IMPORTANT NOTICE

THE FOLLOWING OFFERING CIRCULAR 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 THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the "**Offering Circular**") following this notice and you are therefore required to read this carefully before accessing, reading or making any other use of the Offering Circular. In accessing the Offering Circular, 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 Joint Lead Managers (each as defined in the Offering Circular) as a result of such access. You acknowledge that this electronic transmission and the delivery of the Offering Circular is confidential and intended only for you and you agree you will not forward, reproduce or publish this electronic transmission or the Offering Circular to any other person.

THE FOLLOWING OFFERING CIRCULAR 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 OFFERING CIRCULAR 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 2025 NOTES, THE 2031 NOTES AND THE 2051 NOTES DESCRIBED IN THE OFFERING CIRCULAR (TOGETHER, 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. 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 AND IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

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 Offering Circular 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 Offering Circular may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular, you shall be deemed to have represented to the Issuer and the Joint Lead Managers 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 Offering Circular 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 Offering Circular, 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 Offering Circular; (v) you consent to delivery of the Offering Circular and any supplements thereto by electronic transmission; (vi) you will not transmit the Offering Circular (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 for or purchase any of the Notes.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular 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, electronically or otherwise, the Offering Circular to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

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 Joint Lead Managers or any affiliate thereof is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction. Under no circumstances shall the Offering Circular 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 Offering Circular 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 Offering Circular.

The Offering Circular 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 Joint Lead Managers, 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 Offering Circular distributed to you in electronic format and any hard copy version available to you on request from any of the Issuer or Joint Lead Managers. By accessing the following Offering Circular, you consent to receiving it in electronic form. Please ensure that your copy is complete. If you received the Offering Circular 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 Joint Lead Managers or any of their respective affiliates accepts any responsibility whatsoever for the contents of the Offering Circular 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 Joint Lead Managers 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 Joint Lead Managers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the Offering Circular.

You are responsible for protecting against viruses and other destructive items. Your use of this document is at your own risk and is free from viruses and other items of a destructive nature.

THE GOVERNMENT OF THE SULTANATE OF OMAN

represented by

THE MINISTRY OF FINANCE

Issue of:

U.S.$500,000,000 4.875% Notes due 2025

(*to be consolidated and form a single series with the existing U.S.$750,000,000 4.875% Notes due 2025 issued on 1 August 2019*),

U.S.$1,750,000,000 6.250% Notes due 2031

and

U.S.$1,000,000,000 7.000% Notes due 2051

under its Global Medium-Term Note Programme

The Government of the Sultanate of Oman represented by the Ministry of Finance (the "**Issuer**") is issuing U.S.$500,000,000 4.875% Notes due 2025 (the "**2025 Notes**") (to be consolidated and form a single series with the existing U.S.$750,000,000 4.875% Notes due 2025 issued on 1 August 2019 (the "**Original 2025 Notes**")), U.S.$1,750,000,000 6.250% Notes due 2031 (the "**2031 Notes**"), and U.S.$1,000,000,000 7.000% Notes due 2051 (the "**2051 Notes**" and together with the 2025 Notes and the 2031 Notes, the "**Notes**". and each of the 2025 Notes, the 2031 Notes and the 2051 Notes, a "**Series**", which term shall where used herein, in the case of the 2025 Notes, be deemed to refer to its issuance as a tranche) under its Global Medium-Term Note Programme (the "**Programme**"). The net proceeds from the issue of the Notes will be applied by the Issuer for general budgetary purposes.

The terms and conditions of the 2025 Notes will consist of the "*Terms and Conditions of the Notes*" (the "**2019 Conditions**") incorporated by reference herein from the 2019 Base Prospectus (as defined under "*Documents Incorporated by Reference*"), as amended and supplemented by the 2025 Notes Issue Terms as set out herein. The terms and conditions of each of the 2031 Notes and the 2051 Notes will consist of the "*Terms and Conditions of the Notes*" (the "**2020 Conditions**") incorporated by reference herein from the Base Prospectus (as defined under "*Documents Incorporated by Reference*"), as amended and supplemented by the 2031 Notes Issue Terms (in respect of the 2031 Notes) and the 2051 Notes Issue Terms (in respect of the 2051 Notes), each as set out herein. References herein to "**Conditions**" shall mean the 2019 Conditions (in the case of the 2025 Notes) or the 2020 Conditions (in the case of the 2031 Notes and the 2051 Notes), as the case may be, and "**Condition**" shall be construed accordingly.

