Base Prospectus or any Final Terms or any other information provided by the Issuer in connection with the Issuer, the Programme or the issue and offering of Notes thereunder, (ii) for any other statement, made or purported to be made by the Arrangers, a Dealer or on its behalf, in connection with the Issuer, the Programme or the issue and offering of any Notes thereunder or (iii) for any acts or omissions of the Issuer or any other person in connection with the Issuer, the Base Prospectus, the Programme or the issue and offering of any Notes thereunder. To the fullest extent permitted by law, none of the Dealers or the Arrangers accepts any responsibility whatsoever for the contents of this Base Prospectus or for any other information provided by the Issuer or for any other statement, made or purported to be made by an Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Arranger and Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any other information provided by the Issuer or any such statement.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, or any of the Arrangers or Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should determine for itself the relevance of the information contained in this Base Prospectus, should make its own independent investigation and analysis of the condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment and its purchase of Notes should be based upon such investigation as it deems necessary. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer of, or an invitation by or on behalf of the Issuer or any Dealers to subscribe for or purchase, any Notes. The Dealers and the Arrangers expressly do not undertake to review the condition (financial, economic or otherwise) or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

The above disclaimers shall apply (without limitation) to all parts of this Base Prospectus, including any supplement to it, and to any Final Terms. None of the Arrangers or Dealers or any of their respective affiliates, holding companies, subsidiaries, associated undertakings or controlling persons, or any of their respective directors, officers, employees, agents, partners or advisers shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in this Base Prospectus, including any supplement to it, and to any Final Terms or any other information.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers, the Dealers and the Agents do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers or the Agents, which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Oman, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (including the Qatar

Financial Centre), the State of Kuwait, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Hong Kong and Singapore (and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes) (see "*Subscription and Sale*").

No comment is made or advice given by the Issuer, any Arranger, any Dealer or the Agents in respect of taxation matters relating to any Notes or the legality of the purchase of Notes by an investor under applicable or similar laws.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Issuer, including the Central Bank of Oman (the "**CBO**"), the National Centre for Statistics & Information and the Ministry of Oil and Gas. Some statistical information has also been derived from information publicly made available by third parties such as the International Monetary Fund. Where such third party information has been so sourced, the source is stated where it appears in this Base Prospectus. The Issuer confirms that it has accurately reproduced such information and that, so far as it is aware and is able to ascertain from information published by third parties, it has omitted no facts which would render the reproduced information inaccurate or misleading.

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that Oman and/or its agencies believe to be based on reasonable assumptions. Oman's official financial and economic statistics are subject to internal review as part of a regular confirmation process. Accordingly, the financial and economic information set out in this Base Prospectus may be subsequently adjusted or revised and may differ from previously published financial and economic information. While Oman does not expect such revisions to be material, no assurance can be given that material changes will not be made.

Unless otherwise indicated, public finance and budget data included in this prospectus are presented in accordance with the IMF accounting format applied by the Ministry of Finance. The IMF accounting format (i) includes investment income and (ii) excludes expenditure items to be allocated until such expenditure items have been formally allocated (generally in March or April of the following calendar year). In contrast, the public finance and budget data produced by the Government's National Centre for Statistical Information (NCSI) (i) excludes investment income and (ii) includes expenditure items to be allocated even if such expenditure items have not yet been formally allocated. As a result, deficit numbers published by NCSI are generally higher than those presented in accordance with the IMF accounting format applied by the Ministry of Finance. In particular, the consolidated Government deficit published by NCSI for the month ended 31 May 2019 of approximately OMR 358.3 million excludes investment income of approximately OMR 303.3 million and includes expenditure to be allocated of approximately OMR 448.5 million and the consolidated Government deficit published by NCSI for the year ended 31 December 2018 of approximately OMR 2,649.4 million excludes investment income of approximately OMR (113.1) million.

Information contained herein that is identified as being derived from a publication of Oman or one of its agencies or instrumentalities is included herein on the authority of such publication as an official public document of Oman. All other information contained herein with respect to Oman is included as an official public statement made on the authority of the Minister of Finance of the Government of the Sultanate of Oman.

References to any individual period such as 2018 and so on are references to a calendar year commencing on 1 January and ending on 31 December in the same year. All references in this document to "**OMR**", "**Omani Rials**" and "**Baisa**" are to the currency of Oman; to "**U.S. Dollars**", "**U.S.\$**" and "**\$**" are to the currency of the United States of America. For ease of presentation, certain financial information relating to Oman included herein is presented as translated into U.S. Dollars at the U.S. Dollar/OMR rates of exchange

deemed appropriate by Oman. Unless otherwise specified, such rates were applicable as of the end of such specified period(s). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into U.S. dollars at that or any other rate. References to "**SDR**" are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the Rules and Regulations of the International Monetary Fund. References in this document to "**billions**" are to thousands of millions. References to the "**Government**" are to the government of the Sultanate of Oman. References to "**Oman**" are to the Sultanate of Oman.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF NOTES

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved.

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

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

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

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

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

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

PROHIBITION ON SALES TO EEA RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

BENCHMARKS REGULATION

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/2011 (the "**Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

NOTICE TO RESIDENTS OF OMAN

The information contained in this Base Prospectus does not constitute an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 18/2019) (the "**Commercial Companies Law**") or Article 3 of the Capital Market Law of Oman (Royal Decree 80/98, as amended). This Base Prospectus will only be made available to investors in Oman in accordance with Article 139 of the Executive Regulations of the Capital Market Law (CMA Decision 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licensed by the Oman Capital Market Authority to market non-Omani securities in Oman.

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

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. Notes may not be offered, sold or, in the case of bearer Notes, delivered within the United States, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold (i) in registered or bearer form, in offshore transactions in reliance on Regulation S and (ii) in registered form, within the United States only to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes, see "*Transfer Restrictions*" and "*Subscription and Sale*".

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING

AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO BAHRAIN RESIDENTS

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

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

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

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

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

NOTICE TO RESIDENTS OF THE STATE OF QATAR

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

NOTICE TO RESIDENTS OF SINGAPORE

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS*

Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

STABILISATION

In connection with the issue of any Tranche (as defined in "*Overview of the Programme – Method of Issue*"), the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or any person(s) acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilising manager(s) (or any person(s) acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

SUPPLEMENTARY BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary base prospectus pursuant to Regulation 51 of Base Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (S.I. No. 324 of 2005) (the "**Irish Prospectus Regulations**"), the Issuer will prepare and make available a supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Regulated Market, shall constitute a supplementary base prospectus as required by Regulation 51 of the Irish Prospectus Regulations and Article 16 of the Prospectus Directive.

The Issuer has given an undertaking to the Arrangers and the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial, economic, fiscal and political position and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement base prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Arranger and Dealer such number of copies of such supplement hereto as such Arranger or Dealer may reasonably request.

JURISDICTION AND ENFORCEMENT

Immunity from suit

The Issuer is the Government of the Sultanate of Oman represented by the Ministry of Finance. Under the laws of Oman ("**Omani Law**"), no legal person in Oman is immune from suit. Further, any sovereign immunity of the Issuer and its administrative units (including quasi-governmental entities) from process before the courts of Oman (the "**Omani Courts**") was abrogated by Royal Decree 13/1997 and any claims in relation to contracts to which the Issuer is a party may now be brought before the Omani Courts. This position is confirmed by the Law of Civil and Commercial Procedures Royal Decree 29/2002, as amended (the "**Oman Civil Procedure Law**") which, pursuant to its Article 13, confirms where a summons may be delivered to departments of the state and public bodies and Article 46 which confirms that suits against departments of state and public authorities and public bodies shall be filed before the court within which their head offices are situated.

Immunity of public assets from attachment

Although no governmental entities are immune from suit, public assets and private assets owned by government entities are protected from attachment in the event of legal proceedings against the Issuer or quasi-governmental entities pursuant to Article 366 of the Oman Civil Procedure Law. Article 366 of the Oman Civil Procedure Law (Royal Decree 29/2002) provides that "*attachments shall not be imposed on public and private assets of the state, its authorities, public establishments and likewise*". This position was reinforced by the recent Civil Transactions Law (promulgated by Royal Decree 29/2013) which, at Article 56, provides that immovable or movable assets owned by the state or public legal persons who have been allocated such assets for public benefit by virtue of law or by a royal decree or by a resolution of the Minister responsible for Financial Affairs, shall be deemed to be public assets and such assets shall not be the subject of dispositions, attachment or acquisitive prescription.

Assets of the Issuer which are not deemed to be public assets of the Issuer pursuant to Omani Law also include those assets for the time being in use or intended for use for the purpose of, without limitation, the following transactions or activities:

- (a) any contract for the supply of goods and services and deposits or revenues therefrom;
- (b) any loan or other transaction for the provision of finance and any indemnity or guarantee relating thereto or of any other financial obligation entered into by the Issuer; and
- (c) any other transaction or activity of any commercial nature entered into or engaged in by the Issuer,

provided, however, that assets which can be characterised as: (A) "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963; (B) military or defence assets of Oman for military or defence use by Oman; or (C) assets used for public or governmental services (as opposed to commercial use) by Oman, shall not, in any circumstances, constitute commercial assets.

Enforcement of Arbitral Awards in Oman

Foreign arbitral awards may be enforced in Oman pursuant to: (i) treaty obligations or (ii) the Oman Civil Procedure Law.

Oman has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (Royal Decree 36/98) (the "**New York Convention**"), and ratified the Riyadh Arab Convention of 1983 (SD 34/1999) (the "**Riyadh Convention**"). Although Oman has been a party to the New York Convention since 1998 the Issuer is aware of only one case which has come before the Supreme Court of Oman in 2011 in relation to the enforcement of a foreign arbitral award issued by a contracting state. Whilst in that case the Supreme Court of Oman held that the arbitral award was recognised and enforceable in Oman, it should be noted that there is no doctrine of binding precedent under Omani Law, although decisions of the Supreme Court of Oman may be persuasive. The Issuer has no reason to believe, however, that the Omani Courts would not enforce an arbitral award passed in a contracting state (without the need to re-examine or re-litigate), subject only to no valid argument being raised that the enforcement of that arbitral award should be refused on one or more of the grounds set out in Article V of the New York

Convention, or that the subject matter of the award is against public order or morality in Oman. However, the enforcement in Oman of any of the obligations of any party under the Notes, the amended and restated fiscal agency agreement relating to the Programme dated 19 July 2019 (the "**Agency Agreement**") and the deed of covenant relating to the Programme dated 19 July 2019 (the "**Deed of Covenant**") (together, the "**Transaction Documents**"), will ultimately require an order for enforcement by the Omani Courts, which order is subject to discretion, including as to the manner in which such court would interpret and apply the New York Convention.

If the foreign arbitral award is not enforceable pursuant to a treaty obligation (for example, an award is passed in a country that is not a signatory to the New York Convention or Riyadh Convention), it may nevertheless be possible to enforce such award in Oman subject to the satisfaction of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law. In accordance with Article 352 of the Oman Civil Procedure Law, the Omani Courts possess an inherent jurisdiction to enforce foreign awards. When considering the enforcement of arbitral awards in the above circumstances, the Omani Courts will need to be satisfied that the following conditions have been met (reading "judgment" as "award"):

- it is passed by a competent judicial authority in accordance with the international jurisdiction rules applicable in the country in which the judgment or order is passed, and becomes final according to that law and was not grounded on deception;
- the parties to the dispute were summoned to appear and were properly represented;
- it does not include any requests, the basis of which breaches the laws enforced in Oman;
- it does not contradict any judgment or order previously issued by the Omani Courts, and it does not include anything contravening public order or morals;
- the country in which the said judgment or award was signed accepts the execution of judgments of Omani Courts within its territories; and
- the matter that has been arbitrated upon in the foreign jurisdiction is capable of being determined by arbitration under Omani Law (Article 353).

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

Enforcement of Foreign Judgments in Oman

Foreign judgments may be enforced in Oman pursuant to: (i) treaty obligations; or (ii) the Oman Civil Procedure Law. The only treaties of note are the Gulf Cooperation Council ("**GCC**") Treaty for the Enforcement of Judgments, Judicial Delegation and Court Summons signed in 1996 (the "**AGCC Protocol**"), and the Riyadh Convention.

Although Omani Law provides for the enforcement of foreign judgments in Oman subject to the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, the Issuer is not aware of a foreign (i.e. non-Omani and non-Arab GCC) judgment ever having been enforced in Oman. In the absence of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, an English or U.S. judgment against the Issuer would not be enforced by the Omani Courts without a re-examination of the merits and the English or U.S. judgment, as applicable, may be of evidential value only in any such proceedings filed before the Omani Courts.

If any proceedings were brought in Oman (whether in connection with the enforcement of an English or U.S. judgment or otherwise), pursuant to the Civil Transactions Law (Royal Decree 29/2013) (the "**Civil Code**"), the Omani Courts would recognise and give effect to the choice of English law as the governing law, unless any provision of English law were considered to be contrary to a mandatory provision of Omani Law, public order or morality or Islamic *Shari'a* principles.

If enforcement of the Notes were sought before the Omani Courts, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Notes would be interpreted and applied by those courts and whether all of the provisions of the Notes would be enforceable.

Oman is a civil law jurisdiction. Court judges enjoy much greater freedom to interpret agreements in any way which, in their opinion, correctly reflects the intention of the parties if the terms of the relevant agreement are ambiguous. The judge's interpretation can extend to amending the contract, if the judge feels that to do so would better reflect the original intention of the parties.

It is to be noted that no established system of precedent is adhered to by the Omani Courts although decisions of the Supreme Court of Oman should be persuasive. If enforcement of the Notes were sought before the Omani Courts, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Notes would be interpreted and applied by those courts and whether all of the provisions of the Notes would be enforceable.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this Base Prospectus constitute forward-looking statements. Statements that are not historical facts are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "could", "should", "would" or similar terminology. These statements are based on the Issuer's current plans, objectives, assumptions, estimates and projections. Investors should therefore not place undue reliance on those statements. Forward-looking statements speak only as of the date that they are made and the Issuer does not undertake to update any forward-looking statements in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. The Issuer cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. In addition to the factors described in this Base Prospectus, including those discussed under "*Risk Factors*", the following factors, among others, could cause future results to differ materially from those expressed in any forward-looking statements made in this Base Prospectus:

- Oman's economy is significantly affected by volatility in international oil prices;
- Oman is located in a region that has been subject to ongoing political and security concerns;
- Oman's efforts to diversify its economy, decrease government spending and implement more extensive and higher rates of tax collection may not be successful;
- Oman's credit ratings may change and any ratings downgrade could adversely affect the value of Notes;
- any future borrowing beyond sustainable levels could have a material adverse effect on Oman's economy and its ability to service its debt, including the Notes;
- Oman's economy and growth could be affected by Omani political considerations and succession planning risks;
- a global economic downturn, instability in international financial markets or other negative external economic shocks could have an adverse effect on Oman's economy;
- Oman's wholly owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends;
- investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries;
- any adjustment to, or ending of, Oman's currency peg could negatively affect Oman;
- statistical data contained in this Base Prospectus should be treated with caution by prospective investors;
- information on oil and gas reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this offering;
- the extensive production, processing, storage and shipping of hydrocarbons in Oman subjects it to risks associated with hazardous materials;
- the Omani legal system continues to develop, and this may create an uncertain environment for investment and business activity;
- changes in capital market conditions in general may affect policies or attitudes towards lending to Oman or Omani companies;
- unanticipated movements or volatility in interest rates, foreign exchange rates, or other rates or prices;

- inflation or deflation;
- unemployment; and
- changes in, or Oman's failure to comply with, Omani and foreign laws and regulations.

EXCHANGE RATES

The following table presents the average annual exchange rate of the Omani Rial against U.S. dollars in each of the years indicated.

	Average Annual Exchange Rates							
	2011	2012	2013	2014	2015	2016	2017	2018
	<i>(OMR per unit of currency unless otherwise indicated)</i>							
U.S.\$	0.3845	0.3845	0.3845	0.3845	0.3845	0.3845	0.3845	0.3845

On 30 June 2019, the closing U.S. Dollar/Omani Rial rate of exchange as reported by the CBO was OMR 0.3845 = U.S.\$1.00.

DOCUMENT INCORPORATED BY REFERENCE

The "*Terms and Conditions of the Notes*" appearing between pages 96 to 127 of the Base Prospectus dated 3 January 2018 will also be incorporated by reference herein and will be available for viewing at https://www.ise.ie/debt_documents/FBaseProspectus_8170167d-c979-43d4-bd58-b779672164eb.pdf.

Copies of the above document incorporated by reference in this Base Prospectus can be obtained from the specified office of the Paying Agent (at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom).

Any information contained in the document specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is included elsewhere in this Base Prospectus.

Such document shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

CONTENTS

	Page
DOCUMENT INCORPORATED BY REFERENCE	xv
OVERVIEW OF THE PROGRAMME	1
RISK FACTORS	13
USE OF PROCEEDS	31
THE SULTANATE OF OMAN.....	32
THE ECONOMY OF OMAN.....	38
MONETARY POLICY AND FINANCIAL SYSTEM	66
PUBLIC FINANCE	77
INDEBTEDNESS	89
BALANCE OF PAYMENTS.....	95
TERMS AND CONDITIONS OF THE NOTES	101
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	136
FORM OF FINAL TERMS.....	143
CLEARING AND SETTLEMENT.....	154
TRANSFER RESTRICTIONS	158
TAXATION	160
SUBSCRIPTION AND SALE.....	167
GENERAL INFORMATION	173

OVERVIEW OF THE PROGRAMME

This Overview must be read as an introduction to this Base Prospectus. Any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making any investment decision. Words and expressions defined in "The Sultanate of Oman", "The Economy of Oman", "Terms and Conditions of the Notes" and "Summary of Provisions Relating to Notes in Global Form" shall have the same meanings in this overview.

Issuer: The Government of the Sultanate of Oman, represented by the Ministry of Finance.

General: Oman is the second largest country by geographical area among the states of the GCC region after the Kingdom of Saudi Arabia. It is spread over a land area of 309,500 square kilometres and is strategically positioned in the Middle East between Asia and Europe, bordering the Arabian Sea, the Gulf of Oman and the Persian Gulf and neighbouring Yemen, Saudi Arabia and the United Arab Emirates. Oman is divided into 11 Governorates, which are subdivided into a total of 61 provinces or Wilayats. Muscat is the business and political capital of Oman. Other prominent cities are Salalah, Sohar, Sur, Nizwa and Khasab. Arabic is the national and official language, but the use of English is widespread, especially in business transactions.

As at 31 December 2018, the total population of Oman was reported by the National Centre for Statistics and Information to be approximately 4.56 million, of which 55.0 per cent. were Omani nationals and 45.0 per cent. were expatriates. The total labour force in Oman was estimated to be approximately 2.3 million as of 31 December 2018, of which approximately 2.0 million workers were employed in the private sector. Of those employed in the private sector, approximately 12.4 per cent. were Omani nationals and 87.6 per cent. were expatriates. As at 31 December 2017, approximately 37.0 per cent. of the population in Oman was under 15 years old and 4.0 per cent. was 65 years and older. At the end of 2017, life expectancy at birth was 76.9 years. For comparison, the World Bank reports that approximately 18 per cent. of the population of OECD nations was under 15 years old and approximately 17 per cent. was 65 years and older. Oman had a Human Development Index of 0.821 according to the 2018 Human Development Report by the United Nations Development Programme, ranking 48 out of 188 countries, in the "High Human Development" category.

Oman is an absolute monarchy. His Majesty Sultan Qaboos bin Said Al Said is the head of the Government and the Chief of State, and he has the power to issue laws by Royal Decree. All Royal Decrees, international treaties, agreements and charters signed or approved by His Majesty become law from the date of their publication in Oman's Official Gazette. On 6th November 1996, His Majesty issued Royal Decree No. 101/96 promulgating the Basic Law of the State (the "**Basic Law**"). The Basic Law serves as the constitution of Oman and sets forth its system of governance as well as establishing certain basic rights of Omani citizens. In addition, the Basic Law provides that all-natural resources are the property of the State and that any concessions granted to exploit or otherwise invest in such natural resources may only be granted for a specified period. The Basic Law also provides for a Prime Minister, although this position, as well as the positions of Ministers of Defence, Finance and Foreign Affairs, Chairman of the Board of Governors of the Central Bank and commander-in-chief of the armed forces, are currently held by His Majesty Sultan Qaboos bin Said Al Said.

Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours as well as other countries, in particular, the United

States, the European Union and member countries of the OECD. Historically, Oman has acted independently from the other Arab gulf states in regional disputes and, on occasion, has acted as a neutral mediator. For example, Oman played a key role from 2009 to 2011 in securing the release of U.S. citizens who had been detained by Iranian border guards by brokering negotiations with U.S. and Iranian officials and paying the detainee's bail. Oman's approach to foreign relations is both non-confrontational and pragmatic. As a result, Oman has enjoyed political and economic stability for the last 40 years.

Oman is a member of the United Nations, the World Bank, the International Bank for Reconstruction and Development and the International Monetary Fund. In November 2000, Oman became a full member of the World Trade Organization, resulting in, amongst other developments, the liberalisation of its foreign investment and taxation laws. In October 2015, Oman became a founding member of the Asian Infrastructure Investment Bank, an international financial institution composed of 50 member states that aims to support the building of infrastructure in the Asia-Pacific region.

Regionally, Oman is a founding member of the GCC, which includes the Kingdom of Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates and Qatar, and has also been a member of the GCC's Permanent Committee for Petroleum Cooperation, which has prepared the long-term petroleum strategy for the GCC since May 1981. Although not a member of the Organization of the Petroleum Exporting Countries ("OPEC"), Oman co-ordinates with OPEC regarding oil production, including attending the December 2016 OPEC meeting in Vienna, Austria, where Oman committed to a reduction of oil production by 5 per cent. (or approximately 45,000 bbl/d) which started in January 2017. Although OPEC agreed to raise production levels in June 2018, in December 2018 OPEC again agreed to reduce productions levels (to 970,000 bbl/d in the case of Oman) and such reduced production levels remain in place as of the date of this Base Prospectus. Oman joined the Arab League in 1971 and the Organization of the Islamic Conference in 1972. Oman is also an active member of Islamic Development Bank.



Economy: Oman is classified by the World Bank as a high-income country, with a nominal GDP per capita on a purchasing power parity ("PPP") basis which according to the IMF was U.S.\$46,583.97 in 2018, and Oman's GDP per capita on a nominal basis was U.S.\$17,441.56 in 2018 according to the Government. The production and export of crude oil and natural gas is the principal activity of the Omani economy, contributing 35.4 per cent. of nominal GDP in the year ended 31 December 2018 and 29.0 per cent. and 26.4 per cent. of nominal GDP in 2017 and 2016, respectively. As such, the performance of the petroleum industry may directly affect industries that are tangential to, or reliant on, the petroleum industry as well as having more indirect effects on the economy as a whole, such as reductions in consumer purchasing power or mobility. In addition, petroleum activities are the principal source of Government revenues (accounting for approximately 75.4 per cent. of total Government revenues in 2017) and, therefore, indirectly affect the performance of the non-oil sectors of the economy through their effect on Government allocation of its expenditure in those sectors. As a result, fluctuations in the price and production of oil are the major contributing factors to Oman's economic performance. The economy's vulnerability to oil price movements as well as the finite nature of oil reserves have led the Government to exploit significant gas reserves, to promote investment in the non-oil and gas sectors of the economy and to implement policies and procedures to manage and replenish its financial reserves.

In the years ended 31 December 2018 and 2017, economic activity was boosted by higher average oil prices following the period of persistent low crude oil prices in the global markets and sluggish global growth beginning in 2014. Consequently, nominal GDP increased by 12.0 per cent. for the year ended 31 December 2018 as compared to the year ended 31 December 2017 and increased by 7.3 per cent. during the year ended 31 December 2017 as compared to the year ended 31 December 2016.

Despite its diversification efforts, Oman's economy continues to be dominated by petroleum activities, which accounted for 35.4 per cent. of nominal GDP during the year ended 31 December 2018 as compared to 29.0 per cent. of nominal GDP during the year ended 31 December 2017. Petroleum sector activities were supported by higher average oil prices despite lower production levels as a result of OPEC production cuts, resulting in an increase during the twelve months ended 31 December 2018 of 40.5 per cent. in output. Nominal GDP contributed by the oil and gas sector increased by 36.5 per cent. during the year ended 31 December 2018 as compared to the year ended 31 December 2017. Nominal GDP contributed by the non-petroleum sector increased by 3.1 per cent. during the year ended 31 December 2018 as compared to the year ended 31 December 2017, with increases in services, manufacturing, mining and quarrying, electricity and water supply and agriculture and fishing partially offset by a decrease in construction (see table below). According to estimates prepared by the IMF in June 2019, Oman's real GDP was forecasted to expand by 0.3 per cent. in 2019. Although oil continues to play an important role in Oman's economy, the Government continues to focus on manufacturing, transportation and logistics, tourism, fisheries and mining as part of its Ninth Five-Year Plan. The Government anticipates that growth in the non-oil sector will enhance Government revenues in the coming years, as a result of increased activity by the private sector.

Vision 2020, Vision 2040 and Five-Year Plans

Vision 2020

Since 1996, the five-year development plans have focused on diversification of the economy. In accordance with the Government's "Vision 2020" plan (adopted in June 1995), the Government aims to reduce the oil and gas sector's contribution to GDP by 2020 by encouraging investment in non-oil and gas

industries and services. The Eighth Five-Year Plan for 2011 through 2015 aimed to contribute to this diversification of the Omani economy by increasing spending on key infrastructure projects, such as further developing the ports at Salalah, Duqm and Sohar, and upgrading the airports in Muscat and Salalah. In particular, the Government focused on development of the Duqm Special Economic Zone (established by Royal Decree 119/2011), which is intended to become a multi-sector industrial and economic hub for power, water desalination and distribution, petrochemicals, warehousing and logistics, light industry, tourism, fisheries and fish processing (as well as the necessary interconnecting infrastructure, including a port, an airport, a railway network and a road system). To the extent that projects commenced under the Eighth Five-Year Plan were not completed by the end of the plan, the Government is committed to finishing them as part of the Ninth Five-Year Plan which runs from 2016 to 2020.

Vision 2040

His Majesty the Sultan has issued royal orders to set up the main committee for the formulation of Oman's "Vision 2040" plan under Sayyid Haitham bin Tariq al-Said, Minister of Heritage and Culture. The main committee will draft, develop and finalise the Vision 2040 document, while ensuring community-wide consensus and participation. The Vision 2040 plan is intended to address the future in an objective manner so as to be capable of being used as a basic reference and manual for planning during the next two decades. In addition, relevant committees were formed, such as the technical committee and sectoral committees, which comprises three committees in line with the themes of the Vision 2040 plan; "People and Society" Committee, "Economy and Development" Committee, and "Governance and Institutional Performance" Committee. A National Priorities and Strategies Alignment Committee, Organization and Follow up Committee, and the National Conference Preparation Team were also formed. Members of these committees comprise various stakeholders, representing all segments of the Omani society. The phases of developing the Vision 2040 plan were identified and the assigned committees have started the work of collecting data and information, analysing the current status, conducting comparative studies, and identifying the key issues. The Vision 2040 plan is set to be completed and presented to the Cabinet in 2019.

The Ninth Five-Year Plan

The Ninth Five-Year Plan (2016-2020) maintains the Government's focus on economic diversification and enhancement of welfare and social benefits, while at the same time aiming to boost the private sector. To support these goals, over 500 programs and policies are planned across five target sectors: manufacturing, transportation and logistics, tourism, fisheries and mining. The Government believes these five sectors represent untapped potential and are essential for the transformation of Oman from a predominantly oil-based economy to a diversified economy, and that these sectors have the potential to create a significant number of jobs and are projected to positively increase their contributions to annual GDP growth by 2020.

In order to achieve the targets for these sectors, the Government has launched Tanfeedh, a program which aims to identify opportunities as well as challenges facing the public and Government sectors and the civil community through discussions, implementation and monitoring. Tanfeedh aims to outline detailed measurable strategies and designate responsibilities, resources, implementation timeframes and KPIs, in order to execute Oman's diversification plan and to overcome identified challenges. While the Ninth Five-Year Plan targets the five sectors for economic diversification discussed above (manufacturing, transportation and logistics, tourism, fisheries and mining), Tanfeedh currently focuses on manufacturing, logistics and tourism,

while at the same time also focusing on enhancing Oman's labour market and finance industry as "community and sustainability enablers" of economic diversification.

In addition, in connection with the Ninth Five-Year Plan, the Government aims to reduce non-core expenditures in favour of targeted investments by reducing fuel subsidies, freezing Government employment, deferring non-essential projects and reducing expenditure on non-essential transport for Government officials. The Ninth Five-Year Plan also contemplates increasing non-oil and gas revenues through various measures, including increasing corporate tax rates to 15 per cent. and reducing exemptions, increasing the efficiency of tax and custom collection, imposing a value-added tax on goods and services in co-ordination with the GCC, imposing other select service taxes (e.g. alcohol, tobacco), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs. For further discussion of the strategies to reduce expenditures and increase revenues, see "*Public Finance—State General Budgets*".

The Ninth Five-Year Plan also emphasises the role of the private sector in driving Oman's economic growth. An expanded private sector is expected to be achieved through legislation encouraging private sector investment, developing and providing development funding for small and medium enterprises ("SMEs"), the Riyada Public Authority of Small and Medium Enterprise Development ("PASMED") initiative for providing logistical, technical and other support for SMEs, public-private partnerships and general improvements to the investment climate. The Government also intends to expand the role of the private sector in acquiring, financing and managing Government projects. Furthermore, the Government has undertaken a series of measures to encourage SME development, including a quota for at least 10 per cent. of Government contracts to be awarded to SMEs by the Oman Tender Board, a requirement for local banks to extend at least 5 per cent. of their loan books to SMEs and the creation of the Al Raffd Fund, which provides start-ups and SMEs with interest-free loans.

Further to the Ninth Five-Year Plan's emphasis on the role of the private sector in driving Oman's economic growth, in September 2016, the Ministry of Finance began transferring its stakes in listed and private companies to other state-owned corporate and sovereign funds, including SGRF and Oman Investment Fund, and to special purpose holding companies with an aim to make such companies operations more efficient and improve their internal management, as well as to prepare for the possible privatisation of such companies in the future. As an initial step, in December 2016, Oman transferred its 51 per cent. stake in Oman Telecommunications Company SAOG ("**Omantel**"), the country's incumbent telecoms operator, from the Ministry of Finance to OIF. The announcement was made in a disclosure to the Muscat Securities Market. The proceeds of OMR 287 million were used to purchase foreign reserves designated for deficit financing.

The Tenth Five-Year Plan for 2021 to 2026 is part of Vision 2040.

Selected Economic Information:.....

	For the year ended 31 December				
	2014	2015	2016*	2017*	2018**
	<i>(OMR millions, except percentages)</i>				
GDP (at current prices)	31,173.9	26,494.0	25,354.5	27,216.4	30,488.9
GDP (at constant market prices) ¹					
.....	26,145.4	27,384.3	28,748.5	28,481.6	29,444.3
Real GDP	1.2%	4.7%	5.0%	(0.9)%	3.4
Real Petroleum GDP	(1.6)%	4.4%	3.6%	(3.0)%	6.1
Real Non Petroleum GDP.....	4.4%	5.5%	4.9%	0.9%	2.1

* Provisional

** Preliminary

¹ Base 2010

Description of the Programme:	Global Medium Term Note Programme.
Size:	The Programme size is unlimited, subject to the annual state budget, any other statutory or other budgetary limitations on incurring indebtedness imposed from time to time and compliance with all statutory and other approvals required in connection with the issuance of Notes under the Programme or otherwise.
Arrangers:	Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc Standard Chartered Bank
Dealers:	bank muscat SAOG Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank First Abu Dhabi Bank PJSC HSBC Bank plc ICBC Standard Bank Plc J.P. Morgan Securities plc MUFG Securities EMEA plc Natixis SMBC Nikko Capital Markets Limited Société Générale Standard Chartered Bank
	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to " Permanent Dealers " are to the persons listed above as Dealers and to such additional persons that are appointed as Dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to " Dealers " are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent, Paying Agent, Transfer Agent and Calculation Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Europe AG
Listing Agent:	Walkers Listing Services Limited
Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Note or Global Certificate may be deposited with the Common Depositary. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
	General:
	Global Notes or Global Certificates (as the case may be) may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).
Method of Issue:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. The Notes will be issued in series

(each, a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest). Each Series may be issued in tranches (each, a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the applicable Final Terms.

Currencies:..... Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

Maturities: The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Form of Notes: The Notes will be issued in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**"). Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "*Selling Restrictions*" below), otherwise such Tranche will be represented by a permanent Global Note.

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series and may be represented by a Global Certificate. Unrestricted Notes in registered form will initially be represented by an Unrestricted Global Certificate, without interest coupons, which may be deposited on the issue date (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with the Common Depositary or (ii) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream, Luxembourg or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer(s).

Restricted Notes in registered form will initially be represented by a Restricted Global Certificate, without interest coupons, which may be deposited on the issue date either (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with a Common Depositary on behalf of Euroclear and Clearstream, Luxembourg or (ii) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

Fixed Rate Notes: Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes: Floating Rate Notes will bear interest determined separately for each Series as follows:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant specified currency governed by an agreement incorporating the relevant ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as

amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s).

Interest periods will be specified in the relevant Final Terms.

Benchmark Replacement:	On the occurrence of a Benchmark Event the Issuer shall use its reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate failing which an Alternative Rate to be used in place of the Original Reference Rate. An Adjustment Spread may also be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate as the case may be.
Zero Coupon Notes: .	Zero Coupon Notes (as defined in " <i>Terms and Conditions of the Notes</i> ") may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s). The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.
Denomination of Notes:	Definitive Notes will be in such denominations as may be specified in the applicable Final Terms save that (i) the minimum denomination of each series of Notes will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency; (ii) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in an EEA Member State in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (iii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of

section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Notes initially represented by a Restricted Global Certificate and sold pursuant to Rule 144A will be in minimum denominations of U.S.\$200,000 (or its equivalent in another currency) and integral multiples of U.S.\$1,000 (or its equivalent in another currency) in excess thereof, in each case subject to compliance with all legal and/or regulatory requirements applicable to the relevant jurisdiction.

Events of Default: For a description of the events that will permit the Notes to become immediately due and payable at their nominal amount together with accrued interest, see Condition 10.

Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in "*Terms and Conditions of the Notes — Negative Pledge*".

Cross Default: The Notes will have the benefit of a cross-default provision, as described in Condition 10(c). See "*Terms and Conditions of the Notes — Events of Default*".

Status of the Notes:... The Notes and the Coupons will constitute direct, general, unconditional and (subject to Condition 4) unsecured obligations of the Issuer, and rank and (subject to Condition 4) will rank *pari passu*, without any preference among themselves, with all other Relevant Indebtedness (as defined in the Conditions) of the Issuer from time to time outstanding, **provided further that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due on the Notes and/or Coupons and *vice versa*, all as described in "*Terms and Conditions of the Notes — Status of the Notes*".

Withholding Tax: All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for or on account of, any Taxes (as defined in the Conditions) imposed, levied, collected, withheld or assessed by, within or on behalf of Oman or any political subdivision of it or any governmental authority therein or thereof having power to tax, unless such withholding or deduction is required by law. For further information, see "*Terms and Conditions of the Notes — Taxation*". In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in certain circumstances, as further described in "*Taxation*" in the Conditions.

Meetings of Noteholders: The Conditions contain a "collective action clause" which permits defined majorities to bind all Noteholders.

If the Issuer (whether directly or through the Ministry of Finance as its agent) issues future debt securities (including securities issued in compliance with the principles of *Shari'a* law) which contain collective action clauses in substantially the same form as the collective action clause in the Conditions, the Notes would be capable of aggregation with any such future debt securities. See "*Risk Factors – Risks relating to the Notes – The Notes contain a "collective action" clause under which the terms of the Notes may be amended, modified or waived without the consent of all the holders of the Notes*".

Rating: The Programme has been rated Ba1 by Moody's and BB+ by Fitch.

Oman has been assigned a long-term and local currency sovereign credit rating of BB by S&P with a negative outlook, a long-term issuer rating of Ba1 by

Moody's with a negative outlook and a long-term issuer rating of BB+ by Fitch with a stable outlook.

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms.

Further Issues:..... The Issuer may from time to time, without notice or the consent of holders of any Notes, issue further securities which may form a single series with such Notes, subject to certain conditions set out in "*Terms and Conditions of the Notes — Further Issues*".

Use of Proceeds:..... The net proceeds of each Tranche of Notes issued under the Programme will be issued by the Issuer for its general budgetary purposes.

Clearing Systems: For Notes other than Registered Notes represented by a Restricted Global Certificate, Euroclear, Clearstream, Luxembourg and/or DTC and, in relation to any Tranche such other clearing system(s) as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

For Registered Notes represented by a Restricted Global Certificate, Euroclear, Clearstream, Luxembourg and/or DTC.

Transfers within and between each of Euroclear or Clearstream, Luxembourg and/or DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Listing and admission to trading: Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on the Regulated Market and to be listed on the Official List of Euronext Dublin.

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

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law and Jurisdiction: The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. Any dispute shall be referred to and finally resolved by arbitration in accordance with the rules of arbitration of the LCIA (with the seat of the arbitration in London).

Waiver of Immunity: The Issuer irrevocably and unconditionally agrees to waive all immunity it or its assets or revenues may otherwise have in any jurisdiction. The Issuer irrevocably and unconditionally waives such immunity and/or the claim of immunity in respect of:

- (a) the giving of any relief or the issue of any process, including, without limitation, by way of injunction or order for specific performance or for the recovery of assets or revenues or damages or otherwise; and
- (b) the issue of any process including, without limitation, the making, enforcement or execution against its property, assets or revenues (irrespective of its use or intended use) for the enforcement of a judgment made or given in respect of any proceedings, or in action *in rem*, for the arrest, detention or sale of any property, assets and revenues,

provided that nothing shall prevent the Issuer from claiming immunity in respect of (a) pre-judgment attachment or any analogous proceedings; or (b) enforcement proceedings, which seek to execute against non-commercial (or public) assets of the Issuer.

"Commercial assets" are those assets of the Issuer which are not deemed to be public assets of the Issuer pursuant to Omani Law and which include those assets for the time being in use or intended for use for the purpose of, without limitation, the following transactions or activities:

- (a) any contract for the supply of goods and services and deposits or revenues therefrom;
- (b) any loan or other transaction for the provision of finance and any indemnity or guarantee relating thereto or of any other financial obligation entered into by the Government or the Issuer; and
- (c) any other transaction or activity of any commercial nature entered into or engaged in by the Government or the Issuer,

provided, however, that assets which can be characterised as: (A) "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963; (B) military or defence assets of Oman for military or defence use by Oman; or (C) assets used for public or governmental services (as opposed to commercial use) by Oman, shall not, in any circumstances, constitute commercial assets.

Selling Restrictions:.. There are restrictions on the sale of Notes and the distribution of offering or marketing materials in various jurisdictions, including the United States, the EEA, the United Kingdom, Oman, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Qatar (including the Qatar Financial Centre), the State of Kuwait, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Hong Kong, Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*".

Bearer Notes will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**D Rules**") unless (i) the applicable Final Terms states that Notes are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be

referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

- Transfer Restrictions:** There are restrictions on the transfer of Notes sold pursuant to Regulation S and Rule 144A. See "*Transfer Restrictions*" below.
- Enforcement of Notes in Global Form:** In the case of Global Notes and Global Certificates, individual investors' rights will be governed by a deed of covenant dated 19 July 2019 (the "**Deed of Covenant**"), a copy of which is available for inspection at the specified office of the Fiscal Agent.
- Risk Factors:** There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. See "*Risk Factors*" for a description of certain of these risks.

RISK FACTORS

An investment in the Notes involves risk. Accordingly, prospective investors should carefully consider, amongst other things, the following risk factors, together with the other information set out in this Base Prospectus, before making a decision to invest in the Notes and should understand that the risks set forth below could, individually or in the aggregate, have a material adverse effect on the Issuer's ability to repay principal and make payments of interest on the Notes or otherwise fulfil its obligations under the Notes.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on Oman's economy and its ability to fulfil its obligations under the Notes. If any such risk should occur, the trading price of the Notes may decline and investors could lose all or part of their investment in the Notes. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus.

Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this section.

Risk Factors in relation to the Issuer

Oman's economy is significantly affected by volatility in international oil prices

Oman's economy is significantly impacted by international oil prices. The hydrocarbon sector accounted for 35.5 per cent. of Oman's GDP at current market prices for the year ended 31 December 2018 and 29.0 per cent. for the year ended 31 December 2017, as compared to 26.4 per cent. of Oman's GDP at current market prices for the year ended 31 December 2016, 33.1 per cent. for the year ended 31 December 2015 and 47.2 per cent. for the year ended 31 December 2014. The decrease from 2014 to 2018 was primarily the result of the period of low world oil prices which commenced in the middle of 2014.

Oil prices fell from a monthly average of U.S.\$104.99 per barrel of Dubai Mercantile Exchange's Oman Crude Oil Futures Contract ("**DME Oman**") crude oil in June 2014 to a low of U.S.\$27.40 in March 2016 to U.S.\$66.28 in January 2019 and U.S.\$65.25 for the first six months of 2019. For 2016, 2017 and 2018, the monthly average price per barrel of DME Oman oil was approximately U.S.\$40, U.S.\$51 and U.S.\$68, respectively. DME Oman crude oil is Oman's principal oil export.

This period of low crude oil prices has affected Oman in a number of ways:

- In the year ended 31 December 2018, Oman's nominal GDP increased by 12.0 per cent. compared to 2017 and by 7.3 per cent. in 2017, while in 2016 and 2015 Oman's nominal GDP declined by 5.1 per cent. and 14.1 per cent., respectively, principally driven by lower oil and gas prices, reflecting the significant contributions of the oil and gas sector to Oman's GDP.
- For the two months ending 28 February 2019 and the year ended 31 December 2018, the trade balance increased to a surplus of OMR 1,155.5 million and OMR 6,148.7 million, respectively, while Oman's trade balance grew to a surplus of OMR 2,487.3 million as compared to OMR 1,150.4 million and OMR 2,566.7 million in 2016 and 2015, respectively, principally as a result of higher liquefied natural gas and non-oil exports, as well as, a decline in imports.
- Oman's budget, which depends principally on oil and gas revenues, has also been adversely affected. While Oman's budget for 2019 estimates a lower deficit of OMR 2,800 million (including capital receipts of OMR 140.0 million) (whereas Oman actually registered a surplus for the first five months of 2019 equal to OMR 393.5 million), compared to the deficit of OMR 2,762.5 million in the year ended 31 December 2018, Oman's fiscal deficit in each of the years ending 31 December 2017 and 2016 increased to OMR 3,639.2 million and OMR 4,487.3 million, respectively, from OMR 4,169.7 million in the year ending 31 December 2015. The Government's break-even price of oil was budgeted to be U.S.\$79 in 2018 and was approximately U.S.\$74 and U.S.\$75 in 2017 and 2016, respectively. The Government budget for 2019 contemplates an expected break-even price of oil of U.S.\$87.72.

Prospective investors should be aware that the above analysis does not take into account the indirect impact of low oil prices on Oman's economy, which is difficult to quantify with any precision. Potential investors

should note that many of Oman's other economic sectors are in part dependent on the oil and gas sector. For example, the Government has reduced, and may continue to reduce, certain Government expenditures in light of the budgetary pressures caused by low or falling oil prices. Large Government fiscal deficits, which are likely to result in a weakened net asset position, larger external financing needs and/or continued lower Government spending, could impact many sectors of the economy, including, in particular, the construction sector, to the extent that large building projects must be delayed or cancelled. In addition, ancillary industrial activities related to oil and gas exploration and production are also negatively affected by low oil prices. Furthermore, sectors that are dependent on household consumption, including education, transport and housing, may be adversely affected by lower levels of economic activity that may result from lower Government revenue from oil and gas production.

Additional factors, such as the price and availability of new technologies, including renewable energy and unconventional oil and gas extraction methods, and the global geopolitical climate and other relevant conditions, have an indirect impact on oil demand and oil prices in Oman and globally. Long-term effects may occur as a result of international regulatory efforts, such as the 2015 Paris Climate Agreement to curb greenhouse gas emissions and limit climate change. There can be no assurances that these factors, in combination with others, will not result in a prolonged or further decline in oil prices, which may continue to have an adverse effect on, among other things, Oman's GDP growth, Government revenues, balance of payments and foreign trade.

The banking sector has seen gross non-performing loans increase to 2.9 per cent. as at 31 December 2018 from 2.5 per cent. as at 31 December 2017, which can be attributed to a variety of factors, such as the economic downturn resulting from low oil prices. Although oil prices recovered over the course of 2018 before declining again towards the end of the year, the banking sector could see further increases, including as a result of the return of low oil prices or other macroeconomic factors. However, the impact of this has not yet, and is not expected to, materially affect banks' credit profiles. Low oil prices were also seen as contributing to tightening liquidity across the banking sector in the GCC, including Oman, over the course of 2015, 2016, 2017 and 2018. Separately, the Central Bank of Oman has warned in the past that banks' exposure to the real estate sector in Oman could be a potential source of vulnerability, while certain credit rating agencies have noted elevated credit risks within Oman's construction and retail sectors. Additionally, a move in April 2017 to allow local banks to count Government debt towards their reserve requirements could lead to increased linkages between the banking sector and the sovereign. Furthermore, the Central Bank of Oman introduced regulatory amendments in April 2018, including the reduction of the minimum total capital adequacy ratio ("CAR") from 12.0 per cent. to 11.0 per cent., which remains above the Basel III requirements, allowing net local inter-bank transactions in the funding base for lending ratio purposes, relaxing regulatory limits on maturity mismatches, withdrawing the minimum 100 per cent. risk-weighting requirement for exposures to debt from other sovereigns and central banks and increasing the limit on credit exposure to non-residents and to the placement of bank funds abroad. While these amendments are intended to strengthen banks' capacity to grant credit and provide liquidity to the economy, there can be no assurance that these measures will not result in the weakening of banks' credit profiles, including as result of a decline in banks' capitalisation buffers, an erosion of banks' asset quality will erode as a result of increased lending in a weakening environment, increased reliance on market funding and increased maturity mismatches. An unexpected deterioration in the health of the banking sector could lead to a weakening in the sovereign credit profile.

While Oman has in the past increased oil exports in periods of prolonged down-turns in the oil price, and retains some capacity to do so in the short and medium term, as Oman's fields are generally considered to be fairly mature, such a solution may not prove viable if oil prices were to continue to be depressed for a prolonged period. Furthermore, in January 2017, Oman began to reduce oil production by 5 per cent. (or approximately 45,000 barrels) in line with commitments agreed upon at the December 2016 meeting of the Organization of the Petroleum Exporting Countries ("OPEC") in Vienna, Austria. Although OPEC agreed to raise production levels in June 2018, in December 2018 OPEC again agreed to reduce productions levels. In July 2019 OPEC agreed to extend the reduction in production levels. In addition, future growth in reserves is generally expected to be limited to successful implementation of enhanced oil recovery techniques. As a result, if there is any failure to make use of such techniques, or if such techniques prove excessively costly (particularly in the context of low oil prices) or fail to help grow oil and gas reserves, a long-term slowdown in oil production may become more likely.

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

Oman is located in a region that is strategically important and parts of this region have experienced political instability. This political instability has included regional wars, such as the Gulf War of 1991, the Iraq War of 2003, tensions between and among the United States, Israel, Syria and Iran, terrorist acts, maritime piracy and civil revolutions. Since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa ("**MENA**") region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Syria, Tunisia, and Yemen. This unrest in the region has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of changes in government in some countries as a result of civil unrest and increased political uncertainty across the region. The MENA region is currently subject to a number of armed conflicts including those in Yemen (with which Oman shares a border), Syria, Iraq and Palestine as well as the ongoing conflicts with the non-state terrorist group known as DAESH or ISIS. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact that such events and circumstances might have on Oman.

In June 2017, three GCC countries, Saudi Arabia, the United Arab Emirates and Bahrain, as well as Chad, Comoros, Egypt, Maldives, Mauritania, Senegal and Yemen, severed diplomatic ties and cut trade and transport links with, and imposed sanctions on, Qatar. In addition, Djibouti, Jordan and Niger downgraded diplomatic ties with Qatar. These countries have accused Qatar of supporting extremist groups. Oman has remained neutral during the diplomatic crisis and diplomatic efforts to end the crisis are being undertaken by Oman, Kuwait and several other countries. It is uncertain at this stage how the events relating to Qatar will develop or how the situation may impact Oman, the region or emerging markets generally.

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

Oman is also dependent on expatriate labour (ranging from unskilled labourers to highly skilled professionals in a range of industry sectors) and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to Oman. Foreign businesses, tourists and, to a lesser extent, expatriate workers are more sensitive to political instability in a country and more ready to shift their activities to alternate countries that are not experiencing such instability. If Oman were to be impacted by the on-going regional instability or if terrorist incidents were to occur in Oman, its economy and, in particular, its efforts to diversify its economy could be adversely affected, which, in turn, could have a material adverse impact on Oman's ability to perform its obligations under the Notes.

Furthermore, other world events could have an impact on Oman's political and security situation. Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours as well as other countries, in particular, the United States. Although Oman aims to maintain the existing cordial relationship with the United States, a shift in the relationship between Oman and the United States or changing U.S. political priorities in the region could have a material adverse effect on Oman's economic, political or financial condition, which, in turn could have a material adverse effect on Oman's ability to perform its obligations under the Notes.