The 2025 Notes will bear interest from (and including) 1 August 2020 to (but excluding) 1 February 2025 (the "**2025 Notes Maturity Date**") at a fixed rate of 4.875% *per annum*. Interest in respect of the 2025 Notes will be payable semi-annually in arrear on 1 February and 1 August in each year from and including 1 February 2021 up to (and including) the 2025 Notes Maturity Date. For a more detailed description of the 2025 Notes, see the 2025 Notes Issue Terms set out herein. The 2031 Notes will bear interest from (and including) 25 January 2021 (the "**Issue Date**") to (but excluding) 25 January 2031 (the "**2031 Notes Maturity Date**") at a fixed rate of 6.250% *per annum*. Interest in respect of the 2031 Notes will be payable semi-annually in arrear on 25 July and 25 January in each year from and including 25 July 2021 up to (and including) the 2031 Notes Maturity Date. For a more detailed description of the 2031 Notes, see the 2031 Notes Issue Terms set out herein. The 2051 Notes will bear interest from (and including) the Issue Date to (but excluding) 25 January 2051 (the "**2051 Notes Maturity Date**") at a fixed rate of 7.000% *per annum*. Interest in respect of the 2051 Notes will be payable semi-annually in arrear on 25 July and 25 January in each year from and including 25 July 2021 up to (and including) the 2051 Notes Maturity Date. For a more detailed description of the 2051 Notes, see the 2051 Notes Issue Terms set out herein.

The Notes will constitute direct, general, unconditional and (subject to Condition 4) unsecured obligations of the Issuer, 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 under the Notes, and *vice versa*.

Application has been made to the Financial Conduct Authority (the "**FCA**") for the Notes to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's main market (the "**Main Market**"). The Main Market is a regulated market for the purposes of Directive № 2014/65/EU ("**MIFID II**"). For the purposes of this application, the Issuer is an exempt issuer pursuant to Article 1(2) of Regulation (EU) № 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (as amended, the "**UK Prospectus Regulation**"). Accordingly, this Offering Circular has not been reviewed or approved by the FCA and has not been approved as a prospectus by any other competent authority under the UK Prospectus Regulation. The Notes are not subject to the prospectus requirements but will be issued in accordance with the listing rules of the London Stock Exchange. The Main Market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) № 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**").

Application will also be made by the Issuer (or on its behalf) for the Original 2025 Notes to be admitted to (i) the official list of the Financial Conduct Authority and (ii) trading on the London Stock Exchange plc's main market by no later than the Issue Date. The Original 2025 Notes will be removed from the official list of the Irish Stock Exchange plc trading as Euronext Dublin and de-listed from its regulated market by no later than the Issue Date.

The Notes will initially be represented by Global Certificates (as defined below) in registered form. The Notes of each Series 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 will be registered in the name of a nominee for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") on the Issue Date. The Notes of each Series which are sold 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 each Unrestricted Global Certificate, the "**Global Certificates**"), without interest coupons, which will be registered in the name of a nominee for The Depositary Trust Company ("**DTC**").

An investment in the Notes involves risks. See "*Risk Factors*".

The Issuer has been assigned a long-term and local currency sovereign credit rating of B+ by S&P Global Ratings Europe Limited ("**S&P**") with a stable outlook, a long-term issuer rating of Ba3 by Moody's Investors Service, Inc. ("**Moody's**") with a negative outlook and a long-term issuer rating of BB- by Fitch Ratings Limited ("**Fitch**") with a negative outlook. Each Series is expected on issue to be rated Ba3 by Moody's and BB- by Fitch.

S&P is established in the European Union and registered under Regulation (EC) № 1060/2009 (as amended, the "**CRA Regulation**"). S&P is not established in the United Kingdom and has not applied for registration under the CRA Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"), though the rating issued by S&P referred to above has been endorsed by S&P Global Ratings UK Limited. S&P Global Ratings UK Limited is established in the United Kingdom and is registered in accordance with the UK CRA Regulation.

Fitch is established in the United Kingdom and registered under the UK CRA Regulation. Fitch is not established in the European Union and has not applied for registration under the CRA Regulation, though the ratings issued by Fitch referred to above have been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. As such, Fitch Ratings Ireland Limited 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.

Moody's is not established in the European Union or the United Kingdom and has not applied for registration under the CRA Regulation or the UK CRA Regulation, though the ratings issued by Moody's referred to above have been endorsed by each of Moody's Deutschland GmbH in accordance with the CRA Regulation and by Moody's Investors Service Ltd. in accordance with the UK CRA Regulation. Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation. As such, Moody's Deutschland GmbH is included in the list of credit rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Moody's Investors Service Ltd. is established in the United Kingdom and is registered in accordance with the UK CRA Regulation.

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. The Notes are being offered and sold outside the United States in reliance on Regulation S of the Securities Act and within the United States, to QIBs in reliance on Rule 144A.

For a description of certain restrictions on the sale and transfer of the Notes, see "*Subscription and Sale*" below and "*Transfer Restrictions*" incorporated by reference herein from the Base Prospectus.

This Offering Circular is to be read in conjunction with the sections of the Base Prospectus that are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Offering Circular shall be read and construed on the basis that such sections of the Base Prospectus are incorporated by reference in, and form part of, this Offering Circular. Where there is any inconsistency between the Base Prospectus and this Offering Circular, the language used in this Offering Circular will prevail. Capitalised terms which are used but not defined in any particular section of this Offering Circular have the meaning attributed thereto in the Conditions or any other section of this Offering Circular or the sections of the Base Prospectus incorporated by reference herein.

Global Coordinators

Citigroup	**HSBC**	**J.P. Morgan**	**Standard Chartered Bank**

Joint Lead Managers

Bank Dhofar	**Citigroup**	**Gulf International Bank**	**HSBC**
J.P. Morgan	**NATIXIS**	**QNB Capital**	**Standard Chartered Bank**

This Offering Circular is dated 21 January 2021.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer, the information contained in this Offering Circular is in accordance with the facts and the Offering Circular makes no omission likely to affect the import and completeness of such information. The opinions, assumptions, intentions, projections and forecasts expressed in this Offering Circular with regard to the Issuer are honestly held by the Issuer, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

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 Offering Circular 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 Bank Dhofar S.A.O.G., Citigroup Global Markets Limited, Gulf International Bank B.S.C., HSBC Bank plc, J.P. Morgan Securities plc, Natixis, QNB Capital LLC and Standard Chartered Bank (together, the "**Joint Lead Managers**"). Neither the delivery of this Offering Circular 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 Offering Circular 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 Offering Circular 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 Joint Lead Managers or any of their respective affiliates have authorised the whole or any part of this Offering Circular or have separately verified the information contained in this Offering Circular. 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 Joint Lead Managers, 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 Offering Circularor any other information provided by the Issuer in connection with the Issuer, the Programme or the issue and offering of the Notes; (ii) for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf, in connection with the Issuer, the Programme or the issue and offering of the Notes; or (iii) for any acts or omissions of the Issuer or any other person in connection with the Issuer, the Offering Circular, the Programme or the issue and offering of the Notes. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility whatsoever for the contents of this Offering Circular or for any other information provided by the Issuer or for any other statement, made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Lead Manager 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 Offering Circular or any other information provided by the Issuer or any such statement.

Neither this Offering Circular nor any other information supplied in connection with the Programme or the Notes: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, or any of the Joint Lead Managers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or the Notes should purchase the Notes. Each investor contemplating purchasing any Notes should determine for itself the relevance of the information contained in this Offering Circular, 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 Offering Circular nor any other information supplied in connection with the Programme or the issue of the Notes constitutes an offer of, or an invitation by or on behalf of the Issuer or any Joint Lead Managers to subscribe for or purchase, any Notes. Without limitation, the Joint Lead Managers 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 Offering Circular or the Programme nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

The above disclaimers shall apply (without limitation) to all parts of this Offering Circular. None of the Joint Lead Managers 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 Offering Circular, or any other information.

This Offering Circular 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 Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers and the Agents do not represent that this Offering Circular 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 Joint Lead Managers or the Agents, which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular 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 the Notes) (see "*Subscription and Sale*").

No comment is made or advice given by the Issuer, any Joint Lead Manager 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 Offering Circular 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 Ministry of Finance, the National Centre for Statistics & Information (the "**NCSI**") and the Ministry of Energy and Minerals. 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 Offering Circular. 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 Offering Circular 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.

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 Oman.

References to any individual period such as 2017 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 IMF. References in this document to "**billions**" are to thousands of millions. References to the "**Government**" are to the government 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 Notes and the information contained in this Offering Circular or any applicable supplement to this Offering Circular;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact 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 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 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.