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

Oman's economy is dependent on the oil and gas industry, which in the years ended 31 December 2018, 2017 and 2016 accounted for 35.5 per cent., 29.0 per cent. and 26.4 per cent., respectively, of Oman's GDP and, in the years ended 31 December 2018, 2017 and 2016, 62.2 per cent., 72.9 per cent. and 71.4 per cent., respectively, of Government revenues. Oman's crude reserves as at the end of 2018 were estimated to allow for 20 years of output at 2018 production levels and were estimated to be 4.8 billion barrels as at 31 December 2018. Furthermore, if low oil prices are sustained for an extended period of time, Oman may have to cancel or scale back planned or future development of oil and gas production, especially where production assumptions rely on more challenging methods or have technological constraints on the

extraction of "tight" oil or gas, which in turn would lead to actual, extractable reserves being less than current estimates.

The Government has a long-term strategy of diversifying Oman's economy away from its reliance on oil as the single major revenue source towards a more diverse economy. See "*Overview of Oman—History and Development*" and "*The Economy of Oman—Vision 2020, Vision 2040 and Five-Year Plans*". However, there can be no assurance that Oman's efforts to diversify its economy and reduce its dependence on oil will be successful. In particular, Oman's attempts to diversify may mean that it undertakes projects in areas in which it has little or no previous experience or for which there are significant economic risks. In addition, its ability to engage in large-scale infrastructure projects and other large expenditures that support its diversification efforts could be reduced, or the projects themselves made economically unfeasible by reduced oil prices. For example, delays in, or cancellation of, the development of the oil refinery and the numerous related non-petroleum projects at the Special Economic Zone in Duqm, resulting from economic difficulties caused by very low oil prices or for any other reason, could have a significant effect on the growth rate of the Omani economy.

In addition, efforts to reduce Government expenditure beyond current planned reductions may become more difficult, and even current planned reductions may not be achieved. Moreover, past and future reductions may not be sustainable as cuts to health, education and other social benefits could lead to social unrest if such reductions are too significant or happen too fast. Similarly, measures to increase non-oil and gas revenues, such as new or increased taxes and administrative fees, may not be successful and could lead to public discontent and/or social unrest.

If Oman is unable to diversify its economy, decrease Government spending and implement more extensive and higher rates of tax collection, its economy could be adversely affected, which, in turn, could have a material adverse impact on Oman's ability to perform its obligations under the Notes.

Oman's credit ratings may change, and in particular, with negative outlook by two rating agencies currently, Oman may experience further negative ratings actions, which could adversely affect the value of Notes

In December 2018, Fitch downgraded Oman's long-term foreign currency rating from BBB- to BB+, with a stable outlook. In March 2019, Moody's downgraded Oman's long-term issuer rating to Ba1 from Baa3, with a negative outlook. In April 2019, S&P affirmed Oman's long-term foreign and local currency sovereign credit rating at BB, while changing outlook from stable to negative. The negative outlook by S&P and Moody's, among other things, may indicate further negative ratings actions by any rating agency could occur in the near future.

Any future negative ratings action, including downgrades, or any withdrawal at any time of a credit rating assigned to Oman by any rating agency, could have a material adverse effect on its cost of borrowing and could limit its access to debt capital markets. Negative ratings actions may also adversely affect the market price of the Notes and cause trading in the Notes to be volatile. Furthermore, negative ratings actions may also have an effect on Oman's ability to raise financing at attractive levels or at all, which in turn may put greater pressure on the Government to obtain alternative sources of funding in such cases or on the ability of state-owned entities to raise financing at attractive levels, or at all, which in turn could lead such entities to request additional financing support from the Government.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and others that may affect the value of the Notes.

Oman cannot provide assurances that a credit rating will remain in place for any given period of time or that a credit rating will not at any time be the subject of negative ratings actions or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

Any future borrowing beyond sustainable levels could have a material adverse effect on Oman's economy and its ability to service its debt, including the Notes

Oman's total public debt as at 31 March 2019, 31 December 2018, 31 December 2017 and 2016 amounted to OMR 15,220.9 million, OMR 15,730.5 million, OMR 11,602.0 million and OMR 7,597.7 million,

respectively, comprising external debt of OMR 11,789.3 million, OMR 11,800.8 million, OMR 8,870.6 million and OMR 5,161.7 million, respectively, and domestic debt of OMR 3,431.6 million, OMR 3,929.7 million, OMR 2,737.0 million and OMR 2,436.0 million, respectively. See *"Indebtedness — Debt of the Government of Oman"*. Oman had a debt to GDP ratio of 51.6 per cent. at 31 December 2018. Furthermore, the Government expects that its external debt is likely to continue to grow until 2020. However, the Government believes that it has some degree of headroom to increase its borrowings without affecting debt sustainability or the cost of borrowing. As a result, and in recognition of current and anticipated future economic conditions, in particular the impact of the reduced price of oil, Oman has extensively considered various scenarios for sustaining socially acceptable minimum levels of public spending that all contemplate material increases in overall debt levels, although the exact timing, nature and cost of such increases remains at Oman's discretion and subject to market conditions generally. In particular, in 2019 Oman expects that it will have substantial financing needs as a result of ongoing low oil prices, in anticipation of which Oman is pursuing a diversified and comprehensive funding plan to meet such financing needs. These financing needs are expected to be met partly through privatisations, monetisation of government assets and the limited use of domestic funding sources (Government Development Bonds ("**GDBs**") and domestic issuances of Sovereign Sukuk ("**Sukuk**")), with the larger portion covered by recourse to external sources such as international conventional Eurobonds, Sukuk, and bilateral loans. There can be no guarantee that substantial financing will not also be required beyond 2020. Due to liquidity constraints in the Omani banking system, domestic funding may become less accessible to the government and therefore Oman may require additional recourse to external funding.

Any significant future borrowings, including the further issuance of domestic debt or the issuance of external debt on the international capital markets, or pressure on Oman to support state-owned enterprise borrowings, could increase the risk of default on Oman's external debt, and a failure to carefully manage its debt strategy could result in unsustainable debt levels which could materially adversely affect Oman's ability to perform its obligations under the Notes.

In addition, while interest rates on Oman's debt are currently relatively low, at 4.2 per cent. on average in 2018, Oman's interest burden is likely to increase as a result of expectations for increased external borrowing and higher interest costs as the U.S. Federal Reserve tightens monetary policy, including four rate rises over the course of 2018 that increased the federal funds rate from a range of 1.25 to 1.5 per cent. to a range of 2.25 to 2.5 per cent. Over time, maturing external debt may need to be refinanced at higher costs, especially if Oman's ratings were to be further downgraded.

Furthermore, in certain circumstances, further debt incurrences could be secured by or procured with the forward sale of certain assets. A pre-export oil financing for U.S.\$4 billion was secured by the Government of the Sultanate of Oman through Petroleum Development Oman L.L.C. ("**PDO**") in July 2016.

Additionally, Oman benefits from a U.S.\$10 billion development fund with donations to be made by four of the non-donor GCC member states (Saudi Arabia, the UAE, Kuwait and Qatar), with each contribution negotiated bilaterally between Oman and the donor who will fund a given project (the "**GCC Development Fund**") (see *"Public Finance – Grants from Other Countries"*). This fund is intended to stimulate economic growth and is expected to be used in furtherance of development goals. Any adverse change in the amount of funding or rate at which funding is deployed could have an adverse effect on Oman's growth prospects or further increase Oman's budget deficit if Oman is required to turn to other funding sources to meet its development and other requirements.

Oman's annual budget is approved by Royal Decree each year (see *"Public Finance"*) and accordingly, the Government will be subject to statutory and other budgetary limitations on incurring indebtedness and compliance with all statutory and other approvals must be observed in relation to both, which may accordingly limit the ability of the Government to issue Notes under the Programme (despite the Programme being unlimited in nature).

Oman's economy and growth could be affected by Omani political considerations and succession planning risks

His Majesty Sultan Qaboos bin Said Al Said, who is 78 years old, has ruled Oman since 1970. His Majesty has been critical in leading the modernisation and advancement of Oman, with a focus on widespread economic and political reform, which has resulted in significantly increased stability and economic growth in the country. There can be no assurance, however, that such stability and growth will continue under the

leadership of any successor. Moreover, the likely commitment of any successor to continuing the current policies of the Government is uncertain.

In addition, His Majesty Sultan Qaboos has not designated a successor nor indicated who the potential successors might be. While there is a clear process in place for determining a successor (see "*Overview of Oman—Government Organisation and Political Background*"), this process is untested and there can be no guarantee that it will work as planned or that any change in leadership would occur without any level of civil unrest.

There can be no assurance that a change in the political leadership or priorities within Oman or uncertainty regarding the succession process would not result in a material adverse effect on the economy and growth of Oman or on its ability to perform its obligations under the Notes.

A global economic downturn, instability in international financial markets or other negative external economic shocks could have an adverse effect on Oman's economy

The global recession and financial crisis in 2008 and 2009 negatively impacted Oman, particularly through the resulting fluctuations in oil prices and increased investor aversion to risk. Oman's economy is vulnerable to external shocks, such as those which have previously been caused, and may in the future be caused, by global financial market instability or contractions and/or material adverse movements in commodity prices (See "*Risk factors relating to the Government – Oman's economy is significantly affected by volatility in international oil prices*"). If a negative external shock were to occur, particularly on a global level or to one or more of Oman's primary export markets, such as China, demand for Omani oil and other products could decrease, which would in turn put pressure on Oman's balance of payments and foreign currency reserves. Further, foreign governments or organisations like the GCC could face constrained financial conditions themselves which could lead to a reduction in the overall amount of grants that they would be willing or able to provide to Oman. The occurrence of any of these events as a result of a negative external shock such as a global economic downturn could have a material adverse impact on Oman's economy, which may, in turn, have a material adverse effect on Oman's ability to perform its obligations under the Notes.

Oman's wholly owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends

With the exception of the inclusion of income from the State General Reserve Fund ("**SGRF**"), the Petroleum Reserve Fund ("**Petroleum Reserve Fund**"), the Oman Investment Fund ("**OIF**") and the Infrastructure Project Finance Account ("**IPF**") as non-tax revenue for the purposes of the budget data of the Ministry of Finance provided in accordance with the IMF accounting format (although such income is not included in the State General Budget or any calculation related to the resulting deficit or financing thereof), the activities of the Government's wholly owned companies are not recorded in its budget. Many of these companies are exposed to global economic trends generally and to economic volatility within Oman. Global economic trends including, but not limited to, volatility in asset prices and financial markets and volatility in commodity prices (both hydrocarbon and non-hydrocarbon), may impact the asset values, revenues and results of these companies. For example, Oman Air SAOC, which is a (99.9 per cent. owned) subsidiary of the Government, experienced losses in 2016 and 2017 and is expected to require Government funding support through 2020. If and to the extent that this results in increased funding being required by any of these companies or reduces the funds available to the Government, it could have a significant negative impact on the Government's fiscal balance.

Investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries

Investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. In the case of Oman, these higher risks include those discussed herein as well as

- higher volatility and limited liquidity in its markets,
- limited export diversification, dependency on imports,
- a heightened risk of sudden changes in the legal, economic and political environment,
- instability in neighbouring countries,

- a heightened risk of business dealings in jurisdictions with operating risks relating to fraud, bribery and corruption,
- reliance on concessionary funding and budget deficits, and
- lack of adequate infrastructure necessary to accelerate economic growth.

In addition, there can be no assurance that the market for securities bearing emerging market risk, such as the Notes, will not be affected negatively by events elsewhere, especially in other emerging markets. International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by such investors. If such a "contagion" effect were to occur, the trading price of the Notes could be adversely affected by negative economic or financial developments in other emerging market countries, particularly in the MENA region, over which the Government has no control.

In addition, the economies of emerging markets are more susceptible to influence by macroeconomic policy decisions of developed countries than the economies of other sovereign issuers. In particular, emerging market economies have in the past demonstrated sensitivity to periods of economic growth and interest rate movements of developed economies. Additionally, emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit, or the increased cost of debt, which could result in their experiencing financial difficulty. No assurance can be given that this will not be the case in the future for Oman.

As a consequence, an investment in the Notes carries risks that are not typically associated with investing in Notes issued by governments in more mature markets. These risks may be compounded by any incomplete, unreliable or unavailable economic and statistical data on Oman, including elements of information provided in this Base Prospectus (see "*Risk Factors Relating to the Government — The statistical data contained in this Base Prospectus should be treated with caution by prospective investors*"). Prospective investors should also note that emerging economies, such as Oman's, are subject to rapid change and that the information set out in this Base Prospectus may become out-dated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

Any adjustment to, or ending of, Oman's currency peg could negatively affect Oman

Since 1973, the Omani Rial has been pegged to the U.S. dollar at a rate which has remained unchanged at U.S.\$2.600 = OMR 1 since 1986. The maintenance of this currency peg is a firm policy of the Central Bank of Oman. See "*Monetary Policy and Financial System— Monetary and Exchange Rate Policy*". However, there is no assurance that the Central Bank of Oman will be able to continue to maintain the currency peg in the future. In particular, there can be no guarantee that the assets in Oman's various sovereign wealth funds could be liquidated at their current market value (and thus added to the reserves available to support the Omani Rial and thus the currency peg) in the event of a market downturn.

If the Central Bank of Oman cannot maintain the currency peg to the U.S. dollar or, failing that, a stable exchange rate versus the U.S. dollar, it could reduce confidence in Oman's economy, reduce foreign direct investment and adversely affect Oman's finances and economy.

In addition, because of the currency peg to the U.S. dollar, the Central Bank of Oman does not have any flexibility to devalue the Omani Rial to stimulate Oman's exports market, and the Central Bank of Oman's ability to independently manage interest rates and thus influence the condition of the Omani economy via monetary policy actions is constrained. For example, if the U.S. Federal Reserve were to further increase interest rates, and the Central Bank of Oman were to delay significantly in increasing its own rates, this could result in significant pressure on the currency peg. This lack of flexibility could have an adverse effect on Oman's foreign trade and domestic demand and, in turn, on its economy.

The statistical data contained in this Base Prospectus should be treated with caution by prospective investors

Statistics contained in this Base Prospectus, including those in relation to nominal GDP, balance of payments, revenues and expenditure, and indebtedness of the Government, have been obtained from, among others, the Ministry of Finance, the Ministry of Oil and Gas, the Central Bank of Oman and the Supreme Council for Planning. Such statistics and the component data on which they are based have been obtained from public sources and documents, but may not have been prepared in accordance with the standards of, or to the same degree of accuracy as, equivalent statistics produced by the relevant bodies in more developed countries. Investors may be able to obtain similar statistics from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source and there can be no assurance that the statistical data appearing in this Base Prospectus are as accurate or as reliable as those published by other countries.

Data is provisional in relation to (1) GDP at current prices for 2017, (2) GDP at constant prices for 2016 and 2017, (3) the geographical distribution of trade exchange for 2018, (4) petroleum production and reserves, public finances, balance of payments, Government domestic debt and the Petroleum Reserve Fund is provisional for 2017, 2018 and 2019. Data is preliminary in relation to (1) GDP at current prices for 2018 and (2) GDP at constant prices for 2018. Such data for those and prior years may be revised. As part of the publication process of numerical figures by the National Center for Statistics and Information, such figures are considered preliminary when first derived and released. Further review and potential revisions at a later stage elevate such figures to provisional, which is considered closer to final than preliminary, but nevertheless subject to review and change. After a third stage of review such figures become final. There may also be material variances between preliminary, provisional or estimated statistical data set forth in this Base Prospectus and actual results, and between the statistical data set forth in this Base Prospectus and corresponding data previously published, or published in the future, by or on behalf of Oman.

Oman's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised. No assurance can be given that material changes will not be made. Consequently, the statistical data contained in this Base Prospectus should be treated with caution by prospective investors.

Information on oil and gas reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of an offering of Notes under the Programme.

Neither Oman nor the Dealers have engaged an independent consultant or any other person to conduct a review of Oman's natural gas or crude oil reserves in connection with this offering. All reserve estimates presented herein are based on data maintained by Oman and include a compilation of the statistics delivered to the Ministry of Oil and Gas by the various oil companies operating in Oman.

Furthermore, although based on scientifically backed procedures and research, reserves valuation is a process with an inherently subjective element for estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate depends on the quality and reliability of available data, engineering and geological interpretations and subjective professional judgment. Additionally, estimates may be revised based on subsequent results of drilling, testing and production. The proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields are difficult to estimate and, therefore, the reserve estimates may differ materially from the ultimately recoverable quantities of crude oil and natural gas.

The extensive production, processing, storage and shipping of hydrocarbons in Oman subjects it to risks associated with hazardous materials.

The sizeable oil and gas sector in Oman consists of both upstream and downstream activities which include the production, processing, storage and shipping of oil, natural gas, petrochemicals and other hydrocarbons in various physical states. Hydrocarbons, by their nature, are often hazardous materials which have the potential to harm or damage property, production facilities, people and the environment. A disaster involving hydrocarbons, such as an oil spill, could have a materially adverse effect on the revenues or assets of Oman, either from direct losses, such as the loss of export revenue, the loss of tax revenue or liability to third parties, or from indirect losses, such as unrecovered clean-up costs or unmitigated environmental

damage. Although Oman has not experienced a significant disaster involving hydrocarbons, it cannot guarantee that such an event will not occur in the future.

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

Oman's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions in more developed jurisdictions. As a result, procedural safeguards as well as formal regulations and laws may not be applied consistently. In some circumstances it may not be possible to obtain the legal remedies provided under the relevant laws and regulations in a timely manner. As the legal environment remains subject to continuous development, investors in Oman may face uncertainty as to the security of their investments. Any unexpected changes in Oman's legal system may have a material adverse effect on the rights of Noteholders.

Risks relating to Notes

The Conditions contain a "collective action" clause under which the terms of any one Series of Notes and/or multiple Series of Notes may be amended, modified or waived without the consent of the holders of all Notes

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to Reserved Matters, multiple Series of Notes to be aggregated for voting purposes (**provided that** each such Series also contains the same or similar collective action clauses in the terms and conditions of the relevant Notes).

The Issuer expects that all Series of Notes issued under the Programme will include such collective action clauses, thereby giving the Issuer the ability to request modifications or actions in respect of Reserved Matters across multiple Series of Notes. This means that a defined majority of the holders of such Series of Notes (when taken in the aggregate only, in some circumstances, and/or individually) would be able to bind all holders of Notes in all the relevant aggregated Series.

Any modification or actions relating to Reserved Matters (as defined in the Conditions), including in respect of payments and other important terms, may be made to a single Series of Notes with the consent of the holders of 75 per cent. of the aggregate nominal amount outstanding of such Notes, and to multiple Series of Notes with the consent of both (i) the holders of $66\frac{2}{3}$ per cent. of the aggregate nominal amount outstanding of all Series of Notes being aggregated and (ii) the holders of 50 per cent. in aggregate nominal amount outstanding of each Series of Notes being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable Condition in the Conditions, any such modification or action relating to Reserved Matters may be made to multiple Series of Notes with the consent of 75 per cent. of the aggregate nominal amount outstanding of all Series of Notes being aggregated only, without requiring a particular percentage of the holders in any individual affected Series of Notes to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some Series of Notes only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Notes simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk therefore that the terms and conditions of a Series of Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different Series of Notes and as such, without a minimum percentage of the Noteholders of the relevant Series (such as the Notes) having voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple Series of Notes may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to any Notes may adversely affect their trading price.

In the future, the Issuer may issue debt securities, including securities that may not be issued under the Programme, which contain collective action clauses in the same form as the collective action clauses in the

Conditions. If this occurs, then this could mean that any Series of Notes issued under the Programme would be capable of aggregation with any such future debt securities.

No limitation on issuing pari passu securities

The Noteholders will not have the benefit of security and as a result will not have a claim to those assets that secure the debt held by secured creditors of the Issuer. The Issuer has in the past issued guarantees and securities and incurred indebtedness and intends to continue to do so from time to time in the future. In addition, there is no restriction on the amount of guarantees, securities or other liabilities which the Issuer may issue or incur and which rank *pari passu* with the Notes. The issue of any such guarantees, securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding up, administration or other insolvency procedure of the Issuer.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

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

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

Tax consequences of holding the Notes

Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in its particular circumstances.

In particular, Bearer Notes generally may not be offered or sold in the United States or to U.S. persons. Unless an exemption applies, a U.S. person holding a Bearer Note or related coupon will not be entitled to deduct any loss on the Bearer Note or related coupon and must treat as ordinary income any gain realised on the sale or other disposition (including the receipt of principal) of the Bearer Note or related coupon.

Fixed Rate Notes

The Issuer may issue Fixed Rate Notes. Such Notes will bear interest at a fixed rate of interest, which, unless otherwise specified in the relevant Final Terms, remains constant during the life of the Notes. Any investors holding these Notes will be subject to the risk that any subsequent increases in market interest rates may adversely affect the real return on the Notes (and the value of the Notes).

Floating Rate Notes

The Issuer may issue Floating Rate Notes. Such Notes will bear interest at a floating rate of interest, which will be subject to market fluctuations in interest rates. In addition, the floating rate of interest at any time may be lower than the rates on other Notes.

Zero Coupon Notes

The Issuer may issue Zero Coupon Notes. Such Notes will bear no interest and an investor will receive no return on the Notes until redemption. Any investors holding these Notes will be subject to the risk that the amortised yield in respect of the Notes may be less than market rates.

Risks related to Notes which are linked to "benchmarks"

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("**LIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark and the value of and return on any such Notes.

Discontinuation of LIBOR or other Benchmarks

In 2012, a review, undertaken at the request of the UK government, on the setting and usage of LIBOR, resulted in an initiative to devise new methodologies for determining representative inter-bank lending rates and, ultimately, so-called 'risk free' rates that may be used as an alternative to LIBOR in certain situations.

Following this review, the International Organisation of Securities Commissions ("**IOSCO**") created a task force to draft principles to enhance the integrity, reliability and oversight of Benchmarks generally. This resulted in publication by the Board of IOSCO, in July 2013, of nineteen principles which are to apply to Benchmarks used in financial markets (the "**IOSCO Principles**"). The IOSCO Principles provide an overarching framework for Benchmarks used in financial markets and are intended to promote the reliability of Benchmark determinations and address Benchmark governance, quality and accountability mechanisms. The Financial Stability Board subsequently undertook a review of major interest rate Benchmarks and published a report in 2014, outlining its recommendations for change, to be implemented in accordance with the IOSCO Principles. In addition, in June 2016, the Benchmarks Regulation came into force. The Benchmark Regulation implements a number of the IOSCO Principles and the majority of its provisions have applied since 1 January 2018.

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the Financial Conduct Authority (the "**FCA**"), questioned the sustainability of LIBOR in its current form, given that the underlying transactions forming the basis of the benchmark are insufficient to support the volumes of transactions that rely upon it, and made clear the need to transition away from LIBOR to alternative reference rates. He noted that there was support among the LIBOR panel banks for voluntarily sustaining LIBOR until the end of 2021, facilitating this transition. At the end of this period, it is the FCA's intention not to sustain LIBOR through its influence or legal powers by persuading or obliging banks to submit to LIBOR. Therefore, the continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed. Subsequent speeches by Andrew Bailey and other FCA officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021.

Other interbank offered rates such as EURIBOR (the European Interbank Offered Rate) (together with LIBOR, the "**IBORs**") suffer from similar weaknesses to LIBOR and although work continues on reforming their respective methodologies to make them more grounded in actual transactions, they may be discontinued or be subject to changes in their administration.

Changes to the administration of an IBOR or the emergence of alternatives to an IBOR, may cause such IBOR to perform differently than in the past, or there could be other consequences which cannot be predicted. The discontinuation of an IBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to such IBOR. The development of alternatives to an IBOR may result in Notes linked to or referencing such IBOR performing differently than would otherwise have been the case if the alternatives to such IBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes linked to or referencing such IBOR.

Whilst alternatives to certain IBORs for use in the bond market (including the Sterling Overnight Index Average ("**SONIA**") (for Sterling LIBOR) and rates that may be derived from SONIA) are being developed, outstanding Notes linked to or referencing an IBOR may transition away from such IBOR in accordance with the fallback arrangements set out in their terms and conditions. The operation of these fallback arrangements could result in a different return for Noteholders and Couponholders (which may include payment of a lower Rate of Interest) than they might receive under other similar securities which contain different or no fallback arrangements (including which they may otherwise receive in the event that

legislative measures or other initiatives (if any) are introduced to transition from any given IBOR to an alternative rate).

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from the Reference Banks.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from Reference Banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Benchmark Events (as described in Condition 5(j)) include (amongst other events) permanent discontinuation of an Original Reference Rate). If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary, to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be. Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Interest Accrual Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply to the next succeeding and any subsequent Interest Accrual Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to the Maturity Date. This will result in the Floating Rate Notes, in effect, becoming Fixed Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rates on its Notes.

Notes issued at a substantial discount or premium

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

The Notes may not be a suitable investment for all investors

Generally, investment in emerging markets such as Oman is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. A prospective investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the prospective investor's overall investment portfolio. Investors are urged to consult their own legal, tax and financial advisers before making an investment.

The law governing the Conditions of the Notes may change

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative

practice after the date of this Base Prospectus nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payment under the Notes.

Notes where denominations involve integral multiples

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds a nominal amount of less than the minimum Specified Denomination would need to purchase an additional amount of Notes such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Notes.

A holder who holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination in order to be eligible to receive a definitive Note.

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

Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures

Notes issued under the Programme will be represented on issue by one or more Global Notes or Global Certificates that may be deposited with a Common Depositary or, in the case of Registered Notes, may be deposited with a nominee for DTC. Except in the circumstances described in each Global Note and/or Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note or Global Certificate held through it. While the Notes are represented by a Global Note or Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes or Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note or Global Certificate.

Holders of beneficial interests in a Global Note or Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The Issuer is not required to effect equal or rateable payment(s) with respect to its other debt obligations, and is not required to pay other debt obligations at the same time or as a condition of paying sums on the Notes and vice versa

The Notes will at all times rank at least *pari passu* with all other unsecured and unsubordinated obligations of Oman. However, the Issuer will have no obligation to effect equal or rateable payment(s) at any time with respect to any other unsubordinated and unsecured obligations of Oman and, in particular, will have no obligation to pay other unsubordinated and unsecured obligations of Oman at the same time or as a condition of paying sums due on the Notes and *vice versa*. Accordingly, the Issuer may choose to grant preferential treatment to, and therefore prioritise payment obligations to, other unsecured and unsubordinated creditors of Oman as payments fall due.

Transferability of the Notes may be limited under applicable securities laws

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. Notes issued under the Programme may not be offered, sold or otherwise transferred in the United States other than to persons that are QIBs. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements

intended by the Issuer to restrict transfers of Notes as described under "*Subscription and Sale*" and "*Transfer Restrictions*". It is the obligation of each purchaser of Notes to ensure that its offers and sales of Notes comply with all applicable securities laws.

Enforceability of Judgments

Oman is a sovereign state and accordingly it may be difficult to obtain or enforce judgments against it regardless of any waiver of immunity

Oman is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon arbitral awards or judgments of the LCIA, courts in England or the United States or any other courts against the Issuer. The Issuer has irrevocably submitted to the jurisdiction of the LCIA and waived any immunity (including sovereign immunity) from the jurisdiction of such arbitral tribunal in connection with any action arising out of or based upon the Notes brought by any holder of Notes. Although no governmental entities are immune from suit, public assets and private assets owned by governmental bodies are protected from attachment in the event of legal proceedings against the Issuer in accordance with Articles 366 of the Oman Civil Procedures Law and 56 of the Civil Code. Accordingly, there can be no guarantee that the waiver of sovereign immunity in the Transaction Documents from legal proceedings and attachments of assets owned by the Issuer will be enforced by the Omani Courts in the future. See "*Jurisdiction and Enforcement*" and "*Terms and Conditions of the Notes*".

There may be limitations on the enforcement of foreign judgments or arbitral awards in Oman

Foreign arbitral awards may be enforced in Oman pursuant to: (i) treaty obligations or (ii) the Oman Civil Procedure Law. Oman has acceded to the New York Convention, and ratified the Riyadh Convention. Although Oman has been a party to the New York Convention since 1998, the Issuer is aware of only one case which has come before the Supreme Court of Oman in 2011 in relation to the enforcement of a foreign arbitral award issued by a contracting state. Whilst in that case the Supreme Court of Oman held that the arbitral award was recognised and enforceable in Oman, it should be noted that there is no doctrine of binding precedent under Omani Law, although decisions of the Oman Supreme Court may be persuasive. The Issuer has no reason to believe, however, that the Omani Courts would not enforce an arbitral award passed in a contracting state (without the need to re-examine or re-litigate), subject only to no valid argument being raised that the enforcement of that arbitral award should be refused on one or more of the grounds set out in Article V of the New York Convention or that the subject matter of the award is against public order or morality in Oman. However, the enforcement in Oman of any of the obligations of any party under any of the Notes or the Transaction Documents will ultimately require an order for enforcement by the Omani Courts, which order is subject to discretion, including as to the manner in which such court would interpret and apply the New York Convention.

If the foreign arbitral award is not enforceable pursuant to a treaty obligation (for example, an award is passed in a country that is not a signatory to the New York Convention or Riyadh Convention), then such award may still be enforceable in Oman subject to the satisfaction of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law. In accordance with Article 352 of the Oman Civil Procedure Law, the Omani Courts possess an inherent jurisdiction to enforce foreign awards. When considering the enforcement of arbitral awards in the above circumstances, the Omani Courts will need to be satisfied that the following conditions have been met (reading "judgment" as "award"):

- (a) it is passed by a competent judicial authority in accordance with the international jurisdiction rules applicable in the country in which the judgment or order is passed, and becomes final according to that law and was not grounded on deception;
- (b) the parties to the dispute were summoned to appear and were properly represented;
- (c) it does not include any requests, the basis of which breaches the laws enforced in Oman;
- (d) it does not contradict any judgment or order previously issued by the Omani Courts, and it does not include anything contravening public order or morals;
- (e) the country in which the said judgment or award was signed accepts the execution of judgments of Omani Courts within its territories; and

- (f) the matter that has been arbitrated upon in the foreign jurisdiction is capable of being determined by arbitration under Omani Law (Article 353).

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

There is no established system of precedent that would be binding on the Omani Courts. If enforcement of the Notes were sought before the Omani Courts, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Notes would be interpreted and applied by those courts and whether all of the provisions of the Notes would be enforceable.

Foreign judgments may be enforced in Oman pursuant to: (i) treaty obligations; or (ii) the Oman Civil Procedure Law. The only treaties of note are the AGCC Protocol and the Riyadh Convention.

Although Omani Law provides for the enforcement of foreign judgments in Oman subject to the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, the Issuer is not aware of a foreign (i.e. non-Omani and non-Arab GCC) judgment ever having been enforced in Oman. In the absence of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, an English or U.S. judgment against the Issuer would not be enforced by the Omani Courts without a re-examination of the merits and the English or U.S. judgment may be of evidential value only in any such proceedings filed before the Omani Courts.

If any proceedings were brought in Oman (whether in connection with the enforcement of an English or U.S. judgment or otherwise), pursuant to the Civil Code, the Omani Courts would recognise and give effect to the choice of English law as the governing law, unless any provision of English law were considered to be contrary to a mandatory provision of Omani Law, public order or morality or Islamic *Shari'a* principles.

If enforcement of the Notes were sought before the Omani Courts, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Notes would be interpreted and applied by those courts and whether all of the provisions of the Notes would be enforceable.

Oman is a civil law jurisdiction. Court judges enjoy much greater freedom to interpret agreements in any way which, in their opinion, correctly reflects the intention of the parties if the terms of the relevant agreement are ambiguous. The judge's interpretation can extend to amending the contract, if the judge feels that to do so would better reflect the original intention of the parties. It is to be noted that no established system of precedent is adhered to by the Omani Courts although decisions of the Supreme Court of Oman should be persuasive.

Change of tax law

Statements in this Base Prospectus concerning the taxation of investors are of a general nature and are based upon current law and practice in the jurisdictions stated. Such law and practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors.

In addition, any change in legislation or in practice in a relevant jurisdiction could adversely impact (i) the ability of the Issuer to service the Notes and (ii) the market value of the Notes.

Claims for specific performance in Oman

If the Issuer fails to perform its obligations under the Conditions, the potential remedies available to the Noteholders include obtaining an order for specific performance of the Issuer's obligations or a claim for damages. There is no assurance that an Omani Court will provide an order for specific performance which is a discretionary matter and the related provisions under Omani law are relatively new and untested.

The amount of damages which an Omani Court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Noteholders to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which an Omani Court may award, or whether an injunction would be awarded, if the Issuer fails to perform its obligations set out in the Conditions.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There may be no active trading market for the Notes

Notes issued under the Programme (unless they are to be consolidated into a single Series with any Notes previously issued) will be new Notes which may not be widely distributed and for which there is currently no active trading market. Although an application has been made to list on the Official List of Euronext Dublin and to trade the Notes on its regulated market, there is no assurance that such application will be accepted or that an active trading market for the Notes will develop or, if one does develop, that it will be liquid or maintained. If an active trading market in the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

In addition, if the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. As a result of the above factors, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. If the Notes are denominated in a currency other than the currency of the country in which the Noteholder is resident, the Noteholder is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies. The Noteholder may also be exposed to a foreign exchange risk if the reference obligation is denominated, or based on prices, in a currency other than the currency in which the relevant Note is denominated.

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

Legal investment considerations may restrict certain investments

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

Credit ratings are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes issued under the Programme. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Other than pursuant to Article 16 of the Prospectus Directive, the Issuer has no obligation to inform Noteholders of any revision, downgrade or withdrawal of its current or future sovereign credit ratings. A suspension, downgrade or withdrawal of a credit rating assigned to the Issuer and/or the Notes may occur at any time and may

materially adversely affect the trading price of the Notes. See "*Risk Factors—Oman's credit ratings may change, and in particular, with negative outlook by two rating agencies currently, Oman may experience further negative ratings actions, which could adversely affect the value of Notes*".

Each of S&P, Moody's and Fitch is established in the EU and registered under the CRA Regulation. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes unless such ratings are issued by a firm that is registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit ratings agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified accordance with the CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by **ESMA** on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general budgetary purposes. If, in respect of any particular issue, there is a particular identified use of proceeds this will be stated in the applicable Final Terms.

THE SULTANATE OF OMAN

Introduction

Oman is the second largest country by geographical area among the states of the GCC region after the Kingdom of Saudi Arabia. It is spread over a land area of 309,500 square kilometres and is strategically positioned in the Middle East between Asia and Europe, bordering the Arabian Sea, the Gulf of Oman and the Persian Gulf and neighbouring Yemen, Saudi Arabia and the United Arab Emirates. Oman is divided into 11 Governorates, which are subdivided into a total of 61 provinces or Wilayats. Muscat is the business and political capital of Oman. Other prominent cities are Salalah, Sohar, Sur, Nizwa and Khasab. Arabic is the national and official language, but the use of English is widespread, especially in business transactions. As at 31 December 2018, the total population of Oman was reported by the National Centre for Statistics and Information to be approximately 4.56 million.

As of the date of this Prospectus, Oman is classified by the World Bank as a high-income country, with a nominal GDP per capita on a purchasing power parity ("PPP") basis which according to the IMF was U.S.\$46,583.97 in 2018, and Oman's GDP per capita on a nominal basis was U.S.\$17,441.56 in 2018 according to the Government. The production and export of crude oil and natural gas is the principal activity of the Omani economy, contributing 35.4 per cent. of nominal GDP in the year ended 31 December 2018 and 29.0 per cent. and 26.4 per cent. of nominal GDP in 2017 and 2016, respectively.



History and Development

Oman has long been a centre of trade and commerce, historically focusing on maritime trade (from the seventh century to the 15th century) and agriculture (from 1856 to the late 1960s). From the seventh to the

15th century, Oman's maritime trade flourished and Omani ships regularly called at ports in Persia (modern Iran), India and Southeast Asia. In 1507, the Portuguese occupied Muscat and established several outposts along the Omani coast. In 1650, Sultan bin Saif al Yarubi re-established control over Muscat and established Oman as an independent state with colonial possessions in East Africa. Between 1804 and 1856, under the rule of Sayyid Said bin Sultan, Oman's influence reached Zanzibar and other parts of East Africa in addition to provinces in Persia and Baluchistan (part of modern Pakistan). At that time Oman developed relations with the United States, sending a special envoy in 1840, the first Arab emissary to that country. Oman also established relations with the United Kingdom, France, Holland and other countries. After the death of Sayyid Said bin Sultan in 1856, Oman and Zanzibar were divided between his two sons. Subsequent rulers of Oman became increasingly dependent on the financial support of the British Empire and Oman's share of international commercial activity declined. With the decline of international trading activity, economic and social development slowed as Oman became principally an agricultural economy. This situation lasted until the late 1960s when commercial reserves of oil were discovered in Oman. In 1970, His Majesty Sultan Qaboos bin Said, the fourteenth hereditary ruler of a family that has ruled Oman continuously since the 1740's, replaced his father, Sultan Said bin Taimur, as ruler of Oman.

Since the discovery of oil, its extraction and exportation has served as the backbone of Oman's economy and is the principal contributor to Government revenues, exports and GDP. Under the leadership of His Majesty Sultan Qaboos, oil production in Oman has increased dramatically. The Government has used oil revenues to fund significant capital investment in infrastructure and social programs, including health care and education. As a result of these investments, Oman has undergone a dramatic transformation in its standards of living. Nominal GDP increased from an estimated U.S.\$354 per capita in 1970 to U.S.\$16,036.2 per capita in 2017. In 1970, Oman had approximately ten kilometres of paved roads, three boys' schools and a single United States missionary hospital together with approximately twelve rural clinics or dispensaries. In 2017, there were approximately 37,718 kilometres of paved roads, 1,809 Government schools for boys and girls, as well as the Sultan Qaboos University and 76 hospitals and 207 health centres.

Since the mid-1970s, the Government has used short and long-term development plans to influence economic growth. The long-term development plan entitled "Vision 2020" (adopted in June 1995) focuses on reducing Oman's dependence on oil and diversifying economic activity by increasing activity in non-oil sectors, for example, infrastructure, manufacturing, transportation and logistics, tourism, fisheries and mining. All subsequent development plans address the implementation of this strategy, including, most recently, the Ninth Five-Year Development Plan (2016-2020). The Government is also preparing Vision 2040 to guide Oman's development from 2020 to 2040 (see "*The Economy of Oman — Vision 2020, Vision 2040 and Five-Year Plans*").

Population

As at 31 December 2018, the total population of Oman was reported by the National Centre for Statistics and Information to be approximately 4.56 million, of which 55.0 per cent. were Omani nationals and 45.0 per cent. were expatriates. The total labour force in Oman was estimated to be approximately 2.3 million as of 31 December 2018, of which approximately 2.0 million workers were employed in the private sector. Of those employed in the private sector, approximately 12.4 per cent. were Omani nationals and 87.6 per cent. were expatriates. As at 31 December 2017, approximately 37.0 per cent. of the population in Oman was under 15 years old and 4.0 per cent. was 65 years and older. At the end of 2017, life expectancy at birth was 77.9 years. For comparison, the World Bank reports that approximately 18 per cent. of the population of OECD nations was under 15 years old and approximately 17 per cent. was 65 years and older at the end of 2017. Oman had a Human Development Index of 0.821 according to the 2018 Human Development Report by the United Nations Development Programme, ranking 48 out of 188 countries, in the "High Human Development" category.

Government Organisation and Political Background

Overview

Oman is an absolute monarchy. His Majesty Sultan Qaboos bin Said Al Said is the head of the Government and the Chief of State, and he has the power to issue laws by Royal Decree. All Royal Decrees, international treaties, agreements and charters signed or approved by His Majesty become law from the date of their publication in Oman's Official Gazette. On 6th November 1996, His Majesty issued Royal Decree No. 101/96 promulgating the Basic Law of the State (the "**Basic Law**"). The Basic Law serves as the

constitution of Oman and sets forth its system of governance as well as establishing certain basic rights of Omani citizens. In addition, the Basic Law provides that all-natural resources are the property of the State and that any concessions granted to exploit or otherwise invest in such natural resources may only be granted for a specified period. The Basic Law also provides for a Prime Minister, although this position, as well as the positions of Ministers of Defence, Finance and Foreign Affairs, Chairman of the Board of Governors of the Central Bank and commander-in-chief of the armed forces, are currently held by His Majesty Sultan Qaboos bin Said Al Said.

Organisational Structure of the Omani State

The creation of a modern state with established institutions has been one of the cornerstones of the country's development efforts over the past 48 years. The Basic Law sets out the principles on which the state and the system of government are founded. The State's organisational structure comprises of His Majesty Sultan Qaboos and a series of specialised councils, institutions and authorities.

The process of policy formulation and decision making has evolved since His Majesty Sultan Qaboos came into power in 1970. His Majesty Sultan Qaboos envisions Oman embarking on its own enterprise in the field of democratic action in which its citizens play their part in taking national decisions.

The Council of Ministers

The Council of Ministers assists His Majesty Sultan Qaboos in designing and implementing general state policy and is the authority responsible for ensuring that these policies are implemented. The Council of Ministers submits recommendations to His Majesty Sultan Qaboos on economic, political, social, executive and administrative matters of concern to the government, including proposals for draft laws and decrees and methods of protecting the welfare and interests of citizens. The Council also sets out the general goals and policies for economic, social and administrative development and proposes methods and procedures for their implementation. Development plans prepared by the relevant authorities are also discussed by the Council of Ministers before being submitted to His Majesty Sultan Qaboos for his approval. Additionally, the Council of Ministers follows up implementation of approved proposals through to completion, by monitoring the progress and performance of the state's administrative apparatus. The Council of Ministers also undertakes any other responsibilities entrusted to it by His Majesty Sultan Qaboos or assigned to it under the provisions of the Basic Law.

The Financial Affairs and Energy Resources Council

The Financial Affairs and Energy Resources Council is responsible for setting out the state's fiscal policy and all matters related to its financial and monetary system. It directs and endorses the annual General State Budget and studies financial allocations for development projects, as well as domestic and foreign investment and funding, savings and other financial and monetary matters. Additionally, the Financial Affairs and Energy Resources Council is responsible for the development of energy resources and the extent of their contribution to the national economy, as well as ways of improving efficiency in the utilisation of such resources.

Legislative Body of the Government

The decision-making process in Oman is institutionalised and multi-pronged, with both the Council of Ministers (the Cabinet) and the Council of Oman actively involved in policymaking and implementation.

The Council of Oman was established in 1997 by Royal Decree 86/1997 to advance the institutional development of the political system. The Council of Oman constitutes two bodies: the Majlis Al Dawla (i.e. the State Council, which includes 83 members who are appointed by His Majesty Sultan Qaboos for four-year terms with a possibility of renewal) and the Majlis Al Shura (i.e. the Consultative Council, which includes 85 members representing the Sultanate's Wilayats who are democratically elected every four years). The Consultative Council has the power to review policy, including approving, rejecting, and amending legislation and summoning ministers of agencies that provide direct services to citizens. In the 2015 Consultative Council elections, the number of registered voters increased to 611,906, as compared to 520,000 in the 2011 elections, and the next elections are scheduled to be held in October 2019. There are no political parties in Oman.

The Basic Law of the State sets out the process by which draft laws are presented and discussed and then directly submitted to His Majesty Sultan Qaboos to be declared by Royal Decree. The process involves

draft laws being prepared by the relevant government ministries and then referred to the Council of Oman. Drafts laws are first submitted to the Consultative Council, which reviews the draft law and approves or amends it within a maximum period of three months from the date of referral. The draft law is then referred to the State Council, which then approves or amends the law within a maximum period of forty-five days from the date of referral. If the two Councils disagree upon a draft law, they are required to hold a joint meeting under the chairmanship of the Chairman of the State Council to discuss the differences between the two councils, and then vote on the draft law in the same meeting.

Council of Oman decisions are approved and adopted by an absolute majority of the members present, except in circumstances that require a special majority, and in all cases the Chairman of the State Council submits draft laws to His Majesty Sultan Qaboos along with the opinion of the two Councils. In case of any amendments to a draft law made by His Majesty Sultan Qaboos, he may refer the draft law back to the Council of Oman for reconsideration of the amendments before being resubmitted to His Majesty Sultan Qaboos for approval. In 2011, Royal Decree no. 31/2011 expanded the powers of the Council of Oman, giving the Council the authority to also propose draft laws and suggest changes in Government regulations, which are referred to the relevant ministries to review.

The Council of Oman has exercised its powers to propose policies and suggest changes in Government regulation on numerous occasions. For example, in February 2018, the Consultative Council passed a number of articles of the Commercial Companies Law referred by the Council of Ministers. Members of the Consultative Council made several observations on, and proposals to, the draft articles that were discussed and later passed on to the State Council to approve. Furthermore, in April 2016, the Consultative Council submitted a proposal to revise visa renewal fees, in an effort to increase Government revenues, which was implemented by the Ministry of Manpower in November 2016.

Progress Towards Institutional and Inclusive Policymaking Framework

Creating the institutions of a modern state in Oman is an ongoing process. In order to evolve Oman's policymaking framework and in an effort to foster cooperation between the two institutions of the State, in May 2018 the Council of Ministers and Council of Oman held a joint meeting. The meeting highlighted the importance of dialogue and the need to agree on views that help implement development plans and programs. Additionally, both councils exchanged views on issues pertaining to the implementation of plans and programs of all line ministries.

Regional Authority

Regional authority in Oman is divided among 11 Governorates (Muhafazah), each of which is administered by a Governor appointed by His Majesty. Below the Muhafazah, there are 61 Wilayats administered by executives (Walis) appointed by the Minister of Interior.

Judiciary and Political Rights

For commercial matters, three court levels exist in Oman: the lowest court is the Primary Court, followed by the Court of Appeal, and then the Supreme Court. Specialist courts include the Administrative Court, which has jurisdiction over cases contesting decisions of the Government, the Sharia Court, which has jurisdiction over all civil and family cases, and the Magistrate Court, which has jurisdiction over criminal cases. The judiciary in Oman is guaranteed independence pursuant to the Basic Law, though it ranks subordinate to the powers granted to His Majesty Sultan Qaboos. The Basic Law also states that Islam is the state religion of Oman and that Islamic Sharia law is the basis of legislation in Oman.

The Basic Law acknowledges rights to free speech, free press and assembly subject to certain limitations. In addition to the domestic media in Oman, which is entirely Government-owned, certain foreign press is available in Oman subject to compliance with content restrictions imposed by the Government.

Succession

His Majesty Sultan Qaboos has not designated a successor nor indicated who the potential successors might be. The Basic Law provides that, should the throne fall vacant, a council composed of members of the royal family (the "**Ruling Family Council**") shall, within three days of a vacancy, determine the successor to the throne, who shall be a male descendant of Sayyid Turki bin Said bin Said (the great-great grandfather of His Majesty Sultan Qaboos). If the Ruling Family Council does not agree on the choice of the successor, a council consisting of the Defence Council, the Chairman of Majlis Al Dawla, the Chairman of Majlis Al

Shura and the Chairman of the Supreme Court along with two of his most senior deputies shall confirm the appointment of the person designated by His Majesty Sultan Qaboos in his by letter to the Ruling Family Council.

Foreign relations and international organisations

Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours as well as other countries, in particular, the United States, the European Union and member countries of the OECD. Historically, Oman has acted independently from the other Arab gulf states in regional disputes and, on occasion, has acted as a neutral mediator. For example, Oman played a key role from 2009 to 2011 in securing the release of U.S. citizens who had been detained by Iranian border guards by brokering negotiations with U.S. and Iranian officials and paying the detainee's bail. Oman's approach to foreign relations is both non-confrontational and pragmatic. As a result, Oman has enjoyed political and economic stability for the last 40 years.

Oman is a member of the United Nations, the World Bank, the International Bank for Reconstruction and Development and the International Monetary Fund. In November 2000, Oman became a full member of the World Trade Organization, resulting in, amongst other developments, the liberalisation of its foreign investment and taxation laws. In October 2015, Oman became a founding member of the Asian Infrastructure Investment Bank, an international financial institution composed of 50 member states that aims to support the building of infrastructure in the Asia-Pacific region.

Regionally, Oman is a founding member of the GCC, which includes the Kingdom of Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates and Qatar, and has also been a member of the GCC's Permanent Committee for Petroleum Cooperation, which has prepared the long-term petroleum strategy for the GCC since May 1981. Although not a member of the Organization of the Petroleum Exporting Countries ("OPEC"), Oman co-ordinates with OPEC regarding oil production, including attending the December 2016 OPEC meeting in Vienna, Austria, where Oman committed to a reduction of oil production by 5 per cent. (or approximately 45,000 bbl/d) which started in January 2017. Although OPEC agreed to raise production levels in June 2018, in December 2018 OPEC again agreed to reduce production levels (to 970,000 bbl/d in the case of Oman) and such reduced production levels remain in place as of the date of this Base Prospectus. Oman joined the Arab League in 1971 and the Organization of the Islamic Conference in 1972. Oman is also an active member of Islamic Development Bank.

In June 2017, three GCC countries, Saudi Arabia, the United Arab Emirates and Bahrain, as well as Chad, Comoros, Egypt, Maldives, Mauritania, Senegal and Yemen, severed diplomatic ties and cut trade and transport links with, and imposed sanctions on, Qatar. In addition, Djibouti, Jordan and Niger downgraded diplomatic ties with Qatar. These countries have accused Qatar of supporting extremist groups. Oman has remained neutral during the diplomatic dispute and diplomatic efforts to end the dispute are being undertaken by Oman, Kuwait and several other countries.

Oman maintains good relations with Iran and has attempted to mediate between Iran and other countries in the region and internationally. For example, in November 2014, Muscat hosted nuclear talks between Iran and the United States, which helped provide a foundation for continuing negotiations.

Oman and the United States entered into a free trade agreement in 2006 that came into force in 2009, and also cooperate on a range of military and environmental matters.

Oman maintains relations with the European Union on a bilateral basis through its ambassador to the European Union as well as collectively in the context of GCC-European Union relations through the GCC ambassador in Brussels. Oman also maintains good bilateral relations with the European Union member states, including, among others, the United Kingdom, France, Germany, the Netherlands and Spain.