A potential investor should not invest in 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 potential investor's overall investment portfolio.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET

Solely for the purposes of 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 under EU Directive № 2014/65 (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 manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.

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

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the Financial Conduct Authority ("**FCA**") Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) № 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO RESIDENTS OF OMAN

The information contained in this Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular 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. The Notes are being offered and sold (i) in offshore transactions in reliance on Regulation S and (ii) 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 "*Subscription and Sale*" below and "*Transfer Restrictions*" incorporated by reference herein from the Base Prospectus.

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, the Notes 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 Offering Circular 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 № 64 of 2006). This Offering Circular and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, the Notes may not be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Circular 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 Offering Circular 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 Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Offering Circular 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 Offering Circular 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 Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Circular. 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 Offering Circular you should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

The Notes 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 Offering Circular 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 № (11) of 2015 or otherwise under the laws of Qatar.

NOTICE TO RESIDENTS OF SINGAPORE

The Notes are "prescribed capital markets products" (as defined in the securities and futures (capital markets products) regulations 2018 of singapore) 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 the Notes, Standard Chartered Bank as stabilising manager (the "**Stabilising Manager**") (or any person(s) acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the relevant Series. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person(s) acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this Offering Circular 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 Offering Circular, 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 Offering Circular:

- Oman's economy, public finances and society have been affected by the COVID-19 crisis, which is ongoing and unpredictable;
- Oman's economy and public finances are 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 or negative changes in outlook 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 Offering Circular 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 Oman legal system continues to develop, and this may create an uncertain environment for investment and business activity;
- changes in capital markets 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 rules or prices;
- inflation or deflation;
- unemployment; and
- changes in, or Oman’s failure to comply with, Omani and foreign laws and regulations.

EXCHANGE RATES

As of the date of this Offering Circular, the Omani Rial is pegged to the U.S. Dollar at OMR 0.3845 = U.S.$1.00. See “*Monetary Policy and Financial System—Exchange Rate Policy*”.

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DOCUMENTS INCORPORATED BY REFERENCE

The following will be incorporated by reference in, and form part of, this Offering Circular:

(a) the following sections of the base prospectus relating to the Programme dated 19 October 2020 (the "**Base Prospectus**") (an electronic copy of which is available for viewing at https://www.rns-pdf.londonstockexchange.com/rns/4566D_1-2020-10-28.pdf):

	Page references (inclusive)
Jurisdiction and Enforcement	(vii) – (ix)
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(b) the "Terms and Conditions of the Notes" appearing between pages 101 -135 (inclusive) of the base prospectus dated 19 July 2019 (the "**2019 Base Prospectus**") (an electronic copy of which is available for viewing at https://www.ise.ie/debt_documents/Base%20Prospectus_207e51fb-4e35-4c86-af5f-b60e515cd59c.pdf).

No other part of the Base Prospectus or the 2019 Base Prospectus forms a part of, or is incorporated into, this Offering Circular. Any information contained in the Base Prospectus or the 2019 Base Prospectus which is not incorporated by reference in this Offering Circular is either not relevant to investors or is included elsewhere in this Offering Circular.

A statement contained in the specific sections of the Base Prospectus or the 2019 Base Prospectus which are incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such 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 Offering Circular.

OVERVIEW OF THE SULTANATE OF OMAN

(deleting and replacing the section entitled "Overview of the Sultanate of Oman" on page 8 of the Base Prospectus in its entirety)

This overview must be read as an introduction to this Offering Circular, and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole. Where a claim relating to the information contained in this Offering Circular is brought before a court in an EEA Member State or the United Kingdom, the plaintiff may, under the national legislation of the EEA Member State or the United Kingdom where the claim is brought, be required to bear the costs of translating this Offering Circular before the legal proceedings are initiated.

Political Developments

The Sultanate of Oman is the oldest independent state in the Arab world and is located in the Middle East, at the south eastern coast of the Arabian Peninsula. The country's northern coastline crosses the confluence of the Persian Gulf and the Gulf of Oman, and its south-eastern and southern coastlines are surrounded by the Arabian Sea. The country has a population of approximately five million, reflecting an annual growth rate of 3.0%, according to data published by the World Bank in 2019.

Oman has been ruled by the Al Said family dynasty, an Islamic absolute monarchy in which succession, in the form of a Sultanate, passes to a male descendant of Sayyid Turki bin Said bin Sultan, since 1744. The Sultan is the Head of State and the Supreme Commander of the Armed Forces, and his powers range from the protection of sovereignty and the rights of its citizens, through to issuing and ratifying laws, signing treaties, and promulgating primary legislation (as Royal Decrees). The Council of Ministers, who implement the general State policies for the economic, social, and administrative development of the State, submit recommendations to the Sultan proposing draft laws and decrees. The Sultan presides over the Council sessions, or will authorise a person to act as Chairman. The Sultan may also appoint a Prime Minister to preside over the Council sessions, determining his competences and powers by Royal Decree. Together with the Deputy Prime Minister, the Council of Ministers, and any specialised councils, all of whom being appointed and having their powers determined by Royal Decree, the Prime Minister will implement the general policy of the Government. There are no political parties in Oman, so every political candidate elected is independent and non-partisan. See "*The Sultanate of Oman—Organisational Structure of the Government*".

Sultan Qaboos bin Said Al Said, who passed away at the age of 79 on 10 January 2020 as the Arab world's longest-serving ruler, had previously ruled the Sultanate since 23 July 1970 when he overthrew the then-Sultan, his father, in a British-assisted bloodless coup. Sultan Qaboos' 50-year rule was marked by the move away from his father's more traditional, conservative leadership, establishing a program of political and social modernisation. Sultan Qaboos aimed to utilise the country's oil revenue to develop the country's infrastructure, including building roads, hospitals, airports, a telecommunications network, and universities, to increase the standard of living of the country's citizens. At the same time, Sultan Qaboos acted to dissolve the Sultanate's internal divisions, and to end the country's international isolation to broaden its global political influence. To signify the unity of the country, its name was changed from the Sultanate of Muscat and Oman to the Sultanate of Oman, and the Omani Rial established as the national currency, replacing the Indian rupee and Maria Theresa thaler. During his rule, Sultan Qaboos pursued a neutral political path, creating allies in both the Western and Arabic-world, simultaneously sustaining close relations with its neighbour Iran.

On 11 January 2020, the 65 year old Haitham bin Tarik Al Said succeeded to the throne as Sultan of Oman following the death of his cousin, Sultan Qaboos. His Majesty Sultan Haitham bin Tarik is expected to continue Sultan Qaboos' program of modernisation and of international diplomacy, whilst focusing on economic and social reform.

In August 2020, His Majesty Sultan Haitham bin Tarik Al Said issued a series of 28 Royal Decrees, delegating various powers for the first time. In a move towards a more institutional model of government, His Majesty has devolved the roles of foreign minister, finance minister, and chairman of the Central Bank, appointing other officials to these positions. His Majesty has also consolidated the government, reducing 26 ministries to 19.

Recent Developments

On 11 January 2021, marking the first anniversary of His Majesty Sultan Haitham bin Tarik Al Said's ascension to the throne, it was announced that the Sultan issued two Royal Decrees, Royal Decree № 6/2021 (issuing the Basic Law of the State) and Royal Decree № 7/2021 (promulgating the Oman Council Law), in accordance with Vision 2040. See "*The Economy of Oman—Vision 2020, Vision 2040 and Five-Year Plans*". Royal Decree № 6/2021 shall take effect from the day of its issuance, being 11 January 2021, once it has been published in the Official Gazette. Royal Decree № 7/2021 will come into effect on the day following its publication in the Official Gazette. Royal Decree № 6/2021 was published in the Official Gazette on 12 January 2021. Royal Decree № 7/2021 is expected to be published in the Official Gazette on or about 17 January 2021.

Basic Statute

Royal Decree № 6/2021 sets out a new Basic Law (the "**Basic Law**") to replace the Basic Statute promulgated by Royal Decree № 101/1996, as amended. This Royal Decree was issued to: (i) promote citizens' rights and duties and public freedoms; (ii) support a better future marked by national and citizens' achievements; (iii) support state institutions and consolidate the principles of consultation; (iv) preserve the homeland, its unity and its social fabric; and (v) consolidate Oman's international standing and its role in laying the foundations of justice and the foundations of truth, security, stability and peace between different countries and peoples.

In this context, the new Basic Law re-asserts the State's role in upholding the rights and freedoms of citizens with respect to, *inter alia*, gender equality, the right to childcare, rights for the disabled, rights to life, human dignity, safety and the sanctity of private life and rights to education (including compulsory primary education and the encouragement of the establishment of universities). In addition, provisions to protect national heritage and combat trafficking in materials and objects important to Oman's national heritage have also been included.