Oman has also developed significant trade relations with multiple countries in Asia over the past several decades. China is Oman's leading destination for its oil exports, with Japan, South Korea and India also receiving a significant share of Omani oil exports.

Defence and National Security

Oman's participation in the GCC and its close relations with the United Kingdom and the United States underpin its security. The United Kingdom retains a close connection with Oman's armed forces, particularly its air force, which is largely equipped with United Kingdom-made aircraft and employs British

contract officers. In February 2019 Oman and the United Kingdom signed a joint defence agreement which deepens defence cooperation and helps ensure the United Kingdom's access to certain defence facilities in Oman. In addition, Oman has had an agreement with the United States since 1980 that allows the United States' military forces to have access to bases in Oman. In March 2019 Oman and the United States signed a defence agreement allowing the United States' military access to ports and airports in Oman.

The armed forces participate in regular joint military exercises with the armed forces of other GCC countries. Defence and national security (which includes police forces and other dual civil/military expenditures) were budgeted to receive OMR 3,440.0 million in the 2018 budget, which amounts to approximately 27.5 per cent. of total Government consolidated budgeted expenditures. In the four months ended 31 May 2019 defence and national security spending, which includes both operating expenditure and capital expenditure and spending for military hospitals, police hospitals and dual civil/military hospitals, accounted for OMR 1,217.5 million, approximately 36.9 per cent. of the budgeted amount for 2019. Defence and national security are budgeted to receive OMR 3,450.0 million in the 2019 budget, which amounts to approximately 27.3 per cent. of total Government consolidated budgeted expenditures.

Education and Health Policies

Since the early 1970s, a major objective of His Majesty has been to provide education in Arabic and English for all in Oman. Education in Oman is provided free of charge up to the end of secondary education. In 1970, there were only three formal schools with 900 students in the entire country. Oman's national educational program expanded rapidly in the following decades. In 2017, approximately 581,180 students attended 1,125 Government schools for boys and girls and the number of students in private schools was 105,680. There are also extensive programmes to combat adult illiteracy and as of 2017, 97.4 per cent. of males and 93.2 per cent. of females were estimated to be literate. Sultan Qaboos University was founded in 1986, and in 2016 it had approximately 17,574 registered and enrolled students.

Access to healthcare is another main objective of His Majesty. In 1970, Oman had a single United States missionary hospital, together with approximately twelve rural clinics or dispensaries. In 2017, there were approximately 76 hospitals and 207 health centres. From 2002 to 2017, the number of medical doctors in Oman increased by 158 per cent. from 3,536 to 9,130.

The Ministry of Health is responsible for ensuring the availability of health care in Oman. It develops policies and plans and implements these in coordination with all of the health sector's constituents. The public sector runs the vast majority of hospitals and hospital beds and employs most doctors and nurses. The Ministry of Health is also the principal provider of preventive and rehabilitative services. Life expectancy at birth in Oman has increased from approximately 50 years in 1970 to 76.9 at the end of 2017.

THE ECONOMY OF OMAN

General

As of the date of this Prospectus, Oman is classified by the World Bank as a high-income country, with a nominal GDP per capita on a purchasing power parity ("PPP") basis which according to the IMF was U.S.\$45,464.15 in 2017, and Oman's GDP per capita on a nominal basis was U.S.\$16,036.2 in 2017 according to the Government. The production and export of crude oil and natural gas is the principal activity of the Omani economy, contributing 35.4 per cent. of nominal GDP in the year ended 31 December 2018 and 29.0 per cent. and 26.4 per cent. of nominal GDP in 2017 and 2016, respectively. As such, the performance of the petroleum industry may directly affect industries that are tangential to, or reliant on, the petroleum industry as well as having more indirect effects on the economy as a whole, such as reductions in consumer purchasing power or mobility. In addition, petroleum activities are the principal source of Government revenues (accounting for approximately 80.5 per cent. of total Government revenues in 2018) and, therefore, indirectly affect the performance of the non-oil sectors of the economy through their effect on Government allocation of its expenditure in those sectors. As a result, fluctuations in the price and production of oil are the major contributing factors to Oman's economic performance. The economy's vulnerability to oil price movements as well as the finite nature of oil reserves have led the Government to exploit significant gas reserves, to promote investment in the non-oil and gas sectors of the economy and to implement policies and procedures to manage and replenish its financial reserves.

Oman's economic development is coordinated through a series of five-year development plans. Specifically, each five-year development plan sets forth the parameters within which annual national budgets are determined (including the permitted level of budget deficits and level of withdrawals from the general reserves to meet such deficits) (see "*Vision 2020, Vision 2040 and Five Year Plans*"). Withdrawals from reserves exceeding budgeted amounts must be specifically authorised by Royal Decree of His Majesty. A principal goal of the five-year development plans is the diversification of Oman's economy, focusing on the following five key sectors in the medium term:

- **Manufacturing:** The manufacturing sector's contribution to GDP has increased by 4.9%, to OMR 2.9 billion for the year ended 31 December 2018 from OMR 2.8 billion for the year ended 31 December 2017. A large portfolio of manufacturing-related projects and initiatives have been identified by Tanfeedh (The National Programme for Enhancing Economic Diversification), as key to accelerating the growth of the non-oil sector while supporting employment creation, such as the Duqm refinery, the Salalah Methanol Company's ammonia plant, greenfield steel projects and a number of cement plants. Another key ongoing project is the Liwa Plastic Industries Complex, expected to commence operations in the second quarter of 2020, which is expected to enable Oman to produce polyethylene, polypropylene, mogas and benzene, create 13,000 jobs, and drive GDP growth.
- **Transportation & Logistics:** The transportation and logistics sector's contribution to GDP has increased to 5.2%, to OMR 1.6 billion for the year ended 31 December 2018 from OMR 1.5 billion for the year ended 31 December 2016. Oman currently offers three world-class deep ports and five state-of-the-art airports and a world-class road network. The Government has made it a goal to place Oman within the top 30 countries out of 160 in the World Bank Logistic Performance Index by 2020 (Oman is currently ranked 43 as of the 2018 index), while Oman's Logistics Strategy 2040 aims to improve efficiency and reduce costs in handling shipments. In 2018, Oman opened its new Muscat and Duqm airports and upgraded the Salalah airport.
- **Tourism:** The tourism sector saw an increase in hotel revenues from OMR 195 million for the year ended 31 December 2017 to OMR 214 million for the year ended 31 December 2018. Under the new 2040 tourism strategy, the government aims to encourage investments of up to OMR 20 billion (approximately U.S.\$1 billion) over the long term by both private and public sector partners. Furthermore, in terms of accommodation, a total of 80,000 rooms in inventory are estimated by 2040, in addition to the current 22,182 number of hotel rooms as of 31 December 2018. Furthermore, the tourism strategy 2040 aims to increase the tourism sector's contribution to GDP to 4.8% by 2030 and 5.9% by 2040. The tourism sector's share of GDP increased to 2.9% for the year ended 31 December 2018 from 2.6% for the year ended 31 December 2017. In order to propel Oman towards its objectives, major projects are currently underway such as, Madinat Al Irfan (a joint development between Omran and Majid Al Futtaim), the Ras Al Hadd development project (a joint development between Omran and Qatari Diar) and the redevelopment of the Mina Sultan

Qaboos waterfront (a joint development between Omran and Dubai-based DAMAC International). In addition, the latest estimates from the Tourism Ministry of Oman indicate that 70 hotel projects were in the construction pipeline, with around 55 of them expected to be completed by 2020. Furthermore, the government has undertaken a policy to work in coordination with neighbouring Qatar. The Qatar Tourism Authority and the Omani Ministry of Tourism have signed an agreement to mutually support and develop tourism, engage private sector partners and to facilitate and coordinate a number of practices and events to jointly support leisure and business tourism.

- **Fisheries:** The agriculture and fishing sector's contribution to GDP has increased by 6.8%, to OMR 669.0 million for the year ended 31 December 2018 from OMR 627.0 million for the year ended 31 December 2017. The fisheries sector initiatives identified by Tanfeedh (The National Programme for Enhancing Economic Diversification) are divided into three subsectors: "Catch (traditional and commercial)", "Aquaculture", and "Processing Products and Growing Exports". Oman has significant economic potential in this sector due to its long coastline, multiple sites for commercial aquaculture projects and the availability of supporting infrastructure, such as ports, roads and its logistics network. Global demand is estimated to increase to 40 million additional tons of fish products by 2025 and, supported by the biodiversity in the Sultanate's waters, the Government has increasingly targeted the sector for development over the last 6 years (2011-2016). In 2018, there was a higher increase in growth than planned in the total fisheries volume and the value of production, contribution to the GDP and other key performance indicators. The Government has targeted increasing production from approximately 200,000 tonnes per year in 2015 to around 480,000 tonnes per year by 2020, while creating an additional 20,000 jobs.
- **Mining:** The mining and quarrying sector's contribution to GDP has increased by 16.0%, to OMR 171.0 million in 2018 from OMR 147.4 million in 2017. Oman is the second largest country in the GCC and has significant mineral deposits. The recent discovery of reserves of minerals including gold, copper and rare earths is expected to boost the growth of the mining sector and the Ninth Five Year Plan targets an annual average growth of 6.5% from 2016 to 2020 in the mining sector. Oman resumed copper mining in 2018 when the Government granted its first copper mining licence since 2004. Oman's total exploitable commercial resources are estimated by the Public Authority for Mining at approximately 54.504 million tons, and copper mining is planned in the Yanqul, Khaboura and Shinas concessions and data published by the Public Authority for Mining in Oman Mining Expo confirms these concessions hold more than 25MT of copper. As part of its Tanfeedh programme, the Government has initiated a variety of projects, including construction of a new copper smelter and refinery as well as of a magnesium plant and the development of salt and limestone mines. The new initiatives and projects are expected to contribute to the mining sector's development by raising the sector's contribution to GDP to OMR 378 million and provide up to 1,660 direct jobs by the year 2023. Oman's mineral production is expected to increase from 100 million tons in 2016 to 147 million tons by 2023. Oman's newly enacted mining law (i.e. the Mineral Wealth Law, promulgated by Royal Decree 19/2019) came into effect on 14 March 2019 and focuses on making Oman's mining environment more attractive to investors and to develop the industry in Oman. The Mining Law provides for several different types of licences, which are split between exploration and prospecting licences and longer-term extraction concessions. The Public Authority for Mining is currently preparing the procedures and regulations for the tendering and award of mining concessions, as well as guidelines designed to encourage investment in downstream and value-added processing industries.

In addition, the State General Reserve Fund ("**SGRF**"), created in 1980, receives contributions from Oman's oil revenues and has an investment portfolio centered on a diversified pool of investment assets (including a wide range of geographies and sectors) in addition to strategic investments with the aim of ensuring sustainable long-term returns. The SGRF also adopts global best practices in developing its investment strategy through its overall asset allocation framework and geographical distribution. The SGRF focuses on two main investment categories: Public Markets Assets (tradable), which include global equity, fixed income bonds and short-term assets, and Private Markets Assets (non-tradable), which include private investments in real estate, logistics, services, commercial, and industrial projects both in Oman and internationally. In addition, SGRF has several joint ventures to facilitate investing in foreign markets, including Vietnam Oman Investments, the Oman India Joint Investment Fund, the Uzbek Oman Investment Joint Venture and the Omani Brunei Investment Company.

Withdrawals from the SGRF are permitted to finance the budget deficit. Total assets in the SGRF amounted to OMR 8,265 million as at 31 March 2019 as compared to OMR 7,956 million as at 31 December 2018.

The SGRF's Board of Directors is responsible for oversight of the SGRF's activities. The SGRF's regulations and policies are supervised by the Financial Affairs and Energy Resources Council ("**FAERC**"), which is chaired by His Majesty and includes cabinet members and the deputy chairman of the Central Bank of Oman.

Oman has also created a number of other funds which receive contributions from Oman's oil revenues, including: the Petroleum Reserve Fund, which since 2018 is a contingency reserve for the servicing of debt and whose assets amounted to approximately OMR 506.7 million as at 31 March 2019 following its transfers of OMR 99.9 million and OMR 461.2 million to Oman Oil Company in 2015 and 2014, respectively (with no transfers being made in 2016, 2017 and 2018); the Oman Investment Fund ("**OIF**"), which funds investment in domestic and international projects and whose assets amounted to approximately OMR 1,324.7 million (of which OMR 404.0 million was invested abroad) as at 31 March 2019; and the Infrastructure Project Finance/Infrastructure Development Account, which is primarily intended to ensure availability of sufficient funds for infrastructure related projects. As at 30 June 2019, no withdrawals have been made in 2018 to help finance the Government deficit, and its assets amounted to OMR 107.0 million.

In response to low oil prices, the Government has pursued four strategic pillars to provide a solid framework for future economic growth and address the changing needs of the Omani economy.

1. **Debt Management Office:** The Government established in 2017 a debt management office to optimise funding costs for the Sultanate by (a) diversifying funding sources, (b) creating a central focal point to liaise with rating agencies and internal budgeting requirements and (c) strategically timing issuances of debt securities to benefit from opportune market conditions.
2. **Driving Expenditure Reforms:** The Government has sought to reduce its expenditure burden by (a) nearly freezing new government hiring and promotions from 2017 (other than replacing workers who retire (such as doctors and teachers) and continued hiring in defence), (b) limiting civil servant compensation increases and streamlining allowances, (c) eliminating certain fuel subsidies and increasing electricity tariffs for large customers from 2017, (d) implementing fees for new water connections in certain circumstances, (e) deferring non-essential public projects, such as phase three of the Ras Al Hadd project in February 2017, (f) reducing certain operating expenditures and the defence budget, (g) issuing instructions to all spending units in key line ministries to curtail non-essential current expenditure and to increase efficiency, (h) outsourcing Government services to the private sector (i) establishing a code of governance for state owned enterprises, (j) implementing lean techniques in different government entities that reduce wasteful practices and boost efficiency, (k) assessing and evaluating projects for potential Public Private Partnerships ("**PPP**") (the Government aims to deliver certain priority public projects worth OMR 2.5 billion by 2020 through PPP) and (l) setting up a tax evasion department to improve tax collection. This spending restraint has led to current expenditure decreasing between 2014 and 2018 by OMR 1.5 billion.
3. **Promoting the Private Sector:** The Government has aimed to promote the private sector to drive Oman's economic growth, including through (a) a series of measures undertaken to encourage SME development, (b) creating the Public Authority for Small and Medium Enterprises Development ("**PASMED**") to provide logistical, technical and other support for SMEs, (c) creating the Invest Easy initiative in order to streamline the licensing and business registration process, (d) launching a full-fledged independent credit and financial information bureau called the Oman Credit Bureau to reduce information asymmetries and enable better access to financing for SMEs, thereby improving their contribution to GDP, employment and innovation, (e) establishing a governing body to implement the anti-monopoly and competition law as part of Government efforts to encourage and protect competition in the market, (f) the issuance of a bankruptcy law during 2019 (Royal Decree 53/2019) by which entities could resort to preventive composition or restructuring to avoid declaring bankruptcy or declare bankruptcy, and which comprehensively regulated the aforementioned procedures and the processes relating to organisation of entities under preventive composition/restructuring or which declared bankruptcy's debt payment and asset liquidation, (g) the issuance of an FDI law (i.e. the Foreign Capital Investment Law, promulgated by Royal Decree 50/2019) which aims to regulate and encourage foreign investment, protect investor rights, allow for 100% foreign ownership by foreign companies and enterprises and eliminate minimum capital requirements for certain business sectors, and (h) issuing the Public-Private Partnership Law (Royal Decree 52/2019) and the Privatisation Law (Royal Decree 51/2019), the implementation of both of which has been tasked to the newly-created Public Authority for Privatisation and

Partnership, established by Royal Decree 54/2019. Through these measures the Government aims to stimulate economic growth, increase tax and fees revenues, increase exports, support employment creation and diversify the economy.

4. **Introducing Taxation:** The Government has increased its revenue base by (a) increasing the corporate tax, beginning in 2017, from 12% to 15% with tax free thresholds eliminated, (b) introducing selective service taxes in 2017, (c) increasing several administrative fees, including a property transfer fee beginning in 2016 and (d) introducing an excise tax in June 2019. The Government expects to further increase its revenue base through the introduction of a value added tax ("VAT"), which is expected to be implemented in 2021.

Vision 2020, Vision 2040 and Five-Year Plans

Vision 2020

Since 1996, the five-year development plans have focused on diversification of the economy. In accordance with the Government's "Vision 2020" plan (adopted in June 1995), the Government aims to reduce the oil and gas sector's contribution to GDP by 2020 by encouraging investment in non-oil and gas industries and services. The Eighth Five-Year Plan for 2011 through 2015 aimed to contribute to this diversification of the Omani economy by increasing spending on key infrastructure projects, such as further developing the ports at Salalah, Duqm and Sohar, and upgrading the airports in Muscat and Salalah. In particular, the Government focused on development of the Duqm Special Economic Zone (established by Royal Decree in 119/2011), which is intended to become a multi-sector industrial and economic hub for power, water desalination and distribution, petrochemicals, warehousing and logistics, light industry, tourism, fisheries and fish processing (as well as the necessary interconnecting infrastructure, including a port, an airport, a railway network and a road system). To the extent that projects commenced under the Eighth Five-Year Plan were not completed by the end of the plan, the Government is committed to finishing them as part of the Ninth Five-Year Plan, which runs from 2016 to 2020.

Vision 2040

His Majesty the Sultan has issued royal orders to set up the main committee for the formulation of Oman's "Vision 2040" plan under Sayyid Haitham bin Tariq al-Said, Minister of Heritage and Culture. The main committee will draft, develop and finalise the Vision 2040 document, while ensuring community-wide consensus and participation. The Vision 2040 plan is intended to address the future in an objective manner so as to be capable of being used as a basic reference and manual for planning during the next two decades. In addition, relevant committees were formed, such as the technical committee and sectoral committees, which comprises three committees in line with the themes of the Vision 2040 plan; "People and Society" Committee, "Economy and Development" Committee, and "Governance and Institutional Performance" Committee. A National Priorities and Strategies Alignment Committee, Organization and Follow up Committee, and the National Conference Preparation Team were also formed. Members of these committees comprise various stakeholders, representing all segments of the Omani society. The phases of developing the Vision 2040 plan were identified and the assigned committees have started the work of collecting data and information, analysing the current status, conducting comparative studies, and identifying the key issues. The Vision 2040 plan is set to be completed and presented to the Cabinet in 2019.

The Ninth Five-Year Plan

The Ninth Five-Year Plan (2016-2020) maintains the Government's focus on economic diversification and enhancement of welfare and social benefits, while at the same time aiming to boost the private sector. To support these goals, over 500 programs and policies are planned across five target sectors: manufacturing, transportation and logistics, tourism, fisheries and mining. The Government believes these five sectors represent untapped potential and are essential for the transformation of Oman from a predominantly oil-based economy to a diversified economy, and that these sectors have the potential to create a significant number of jobs and are projected to positively increase their contributions to annual GDP growth by 2020.

In order to achieve the targets for these sectors, the Government has launched Tanfeedh, a program which aims to identify opportunities as well as challenges facing the public and Government sectors and the civil community through discussions, implementation and monitoring. Tanfeedh aims to outline detailed measurable strategies and designate responsibilities, resources, implementation timeframes and KPIs, in

order to execute Oman's diversification plan and to overcome identified challenges. While the Ninth Five-Year Plan targets the five sectors for economic diversification discussed above (manufacturing, transportation and logistics, tourism, fisheries and mining), Tanfeedh currently focuses on manufacturing, logistics and tourism, while at the same time also focusing on enhancing Oman's labour market and finance industry as "community and sustainability enablers" of economic diversification.

In addition, in connection with the Ninth Five-Year Plan, the Government aims to reduce non-core expenditures in favour of targeted investments by reducing fuel subsidies, freezing Government employment, deferring non-essential projects and reducing expenditure on non-essential transport for Government officials. The Ninth Five-Year Plan also contemplates increasing non-oil and gas revenues through various measures, including increasing corporate tax rates to 15 per cent. and reducing exemptions, increasing the efficiency of tax and custom collection, imposing a value-added tax on goods and services in co-ordination with the GCC, imposing other select service taxes (e.g. alcohol, tobacco), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs. For further discussion of the strategies to reduce expenditures and increase revenues, see "*Public Finance—State General Budgets*".

The Ninth Five-Year Plan also emphasises the role of the private sector in driving Oman's economic growth. An expanded private sector is expected to be achieved through legislation encouraging private sector investment, developing and providing development funding for small and medium enterprises ("**SMEs**"), the Riyada Public Authority of Small and Medium Enterprise Development ("**PASMED**") initiative for providing logistical, technical and other support for SMEs, public-private partnerships and general improvements to the investment climate. The Government also intends to expand the role of the private sector in acquiring, financing and managing Government projects. Furthermore, the Government has undertaken a series of measures to encourage SME development, including a quota for at least 10 per cent. of Government contracts to be awarded to SMEs by the Oman Tender Board, a requirement for local banks to extend at least 5 per cent. of their loan books to SMEs and the creation of the Al Raffd Fund, which provides start-ups and SMEs with interest-free loans.

Further to the Ninth Five-Year Plan's emphasis on the role of the private sector in driving Oman's economic growth, in September 2016, the Ministry of Finance began transferring its stakes in listed and private companies to other state-owned corporate and sovereign funds, including SGRF and Oman Investment Fund ("**OIF**"), and to special purpose holding companies with an aim to make such companies operations more efficient and improve their internal management, as well as to prepare for the possible privatisation of such companies in the future. As an initial step, in December 2016, Oman transferred its 51 per cent. stake in Oman Telecommunications Company SAOG ("**Omantel**"), the country's incumbent telecoms operator, from the Ministry of Finance to OIF. The announcement was made in a disclosure to the Muscat Securities Market. The proceeds of OMR 287 million were used to purchase foreign reserves designated for deficit financing.

The Tenth Five-Year Plan for 2021 to 2026 is part of Vision 2040.

Gross Domestic Product

In the years ended 31 December 2018 and 2017, economic activity was boosted by higher average oil prices following the period of persistent low crude oil prices in the global markets and sluggish global growth beginning in 2014. Consequently, nominal GDP increased by 12.0 per cent. for the year ended 31 December 2018 as compared to the year ended 31 December 2017 and increased by 7.3 per cent. during the year ended 31 December 2017 as compared to the year ended 31 December 2016.

Despite its diversification efforts, Oman's economy continues to be dominated by petroleum activities, which accounted for 35.5 per cent. of nominal GDP during the year ended 31 December 2018 as compared to 29.0 per cent. of nominal GDP during the year ended 31 December 2017. Petroleum sector activities were supported by higher average oil prices despite lower production levels as a result of OPEC production cuts, resulting in an increase during the twelve months ended 31 December 2018 of 40.5 per cent. in output. Nominal GDP contributed by the oil and gas sector increased by 37.1 per cent. during the year ended 31 December 2018 as compared to the year ended 31 December 2017. Nominal GDP contributed by the non-petroleum sector increased by 2.9 per cent. during the year ended 31 December 2018 as compared to the year ended 31 December 2017, with increases in services, manufacturing, mining and quarrying, electricity and water supply and agriculture and fishing partially offset by a decrease in construction (see table below). According to estimates prepared by the IMF in October 2018, Oman's real GDP was forecasted to contract

marginally in 2017 but expand by 1.9 per cent. in 2018. Although oil continues to play an important role in Oman's economy, the Government continues to focus on manufacturing, transportation and logistics, tourism, fisheries and mining as part of its Ninth Five-Year Plan. The Government anticipates that growth in the non-oil sector will enhance Government revenues in the coming years, as a result of increased activity by the private sector.

The following table sets forth nominal GDP by economic activity for each of the periods indicated:

Activities	For the year ended 31 December					Per cent. change 2017- 2018)
	2014	2015	2016	2017*	2018)**	
	<i>(OMR millions, except percentage)</i>					
1. Industry (1.1 + 1.2)	19,989.7	14,226.1	12,117.0	13,483.6	16,565.7	22.9
1.1 Petroleum Activities	14,450.2	8,770.7	6,689.4	7,901.7	10,830.5	37.1
– Crude Petroleum	13,448.2	7,587.5	5,480.3	6,567.4	9,226.0	40.5
– Natural Gas	1,002.0	1,183.2	1,209.0	1,334.3	1,604.5	20.3
1.2 Non-Petroleum Industrial Activities	5,539.5	5,495.5	5,427.6	5,581.9	5,735.2	2.7
– Mining and Quarrying	120.0	122.8	128.1	147.4	171.0	16.0
– Manufacturing	3,059.7	2,794.5	2,496.4	2,778.7	3,011.0	8.4
– Electricity and Water Supply	455.6	511.0	511.9	540.9	567.0	4.8
– Construction	1,904.2	2,067.1	2,291.2	2,114.9	1,986.1	(6.1)
2. Agriculture and Fishing	396.6	523.5	573.5	627.0	670.2	6.9
3. Services	12,741.7	13,206.9	13,593.6	14,038.6	14,437.5	2.8
– Wholesale and Retail Trade	2,234.5	2,264.3	2,192.0	2,213.1	2,247.0	1.5
– Hotels and Restaurants	238.0	255.8	268.9	268.6	291.2	8.4
– Transport, Storage and Communication	1,485.0	1,593.3	1,516.7	1,623.7	1,649.2	1.6
– Financial Intermediation	1,427.8	1,487.5	1,628.0	1,710.1	1,858.3	8.7
– Real Estate and Business Activities	1,202.5	1,249.4	1,295.2	1,377.7	1,469.1	6.6
– Public Administration and Defence	3,192.7	3,296.5	3,580.7	3,528.7	3,575.8	1.3
– Other Services (Education, Health, Community/Personal Services and Private Household)	2,961.0	3,060.1	3,112.0	3,316.8	3,346.8	0.9
4. Total Non-Petroleum Activities (1.2 + 2 + 3)	18,677.8	19,225.9	19,594.6	20,247.6	20,842.9	2.9
5. Less Financial Intermediation Services Indirectly Measured¹	629.3	693.2	741.1	719.9	780.3	8.4
6. Gross Domestic Product at Producers Prices (1.1 + 4 - 5)	32,498.7	27,303.4	25,542.9	27,429.4	30,893.1	12.6
7. Plus: Taxes Less Subsidies on Products	(1,324.8)	(803.1)	(188.4)	(213.0)	(404.2)	89.8
8. Gross Domestic Product at Market Prices (6 + 7)	31,173.9	26,500.3	25,354.5	27,216.4	30,488.9	12.0

* Provisional

** Preliminary

1. This line item represents an indirect measure of the value of financial intermediation services (i.e. output) provided but for which financial institutions do not explicitly charge, as opposed to explicit bank charges.

Source: National Center for Statistics & Information.

The following table sets forth the real economic growth indicators by key economic activity for each of the five years ended 31 December 2014, 2015, 2016, 2017 and 2018:

	For the year ended 31 December				
	2014	2015	2016*	2017*	2018**
	<i>(Percentage change)</i>				
Real GDP	1.2	4.7	5.0	(0.9)	3.4
Real Petroleum GDP	(1.6)	4.4	3.6	(3.0)	6.1
Real Non Petroleum GDP	4.4	5.5	4.9	0.9	2.1

* Provisional

** Preliminary

Source: National Center for Statistics & Information.

The following table sets forth the real economic growth indicators for selected non-petroleum sectors at constant prices (base 2010) during the six years from 2013 to 2018:

	For the years ended 31 December 2013-2018
	<i>(Percentage change)</i>
Total Petroleum activities	10.2
Total non-Petroleum activities	19.4
Hotels and Restaurants	30.9
Financial Intermediation	36.3
Buildings and Construction	9.8
Mining and Quarrying	80.6
TSA	20.5

**For the years
ended 31
December
2013-2018**

(Percentage
change)

Public Administration and Defence.....	11.6
Manufacturing.....	14.6

Source: National Center for Statistics & Information, Supreme Council for Planning

The following table sets forth the real GDP by economic activity at constant prices (base 2010) for each of the periods indicated.

Economic Activity	For the year ended 31 December					Per cent. change 2017- 2018)
	2014	2015	2016*	2017*	2018**	
	<i>(OMR millions, except percentage)</i>					
1. Industry (1.1 + 1.2)	16,026	16,846	17,623	17,180	17,945	4.4
1.1 Petroleum Activities.....	11,097	11,588	12,000	11,642	12,357	6.1
– Crude Petroleum.....	10,230	10,701	11,079	10,707	10,847	1.3
– Natural Gas.....	867	887	921	935	1,510	61.4
1.2 Non-Petroleum Industrial Activities	4,928	5,258	5,623	5,538	5,588	0.9
– Mining and Quarrying.....	100	111	120	134	161	20.7
– Manufacturing.....	2,501	2,603	2,679	2,701	2,961	9.6
– Electricity and Water Supply	478	533	561	591	622	5.2
– Construction.....	1,848	2,012	2,263	2,112	1,844	(12.7)
2. Agriculture and Fishing.....	371	492	533	581	639	10.0
3. Services.....	11,470	11,960	12,428	12,635	12,917	2.2
– Wholesale and Retail Trade.....	2,122	2,242	2,328	2,345	2,433	3.8
– Hotels and Restaurants.....	234	260	294	307	288	(6.2)
– Transport, Storage and Communication.....	1,651	1,739	1,728	1,809	1,820	0.6
– Financial Intermediation.....	1,377	1,460	1,568	1,632	1,706	4.5
– Real Estate and Business Activities.....	1,121	1,166	1,195	1,249	1,304	4.4
– Public Administration and Defence.....	2,653	2,733	2,907	2,862	2,898	1.3
– Other Services (Education, Health, Community/Personal Services and Private Household).....	2,310	2,362	2,407	2,433	2,469	1.5
4. Total Non-Petroleum Activities (1.2 + 2 + 3).....	16,769	17,710	18,583	18,755	19,143	2.1
5. Less Financial Intermediation Services Indirectly Measured¹.....	648	721	710	670	700	4.5
6. Gross Domestic Product at Producers Prices (1.1 + 4 - 5) ..	27,218	28,578	29,874	29,726	30,800	3.6
7. Plus: Taxes Less Subsidies on Products	(1,073)	(1,193)	(1,126)	(1,245)	(1,355)	8.9
8. Gross Domestic Product at Market Prices (6 + 7).....	26,145	27,385	28,748	28,482	29,444	3.4

* Provisional

** Preliminary

⁽¹⁾ Includes Manufacturing of Refined Petroleum Products

Source: National Center for Statistics & Information.

The following table sets forth the activity components of nominal GDP, as an approximate share of total GDP, for each of the years ended 31 December 2015, 2016, 2017 and 2018:

	Year ended 31 December			
	2015	2016	2017*	2018**
Total Petroleum Activities.....	34	26.4	29.0	35.4
Construction.....	8	9	7.8	7.0
Wholesale and Retail Trade.....	8	8.6	8.1	7.7
Public Administration and Defence.....	13	14.1	13.0	11.9
Other Activities.....	37	41.9	42.1	38.0

* Provisional

** Preliminary

Source: National Center for Statistics & Information

Principal Sectors of the Economy – Oil and Gas Sector

Overview

The following table sets forth a general overview of Oman's oil and gas sector as at the dates indicated:

Crude oil and condensate reserves	4.8 billion barrels (as at 31 December 2018)
Average daily crude oil and condensate production.....	981 thousand bbl/d (year ended 31 December 2018) ⁽¹⁾
Gas reserves	25 tcf (as at 31 December 2018)
Average daily gas production.....	119.8 million m ³ /d (year ended 31 December 2018) ⁽¹⁾

⁽¹⁾ Preliminary.

Source: Ministry of Oil and Gas.

Oman is the largest non-OPEC crude oil producer in the Middle East other than Qatar with crude oil and condensates output of 981 thousand bbl/d for the year ended 31 December 2018 as compared to 970.4 thousand bbl/d for the year ended 31 December 2017, 1,004.3 thousand bbl/d for the year ended 31 December 2016 and 981.1 thousand bbl/d for the year ended 31 December 2015. However, in January 2017, Oman began to reduce oil production by 5 per cent. (or approximately 45,000 barrels) in line with commitments agreed upon at the December 2016 OPEC meeting in Vienna, Austria. This reduction is still ongoing as of the date of this Base Prospectus. Additionally, at the November 2017 OPEC meeting, Oman agreed to extend production cuts until the end of 2018. and although OPEC agreed to raise production levels in June 2018, in December 2018 OPEC again agreed to reduce productions levels (to 970,000 bbl/d in the case of Oman). In July 2019 OPEC agreed to extend the reduction in production levels. DME Oman is one of three global crude oil benchmarks and sets the benchmark export price for crude oil produced in Oman and Dubai. Oman's competitive advantages in the oil and gas sector include a stable operating environment and a collaborative government that offers Exploration and Production Sharing Agreements ("EPSAs") with commercial terms negotiated through an open auction process. As a result of these factors, the Ministry of Oil and Gas has been successful in attracting a number of international players to explore and develop its acreage, with 30 oil companies operating development or exploration acreage in Oman. However, PDO, in which the Government holds a 60 per cent. stake (for further details, see "*Oil and Gas Sector – Crude Oil and Gas Operations*"), still operates the majority of the producing acreage positions in the country and accounted for approximately 66 per cent. of Oman's combined oil and gas production for the four months ended 30 April 2019.

The first commercial discoveries of oil and gas in Oman were made in 1964 in the Fahud region of northern Oman. Oil production has been the cornerstone of the economy of Oman since that time, providing both the principal source of Government revenues and foreign exchange receipts as well as the stimulus for extensive economic, industrial and social change. For the six months ended 30 June 2018 and the years ended 31 December 2017 and 2016, the oil and gas industry accounted for 37.0 per cent., 32.5 per cent. and 26.4 per cent., respectively, of nominal GDP. Revenues from petroleum activities generated 69.6 per cent., 80.5 per cent. and 71.2 per cent. of total consolidated Government revenues for the four months ended 30 April 2019 and the years ended 31 December 2018 and 2017, respectively, and oil and gas exports accounted for 63.0 per cent., 65.3 per cent. and 58.2 per cent. of the total value of merchandise exports (including re-exports) for the two months ended 28 February 2019 and the years ended 31 December 2018 and 2017, respectively.

Oman is currently implementing a variety of strategic growth projects in its oil and gas sector, which are worth in aggregate approximately U.S.\$26 billion. The aim of these projects is to further develop Oman's oil and gas resources and contribute to Oman's economic diversification.

The following table sets forth Oman's average daily hydrocarbon production for the five years ended 31 December 2018 and for the four months ended 30 April 2019.

	Year ended 31 December					Four months ended 30 April
	2014	2015	2016	2017*	2018*	2019*
Oil and Condensates (thousand bbl/d).....	944.0	981.1	1,004.3	970.4	981	987.7
Natural Gas (million m3/d).....	97.8	103.6	106.1	106.8	119.8	116.5
Natural Gas (thousand boe/d) ¹	595.2	630.5	667.3	704.8	753.5	732.7
Total (thousand boe/d).....	1,539.2	1,611.6	1,671.6	1,642.2	1,734.5	1720.4

* Provisional

¹ Approximate conversion.

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Oman's crude oil production increased to 987.7 thousand boe/day for the four months ended 30 April 2019 from 981 thousand boe/day for the year ended 31 December 2018, as compared with 970.4 thousand boe/day for the year ended 31 December 2017, 1,004.3 thousand boe/day for the year ended 31 December 2016 and 981.1 thousand boe/day for the year ended 31 December 2015. The slight increase for the four months ended 30 April 2019 is in part a result of various companies' production decisions in the context of

their respective business strategies, while the decrease in production from the year ended 31 December 2016 to 31 December 2017 resulted principally from the agreed production cuts between OPEC and non-OPEC members and the increase in crude oil production from 2014 to 31 December 2016 largely resulted from the use of enhanced oil recovery techniques, such as polymer, miscible and steam (gas or solar-generated) injection, for which Oman is a leading proponent in the MENA region. PDO operates Block 6, which is the centre of current enhanced oil recovery operations and includes fields using several of the above enhanced oil recovery techniques: the Marmul field (polymer), Harweel field (miscible), Qarn Alam field (steam), and Amal-West field (solar). Oman's average daily natural gas production decreased to 116.5 million m³/day for the four months ended 30 April 2019 from 119.8 million m³/day for the year ended 31 December 2018, 106.8 million m³/day for the year ended 31 December 2017, 106.1 million m³/day for the year ended 31 December 2016 and 103.6 million m³/day for the year ended 31 December 2015.

Crude Oil and Gas Operations

Oman does not have a state oil company. The Government accrues revenues from its share in the EPSAs and holds a direct participating interest in only one upstream concession, Block 6. The Government owns 60 per cent. of Block 6, and the remaining 40 per cent. is owned by Private Oil Holdings Oman Ltd. ("**POHOL**"). POHOL is owned by Royal Dutch Shell (85 per cent.), Total (10 per cent.) and Partex Oman Corporation (5 per cent.). POHOL and the Government contracted the operations of Block 6 to PDO, which was established in 1937 as Petroleum Concessions (Oman), a joint venture between Shell Petroleum Oman Ltd, Compagnie Française des Pétroles (the predecessor of Total S.A.) ("**Total**") and Partex Oman Corporation. Currently, the Government holds 60 per cent. of the issued and outstanding shares of Petroleum Development Oman L.L.C. while, of the remainder, Royal Dutch Shell holds 34 per cent., Total holds 4 per cent. and Partex holds 2 per cent. Block 6 is the main onshore oil concession in Oman, covering approximately 40 per cent. of the country's land acreage and was responsible for 65.9 per cent. of Oman's oil production and 65.4 per cent. of Oman's gas production for the year ended 31 December 2018.

The earliest petroleum contracts in Oman were based on a concession-type tax and royalty system in which the concessionaire held rights to all the petroleum produced in the concession area. With the exception of the Block 6 concession, which still operates under a modified tax/royalty regime, this form of contract has been superseded by a relatively standard form of EPSA with commercial terms negotiated on a contract-by-contract basis with the Ministry of Oil and Gas. The terms of cost recovery and production sharing vary depending upon the prospects of the area, the proximity to existing infrastructure and whether the concession is onshore or offshore. Cost recovery provisions generally range from 40 per cent. to 50 per cent. and the Government generally takes between 70 per cent. to 85 per cent. of oil produced (after deduction of oil to cover costs) under the terms of its EPSAs. The average tenor of the EPSAs is 25 years, with no significant contracts up for renewal in the next 12 months.

The Government currently has 29 EPSAs with 20 oil and gas companies. Eleven of these agreements are in the production phase and 18 agreements are in the exploration stage. Occidental Petroleum Corporation ("**Occidental**") operates the largest non-PDO concession through four separate concession areas including the EOR development of the Mukhaizna field in the south of the country.

The Government also owns 100 per cent. of the non-associated gas reserves in PDO's Block 6, which supplies the gas for Oman's LNG plant. Exploration, development and production of these gas assets are undertaken by PDO, on a cost-plus basis, on behalf of the Government. The Government also holds a majority (51 per cent.) share in the downstream element of Oman's LNG project and a 66 per cent. share in the Qalhat LNG project (see "*Infrastructure – Natural gas infrastructure*").

Exploration and drilling

PDO has dominated exploration activity in the country since 1937. Most of the active licenses in Oman are situated within the four main producing basins of South, Central and West Oman and the Oman Foreland sub-basin in northern Oman. Block 6 extends across all four of these established sub-basins. The majority of the licensing activity is onshore, accounting for over 85 per cent. of active licenses, although there are four active licenses offshore.

All unlicensed blocks in Oman are available for oil company participation via EPSAs through direct negotiation with the Ministry of Oil and Gas. The Ministry of Oil and Gas periodically organises licensing rounds in which open acreage is directly marketed to prospective investors. Interested companies may negotiate for opportunities either within or outside official licensing rounds. Licensing activity has

increased significantly in recent years, partially due to the re-licensing of relinquished PDO acreage, as well as the Ministry of Oil and Gas's response to falling oil production and rising gas demand. In 2004, PDO's Block 6 concession was extended to 2044 by the Ministry of Oil and Gas. In 2007, BP was selected by the Ministry of Oil and Gas to appraise and develop the Khazzan and Makarem gas fields, located in Block 61 in the Central Oman basin. In 2013, Oman and BP signed a gas-sales agreement and an amended production-sharing agreement for the Khazzan field, with total investment for the full-field development estimated to be around U.S.\$16 billion. The exploration and production sharing agreement was further amended on 8 November 2016 in order to extend the licensing area of the block and enable further development of the Khazzan field (see "*Infrastructure – Natural gas infrastructure*"). In 2018, the Ministry of Oil and Gas signed three new oil-sharing agreements. The first agreement is with Petroleb LLC in the concession area Block 57 with a total investment for phase one estimated to be around U.S.\$20 million. The second agreement is with Occidental Oman in the concession area Block 51 with total investment for phase one estimated to be around U.S.\$6 million. The final agreement is with Occidental Oman and Oman Oil Exploration and Production LLC in the concession area Block 65 with total investment for phase one estimated to be around U.S.\$32 million.

95 per cent. of the key exploration and appraisal wells drilled in Oman have been in the primary producing basins in South, Central and West Oman and the Foreland Sub-basin in northern Oman. The remaining wells have been drilled in four other basins, three of which are offshore and one of which is onshore in eastern Oman. PDO's initial exploration and appraisal drilling was focused on the northern areas of Block 6, close to its first discoveries in the Yibal and Fahud fields. Drilling then continued in the Qarn Alam area, directly south of Fahud, where a number of discoveries were made in the early 1970s. Following the discovery of the Marmul field in 1980, PDO increased its drilling in the under-explored areas of southern Oman. In the mid-to-late 1990s the Central Oman sub-basin was the focus of gas exploration and appraisal activity in the Qarn Alam area for reserves to support the Oman LNG project. In recent years, PDO, Occidental, PTTEP and CCED have had relatively successful drilling results in the Central Oman Basin and the Oman Foreland sub-basin.

Hydrocarbon Reserves

Oman's initial reserves are distributed fairly evenly among the South Oman, Oman Foreland, Central and West Oman sub-basins. The South Oman and the Oman Foreland sub-basins contain predominately oil reserves, while the Central and West Oman sub-basins, as well as having significant oil and condensate reserves, contain substantial reserves of both non-associated and associated gas.

The following table sets forth Oman's hydrocarbon reserves as at 31 December for the five years ended 31 December 2018.

	As at 31 December				
	2014	2015	2016	2017*	2018*
Oil and Condensates (bnbbbl)	5.3	5.4	5.1	4.7	4.8
Natural Gas (tcf).....	24.3	23.0	24.7	25.0	25
Total (bn boe)	9.5	9.4	9.5	9.2	9.3

* Projected

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Oman's total proved oil and condensate reserves as at 31 December 2018 increased slightly to 4,791 million barrels as compared to 4,740.3 million barrels as at 31 December 2017 and 5,116.5 million barrels as at 31 December 2016 as a result of an increase in production during 2017. Oman's main oil fields are now mature and maintaining its oil reserves is expected to depend largely on the extent to which PDO and Occidental Oman (a subsidiary of Occidental Petroleum Corporation) are successful in increasing recovery rates using enhanced oil recovery techniques. During 2018, 88 exploration and appraisal wells were drilled and evaluated, which added new oil and gas reserves and helped maintain oil and gas production.

Oman's proved gas reserves remained stable at 25.0 tcf at 31 December 2018 from 25.0 tcf at 31 December 2017 and 24.7 tcf at 31 December 2016. These increases were a result of gas production as well as the categorisation of gas volumes and variations in the number of wells and exploratory studies. Almost 85 per cent. of Oman's remaining gas reserves are contained within 10 fields operated by PDO.

For the year ending 31 December 2018, current estimates project oil and condensate reserves to have increased to 4.8 billion barrels and natural gas reserves to have remained largely flat at 25.0 tcf. This increase in oil and condensate reserves can be attributed to an increase in production during 2018 and proved reserves are expected to improve in 2019 and 2020 due to on-going projects coming onstream.

Oman is not a member of OPEC although it has reduced production in line with OPEC on several occasions, including starting in January 2017 when Oman began to reduce oil production by 5 per cent. (or approximately 45,000 barrels) in line with commitments agreed upon at the December 2016 OPEC meeting in Vienna, Austria. In December 2018 OPEC again agreed to reduce production and Oman agreed to extend production cuts to 970,000 bbl/d. In July 2019 OPEC and Oman, as well as other petroleum-producing countries, agreed to extend the reduction in production levels. Oman has been an active member of the GCC's Permanent Committee for Petroleum Co-operation since 1981.

Oil and condensates reserves

At 31 December 2018, PDO's proved oil and condensate reserves increased slightly to 3,285.9 million barrels as compared to 3,237.8 million barrels as at 31 December 2017 but decreased as compared to 3,366.4 million barrels as at 31 December 2016, principally as a result of revisions and reclassifications for existing fields following changes in reserve calculation methodologies at certain companies. Proved reserves in fields operated by other oil companies also decreased slightly to 1,502.5 million barrels as at 31 December 2017 as compared to 1,750.2 million barrels as at 31 December 2016 and 1,882.9 million barrels as at 31 December 2015, principally as a result of revisions and reclassifications for existing fields following changes in reserve calculation methodologies at certain companies. Total proved oil and condensate reserves as at 31 December 2018 have increased to 4,791.0 million barrels as compared to 4,753.5 million barrels as at 31 December 2017 but decreased as compared to 5,166.5 million barrels as at 31 December 2016. This increase can be attributed to the adoption of enhanced oil recovery and production techniques.

The following table sets forth Oman's total proved oil and condensate reserves by company as at 31 December for the five years ended 31 December 2018.

Company	As at 31 December				
	2014	2015	2016	2017*	2018*
	<i>(mmbbl)</i>				
PDO (Block 6)	3,450.1	3,490.2	3,366.4	3,237.8	3,285.9
Occidental Oman (Blocks 9, 27, 53 and 62).....	1,382.9	1,388.6	1,305.0	904.7	929.6
Daleel Petroleum (Block 5).....	166.7	161.7	154.8	147.5	137.3
CC Energy.....	135.9	143.7	105.5	77.6	83.0
D.N.O.....	9.6	9.2	8.6	6.1	5.5
PTTEP Oman.....	1.5	1.5	0	0	-
Hydrocarbon (Block 7).....	0.1	0.4	9.4	10.6	12.5
OOCEP	34.5	21.5	26.7	36.5	34.6
BP Oman.....	24.3	126.3	140.2	332.7	301.6
ARA Petroleum.....	-	-	-	-	1.0
Total	5,205.6	5,343.1	5,116.6	4,753.5	4,791.0

* Projected

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Natural gas reserves

The vast majority of Oman's remaining proved natural gas reserves are held within PDO's Block 6. Almost 68 per cent. of Oman's remaining proved gas reserves are contained within 10 fields operated by PDO, most of which are in the Qarn Alam area. The deep reservoir of the Saih Rawl field is the country's largest proven non-associated gas field, containing around 40 per cent. of the remaining proved reserves. Gas reserves have the potential to increase significantly if BP's Khazzan-Makarem fields are fully appraised. The in-

place volumes at Khazzan and Makarem are estimated to range from 50 to 100 tcf. The significant range in estimates for these projections reflects the uncertainty relating to developing these deep, tight gas fields.

At 31 December 2018, PDO's proved gas reserves increased to 13.3 tcf as compared to 12.8 tcf as at 31 December 2017. Proved reserves in fields operated by other oil companies decreased to 11.4 tcf as at 31 December 2018 as compared to 12.2 tcf as at 31 December 2017 and 5.1 tcf as at 31 December 2016. Total proved natural reserves throughout Oman increased to 25.0 tcf at 31 December 2018, as compared to 24.9 tcf at 31 December 2017 and 24.7 tcf as at 31 December 2016. This increase can be attributed in part due to revisions and reclassifications for existing fields following changes in reserve calculation methodologies at certain companies.

The following table sets forth Oman's total proved gas reserves by company for the five years ended 31 December 2018.

Company	As at 31 December				
	2014	2015	2016	2017*	2018*
PDO	16.9	15.9	13.5	12.8	13.3
Occidental Oman.....	0.6	0.6	0.24	0.61	0.7
Daleel Petroleum.....	0.1	0.1	0.1	0.08	0.08
PTTEP Oman.....	0.03	0.01	0.0	0.0	0
OOCEP	0.7	0.5	0.3	0.39	0.4
BP Oman.....	5.9	5.9	4.4	11.0	10.2
DNO.....	0.1	0.1	0.1	0.05	0.04
Others.....	—	—	6.1	0.02	0.01
Total	24.3	23.1	24.7	24.9	25

* Projected

Source: Ministry of Oil and Gas.

Production

Oil and condensates production

Commercial oil production began in Oman in 1967, when PDO's Fahud and Natih fields were brought onstream. In 1969, PDO began producing from the Yibal oil and gas field. The Fahud, Natih and Yibal fields still make a significant contribution to Oman's production today. Until 1980, all Omani liquids production came entirely from PDO-operated fields. However, in 1980, Elf brought the Sahmah field into production, and in 1984 Occidental Oman brought the Safah field onstream. Subsequently, two other fields started production: in 1990, the Daleel field located in Wadi Aswad (Block 5) and operated by JAPEX (now Daleel Petroleum), followed in 1994 by the offshore Bukha field, now operated by DNO. Occidental Oman became the operator of the Mukhaizna field in 2005 and has increased production on that field through a large-scale steam injection enhanced oil recovery project.

Between 2000 and 2008 Oman's oil production experienced a decline, from 950 thousand barrels per day to 750 thousand barrels per day, due to decreasing output from PDO's ageing fields. In response, PDO shifted its focus to increasing recovery from its existing fields, and this has led to the sanctioning of over 15 waterflood projects and four major enhanced oil recovery projects since 2005. This change in PDO's focus was accompanied by a sizeable increase in production outside Block 6 as a result of development growth and successful exploration finds by other operators in other areas of Oman.