In addition, adherence to the rule of law and the independence of the judiciary have been asserted as bases for the governance of Oman.

The new Basic Law includes the establishment of a performance monitoring committee, which reports directly to the Sultan for the purpose of assessing and monitoring the performance of ministers and other senior public officials. Furthermore, provision has been made for enhancing the powers of the State Audit Institution of the Government. Certain enhancements to local administration powers and the Council of Oman (including, *inter alia*: (i) approving or amending laws referred to it by the Government; (ii) proposing draft laws; and (iii) discussing development plans and the Budget) are also included.

Finally, a clear mechanism for hereditary succession to the throne has been established under the Basic Law, as has a mechanism to appoint a Crown Prince, which also sets out his duties and responsibilities.

Council of Oman

According to reports, Royal Decree № 7/2021 will implement a new law to replace Royal Decrees № 86/97 (regarding the Council of Oman), № 87/97 (promulgating the internal regulations of the State Council) and № 88/97 (promulgating the internal regulations of the Consultative (A'Shura) Council). The new law is expected to set out the competencies of the Council of Oman, its membership requirements and the rights and obligations of the members, as well as to establish new regulations for both chambers.

Written Constitution

On 6 November 1996, Sultan Qaboos brought into force by Royal Decree № 101/96 the first written Constitution of the Sultanate of Oman, codifying the legal structure of the country, titled "The Basic Statute of the Sultanate of Oman". The articles set out the structure of the government, including the process of succession, the principles guiding state policy, the guaranteed fundamental rights and freedoms of all citizens, and the independence of the judiciary from all power in their ruling except for the rule of Law. It characterises the Sultanate as an Arab, Islamic, Independent State with full sovereignty and with Muscat as its Capital. It sets out the guiding political, economic, social, cultural, and security principles of the Sultanate. See "*—Recent Developments*".

The Constitution was amended further to Royal Decree № 99/2011, which came into force and was published in the Official Gazette on 19 October 2011. The amendments included granting two chambers of the Omani Parliament, the State Council and the Consultative Council (the A'Shura Council), supervisory and legislative as opposed to merely advisory powers, including to propose laws and to oversee the functioning of the executive branch.

February 2011 Protests

Precipitated by the widespread pro-democracy protests across the Arab world as part of the Arab Spring, demonstrations occurred in the Sultanate in February 2011, with activists protesting unemployment amongst the younger population of the country, and governmental corruption. It is to be noted that unlike in its neighbouring regions, including Tunisia, Egypt and Bahrain, the Omani protests did not call for a change of government or for the retirement of Sultan Qaboos.

The Sultan then made an announcement promising the creation of 50,000 civil-service jobs, and unemployment benefits, as well as to examine calls to grant wider powers to the elected consultative council that advises the Sultan on state affairs. These promises were realised by subsequent Royal Decrees, such as the amendment to the Constitution in October 2011 to afford wider powers to the Consultative Council. See "*The Sultanate of Oman—Government Organisation and Political Background—Organisational Structure of the Government—Legislative Powers*". In addition, Royal Decree № 27/2011 changed the name of the State Financial Audit Institution to the State Financial and Administrative Audit Institution and had its remit enhanced by domestic laws to investigate instances of government corruption. On 15 October 2011, elections to the Consultative Council were held for the first time since the expanded powers were granted.

The Economy of Oman

The Sultanate's economy has grown significantly since 1970, the beginning of the rule of Sultan Qaboos, and in particular in the period between 1998 and 2019, during which real GDP nearly doubled in response to economic reforms implemented during that period, including the promotion of diversification of the Omani economy, which resulted in the contribution of non-petroleum sectors to real GDP more than tripling in size over the period. However, while it fell during this period, the youth unemployment rate remained high, at 13.2% in 2019, compared to 15.1% in 2015. Despite its diversification efforts, Oman's economy continues to be dominated by oil and gas activities, which accounted for 34.4% of nominal GDP during the year ended 31 December 2019 as compared to 35.9% of nominal GDP during the year ended 31 December 2018. Due to the emergence of COVID-19, coupled with the resulting slowdown in the global hydrocarbon industry, the IMF has forecast real GDP growth to decrease by 10.0% in 2020 and by 0.5% in 2021, before recovering to grow by 11.0% in 2022. The Government expects real GDP growth to decrease by 4.3% in 2020. See "*The Economy of Oman—Gross Domestic Product*".