Condensate production decreased between 2012 and 2016, to 89.3 thousand barrels per day from a peak of 105.1 thousand barrels per day in 2012. In 2017, condensate production decreased to 81.2 thousand barrels per day from 89.3 thousand barrels per day in 2016. In 2018, condensate production increased to 103.3 thousand barrels per day from 81.2 thousand barrels per day in 2017. Condensate is produced mainly from PDO's fields in the Qarn Alam area and is supplemented by very small volumes from Suneinah, Bukha, Wadi Aswad and Shams. The recent increase is a consequence of PDO increasing production from its non-associated gas fields, such as the condensate-rich Kauther field, which was brought onstream in late 2007, with a small contribution from Abu Butabul which came onstream in 2015. There are also projected to be additional volumes from Khazzan-Makarem, which came onstream in September 2017 (phase 1) (see "Natural Gas Production").

The following table sets forth total oil and condensate production in Oman by company for each of the five years ended 31 December 2018 and the four months ended 30 April 2019.

Company		Year ended 31 December					Four months ended 30 April
		2014	2015	2016	2017*	2018*	2019*
		<i>(mmbbl)</i>					
PDO	Crude oil	208.2	214.9	219.7	212.5	208.4	68.8
	Condensates	28.5	30.3	29.8	24.99	23.4	8
	Total	236.7	245.2	249.5	237.49	231.8	76.8
Other	Crude oil	104.3	108.2	115.2	112.6	111.9	35.3
	Condensates	3.5	4.7	3.2	4.6	14.3	4.4
	Total	107.8	112.9	118.4	117.2	126.2	39.7
Total of Crude Oil		312.5	323.1	334.9	325.1	320.3	104.1
Total of Condensates		32.0	35.0	33.0	29.59	37.7	12.4
Total of Oil and Condensates		344.5	358.1	367.4	354.69	358	116.5

* Preliminary
Source: Ministry of Oil and Gas

The following table sets forth the average daily oil and condensate production in Oman by company for each of the five years ended 31 December 2018 and the four months ended 30 April 2019.

Company		Year ended 31 December					Four months ended 30 April
		2014	2015	2016	2017*	2018*	2019*
		<i>(thousand bbl per day)</i>					
PDO	Crude oil	570.5	588.9	600.2	582.2	571.1	579.6
	Condensates	78.0	82.9	81.3	68.5	64	66.5
	Total	648.6	671.8	681.5	650.7	635.1	646.1
Other	Crude oil	285.7	296.3	314.8	308.4	306.6	300.8
	Condensates	9.2	13.0	8.0	12.7	39.3	40.8
	Total	294.9	309.3	322.8	321.1	345.9	341.6
Total of Crude Oil		856.2	885.2	915.0	890.6	877.7	880.4
Total of Condensates		87.2	95.9	89.3	81.2	103.3	107.3
Total of Oil and Condensates		944.0	981.1	1,004.3	971.8	981	987.7

* Preliminary
Note: Totals may not add up due to rounding factor
Source: Ministry of Oil and Gas.

Total oil and condensates production in Oman stood at 116.5 million barrels in the first four months of 2019. This represents an increase in average production per day in Oman to 987.7 thousand bbl/d in the first four months of 2019 from 981 thousand bbl/d for the year ended 31 December 2018 and an increase from 971.8 thousand bbl/d for the year ended 31 December 2017. The increase in production in the first four months of 2019 from the year ended 31 December 2018 resulted principally from the OPEC production cuts that temporarily ended in June 2018 until December 2018, when OPEC again agreed to reduce productions levels (to 970,000 bbl/d in the case of Oman). The increase in production from the year ended 31 December 2017 to 31 December 2018 resulted principally from PDO increasing its production.

PDO's production stood at 68.8 million barrels in the first four months of 2019. This represents an increase in average production per day by PDO to 646.1 thousand bbl/d in the first four months of 2019 from 635.1 thousand bbl/d for the year ended 31 December 2018 and 650.7 thousand bbl/d for the year ended 31 December 2017. However, production from other oil companies decreased in the first four months of 2019 to 341.6 thousand bbl/d from 345.9 thousand bbl/d for the year ended 31 December 2018 and 321.1 thousand bbl/d for the year ended 31 December 2017.

Natural gas production

There are two primary sources of gas: associated gas reserves and non-associated gas reserves. Non-associated gas reserves are developed primarily to produce natural gas, while associated gas is produced as a by-product of the production of crude oil. In certain instances, Oman practices flaring to dispose of waste or unusable gas in order to protect against putting too much pressure on plant equipment.

Until 1999, Oman's non-associated gas was almost wholly produced from PDO's Block 6. Associated gas production in Oman was less than 400 mmcf/d and sourced from PDO's Yibal, Fahud and Lekhwair areas in the north of Block 6. The southern producing areas of Marmul and Nimr are characterised by relatively heavy oils with lower gas-oil ratios and have very limited associated gas reserves.

Since 1999, PDO has increased non-associated gas production volumes significantly, with the Qarn Alam fields (Saih Rawl, Barik and Saih Nihayda) brought onstream to supply Oman's new LNG plants. More recently, other operators, including Occidental and PTTEP, have supplied small volumes of gas to the Government from their respective contract areas.

The following table sets forth total natural gas production in Oman by company by for each of the five years ended 31 December 2018 and the four months ended 30 April 2019.

Company		Year ended 31 December					Four months ended 30 April
		2014	2015	2016	2017*	2018*	2019*
		<i>(million m³)</i>					
PDO	Associated	4,952	5,329	5,370	5,088	6,324	2,121
	Non-associated	28,050	29,602	29,370	27,994	23,432	7,022
Other	Associated	1,835	1,679	1,701	1,797	1,712	547
	Non-associated	867	1,204	2,386	4,114	12,272	4,294
Total of Associated Gas		6,787	7,008	7,071	6,885	8,036	2,668
Total of Non-associated Gas		28,917	30,806	31,756	32,108	35,704	11,316
Total Production		35,704	37,814	38,827	38,992	43,740	13,984

* Preliminary

Note: Totals may not add up due to rounding factor

Source: Ministry of Oil and Gas.

The following table sets forth the average daily natural gas production in Oman by company for each of the five years ended 31 December 2018 and the four months ended 30 April 2019.

Company		Year ended 31 December					Four months ended 30 April
		2014	2015	2016	2017*	2018*	2019*
		<i>(million m³ per day)</i>					
PDO	Associated	13.6	14.6	14.6	13.9	17.3	17.7
	Non-associated	76.9	81.1	80.2	76.7	64.2	58.5
Other	Associated	5	4.6	4.7	5.0	4.7	4.6
	Non-associated	2.3	3.3	6.6	11.3	33.6	35.8
Total of Associated Gas		18.6	19.2	19.3	18.9	22.0	22.2
Total of Non-associated Gas		79.2	84.4	86.8	88.0	97.8	94.3
Total Production		97.8	103.6	106.1	106.8	119.8	116.5

* Preliminary

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Total natural gas production in Oman was 13,984 million m³ in the first four months of 2019. This represents a decrease in average natural gas production per day to 116.5 million m³ per day in the first four months of 2019 from 119.8 million m³ per day in 2018. The decrease in production resulted principally from natural fluctuations in productivity.

PDO's production was 9,143 million m³ in the first four months of 2019. This represents a slight decrease in average natural gas production per day to 76.2 million m³ in the first four months of 2019 from 81.5 million m³ in 2018. Average daily production from other oil companies meanwhile increased in the first four months of 2019 to 40.4 million m³ from 38.3 million m³ in 2018.

The Government is entitled to 100 per cent. of the reserves of natural gas in the Block 6 concession area, and future natural gas sales are expected to continue to be supplied mainly by both PDO and BP Khazzan. With significant existing contracted LNG volumes and growing industrial and domestic gas markets, demand for gas in Oman is forecasted to continue to grow, and it is projected that PDO, even together with the current estimates of gas production from BP Khazzan phase 1, which came onstream in September 2017, will be unable to fully meet Oman's future gas demand without additional projects coming onstream. As a result, the Government is counting on growth from projects such as the extension development of the BP Khazzan gas field, which is anticipated to come onstream in early 2021, to ensure that the Government can continue to meet the country's gas demand and export obligations for the foreseeable future. BP is the operator of the block (Block 61) containing the Khazzan tight gas field and holds a 60 per cent. interest in the 2700 km² block, while Oman Oil holds the other 40 per cent.

On 14 February 2016, BP and Oman Oil signed a heads of agreement with the Government committing to amend the EPSA for Block 61, extending the license area of the block and enabling the further development of the Khazzan tight gas field. Under the amended EPSA, the extension is expected to add a further 1000km² to the south and west of the original Block 61. The extension is expected to allow a second phase of development, accessing additional resources in the area that have been identified by drilling activity within the original block. The first phase began production in September 2017 and is now producing 1.0 bcf/d of gas. The two phases combined are expected to produce 1.5 bcf/d through the development of 10.5 tcf of recoverable gas resources. The second phase construction of a three-train central processing facility with associated gathering and export systems and drilling around 325 wells over a 15-year period has begun and is on schedule. The second phase is targeted to come onstream in early 2021.

In March 2018, PDO announced its discovery of significant reserves in the Mabrouk gas field, which is expected to yield more than four trillion cubic feet and 112 million barrels of condensate.

Infrastructure

Oil infrastructure

Oil Pipelines

Oman's highly developed oil infrastructure network is almost exclusively owned and operated by PDO and comprises around 2,200 km of oil pipelines, including main crude and inter-field oil and condensate pipelines. Oman has oil storage facilities at Mina Al Fahal with a capacity of around 4.8 million barrels and two export single buoy moorings, which berth around 350 crude tankers on an annual basis. In addition, PDO operates four major oil pumping stations at Hubara, Sahmah, Qarn Alam and Nahada.

The oil pipeline network in Oman comprises one main pipeline system known as the Main Oil Line. The Main Oil Line extends from PDO's southern fields, through the Qarn Alam area and includes sections of diameters between 6 and 42 inches depending on local and regional supply capacities. The section of the Main Oil Line that runs from Marmul to the Nahada Booster Station is known as the South Main Oil Line. At Nahada this joins another component of the Main Oil Line, which originates at Lekhwair and Yibal, and is known as the North Main Oil Line. The Main Oil Line segment from Nahada to Mina Al Fahal has a nominal export capacity of 994 thousand bbl/d. Other onshore oil producers have pipelines connecting their fields to the Main Oil Line and pay a fixed tariff of U.S.\$1.00/bbl for the use of PDO's oil export network.

Continued investment is planned by PDO to maintain the integrity of the oil pipeline network. Production increases in southern and central Oman have required additional pumps to be installed at the Qarn Alam Booster Station, which is a key oil hub. The Qarn Alam pumping station was upgraded in 2000, raising capacity by 100 thousand barrels per day to 600 thousand barrels per day.

Oil Terminals

Oman's main oil terminal, Mina Al Fahal, is located near Muscat and the majority of the country's crude is either exported or processed at the refinery for domestic use, with the exception of small volumes produced from DNO Block 8 West Bukha in Musandam which are planned to be exported from the new terminal nearby. The Mina Raysut port near Salalah has an oil pier with one dolphin berth for handling tankers of up to 45,000 dead weight tonnage.

Natural gas infrastructure

Natural gas pipelines

Oman's natural gas pipeline network is owned by the Oman Gas Company S.A.O.C. ("**OGC**"). OGC is 100 per cent. owned by Oman Oil Company. The network comprises around 2,500 km of gas pipelines. These include the main gas export pipeline to the LNG terminals at Qalhat near Sur, pipelines from Saih Rawl to Muscat, Sohar in the north and Salalah in the south, inter-field pipelines and pipelines supplying associated gas for injection into the oil reservoirs of fields located in southern Oman.

The primary supply of gas in Oman comes from the northern and central producing regions within PDO's Block 6, namely Yibal, Fahud, Lekhwair and Qarn Alam. A major gas pipeline, known as the South Oman Gas Line, extends from the Saih Nihayda field in the Qarn Alam area to the Marmul fields in the south. This line is used to supply gas primarily for injection (for reservoir pressure maintenance), power generation and other local use.

The main 48-inch gas export pipeline runs from the Saih Rawl field in central Oman to the LNG plant on the coast. This pipeline was commissioned in 1999 and has a nominal capacity of 1,200 mmcf/d. In 2005, OGC commissioned a 300 km, 32-inch pipeline from Fahud to Sohar, linking the Qarn Alam area gas fields to Sohar via Fahud. It has been constructed to supply gas to the refinery and other large scale industrial projects such as the steel plant, aluminium smelter and fertiliser plant in the Sohar area. OGC also commissioned a pipeline linking gas sources in central Oman with Salalah, where gas is intended be used to supply local domestic and industrial users. This pipeline has a diameter of 24 inches and a capacity of around 350 mmcf/d.

Iran and Oman are also currently cooperating on certain gas pipeline and supply initiatives. These initiatives aim to make Iranian natural gas available for use in domestic industrial projects as well as for LNG export on a per project basis.

As part of the Government's deficit financing, in May 2018 it sold eight pipelines to the Oman Gas Company ("**OGC**"). From the sale of these eight pipelines, the Ministry of Finance received \$480 million.

LNG terminals

Oman's LNG plant at Qalhat came onstream in 1999, with a capacity of 6.6 Mtpa. A debottlenecking program, completed in 2005, increased the plant's capacity to approximately 7.2 Mtpa. The plant consists of two process trains (each with 3.6 Mt of storage tank capacity), marine loading facilities and utility facilities. A third train, Qalhat, was brought onstream at the end of 2015. This train has a capacity of 3.5 Mtpa and is operated by Oman LNG (with a different equity structure from trains 1 and 2). Storage and loading facilities are shared between the two projects.

The Oman LNG plant has been running at full capacity since the first phase of the Khazzan gas project was brought on line in September 2017. In anticipation of a further rise in gas production from Khazzan, Oman LNG began a debottlenecking programme in order to increase capacity at its three-train Qalhat terminal in 2018. The debottlenecking is expected to be completed in 2022 and is expected to add 1.2 Mtpa to the facility's current capacity.

Gas Processing Plants

The five major gas processing plants in Oman are the following:

- The Government Gas Plant ("**GGP**") is situated at the Yibal field and processes gas from the Natih/Yibal, Amin and Mafrag gas reservoirs from several gas fields in the north of Oman with a capacity of 812 mmcf/d. The GGP came on-stream in 1978. The existing Yibal GGP surface facilities are comprised of buried flow lines, inlet manifold, inlet separation facilities, third stage depletion compression facilities, inlet compression facilities, gas dehydration dew-pointing trains and gas metering facilities. The design capacity for the GGP facility is 812 mmcf/d (23 MMSCMD) on a water dry basis. It has five trains for treatment of the gas before export. The feed streams of the GGP are comprised of Yibal non-associated gas, Yibal associated gas, Fahud West, Haban, Maqhoul South, Thumayd, Fahud South West, Government Gas Plant at Lekhwair, Khulud Natih, Khulud Amin, AlBashair and Al-Huwaisah. Recent upgrades include the Y3DC project, which was commissioned in March 2016 to reduce the GGP inlet pressure from 20 bar to 8 bar and

hence enable the field to fulfill its gas supply commitment. In addition, the Y4DC project is planned to increase the reserves by 3 BCM and is planned to be completed by 2024. Thereafter, the Y5DC project (depletion compression to 1 Bar) is planned to further increase reserves by 8 BCM. Sales gas is exported to customers through the 28" GGS (North Oman Gas Distribution Pipeline Network) whilst the liquids (condensate and water) are transported to Yibal A Oil Station. Currently the GGP is processing approximately 20 MMSM³/d of gas.

- The Saih Nihayda Gas Plant ("**SNGP**"), designed to process approximately 706 mmcf/d (20 MMm³/d) of non-associated gas from the Saih Niyada (Barik, Miqrat and Amin reservoirs) and Shuaiba fields. The plant was commissioned in 2005 at Saih Nihayda. The capacity of the SNGP was increased in 2010 to 875 mmcf/d from 25 MMm³/d. The plant and its associated wells increased PDO's gas supply capacity by about 30 per cent. at the time it was constructed. The commissioning of the 48-inch gas pipeline to Sur was also completed in 2005. A mid-way booster station was built at block valve station 5 (BVS – 5) on the 48-inch pipeline to Qalhat. In 2009, the Middle Gharif Reservoir was connected to the station, followed by Burhan West Field (Barik, Miqrat and Amin reservoirs) in 2010. Saih Nihayda North was added in 2015. Currently SNGP is processing approximately 19 MMSM³/d of gas.
- The Central Processing Plant ("**CPP**") is located at Saih Rawl field, in central Oman. The CPP is reserved exclusively for Oman LNG, while the plants at Yibal and Saih Nihayda process gas for domestic consumption. CPP delivered first gas from the Saih Rawl and Barik fields in 1999, Saih Rawl South, Mabrouk Shallow and Mabrouk Deep were introduced in 2007, 2008 and 2013 respectively. CPP is also the main condensate processing plant for the SNGP, the Kauther Gas Plant and the Saih Rawl fields. In 2009, four depletion compressors were installed to reduce the arrival pressure from 90 bar to 35 bar with total throughput capacity of 48 MMSCMD. The second stage compression, designed to reduce the CPP inlet pressure from 35 bar to 13 bar with total capacity of 30 MMSCMD, was commissioned in March 2016. Currently the CPP is processing approximately 38 MMSM³/d of Gas and approximately 70 kbbl/d of condensate.
- The Kauther Gas Plant ("**KGP**"), designed to process approximately 706 mmcf/d (20 MMm³/d) of non-associated wet gas and around 138 Kbb/d (22,000 m³/day) of live condensate from Kauther, Fakhar, Harmal and close by third party fields. KGP was commissioned in 2007 at Kauther. KGP supplies export gas to the Government gas supply and the condensate is exported to the CPP for further processing. In 2012, two depletion compressors were installed with a total capacity of 460 mmcf/d (13 MM m³/day) of non-associated wet gas to sustain the gas and condensate production. Currently KGP is processing approximately 9 MMSm³/d of gas.
- The Government Gas Plant at Lekhwair ("**GGL**") was commissioned in 2014 at Lekhwair, located approximately 130 km to the North West of Fahud. GGL processes the non-associated gas reservoir below the existing oil producing reservoir in Lekhwair field. The plant is designed to export approximately 100 mmcf/d of treated gas (~3 MMSm³/d). The processed dry gas is then evacuated from the GGL to the GGP through a 16-inch 110km pipeline. The condensate from the GGL is sent to Lekhwair oil station. Currently GGL is processing approximately 2.5 MMSm³/d of gas.
- In addition, production at the Salalah LPG Extraction Project (the "**Salalah Project**") is likely to begin sometime in 2019. The Salalah Project's aim is to extract the propane, butane and condensate associated with the natural gas pipeline from the Salalah area. It is one of the most ambitious projects in Dhofar and is the result of the efforts of the Oman Gas Company S.A.O.C. ("**OGC**") to find ways to optimise the added value of the gas supply chain. The analysis for the Salalah Project deemed a location in the Salalah Free Zone the most suitable and the idea for the project was conceptualised in 2012.

Plans to build additional gas processing plants in the country are also currently underway:

- An agreement between BP and the Omani Government was signed in 2013 to build a plant to process natural gas that is expected to be produced from BP's tight gas Khazzan fields in Block 61. The Phase 1 project was sanctioned in December 2013 and began production in September 2017. As discussed above, in February 2016, BP and Oman Oil signed a heads of agreement to extend the licence and develop further the major Khazzan tight gas field. The new Khazzan Phase 2 project has begun and is scheduled to come onstream in early 2021. The first phase that began production in September 2017 is now producing 10 bcf/d of gas. The two phases combined are expected to

produce 1.5 bcf/d through the development of 10.5 tcf of recoverable gas resources, equivalent to around 40 per cent. of Oman's current total domestic gas production. The second phase construction of a three-train central processing facility with associated gathering and export systems and drilling around 325 wells over a 15-year period has begun and is on schedule.

- In 2014, the Musandam Power Company ("**MPC**"), a majority owned subsidiary of Oman Oil Company, was established as Oman's first independent power producer in the Musandam Governorate as a joint venture between Oman Oil Company (70 per cent.) and LG International Corp (30 per cent.). By August 2015, MPC signed three major agreements (a project finance agreement in July 2015, a power purchase agreement in April 2015 and a natural gas sales agreement in July 2015), with financial institutions, including Bank Muscat, and agencies to support the implementation of the Musandam IPP with 120 MW capacity. The plant was commissioned in November 2017.

Oman Gas Company

In 2000, the Ministry of Oil and Gas transferred the majority of the ownership of the Omani northern gas transportation system to a newly-formed company, the OGC. The OGC has since taken ownership of some of the gas pipeline network from PDO, although the gas is still wholly owned by the Government. In 2013, OGC became a wholly owned subsidiary of OOC, prior to which, it was a closed joint stock company owned by the Ministry of Oil and Gas (holding 80 per cent. of the shares) and OOC (holding the remaining 20 per cent.).

The OGC concession agreement runs until 2027, after which all OGC assets will be returned to the Government at no cost. Under the concession agreement, OGC operates and maintains the gas pipeline network including any newly built pipelines. OGC does not own any gas volumes and only transports gas to different customers based on directions from the Ministry of Oil and Gas.

Refining and marketing activities

There are two refineries currently operating in Oman, namely the Mina Al Fahal refinery and the Sohar refinery. The Ministry of Oil and Gas restructured its refinery sector by merging the Sohar Refinery Company with the Mina al Falal refinery in order to reduce costs. The new company was launched as ORPIC. There are also plans for a new oil refinery in Duqm, to be jointly owned by Oman Oil Company S.A.O.C. ("**OOC**") (50 per cent.) and Kuwait Petroleum International (50 per cent.). The financing for this refinery was launched in December 2017 and the project is currently in the final investment decision stage.

In December 2018, OOC and ORPIC announced the merger of their downstream businesses, which is expected to lead to cost savings from improvement in efficiency and synergy between the two organisations. As part of their integration, OOC and ORPIC have embarked on a new initiative, the NAKHLA Programme, which aims to grow and generate greater value from OOC and ORPIC's collective business through leveraging their combined capabilities.

Mina Al Fahal refinery

The Mina Al Fahal refinery was brought onstream in 1982, with a capacity of 50 thousand barrels per day. The plant's capacity was upgraded to 80 thousand barrels per day in 1987. Following the installation of a continuous catalytic generator in 1993, the refinery is capable of producing unleaded petrol. Between 2005 and early 2007, the refinery was refurbished and capacity was upgraded to 106 thousand barrels per day at a total cost of U.S.\$320 million. Over the last 10 years, the Mina Al Fahal refinery has operated at close to its nominal capacity, receiving the vast majority of its supply from the Ministry of Oil and Gas rather than third party oil producers.

Sohar refinery

The Sohar refinery was constructed by the Sohar Refinery Company, a joint venture between the Government and Oman Oil Company, at a cost of U.S.\$1.25 billion and was brought onstream in October 2006. The refinery processes residual fuel oil from the Mina Al Fahal plant to produce petrol, and consists of, among other units, a residue fluid catalytic cracker. The plant has a capacity of 116 thousand barrels per day, of which 70 per cent. is supplied to the domestic market and the rest exported. Oman Trading International, Oman's international oils and petrochemicals marketing company, acquires the export product.

The Sohar Refinery Improvement Project ("**SRIP**") is a multibillion dollar capital investment by ORPIC that came onstream in early 2017. The project is intended to upgrade Oman's refining capability in order to further maximise the value of Omani crude oil. At the same time, SRIP is intended to significantly improve environmental performance on the back of the recent progress made through ORPIC's Environmental Improvement Program. The environmental permits for SRIP were issued in July 2013 and land agreements were finalised in August 2013 for a plot adjacent to the Sohar Refinery.

Following SRIP coming onstream in late 2016, production of fuels, naphtha and propylene increased by 70 per cent. and satisfies the increased fuel demand in the country, which has grown by 10 per cent. annually over the past 5 years. Following the completion of SRIP in December 2017, ORPIC's fuels production is projected to increase by 4 Mtpa, with overall production levels having reached 9 Mtpa in 2016. Upon completion, approximately 52 per cent. of the refinery's production is expected to be supplied to the domestic market.

The Muscat Sohar Pipeline Project ("**MSPP**") was completed in March 2018 and connects the Mina Al Fahal and Sohar refineries by means of a 280 km pipeline to an intermediate distribution and storage facility at Jifnain, as well as a new storage facility at Muscat International Airport, which is intended to receive aviation fuel directly from the pipeline. MSPP is a two-way multi-product pipeline that is intended to remove the need for ORPIC to ship and truck refined products. The pipeline is designed to bring a new level of efficiency and lower costs to ORPIC's business, as well as reduce the number of fuel-tank truck journeys in and around Muscat. Heavy fuel-tank truck traffic in Muscat is projected to drop by 70 per cent.

In addition, Liwa Plastics Industries Complex ("**LPIC**") is a steam cracker project that is intended to process light ends such as butane, propane and gasoline produced in the Sohar refinery and aromatics plant as well as optimise natural gas liquids extracted from currently available natural gas supplies. LPIC is expected to re-route elements of existing production to be combined with additional purchased feedstocks to deliver high value polymer products for the local and international marketplaces. LPIC's primary goal is to further increase the value that can be derived from Omani crude oil and natural gas production within the country. LPIC is also expected to have a positive impact on the local economy and employment, particularly in constructions and operations. The project is expected to begin operation during the second quarter of 2019.

Duqm refinery

OOC is currently planning and implementing an ambitious development project in the Special Economic Zone of Duqm ("**SEZAD**"), on Oman's eastern coast, for which investments of up to U.S.\$15 billion have been earmarked for petrochemicals and infrastructure development until 2031. On completion of the Duqm refinery project, it is expected to have the capacity to refine 230,000 barrels of crude oil per day using various blends. Diesel, jet fuel, naphtha and liquefied petroleum gas will be the main products of the refinery. Recent studies indicate that during peak construction phase the Duqm refinery project is expected to add an additional 8% to Oman's GDP while creating 20,000 direct and indirect jobs. The development project has been designed to host petroleum and metals projects and will be supported by the development of Duqm port and other related infrastructure. OOC is leading the development of a number of large-scale projects in SEZAD and intends to use these projects as a catalyst for Duqm's planned transformation into one of the largest industrial and economic hubs in the region. The flagship project is planned to be an integrated refinery and petrochemical complex, which will be developed with one or more international partners. These projects are intended to be one of the largest employers in Oman. Occupying a land area of 1,745 km² and 70 km of coastline along the Arabian Sea, the SEZAD is intended to be one of the largest developments of its kind in the MENA region.

Significant investments have already been made by the Government to expand Duqm's infrastructure, including a new international airport, a new dry dock/quay, hotels and dual carriage roads. Phase 1 of the Duqm Special Economic Zone is under development and includes a refinery, a product terminal, centralised utilities, a crude terminal and a crude pipeline. Phase 2, which remains under study, contemplates a petrochemicals complex, enhancements to the crude terminal, a steel complex, petcoke and sulphur utilisation facilities and alternative energy and coal power projects. In 2016, an agreement was reached in connection with the development of the Chinese industrial park in Duqm with Oman Wanfang LLC, which is owned by the Chinese government, and other Chinese investors. Per this agreement, the development of the industrial park is to be carried out, together with other Chinese investors and companies, in multiple phases. The total aggregated investment is expected to be up to U.S.\$10 billion by 2022, to be funded generally on a per project basis with other investors.

Omani Blend

Omani crude is one of the few Middle Eastern crudes to be freely traded on the spot and futures market, as operators are permitted by the Ministry of Oil and Gas to re-sell their crude. Prior to November 2001, the price of Oman's single export blend ("**Omani Blend**") was fixed on a monthly basis at a differential to Dubai. Most of the Omani Blend transactions were done on a forward basis one to three months out.

As of November 2001, partly as a result of the decline in Dubai crude cargoes, the basis for assessing daily spot prices of Dubai crude was changed to allow Oman Blend crude, comparable to Dubai, to be delivered into Dubai contracts. In November 2006, Oman's Ministry of Oil and Gas and the Dubai Mercantile Exchange Limited ("**DME**") announced that Oman would adopt forward pricing of its crude oil based on the daily settlement price of the DME's Oman Crude Oil Futures Contract. By adopting this pricing mechanism (through an exchange), Oman became the first country in the region to take this step in pricing its crude through a transparent and regulated exchange system. This helped Omani Blend to become a benchmark crude in the region (along with Dubai).

The following table sets forth the average prices for Omani Blend crude for each of the six years ended 31 December 2018.

	2014	2015	2016	2017	2018	2019
	<i>(U.S.\$/bbl)</i>					
Jan.....	106	78	42	45	60.8	66
Feb.....	108	61	35	53	61.6	57
Mar.....	104	47	27	54	66.3	59
April.....	105	56	30	55	63.0	64
May.....	104	55	36	52	63.3	67
Jun.....	104	59	39	53	68.3	71
Jul.....	105	64	44	51	74.4	71
Aug.....	108	62	47	47	73.6	-
Sept.....	106	56	43	48	73.2	-
Oct.....	102	48	44	50	72.6	-
Nov.....	97	46	44	54	78.7	-
Dec.....	87	46	49	56	80.2	-
Average for the year.....	103	56	40	51	69.71	65

Note: Averages may not add up due to rounding factor for monthly average.

Source: Ministry of Oil and Gas.

Oil Exports

Exports of crude oil from Oman increased in 2016 despite the increasing use of domestic refineries, and crude oil exports increased in 2017 and 2018. All exports outlined below are net of supply to domestic refineries.

The following table sets forth the exports of Omani oil and condensates by producing company for each of the five years ended 31 December 2018 and the four months ended 30 April 2019.

Company	Year ended 31 December					Four months ended 30 April
	2014	2015	2016	2017*	2018*	2019*
	<i>(mmbbl)</i>					
PDO.....	241.9	242.9	250.0	227.5	227.3	62.7
Other.....	50.2	65.2	71.9	66.7	113	31.1
Total.....	292.1	308.1	321.9	294.2	340.3	93.8

* Provisional

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

The following table sets forth the exports of Omani Blend oil and condensates by importing country for each of the five years ended 31 December 2018 and the four months ended 30 April 2019.

Company	Year ended 31 December					Four months ended 30 April
	2014	2015	2016	2017*	2018*	2019*
	<i>(mmbbl)</i>					
China.....	210.5	237.6	251.1	226.3	240.4	78.5
Taiwan	33.9	27.8	18.8	0.0	0.0	0.0
Singapore	3.3	10.0	3.6	1.5	0.0	0.0
Japan	13.8	9.6	14.2	10.6	16.9	7.3
Thailand	15.1	9.4	0.4	0.0	0.5	0.0
South Korea	6.1	5.9	10.6	8.8	1.0	2.0
India	4.9	4.6	4.5	28.2	21.9	4.4
Sri Lanka.....	2.7	1.4	0.0	—	0.0	0.0
ORPIC.....	—	—	0.5	—	—	—
Other countries.....	1.8	1.8	18.2	14.1	8.6	4.4
Total	292.1	308.1	321.9	289.5	289.3	96.5

* Provisional

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Oman Oil Company

Oman Oil Company S.A.O.C. ("**OOC**") is a commercial company wholly owned by the Government of Oman. OOC was incorporated in 1996 to pursue investment opportunities in the energy sector both inside and outside Oman. OOC's investments span the oil and gas value chain, as well as related energy intensive industries. Through participation in energy and energy related projects, OOC plays an important role in Oman's efforts to vertically diversify the Omani oil and gas sector into midstream and downstream activities. OOC's projects and assets are variously operated by Takamul Investment Company S.A.O.C, Oman Oil Company Exploration and Production, Oman Oil Facilities Development Company L.L.C. and Oman Oil Duqm Development L.L.C., in addition to the international assets that are managed by the OOC international investment unit. OOC is the energy investment arm for the Government. In this capacity, OOC's strategic focus complements Oman's development plans. As such, in the short-term, OOC's strategy is split between increasing its capability and capacity for exploration and production of unconventional hydrocarbons, and developing downstream industrial hubs, with particular focus on the Duqm industrial zone.

Oman Oil Company Exploration & Production LLC ("**OOCEP**") is an upstream oil and gas company based in the Sultanate of Oman. OOCEP is a wholly owned subsidiary of OOC with a primary focus on upstream investments as part of OOC's strategy of pursuing local and international energy related investments. OOCEP's activities include the management of investments in non-operated upstream assets in Oman and abroad, as well as operatorship of upstream and service/midstream businesses in Oman. The aim of such investments is to draw upon Oman's experience in the oil and gas industry to achieve strong operational results and financial returns, pursue opportunities that will assist in meeting the future energy needs of Oman, and provide a platform for the professional development of the Omani workforce.

Through OOCEP, OOC has the back-in right to participate at cost for a pre-agreed or negotiated participating interest upon the declaration of commerciality in various upstream projects. It has exercised this option in relation to two projects, Khazzan (Block 61) and Mukhaizna (Block 53). OOC's activities are funded by a variety of sources including revenues from external borrowings and/or internal accruals. OOC's contribution to Oman's GDP is intended to grow significantly.

OOC's general role is to focus on developing and investing in sustainable businesses to achieve the economic objectives of the country. OOC acts as a catalyst and an anchor investor to develop industrial zones within Oman such as Sohar, Sur, Salalah, and Duqm. Additionally, OOC provides the energy infrastructure for the country in the form of transmission and distribution of natural gas as well as a full range of project management services in pipeline construction.

Principal Sectors of the economy – Non-Oil and Gas Sector

The Ninth Five-Year Plan (2016-2020) maintains the Government's focus on economic diversification and enhancement of welfare and social benefits, while at the same time aiming to boost the private sector. To support these goals, over 500 programs and policies are planned across five target sectors: manufacturing, transportation and logistics, tourism, fisheries and mining. The Government believes these five sectors represent untapped potential and are essential for the transformation of Oman from a predominantly oil-based economy to a diversified economy, and that these sectors have the potential to create a significant number of jobs and are projected to positively increase their contributions to annual GDP growth by 2020.

As part of the Government's Tanfeedh initiative, the Government is engaged in a variety of projects to develop certain key non-oil and gas sectors in Oman. Representative initiatives include new research centres, such as the Advanced Manufacturing Research Center, which aims to develop new solutions to performance difficulties faced by industrial companies in Oman and thereby streamline the production process, and the Innovation Park Muscat, which is intended to encourage scientific research, innovation and active collaboration between the academic and private sectors across Oman and with the international community. In addition to these research centres, the Government has established a National Credit Bureau, which aims to assist in making Oman a regional and global investment destination by making it simpler to ascertain a business's creditworthiness. In addition, among other initiatives, the Government aims to boost its tourism sector through privatising the management of Oman's nature and heritage sites. The Government has also initiated a number of important legislative initiatives aimed at boosting Oman's profile as a destination for foreign investment. Such initiatives include the issuance of the Public-Private Partnership Law (Royal Decree 52/2019) and the Privatisation Law (Royal Decree 51/2019), the implementation of both of which has been tasked to the newly created Public Authority for Privatisation and Partnership, established by Royal Decree 54/2019. In addition, a recently issued Foreign Capital Investment Law (Royal Decree 50/2019) has, *inter alia*, allowed foreign companies and enterprises to own the entirety of the shareholding in Oman-based companies operating in sectors other than those specified by a decision to be issued by the Ministry of Commerce and Industry. In addition, a new mining law (the Mineral Wealth Law, promulgated by Royal Decree 19/2019) has been issued to boost investments in the mining sector under the supervision of the Public Authority of Mining of Oman.

The following is a brief overview of the key non-oil and gas sectors for Oman.

Public Administration and Defence

Public administration and defence accounted for 11.7 per cent. and 12.9 per cent. of nominal GDP in the years ended 31 December 2018 and 2017, respectively. In terms of nominal GDP, economic output from this sector increased slightly in the years ended 31 December 2018, as compared to the year ended 31 December 2017.

Manufacturing

The manufacturing sector, which includes the operations of ORPIC (which was formed by the merger of the two refineries operating in Oman and is described in further detail in "*Refining and marketing activities*"), accounted for 9.8 per cent. and 10.2 per cent. of GDP in the years ended 31 December 2018 and 2017, respectively. The manufacturing sector employed approximately 11.6 per cent. of the private sector labour force (including approximately 11.6 per cent. of the expatriate private sector labour force and approximately 11.7 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, this sector is estimated to have increased by 9.6 per cent. in the year ended 31 December 2018 as compared to the year ended 31 December 2017.

The Government aims to increase manufacturing's share of GDP to 11 per cent. by 2020. During the Eighth Five-Year Plan (2011-2015), the average annual growth rate of the manufacturing sector was 18.4 per cent. As part of Oman's industrial strategy, the Government's major ongoing project within the sector is the Liwa Plastic Industries Complex, which is expected to commence operations in 2020. This plant will enable Oman to produce polyethylene. The project is expected to create around 13,000 jobs (1,000 direct, 12,000 indirect), to contribute approximately 2 to 3 per cent. to GDP and to increase ORPIC's contribution to GDP to 9 per cent. by 2020. The total cost of the project is expected to be approximately U.S.\$6.4 billion, which is expected to be financed by a combination of U.S.\$3.8 billion of debt from international and local financial institutions and U.S.\$2.6 billion of equity funding, of which U.S.\$1.2 billion is expected from the Government, U.S.\$0.9 billion from a corporate loan and U.S.\$0.5 billion from pre-completion revenues

generated from the project period. In addition, construction of the Luban plant in Salalah, which is expected to produce 1,000 metric tons of ammonia per day, is proceeding following the U.S.\$728 million financing arranged with a mixture of international, regional and local financial institutions in the first quarter of 2017. The facility will be used to refinance the existing debt of Salalah Methanol Company, a wholly owned subsidiary of Oman Oil Company, while the remaining \$443 million is to be allocated to the development of the ammonia plant.

The Government also has plans for a future refinery at Duqm (see "*Refining and marketing activities – Duqm refinery*").

Construction

The building and construction sector accounted for 6.5 per cent. and 7.8 per cent. of nominal GDP in the years ended 31 December 2018 and 2017, respectively. Building and construction employed approximately 29.0 per cent. of the private sector labour force (including approximately 29.9 per cent. of the expatriate private sector labour force and approximately 23.2 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, this sector is estimated to have declined by 12.7 per cent. in the year ended 31 December 2018 from the year ended 31 December 2017, primarily as a result of the completion of certain major government projects.

Wholesale and Retail Trade

Wholesale and retail trade accounted for 7.4 per cent. and 8.1 per cent. of nominal GDP each of the years ended 31 December 2018 and 2017, respectively. Wholesale and retail trade employed approximately 13.5 per cent. of the private sector labour force (including approximately 13.4 per cent. of the expatriate private sector labour force and approximately 14.6 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, this sector is estimated to have increased by 3.8 per cent. in the year ended 31 December 2018 from the year ended 31 December 2017, primarily as a result of the increases in population, income and younger demographics as well as the growth of retail space and new malls coming online.

Transport, Storage and Communications

Oman has seven ports (Sultan Qaboos port, Duqm port, Muscat port, Salalah port, Shinas port, Khasab port and Sohar industrial port), 13,567 km of paved roads, two international airports (Muscat and Salalah) and three local airports. Oman Air, which is 99.9 per cent. owned by the Government, is the main operating airline in Oman and transported 6 million passengers in 2015. In 2018 there were significant developments in the transport and logistic sector with the opening of the new Muscat International Airport in March and the Duqm airport in September. In addition, a new airfreight building was also completed in September as part of the upgrade of Salalah airport. The new Muscat Airport can now handle 12 million passengers annually and there is potential for expansion to accommodate 48 million passengers annually. There are seven telecommunications service providers operating in Oman (Omatel, Ooredoo, Telecom Oman, Awasr, Friendi, Renna and Zajel Communications). As of April 2019, Oman had approximately 6.6 million mobile telephone subscribers and approximately 443 thousand internet subscribers (fixed plus mobile).

Transport, storage and communications accounted for 5.4 per cent. and 6.0 per cent. of GDP in the years ended 31 December 2018 and 2017, respectively. Transport and communications employed approximately 4.4 per cent. of the private sector labour force (including approximately 3.9 per cent. of the expatriate private sector labour force and approximately 7.6 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, this sector is estimated to have increased by 0.6 per cent. in the years ended 31 December 2018 from the year ended 31 December 2017.

The Government believes that Oman's geographical location, at a crossroads of global trade but largely separated from the geopolitical risks of the Strait of Hormuz and the Arabian Gulf, makes it well-placed to act as a business and logistics hub, and Oman continues to focus on establishing itself as major international shipment centre for traffic to and from Europe, Asia and Africa. One of the Government's key goals is to place Oman within the top 30 countries out of 160 in the World Bank Logistic Performance Index by 2020 (Oman is currently ranked 43). The country is particularly well placed to act as a redistribution point for east and central Africa. Oman's Logistics Strategy 2040 aims to improve efficiency and reduce costs in handling shipments. Moreover, the strategy aims to double employment by 2020 to 80,000 jobs. It also looks to double the industry's contribution to the economy to OMR 3 billion by 2020. The Ninth Five-Year

Plan targets annual average growth of 5 per cent. from 2016-2020 in the transportation, storage and telecom sectors and aims for the sector to contribute 8 per cent. of GDP by 2020.

In addition to the transportation and logistical upgrades being made in the Duqm Special Economic Zone (see "*Refining and marketing activities – Duqm refinery*"), key projects under development include the first land link between the country and Saudi Arabia, the Diba-Lima-Khasab carriageway in Musandam Governorate, the U.S.\$1.1 billion Bidbid-Sur Road Project and the U.S.\$2.7 billion Batinah Expressway project. Another key project in this sector is the South Al Batinah Logistics Area, which is 95 km² and is expected to include logistics services, commercial activities, light industries and public services when it is completed in 2030.

Banking and other financial services

Banking and other financial services accounted for 6.1 per cent. and 6.3 per cent. of nominal GDP in the years ended 31 December 2018 and 2017, respectively. Banking and other financial services employed approximately 1.0 per cent. of the private sector labour force (including approximately 0.2 per cent. of the expatriate private sector labour force and approximately 6.7 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, this sector is estimated to have increased by 4.5 per cent. in the year ended 31 December 2018 from the year ended 31 December 2017.

The commercial banking sector in Oman features seven local banks, nine foreign commercial banks, two specialised banks and two sharia-compliant banks.

Real Estate Activities

Real estate activities, accounted for 4.8 per cent. and 5.1 per cent. of nominal GDP in the years ended 31 December 2018 and 2017, respectively. These industries employed approximately 0.4 per cent. of the private sector labour force (including approximately 0.4 per cent. of the expatriate private sector labour force and approximately 0.5 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, real estate and business activities is estimated to have grown by 4.4 per cent. in the year ended 31 December 2018 from the year ended 31 December 2017.

Electricity and Water Supply

The electricity and water sector accounted for 1.9 per cent. and 2.0 of nominal GDP in the years ended 31 December 2018 and 2017, respectively. Electricity and water utilities employed approximately 0.2 per cent. of the private sector labour force (including approximately 0.1 per cent. of the expatriate private sector labour force and approximately 1.0 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, this sector is estimated to have grown by 5.2 per cent. in the year ended 31 December 2018 from the year ended 31 December 2017.

The Sector Law, which came into force on 1 August 2004 pursuant to Royal Decree No. (78/2004) provides the framework for electricity and related water services in Oman. It also provides the basis for the transfer of relevant assets and liabilities of the Ministry of Housing, Electricity and Water to a number of successor companies (the "**Transfer Scheme**"). Pursuant to the Transfer Scheme, the Ministry of Housing, Electricity and Water distributed all the electricity and related water activities to the operating subsidiaries of Electricity Holding Company S.A.O.C, a holding company that owns, on behalf of the Government, 99.99 per cent. of the issued and outstanding shares of the nine operating subsidiaries engaged in the procurement, generation, transmission and dispatch of electricity and related water services in Oman.

Agriculture and Fisheries

Oman's principal agricultural crop is dates and Oman is also a leading producer of livestock, dairy products and vegetables in the Gulf region. Various Government agencies and parastatal companies exist to encourage agricultural and fishery production.

Agriculture and fisheries accounted for 2.2 per cent. and 2.3 per cent. of nominal GDP in the years ended 31 December 2018 and 2017, respectively. These industries employed approximately 4.0 per cent. of the private sector labour force (including approximately 4.5 per cent. of the expatriate private sector labour force and approximately 0.4 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, this sector is estimated to have grown by 10.0 per cent. in the year ended 31 December 2018 from the year ended 31 December 2017.

The Government's current focus is to increase fisheries production from approximately 200,000 tonnes per year in 2015 to around 480,000 tonnes per year by 2020, as well as to create an additional 20,000 jobs. By 2020, the aim is for the sector to contribute 0.6 per cent. of GDP and the target is for the direct return from fishing and fish processing activities to be around OMR 739 million. Key projects within the sector include the Duqm Fishery Harbour, which is expected to benefit from investments of approximately OMR 100 million as well as the adjoining industrial fisheries cluster.

Tourism/Hotels and Restaurants

As part of Oman's 2040 tourism strategy, which targets specific business sectors and traveller profiles, Oman aims to become a top-of-mind destination for both vacations and business meetings and to attract more than 11 million international and local tourists by 2040. Specifically, Oman intends to target select, premium visitors with higher per capita spending and fewer negative impacts on culture and the environment. In order to do so, Oman plans on developing its authentic, world-class Omani experiences based on its unique geography, history and culture, such as outdoor adventures in Oman's wadis, off-road treks across its deserts, and tours of its frankincense trade.

In 2018, Oman attracted approximately 3.16 million international tourists, as compared to approximately 3.17 million tourists in 2017 and approximately 3.20 million tourists in 2016. Total passenger throughput at Oman's Muscat and Salalah airports increased to 15.4 million in 2018 from approximately 14.1 million in 2017 and is expected to continue to increase with the completion of the Muscat and Salalah airport upgrades (see "*Transport, Storage and Communications*"). While the number of international tourists to Oman decreased in 2018, which the Government believes was due to a downturn in GCC arrivals, this was compensated for by robust growth from the Asia Pacific region, predominantly China and India. Furthermore, hotel revenues increased, growing from OMR 195 million for the twelve months ended 31 December 2017 to OMR 214 million for the twelve months ended 31 December 2018. Most international hotel chains have opened up locations in Oman, including Ritz-Carlton, Hyatt, Kempenski, Anantara, Crowne Plaza, Intercontinental, Shangri-La, Chedi, Radisson, Ramada, Sheraton and Golden Tulip Hospitality Group. In addition, domestic hotel chains have also emerged, such as Atana and Al Nahda Resort.

Hotels and Restaurants accounted for 1.0 per cent. of nominal GDP in the years ended 31 December 2018 and 2017, respectively. Hotels and Restaurants employed approximately 6.4 per cent. of the private sector labour force, (including approximately 6.8 per cent. of the expatriate private sector labour force and approximately 3.7 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, Hotels and Restaurants is estimated to have decreased by 6.2 per cent. in the year ended 31 December 2018.

According to the World Travel and Tourism Council, the tourism sector's direct contribution to Oman's GDP increased to 3.2 per cent. in 2017, stable as compared to 2016. The number of visitors to the Sultanate rose by 1.6 per cent. in 2017 compared to 2016, reaching 3.3 million compared to 3.2 million in 2016. The target set for 2020 is 21,000 new direct jobs, including 10,000 for Omanis, bringing the average Omanisation ratio in the sector to 44%. The strategy for growing tourism in Oman is based on two foundations: first, having a series of tourist facilities in one location, and second, offering a distinctive tourist experience. In terms of improving facilities, there are around 39 projects in various stages of design, construction or tendering, including Wadi Bani Habib and the Al Hoota Cave redevelopment, the Duqm frontier town and the Ras Al Hadd development. As for providing a distinctive tourist experience, Oman's emphasis on archaeology, conservation, and natural beauty is a key distinguishing factor from its neighbours. Oman has four World Heritage Site designations: the Aflaj Irrigation Systems, the Archaeological Sites of Bat, Al-Khutim and Al-Ayn, the Bahla Fort and the Land of Frankincense.

In the month of February 2019, Oman's tourism sector saw a slight decrease in terms of inbound visitors, with approximately 297 thousand visitors arriving, a 14.9 per cent. increase from the same period last year. Approximately 32.4 per cent. of visitors in the month of February 2019 arrived from other GCC countries. Overall the tourism sector has seen increases in inbound visitors and, in particular, there were approximately 373 thousand foreign and domestic visitors to the annual Khareef (monsoon) festival held in Salalah during August 2018, an increase of 16.0 per cent. compared to August 2017.

In the three months ended 31 March 2019, revenues from Oman's hotels increased to approximately OMR 71.3 million as compared to 64.6 million in the three months ended 31 March 2018, an increase of 10.4 per cent. The occupancy rate and total guests stood at 68.4 per cent. and 484 thousand in the three months ended

31 March 2019, respectively, compared to 70.1 per cent. and 435 thousand, respectively, in the three months ended 31 March 2018.

Key projects within the sector include the mixed used development project of Madinat Al Irfan, a public private partnership developed by Omran (a state-owned enterprise supporting Oman's tourism sector) and targeted to contribute around OMR 450-500 million annually to GDP upon completion, and the waterfront development around Port Sultan Qaboos, which is expected to provide 12,000 direct jobs and 7,000 indirect jobs.

As part of its overall 2040 Tourism Strategy, Oman hopes to achieve by 2040 total tourism employment of 535,574 (from 89,413 in 2013), 5.3 million international tourists visiting Oman per year (from 1.4 million in 2013), and a GDP contribution from the tourism sector of more than 5.9 per cent. (from 2.0 per cent. in 2013).

Mining and quarrying

Oman benefits from strong mineral reserves and is one of the world's leading gypsum exporters, with estimated gypsum resources and reserves in excess of one billion metric tons. In addition, Oman's mineral reserves also include chromite (approximately 2.5 million metric tons), limestone (approximately 24 billion metric tons) and manganese (approximately 1.5 million metric tons).