Inflation, as measured by CPI, has fluctuated in recent years. It was 1.1% in 2016, 1.6% in 2017, 0.9% in 2018 and 0.1% in 2019. Following the unprecedented global developments that emerged during the COVID-19 pandemic in early 2020, central banks across the world have adopted expansionary monetary policies. Therefore, the COVID-19 pandemic has affected the economy from both demand and supply perspective, and the overall effects are still to be seen. According to preliminary data released by the NCSI, the CPI during the first nine months of 2020 showed a contraction of 0.7%, as compared to positive growth of 0.2% in the corresponding period in 2019. Inflation rates in Oman are susceptible to large fluctuations in international commodities and energy prices. Fiscal consolidation measures may lead to increases in domestic commodity prices, which may, in turn, lead to an increase in inflation. See "*Risk Factors—Risk Factors in relation to the Issuer—The Omani economy may face inflationary pressures*".

Oman's nominal GDP decreased by 13.4% during the second quarter of 2020, as compared to the same period in 2019, according to preliminary data released by the NCSI. The nominal contraction in the economy was driven by a 20% decrease in the hydrocarbon sector, as well as a 9.9% decrease in the non-hydrocarbon sector during the second quarter of 2020. Oman estimates that nominal GDP for 2020 will be OMR 24,712 million and that oil revenues will decrease by 26% from OMR 6,099 million in 2019 to OMR 4,500 million in 2020. The Omani oil price averaged U.S.$47.7 per barrel during the first eight months of 2020, which is 26.3% lower compared to the same period in 2019. Furthermore, production decreased during the same period by 1.4% as compared to the previous year, to an average daily production of 957,300 barrels.

Net international reserves with the CBO as at 30 November 2020 fell to OMR 5.0 billion from OMR 5.7 billion as at 31 December 2019, representing a deterioration of OMR 683.7 million, mainly to COVID-19-related outflows. See "*Response to COVID-19*". NIR covered 7.5 months of merchandise imports as at 30 September 2020, as compared to 8.8 months as at 31 December 2019. See "*External Sector—General*".

Economic, Fiscal and Monetary Reforms

As part of the Government's Vision 2040 programme, the Government's economic targets include to continue the diversification of the Omani economy away from hydrocarbons and into infrastructure and other developments, under the guidance of specialist committees.

Key Government reforms implemented in recent years to support the progress of the primary Vision 2040 plan include, *inter alia*: Vision 2020, a secondary long-term development strategy with an emphasis on diversification and investment in non-oil and gas industries and services; and (ii) The Five-Year Plans, tertiary short-term projects also designed to aid the diversification of the economy by increasing expenditure on key infrastructure projects, such as developing the country's ports. The current Five-Year Plan is termed the Tenth Five-Year Plan for 2021 to 2025, which will be part of Vision 2040. See "*The Economy of Oman—Vision 2020, Vision 2040 and Five-Year Plans*".

In response to the fiscal and economic challenges the Sultanate is facing, the late Sultan Qaboos bin Said ordered the establishment of the National Program for Fiscal Balance (*Tawazun*) in September 2019 with the sole mandate of achieving fiscal balance over the medium term. *Tawazun* has been empowered by the Government through fast-tracked decision-making processes and reports directly to His Majesty and has also been granted unrestricted access to any data and information it requires from any government entity.

The Government is committed to achieving primary fiscal balance in the medium term to ensure a strong foundation for Vision 2040, while also strengthening its institutional and governance structures and enhancing its operational capacity to ensure effective planning and timely implementation of its fiscal policy over the medium term.

See "*The Economy of Oman—Medium-Term Fiscal Plan*".

On 12 October 2020, H.M. Sultan Haitham bin Tariq Al Said issued Royal Decree № 121/2020 promulgating the law on value added tax (the "**VAT Law**"). The VAT Law was published in the Official Gazette of Oman on 18 October 2020 and is stated to come into effect six months following the date of its publication (that is, on 18 April 2021). The VAT Law imposes a value added tax at a base rate of 5% on most goods and services exported to or imported from Oman.

See "*Public Finance—Taxation—VAT" and "Taxation—Oman Taxation—Proposed changes to tax law*", incorporated by reference from the Base Prospectus.

The following table sets forth selected economic information relating to Oman as at the dates and for the periods indicated.