The mining sector accounted for 0.5 per cent. and 0.6 per cent. of nominal GDP in each of the years ended 31 December 2018 and 2017, respectively. The mining sector employed approximately 2.3 per cent. of the private sector labour force (including approximately 1.0 per cent. of the expatriate private sector labour force and approximately 11.8 per cent. of the Omani national private sector labour force) as at 30 April 2019. In terms of real GDP, this sector is estimated to have grown by 20.7 per cent. in the year ended 31 December 2018 from the year ended 31 December 2017.

Oman's newly enacted mining law came into effect on 14 March 2019 and is expected to attract additional investments in the sector through reducing regulatory procedures and increasing transparency. Moreover, the recent discovery of reserves of minerals including gold, copper and certain rare earth elements is expected to boost the growth of the mining sector in the coming years. The Ninth Five-Year Plan targets annual average growth of 6.5 per cent. from 2016 to 2020, albeit from a low base, in the mining sector.

In January 2016, SGRF announced its planned investment in a new venture, Minerals Development Oman ("**MDO**"), which plans to invest in Omani mining projects with local, regional, and international partners. SGRF, together with OIF, OOC and Oman National Investments Development Company, is expected to hold a 60 per cent. stake in MDO, with the remaining 40 per cent. stake to be offered to the public in an IPO expected to occur in due course. The goal of MDO is to develop the Omani mining sector by investing in and enabling various projects across a wide range of mineral commodities and value chains. Since its establishment in 2016, MDO has signed a joint-venture agreement with EXO Mining and the Oman Mining Company to develop the copper and gold deposits in Block 10 Yanqul in the western part of the Sultanate and a joint venture with Mawarid Mining to explore and develop the mineral deposits in Blocks 1 and 2 in North Al Batinah Governorate.

Other key projects within the sector include the mineral processing and refining facilities in the Port of Duqm's industrial zone, which includes break-bulk terminal facilities for exporting minerals, with the first such shipment having occurred in 2015.

Employment

The total labour force in Oman was estimated to be approximately 2.3 million as of 31 December 2018, of which approximately 2.0 million workers were employed in the private sector.

At 31 December 2018, Omanis constituted approximately 19.5 per cent. of the labour force while expatriates, who constituted 44.0 per cent. of the total population, made up 78.5 per cent. of the labour force. As at 31 December 2018, Omanis constituted approximately 84.7 per cent. of public sector employees, as compared with expatriates who constituted approximately 15.3 per cent. of public sector employees. As at 30 April 2019, Omanis constituted approximately 12.7 per cent. of private sector employees, as compared with expatriates who constituted approximately 87.3 per cent. of private sector employees. The percentage of expats in the private sector has decreased from 88.7 per cent. as of 31 December 2017. Of those expatriates employed in the private sector as at 30 November 2018, 29.9 per cent., 13.4 per cent. and 11.5

per cent. were employed in the construction sector, wholesale and retail trade sector and manufacturing sector, respectively.

The Government has continued to keep strict control over the civil service wage bill with a hiring freeze on new entrants, which has led to the wage bill decreasing from 13% of GDP in 2016 to approximately 10.5% of GDP in 2018, as well as more Omanis entering the private sector. Additionally, Government-sector employees declined by 1% from a total of 233,561 (Omanis: 195,937 and Expats: 37,624) in 2016 to 232,063 (Omanis: 195,680 and Expats: 36,383) in 2017.

One of the strategic objectives of the Vision 2020 plan is to increase the number of Omanis employed in the private sector and to reduce Oman's reliance on expatriate labour. Accordingly, in numerous Five-Year Plans, and most recently in the Eighth Five-Year Development Plan one objective has been to increase the percentage share of Omanis in the total labour force, a process known as "**Omanisation**". The Government has therefore imposed quotas or ceilings, through the Ministry of Manpower, on the overall number of non-Omanis employed in various private and public-sector positions.

The Government has also increased the costs of employing expatriate labour by imposing an annual levy on private companies of OMR 100 per expatriate employee. Funds raised by the levy are placed in a Human Resources Development Fund to fund increased training for Omanis. The Government also has a policy to restrict the issuance of work permits to expatriates if qualified Omanis are available to do the relevant job.

In addition, Royal Decree No. 48/2016 established the National Training Fund (the "**NTF**") in October 2016, which aims to build the capabilities of the Omani workforce in order to bridge the gap between the market supply and demand. The NTF aims to foster collaboration amongst priority sectors to identify employment opportunities and understand current requirements as well as future needs. In order to achieve its goals, the NTF has begun evaluating the current state of training efforts, benchmarking with experienced nations, and developing a roadmap that will assist in implementation.

The unemployment rate among the total labour force in Oman was estimated by the International Labour Organization and reported by the World Bank at 3.1 per cent. in 2018. The following table sets forth the unemployment rate among the total labour force and the unemployment rate among people between the ages of 15 and 24 as estimated by the International Labour Organization and reported by the World Bank in Oman for the five years ended 31 December 2017.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total unemployment rate.....	4.2	3.8	3.5	3.3	3.1	3.1
Youth (ages 15-24) unemployment rate	9.8	9.6	9.2	8.6	8.4	8.3

The following table sets forth the breakdown of Omani nationals by wage tiers at 31 May 2019.

	<u>Monthly Wage</u>								
	<u>325-400</u>	<u>400-500</u>	<u>500-600</u>	<u>600-700</u>	<u>700-800</u>	<u>800-900</u>	<u>900-1000</u>	<u>1000-2000</u>	<u>2000+</u>
Number of Omani national workers	77,982	55,994	28,089	22,824	13,209	9,356	7,471	29,941	13,670

The following table sets forth the GNI per capita in Oman for the five years ended 31 December 2017.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GNI per capita.....	7,551.0	7,394.4	6,161.1	5,573.6	5,723.3

The Government encourages employment of Omani nationals, including women, through the funding of vocational training schemes to enable them to acquire the skills necessary for employment.

In 2018, the Government established the National Centre for Employment ("**NCE**"), with the aim of bringing all employment services together. The NCE acts as a one-stop centre for job seekers, helping to unify employment efforts and effectively coordinate the supply and demand of job opportunities in the Sultanate.

The Government takes a multi-faceted approach to address the country's labour market, given its importance for a growing economy. The Government has worked intensively to deliver several initiatives identified under the Tanfeedh programme. The main objective of the initiatives is to better align the demand and supply requirements within the labour market. A total of eleven initiatives were identified to be

implemented under the following work streams: "Unlocking Demand (Laws, Policies, and Systems)", "Strengthening Supply (Human Resource Development)" and "Coordination of Demand and Supply".

The Implementation Support and Follow-Up Unit and the Ministry of Manpower have been working closely in the area of workforce development and putting in place efforts towards better services and facilities for business owners. In an effort to enhance the employment process, many procedures have been automated and streamlined through the introduction of Enhanced Advance Manpower Management System, to streamline work permit approvals by linking the governmental and non-governmental entities through an online platform. As well as automating most services provided by the Ministry of Manpower such as part-time contract registration and temporary work permits. Additionally, many regulations have been reviewed and updated toward more flexibility. Recently, the Ministry of Manpower has announced a gradual Omanisation strategy by setting a minimum targeted percentage and the Ministry now allows flexible movement of non-Omani workers between enterprises under the same group companies.

Invest Easy and Doing Business in Oman

The Invest Easy portal (also known as the One-Stop-Shop) was developed by the Government in the early 2000s with the goal of quickly and efficiently providing citizens, entrepreneurs, prospective investors and businesses with the services and information they need. Invest Easy aims to achieve these goals by, among other means, providing a fast and efficient licensing and registration processes and a single online entry point for the business community to access Government services and information. Company registrations per year increased to 22,000 in 2015 from 4,000 before the program began, and licenses issued per year increased to 100,000 in 2015 from 25,000 prior to the program. The World Bank Group's Doing Business 2019 report ranked Oman 78th globally as compared to 78th in 2018, 71st in 2017 and 66th in 2016, and Oman ranked 37th in the category of starting a business (tied with its rank in 2018, down from 32nd in 2017 and up from 149th in 2016 and 77th in 2014). Notably, in 2016, Oman made starting a business easier by removing the requirement to pay a minimum capital amount within three months of incorporation and streamlining the registration of employees. Oman facilitated cross-border trade by introducing a new online single window that allows for rapid electronic clearance of goods. Moreover, Oman's number of registered enterprises has increased from 2014 to 2017 growing from 286,569 in 2014 to 312,651 in 2015 to 344,043 in 2016 and 358,666 in 2017, which represented a CAGR of 7.8% over 2014 to 2017. As for GCC peers, in Doing Business 2019 the UAE ranked 11th overall, Bahrain ranked 62nd, Qatar ranked 83rd, Saudi Arabia ranked 92nd and Kuwait ranked 97th.

The following table shows key indicators for starting a business for Oman and the MENA region:

	<u>Oman</u>	<u>MENA Average</u>
Average procedures required.....	4.5	8.7
Average time (days)	6.5	23.8
Average cost (per cent. of income per capita)	4.0	24.7

Source: World Bank – Doing Business 2019

Preservation of the Environment

The preservation of environmental and water resources has been a central objective of Oman's development strategy since 1970. Oman's environmental regime is primarily regulated by the Law on the Conservation of the Environment and Combating of Pollution (Royal Decree No. 114/01) of 2001, which makes it mandatory for an owner of a place of work to minimise waste at the source of pollution. Oman's environmental protection regime is enforced by the Ministry of the Environment and Climatic Affairs, as well as the Ministry of Regional Municipalities and Water Resources.

The Sultan Qaboos Prize for Environmental Preservation is a biennial award co-sponsored by the United Nations Educational, Scientific and Cultural Organization ("UNESCO") and His Majesty in recognition of outstanding contributions by individuals, groups of individuals, institutes or organisations in the management or preservation of the environment.

MONETARY POLICY AND FINANCIAL SYSTEM

The Central Bank of Oman

The Central Bank of Oman was established in December 1974 (commencing operations on 1 April 1975) and is the monetary authority in Oman. The Banking Law (Royal Decree 114/2000s, as further amended) (the "**Banking Law**") sets out the Central Bank of Oman's functions and responsibilities which, in addition to the formulation and implementation of monetary policy, includes regulation and supervision of the banking system (including implementation of the "Basel III" package of reforms released by the Basel Committee in 2010 and 2011) and the handling of certain transactions on behalf of the Government. The Central Bank of Oman sets monetary policy independently after consulting with the Government about its fiscal policy objectives. The Central Bank of Oman also provides advice to the Government on economic policy.

The management of the Central Bank of Oman is conducted by the Deputy Chairman of the Board of Governors of the Central Bank of Oman, the Board of Governors and the Executive President of the Central Bank of Oman. Each of the Board of Governors and the Executive President are appointed by His Majesty (who is also the Chairman of the Board of Governors). The members of the Board of Governors are appointed for five-year terms. The Banking Law empowers the Board of Governors to oversee the performance of all regulatory and policy related central banking functions in Oman. The Deputy Chairman of the Central Bank of Oman is also a member of the Financial Affairs and Energy Resources Council, which is responsible for Oman's fiscal policy, including the endorsement of the annual General State Budget. The Central Bank of Oman sets monetary policy independently after consulting with the Government about its fiscal policy objectives.

The primary function of the Central Bank of Oman is to maintain the stability of the national currency and the national banking system. In order to meet this responsibility, the Central Bank of Oman regulates the quantity of money in circulation, the general liquidity of commercial banks and the foreign currency payments of the banking system. The Central Bank of Oman coordinates with the Ministry of Finance with respect to the issuance of treasury bills and Development Bonds, including the amount of such instruments to be issued as well as their rate and maturity.

The following table sets forth the Central Bank of Oman balance sheet data as at 31 December for the five years from 2014 to 2018 and as at 30 April 2019.

	As at 31 December					As at 30 April	Per cent. change
	2014	2015	2016	2017*	2018*	2019*	As at 30 April 2019/2018
	<i>(OMR millions, except per cent.)</i>						
Foreign Assets.....	6,276.9	6,745.8	7,790.9	6,186.4	6,685.90	6,363.6	8.1
(a) Bullion.....	0.4	0.4	0.4	0.5	0.4	0.4	(20.0)
(b) IMF Reserve assets.....	144.5	135.4	127.2	97.1	94.8	104.0	(2.4)
(c) Placements abroad.....	860.4	1,358.0	2,510.7	1,535.80	3,021.20	2,920.3	96.7
(d) Securities.....	5,271.6	5,252.0	5,152.6	4,553.00	3,569.50	3,338.9	(21.6)
Due from Government.....	173.2	658.2	727.3	565.9	775.7	425.6	37.1
Due from Banks and other Institutions**.....	0.4	0.3	0.3	0.1	0.1	0.3	0.0
Fixed Assets.....	40.5	36.4	36.9	43.7	43.9	43.3	0.5
Other Assets.....	147.7	148.1	310.8	382.4	325.4	297.3	(14.9)
Total Assets/Liabilities.....	6,638.7	7,588.8	8,866.3	7,178.4	7,831.10	7,130.2	9.1
Currency Issued.....	1,593.7	1,788.2	1,647.1	1,637.5	1,605.30	1,652.7	(2.0)
Net Worth.....	1,298.8	1,304.8	1,293.1	1,432.7	1,440.00	1,482.5	0.5
(a) Capital.....	700.0	760.0	760.0	1,000.0	1,000.00	1,000.0	0.0
(b) General Reserves.....	396.2	438.7	438.7	323.4	323.4	373.8	0.0
(c) Others.....	202.6	106.1	94.4	109.4	116.7	108.7	6.7
Due to Government.....	512.4	473.8	1,162.5	775.6	1,237.40	1,353.2	59.5
Due to banks and other institutions.....	1,708.4	3,824.3	2,413.9	2,127.7	2,597.70	1,704.0	22.1
Foreign Liabilities***.....	100.0	95.9	2,127.1	922.8	681.70	925.30	(21.0)
Other Liabilities.....	1,425.4	101.8	226.4	282.0	19.90	12.60	(26.3)
(a) CDs.....	1,323.0	0.0	0.0	0.0	-	-	-
(b) Others.....	102.4	101.8	226.4	282.0	19.90	12.60	(26.3)

* Provisional

** Includes U.S. Dollar liquidity support scheme for local banks

*** Includes SDR allocations

Source: Central Bank of Oman

The Central Bank of Oman's total assets decreased to OMR 7,130.2 million as at 30 April 2019 from OMR 7,831.1 million as at 31 December 2018. The Central Bank of Oman's total foreign assets decreased to OMR 6,363.6 million as at 30 April 2019 from OMR 6,685.9 million as at 31 December 2018. The decline in the CBO's total assets is attributed mainly to a drop in its foreign assets, which was necessitated by the deficit in the overall balance of payments during the first four months of 2018. The CBO's assets have declined over the last few years mainly due to balance of payment considerations.

The Central Bank of Oman's total assets increased to OMR 7,831.1 million as at 31 December 2018 from OMR 7,178.4 million as at 31 December 2017. The Central Bank of Oman's total foreign assets increased to OMR 6,685.9 million as at 31 December 2018 from OMR 6,186.3 million as at 31 December 2017.

Monetary and Exchange Rate Policy

The exchange rate of the Omani Rial has been pegged to the U.S. Dollar since 1973 and has remained unchanged at U.S.\$2.600 per Omani Rial since 1986, aiding monetary stability. Since mid-2014, the Omani Rial has appreciated (in trade-weighted terms) against the currencies of Oman's major import partners in line with the U.S. Dollar.

The following table sets forth the average monthly nominal effective exchange rate index for Omani Rial against a basket of the currencies of Oman's 18 largest import partners for each of the four years ended 31 December 2018 and the four months ended 30 April 2019. Oman's 18 largest import partners did not change over the relevant periods.

The following table sets forth the Nominal Effective Exchange Rate Index (NEER) (Base: 1999 = 100) for the periods indicated:

End of Period	Weighted Average*	Simple Average
2015		
Jan	102.9	100.0
Feb.....	102.8	99.9
Mar	104.6	102.7
Apr	103.3	100.5
May	104.7	102.0
June	103.9	101.1
July.....	105.0	102.9
Aug.....	104.5	103.3
Sept.....	104.5	103.8
Oct.....	105.0	104.2
Nov.....	106.3	106.0
Dec	105.2	104.5
2016		
Jan	106.0	105.6
Feb.....	105.0	105.3
Mar	103.1	101.8
Apr	102.5	101.5
May	103.5	103.3
June	102.7	103.0
July.....	102.6	102.9
Aug.....	102.6	102.9
Sept.....	102.6	102.5
Oct.....	103.9	104.7
Nov.....	106.1	107.2
Dec	107.3	108.4
2017		
Jan	103.9	106.4
Feb.....	103.8	106.5
Mar	103.0	105.4
Apr	102.5	104.7
May	102.0	103.7
June	102.1	103.9
July.....	100.6	101.3
Aug.....	100.1	100.5
Sept.....	101.1	101.7

<u>End of Period</u>	<u>Weighted Average*</u>	<u>Simple Average</u>
Oct.....	101.3	102.1
Nov.....	100.4	100.9
Dec.....	100.2	100.7
2018		
Jan.....	100.4	98.3
Feb.....	100.8	99.6
Mar.....	100.6	99.8
Apr.....	101.7	101.2
May.....	102.7	102.8
June.....	104.5	103.5
July.....	103.7	105.3
Aug.....	103.6	104.8
Sept.....	104.3	105.2
Oct.....	105.6	108.5
Nov.....	105.0	107.4
Dec.....	104.6	107.8
2019		
Jan.....	104.0	107.2
Feb.....	104.6	107.7
Mar.....	104.9	108.3
Apr.....	105.3	109.1

* Weighted average of the exchange rates is calculated on the basis of foreign currency units per Omani Rial. Foreign currency units of Oman's largest 18 import partners are included in the index. Monthly indices for each year are based on weights derived from the import values of the preceding year and are chain linked. A rise in the index indicates an appreciation of the Omani Rial.
Source: Central Bank of Oman

The pegging of the currency, combined with the absence of any exchange restrictions for international current and capital transactions, limits the Central Bank of Oman's ability to conduct an independent monetary policy. Accordingly, the main objective of the Central Bank of Oman's monetary policy is the regulation of bank liquidity with a view to ensuring price stability. The Central Bank of Oman at present does not set any specific targets for monetary variables. The Banking Law limits the ability of the Government to monetise its fiscal deficits with the Central Bank of Oman; loans and advances plus the face value of outstanding treasury bills by the Central Bank of Oman are legally restricted to a maximum of 10 per cent. of the budgeted recurrent revenue of the Government for the fiscal year in which such loans and advances are made and provided that any advance made shall be entirely repaid within 90 days.

The Central Bank of Oman has the legal authority to use a broad range of monetary policy instruments, the most important of which is open market operations using certificates of deposits issued by the Central Bank of Oman and treasury bills. Certificates of deposit were the primary instrument used by the Central Bank of Oman to control bank liquidity until the issuance of CBO certificates of deposit ceased in September 2015. The Government has issued treasury bills since 1987 and since August 1991 the Government has issued GDBs (with fixed interest rates) through the Central Bank of Oman with maturities of two to ten years. GDBs are generally sold to domestic purchasers but have also been placed with foreign investors. In addition, the Central Bank of Oman imposes a maximum limit on licensed banks' investment in GDBs and Sukuks issued by the Government. In April 2016, the maximum limit was raised from 30 per cent. of each bank's net worth (the amount by which the bank's assets exceed its liabilities) to 45 per cent. of each bank's net worth.

A second important monetary policy tool is minimum reserve requirements for commercial banks, which is set at 5 per cent. of the deposit base. Oman's 5 per cent. reserve requirement is largely in line with that of other central banks in the region, e.g. Qatar's reserve requirement is 4.75 per cent. and the United Arab Emirates has a 7 per cent. reserve requirement. With a view to augment bank liquidity, as of 1 April 2016 banks have been allowed to include investments in unencumbered treasury bills, GBDs and Sukuk as part of the eligible reserves up to a maximum of 2 per cent. of deposits.

A third important tool used by the Central Bank of Oman is the loans-to-deposits ratio limit that applies to commercial banks. This is set at 87.5 per cent. of the deposit base plus net balances due to banks and capital. Since the lending ratio is likely to be an important constraining factor in the behaviour of many banks, changes in the lending ratio will affect bank liquidity and the capacity of the banking system to engage in monetary and credit expansion. The ratio was last changed in January 2009.

A fourth important mechanism for regulating bank liquidity is the Central Bank of Oman's rediscount policies. The Central Bank of Oman rediscounts bills of exchange which have been accepted by banks,

promissory notes with a maturity not exceeding 90 days and certain types of commercial paper. Individual bank access to the facility is subject to a ceiling that is set annually. Since the introduction of a rediscount facility in 1978, the rates on different types of paper have been changed depending on the Central Bank of Oman's monetary policy stance at the time. Since 2008 the rediscount rate on commercial paper has been between 4 per cent. and 4.75 per cent. depending on the degree of risk of such commercial paper.

Other monetary policy instruments at the Central Bank of Oman's disposal include foreign exchange exposure limits, currency swaps and the issuance of certificates of deposit. For example, since March 1980, the Central Bank of Oman has offered U.S. Dollar swaps to commercial banks. The Central Bank of Oman currently imposes a cost on these swaps to discourage banks from running short foreign exchange positions to profit from the spread between Omani Rial and U.S. Dollar interest rates, intending that banks should use these swaps mainly to obtain short-term liquidity. Furthermore, in order to absorb excess liquidity, the Central Bank of Oman can also issue certificates of deposit with maturities of 28 days to commercial banks.

Money Supply

At 31 March 2019, the narrow measure of money (M1), which comprises local currency held by the public and local currency demand deposits, decreased by 3.3 per cent. as compared to 31 March 2018. The decrease was a result of a slight slowdown in the economy which caused a decrease in the money supply. At 31 March 2019, growth in broad money (M2), which comprises M1 plus savings, time and foreign currency deposits and margins (quasi money), increased 4.0 per cent. as compared to 31 March 2018.

The following table sets forth a survey of money aggregates as at each quarter's end from 2013 to 2019⁽¹⁾.

End of Period	Currency with Public ⁽¹⁾	Demand Deposits ⁽²⁾	Money Supply (M1) (3) = (1+2)	Per cent. Change in M1 Over Previous Year (4)	Quasi Money ⁽²⁾ (5)	Money Supply (M2)(6) = (3+5)	Per cent. Change in M2 Over Previous Year(7)
<i>(OMR millions, except per cent.)</i>							
2013							
Mar.....	978.3	2,713.8	3,692.1	6.4	7,524.4	11,216.5	9.8
June.....	975.5	2,640.5	3,616.0	6.2	7,719.3	11,335.3	7.8
Sept.....	997.8	2,762.9	3,760.7	5.4	7,546.6	11,307.3	5.3
Dec.....	1,039.2	2,955.7	3,994.9	14.4	7,942.6	11,937.5	9.4
2014							
Mar.....	1,111.5	3,553.1	4,664.6	26.3	8,200.0	12,864.6	14.7
June.....	1,136.3	3,651.8	4,788.1	32.4	8,500.7	13,288.8	17.2
Sept.....	1,228.7	3,258.7	4,487.4	19.3	8,763.5	13,250.9	17.2
Dec.....	1,188.2	3,619.8	4,808.0	20.4	8,958.9	13,766.9	15.3
2015							
Mar.....	1,216.2	4,058.8	5,275.0	13.1	9,116.7	14,391.7	11.9
June.....	1,261.6	4,139.9	5,401.5	12.8	9,354.4	14,755.9	11.0
Sept.....	1,282.3	3,959.3	5,241.6	16.8	9,478.5	14,720.1	11.1
Dec.....	1,395.3	3,973.0	5,368.3	11.7	9,777.4	15,145.7	10.0
2016							
Mar.....	1,314.7	4,109.3	5,424.0	2.8	10,103.0	15,526.9	7.9
June.....	1,369.3	3,985.5	5,354.8	(0.9)	10,190.6	15,545.4	5.4
Sept.....	1,316.0	3,837.9	5,154.0	(1.7)	10,385.7	15,539.7	5.6
Dec.....	1,299.3	3,679.4	4,978.7	(7.3)	10,445.2	15,423.8	1.8
2017							
Mar.....	1,300.6	3,827.7	5,128.3	(5.5)	10,873.8	16,002.1	3.1
June.....	1,487.6	3,936.7	5,424.3	1.3	10,706.4	16,130.7	3.8
Sept.....	1,282.7	3,754.5	5,037.2	(2.3)	11,071.8	16,109.0	3.7
Dec.....	1,266.2	3,674.4	4,940.6	(0.8)	11,128.3	16,068.8	4.2
2018							
Mar.....	1,286.5	3,998.0	5,284.5	3.0	11,160.1	16,444.6	2.8
June.....	1,310.8	3,944.4	5,255.3	(3.1)	11,363.3	16,618.6	3.0
Sept.....	1,237.8	3,839.8	5,077.6	0.8	11,453.3	16,530.9	2.6
Dec.....	1,241.9	3,683.6	4,925.5	(0.3)	12,470.3	17,395.8	8.3
2019							
Mar.....	1,276.2	3,835.6	5,111.8	(3.3)	11,998.2	17,110.0	4.0

⁽¹⁾ Includes conventional banks and Islamic banks and windows

⁽²⁾ Quasi Money is the aggregate of Omani Rial time and savings deposits, certificates of deposit issued by commercial banks, margins and foreign currency deposits.

Source: Central Bank of Oman

The following table sets forth a survey of factors affecting broad money (M2) ⁽¹⁾ as at 31 December for the five years from 2014 to 2018 and as at 30 April 2019.

End of Period	As at 31 December					As at 30 April	Change in OMR million	Per cent. Change
	2014	2015	2016	2017*	2018*	2019*	Dec 2018/ Dec 2017	Dec 2018/ Dec 2017
	<i>OMR millions, except per cent.</i>							
1. Broad money (A+B).....	13,766.9	15,145.7	15,423.7	16,068.8	17,395.8	17,075.4	1,327.0	8.3
A. Money	4,808.0	5,368.3	4,978.8	4,940.6	4,925.5	5,034.5	(14.5)	(0.3)
(a) Currency with public	1,188.2	1,395.3	1,299.4	1,266.2	1,241.9	1,287.6	(24.3)	(1.9)
(b) Demand deposits in OMR	3,619.8	3,973.0	3,679.4	3,674.3	3,683.6	3,746.9	9.3	0.3
B. Quasi Money	8,958.9	9,777.4	10,444.9	11,128.2	12,470.3	12,040.9	1,342.1	12.1
(of which foreign cy. deposits)	(1,088.1)	(1,169.7)	(1,072.5)	(1,181.1)	(2,142.0)	(1,635.2)	(960.9)	81.4
2. Foreign Assets (net)	6,546.4	4,608.4	4,567.1	4,319.6	5,134.1	4,900.2	814.5	18.9
Central Bank	6,176.9	6,649.9	5,663.9	5,263.5	6,004.3	5,677.0	740.8	14.1
Other Depository Corporations.....	369.5	(2,041.5)	(1,096.8)	(943.9)	(870.2)	-776.8	73.7	(7.8)
3. Domestic Assets (1-2)	7,220.5	10,537.3	10,856.7	11,749.1	12,261.7	12,175.2	512.6	4.4
(a) Claims on Government (net) (i-ii).....	(4,810.8)	(3,224.5)	(4,548.0)	(4,594.6)	(5,046.7)	-927.6	(452.1)	9.8
(i) Government borrowings	835.0	2,628.8	2,538.0	2,544.9	2,833.1	425.6	288.2	11.3
(ii) Government deposits.....	5,645.8	5,853.3	7,086.0	7,139.8	7,879.8	1,353.2	740.0	10.4
(b) Domestic claims on Pvt. Sector	15,966.1	18,185.8	19,985.6	21,255.4	22,336.1	22,713.8	1,080.7	5.1
(c) Claims on Public enterprises.....	2,016.1	1,982.3	2,098.3	2,338.9	2,663.6	2,768.0	324.7	13.9
(d) Other items (net) (i+ii)	5,950.9	6,406.3	6,679.2	7,250.6	7,691.4	7,688.5	440.8	6.1
(i) Central Bank	4,649.4	5,438.8	3,929.3	3,787.7	4,300.7	3,461.8	513.0	13.5
(ii) Other Depository Corporations....	1,301.4	967.5	2,750.0	3,462.9	3,390.7	4,226.7	(72.2)	(2.1)

* Provisional

⁽¹⁾ Monetary survey aggregates includes conventional banks and Islamic banks and windows

Source: Central Bank of Oman

The 1.8 per cent. decrease in broad money (M2) to OMR 17,075.4 million as at 30 April 2019 from OMR 17,395.8 million as at 31 December 2018 is explained by the 3.4 per cent. decrease in quasi money from OMR 12,470.3 million as at 31 December 2018 to OMR 12,040.90 million as at 30 April 2019.

Inflation

The annual inflation rate as measured by movements in the average consumer price index for Oman was 0.8 per cent. as at 31 December 2018 compared to 1.6 per cent. in 2017 and 1.1 per cent. in 2016. Inflation remains relatively low, which is attributable to the decline in commodities prices, reduced Government spending and a notable appreciation of the U.S. Dollar in real effective terms since mid-2014.

The following table sets forth the consumer price index (Base Price: Average price of Jan-Dec 2012 = 100) for Oman by type of expenditure as at 31 December for the five years from 2014 to 2018 and April 2019 and 2018.

Items of Consumption	Weights	Dec-2014	Dec-2015	Dec-2016	Dec-2017	Dec-2018	Apr-2018	Apr-2019	Average per cent. change (Apr 2018-Apr 2019)
1. Food and non-alcoholic beverages	23.903	105.0	104.8	101.8	103.6	103.1	100.7	101.8	1.2
Bread and cereals.....	3.02	102.3	100.8	99.7	99.0	99.4	99.4	99.6	0.2
Meat	6.1	103.4	103.3	103.5	103.8	104.3	103.9	103.8	(0.1)
Fish and seafood	2.2	110.6	105.0	101.6	106.6	98.4	92.8	103.2	11.2
Milk, cheese and eggs	2.8	102.5	101.4	99.1	100.5	101.3	100.7	101.9	1.2
Oil and fats	0.7	100.4	99.4	99.3	99.2	100.2	99.9	100.1	0.3
Fruits	2.8	108.6	110.5	104.6	110.8	106.9	108.0	106.4	(1.5)
Vegetables	2.5	111.8	116.9	99.9	104.4	106.7	88.7	90.6	2.2
Sugar, jam, honey and confectionary	1.1	99.6	100.4	100.8	101.2	102.1	101.7	102.2	0.5
Food products n.e.c.....	0.5	101.1	101.4	101.0	100.7	100.5	100.6	100.6	(0.1)
Non-alcoholic beverages.....	2.0	103.4	103.0	103.8	104.3	105.7	105.6	105.8	0.2
2. Tobacco	0.1	104.6	106.5	129.8	132.1	131.9	131.9	131.9	0.0
3. Clothing and footwear	6.0	100.9	100.8	100.4	100.2	99.7	100.0	99.3	(0.7)
4. Housing, water, electricity, gas and other fuels	26.5	101.8	102.2	102.8	104.4	105.0	105.0	104.8	(0.3)
5. Furnishings, household equipment and routing household maintenance	3.8	109.3	109.4	110.1	114.1	113.2	114.4	119.4	4.4
6. Health	1.2	107.6	110.8	111.5	111.9	108.0	108.5	108.0	(0.5)

Items of Consumption	Weights	Dec-2014	Dec-2015	Dec-2016	Dec-2017	Dec-2018	Apr-2018	Apr-2019	Average per cent. change (Apr 2018-Apr 2019)
7. Transport	19.2	100.5	98.9	108.2	111.2	115.0	114.1	114.9	0.7
8. Communication.....	5.6	98.8	98.7	95.7	95.6	95.2	95.6	95.1	(0.4)
9. Recreation and entertainment.....	1.1	98.8	98.6	98.2	98.4	98.5	98.4	99.3	0.9
10. Education	1.4	114.0	117.4	120.7	126.7	129.2	126.7	129.2	2.0
11. Restaurant and hotels.....	6.1	102.3	102.4	102.9	103.0	103.4	103.2	103.3	0.1
12. Miscellaneous goods and services	5.2	100.3	100.1	100.3	102.2	103.7	102.7	100.6	(2.0)
General Price Index	100.000	102.5	102.4	103.5	105.3	106.1	105.3	105.7	0.4

(1) The weights are produced from the Household Expenditure and Income Survey, 2008-2010

(2) Data collected from all regions of Oman excluding Musandam Governorate and Al Wushta Region

(3) The collection is based on 28,168 items of goods and services from 1,721 selected sources, while rent is collected from a sample of 1,150 rented units

Source: National Center For Statistics & Information, Directorate General of Economic Statistic, Monthly Surveys of Consumption Goods.

Banking System

Commercial Banks

Conventional commercial banks are the main institutions in the Omani financial system. At 30 April 2019, there were seven local banks and nine foreign banks. However, Oman's commercial banking sector may soon experience a degree of consolidation. On 4 October 2018 the Alizz Islamic Bank and the Oman Arab Bank signed a memorandum of understanding regarding the potential merger of their two institutions, which must receive regulatory approval before it can proceed.

Total consolidated assets of conventional commercial banks increased by 0.6 per cent. to OMR 30,187.3 million as at 30 April 2019 from OMR 29,993.6 million as at 31 December 2018. Of the total assets, credit disbursement accounted for 72.3 per cent. of the total and increased by 1.6 per cent. as at 30 April 2019 to OMR 21,838.7 million as compared to OMR 21,486.0 million as at 31 December 2018. Credit to the private sector increased by 1.1 per cent. to reach OMR 18,925.9 million as at 30 April 2019 as compared to OMR 18,718.4 million as at 31 December 2018. Commercial banks' overall investments in securities increased by 5.4 per cent. to OMR 3,369.4 million as at 30 April 2019 from OMR 3,197.3 million as at 31 December 2018. Investment in Government Development Bonds and Sukuk increased by 3.9 per cent. to OMR 1,639.6 million as at 30 April 2019 from OMR 1,578.1 million as at 31 December 2018. Banks also invested OMR 290.5 million in Government Treasury Bills as at 30 April 2019. Commercial banks' investments in foreign securities stood at OMR 1,183.1 million as at 30 April 2019, registering an increase of 9.8 per cent. compared to 31 December 2018.

The following table sets forth key commercial banking indicators as at 31 December for the five years from 2014 to 2018 and as at 30 April 2019.

Item	As at 31 December					As at 30 April
	2014	2015	2016	2017*	2018*	2019*
	<i>(OMR millions, except per cent.)</i>					
Total Assets.....	24,821.3	28,189.2	27,051.8	27,913.1	29,993.6	30,187.3
Total Credit	16,898.4	18,315.7	19,704.6	20,511.5	21,486.0	21,838.7
Total Deposits	17,278.9	17,873.0	18,253.7	18,601.7	19,996.0	19,833.3
Credit to deposits (%).....	97.8	102.5	107.9	110.3	107.5	110.1
Cash and clearing to total deposits (%)	10.9	20.9	9.8	8.6	7.2	7.1
Capital and reserves to total deposits (%).....	18.8	18.4	22.3	22.9	25.00	24.6
Provision and reserve interest to total credit ⁽¹⁾ (%).....	3.5	3.4	3.4	3.4	3.6	3.6

* Provisional

(1) Includes general and specific provisions

Source: Central Bank of Oman

In order to ensure the soundness and solvency of Oman's commercial banks, the Central Bank of Oman has specified minimum capital adequacy requirements that are higher than those required under Basel norms. The CET1, Tier 1 and total capital adequacy ratio ("CAR") have been specified at 7.0 per cent, 9.0 per cent. and 11.0 per cent. (reduced from 12.0 per cent. in April 2018), respectively, which are higher than the corresponding Basel norms. The Central Bank of Oman has also issued norms for a Capital Conservation

Buffer and a Countercyclical Capital Buffer of 2.50 per cent. each which are in alignment with Basel III norms. The Capital Conservation Buffer for the year ended 31 December 2016 is 0.625 per cent. The Capital Conservation Buffer further increased to 2.50 per cent. on 1 January 2019 with an increment of 0.625 per cent. every year from 2017 to 2019. All commercial banks are currently complying with the Capital Conservation Buffer requirement.

Basel III also introduced measures to strengthen capital requirements for trading book and complex securitisation exposures, as well as that for counterparty credit risk exposures arising from derivatives, repo and securities financing activities. Such activities remain less complex in Oman, with risks remaining at manageable levels. The CBO does not expect the implementation of these enhancements to be a priority for Oman in the immediate term.

A final decision to formally adopt the Leverage Ratio as a binding measure, including the needed fine tuning of the measurement of the Leverage Ratio, is planned to be made by the CBO closer to the targeted 2018 deadline set under Basel III. Based on their current profiles, all licensed banks are expected to comfortably meet the 3 per cent. leverage level proposed by Basel Committee on Banking Supervision.

The CBO has developed a framework to identify and supervise domestic systemically important banks which includes higher capital requirements that are commensurate with the systemic importance of the identified bank.

The Central Bank of Oman has issued guidelines on the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The LCR requirement is being implemented in a phased manner from 2015 when it was specified at 60 per cent. The ratio will increase by 10 per cent. every year until it reaches 100 per cent. in 2019. NSFR of 100 per cent. is applicable since January 2018.

The CBO also regularly performs stress testing on the capital sufficiency of commercial banks in certain oil price scenarios. Despite the prevailing macroeconomic challenges, the recent stress tests conducted by the Central Bank of Oman show that under the assumed stress scenarios, the aggregate CAR of domestic banks would drop from 17.7 per cent to 13.6 per cent., which is above CBO's required CAR of 11.0 per cent. On an individual basis, three local banks would fall below CBO's required regulatory capital, however, they would still be above the Basel III requirement.

The following table sets forth the combined balance sheet of conventional banks as at 31 December for the five years from 2014 to 2018 and as at 30 April for 2019.

	As at 31 December					As at 30 April	Change in OMR million	Per cent. Change
	2014	2015	2016	2017*	2018*	2019*	Apr 2019/Dec 2018	Apr 2019/Dec 2018
Cash and deposits with CBO.....	1,979.0	4,057.1	2,511.0	2,130.7	2,488.8	1,681.0	(807.8)	(32.5)
Due from Head Office, affiliates and banks abroad.....	1,826.5	1,717.9	1,400.4	1,337.4	387.8	2,374.4	435.2	22.4
Total Credit.....	16,898.4	18,315.7	19,704.6	20,511.5	21,486.0	21,608.0	122.0	0.6
(a) Credit to private sector.....	14,704.0	16,207.4	17,539.2	18,207.5	18,718.4	18,858.2	139.8	0.7
(b) Credit to public enterprises	1,973.1	1,903.7	1,796.3	1,997.2	2,406.2	2,373.5	(32.7)	(1.4)
(c) Credit to Government	21.7	12.1	107.3	34.6	39.5	40.4	0.9	2.3
(d) Credit to non-residents.....	199.6	192.5	261.8	272.3	321.9	335.8	13.9	4.3
Securities	2,912.90	3,046.8	2,433.5	2,897.3	3,299.3	3,372.7	73.4	2.2
(a) Treasury Bills	0.0	464.2	305.4	454.9	277.1	327.0	49.9	18.0
(b) Government Bonds	564	828.6	970.9	1,217.1	1,578.1	1,602.1	24.0	1.5
(c) CBO CDs.....	1,323.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(d) Domestic shares.....	156.9	133.7	117.9	94.7	101.6	0.0	(101.6)	(100.0)
(e) Other domestic securities ..	160.3	699.9	505	343.6	263.7	255.0	(8.5)	(3.2)
(f) Foreign securities	708.6	920.5	534.4	769.5	1,078.8	1,188.4	109.6	10.2
Fixed assets	209.7	216.6	225.3	247.5	246.7	249.5	2.8	1.1
Other assets	994.9	835.1	776.9	806.2	635.4	598.3	(37.1)	(5.8)
Total assets/liabilities	24,821.3	28,189.2	27,051.8	27,913.1	28,544.0	30,187.3	2,993.9	11.0
Total Deposits	17,278.9	17,873.0	18,253.7	18,601.7	19,996.0	19,833.3	(162.7)	(0.8)
(a) Government deposits	4,959.4	4,789.5	4,898.8	4,937.5	5,351.9	5,678.0	326.1	6.1
(b) Deposits of public enterprises	879.7	950.2	901.9	878.1	1,751.9	1,096.7	(655.2)	(37.4)
(c) Deposits of private sector ..	11,184.3	11,868.9	12,201.1	12,520.4	12,533.8	12,688.9	155.1	1.2
(i) Demand	3,740.9	3,853.6	3,635.6	3,777.8	3,688.2	3,713.2	25.0	0.7

	As at 31 December					As at 30 April	Change in OMR million	Per cent. Change
	2014	2015	2016	2017*	2018*	2019*	Apr 2019/Dec 2018	Apr 2019/Dec 2018
(ii) Savings	3,992.6	4,392.7	4,480.5	4,543.1	4,567.0	4,714.4	147.4	3.2
(iii) Time	3,306.6	3,362.7	3,766.7	3,911.6	4,031.1	4,017.0	(14.1)	(0.3)
(iv) Commercial prepayments.....	144.2	259.9	318.3	287.9	247.6	244.3	(3.3)	(1.3)
(of which in foreign currency)	860.6	909	927.1	1,045.3	1,124.6	1,186.4	61.8	5.5
(d) Deposits of non-residents.	255.5	264.3	251.9	265.7	358.8	369.7	10.9	3.0
Due to Head Office, affiliate and banks abroad.....	1,547.4	3,809.0	1,935.8	2,080.1	2,244.6	2,522.0	277.4	12.4
Core Capital and Reserves	3,244.2	3,765.7	4,068.1	4,651.0	5,002.6	4,874.3	(128.3)	(2.6)
Supplementary Capital.....	651.4	707.6	617.7	369.7	190.1	0.0	(190.1)	(100.0)
Total provisions and reserved interest	597	644.3	689.5	713.2	804.3	848.5	44.2	5.5
(of which general provisions).....	218.7	236.2	255.6	261.5	303.1	324.4	21.3	7.0
Other liabilities	1,502.4	1,389.6	1,487.1	1,497.4	1,755.3	1,987.0	231.7	13.2

* Provisional
Source: Central Bank of Oman

Aggregate deposits held with conventional banks registered an slight decrease of 0.8 per cent. to OMR 19,833.3 million as at 30 April 2019 from OMR 19,996.0 million as at 31 December 2018. Government deposits with conventional banks increased by 6.1 per cent. to OMR 5,678.0million as at 30 April 2019 from OMR 5,351.9 million as at 31 December 2018. Deposits of public enterprises decreased by 37.4 per cent. to OMR 1,096.7 million from OMR 1,751.9 million during the same period. Private sector deposits, which constituted 64.0 per cent. of total deposits with conventional banks, increased to OMR 12,688.9 million as at 30 April 2019 from OMR 12,533.8 million as 31 December 2018.

In 1995, the Central Bank of Oman established a deposit insurance scheme that covers up to OMR 20,000 of the amount deposited. Any commercial bank that becomes a member of the deposit insurance scheme is required to pay an initial membership contribution. Ongoing membership contributions are collected on an annual basis. All commercial banks licensed by the Central Bank of Oman to accept deposits are required to pay an initial membership contribution proportionate to their total deposits. The member banks are also required to pay an annual premium to the deposit insurance scheme of 0.05 per cent. of the total value of average monthly eligible deposits with the applicable bank. Eligible deposits include savings deposits, current accounts, call deposits, time deposits, Government deposits and deposits related to trusts or pension funds. The Central Bank of Oman is required to pay an annual premium equivalent to 50 per cent. of the total annual premiums paid by the member banks. As at 30 April 2019, the total assets of the deposit insurance scheme were OMR 153.7 million, of which approximately OMR 77.8 million comprised membership contributions by commercial banks and OMR 38.9 million was contributed by the Central Bank of Oman. The insurance scheme is administered by the Central Bank of Oman in conjunction with the commercial banks.

Islamic Banks

Oman has two Islamic banks and six conventional local commercial banks with Islamic windows. Islamic banking entities provided financing of OMR 3,740.1 million and OMR 3,571.6 million as at 30 April 2019 and 31 December 2018, respectively, compared to OMR 3,033.0 million as at 31 December 2017. Total deposits held with Islamic banks and windows also registered an increase to OMR 3,272.9 million and OMR 3,259.5 million as at 30 April 2019 and 31 December 2018, respectively, from OMR 2,968.2 million outstanding as at 31 December 2017. The total assets of Islamic banks and windows combined amounted to OMR 4,543.7 million and OMR 4,398.5 million as at 30 April 2019 and 31 December 2018, respectively, which constituted about 15.1 per cent. and 14.7 per cent. of the banking system assets.

Specialist Banks and Export Credit Guarantee Agency

The Government wholly owns the Oman Development Bank ("ODB"), which grants medium and long-term loans to finance projects in the industrial, fisheries, agriculture and services sectors. The Government also guarantees its borrowings up to four times its paid-up capital plus reserves. Total assets of the ODB remained stable at OMR 208 million at 31 December 2018 as compared to at 30 April 2019. The ODB granted loans for a total principal amount of OMR 154 million through 30 April 2019 to projects, principally in the fisheries and agriculture (OMR 41 million), mining (OMR 2 million), manufacturing sectors (OMR 53 million) and others (OMR 58 million).

The Government also wholly owns the Oman Housing Bank ("**OHB**") which provides low cost loans to Omanis to buy or construct subsidised homes. Total assets of the OHB increased to OMR 563.0 million at 30 September 2018 from OMR 513.2 million at 31 December 2017. As at 30 September 2018, outstanding mortgage loans stood at OMR 537.6 million.

The Export Credit Guarantee Agency ("**ECGA**") has been rebranded to be known as ("**Credit Oman**") and provides export and domestic insurance cover, interest subsidies on post-shipment financing from commercial banks for Omani exporters and guarantees for pre-shipment financing from commercial banks for Omani exporters. As at 30 June 2019, total credit limits issued against exposure to both commercial and political risks to various customers by the ECGA stood at OMR 975.2 million as compared to OMR 946.8 million as at 31 December 2018.

Interest Rates

The weighted average interest rate on OMR deposits increased from 0.936 per cent. in December 2015 to 1.903 per cent. in April 2019, while the weighted average OMR lending rate increased from 4.762 per cent. to 5.369 per cent. during the same period. The overnight Omani Rial domestic inter-bank lending rate firmed up to 2.638 per cent. in December 2018 from 0.189 per cent. in December 2015.

The policy rate of the CBO (repo rate) has been more or less fixed at 1 per cent. per annum since March 2012, with slight increases in QIII and QIV 2016 and in period ended 31 October 2017. The following table sets forth the Central Bank of Oman's policy rates as at each quarter's end from 2013 to 31 December 2018.

End of period	CBO policy rate	
	Weighted average interest Average rate on repos with of deposits (per cent.) ⁽¹⁾	Average rates for repos with CBO (per cent.) ⁽²⁾⁽³⁾
2013		
QI	0.127	1.000
QII	0.130	1.000
QIII	0.130	1.000
QIV	0.130	1.000
2014		
QI	0.122	1.000
QII	0.123	1.000
QIII	0.126	1.000
QIV	0.130	1.000
2015		
QI	0.123	1.000
QII	0.100	1.000
QIII	0.000	1.000
QIV	0.000	1.000
2016		
QI	0.000	1.000
QII	0.000	1.000
QIII	0.000	1.025
QIV	0.000	1.193
2017		
QI	0.000	1.396
QII	0.000	1.638
QIII	0.000	1.735
QIV	0.000	1.949
2018		
QI	0.000	2.267
QII	0.000	2.459
QIII	0.000	2.601
QIV	0.000	2.934
2019		
QI	0.000	2.989

⁽¹⁾ Relates to CDs of 28 days maturity only

⁽²⁾ Simple average rates applicable during the month

⁽³⁾ Excluding intra-day repos with the CBO

Source: CBO

Since 1993, interest rates have been deregulated, with the exception of the personal loan segment. The interest rate ceiling on personal loans has been reduced over the years and since October 2013 has been fixed at 6 per cent. per annum.

Bank Regulation and Supervision

Anti Money Laundering/Combating the Financing of Terrorism ("AML/CFT")

Oman issued AML/CFT law 79/2010 (which replaced the AML law 34/2002) based upon Financial Action Task Force ("FATF") recommendations, resolutions, and conventions issued by the UN and signed up to by the Sultanate. Executive Regulation 72/2004 has been issued for combating money laundering.

A comprehensive AML/CFT law was promulgated by Royal Decree 30/2016. This new AML/CFT law replaces the previous AML/CFT law 79/2010 and based on technical assistance provided by the IMF reflects all the amendments of the Financial Action Task Force ("FATF") recommendations of 2012. All AML/CFT regulations, procedures, circulars that are issued and implemented by the banking and financial fields are based on the previous legislation and will be amended further as required, but in the meantime, continue to apply to the extent that they do not conflict with the new AML/CFT law, as does Executive Regulation 7/2004, which has been issued for combating money laundering. The new AML/CFT law provides for the establishment of the National Centre for Financial Information (the "**Centre**") which assumed the role of the Royal Oman Police's Financial Intelligence Unit in June 2016.

KYC Procedures

The regulations imposed on all financial institutions with regards to KYC procedures include the exercise of due diligence to verify, identify and update the identity of customers and actual beneficiaries as well as to know the purpose of the business relationship. Institutions are required to not open anonymous accounts or accounts under assumed or fictitious names, numbers or codes or provide any services to them. Financial institutions are also required to classify their customers and services according to the degree of risk of money laundering and terrorism financing and exercise special care when dealing with politically exposed persons. They are required to monitor customer transactions on an ongoing basis and verify the sources of their funds to ensure conformity with the information available on their identity, nature of their activities and the degree of risk. Financial institutions in Oman are prohibited from dealing with correspondent banks not adhering to AML/CFT laws and FATF recommendations or subject to UN sanctions. They are also prohibited from dealing with shell companies or entities. Financial institutions receiving wire transfers are required not to act upon them unless they contain a statement of identity verification and where the remitter and beneficiary are known.

Suspicious Transactions

Financial institutions are required to report to the Centre, regarding suspicious transactions as soon as they are suspected of being related to the proceeds of crime, terrorism, terrorism crime or a terrorist organisation or involving money laundering or terrorist financing, whether such transactions have or have not been conducted.

Monitoring Systems

Institutions are required to establish an electronic data system to monitor all electronic banking transactions with the purpose of enabling institutions to report unusual transactions, track suspicious transactions, generate required reports, track abnormal deposits including large amounts or amounts from countries listed as non-cooperative countries, countries not applying FATF recommendations and countries/individuals subject to UN sanctions. The system should be capable of tracking the names of individuals/entities listed in the UN sanction lists.

Data Systems

Institutions are requested to follow a system for the retention of documents and records, which must be kept for a minimum of 10 years. Financial institutions are required to keep the authenticated copies of these documents and records for 10 years. Banks are required to improve technology so as to ensure robust monitoring and compliance.

Bank Compliance Officer

Financial institutions are required to appoint a Money Laundering Compliance Officer who is the focal point of contact through whom suspicious transaction reports are made to the Centre. The compliance officer reports cases of money laundering and suspicious transactions, receives communications in this regard and ensures that the institutions internal controls system operates efficiently. The compliance officer is supposed to observe confidentiality and honesty in performing his work and, by law, higher management should not attempt to influence any of his decision making in respect of reporting suspicious transactions to the Centre. Financial institutions are required to provide training programs in KYC procedures, updates to the FATF recommendations and orientation on the regulation and policies of AML/CFT to their employees.

Capital Markets Authority

The Capital Markets Authority (the "CMA") was established by Royal Decree 80/98 issued on 9 November 1998 and commenced its duties on 9 January 1999.

The CMA is a Government entity with financial and administrative independence. The principal role of the CMA is to supervise the capital market and insurance sectors in Oman and to develop the legal framework governing the same (for example, by promulgating the Code of Corporate Governance for companies listed on the Muscat Securities Market). A number of entities are regulated by the CMA, including the Muscat Securities Market.

The CMA also aims to promote market efficiency for investors and raise awareness of investor rights and the importance of capital markets.

Muscat Securities Market

The Muscat Securities Market has been trading since 1989. The Muscat Securities Market is controlled by a board of directors headed by Dr. Ashraf bin Nibhan al Nabhani (chairman).

Overall market capitalisation of the Muscat Securities Market increased from approximately OMR 18.2 billion at 31 December 2018 to OMR 18.5 billion at 31 May 2019. Trading values decreased in 2018 for the five months ended 31 May 2019 to OMR 0.244 billion from OMR 0.459 billion for the five months ended 31 May 2018. The Muscat Securities Market share price index, which equalled 1,000 in 1990, decreased to 3,934.2 at 31 May 2018 from 4,606.7 at 31 May 2018.

The following table sets forth recent key Muscat Securities Market indicators.

Items	Per cent. change Jan – May (2018/ 2019)	Total (End – May)		2019			2018
		2019	2018	May	Apr	Mar	Dec
(A) Share Price Index (by Activity)							
– Manufacturing	(24.8)	4,620	6,145	4,620	4,646	4,637	4,991
– Financial	(11.7)	6,343	7,184	6,343	6,338	6,541	6,827
– Services	(20.2)	1,975	2,476	1,975	2,034	1,980	2,290
Total	(14.6)	3,934.2	4,606.7	3,934.2	3,945.6	3,983.7	4,323.7
(B) Total Number of Shares Traded (000)	(40.8)	1,459,482	2,465,625	182,316	303,884	310,855	4,020,702
(C) Total Value (000) OMR	(46.9)	243,707	458,873	50,052	42,494	45,679	762,713
(D) Net stock Investors (000) OMR							
Omanis	-	(363)	108,838	(166)	(1,455)	(3,660)	161,835
GCC	-	(3,055)	(3,031)	(1,512)	1,069	3,535	(42,156)
Arabs	-	(34)	(39,195)	283	537	(829)	(39,787)
Foreigners.....	-	3,452	(66,613)	1,395	(151)	954	(79,893)

June 1990 is the base year

Share Price Index represents the end of the respective periods

Source: Muscat Securities Market

PUBLIC FINANCE

General

Oman's annual budget process is as follows: each Ministry prepares its budget for the following year based on its expenditure requirements and forecasted revenues. All Ministries then submit their budgets to the Ministry of Finance which examines the proposals to ensure that they are in accordance with the revenue and expenditure framework adopted by the current Five-Year Plan. The Ministry of Finance then prepares a consolidated budget that is submitted to the Financial Affairs and Energy Resource Council for review and approval. Amongst other factors, the Financial Affairs and Energy Resource Council reviews the consolidated budget proposal in light of forecasted oil prices for the year, the present and targeted levels of the Governments' reserves, and the proposed deficit financing requirements. It is then forwarded to the Council of Ministers who then forwards it to the State Council (Majlis Al Dwala) and the Consultative Council (Majlis Al Shura) who then review and make suggestions. Such suggestions are then forwarded to the Council of Ministers. Following their review, the Council of Ministers forward the budget with consolidated suggestions to the Financial Affairs Energy Resources Council who in turn forward it to Ministry of Finance for effecting necessary changes to the budget. Once the budget is finalised it is submitted to the Council of Ministers for final approval. Once approved, it is then reviewed by the Ministry of Legal Affairs for the necessary issuance of a Royal Decree by His Majesty, which is normally issued at the beginning of each year.

2014 – 2019 Actual Consolidated Government Finances

The following table sets forth the actual revenues, expenditures and net lending for each of the five years ended 31 December 2018 and for the five months ended 31 May 2019 and 2018 for the consolidated Government finances. It notably includes income from the SGRF and the related oil and other funds as well as grants. Revenues from the SGRF and the other funds are not considered when the Government calculates the size of its deficit, if any, that it needs to fund.

	Year ended 31 December				Five months ended 31 May		
	2014	2015	2016	2017 ^a	2018 ^a	2018 ^a	2019 ^a
	<i>(OMR millions)</i>						
Revenue and Grants	14,426.0	9,255.3	8,149.5	8,635.4	10,821.0	4,113.3	4,833.2
Revenues	14,419.6	9,015.9	7,941.0	8,635.4	10,821.0	4,113.3	4,833.2
Oil Revenue	10,427.1	5,657.5	3,653.8	4,684.6	6,538.9	2,381.9	2,524.3
Gas and LNG-related Revenue	2,086.1	1,745.3	1,665.2	1,652.5	2,170.2	772.6	910.0
Nonhydrocarbon Revenue	1,906.4	1,613.1	2,622.0	2,298.3	2,111.9	958.7	1,398.9
Tax Revenue	910.8	902.8	946.1	933.2	1,045.8	550.4	675.9
Nontax Revenue ⁽¹⁾	995.6	710.3	1,675.9	1,365.1	1,066.1	408.3	723.0
Grants from Other Countries⁽²⁾	6.4	239.4	208.5	-	0.0	0.0	0.0
Total Expenditures, Net Lending & Grants	15,012.9	13,425.0	12,636.6	12,274.7	13,583.5	4,836.0	4,439.8
Current	11,194.0	9,926.6	9,794.3	9,551.8	10,606.6	3,751.2	3,744.6
Civil	6,498.7	5,688.9	5,346.7	5,735.3	6,351.0	2,251.6	2,347.9
Wages and Benefits	3,345.0	3,410.2	3,305.9	3,366.3	3,214.4	1,346.4	1,383.3
Goods and Services	1,070.3	1,069.3	994.6	933.5	727.1	250.7	230.4
Subsidies and Transfers	2,030.4	1,172.1	907.8	949.3	1,265.6	323.5	307.3
Interest Payments	53.0	37.3	138.4	371.5	618.3	179.5	227.3
Upstream Gas operations					525.6	151.5	199.5
Defence and Security	4,210.8	3,862.2	4,068.5	3,487.5	3,878.5	1,371.5	1,271.5
PDO Operations	484.5	375.5	379.1	329.0	377.1	128.1	125.2
Investment	3,512.2	3,267.5	2,910.5	2,644.1	2,876.9	1,069.0	867.7
Civil	2,093.6	1,822.5	1,384.0	1,334.1	1,199.9	546.4	415.5
Hydrocarbon	1,418.6	1,445.0	1,526.5	1,310.0	1,677.0	522.6	452.2
Net Lending and Equity	250.2	200.3	(87.6)	193.5	100.0	15.8	(172.5)
Grants to Other Countries⁽³⁾	56.5	30.6	19.6	0.0	0.0	0.0	0.0
Overall Balance	(586.9)	(4,169.7)	(4,487.3)	(3,639.2)	(2,762.5)	(722.7)	393.5

^a Preliminary

⁽¹⁾ Includes income from the SGRF, Petroleum Reserve Fund and other funds and, starting in 2017, grants from other countries.

⁽²⁾ Grants from other countries included in nontax revenue beginning in 2017.

⁽³⁾ Grants to other countries included in subsidies and transfers beginning in 2017.

Source: Ministry of Finance (IMF accounting format)

Revenue and Grants

The following table sets forth the actual detailed revenues and grants for the consolidated Government finances for each of the five years ended 31 December 2018 and for the five months ended 31 May 2018 and 2019.

	Year ended 31 December					Five months ended 31 May	
	2014	2015	2016	2017*	2018*	2018*	2019*
	<i>(OMR millions)</i>						
Oil Revenue-Total⁽¹⁾	10,427.1	5,657.5	3,653.8	4,684.6	6,728.7	2,453.3	2,600.6
Oil Revenues-Budget	10,206.4	5,657.5	3,653.8	4,684.6	6,538.9	2,381.9	2,524.3
Tax revenue from PDO private shareholders	2,124.7	928.5	482.9	705.0	1,379.1	464.7	634.0
Sales to PDO	7.7	43.5	22.1	34.2	53.3	18.3	14.0
Sales to others	6,883.1	3,979.4	2,680.9	3,439.7	4,456.7	1,653.3	1,598.4
Oil installation port dues	1.2	1.3	2.6	2.8	2.5	0.8	0.8
Condensate sales	1,189.8	704.8	465.3	502.8	647.3	244.8	277.2
Oil revenue transferred to SGRF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil revenue transferred to Petroleum Reserve Fund	220.7	0.0	0.0	0.0	189.8	71.3	76.3
Oil revenue transferred to Contingency Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil revenue transferred to OIF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure Development Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Temporary Surplus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gas and LNG related revenue	2,086.1	1,745.3	1,665.2	1,652.5	2,170.2	772.6	910.0
Oman LNG dividends	398.5	261.3	129.2	128.2	139.4	90.0	132.8
Gas feedstock sales to Oman LNG project	970.6	714.0	717.0	677.7	1,096.3	381.1	492.3
Natural gas sales (domestic)	717.0	770.0	819.0	846.6	934.5	301.5	284.9
Nonhydrocarbon Revenue	1,906.4	1,613.1	2,622.0	2,298.3	2,111.9	958.7	1,398.9
Tax Revenue	910.8	902.8	946.1	933.2	1,045.8	550.4	675.9
Customs duties	279.2	235.4	302.9	262.0	277.3	88.5	84.3
Corporate income tax	448.0	451.7	388.6	366.5	463.1	352.3	514.4
Training tax	156.0	185.2	208.7	257.7	258.5	92.2	64.0
Municipal taxes	27.6	30.5	45.9	47.0	46.8	17.5	13.2
Non-Tax Revenue	995.6	710.3	1,675.9	1,365.1	1,066.1	408.3	723.0
Investment Income	378.3	85.3	884.6	212.4	195.2	62.2	309.6
Domestic assets ⁽²⁾	71.8	76.0	74.1	87.2	308.3	40.8	6.3
Funds ⁽¹⁾	306.5	9.3	810.5	125.2	(113.1)	21.4	303.3
Public services and utilities ⁽³⁾	63.4	62.4	87.5	98.0	54.9	44.7	27.8
Civil aviation	23.4	51.2	49.1	69.7	68.8	24.3	25.3
Public authorities' surplus	8.0	6.8	8.9	11.4	15.3	0.0	0.0
Other ⁽⁴⁾	522.5	504.6	645.8	973.6	731.9	277.1	360.3
Total Revenue	14,419.6	9,015.9	7,941.0	8,635.4	10,821.0	4,113.3	4,833.2
Grants from Other Countries⁽⁵⁾	6.4	239.4	208.5	-	0.0	0.0	0.0
Total Revenue and Grants	14,426.0	9,255.3	8,149.5	8,635.4	10,821.0	4,113.3	4,833.2

* Preliminary

(1) Includes receipts assigned to the SGRF, the Petroleum Reserve Fund, OIF and other funds.

(2) Interests and dividends on domestic assets, excluding returns on domestic deposits from SGRF.

(3) Mainly consists of water, electricity, post, and port revenue.

(4) Includes notably sales of Government land and property, passport and immigration fees, licenses and, beginning in 2017, grants from other countries.

(5) Grants from other countries included in nontax revenue beginning in 2017.

Source: Ministry of Finance (IMF accounting format)

Revenue

Total consolidated Government revenues including grants increased by 17.5 per cent. to OMR 4,833.2 million for the five months ended 31 May 2019 from OMR 4,113.3 million for the same period in 2018. This increase was mainly due to a rise in oil revenues due to higher oil prices as well as an increase in non-hydrocarbon revenues. Total oil revenues increased by 6.0 per cent. to OMR 2,524.3 million for the five months ended 31 May 2019 from OMR 2,381.9 million for the same period in 2018. Gas and LNG related revenues increased by 17.7 per cent. to OMR 910.0 million for the five months ended 31 May 2019 from OMR 772.6 million for the same period in 2018. Non-hydrocarbon revenues, including revenues generated from taxes, investment income and other revenues increased by 45.9 per cent. to OMR 1,398.9 million for the five months ended 31 May 2019 as compared to OMR 958.7 million for the same period in 2018, mostly as a result of the capital gains tax on Oman Oil Company's divestment of BP Khazzan, the increase in corporate tax revenue and the increase in the valuation of investments. Revenues for the non-hydrocarbon sector consisted of 48.3 per cent. from taxes collected and 51.7 per cent. from non-tax revenue.

Total consolidated Government revenues including grants increased by 25.3 per cent. to OMR 10,821.0 million for the year ended 31 December 2018 from OMR 8,635.4 million for the year ended 31 December 2017. This increase was mainly due to a substantial rise in oil revenues due to higher oil prices. Total oil revenues increased by 49.2 per cent. to OMR 6,057.1 million for the year ended 31 December 2018 from

OMR 4,060.8 million for the same period in 2017. This increase was due to the increase in the average monthly Omani blend price to U.S.\$68.7 per barrel for the year ended 31 December 2018 from U.S.\$50.9 per barrel for the year ended 31 December 2017, which was above the oil price of U.S.\$50 per barrel used to calculate the budget forecast. Gas and LNG related revenues increased by 36.4 per cent. to OMR 1,970.5 million for the year ended 31 December 2018 from OMR 1,444.2 million for the year ended 31 December 2017. Non-hydrocarbon revenues, including revenues generated from taxes, investment income and other revenues increased by 13.2 per cent. to OMR 2,027.6 million for the year ended 31 December 2018 as compared to OMR 1,790.9 million for the year ended 31 December 2017, mostly as a result of an increase in tax revenues and investment income resulting from non-tax revenue. Revenues for the non-hydrocarbon sector consisted of 44.3 per cent. from taxes collected and 55.7 per cent. from non-tax revenue.

Grants from Other Countries

The following table sets forth the amount of GCC Development Fund grants committed and utilised by Oman as of 30 April 2019.

<u>Country</u>	<u>Total Amount</u>	<u>Amount Utilized</u>	<u>Remaining Balance</u>
		<i>(USD millions)</i>	
<i>Kuwait</i>	2,500	1,655	845
<i>Saudi Arabia</i>	2,500	63	2,437
<i>Qatar</i>	2,500	-	2,500
<i>UAE</i>	2,500	-	2,500
Total	10,000	1,718	8,282

The principal source of grants from other countries to Oman is the GCC Development Fund, under which Oman is the beneficiary of U.S.\$10 billion in grant commitments with contributions to be made by the non-donor GCC member states. The GCC Development Fund is intended to stimulate economic growth and is expected to be used in furtherance of development goals.

As of 30 April 2019, the total utilised amount of the \$10 billion GCC grant stood at \$1.7 billion. The utilised amount is currently being disbursed into infrastructure projects.

The Kuwait portion of the fund is financing the Batinah Expressway which links Muscat to the Sohar Port and industrial area and to the UAE border. The Saudi Arabian portion will finance a road connecting Duqm to Ras Markaz (expected location for the development of a crude oil storage park) and the second phase of Duqm fishing port.

Expenditure

Total expenditures decreased by 8.2 per cent. to OMR 4,439.8 million for the five months ended 31 May 2019 from OMR 4,836.0 million for the same period in 2018, in part due to a combination of factors such as a decrease in investment expenditure and defence expenditure. Current expenditures decreased slightly by 0.2 per cent. to OMR 3,744.6 million for the five months ended 31 May 2019 from OMR 3,751.2 million for the same period in 2018. The major components of current expenditures are defence spending and civil ministries. Defence spending decreased by 7.3 per cent. for the five months ended 31 May 2019 at OMR 1,271.5 million as compared with OMR 1,371.5 million for the same period in 2018. Current expenditures related to the civil sector increased by 4.3 per cent. for the five months ended 31 May 2019 to OMR 2,347.9 million from OMR 2,251.6 million for the same period in 2018, partly as a result of an increase in pension contributions, which increased by 85.4 per cent. to OMR 102.5 million for the five months ended 31 May 2019 from OMR 55.3 million for the five months ended 31 May 2018. Meanwhile, PDO operating expenditures (PDO current operations) decreased slightly to OMR 125.2 million from OMR 128.1 million and capital expenditures in oil and gas sector increased as a result of two projects: Rabab Harweel and Yibal Khuff. In addition, PDO increased investments for exploration and reserve purposes.

Total expenditures increased by 9.6 per cent. to OMR 13,583.5 million for the year ended 31 December 2018 from OMR 12,389.4 million for the year ended 31 December 2017, as a result of higher current and capital expenditure spending. Current expenditures increased by 11.0 per cent. to OMR 10,606.6 million for the year ended 31 December 2018 from OMR 9,551.8 million for the year ended 31 December 2017, as a result of a rise in the operational expenditure for gas projects (due to BP Khazzan coming on stream) and a rise in interest payments, reflecting the increase in the government's debt alongside rising interest rates on dollar-denominated floating rate debt (which makes up approximately 30% of the government's

foreign-currency debt stock). Defence spending increased by 11.2 per cent. for the year ended 31 December 2018 at OMR 3,878.5 million as compared with OMR 3,487.5 million for the year ended 31 December 2017, as a result of on-going projects. Current expenditures related to the civil sector decreased by 10.1 per cent. for the year ended 31 December 2018 to OMR 1,199.9 million from OMR 1,334.1 million for the year ended 31 December 2017, as a result of a 4.5 per cent decrease in the total wages and salaries and 22.1 per cent decline in goods and service. Meanwhile, PDO operating expenditures (PDO current operations) increased to OMR 377.1 million from OMR 329.0 million and capital expenditures in oil and gas sector increased to OMR 1,677.0 million from OMR 1,310.0 million.

The following table sets forth the actual detailed government expenditures, grants and net lending for each of the five years ended 31 December 2018 and for the five months ended 31 May 2019 and 2018.

	Year ended 31 December				Five months ended 31 May		
	2014	2015	2016	2017*	2018*	2019*	
	(OMR millions)						
Current Expenditures	11,194.0	9,926.6	9,794.3	9,551.8	10,606.6	3,751.2	3,744.6
Civil	6,498.7	5,688.9	5,346.7	5,620.6	6,351.0	2,251.6	2,347.9
Total Wages and Salaries	3,345.0	3,410.2	3,305.9	3,366.3	3,214.4	1,346.4	1,383.3
Wages and salaries	1,511.0	1,614.1	1,658.4	1,652.3	1,587.6	726.5	711.8
Allowances ⁽¹⁾	1,310.0	1,311.0	1,304.8	1,292.4	1,208.3	511.5	521.8
Other remuneration ⁽²⁾	225.7	196.0	191.1	174.7	167.1	53.1	47.3
Pension contributions ⁽³⁾	298.3	289.1	151.6	246.9	251.4	55.3	102.5
Goods and Services	1,070.3	1,069.3	994.6	933.5	727.1	250.7	230.4
Supplies of goods	221.3	200.0	189.4	210.4	189.2	77.2	53.0
Furniture and equipment	72.0	47.7	18.1	11.3	11.2	1.8	0.5
Services	578.7	562.2	482.6	419.3	413.9	143.7	145.7
Government services ⁽⁴⁾	103.0	93.0	109.9	112.5	112.7	28.1	31.3
Upstream gas project ⁽⁵⁾	95.3	166.4	194.6	180.0	525.6	151.5	199.5
Subsidies and Transfers ⁽⁶⁾	2,030.4	1,172.1	907.8	949.26	1,265.6	323.5	307.3
Interest Payments	53.0	37.3	138.4	371.5	618.3	179.5	227.3
PDO Current Operations ⁽⁷⁾	484.5	375.5	379.1	329.0	377.1	128.1	125.2
Defence Expenditures ⁽⁸⁾	4,210.8	3,862.2	4,068.5	3,487.5	3,878.5	1,371.5	1,271.5
Capital Expenditures	3,512.2	3,267.5	2,910.5	2,644.1	2,876.9	1,069.0	867.7
Civil ministries	2,093.6	1,822.5	1,384.0	1,334.1	1,199.9	546.4	415.5
Hydrocarbon	1,418.6	1,445.0	1,526.5	1,310.0	1,677.0	522.6	452.2
PDO investments ⁽⁷⁾	748.1	774.3	842.6	750.0	921.3	274.0	282.5
Upstream gas project ⁽⁹⁾	670.5	670.7	683.9	560.0	755.7	248.6	169.7
Total Expenditures	14,706.2	13,194.1	12,704.8	12,195.9	13,483.5	4,820.2	4,612.3
Net Lending and Equity	250.2	200.3	(87.6)	193.5	100.0	-	-
Grants to Other Countries ⁽¹⁰⁾	56.5	30.6	19.6	0.0	-	15.8	(172.5)
Total Expenditure, Grants & Net Lending ..	15,012.9	13,425.0	12,636.8	12,389.4	13,583.5	4,836.0	4,439.8

* Preliminary

(1) Mostly consists of housing and transport allowances for civil servants.

(2) Mostly consists of bonuses and special employment contracts.

(3) Pension contributions for civil service employees.

(4) Mostly consists of post, telegraph and telecom (PTT), electricity, and water.

(5) Includes operational expenditures, gas transportation charges, cost gas purchase from Occidental, and annual fees for operations.

(6) Includes subsidies and transfers in relation to civil ministries (subsidies for public authorities, grants and subsidies to households and other donations and grants) and subsidies in relation to the private sector and Government related entities. Subsidies are for the electricity sector, for petroleum products and for basic food stuff, operational support for Government related companies, and for the payment of interests under the development and housing loans program.

(7) The Government's share is 60 per cent. of total PDO expenditure for both current and capital expenditures.

(8) Includes some dual (civil and defence) use capital expenditures.

(9) Includes capital expenditures and expenditures on exploration for gas.

(10) Grants to other countries included in subsidies and transfers beginning in 2017

Sources: Ministry of Finance (IMF accounting format)

Total consolidated Government capital expenditures decreased by 18.8 per cent. to OMR 867.7 million for the five months ended 31 May 2019 from OMR 1,069.0 million for the same period in 2018. Total consolidated Government capital expenditures increased by 9.6 per cent. to OMR 13,583.5 million for year ended 31 December 2018 from OMR 12,389.4 million for year ended 31 December 2017. 58.3 per cent. of capital expenditures for the year ended 31 December 2018 were for the hydrocarbon sector and 41.7 per cent. were for capital expenditures undertaken by civil ministries. Public capital expenditures for the non-hydrocarbon sector amounted to OMR 1,199.9 million in the year ended 31 December 2018, of which 42.8 per cent. was allocated to the transportation sector (roads, harbours, airports) and 29.0 per cent. was allocated to the social sector (education, health, housing).

The following table sets forth the breakdown of government capital expenditures for each of the five years ended 31 December 2018 and for the five months ended 31 May 2019 and 2018.

	Year ended 31 December					Five months ended 31 May	
	2014	2015	2016	2017*	2018*	2018*	2019*
	<i>(OMR millions)</i>						
Hydrocarbon Sector	1,418.6	1,445.0	1,526.5	1,310.0	1,677.0	522.6	452.2
Government share in PDO ⁽¹⁾	748.1	774.3	842.6	750	921.3	274.0	282.5
Upstream gas project.....	670.5	670.7	683.9	560	755.7	248.6	169.7
Civil, by sector breakdown⁽²⁾	2,093.6	1,822.5	1,384.0	1,345.4	1,199.9	546.4	415.5
Agriculture, irrigation, water resources, and fisheries.....	56.2	59.5	59.7	45.8	40.3	15.2	7.8
Manufacturing and mining.....	1.6	1.7	2.6	6.1	5.7	1.5	4.3
Utilities.....	247.2	88.8	115.4	63.1	87.9	41.3	21.0
Electricity and water.....	245.1	86.0	111.9	62.6	81.8	41.2	20.8
Communications.....	2.1	2.8	3.5	0.5	6.1	0.1	0.2
Transport sector.....	922.2	886.4	602.7	643.5	513.6	269.8	222.4
Roads.....	510.2	610.7	398.4	259.8	342.1	187.0	168.6
Harbors.....	56.2	31.4	12.1	91.2	49.8	13.8	6.1
Airports.....	355.8	244.3	192.2	292.5	121.8	69.0	47.7
Social sector.....	508.1	500.9	434.1	342.7	348.4	139.8	77.0
Education.....	226.8	243.6	242.3	156.7	180.5	76.3	26.6
Health.....	36.7	42.0	43.6	35.1	42.1	13.7	20.6
Housing.....	244.6	215.3	148.2	150.9	125.9	49.8	29.8
Public administration.....	138	109.6	81.5	96.4	92.0	48.9	39.7
Other.....	221.9	177.3	95.0	136.5	112.0	29.9	43.3
Total Capital Expenditures	3,512.2	3,267.5	2,910.5	2,655.4	2,876.9	1,069.0	867.7

* Preliminary

⁽¹⁾ The Government's share is 60 per cent. of total PDO capital expenditures.

⁽²⁾ Includes human resources development.

Source: Ministry of Finance (IMF accounting format)

Deficit Financing

The overall consolidated Government surplus (including net grants) was OMR 393.5 million for the five months ended 31 May 2019 as compared to a deficit of OMR 722.7 million for the same period in 2018.

The overall consolidated Government deficit (including net grants) was OMR 2,762.5 million for the year ended 31 December 2018, down from OMR 3,639.2 million for the same period in 2017.

The following table provides a reconciliation between (i) the deficit amount for the years ended 31 December 2018 and 2017 and the surplus amount for the five months ended 31 May 2018 and 2019, each calculated by the Ministry of Finance in accordance with the IMF accounting format and (ii) the consolidated Government deficit published by NCSI for the years ended 31 December 2018 and 2017 and the deficit for the five months ended 31 May 2018 and 2019 (which, unlike the IMF accounting format, excludes investment income and includes expenditure to be allocated) (see "Presentation of Economic and Other Information"):

	Year ended 31 December		Five months ended 31 May	
	2017	2018	2018	2019
Government deficit in accordance with IMF Format	(3,639.2)	(2,762.5)	722.7	393.5
Less expenditure under settlement.....	0	0	350.9	448.5
Less investment income ¹	125.2	(113.1)	21.4	303.3
Government deficit published by NCSI	(3,764.4)	(2,649.4)	(1,095.0)	(358.3)

¹ This investment income of OMR 113.1 million as of 31 December 2018 has been reinvested by the respective funds.

The 2018 deficit has been financed by a combination of higher oil prices and a combination of domestic and international borrowings from the domestic and international capital markets, including the U.S.\$1.5 billion issuance in October 2018 of fixed rate trust certificates due 2025 and U.S.\$6.5 billion issuance in January 2018 of 4.125 per cent. notes due 2023, 5.625 per cent. notes due 2028 and 6.750 per cent. notes due 2048.

The 2017 deficit was financed by, among other measures, a combination of domestic and international borrowings from the domestic and international capital markets, including the proceeds of the U.S.\$3.55

billion loan from a syndicate of Chinese financial institutions, U.S.\$2 billion issuance in June 2017 of fixed rate trust certificates due 2024 and U.S.\$5 billion issuance of 3.875 per cent. notes due 2022, 5.375 per cent. notes due 2027 and 6.500 per cent. notes due 2047. Excess borrowing amounts of approximately OMR 1.2 billion were used to repay short-term loans.

The 2016 deficit was financed by a combination of domestic and international borrowings from the domestic and international capital markets, including the proceeds of the U.S.\$4 billion issuances of 3.625 per cent. notes due 2021 and 4.750 per cent. notes due 2026, borrowings from domestic banks, transfers from the SGRF, proceeds from the transfer of the Ministry of Finance's stake in Omantel to OIF and proceeds from the U.S.\$4 billion from a pre-export finance facility.

Oman has taken a number of measures in recent years to reduce its deficit, including nearly freezing new government hiring and promotions from 2017 (other than replacing workers who retire in the education and health sectors and continued hiring in defence), limiting civil servant compensation increases and streamlining allowances, eliminating certain fuel subsidies, reducing certain operating expenditures and the defence budget and issuing instructions to all spending units in key line ministries to curtail non-essential current expenditure and to increase efficiency. This spending restraint has led to current expenditure decreasing between 2014 and 2017 by OMR 1,800 million. Additionally, the Government aims to reduce its deficit by increasing non-oil and gas revenues through various measures (including an increase in 2017 in corporate tax rates to 15 per cent., and reductions in tax exemptions, improving the efficiency of tax and customs collection, and the imposition of other select service taxes (e.g. alcohol, tobacco) in 2017), by increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs via a progressive system based on brackets. The increase in the corporate tax rates and other changes in the taxation system first impacted government revenues in 2018. For more detail, see "*Public Finance—State General Budgets—2017 Budget—2017 Deficit*" below.

State General Budgets

In furtherance of the most recent Five-Year Plan, the State General Budget 2016 introduced meaningful fiscal reforms both on the revenue and expenditure sides. The Government continued its 2015 reduction of non-core expenditures in 2016 in favour of targeted investments, including by reducing fuel and electricity subsidies, freezing Government employment, deferring non-essential projects and reducing expenditure on non-essential transport for Government officials. The Government also increased non-oil and gas revenues in 2016 through various measures, including improving the efficiency of tax and customs collection, increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs.

The State General Budgets in 2017 and 2018 continued these fiscal reforms both on the revenue and expenditure sides, with the aim to continue reducing non-core expenditures in favour of targeted investments, including by reducing fuel subsidies, freezing Government employment, deferring non-essential projects and reducing expenditure on non-essential transport for Government officials. The Government increased non-oil and gas tax revenues in 2017 and 2018 through various measures, including the increase of corporate tax rates to 15 per cent. and reducing tax exemptions, improving the efficiency of tax and customs collection, the imposition in 2017 of other select service taxes (e.g. alcohol, tobacco), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs.

The following table compares the consolidated Government finances for 2016, 2017 and 2018 and the five months ended 31 May 2019 and 2018 and the State General Budget for 2017, 2018 and 2019.

Government Finances vs. State General Budget

	Actual 2016	Budget 2017	Actual 2017	Budget 2018	Actual 2018	Budget 2019	Actual five months ended 31 May 2018	Actual five months ended 31 May 2019*
	<i>(OMR millions)</i>							
Revenue and Grants	8,149.5	8,660.3	8,635.4	9,500.1	10,821.0	10,100.0	4,113.3	4,833.2
Revenues	7,941.0	8,410.3	8,635.4	9,500.1	10,821.0	10,100.0	4,113.3	4,833.2
Oil Revenue	3,653.8	4,450.0	4,684.6	5,010.0	6,538.9	5,465.0	2,381.9	2,524.3
Gas and LNG-related Revenue ...	1,665.2	1,791.7	1,652.5	2,044.0	2,170.2	1,980.0	772.6	910.0
Nonhydrocarbon Revenue	2,622.0	2,168.6	2,298.3	2,446.1	2,111.9	2,655.0	958.7	1,398.9
Tax Revenue	946.1	1,152.0	933.2	1,155.2	1,045.8	1,194.0	550.4	675.9

	Actual 2016	Budget 2017	Actual 2017	Budget 2018	Actual 2018	Budget 2019	Actual five months ended 31 May 2018	Actual five months ended 31 May 2019*
	(OMR millions)							
Nontax Revenue ⁽¹⁾	1,675.9	1,016.6	1,365.1	1,290.9	1,066.1	1,461.0	408.3	723.0
Grants from Other Countries ⁽²⁾ ...	208.5	250.0	-	-	-	-	0.0	0.0
Total Expenditures, Net Lending & Grants	12,636.8	11,658.1	12,274.7	12,360.1	13,583.5	12,760.0	4,836.0	4,439.8
Current	9,794.3	8,978.1	9,551.8	9,880.1	10,606.6	10,055.0	3,751.2	3,744.6
Civil.....	5,346.7	5,308.1	5,735.3	6,100.1	6,351.0	5,615.0	2,251.6	2,347.9
Wages and Benefits.....	3,305.9	3,242.6	3,366.3	3,303.8	3,214.4	3,470.0	1,346.4	1,383.3
Goods and Services.....	994.6	887.0	933.5	1,038.6	727.1	1,219.0	250.7	230.4
Subsidies and Transfers.....	907.8	913.5	949.3	1,277.7	1,265.6	1,051.0	323.5	307.3
Interest Payments	138.4	265.0	371.5	480.0	618.3	630.0	179.5	227.3
Upstream Gas operations	-	-	-	-	525.6	-	151.5	199.5
Defence and Security	4,068.5	3,340.0	3,487.5	3,440.0	3,878.5	3,450.0	1,371.5	1,271.5
PDO Operations.....	379.1	330.0	329.0	340.0	377.1	360.0	128.1	125.2
Investment	2,910.5	2,510.0	2,644.1	2,580.0	2,876.9	2,500.0	1,069.0	867.7
Civil.....	1,384.0	1,200.0	1,334.1	1,200.0	1,199.9	1,200.0	546.4	415.5
Hydrocarbon.....	1,526.5	1,310.0	1,310.0	1,380.0	1,677.0	1,300.0	522.6	452.2
Net Lending and Equity	(87.6)	120.0	78.8	(100.0)	100.0	(80.0)	15.8	(172.5)
Grants to Other Countries ⁽³⁾	19.6	50.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	(4,487.3)	(2,997.8)	(3,639.9)	(2,860.0)	(2,762.5)	(2,660.0)	(722.7)	393.5

* Preliminary

(1) Includes income on the SGRF, Petroleum Reserve Fund and other funds and, starting in actual 2017, grants from other countries. However, budgeted figures do not include income on SGRF, Petroleum Reserve Fund and other funds.

(2) The budgeted deficit published in the 2016 budget was displayed as OMR 3,268.8 million due to net grants of OMR 600.0 million being displayed below the line.

(3) Includes pension contributions and other remuneration.

(4) Grants from other countries included in nontax revenue beginning in 2017.

(5) Grants to other countries included in subsidies and transfers beginning in 2017.

Source: Ministry of Finance

2018 Budget

2018 Revenue

The 2018 budget was approved by Royal Decree No 1, issued on 1 January 2018, and it estimated an increase in oil revenues to OMR 5,150.0 million, as compared to actual revenues of OMR 4,684.6 million for the year ended 31 December 2017. The 2018 Budget also encompassed transfers to the oil fund of OMR 140 million. The projected increase in oil revenues in 2018 as compared with actual oil revenues in 2017 (on an annualised basis) was based on an increase of the average monthly projected Oman crude oil price to U.S.\$50 per barrel in 2018. Total gas revenues (including dividends from the Oman LNG project) were projected to reach OMR 2,044.0 million, as compared to actual gas revenues (including dividends from the Oman LNG project) of OMR 1,652.5 million for the year ended 31 December 2017. Non-hydrocarbon revenues were estimated to be OMR 2,446.2 million as compared to actual non-hydrocarbon revenues of OMR 2,298.3 million for the year ended 31 December 2017.

Investment income from domestic assets was projected to decrease to OMR 50.1 million, as compared to actual investment income from domestic assets of OMR 87.2 million for the year ended 31 December 2017. Total 2018 budget revenues (including grants from other countries) were projected to amount to OMR 9,833.0 million as compared to actual total revenues of OMR 8,635.4 million for the year ended 31 December 2017.

Actual revenue for the year ended 31 December 2018 was OMR 10,821.0 million, 25.3 per cent. higher than revenue for the year ended 31 December 2017 and 113.9 per cent. of the budgeted revenues. Exceeding the Government's expectations, Oman's crude oil export price averaged approximately \$68 per barrel in 2018. As a result, oil and gas revenues were approximately OMR 8,709.1 million for the year ended 31 December 2018, 37.4 per cent. higher than for the year ended 31 December 2017 and 123.5 per cent. of the budgeted amount. Actual non-hydrocarbon revenues for the year ended 31 December 2018 decreased by 8.1 per cent. as compared to the year ended 31 December 2017 and were 86.3 per cent. of the budgeted amount, mainly because of lower than expected tax revenues, including due to custom duties and training tax coming in below what had been budgeted. The lower than expected custom duty revenues largely reflects a number of factors, such as agreements made with EFTA (European Free Trade Association) and China, in which no custom duties will be imposed on traded goods. Additionally, there was an increase in custom duty exemptions for import of equipment, spare parts and primary raw materials, which reduced

custom revenues in 2017. Further, the Government's Omanisation initiative has led to a decline in expatriate workers, leading to a lower than expected training tax.

2018 Expenditure

The 2018 budget estimated that total budget expenditure would be OMR 12,360.1 million against actual total expenditures of OMR 12,274.7 million for the year ended 31 December 2017. Civil current expenditures (comprised of wages and benefits, goods and services, subsidies and transfers as well as interest payments) were projected to amount to OMR 6,100.1 million, compared to equivalent actual expenditures of OMR 5,735.3 million for the year ended 31 December 2017. In particular, goods and services were projected at OMR 1,038.6 million against an actual figure of OMR 933.5 million for the year ended 31 December 2017. Goods and services include operational expenditures, gas transportation charges, cost gas purchase from Occidental, and annual fees for gas operations. In addition, although there is a hiring freeze in the Government, expenditures for wages and benefits were expected to stay stable or decrease slightly to OMR 3,303.8 million against an actual figure of OMR 3,366.3 million for the year ended 31 December 2017, as a result of adjustments for inflation, increased wages tied to promotions and payment of end of service benefits. Defence and security expenditures were estimated at OMR 3,440.0 million against actual defence and security expenditures of OMR 3,487.5 million for the year ended 31 December 2017. PDO current operations were estimated at OMR 340 million against an actual figure of OMR 329 million for the year ended 31 December 2017. Hydrocarbon capital expenditures were projected to reach OMR 1,380.0 million including the Government's share in PDO capital expenditures, and upstream gas development capital expenditures, compared to equivalent actual expenditures of 1,243.6 million in 2017 (on an annualised basis). Capital expenditures for civil ministries and development expenditures for Government related entities were projected to amount to OMR 1,200.0 million, compared to equivalent actual expenditures of 1,334.1 million for the year ended 31 December 2017.

Actual total expenditures for the year ended 31 December 2018 were OMR 13,583.5 million, 10.7 per cent. higher than the same period in 2017 and representing 109.9 per cent. of budgeted expenditure for 2018. This increase in actual expenditures is in part explained by the increase in interest expense, which reflects the increase in the government's debt alongside rising interest rates on dollar-denominated floating rate debt (which makes up approximately 30% of the government's foreign-currency debt stock), and is also explained by an increase in subsidies and transfers, largely reflecting a rise in subsidy support to public authorities and an increase in Defence and Security spending, reflecting an increase in investment expenditure. Furthermore, expenditure on Upstream Gas operations witnessed an increase, reflecting the start of operating expenses at the BP Khazzan field. The Government issued more debt in 2018 relative to its actual financing needs in order to take advantage of market conditions before an expected further rise in interest rates. As a result, the Government has pre-financed OMR 632 million, OMR 454 million of which is currently held at the Central Bank with the remaining OMR 178 million held in deposits made by Treasury, of the 2019 financing requirements (including through the U.S.\$8 billion raised in the international capital markets in 2018) at what it expects to be relatively more favourable terms. These additional funds have not been utilised and will be used to fund the 2019 deficit. Additionally, prior to 2018, the Government recorded the subsidy transfers to the Public Authority for Electricity and Water ("PAEW") at the end of each financial year and this led to large expenditure increases in December of each year. During 2018, as a measure to mitigate the large increases in expenditure in December, the Government started recording the payments to PAEW on a monthly basis, reflecting the large increase in subsidies and transfers line item for the year ended 31 December 2018, as compared to the same period in 2017. Current spending increased by 11.0 per cent. for the year ended 31 December 2018 as compared to the same period in 2017. Expenditures on defence and security increased by 11.2 per cent. as compared with the same period in 2017 and represented 112.7 per cent. of the budgeted amount. Oman increased investment spending by 8.8 per cent. during the year ended 31 December 2018. This investment spending primarily went toward PDO investments in exploration and production activities, as the company aims to sustain its long-term hydrocarbon output.

2018 Deficit

The 2018 budget forecasted, on the basis of a price of oil of approximately U.S.\$50 per barrel, a deficit of OMR 2,860.0 million, to be funded by net domestic and international borrowing on capital markets and bank loans (approximately OMR 500 million and OMR 2,400 million from domestic and international sources, respectively), including the U.S.\$1.5 billion issuance in October 2018 of fixed rate trust certificates due 2025 and the U.S.\$6.5 billion issuance in January 2018 of 4.125 per cent. notes due 2023, 5.625 per cent. notes due 2028 and 6.750 per cent. notes due 2048, as well as net withdrawals from SGRF (up to

OMR 500 million). This compares to an actual consolidated Government deficit of OMR 3,524.6 million for the year ended 31 December 2017. The following table provides a reconciliation of the consolidated Government deficit published by NCSI for the year ended 31 December 2017 with the Government deficit for the same time period in accordance with the IMF Format:

	Year ended 31 December 2017
Government deficit in accordance with IMF Format	<u>(3,639.2)</u>
<i>Less</i> investment income	125.2
Government deficit published by NCSI	<u>(3,764.4)</u>

The Government forecast that its break-even price of oil would be approximately U.S.\$79 per barrel in 2018, up from U.S.\$74 per barrel in 2017 and down from U.S.\$114 per barrel in previous years.

The deficit as of 31 December 2018 was OMR 2,762.5 million, a 24.1 per cent. decrease over the same period in 2017 and 3.4 per cent. lower than the Government's budget forecast for the full year in 2018. The deficit as of 31 December 2018 was also significantly below the average of OMR 3,200 million from 2014-2017. The deficit for the year ending 31 December 2018 was financed by, among other measures, a combination of domestic and international borrowings from the domestic and international capital markets.

2019 Budget

2019 Revenue

The 2019 budget was approved by Royal Decree No 1, issued on 1 January 2019, and it projects a decrease in oil revenues to OMR 5,465.0 million, as compared to actual revenues of OMR 6,538.9 million for the year ended 31 December 2018. The 2019 Budget does encompass a transfer of OMR 160 million to the Debt Service Fund ("**PRF**"). The projected decrease in oil revenues in 2019 as compared with actual oil revenues in 2018 is based on a decrease of the average monthly projected Oman crude oil price to U.S.\$58.0 per barrel in 2019. Total gas revenues (including dividends from the Oman LNG project) are projected to reach OMR 1,980.0 million, as compared to actual gas revenues (including dividends from the Oman LNG project) of OMR 2,170.2 million for the year ended 31 December 2018 and OMR 910.0 million for the first five months of 2019. Non-hydrocarbon revenues are estimated to be OMR 2,655.0 million as compared to actual non-hydrocarbon revenues of OMR 2,111.9 million for the year ended 31 December 2018 and OMR 1,398.9 million for the first five months of 2019.

Investment income from the various Government institutions and companies is set to reach OMR 220.0 million, as compared to actual investment income of OMR 195.2 million for the year ended 31 December 2018 and OMR 309.6 million for the first five months of 2019. Total 2019 budget revenues (including grants from other countries) are projected to amount to OMR 10,100.0 million as compared to actual total revenues of OMR 10,821.0 million for the year ended 31 December 2018 and OMR 4,833.2 million for the first five months of 2019.

2019 Expenditure

The 2019 budget estimates that total budget expenditure will be OMR 12,635.0 million against actual total expenditures of OMR 13,483.5 million for the year ended 31 December 2018 and OMR 4,439.8 million for the first five months of 2019. Civil current expenditures (comprised of wages and benefits, goods and services, subsidies and transfers as well as interest payments) are projected to amount to OMR 5,615.0 million, compared to equivalent actual expenditures of OMR 6,351.0 million for the year ended 31 December 2018 and OMR 2,347.9 million for the first five months of 2019. In particular, goods and services are projected at OMR 1,219.0 million against an actual figure of OMR 727.1 million for the year ended 31 December 2018 and OMR 230.4 million for the first five months of 2019. Goods and services include operational expenditures, gas transportation charges, cost of gas purchased from Occidental, and annual fees for gas operations. In addition, expenditures for wages and benefits is expected to increase to OMR 3,470.0 million against an actual figure of OMR 3,214.4 million for the year ended 31 December 2018, as a result of allocations for 5,000 additional public-sector jobs based on needs, particularly in the education and health sectors in relation to retiring staff. In the first five months of 2019, expenditures for wages and benefits has amounted to OMR 1,383.3 million. Defence and security expenditures are estimated at OMR 3,450.0 million against actual defence and security expenditures of OMR 3,878.5 million for the year ended

31 December 2018 and OMR 1,271.5 million for the first five months of 2019. PDO current operations is estimated at OMR 360.0 million against an actual figure of OMR 377.1 million for the year ended 31 December 2018 and OMR 125.2 million for the first five months of 2019. Hydrocarbon capital expenditures are projected to reach OMR 1,300.0 million including the Government's share in PDO capital expenditures and upstream gas development capital expenditures, compared to equivalent actual expenditures of OMR 1,677.0 million for the year ended 31 December 2018 and OMR 452.2 million for the first five months of 2019. Capital expenditures for civil ministries and development expenditures for Government related entities are projected to amount to OMR 1,200.0 million, compared to equivalent actual expenditures of OMR 1,199.9 million for the year ended 31 December 2018 and OMR 415.5 million for the first five months of 2019. As a general matter, the 2019 budget envisages that spending on development projects will not be cut in order to assist the completion of all ongoing projects without delay, as well as to ensure that relevant payments are made on time.

2019 Deficit

The following table shows the reconciliation between budgeted government deficit in accordance with IMF Format and Oman's Funding Requirements for 2019:

	For the year ended 31 December 2019
Budget deficit in accordance with IMF Format	2,660.0
<i>Plus</i> Capital Receipts	140.0
Funding Requirements	2,800.0

The 2019 budget forecasts, on the basis of a price of oil of approximately U.S.\$58 per barrel, a deficit of OMR 2,660.0 million in accordance with the IMF accounting format. As per the table above, this amounts to a funding requirement of OMR 3,172 million (of which OMR 2,800 is for deficit financing plus capital receipts and OMR 372 million is for maturing debt), which is to be funded by net domestic and international borrowing on the capital markets and net withdrawals from the SGRF (approximately OMR 1,000 million and OMR 2,200 million from domestic and international sources (which includes approximately OMR 630 million from part of the money raised on the international capital markets in 2018), respectively). This compares to an actual consolidated Government deficit of OMR 2,762.5 million for the year ended 31 December 2018 and a surplus of OMR 393.5 million for the first five months of 2019. The Government expects that its break-even price of oil will be approximately U.S.\$87.72 per barrel in 2019, down from U.S.\$94.95 per barrel projected in 2018 and down from U.S.\$114 per barrel in 2014. In 2019, if oil prices are higher than the budgeted oil price of U.S.\$58 per barrel, Oman aims to use any such additional petroleum revenues to reduce the deficit and to add to its foreign reserves. Conversely, should oil prices fall to lower than anticipated levels, or if any other factors result in a greater than expected deficit, the Government aims to finance such an unexpected deficit through a combination of further asset monetization and domestic and international borrowings from the domestic and international capital markets.

Taxation

Corporate Income Tax

Tax in Oman is governed by the Oman Income Tax Law (promulgated by Royal Decree 28/2009) (the "**Oman Income Tax Law**"), the Law of Profit Tax on Commercial and Industrial Establishments and various other Royal Decrees and Ministerial decisions. What is termed income tax in Oman in fact applies only to businesses and is therefore a form of corporate tax.

Tax is charged on profits and income of businesses from all sources which has been realised or has arisen in Oman. It is charged on business establishments owned by individuals, companies incorporated in Oman and permanent establishments (branches) of foreign enterprises. Prior to 2017, income below OMR 30,000 was not taxed and income above OMR 30,000 was taxed at 12 per cent. Royal Decree 09/2017 (issued on 19 February 2017, but which came into force on the day after publication in the Official Gazette, which such publication occurred on 26 February 2017) seeks to amend the Oman Income Tax Law (the "**Tax Amendments**") as a result of which income shall be taxed at 15 per cent. from 2017, and the threshold below which income is not taxed shall be eliminated.

There is no personal income taxation at present. Any dividend paid out of profits subjected to tax in Oman is exempt in the hands of the recipient.

The income from sale of petroleum is taxed at a flat rate of 55 per cent. In addition, oil exploration and production companies are generally taxed under special rules set out in the relevant concession agreements.

The tax year corresponds to the calendar year. Every taxable entity is required to file a final return of income for every tax year together with the audited financial statements which should be prepared in accordance with the International Financial Reporting Standards.

Oman has entered into a comprehensive double taxation treaty with the United Kingdom, France and Spain, among others.

Withholding tax

Pursuant to Article 52 of the Oman Income Tax Law (as amended by the Tax Amendments, see "*Public Finance—Taxation—Corporate Income Tax*"), withholding tax is payable on the following categories of income earned in Oman:

- (a) Royalties;
- (b) Remuneration for conducting research and development;
- (c) Remuneration for using or the right to use computer programs;
- (d) Fees for management or performance of services; and
- (e) Payment of dividends on shares, or interest.

Withholding tax shall be levied on the gross amount of the aforementioned categories of income paid or credited to the account of any non-resident person in the cases specified in Article 40 of the Oman Income Tax Law. The Tax Amendments also extend the requirement to deduct withholding tax payable pursuant to Article 52 to any Ministry, authority, public institution or other public juristic person or unit of the administrative apparatus of Oman. The applicable tax rate is 10 per cent. of the gross amount paid or credited to the account of the persons specified above.

Notwithstanding Article 52 of the Oman Income Tax Law, a recent Ministerial Decision No. 14/2019 issued by the Ministry of Finance published in the Official Gazette on 10 February 2019 provides, *inter alia*, that the term "interest", shall not include "revenues of bonds and sukuk issued by the Government" for the purpose of withholding tax deductible pursuant to Article 52 of the Oman Income Tax Law. Consequently, interest payments made under the Notes would not be subject to deduction of withholding tax under Article 52 of the Oman Income Tax Law.

The CMA on 15 May 2019 announced that, on the basis of a royal directive, withholding tax applicable to dividends and interest on foreign borrowings stands suspended for a period of three years effective from 6 May 2019. The Secretariat General for Taxation subsequently issued an open letter to Ernst and Young on 11 June 2019 in confirmation of such suspension. No copy of the aforementioned royal directive has been available for public inspection.

There is no definition of "interest" or "fees for management or performance of services" included in the Oman Income Tax Law. However, according to informal guidance issued on the FAQ section of the website of the Secretariat General for Taxation, whilst no withholding will be applicable for services rendered outside of Oman, payments made to foreign persons relating to services or any part thereof rendered in Oman will be subject to withholding tax deductions.

Custom duties

Oman is part of the GCC Customs Union, which was established in 2003 to remove customs and trade barriers among the GCC member states. The implementation of the GCC Customs Union is still in progress. The GCC member states apply a Common Customs Law and a Unified Customs Tariff with a standard customs duty rate of 5 per cent. of goods' cost, insurance and freight value, with a few exceptions, such as

tobacco and alcoholic goods being subject to a customs duty rate of 100 per cent. The GCC Customs Law does not levy export customs duties.

Vocational Training Levy

Ministerial Decision 84/98 specifies the vocational training levy on employers in the private sector at OMR 100 annually per expatriate employee. The decision is effective from 8 March 1998.

Municipal tax

Muscat and Salalah municipalities impose local taxes on selected activities such as hotel income, property rents and leisure income.

VAT

The GCC member states are in the process of developing a broad framework for the introduction of VAT. The framework agreement will set out the underlying principles of VAT laws for the six GCC countries, with the likelihood that there will be areas where member states will have some flexibility to determine their own requirements. Whilst there is no VAT applicable in Oman at the date of this Base Prospectus, the Secretariat General of Taxation has stated that VAT is expected to be implemented in Oman in 2021.

Service and Excise Taxes

Since end of 2017, Oman has levied a 100 per cent. service tax on tobacco, tobacco-derived products and alcohol products on sale at duty-free outlets at arrivals. Since 1 July 2019, Oman has imposed select excise taxes on certain additional products, such as soft drinks, energy drinks, tobacco, pork products and alcohol.

Local Government

The Government contributes to the provision of municipal services. Municipalities are otherwise required to obtain such additional revenues required to provide municipal services from duties and fees levied within their area and municipalities are prohibited from incurring deficits. Contributions from the Government to Municipalities are included within the expenditures of several civil ministries.

Social Security

Omanis between the ages of 15 and 59 who are permanently employed in the private sector are required to make contributions equal to 7 per cent. of their salary to the Omani social security fund for benefits and old age pensions. These contributions are matched by employers at a rate of 10.5 per cent. of their salary. The employer also contributes an equal amount to a further 1 per cent. of the employee's salary to industrial illness and injury benefits schemes.

Each of the Civil Service, the Royal Oman Police, the Internal Security Service Agency and the Sultan's Armed Forces has pension funds established by the Government. Officials from the Ministry of Social Affairs and Labour sit on the Board of Directors of each of the Civil Service and private sector pension funds. The Government acts as a lender of last resort to the private sector pension funds.

INDEBTEDNESS

General

The Ministry of Finance is the only institution entitled to borrow on behalf of the Government. Municipalities are not permitted to borrow. The Government established a debt management office to manage its public debt portfolio.

The following table sets forth the debt of the Government as at 31 December for the six years from 2013 to 2018 and at 31 May 2019.

	As at 31 December						As at 31 May
	2013	2014	2015	2016	2017	2018*	2019*
	<i>(OMR millions, except per cent.)</i>						
Government domestic debt (OMR million).....	830.0	930.0	2,540.1	2,436.0	2,737.0	3,929.7	3,635.7
Per cent. of Annual GDP	2.7%	3.0%	9.6%	9.6%	10.1%	12.9%	10.0%
Government external debt (OMR million)	656.1	595.7	901.3	5,161.70	8,870.60	11,800.8	11,765.7
Per cent. of Annual GDP	2.2%	1.9%	3.4%	20.4%	32.6%	38.7%	38.5%
Total Government debt	1,486.1	1,525.7	3,441.4	7,597.7	11,602.0	15,730.5	15,401.3
Per cent. of Annual GDP	4.9%	4.9%	13.0%	30.0%	42.6%	51.5%	50.3%
Annual GDP	30,292.6	31,174.0	26,500.3	25,354.5	27,216.4	30,488.9*	30,590**

* Preliminary

** Annualized as per Supreme Council of Planning projections for 2019.

Government External Debt

Oman's total external debt as at 31 December 2018 was approximately OMR 11,800.8 million as compared to OMR 901.3 million as at 31 December 2015, mostly denominated in U.S. Dollars. The increase from 2015 is primarily the result of an increase in commercial loans and bonds of OMR 10,899.5 million. In June 2016, Oman (acting through the Ministry of Finance) returned to the international bond markets for the first time since 1997 with a U.S.\$2.5 billion issuance of 3.625 per cent. notes due 2021 and 4.750 per cent. notes due 2026, while also obtaining a U.S.\$4 billion pre-export financing from a syndicate of international banks and secured by PDO. In October of that same year, Oman (acting through the Ministry of Finance) issued an additional U.S.\$1.5 billion of its June 2016 notes to raise aggregate amount to U.S.\$4 billion. In March 2017, Oman (acting through the Ministry of Finance) conducted a further standalone issuance of 3.875 per cent. notes due 2022, 5.375 per cent. notes due 2027 and 6.500 per cent. notes due 2047 in an aggregate amount of U.S.\$5 billion. Oman (acting through Oman Sovereign Sukuk SAOC) established a Sharia-compliant Trust Certificate Issuance Programme in May of 2017, under which it issued U.S.\$2 billion of fixed rate trust certificates due 2024 in June 2017. In August 2017, Oman also secured a U.S.\$3.55 billion loan from a syndicate of Chinese financial institutions. In January 2018, Oman (acting through the Ministry of Finance) established this GMTN Programme, under which it issued U.S.\$6.5 billion of 4.125 per cent. notes due 2023, 5.625 per cent. notes due 2028 and 6.75 per cent. notes due 2048. The Government intends to finance debt repayments by refinancing, expediting the monetisation of assets and utilising the debt service fund. In addition, in October 2018, Oman (acting through Oman Sovereign Sukuk SAOC) conducted a further issuance under its Trust Certificate Issuance Programme of U.S.\$1.5 billion in fixed rate trust certificates due 2025.

As at 31 December 2018, commercial loans and bonds accounted for approximately 78.4 per cent. of the Government external debt while loans from development institutions, Sukuk and loans from development institutions represented approximately 16.0 per cent. of the Government external debt. Oman's remaining Government external debt was composed of export credits. As at 31 December 2018, 77.3 per cent. of Oman's external debt portfolio was fixed rate debt (with the remaining 22.7 per cent. floating rate debt). The Ministry of Finance has previously used a limited number of interest and exchange rate derivative products in accordance with its policy of conservative risk management. However, with the majority of Oman's external debt portfolio denominated in U.S. Dollars at fixed interest rates, Oman's exposure to interest rate and foreign exchange risk is low.

The following table sets forth Oman's external debt as at 31 December for the six years from 2013 to 2018 and at 31 May 2019.

End of Period	As at 31 December						As at 31 May
	2013	2014	2015	2016	2017	2018 ¹	2019
	<i>(OMR millions)</i>						
Total Government external debt	656.1	595.7	901.3	5,161.7	8,870.6	11,800.8	11,765.7
Export credits	185.1	148.9	102.9	675.1	709.2	659.7	619.5
Loans from development Institutions .	345.4	321.2	289.1	325.6	329.8	360.4	365.4
Commercial loans and bonds.....	125.6	125.6	509.3	3,584.6	6,870.7	9,243.4	9,243.4
Sukuk	0.0	0.0	0.0	192.1	960.9	1,537.4	1,537.4
Short-term loans	0.0	0.0	0.0	384.3	0.0	0.0	0.0

Sources: Central Bank of Oman and Ministry of Finance

1. In addition to the amounts listed in the above table, as of 31 December 2018 the Government had guaranteed U.S.\$5 million in project-based financing for state owned enterprises.

In 2016, the Government secured a U.S.\$1.0 billion loan, the proceeds of which were used to finance the 2015 deficit. As such, the loan is included in the debt stock at end 2015. The loan was raised through syndication among eleven banking institutions at a 120 basis points margin over the London Interbank Offered Rate (LIBOR).

The following table sets forth the repayment profile of Oman's medium-term external public debt for the next five years as at 31 December 2018.

	As at 31 December 2018				
	2018	2019	2020	2021	2022
	<i>(OMR millions)</i>				
Export credits	102	81	81	84	101
Development Institutions	38	65	65	39	39
Commercial Loans and Financial Institutions	126	-	256	897	1,877
Sukuk	-	-	64	64	64
Euro Bond	-	-	-	577	384
Total	266	129	466	1,661	2,465

Sources: Central Bank of Oman and Ministry of Finance

Government Domestic Debt

The primary sources of domestic Government debt are GDBs, Treasury Bills and Sukuk. All these instruments are issued in Omani Rial.

GDBs were first issued by the Ministry of Finance on behalf of the Government in August 1991 with the objective of developing the domestic capital market. GDBs are denominated in Omani Rial but are freely convertible into foreign currencies and may be sold to overseas investors. GDBs initially sold to overseas investors are treated as external debt of the Government. As at 31 December 2018, the total amount of GDBs outstanding was OMR 2,430.0 million.

Treasury bills are Omani Rial denominated debt instruments used to finance day-to-day recurrent expenditures. Treasury bills are used by commercial banks to securely invest their surplus funds, with the added advantages of ready liquidity through discounting and repurchase facilities offered by the Central Bank of Oman. In general, treasury bills are issued for a maturity period not exceeding one year and at present are issued with maturity period of 91-days, 182-days and 364-days. The amount of treasury bills outstanding was OMR 279.57 million as at 31 December 2018 as compared with OMR 457.0 million as at 31 December 2017.

In 2015, the Government issued a Sukuk of OMR 250 million at a rate of 3.5 per cent. profit rate per annum and in July 2016, the Government issued a Sukuk of OMR 192 million at a rate of 3.5 per cent. profit rate per annum.

The following table sets forth the Government's domestic debt profile as at 31 December for the six years from 2013 to 2018 and as at 31 May 2019.

End of Period	As at 31 December						As at
	2013	2014	2015	2016	2017	2018*	31 May 2019*
	<i>(OMR millions)</i>						
Total Government domestic debt	830.0	930.0	2,540.1	2,436.0	2,737.0	3,929.7	3,635.7
GDBs ⁽¹⁾	830.0	930.0	1,325.1	1,630.0	2,030.0	2,430.0	2,530.0
Sukuk ⁽¹⁾	—	—	250.0	250.0	250.0	250.0	250.0
Loans from local banks ⁽²⁾	—	—	500.0	250.0	—	—	—
Treasury Bills ⁽³⁾	—	—	465.0	306.0	457.0	279.6	271.5
CBO Overdraft.....	—	—	—	—	—	970.1	572.6

* Preliminary

Note: all instruments issued in local currency

⁽¹⁾ GDBs and Sukuk may be held by non-residents. Full amount of GDB issued is included here.

⁽²⁾ Corresponds to a loan from Bank Muscat contracted in 2015 and repaid in 2017.

⁽³⁾ Treasury bills are held only by commercial banks

Sources: Central Bank of Oman and Ministry of Finance

The following table sets forth the Government's GDB, international bond and Sukuk maturity profile as at 31 December 2018.

Issue Number	Issue Date	Maturity Date	Tenor	Amount Issued ⁽¹⁾	Coupon/Profit Rate Per Annum	Semi-Annual Coupon/Profit Date	Years of Maturity of Outstanding GDBs/Sukuk													Total Outstanding Long Term Government Securities (OMR millions)
							2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2047	2048	
GOVERNMENT DEVELOPMENT BONDS																				
40	19.06.2012	19.06.2022	10 years	100	5.50%	19-Dec & 19-Jun														100
42	13.05.2013	13.05.2020	7 years	80	4.25%	13-Nov & 13-May			80											80
45	15.12.2014	15.12.2019	5 years	200	3.00%	15-Jun & 15 Dec		200												200
46	23.02.2015	23.02.2025	10 years	200	4.50%	23-Aug & 23-Feb									200					200
47	09.08.2015	09.08.2020	5 years	300	3.00%	09-Feb & 09-Aug			300											300
48	22.02.2016	22.02.2021	5 years	100	3.50%	22-Aug & 22-Feb				100										100
49	19.04.2016	25.04.2023	7 years	100	5.00%	25-Oct & 25-Apr					100									100
50	3.10.2016	3.10.2022	6 years	100	5.00%	3-Apr & 3-Oct					100									100
51	27.12.2016	27.12.2026	10 years	150	5.50%	27-Jun & 27-Dec									150					150
52	20.02.2017	20.02.2024	7 years	150	5.00%	20 Aug & 20-Feb						150								150
53	15.05.2017	15.05.2023	6 years	150	5.25%	15 Nov & 15 May						150								150
54	20.09.2017	20.09.2027	10 years	150	5.75%	20 Mar & 20 Sept											150			150
55	19.12.2017	19.12.2024	7 years	150	5.25%	19 June & 19 Dec								150						150
56	21.03.2018	21.03.2028	10 years	150	6.00%	21 Mar & 21 Sept												150		150
57	28.06.2018	28.06.2023	5 years	100	4.75%	28 June & 28 Dec														100
Total Outstanding Government Bonds							100	200	380	100	200	350	150	350	150	150	150	000	000	2,180.0
INTERNATIONAL BONDS																				
1	15.06.2016	15.06.2021	5 years	1,000	3.625%	15-Jun & 15 Dec				1,000 ⁽²⁾										384.3
2	15.06.2016	15.06.2026	10 years	1,500	4.750%	15-Jun & 15 Dec									1,500 ⁽²⁾					576.5
3	04.10.2016	15.06.2021	5 years	500	3.625%	15-Jun & 15 Dec			500 ⁽²⁾											192.2
4	04.10.2016	15.06.2026	10 years	1,000	4.750%	15-Jun & 15 Dec									1,000 ⁽²⁾					384.3
5	08.03.2017	08.03.2022	5 years	1,000	3.875%	08-Mar & 08 Sep					1,000 ⁽²⁾									384.3
6	08.03.2017	08.03.2027	10 years	2,000	5.375%	08-Mar & 08 Sep												2,000 ⁽²⁾		768.7
7	08.03.2017	08.03.2047	30 years	2,000	6.500%	08-Mar & 08 Sep													2,000 ⁽²⁾	768.7
8	17.01.2018	17.01.2023	5 years	1,250	4.125%	17 Jan & 17 Jul						1,250								480.4
9	17.01.2018	17.01.2028	10 years	2,500	5.625%	17 Jan & 17 Jul												2,500		960.9
10	17.01.2018	17.01.2048	30 years	2,750	6.750%	17 Jan & 17 Jul														2,750
Total Outstanding International Bonds										1,500⁽²⁾	1,000⁽²⁾	1,250			2,500⁽²⁾	2,000⁽²⁾	2,500	2,000⁽²⁾	2,750	5,957.2
SUKUK																				
1	05.11.2015	05.11.2020	5 years	250	3.50%	05-May & 05-Nov			250											250.0
2	14.07.2016	14.07.2022	6 years	192	3.50%	14-Jul & 14-Jan			64.0	64.1	64.1									192.2
3	01.06.2017	01.06.2024	7 years	2,000	4.397%	01-Jun & 01-Dec							2,000 ⁽²⁾							768.7
4	29.10.2018	29.10.2025	7 years	1,500	5.932%	30-Apr & 31 Oct								1,500 ⁽²⁾						577.5
Total Outstanding Sukuk									314	64.1	64.1		2,000⁽²⁾	1,500⁽²⁾						1,788.4
Total Yearly Maturity Amount of Long Term Government Securities							0	200	694	740.6	648.4	830	918.7	927.5	1,110.8	918.7	1,110.9	768.7	1,056.9	9,925.6

⁽¹⁾ Issued amounts for GDBs and Sukuk are in OMR millions. Issued amounts for international bonds are in U.S.\$ millions.

⁽²⁾ Equivalent amounts in OMR millions.

The following table sets forth the holdings of outstanding development bonds and local sukuk (OMR) by domestic banks as at 31 December 2018 and 30 June 2019.

Banks Classification	Banks Position as at 31/12/2018*	Audited Net Worth of 45 per cent. of Net Worth**	Banks' Holdings in Sukuk as at 30/06/2019	Banks' Holdings in GDBs as at 30/06/2019	Outstanding Holdings of GDB/Sukuk as at 30/06/2019	Balance Available Unutilised***
Commercial Banks						
(Bonds/Sukuk).....	5,111,934,000	2,300,370,300	163,804,100	1,374,103,400	1,537,907,500	762,462,800
Specialised Banks (Bonds)	407,823,000	183,520,350	-	10,000,000	10,000,000	173,520,350
Islamic Banks (Sukuk).....	213,970,000	96,286,500	7,363,600	-	7,363,600	88,922,900
Total	5,733,727,000	2,580,177,150	171,167,700	1,384,103,400	1,555,271,100	1,024,906,050

* Aggregate net worth of all Commercial, Specialised and Islamic Banks.

** Banks' exposure to Government securities is increased from 30 per cent. to 45 per cent. of banks' net worth.

*** The Central Bank imposes a maximum limit for banks to subscribe to GDB and local sukuk. The limit is currently set at 45 per cent. of their net worth. The figures in this column indicates the remaining capacity for Omani licensed banks to subscribe to additional GDB and Sukuk as per current regulations.

The following table sets forth Government treasury bills outstanding as at 30 June 2019.

	Treasury Bills (As at 30 June 2019)
	<i>(OMR millions)</i>
Total Treasury Bills	271.5
28 days	55.0
91 days	178.5
182 days	38.0

The following table sets forth Government debt by currency as at 31 December for the six years from 2013 to 2018.

Debt by Currency (in OMR million)	2013	2014	2015	2016	2017	2018
U.S. Dollars	528.3	462.2	770.8	4,460	8,713	11,643
Islamic Dinar	2.1	1.9	1.6	1.3	1.0	0.696
Kuwaiti Dinar	91.0	99.0	98.4	96.0	130.8	131.4
Omani Rial	25.0	25.0	25.0	25.0	25.0	25.0
Japanese Yen	7.5	10.0	5.0	2.4	0	0

Indebtedness of Principal State-Owned Enterprises

The majority of the external indebtedness of Oman's state-owned enterprises is project-based financing.

The following table sets forth the outstanding external indebtedness of majority state-owned enterprises as at 31 March 2019 and as at 31 December for the five years from 2014 to 2018.

Entity	Government Equity (per cent.)	As at 31 December					As at 31 March
		2014	2015	2016	2017	2018	2019
<i>(U.S.\$ millions)</i>							
Oman LNG.....	51.0	353.0	313.6	228.9	137.0	33	-
Oman Air.....	99.89	458.1	390.9	407.8	1,629.0	2,090	2,090
Oman Shipping Co.	79.9	3,476.9	2,726.7	2,218.1	2,020.0	1,819	1,833
Oman Refineries & Petro Chemical Co.	99.0	3,664.2	3,276.6	2,984.0	6,121.0	7,234	7,390
Qalhat LNG.....	46.84	264.8	246.3	214.0	45.0	-	-
Oman Oil Company S.A.O.C. ⁽¹⁾	100.0	2,390.0	2,572.0	3,269.3	3,906.0	4,436	3,603
Electricity Holding							
Company S.A.O.C.....	100.0	1,594.3	2,312.1	2,481.0	5,424.0	4,440	4,557
Oman Telecommunications Company ⁽²⁾	51.0	92.4	98.1	77.4	—	—	—
Duqm Special Economic Zone	—	—	—	—	45.0	71	100
PEIE	—	—	—	—	—	154	38
Majis Industrial Services	—	—	—	—	—	49	49

Entity	Government Equity (per cent.)	As at 31 December					As at 31 March
		2014	2015	2016	2017	2018	2019
		<i>(U.S.\$ millions)</i>					
Omran	—	—	—	—	175.0	192	198
Total	—	12,293.7	11,936.3	11,880.5	18,744	21,123.0	20,588.0

Note: including debt of subsidiaries

⁽¹⁾ Since 31 December 2015, Oman Gas Co. has become a subsidiary of, and its borrowings have been consolidated with, Oman Oil Company S.A.O.C.

⁽²⁾ In December 2016, Oman transferred its 51 per cent. stake in Oman Telecommunications Company SAOG ("**Omantel**"), the country's incumbent telecoms operator, from the Ministry of Finance to OIF.

* Figures are provisional subject to audit.

In addition, in July 2016, a pre-export oil financing was secured by PDO in the amount of U.S.\$4 billion.

BALANCE OF PAYMENTS

General

Foreign trade plays an important role in the Omani economy, with imports (including customs, insurance and freight payments) and exports of goods amounting to approximately 85.2 per cent. and 83.8 per cent., respectively, of nominal GDP for the year ended 31 December 2018 and 2017, respectively.

Foreign Trade

Exports and Imports

Oman's exports consist principally of crude oil. The total value of merchandise exports (including re-exports) increased by 12.0 per cent. to OMR 2,639.9 million for the two months ended 28 February 2019 from OMR 2,356.0 million for the same period in 2018. For the two months ended 28 February 2019, the value of crude oil exports from Oman decreased by 1.1 per cent. to OMR 1,113.3 million from OMR 1,126.2 million for the same period in 2018. For the two months ended 28 February 2019, the value of gas exports from Oman increased by 26.3 per cent. to OMR 331.8 million from OMR 262.8 million for the same period for the same period in 2018, due to higher production and export levels. The value of non-oil and gas exports (excluding re-exports) increased by 38.0 per cent. in the two months ended 28 February 2019 as compared to the same period in 2018 due to an increase in the exports of chemical products, plastic and rubber products and base metals and articles. The majority of oil exports go to Asia, with China accounting for 81.3 percent of Oman's total oil and condensates exports for the four months ended 30 April 2019. For a discussion of the principal countries purchasing oil from Oman, see "*Economy of Oman – Oil and Gas Sector – Oil Exports*".

The total value of recorded imports decreased by 9.1 per cent. to reach OMR 1,484.4 million for the two months ended 28 February 2019 as compared to OMR 1,633.1 million for the same period in 2018. Unrecorded imports are goods which are not declared for customs purposes, primarily defence equipment.

The following table presents the composition of Oman's exports and imports by product classification for the five years ended 31 December 2018 and the two months ended 28 February 2019 and 2018.

Composition of Exports and Imports

	For the year ended 31 December					For the two months ended 28 February	
	2014	2015	2016	2017	2018*	2018*	2019*
	<i>(OMR millions)</i>						
(A) Merchandise Exports							
1- Oil and Gas.....	13,526.5	8,145.9	5,840.3	7,366.2	10,486.7	1,527.7	1,663.8
Crude Oil.....	11,591.3	6,682.4	4,936.7	5,795.3	7,728.2	1,126.2	1,113.3
Refined Oil.....	309.5	183.7	186.7	404.7	1041.9	138.7	218.7
Liquefied Natural Gas.....	1,625.7	1,279.8	716.9	1,166.2	1,716.6	262.8	331.8
2- Non-Oil.....	4,125.5	3,003.9	2,398.8	3,176.4	3,727.3	537.9	742.4
Mineral Products.....	1,256.4	572.8	482.3	859.6	662.5	83.6	62.1
Products of the Chemical.....	945.9	700.2	577.4	807.5	858.8	150.9	243.6
Plastic and Rubber Products.....	356.3	277.7	141.3	204.9	255.0	36.5	40.7
Base Metals and Articles.....	765.8	650.5	508.2	624.1	999.5	128.0	160.7
Others.....	801.1	802.7	689.6	680.3	951.5	138.9	235.3
3 – Re-Exports.....	2,944.1	2,571.5	2,056.4	2,145.0	1,843.3	290.4	233.7
Mineral Products.....	516.1	565.4	655.3	695.9	460.8	87.5	20.1
Transport Equipment.....	1,886.5	1,615.5	992.6	591.4	477.4	70.7	66.0
Others.....	541.5	390.7	408.5	857.7	905.1	132.2	147.6
Total merchandise exports.....	20,596.1	13,721.3	10,295.3	12,651.5	16,057.3	2,356.0	2,639.9
(B) Recorded Merchandise Imports							
Live Animals and Its Products.....	472.7	450.1	438.8	451.0	500.4	84.4	85.9
Prepared Food Stuffs, Beverages.....	420.9	444.7	450.9	481.8	485.5	83.9	91.6
Mineral Products.....	1,297.9	1,682.7	1,100.3	1,085.7	902.8	93.30	107.40
Chemical Products.....	993.2	955.3	673.6	751.6	777.4	114.5	127.9
Base Metals and Articles.....	1,320.7	1,256.6	1,160.7	1,395.4	1,682.4	274.2	243.6
Electrical Machinery and Mechanical Equipment and Parts.....	1,942.5	2,240.7	1,867.5	2,363.3	2,511.5	502.1	313.9
Transport Equipment.....	2,568.4	1,778.0	1,103.2	1,244.2	794.8	114.7	146.6
Others.....	2,251.4	2,345.2	2,105.2	2,391.2	2,253.8	366.0	367.5
Total recorded merchandise imports.....	11,267.7	11,153.3	8,900.2	10,164.2	9,908.6	1,633.1	1,484.4
(C) Merchandise Imports by Customs Outlets							
1 – Sea							
Value.....	6982.5	6,624.0	4,831	5,759.3	5,478.9	888.1	829.5

	For the year ended 31 December					For the two months ended 28 February	
	2014	2015	2016	2017	2018*	2018*	2019*
	(OMR millions)						
Per cent. of Total Imports	62.0	59.4	54.3	56.7	55.3	54.4	55.9
Quantity (1,000 ton).....	14157.7	24,994.0	20,940.0	23,792.1	21,383.4	3,592.3	4,274.0
Per cent. of Total Imports	61.1	70.3	50.0	69.9	69.7	68.1	75.8
2 – Land							
Value	3386.5	3,318.4	2,855.0	2,986.9	2,957.0	508.6	433.3
Per cent. of Total Imports	30.1	29.8	32.1	29.4	29.8	31.2	29.2
Quantity (1,000 ton).....	8968.4	10,521.2	17,845.0	10,186.1	9,244.9	1,669.5	1,350.6
Per cent. of Total Imports	38.7	29.6	42.6	29.9	30.1	31.7	24
3 – Air							
Value	898.7	1,210.9	1,215.0	1,418.0	1,472.7	236.4	221.6
Per cent. of Total Imports	8.0	10.9	13.7	14.0	14.9	14.5	14.9
Quantity (1,000 ton).....	49.3	55.2	57	65.2	72.6	11.8	11.6
Per cent. of Total Imports	0.2	0.2	0.1	0.2	0.2	0.2	0.2
Total recorded merchandise imports	11,267.7	11,153.3	8,900.2	10,164.2	9,908.6	1,633.1	1,484.4
Quantity (1,000 ton)	23,175.3	35,570.4	38,842.0	34,043.4	30,700.9	5,273.6	5,636.2

* Preliminary

Note: The numbers may not add up due to rounding.

Source: Directorate General of Customs – Royal Oman Police, Ministry of Oil and Gas, Oman Oil Refineries & Petroleum Industries Company SAOC and Oman LNG

The following table sets forth the total trade exchange by country of origin for the five years ended 31 December 2018 and the two months ended 28 February 2019 and 2018.

	For the year ended 31 December					For the two months ended 28 February	
	2014	2015	2016	2017	2018*	2018*	2019*
	(OMR millions)						
(A) Non-Oil Omani Exports	4,125.5	3,098.3	2,479.4	3,176.4	3,727.2	537.8	618.7
U.A.E	776.0	626.2	604.6	711.2	687.4	104.2	103.7
Saudi Arabia.....	436.7	375.0	253.5	487.2	611.7	81.5	180.2
India	383.6	274.1	251.7	310.7	381.2	39.5	51.7
China	220.7	215.6	197.5	244.0	269.3	49.0	41.8
Qatar.....	—	94.4	80.8	210.3	—	—	—
Others (including United States).....	2,308.5	1,513	1,091.3	1,213.1	1,777.6	263.6	241.3
(B) Re-Exports	2,944.1	2,587.6	2,072.7	2,102.1	1,843.0	290.4	233.7
U.A.E	1323.0	974.8	570.3	544.7	428.4	59.0	65.7
Qatar.....	—	16.2	16.3	318.7	341.3	55.8	56.2
Others	1,621.1	1,596.8	1,486.1	1,238.7	1,073.3	175.6	111.8
(C) Imports	11,267.7	11,153.3	8,900.2	9,937.5	9,908.7	1,633.2	1,484.4
U.A.E	3,658.5	4271.0	4,343.3	4,250.1	4,545.8	744.4	639.7
India	486.6	625.5	444.3	538.8	434.8	76.4	67.3
China	540.6	583.8	455.4	612.7	584.6	92.4	98.9
United States	486.3	561.5	417.3	405.3	—	—	—
Others	6,095.6	5,111.5	3,239.9	4,130.7	4,343.5	720.0	678.5

* Preliminary

Note: The numbers may not add up due to rounding.

Source: Directorate General of Customs – Royal Oman Police

Trade policy

Oman, a WTO Member since November 2000, grants at least most-favoured-nation ("MFN") treatment to all its trading partners. Oman has never been directly involved in any dispute under the WTO but has reserved its third-party rights in a number of cases. Since January 2003, the GCC states have operated a common external tariff of 0 per cent. and 5 per cent. on most products. In addition, Oman applies a 100 per cent. tariff on imports of alcoholic beverages and pork products. Oman's overall average MFN applied tariff is 5.5 per cent.

Current Account

The external sector improved during 2018 with an increase in oil prices, non-oil exports, and moderating imports. The current account registered a lower deficit of OMR 1,671 million in 2018 (5.5 percent of GDP during that period) compared to a deficit of OMR 4,228 million for the same period in 2017 (15.5 percent of GDP during that period). The improvement in the deficit was attributable to higher hydrocarbon revenues. The balance of services recorded a higher deficit of OMR 2,767 million in the year ended 31 December 2018 compared to a deficit of OMR 2,600 million during the same period in 2017, mainly due to a one-off increase in transportation payments. The amount of outward remittances by expatriate workers increased moderately by 1.4 percent to OMR 3,829 million as at the end of December 2018 from OMR 3,774 million during the same period in 2017 with reduced numbers of expatriate workers.

Capital Account and Financial Account

The net capital and financial account inflows during 2018 were higher than the current account deficit, leading to an overall balance of payments surplus and build up in official international reserves of the country. Net inflows under the capital and financial account were mainly comprised of FDI and government external borrowings. Net foreign direct investment was approximately OMR 2,163 million in the year ended 31 December 2018 as compared with net foreign direct investment of OMR 190 million during the same period in 2017.

Balance of Payments and Change in Reserves

A surplus of OMR 2,841 million on the capital and financial account as at 31 December 2018 and the OMR 1,671 million deficit on the current account as at 31 December 2018, along with associated net errors and omissions of OMR negative 287 million, resulted in an overall balance of payments surplus of OMR 990 million as at 31 December 2018.

The following table summarises the balance of payments of Oman as at 31 December for the five years ended 31 December 2018.

Balance of Payments	As at 31 December					2018/2017 Change %
	2014	2015	2016	2017	2018*	
	(OMR millions)					
A. Current account	1,610	(4,212)	(4,743)	(4,228)	(1,671)	(60)
1. Goods	9,873	3,506	2,407	3,364	6,954	107
Exports (F.O.B)	20,596	13,720	10,591	12,639	16,045	27
Hydrocarbons	13,527	8,144	6,137	7,366	10,487	42
Oil	11,901	6,865	5,123	6,200	8,770	41
Crude	11,591	6,692	4,937	5,795	7,728	33
Refined Oil	310	173	187	405	1,042	157
Natural Gas	1,626	1,280	1,013	1,161	1,717	48
Other exports	4,126	3,004	2,399	3,176	3,727	17
Re-export (F.O.B)	2,944	2,572	2,056	2,102	1,831	(13)
Imports (F.O.B)	(10,723)	(10,214)	(8,185)	(9,275)	(9,092)	(2)
2. Services	(2,630)	(2,622)	(2,471)	(2,600)	(2,767)	6
Services (Credit)	1,203	1,305	1,344	1,568	1,713	9
Travel	529	592	622	672	676	1
Transportation	446	483	502	670	814	22
Insurance	19	16	16	15	15	2
Communication	37	34	42	40	40	0
Other Services	173	180	163	172	168	(2)
Services (Debit)	(3,833)	(3,927)	(3,815)	(4,168)	(4,480)	7
Travel	(636)	(679)	(822)	(898)	(977)	9
Transportation	(1,533)	(1,517)	(1,365)	(1,579)	(1,740)	10
Insurance	(353)	(387)	(361)	(394)	(409)	4
Communication	(44)	(44)	(47)	(47)	(47)	0
Other Services	(1,267)	(1,300)	(1,221)	(1,251)	(1,307)	5
Balance on goods & services (1+2)	7,242	885	(64)	764	4,187	448
3. Income	(1,671)	(871)	(713)	(1,218)	(2,030)	67
Income (Credit)	463	252	372	385	449	17
Compensation of employees	15	15	15	15	15	0
Other Investment Income	448	237	357	370	434	17
Income (Debit)	(2,134)	(1,122)	(1,085)	(1,603)	(2,478)	55
Direct Investment Income	(1,950)	(951)	(823)	(1,108)	(1,519)	37
Other Investment Income	(184)	(172)	(262)	(495)	(960)	94
Balance on goods, services & income (1+2+3)	5,571	14	(777)	(454)	2,157	(575)
4. Current Transfers	(3,961)	(4,226)	(3,965)	(3,774)	(3,829)	1
Current Transfer (Credit)	—	—	—	—	—	—
Current Transfer (Debit)	(3,961)	(4,226)	(3,965)	(3,774)	(3,829)	1
Worker Remittances	(3,961)	(4,226)	(3,965)	(3,774)	(3,829)	1
B. Capital and Financial Account (5+6)	(827)	4,617	1,614	3,406	2,111	(38)
5. Capital Account	(50)	209	198	100	107	8
Grants (Credit)	0	209	198	111	116	4
Grants (Debit)	(50)	0	—	(12)	(8)	(29)
6. Financial Account (i+ii+iii)	(777)	4,408	1,416	3,306	2,004	(39)
(i) Foreign Direct Investment	(27)	(964)	734	190	2,163	1040
Assets (FSDI abroad)	(522)	(129)	(137)	(932)	(275)	(70)
Liabilities (FDI in Oman)	495	(835)	871	1,122	2,439	117
(ii) Portfolio Investment	(298)	329	1,923	2,417	2,466	2
Assets	(605)	(443)	143	(542)	(683)	26
Liabilities	307	772	1,780	2,959	3,149	6
(iii) Other Investment	(452)	5,044	(1,241)	700	(2,625)	(475)
(a) Assets	(462)	2,716	(816)	(908)	(2,024)	123
Trade Credit & other receivable	(118)	(33)	(129)	(145)	(188)	30
Currency & Deposit	130	105	292	23	(91)	(494)
Other Assets	(477)	2,645	(979)	(785)	(907)	15
(b) Liabilities	10	2,327	(425)	1,608	(601)	(137)

Balance of Payments	As at 31 December					2018/2017
	2014	2015	2016	2017	2018*	Change
			<i>(OMR millions)</i>			%
Trade Credit & other Payables	8	31	(215)	(183)	(205)	12
Currency & Deposits	437	2,048	(2,110)	(107)	459	(531)
Loans	(420)	235	1,859	1,947	(830)	(143)
General Government (net)	(60)	305	1,917	920	(199)	(122)
Other Sectors	(360)	(70)	(59)	1,027	(632)	(161)
Other Liabilities	-15	15	41	(49)	(25)	(50)
C. Net Errors & Omissions	(361)	(170)	(486)	(245)	(287)	17
D. Overall balance	429	235	(3,615)	(1,066)	990	(193)
E. Reserves assets	(429)	(235)	3,615	(1,066)	(990)	(7)
Central Bank	(233)	(547)	943	481	(705)	(247)
Government Reserves	(196)	312	2,672	585	(286)	(149)

* Preliminary

Note: The numbers may not add up due to rounding.

Source: Directorate General of Customs – Royal Oman Police

Foreign Reserves Assets

Oman's foreign reserves assets are held partly by the Central Bank of Oman and partly by the SGRF. Oman's commercial banks also have foreign exchange reserves, but these are not available to the Government under normal circumstances and consequently are not included as official reserves assets.

The following table sets forth Oman's total foreign reserves assets as at 31 December for the five years ended 31 December 2017 and as at 31 March 2019.

	As at 31 December					As at 31
	2014	2015	2016	2017	2018	March
						2019
	<i>(OMR millions, except months of imports and U.S.\$)</i>					
Central Bank of Oman	6,276.9	6,745.8	7,790.5	6,186.3	6,686.0	6,356.3
SGRF	9,459.7	9,196.9	6,514.7	6,554.9	6,327.8	6,834.0
Total	15,736.6	15,942.7	14,305.2	12,741.2	13,013.8	13,190.3
In U.S.\$	40,928	41,464	37,205	33,137.0	33,845.9	34,260.5
In month of imports (F.O.B.) ¹ ...	17.6	18.7	21	16.5	17.2	19.8
Merchandise imports F.O.B. ...	10,723.0	10,214.0	8,185.0	9,275.0	9,091.5	1,990.3

Note: F.O.B refers to "free on board"

¹ As of 31 March 2019

Source: Central Bank of Oman and Ministry of Finance

Oman's total foreign reserves were OMR 13,190.3 million as at 31 March 2019 and are free from any encumbrances. Approximately 82.7 per cent. of Oman's SGRF reserves and approximately 85.0 per cent. of CBO reserves were held in U.S. dollars as at 31 March 2019, and the Government intends to primarily maintain its foreign reserves in U.S. dollars in the future.

Central Bank of Oman's Foreign Reserves Assets

The foreign reserves assets held by the Central Bank of Oman decreased by 4.8 per cent. to approximately OMR 6,363.3 billion as at 30 April 2019 from approximately OMR 6,685.9 billion as at 31 December 2018.

The following table sets forth the foreign reserves assets held by the Central Bank of Oman as at 31 December for the five years ended 31 December 2018 and as at 30 April 2019.

	As at 31 December					As at 30
	2014	2015	2016	2017	2018	April
						2019
	<i>(OMR millions)</i>					
Gross Foreign Assets	6,276.9	6,745.8	7,790.5	6,186.3	6,685.9	6,363.3
(a) Bullion	0.4	0.4	0.4	0.5	0.4	0.4
(b) IMF Reserve Assets	144.5	135.4	127.2	97.1	94.8	104
(c) Placements Abroad	860.4	1,358.0	2,510.7	1,535.8	3,021.2	2,920.3
(d) Securities	5,271.6	5,252.0	5,152.6	4,553.0	3,569.5	3,338.9
Less:						
Foreign cy. Deposits to Government	435.5	386.2	1,155.9	774.4	851.9	967.8
Foreign cy. Deposits to banks	82.8	300.8	—	568.7	1,157.8	423.0
Central Bank's Own Foreign Reserve						
Assets	5,758.6	6,058.8	6,634.6	4,843.10	4,676.2	4,972.5

Source: Central Bank of Oman

State General Reserve Fund

In 1980 Oman established the SGRF, which is principally funded by contributions from oil revenues. Funds may only be withdrawn from the SGRF to finance the general budget of Oman. The SGRF's assets have risen to OMR 8,265.0 billion as at 31 March 2019 from OMR 3 billion at the end of 2005. This increase is notably due to a contribution of OMR 3,301 million from the Government in 2013 that had been previously held in the Government's contingency fund. As at 31 March 2019, SGRF's total assets were valued at OMR 8,265.0 billion as compared to OMR 7,956.0 billion as at 31 December 2018 due to changes in foreign exchange and market valuation of assets. As at the date of this Base Prospectus, no cash transfers have been made from the Ministry of Finance to the SGRF in 2014, 2015, 2016, 2017 or 2018. Transfers from the SGRF to the ministry were made in 2016, 2017 and 2018 in line with the budgets for OMR 1.5 billion, OMR 0.5 billion and OMR 0.3 billion, respectively.

The SGRF is an independent body regulated and supervised by the Financial Affairs and Energy Resources Council. The SGRF receives contributions from Oman's oil revenues and has an investment portfolio centered on a diversified pool of investment assets (including a wide range of geographies and sectors) in addition to strategic investments with the aim of ensuring sustainable long-term returns. The SGRF also adopts global best practices in developing its investment strategy through its overall asset allocation framework and geographical distribution, in addition to the selection of attractive sectors. The SGRF focuses on two main investment categories: Public Markets Assets (tradable), which include global equity, fixed income bonds and short-term assets, and Private Markets Assets (non-tradable), which include private investments in real estate, logistics, services, commercial, and industrial projects both in Oman and internationally. In addition, SGRF has several joint ventures to facilitate investing in foreign markets, including Vietnam Oman Investments, the Oman India Joint Investment Fund, the Uzbek Oman Investment Joint Venture and the Omani Brunei Investment Company.

The following table sets forth the balance of the SGRF as at 31 December for the five years ended 31 December 2018 and as at 31 March 2019.

SGRF Balance

	As at 31 December					As at 31
	2014	2015	2016	2017	2018	March
						2019
			<i>(OMR millions)</i>			
Opening balance.....	9,386.0	9,640.5	9,659.5	8,387.3	8,568.1	7,956.0
Closing balance.....	9,640.4	9,659.5	8,387.3	8,568.1	7,956.0	8,265.0
Memorandum items:						
Fund resources held with:	9,640.5	9,659.5	8,387.3	8,568.1	7,957.0	8,265.0
Central Bank of Oman.....	0.0	0.0	1072.1	1,170.2	398.0	401.0
Resident commercial banks.....	0.0	291.4	435.1	524.8	765.0	717.0
Muscat securities market.....	180.8	177.5	176.3	154.0	316.0	313.0
Foreign banks and institutions.....	9,459.7	9,196.88	6,703.8	6,719.0	6,478.0	6,834.0

Sources: Ministry of Finance and Central Bank of Oman

Other Government Assets

Petroleum Reserve Fund

The Petroleum Reserve Fund was established in 1993. Prior to 2018, its resources were earmarked for hydrocarbon investment inside and outside Oman. Beginning in 2018, the Petroleum Reserve Fund is a contingency reserve for the servicing of debt. In general, oil revenues equivalent to revenue from 15,000 barrels per day are transferred to the Petroleum Reserve Fund each year. A total of OMR 2.34 billion has been transferred to the Fund since its creation during which time OMR 2.33 billion has been provided to OOC.

The Petroleum Reserve Fund is not considered part of the total foreign reserves assets. As at 31 March 2019, the total position of the Petroleum Reserve Fund was OMR 506.7 million.

The following table sets forth the balance of the Petroleum Reserve Fund as at 31 December for the five years ended 31 December 2018 and as at 31 March 2019.

	As at 31 December					As at 31
	2014	2015	2016	2017*	2018*	March
			<i>(OMR millions)</i>			
Opening balance.....	599.0	117.0	127.9	127.9	128	332.7
Transfers	461.2	99.9	0.0	0.0	204.7	174
Closing balance.....	117.0	127.9	127.9	128.0	332.7	506.7

* Preliminary
Source: Ministry of Finance

Infrastructure Project Finance Account (IPF) or Infrastructure Development Account

The IPF was formed in accordance with the directives of the Financial Affairs Energy Resources Council in April 2003. The objective of the IPF is to ensure the availability of sufficient funds for infrastructure related projects. IPF had a balance of OMR 3.48 billion accumulated as a result of past budgetary surpluses. As at 31 October 2018, OMR 3.4 billion has been withdrawn to finance the fiscal deficit since mid-2014. Remaining assets under the IPF amounted to approximately OMR 107 million as at 30 June 2019. The IPF is not considered part of the total foreign reserves assets.

Oman Investment Fund

OIF was established under Royal Decree 14/2006 in March 2006 and is wholly owned by the Government. OIF's principal sources of capital are allocations from the Government budget surpluses. OIF aims to principally invest in long and medium-term projects in the industrial and services sectors within and outside Oman, with the aim of maximizing returns at an acceptable degree of risk. As at 31 March 2019, total assets held by OIF amounted to approximately OMR 1,324.0 million¹, of which OMR 404.1 million was invested abroad. OIF's assets are not considered part of the total foreign reserves.

In December 2016, as part of broader strategy to transfer the Government's holdings in certain private entities to holding companies, including OIF and SGRF, Oman transferred its 51 per cent. stake in Omantel, the country's incumbent telecoms operator, from the Ministry of Finance to OIF. The announcement was made in a disclosure to the Muscat Securities Market. The proceeds of OMR 287 million were used to purchase foreign reserves designated for deficit financing (although at present, the Government does not have any immediate intention for further such transfers for the purposes of deficit financing). A merger of OIF and SGRF is also under review by the Government in order to maximise efficiencies.

Government deposits in the domestic banking sector

As at 30 April 2019, total Government deposits within conventional commercial banks amounted to OMR 5,678.0 million, an increase of 6.1 per cent. from OMR 5,351.9 million as at 31 December 2018. The vast majority of the deposits are denominated in Omani Rial.

¹ Based on June fair valuation of private equities and listed equities based on 31 March 2019 bid prices (source: Bloomberg).

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated fiscal agency agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 19 July 2019 between the Issuer, Citibank, N.A., London Branch as fiscal agent and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 19 July 2019 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

The size of the Programme is unlimited, subject to the annual state budget, any other statutory or other budgetary limitations on incurring indebtedness imposed from time to time and compliance with all statutory and other approvals required in connection with the issuance of Notes under the Programme or otherwise.

References herein to (i) the "**Issuer**" are to the Government of the Sultanate of Oman represented by the Oman Ministry of Finance; (ii) "**Oman**" are to the Sultanate of Oman and (iii) "**Ministry of Finance**" are to the Oman Ministry of Finance. All capitalised terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Agency Agreement. As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement and the Deed of Covenant are available during normal business hours for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. **Form, Denomination and Title**

(a) ***Form and Denomination***

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon. This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) ***Register and Title***

Title to the Bearer Notes Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to

be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **No Exchange of Notes and Transfers of Registered Notes**

(a) ***No Exchange of Notes***

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) ***Transfer of Registered Notes***

Subject to Condition 2(f), one or more Registered Notes may be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor; **provided, however, that** part of a Registered Note may not be transferred unless the nominal amount of the part transferred, and the nominal amount of the balance not transferred, are Specified Denominations. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent (such approval not to be unreasonably withheld or delayed). A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) ***Exercise of Options in Respect of Registered Notes***

In the case of an exercise of the Issuer's or a Noteholder's option in respect of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of a duly completed form of transfer or

Exercise Notice (as defined in Condition 6(d)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) ***Transfer Free of Charge***

Transfers of Notes and Certificates on registration, transfer or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require).

(f) ***Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) after any such Note has been called for redemption, (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)) or (iv) during the period of 15 days ending on (and including) an Optional Redemption Date.

3. **Status**

The Notes and the Coupons relating to them constitute direct, general, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and rank and (subject to Condition 4) will rank *pari passu*, without any preference among themselves, with all other unsecured Relevant Indebtedness (as defined in Condition 4) of the Issuer, from time to time outstanding, **provided, further, that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due under the Notes and/or Coupons, and *vice versa*.

4. **Negative Pledge**

So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement) the Issuer will not, and will ensure that no Agency (as defined below) will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (any of the foregoing, a "**Lien**"), upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement), **provided, however, that** the foregoing shall not apply to any Lien solely incurred for the purpose of financing all or a part of the costs of the acquisition, construction or development of a project, **provided that** the property over which such Lien is granted consists solely of the assets and revenues of such project (including, without limitation, royalties and other similar payments accruing to the Issuer and/or such Agency (as applicable) generated by the relevant project).

In these Conditions:

"**Agency**" means any political sub-division, regional or municipal government, ministry, department, authority or statutory corporation of the Issuer (whether or not autonomous) and any

corporation or other entity which is directly or indirectly controlled or (as to fifty per cent. or more of its issued share capital or the equivalent thereof) owned by the Issuer; and

"Relevant Indebtedness" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (including *Shari'a*-compliant certificates) which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

5. **Interest and other Calculations**

(a) ***Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) ***Interest on Floating Rate Notes***

(i) ***Interest Payment Dates***

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest (as defined in Condition 5(h)), such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) ***Business Day Convention***

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day (as defined in Condition 5(h)), then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) ***Rate of Interest for Floating Rate Notes***

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period (as defined in Condition 5(h)) shall be determined in the manner specified hereon, and the provisions below relating to any one or more of ISDA Determination or Screen Rate Determination or Linear Interpolation shall apply, depending upon which is specified hereon.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the Relevant Time, subject as provided below, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the inter-bank market that is most closely connected with the Reference Rate, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the inter-bank market that is most closely connected with the Reference Rate, as the case may be, **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) *Linear Interpolation*

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity (as defined below) were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period **provided however that** if there is no rate available for the period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Accrual Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) ***Zero Coupon Notes***

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) ***Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding***

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (**provided that** if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries, as the case may be, of such currency.

(f) ***Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon (the "**Calculation Amount**"), and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts***

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) ***Definitions***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **"TARGET Business Day"**); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **"Calculation Period"**):

- (i) if **"Actual/Actual"** or **"Actual/Actual - ISDA"** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (viii) if "**Actual/Actual-ICMA**" is specified hereon,
- (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (A) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"Interest Accrual Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date;

"Interest Amount" means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon;

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

"Interest Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon;

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon;

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"Reference Banks" means the principal London office of four major banks in the London or Euro-zone inter-bank market, as the case may be, in each case selected by the Calculation Agent or as specified hereon;

"Reference Rate" means one of the following benchmark rates (as specified hereon) in respect of the Specified Currency and period as specified hereon:

- (i) LIBOR;
- (ii) EURIBOR;
- (iii) KIBOR;
- (iv) SHIBOR;
- (v) HIBOR;
- (vi) KLIBOR;
- (vii) TRLIBOR OR TRYLIBOR;

- (viii) SIBOR;
- (ix) EIBOR;
- (x) TIBOR; and
- (xi) SAIBOR;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(i) ***Calculation Agent***

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) ***Benchmark Discontinuation***

(i) ***Independent Adviser***

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in each case, in accordance with Condition 5(j)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 5(j)(iii)) and any Benchmark Amendments (in accordance with Condition 5(j)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(j) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith, wilful default or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 5(j).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(j)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last

determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Period Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this Condition 5(j)(i) shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(j)(i).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser, determines that:

- A. there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(j)); or
- B. there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(j)).

(iii) *Adjustment Spread*

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

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(j) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (as the case may be) (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(j)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5(j)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(j) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the

Paying Agents and, in accordance with Condition 16, the Noteholders and Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

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

- A. confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or (iv) the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(j); and
- B. certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread.

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

Each of the Fiscal Agent, the Calculation Agents and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents, the Noteholders and Couponholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 5(j)(i), 5(j)(ii), 5(j)(iii) and 5(j)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(B) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

As used in this Condition 5(j):

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

- A. in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- B. the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)
- C. the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions

which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines, in accordance with Condition 5(j)(ii), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"Benchmark Amendments" has the meaning given to it in Condition 5(j)(iv).

"Benchmark Event" means:

- A. the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- B. a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- C. a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- D. a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- E. it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate,

provided that in the case of sub-paragraphs (B), (C) and (D), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(j)(i).

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

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

- A. the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- B. any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising

the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

6. **Redemption, Purchase and Options**

(a) ***Final Redemption:***

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) ***Early Redemption***

(i) ***Zero Coupon Notes***

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or Condition 6(d) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or Condition 6(d) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this subparagraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) ***Other Notes***

The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i) above), upon redemption of such Note pursuant to Condition 6(c) or Condition 6(d) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) ***Redemption at the Option of the Issuer***

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all, but not some only, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

(d) ***Redemption at the Option of Noteholders***

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(e) ***Purchases***

The Issuer, the Ministry of Finance and/or any other public sector instrumentality of the Issuer may at any time purchase Notes (**provided that** all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Any Notes so purchased may be held or resold (**provided that** such resale is outside the United States as defined in Regulation S under the Securities Act and is made in accordance with that Regulation and otherwise in compliance with all applicable laws, or, in the case of any Notes resold pursuant to Rule 144A under that Act is only made in accordance with that Rule and otherwise in compliance with all applicable laws) or, at the discretion of the holder thereof, surrendered for cancellation (subject to such Notes being deemed not to remain outstanding for certain purposes as provided under these Conditions if so held, as more particularly set out in Condition 11(i)).

(f) ***Cancellation***

All Notes purchased by or on behalf of the Issuer, the Ministry of Finance or any other public sector instrumentality may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. **Payments and Talons**

(a) ***Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(v)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. For these purposes, a "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) ***Registered Notes***

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) ***Payments in the United States***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) ***Payments Subject to Laws***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, **provided that** the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes,

(iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where these Conditions and/or applicable Final Terms so require, (v) Paying Agents having specified offices in at least two major European cities and (vi) such other agents as may be required by any stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) ***Unmatured Coupons and unexchanged Talons***

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iii) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) ***Non-Business Days***

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange

markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. **Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for or on account of, any present or future taxes, levies, imposts, fees, duties, fines, penalties, assessments or other charge or withholding of whatever nature, and all additional amounts, penalties or similar liabilities with respect thereto (collectively, "**Taxes**") imposed, levied, collected, withheld or assessed by, within or on behalf of Oman or any political subdivision of it or any governmental authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such Taxes in respect of such Note or Coupon by reason of having some connection with Oman other than the mere holding of the Note or Coupon; or
- (ii) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means whichever is the later of (1) the date on which payment in respect of it first becomes due and (2) (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8.

9. **Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. **Events of Default**

If any of the following events ("**Events of Default**") occurs and is continuing:

- (a) **Non-Payment:** the Issuer defaults in the payment of any principal in respect of any of the Notes for more than seven days or interest due and payable on or in respect of any of the Notes for more than 14 days; or

- (b) **Breach of Other Obligations:** the Issuer defaults in the due performance or observance of any other provision contained in the Notes and such default is incapable of remedy or, if capable of remedy, remains unremedied for 30 days after written notice thereof addressed to the Issuer by any Noteholder has been delivered to the specified office of the Fiscal Agent; or
- (c) **Cross-Default:** (i) the holders of any Indebtedness (as defined below) of the Issuer accelerate such Indebtedness or declare such Indebtedness to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or (ii) the Issuer fails to pay in full any principal of, or interest on, any Indebtedness when due (after the expiry of any originally applicable grace period) or (iii) any guarantee of any Indebtedness given by the Issuer shall not be honoured when due and called upon; **provided that** the aggregate amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph shall have occurred equals or exceeds U.S.\$50 million (or its equivalent in any other currency or currencies); or
- (d) **Insolvency:** the Issuer (i) declares that it is unable to pay its debts as they fall due or (ii) enters into any arrangement or composition with or for the benefit of its creditors or declares or imposes a moratorium on the payment of Indebtedness of, or assumed or guaranteed by, it; or
- (e) **Validity:** the Issuer or any of its authorised Agencies (as defined in Condition 4) or officials (acting on its behalf) repudiates or contests the validity of the Notes; or
- (f) **Illegality:** for any reason whatsoever (including any governmental order, decree or enactment made by the Issuer), it shall become unlawful for the Issuer to perform, comply with or observe, or the Issuer is prevented from performing, complying with or observing, all or any of its obligations under the Notes or any such obligation shall be or become unenforceable or invalid, or pursuant to any law or regulation in Oman which change or amendment takes place on or after the date on which agreement is reached to issue the first Tranche of Notes or pursuant to any declaration by a court of competent jurisdiction or any ruling of any court in Oman, in each case whose decision is final and un-appealable, any such obligation is no longer or shall no longer be legal, valid and binding or enforceable against the Issuer,

then the holders of at least 25 per cent. in aggregate nominal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Redemption Amount together with accrued interest (if any) without further action or formality (any such declaration, a "**Default Declaration**"). Notice of any Default Declaration shall promptly be given to all Noteholders by the Issuer in accordance with Condition 16.

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate nominal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any Default Declaration is or are cured following any such Default Declaration and that such Noteholders wish such Default Declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon such Default Declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

In these Conditions, "**Indebtedness**" means any and all present or future obligations, and guarantees or indemnities (whether incurred as principal or surety and including, for the avoidance of doubt, any such indebtedness which is (or is intended to be) in compliance with the principles of *Shari'a*) in respect of obligations for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments).

11. **Meeting of Noteholders and Modifications**

(a) ***Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions***

- (i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in nominal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 11(i)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (iv) The notice convening any meeting will specify, *inter alia*:
 - (A) the date, time and location of the meeting;
 - (B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
 - (C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
 - (D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
 - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
 - (F) whether Condition 11(b), Condition 11(c), or Condition 11(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;
 - (G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
 - (H) such information that is required to be provided by the Issuer in accordance with Condition 11(f);

- (I) the identity of the Aggregation Agent (appointed in accordance with Condition 12(c) and as defined therein) and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 11(g); and
 - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (v) In addition, the Agency Agreement contains provisions relating to Written Resolutions. Further, the Agency Agreement provides that, where the Notes are held by or on behalf of a clearing system or clearing systems, approval of a resolution may be given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with the operating rules and procedures of the relevant clearing system(s) by or on behalf of the Noteholders ("**Electronic Consent**"). All information to be provided pursuant to Condition 11(a) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions or resolutions approved by Electronic Consent.
- (vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk or other trust certificates representing the credit of the Issuer) issued directly or indirectly by the Issuer (or by, or on behalf of, Oman or any Agency) in one or more series with an original stated maturity of more than one year.
- (x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 11 and Condition 12 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.
- (b) **Modification of this Series of Notes only**
- (i) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
 - (ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the

procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 11(a) by a majority of:

- (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate nominal amount of the outstanding Notes; or
 - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate nominal amount of the outstanding Notes.
- (iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
- (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate nominal amount of the outstanding Notes; or
 - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate nominal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be, and on all Couponholders.

(c) ***Multiple Series Aggregation – Single limb voting***

- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, **provided that** the Uniformly Applicable condition (as defined below) is satisfied.
- (ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 11(a), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
- (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable

of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.

- (v) The "**Uniformly Applicable**" condition will be satisfied if:
 - (A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
 - (B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
 - (vi) It is understood that a proposal under Condition 11(c)(iii) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
 - (vii) Any modification or action proposed under paragraph (i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 11(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (d) ***Multiple Series Aggregation – Two limb voting***
- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
 - (ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 11(a), as supplemented if necessary, which is passed by a majority of:

- (A) at least 66⅔ per cent. of the aggregate nominal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (B) more than 50 per cent. of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
- (A) at least 66⅔ per cent. of the aggregate nominal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (B) more than 50 per cent. of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
- (v) Any modification or action proposed under paragraph (i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 11(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

- (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date (in each case, excluding any, or any proposal to effect any, Benchmark Amendments);
- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held,

in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

- (iv) to change this definition, or the definition of "**Extraordinary Resolution**", "**Single Series Extraordinary Resolution**", "**Multiple Series Single Limb Extraordinary Resolution**", "**Multiple Series Two Limb Extraordinary Resolution**", "**Written Resolution**", "**Single Series Written Resolution**", "**Multiple Series Single Limb Written Resolution**" or "**Multiple Series Two Limb Written Resolution**";
- (v) to change the definition of "**debt securities**" or "**Debt Securities Capable of Aggregation**";
- (vi) to change the definition of "**Uniformly Applicable**";
- (vii) to change the definition of "**outstanding**" or to modify the provisions of Condition 11(i);
- (viii) to change (A) the legal ranking of the Notes or (B) to approve such other arrangement by way of Extraordinary Resolution of the Noteholders as referred to in Condition 4;
- (ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 10;
- (x) to change the law governing the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 19;
- (xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes;
- (xii) to modify the provisions of this Condition 11(e);
- (xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or
- (xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in these Conditions as so modified being less favourable to the Noteholders which are subject to these Conditions as so modified than:
 - (A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
 - (B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate nominal amount.

(f) **Information**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 11(b), Condition 11(c) or Condition 11(d), the Issuer

shall publish in accordance with Condition 12, and provide the Fiscal Agent with the following information:

- (A) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (B) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (C) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (D) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 11(a)(iv)(G).

(g) ***Claims Valuation***

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 11(c) and Condition 11(d), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) ***Manifest error, etc.***

The Notes, these Conditions and the provisions of the Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or to effect any Benchmark Amendments (in the circumstances and as set out in Condition 5(j)). In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) ***Notes controlled by the Issuer***

For the purposes of (i) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (ii) this Condition 11 and (iii) Condition 10, any Notes which are for the time being held by or on behalf of the Issuer, the Ministry of Finance, any other public sector instrumentality of the Issuer or by or on behalf of any other person which is owned or controlled directly or indirectly by the Issuer, the Ministry of Finance or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding; where:

"**public sector instrumentality**" means the Ministry of Finance, any Agency, any other department or ministry of the Issuer or any corporation, trust, financial institution or other entity owned or controlled by the Issuer or any of the foregoing; and

"**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 12(d) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer, the Ministry of Finance or by any public sector instrumentality of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer, the Ministry of Finance or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) ***Publication***

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 12(g).

(k) ***Exchange and Conversion***

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, these Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

12. **Aggregation Agent; Aggregation Procedures**

(a) ***Appointment***

The Issuer will appoint an aggregation agent (in such capacity, the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required nominal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required nominal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) ***Extraordinary Resolutions***

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon

as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) ***Written Resolutions***

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) ***Certificate***

For the purposes of Condition 12(b) and Condition 12(c), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 11(b), Condition 11(c) or Condition 11(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (i) list the total nominal amount of Notes and, in the case of a multiple series aggregation, the total nominal amount of each other affected series of debt securities outstanding on the record date; and
- (ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 11(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) ***Notification***

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 12 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders by the Issuer in accordance with Condition 16.

(f) ***Binding nature of determinations; no liability***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 12 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) ***Manner of publication***

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 10, Condition 11, this Condition 12 and Condition 13:

- (i) through Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme*, The Depository Trust Company and/or any other clearing system in which the Notes are held;
- (ii) in such other places and in such other manner as may be required by applicable law or regulation; and
- (iii) in such other places and in such other manner as may be customary.

13. **Noteholders' Committee**

(a) ***Appointment***

(i) Holders of at least 25 per cent. of the aggregate nominal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:

- (A) an Event of Default under Condition 10;
- (B) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;
- (C) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other affected series of debt securities (whether by amendment, exchange offer or otherwise); or
- (D) with the agreement of the Issuer, the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other affected series of debt securities are outstanding.

(ii) Upon receipt of a written notice that a committee has been appointed in accordance with Condition 13(a)(i) and a certificate delivered pursuant to Condition 13(d), the Issuer shall give notice of the appointment of such a committee to:

- (A) all Noteholders in accordance with Condition 16; and
- (B) the holders of each affected series of debt securities in accordance with the terms and conditions of such affected series of debt securities,

as soon as practicable after such written notice and such certificate are delivered to the Issuer.

(b) ***Powers***

Such committee in its discretion may, among other things:

- (i) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders;
- (ii) adopt such rules as it considers appropriate regarding its proceedings;

- (iii) enter into discussions with the Issuer and/or other creditors of the Issuer; and
- (iv) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer.

Except to the extent provided in this Condition 13(b), such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise.

(c) ***Engagement with the committee and provision of information***

- (i) The Issuer shall:
 - (A) subject to paragraph (ii) immediately below, engage with the committee in good faith;
 - (B) provide the committee with information equivalent to that required under Condition 11(f) and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and
 - (C) pay any reasonable fees and expenses of any such committee (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.
- (ii) If more than one committee has been appointed by holders of affected series of debt securities in accordance with the provisions of this Condition 13 and/or equivalent provisions set out in the terms and conditions of any affected series of debt securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

(d) ***Certification***

Upon the appointment of a committee, the person or persons constituting such a committee (the "**Members**") will provide a certificate to the Issuer and to the Fiscal Agent signed by the authorised representatives of the Members, and the Issuer and the Fiscal Agent may rely upon the terms of such certificate.

The certificate shall certify:

- (i) that the committee has been appointed;
- (ii) the identity of the Members; and
- (iii) that such appointment complies with the terms and conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate which each of the Issuer and the Fiscal Agent may rely on conclusively, will be delivered to the Issuer and the Fiscal Agent identifying the new Members. Each of the Issuer and the Fiscal Agent will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 13(d) shall apply, *mutatis mutandis*, to any steering group appointed in accordance with Condition 13(c)(ii).

In appointing a person or persons as a committee to represent the interests of the Noteholders, the Noteholders may instruct a representative or representatives of the

committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

14. **Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Notes)) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

16. **Notices**

Notices required to be given to the holders of Registered Notes pursuant to these Conditions shall be mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Friday, Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Bearer Notes pursuant to these Conditions shall be valid if published in a daily newspaper of general circulation in Ireland (which is expected to be the *Irish Times*) and/or Euronext Dublin's website, *www.ise.ie*. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. If and for so long as the Notes are admitted to trading on, and listed on the Official List of, Euronext Dublin and the rules of Euronext Dublin so require, all notices to Noteholders shall be deemed to be duly given if they are filed with the Companies Announcement Office of Euronext Dublin. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority and/or quotation system (if any) on which the Notes are for the time being listed or by or on which they have been admitted to trading and/or quotation (as applicable). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

17. **Currency Indemnity**

The Specified Currency is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes and Coupons, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall

only constitute a discharge to the Issuer, as the case may be, to the extent of the Specified Currency amount that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Specified Currency amount received or recovered is less than the Specified Currency amount expressed to be due to the recipient under any Note or Coupon the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 17, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

18. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19. **Governing Law and Jurisdiction**

(a) ***Governing Law***

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

(b) ***Arbitration***

Any dispute, claim, difference or controversy arising out of, related to, or having any connection with the Notes, Coupons and Talons (including any dispute, claim, difference or controversy regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the LCIA (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 19(b). For these purposes:

(i) the seat of arbitration shall be London;

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

(iii) the language of the arbitration shall be English.

(c) ***Waiver of Immunity***

The Issuer irrevocably and unconditionally agrees to waive all immunity (including, without limitation, immunity from jurisdiction, suit, execution, attachment (whether in aid of execution before judgment or otherwise) or other legal process (whether through service of notice or otherwise)) it or its assets or revenues may otherwise have in any jurisdiction, including irrevocably and unconditionally waiving immunity and/or the claim of immunity in respect of:

- (i) the giving of any relief of any process including, without limitation, by way of injunction or order for specific performance or for the recovery of assets or revenues or damages or otherwise; and
- (ii) the issue of any process including, without limitation, the making, enforcement or execution against its property, assets or revenues (irrespective of its use or intended use) for the enforcement of a judgment made or given in respect of any proceedings or, in an action *in rem*, for the arrest, detention or sale of any property, assets and revenues,

provided that nothing in this Condition 19(c) shall prevent the Issuer from claiming immunity in respect of (i) pre-judgment attachment or any analogous proceedings or (ii) enforcement proceedings, which in either case seeks to execute against non-commercial (or public) assets of the Issuer.

For the purpose of this Condition 19(c), "commercial assets" are those assets of the Issuer which are not deemed to be public assets of the Issuer pursuant to Omani law and which include those assets for the time being in use or intended for use for the purpose of, without limitation, the following transactions or activities:

- (x) any contract for the supply of goods and services and deposits or revenues therefrom;
- (y) any loan or other transaction for the provision of finance and any indemnity or guarantee relating thereto or of any other financial obligation entered into by the Issuer; and
- (z) any other transaction or activity of any commercial nature entered into or engaged in by the Issuer,

provided, however, that assets which can be characterised as: (A) "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963; (B) military or defence assets of Oman for military or defence use by Oman; or (C) assets used for public or governmental services (as opposed to commercial use) by Oman, shall not, in any circumstances, constitute commercial assets.

(d) ***Service of Process***

The Issuer has irrevocably appointed the Omani Embassy in London at 167, Queen's Gate, London SW7 5HE, United Kingdom as its authorised agent in England to receive, for it and on its behalf, service of process in relation to any Dispute in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 16. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. **Initial Issue of Notes**

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the related Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the custodian for DTC (the "**Custodian**"), DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

The relevant Final Terms will also specify whether U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**C Rules**") or U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**D Rules**") are applicable in relation to the Notes or whether the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

2. **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for its share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3. **Exchange**

3.1 **Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for Definitive Notes as defined and described below; and

- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 ***Permanent Global Notes***

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

The following legend will appear on all Global Notes (other than Temporary Global Notes) and Definitive Notes and any Coupons or Talons relating to such Notes where the D Rules are specified in the relevant Final Terms:

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss realised on the sale, disposition, redemption or payment of principal of such Notes, Coupons or Talons and any gain (which might otherwise be characterised as capital gain) recognised on such sale, disposition, redemption or payment of principal will be treated as ordinary income.

3.3 ***Global Certificates***

(a) *Unrestricted Global Certificates*

If the Final Terms state that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(a)(i) or 3.3(a)(ii) above, the Registered Holder has given the Registrar not less than 30

days' notice at its specified office of the Registered Holder's intention to effect such transfer.

(b) *Restricted Global Certificates*

If the Final Terms state that the Restricted Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC, Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System (except for DTC) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if such Notes are held on behalf of a Custodian and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (iii) if principal in respect of any Note is not paid when due; or
- (iv) with the Issuer's consent,

provided that, in the case of any transfer pursuant to paragraph 3.3(b)(i) and paragraph 3.3(b)(ii) above, the relevant Registered Noteholder has given the relevant Registrar not less than 30 days' notice at its specified office of the Registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out under "*Transfer Restrictions*".

3.4 *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

3.5 *Delivery of Notes*

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each

permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 **Exchange Date**

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

4. **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

4.1 **Payments**

4.1.1 No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h).

4.1.2 Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the DTC Record Date (as defined below under "*Record date in respect of Registered Notes*") for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after the exchange agent appointed by the Issuer pursuant to the terms of the Agency Agreement (the "**Exchange Agent**") has converted amounts in such Specified Currency into U.S. Dollars, will cause the Exchange Agent to deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. "**DTC business day**" means any day on which DTC is open for business.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be:

- (a) except in the case of Registered Notes to be cleared through DTC, on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January; and
- (b) in the case of Registered Notes to be cleared through DTC, on the 15th DTC business day before the due date for payment thereof (the "**DTC Record Date**").

4.1.3 So long as the Notes are represented by a Global Note or Global Certificate and the Global Note or Global Certificate is held on behalf of a clearing system, the Issuer has undertaken, *inter alia*, to pay interest in respect of such Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Note or Global Certificate.

4.2 ***Prescription***

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 ***Meetings***

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 ***Cancellation***

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 ***Purchase***

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Ministry of Finance or any other public sector instrumentality of the Issuer if they are purchased together with the rights to receive all future payments of interest thereon.

4.6 ***Issuer's Option***

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions.

4.7 ***Noteholders' Options***

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in

respect of which the option is exercised and at the same time, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

4.8 ***Events of Default***

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 19 July 2019 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

4.9 ***Notices***

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note. Any such notice shall be deemed to have been delivered to Noteholders on the second day after the day on which such notice is delivered to the relevant clearing system. In addition, so long as the Notes are admitted to trading on, and listed on the Official List of, Euronext Dublin and the listing rules of Euronext Dublin so require, all notices to Noteholders shall be deemed to be duly given if they are filed with the Companies Announcement Office of Euronext Dublin. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

5. **Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then in respect of any resolution proposed by the Issuer:

- (a) where the terms of such resolution have been notified to the Noteholders through the relevant clearing systems, as provided in the Agency Agreement, approval of such resolution given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of:
 - (i) in respect of a proposal that falls within Conditions 11(b)(ii) and 11(b)(iii), the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or more than 50 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;
 - (ii) in respect of a proposal that falls within Conditions 11(c)(ii) and 11(c)(iii), the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);

- (iii) in respect of a proposal that falls within Conditions 11(d)(ii) and 11(d)(iii), (x) the persons holding at least 66 $\frac{2}{3}$ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(the "**Required Proportions**") (in the case of (i) and (ii) below, each an "**Electronic Consent**") shall, for all purposes (including Reserved Matters) take effect as (i) a Single Series Extraordinary Resolution (in the case of (a) above), (ii) a Multiple Series Single Limb Extraordinary Resolution (in the case of (b) above) or (iii) a Multiple Series Two Limb Extraordinary Resolution (in the case of (c) above), as applicable, and shall be binding on all relevant Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Fiscal Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

FORM OF FINAL TERMS

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

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]²

***Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).³*

Final Terms dated [•]

The Government of the Sultanate of Oman, represented by the Ministry of Finance

(LEI: [•])

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the
Global Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 19 July 2019 [and the supplement(s) to it dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of [Directive 2003/71/EC (as amended or superseded, the Prospectus Directive)/the Prospectus Directive.] This document constitutes the Final Terms for the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive]⁴ and must be

² Do not include this legend if "Not Applicable" is specified in paragraph 24 of these Final Terms.

³ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

⁴ To be included only if the Notes are to be admitted to trading on the regulated market, and listing on the official list, of Euronext Dublin.

read in conjunction with the Base Prospectus⁵. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of the Base Prospectus [and these Final Terms]⁶ [is/are] available for viewing in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank (www.centralbank.ie) and may be obtained during normal business hours from the specified office of the Fiscal Agent at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 3 January 2018 which are incorporated by reference in the Base Prospectus dated 19 July 2019. This document constitutes the Final Terms for the Notes described herein [for the purposes of Article 5.4 of [Directive 2003/71/EC, (as amended or superseded, (the "**Prospectus Directive**")]/[the Prospectus Directive]] and must be read in conjunction with the Base Prospectus dated 19 July 2019 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated 3 January 2018. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [●]]. Copies of the Base Prospectus [and these Final Terms] [is/are] available for viewing in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank (www.centralbank.ie) and may be obtained during normal business hours from the specified office of the Fiscal Agent at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom.

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

- | | | |
|----|---|--|
| 1. | Issuer: | The Government of the Sultanate of Oman, represented by the Ministry of Finance. |
| 2. | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | (iii) [Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about [insert date]].] |
| 3. | Specified Currency or Currencies: | [●] |
| 4. | Aggregate Nominal Amount of Notes: | |
| | (i) Series: | [●] |
| | (ii) [Tranche:] | [●] |
| 5. | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] |

⁵ To be deleted where the Notes are neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive.

⁶ To be included only if the Notes are to be admitted to trading on the regulated market, and listing on the official list, of Euronext Dublin.

6. (i) Specified Denominations: [•] [and integral multiples of [•] in excess thereof, up to and including [•]]
- (ii) Calculation Amount: [*specify amount*]
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [*Specify/Issue Date/Not Applicable*]
8. Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9. Interest Basis: [•] [per cent. Fixed Rate]
- [[*specify reference rate*] +/- [•] per cent. Floating Rate]
- [Zero Coupon]
- (further particulars specified at paragraph [[14][15][16]] below)
10. Redemption/Payment Basis: [Redemption at par]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- [Not Applicable]
12. Put/Call Options: [Put Option]
- [Call Option]
- [(further particulars specified at paragraph [[17][18][19]] below)]
- [Not Applicable]
13. (i) Status of the Notes: Senior
- (ii) Date of Issuer approval for issuance of Notes obtained: [•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]/[Not Applicable]

- (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- (vi) [Determination Dates: [•] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Period(s): [[•], subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]] [Not Applicable]
- (ii) Specified Interest Payment Dates: [[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
- (iii) Interest Period Date: [Not Applicable]/[[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (iv) First Interest Payment Date: [•]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (vi) Business Centre(s): [•]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate
Determination/ISDA
Determination/Linear Interpolation]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [•]

- (ix) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [•] month [LIBOR / EURIBOR / KIBOR / SHIBOR / HIBOR / KLIBOR / TRLIBOR or TRYLIBOR / SIBOR / EIBOR / TIBOR / SAIBOR] is provided by [administrator legal name] [repeat as necessary]. [As at the date hereof, [[administrator legal name] [appears]/[does not appear]] [repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011, as amended]/[As far as the Issuer is aware, as at the date hereof, the [[specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011, as amended]/[transitional provisions in Article 51 of Regulation (EU) 2016/1011 apply, such that [insert names(s) of administrator(s)] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]] / [Not Applicable]
 - Interest Determination Date(s): [•]
 - Relevant Time: [•]
 - Relevant Screen Page: [•]
 - Reference Banks: [•]
- (x) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - ISDA Definitions [2000/2006]
- (xi) Linear Interpolation: [Applicable/Not Applicable] [The Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xii) Margin(s): [+/-][•] per cent. per annum
- (xiii) Minimum Rate of Interest: [Not Applicable/[•] per cent. per annum]
- (xiv) Maximum Rate of Interest: [Not Applicable/[•] per cent. per annum]
- (xv) Day Count Fraction: [Actual/Actual]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]

		[Actual/365 (Sterling)]
		[Actual/360]
		[30/360]
		[360/360]
		[Bond Basis]
		[30E/360]
		[Eurobond Basis]
		[30E/360 (ISDA)]
		[Actual/Actual (ICMA)]
16.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield:	[•] per cent. per annum
	(ii) Day Count Fraction in relation to Early Redemption Amounts:	[[30/360][Actual/360][Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Call Option	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii) Notice period:	[[•] days/As per Condition 6(c)]
18.	Put Option	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii) Notice period:	[[•] days/As per Condition 6(d)]

19. Final Redemption Amount of each Note [•] per Calculation Amount
20. Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [•]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: **[Bearer Notes:]**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]
- (Note: The exchange upon notice should not be expressed to be applicable if the Specified Denomination (at paragraph 6 above) of the Notes includes language to the following effect: "[and integral multiples of [•] in excess thereof, up to and including [•]]".)*
- [Registered Notes:]**
- [Unrestricted Global Certificate ([U.S.\$][•] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]
- [Restricted Global Certificate ([U.S.\$][•] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]
- [Unrestricted Global Certificate exchangeable for unrestricted individual Certificates in the limited circumstances described in the Unrestricted Global Certificate]
- [Restricted Global Certificate exchangeable for restricted individual Certificates in the limited circumstances described in the Restricted Global Certificate]

22. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/[•]]. [*Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(vi) relates*]
23. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
24. Prohibition of sales to EEA Retail Investors: [Applicable/Not Applicable]

RESPONSIBILITY

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

Signed on behalf of

THE GOVERNMENT OF THE SULTANATE OF OMAN, REPRESENTED BY THE MINISTRY OF FINANCE

By:
Duly authorised

PART B – OTHER INFORMATION

1. Listing and Trading

- (a) Listing and Trading [Application has been made by the Issuer (or on its behalf) to Euronext Dublin plc for the Notes to be listed on its Official List and admitted to trading on its regulated market with effect from [•].]
- (b) Estimate of total expenses related to admission to trading [•]

[Not Applicable.]

2. [Ratings]

Ratings: The Notes to be issued [have been/are expected to be] rated:

[[Fitch: [•]]

[S&P: [•]]

[Moody's: [•]]

[[•]: [•]]

[[Other]: [•]]

[The Notes have not been specifically rated.]

[[•] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[•] is established in the European Union and is registered under Regulation (EC) No 1060/2009.]

[[•] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [•], which is established in the European Union, disclosed the intention to endorse credit ratings of [•].]

[[•] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be] endorsed by [•] in accordance with Regulation (EC) No. 1060/2009. [•] is established in the European Union and registered under Regulation (EC) No. 1060/2009.] [[•] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Save for any fees payable to the [Manager(s)/Dealer(s)], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealer(s)] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees.

4. **[Fixed Rate Notes – Yield**

Indication of Yield: [•]

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

5. **OPERATIONAL INFORMATION**

ISIN [(Unrestricted Notes)]: [•]

[ISIN (Restricted Notes): [•]]

Common Code [(Unrestricted Notes)]: [•]

[Common Code (Restricted Notes): [•]]

[CUSIP [(Unrestricted Notes)]: [•]]

[CUSIP (Restricted Notes): [•]]

CFI [(Unrestricted Notes)]: [•]

[CFI (Restricted Notes): [•]]

FISN [(Unrestricted Notes)]: [•]

[FISN (Restricted Notes): [•]]

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

Delivery: Delivery [against/free of] payment

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

6. **DISTRIBUTION**

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If syndicated, names of Managers: [Not Applicable/[•]]

(iii) Stabilisation Manager(s) (if any): [Not Applicable/[•]]

(iv) If non-syndicated, name of Dealer(s): [Not Applicable/[•]]

(v) U.S. Selling Restrictions: [Reg. S Compliance Category 1; [Rule 144A;] C Rules/ D Rules/ TEFRA not applicable]

CLEARING AND SETTLEMENT

Book-Entry Ownership

Bearer Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons may be deposited with a Common Depository or an Alternative Clearing System as agreed between the Issuer and the relevant Dealer(s). Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

Registered Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by an Unrestricted Global Certificate or a Restricted Global Certificate. Each Unrestricted Global Certificate or a Restricted Global Certificate deposited with a Common Depository, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

The Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under "*Transfer Restrictions*". In certain circumstances, as described below in "*Transfers of Registered Notes*", transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian with whom the Restricted Global Certificates are deposited and DTC will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Tranche may hold their beneficial interests in an Unrestricted Global Certificate only through Euroclear or Clearstream, Luxembourg. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, ownership interests in any Restricted Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Certificate, in minimum amounts of U.S.\$200,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the record date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Transfers of Registered Notes

Transfers of interests in Global Certificates within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes. Any such transfer of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Certificate to the Fiscal Agent of details of that account at either Euroclear or Clearstream, Luxembourg or DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the Custodian, the relevant Registrar receiving instructions (and where appropriate certification) from the

transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see "*Transfer Restrictions*".

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg or DTC.

Individual Certificates

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in "*Summary of Provisions Relating to the Notes while in Global Form—Exchange—Restricted Global Certificates*" or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in "*Summary of Provisions Relating to the Notes while in Global Form—Exchange—Unrestricted Global Certificates*". In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; and
- (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of

such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the United States secondary market generally are required to settle within two business days ("T+2"), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than two business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is two business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than two business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is two business days prior to the relevant Issue Date should consult their own adviser.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of Restricted Notes, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.
2. It understands that the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) in each case in accordance with any applicable securities laws of any State of the United States.
3. It understands that the Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend in or substantially in the following form:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ONE OR MORE QIBs, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

4. It understands that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
5. It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate or as the case may be, Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A

Unrestricted Notes

Each purchaser of Unrestricted Notes, by accepting delivery of this Base Prospectus and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
2. It understands that such Unrestricted Notes have not been and will not be registered under the Securities Act.
3. It understands that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

TAXATION

The following is a general description of certain material Omani and US tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. This summary does not take into account or discuss specific double taxation treaties, the individual circumstances, and financial situation or investment objectives of an investor in the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the countries of their respective citizenship, residence or domicile of which they are resident for tax purposes and the tax laws of Oman including, but not limited to, the consequences of acquiring, holding, disposing or redeeming of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, including changes which could have retroactive effect.

Oman Taxation

The following is a summary of the principal Oman tax consequences of ownership of the Notes by beneficial owners which are not incorporated in or who are not residents of Oman for Oman tax purposes and do not conduct business activities in Oman ("**Non-Omani Holders**"). This summary does not purport to consider all of the possible Oman tax consequences of the purchase, ownership and disposition of the Notes and is not intended to reflect the individual tax position of any beneficial owner. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. This summary does not include any description of the tax laws of any state, local or foreign governments (other than Oman) that may be applicable to the Notes or the holders thereof.

Persons considering an investment in the Notes should consult their own tax advisers concerning the application of Oman tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Payments of principal on the Notes by the Issuer to Non-Omani Holders will not be subject to Oman withholding tax. Additionally, payments of interest on the Notes by the Issuer to Non-Omani Holders will also not be subject to Oman withholding tax in compliance with Ministerial Decision No. 14/2019 issued by the Ministry of Finance, which provides, *inter alia*, that the term "interest", shall not include "revenues of bonds and sukuk issued by the Government" for the purpose of withholding tax deductible pursuant to Article 52 of the Income Tax Law. In addition, the CMA on 15 May 2019 announced that, on the basis of a royal directive, withholding tax applicable to dividends and interest on foreign borrowings stands suspended for a period of three years effective 6 May 2019. The Secretariat General for Taxation subsequently issued an open letter to Ernst and Young on 11 June 2019 in confirmation of such suspension. No copy of the aforementioned royal directive has been made available for public inspection.

Should, however, any such withholding and/or deductions made on account of withholding tax become payable in respect of payments of interest on the Notes and/or any withholding and/or deductions required by law become payable in respect of payments of principal in the future due to legislative or regulatory developments in Oman, the Issuer has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except in certain limited circumstances described in "*Terms and Condition of the Notes – Taxation*".

Payments of principal and interest on the Notes by the Issuer to Non-Omani Holders will not be subject to Oman income taxes in Oman. Furthermore, Non-Omani Holders are not subject to Oman tax on any capital gains derived from a sale of the Notes. No Oman stamp duty will be imposed on Non-Omani Holders either upon the issuance of the Notes or upon a subsequent transfer of the Notes.

Proposed changes to tax law

The GCC member states are in the process of developing a broad framework for the introduction of VAT. The framework agreement will set out the underlying principles of VAT laws for the six GCC countries, with the likelihood that there will be areas where member states will have some flexibility to determine their own requirements. Whilst there is no VAT applicable in Oman at the date of this Base Prospectus, the Secretariat General of Taxation has stated that VAT is expected to be implemented in Oman in 2019. As far as the Issuer is aware, the Proposed Tax Amendments have no impact on the position regarding the applicability of withholding tax to payments under the Notes.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme and the relevant Final Terms may contain additional or modified disclosure concerning the U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary applies only to Notes purchased on original issuance at their "issue price" (as defined below) and deals only with purchasers of Notes that are U.S. Holders (as defined below) and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar). No ruling will be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion or, if challenged, a court will uphold such statement or conclusion.

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax adviser concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

This summary applies to Notes that are properly treated as debt for U.S. federal income tax purposes. This summary does not discuss Notes that by their terms may be retired for an amount less than their principal amount and Notes subject to special rules. The tax treatment of certain Notes, such as dual currency Notes and other Notes that are not principal protected, may be specified in the relevant Final Terms of the Drawdown Information Memorandum.

Bearer Notes are not being offered to U.S. Holders and are not discussed below.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Special Rules Applicable to Certain Accrual Method Taxpayers

Pursuant to recent legislation (and, in the case of notes issued with original issue discount for U.S. federal income tax purposes, for taxable years beginning after 31 December 2018), an accrual method taxpayer that reports revenues on an "applicable financial statement" generally must recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in the applicable financial statements. This rule could potentially require such a taxpayer to recognize income for U.S. federal income tax purposes with respect to the Notes prior to the time such income otherwise would be recognized pursuant to the rules described below. U.S. Holders should consult their tax advisors regarding the potential applicability of these rules to their investment in the Notes.

Payments of Interest

General

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount—General*"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for U.S. federal income tax purposes, reduced by the allocable amount of amortisable bond premium, subject to the discussion below. Interest paid by the Issuer on the Notes and OID, if any, accrued with respect to the Notes (as described below under "*Original Issue Discount*") generally will constitute income from sources outside the United States.

Effect of Omani Withholding Taxes

For U.S. federal income tax purposes, U.S. Holders will be treated as having actually received the amount of Omani taxes withheld by the Issuer with respect to a Note, and as then having actually paid over the withheld taxes to the Omani taxing authorities. As a result, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest or OID may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Omani income taxes withheld by the Issuer. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. U.S. Holders who do not elect to claim a credit for any foreign income taxes paid or accrued during the taxable year may instead claim a deduction of such taxes. Interest generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisors concerning the foreign tax credit implications of Omani withholding taxes.

Original Issue Discount

General

The following is a summary of certain U.S. federal income tax consequences of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments the applicable Final Terms may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. for each complete year in the Note's weighted average maturity, as determined for purposes of the OID rules). A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the

total of all payments provided by the Note that are not payments of "qualified stated interest." A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate, applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer generally will be deemed to exercise any option that has the effect of decreasing the yield on the Note, and the U.S. Holder generally will be deemed to exercise any option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "*Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity. If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "de *minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the sale or retirement of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS.

A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium will apply to all notes (other than notes the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Original Issue Discount—Election to Treat All Interest as Original Issue Discount*".

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "*Original Issue Discount—General*," with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described above under "*Notes Purchased at a Premium*") or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "*Market Discount*" to include market discount in income currently over the life of all debt instruments having market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Purchase, Sale and Retirement of Notes

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "*Original Issue Discount—Market Discount*" or "*Original Issue Discount—Short Term Notes*" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Notes.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Sale or Retirement

As discussed above under "*Purchase, Sale and Retirement of Notes*", a U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. U.S. Holders are urged to consult their tax advisers regarding payments made or received in a non-functional currency.

A U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (as adjusted for amortised bond premium, if any) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS.

Certain U.S. holders who are individuals or closely held entities may be required to report information relating to debt securities issued by non-U.S. persons, subject to certain exceptions (including an exception for securities held through U.S. financial institutions). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the Notes

Reportable Transactions

A U.S. Holder may be required to file a reportable transaction disclosure statement with the U.S. Holder's U.S. federal income tax return, if such U.S. Holder realises a loss on a sale or exchange of a Foreign Currency Note and such loss is greater than applicable threshold amounts, which differ depending on the status of the U.S. Holder. A U.S. Holder that claims a loss with respect to a Foreign Currency Note should consult its tax adviser regarding the need to file a reportable transaction disclosure statement.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 19 July 2019 (the "**Dealer Agreement**") between the Issuer and the Permanent Dealers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment and update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the relevant Dealers to terminate any agreement that they made to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this section of the Base Prospectus have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to represent and agree, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S or Rule 144A. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States in reliance on Regulation S. The Dealer(s) Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specify the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specify the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") each Dealer(s) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that EU Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the Issuer or any Dealer(s) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that EU Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning

of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Oman

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been filed with or registered as a prospectus with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Authority Law SD 80/98 (Article 3), and the Notes will not be offered or sold as a public offer of securities in Oman as contemplated by the Commercial Companies Law) or Article 3.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or delivered by it, and no invitation to subscribe for or to purchase the Notes has been or will be made, directly or indirectly by it. Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that no document or other material in connection therewith may be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes.

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority ("**CMA**") resolution number 3-123-2017 dated 27 December 2017 as amended by the Board of the Capital Market Authority resolution number 3-45-2018 dated 23 April 2018 (the "**KSA Regulations**"), made through a person authorised by the "**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations. The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "Sophisticated Investors" under Article 9 of the KSA Regulations ("**Sophisticated Investors**") or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes made by it to a Saudi Investor will be made in compliance with Articles 9 or 10 and Article 11 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "Parallel Market Offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Notes are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the Notes are being offered or sold in such other circumstances as the CMA may prescribe.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes, except on a private placement basis, to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "accredited investor" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person's principal place of residence;

- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, sell or deliver at any time, directly or indirectly, any Notes in Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar. This Base Prospectus has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Notes is being made in the State of Kuwait, and no agreement relating to the sale of the Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in the State of Kuwait.

United Arab Emirates (excluding Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

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

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers (i) makes any representation that any action has been or will be taken in any jurisdiction that would permit a public offering of any Notes, or possession or distribution of this Base Prospectus, any other offering, material or any Final Terms, in any country or jurisdiction where action for that purpose is required; or (ii) represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer(s) and set out in the relevant dealer accession letter or subscription agreement, as the case may be. Any such modification will be set out in a supplement to this Base Prospectus.

GENERAL INFORMATION

1. Application has been made to Euronext Dublin for Notes issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and admitted to trading on the Regulated Market. It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. The approval of the Programme in respect of the Notes is expected to be granted on or around 19 July 2019. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). Unlisted Notes may be issued pursuant to the Programme. Euronext Dublin's regulated market is a regulated market for the purposes of MiFID II.
2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme and will obtain all necessary consents, approvals and authorisations in connection with the issue of any Notes thereunder and the execution and performance of the Transaction Documents. The update of the Programme and the issue of any Notes thereunder have been or will be, respectively, duly authorised in accordance with the provisions of Royal Decree 48/76.
3. There has been no significant change in the tax and budgetary systems of the Government since 1 January 2019, no significant change in the foreign exchange reserves of the Government since 31 March 2019, no significant change in the financial position, prospects and resources and income and expenditure figures of the Government since 31 May 2019, no significant change in gross public debt since 31 May 2019, no significant change in foreign trade since 28 February 2019 and no significant change in balance of payments since 31 December 2018.
4. The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position of the Issuer.
5. All Global Notes (other than Temporary Global Notes) and Definitive Notes and any Coupon and Talon relating to such Notes where the D Rules are specified in the relevant Final Terms will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code". The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss realised on the sale, disposition, redemption or payment of principal of such Notes, Coupons or Talons and any gain (which might otherwise be characterised as capital gain) recognised on such sale, disposition, redemption or payment of principal will be treated as ordinary income.
6. Notes are expected to be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). In addition, the Issuer may make an application with respect to any Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Notes of each Tranche issued by the Issuer will be confirmed in the relevant Final Terms. The Common Code, the International Securities Identification Number (ISIN), the Committee on Uniform Security Identification Procedure (CUSIP) number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms.
7. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041 USA. The address of any alternative clearing system will be specified in the applicable Final Terms.
8. The issue price and the amount of the relevant Notes will be determined, before filing of the applicable Final Terms for each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

9. For so long as Notes may be issued pursuant to this Base Prospectus, physical/electronic copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Fridays, Saturdays, Sundays and public holidays excepted), for inspection at the office of the Fiscal Agent:
- the Agency Agreement (which includes the form of the Global Notes, the Global Certificates, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
 - the Deed of Covenant;
 - a copy of the legislative text for the annual budget of Oman for the current fiscal year;
 - a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Prospectus; and
 - any future offering circulars, prospectuses, information memoranda, supplementary prospectuses and Final Terms (save that a Final Terms relating to a Note which is not listed on the Official List and neither admitted to trading on the Regulated Market or any other regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.
10. This Base Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Regulated Market will be published on the website of Euronext Dublin (www.ise.ie). The website of Euronext Dublin does not form any part of the contents of this Base Prospectus.
11. This Base Prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Regulated Market for the purposes of the Prospectus Directive.
12. The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.
13. Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
14. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in various financial advisory, investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and/or the Ministry of Finance and/or their affiliates (including any other public sector instrumentality, as defined in the Conditions) in the ordinary course of business for which they have received, and for which they may in the future receive, fees and expenses. In particular, certain of the Dealers are lenders to the Issuer (and/or the Ministry of Finance and/or their affiliates (including any other public sector instrumentality)) and proceeds from the issue of the Notes may be used to repay such outstanding loan facilities. In connection with any offering under the Programme the Dealers may purchase and sell Notes in the open market.

In connection with the offering of the Notes, each Arranger and Dealer and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in

connection with the offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Arrangers and Dealers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or the Ministry of Finance and/or their respective affiliates (including any other public sector instrumentality). Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and/or the Ministry of Finance and/or their respective affiliates (including any other public sector instrumentality) routinely hedge their credit exposure to the Issuer and/or the Ministry of Finance and/or their respective affiliates (including any other public sector instrumentality) consistent with their customary risk management policies.

Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

THE ISSUER

The Government of the Sultanate of Oman, represented by the **Ministry of Finance**
P.O. Box 506, Postal Code 100, Muscat
Sultanate of Oman
Telephone: +968 2474 652

ARRANGERS

Citigroup Global Markets Limited

Canada Square
Canary Wharf
London E14 5LB
United Kingdom

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Standard Chartered Bank

P.O. Box 999
Dubai
United Arab Emirates

DEALERS

bank muscat SAOG

P.O. Box 134
Ruwi, Postal Code 112
Sultanate of Oman

Citigroup Global Markets Limited

Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Crédit Agricole Corporate and Investment Bank

12 Place Des États-Unis
CS 70052
92547 Montrouge Cedex
France

First Abu Dhabi Bank PJSC

FAB Building
Khalifa Business Park – Al Qurm District
P.O. Box 6316
Abu Dhabi
United Arab Emirates

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

ICBC Standard Bank Plc

20 Gresham Street
London EC2V 7JE
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

MUFG Securities EMEA plc

Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

Natixis

30, avenue Pierre Mendès France
75013 Paris
France

SMBC Nikko Capital Markets Limited

One New Change
London EC4M 9AF
United Kingdom

Société Générale

29, boulevard Haussmann
75009 Paris
France

Standard Chartered Bank

P.O. Box 999
Dubai
United Arab Emirates

FISCAL AGENT, CALCULATION AGENT, TRANSFER AGENT AND PAYING AGENT

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

Citigroup Global Markets Europe AG

Reuterweg 16
D-60323 Frankfurt am Main
Germany

LEGAL ADVISERS

To the Issuer as to English law
Clifford Chance LLP

Level 15, Burj Daman
Dubai International Financial
Centre
P.O. Box 9380
United Arab Emirates

To the Issuer as to U.S. law
**Clifford Chance Europe
LLP**

1, rue d'Astorg
75008
Paris
France

To the Issuer as to Omani Law
**Al Busaidy, Mansoor Jamal &
Co.**

Muscat International Centre
Ground Floor, Muttrah Business
District
Bait Al Falaj Street
P.O. Box 686, Ruwi, Postal
Code 112

*To the Dealer(s) as to English
law*

Linklaters LLP
Ninth Floor, Currency House
Dubai International Financial
Centre
P.O. Box 506516
United Arab Emirates

*To the Dealer(s) as to U.S.
law*

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Dealer(s) as to Omani Law

Dentons and Co, Oman Branch
Level Three – Salam Square
Building
Madinat Al Sultan Qaboos
PO BOX 3552, 112 Ruwi
Sultanate of Oman

LISTING AGENT

Walkers Listing Services Limited

5th Floor, The Exchange
George's Dock, IFSC
Dublin 1
Ireland