Selected Economic Information[(1)]

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
Domestic Economy					
Nominal GDP (*OMR millions*)	26,500.3	25,354.5	27,144.9	30,678.8	29,349.5
Real GDP (*OMR millions*)[(3)]	27,384.6	28,748.5	28,825.2	29,090.2	28,850.1
Real GDP Growth Rate *(%)*[(2)(4)]	4.7	5.0	0.3	0.9	(0.8)
Consumer Price Index *(%)*[(5)]	102.2	103.3	104.9	105.9	106.0
Balance of Payments					
Exports of Goods (*FOB) (in OMR millions)*	13,404.1	10,295.5	12,651.5	16,057.1	14,896.4
Imports of Goods *(FOB) (in OMR millions)*	11,153.3	8,900.2	10,164.2	9,908.6	9,038.3
Current Account Balance *(in OMR millions)*	**(4,206)**	**(4,821)**	**(4,222)**	**(1,649)**	**(1,592)**
Overall Balance *(in OMR millions)*	**235**	**(3,615)**	**(1,066)**	**990**	**(540)**
CBO Net Foreign Reserves *(in OMR millions)*	6,650	5,664	5,264	6,004	5,721[(6)]
Months of Import Coverage[(7)]	7.1	9.7	7.3	8.0	8.8
Public Finance *(OMR millions)*					
Total Revenues and Grants	9,039	8,150	8,635	10,821	10,899
Total Expenditure	13,450.8	12,704.8	12,195.9	13,483.5	13,133.0
Overall Fiscal Balance[(8)]	(4,632)	(5,300)	(3,764)	(2,650)	(2,623)
Overall Deficit *(% of GDP)*	(15.7)	(17.7)	(13.4)	(9.0)	(7.8)
Primary Deficit *(% of GDP)*	(15.6)	(17.3)	(12.0)	(7.0)	(5.5)
Gross External Debt/GDP *(%)*	13.4	20.5	32.7	38.4	45.4

Source: The Ministry of Finance

Notes

(1) The figures in this table have been revised and differ from previously published data.
(2) The IMF estimates that real GDP is expected to decrease by 10.0% in 2020 and by 0.5% in 2021 before recovering to grow by 11.0% in 2022.
(3) Real GDP at constant prices for 2015 – 2019 is calculated using 2012 as the base year.
(4) Percentage change from previous year.
(5) Average prices for 2012 = 100.
(6) As at 30 November 2020, the CBO's net international reserves were OMR 5.0 billion.
(7) Imports of goods.
(8) As published by the NCSI.

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 Offering Circular, 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 Offering Circular.

Words and expressions defined in the Conditions or elsewhere in this Offering Circular have the same meanings in this section.

Risk Factors in relation to the Issuer

COVID-19 Pandemic

Since the outset of the COVID-19 pandemic, the government of the Sultanate of Oman (the "**Government**") has introduced a number of policies aimed at responding to the spread of the virus, as well as financial measures aimed at mitigating the potential economic impact of the pandemic. See "*Response to COVID-19*". At this time, it is uncertain if such measures will be effective or what the financial impact of such measures will be.

Restrictions have been placed on travel and prolonged restrictions on commercial activities have been introduced. The pandemic has significantly negatively impacted and is likely to continue to impact all sectors of Oman's economy, and there can be no assurance as to when, or if, the various sectors of the Omani economy will return to pre-pandemic levels of activity. In addition, no prediction can be made as to the scope or the scale of systemic changes to Oman's economy that will result from the pandemic.

Whilst the Government has been discussing funding for COVID-19 related measures with multilateral agencies such as the Asian Infrastructure Investment Bank, such facilities are yet to be concluded.

Global trade and economic conditions in other countries have also been adversely affected to a significant extent and they are likely to have an adverse impact on Oman (for example, through lower trade and a reduction in financial support). On 30 June 2020, the IMF altered its projection of the economy of the six-member Gulf Cooperation Council (the "**GCC**"), of which Oman is one of the six members, anticipating its economy to contract by 7.6% in 2020, compared to its initial forecast of a contraction of 2.7% in April 2020, before recovering to grow by 2.5% in 2021.

The pandemic has also produced an increase in unemployment, the scale of which remains unclear, as official data is not available on this point. Should unemployment not return to pre-pandemic levels there may be social dislocation and unrest. In addition, it cannot be determined what impact the pandemic will have on inflation and other macro-economic indicators.

The emergence of COVID-19 poses a new risk to the fiscal position of Oman and has already led to significant volatility in financial markets, lower oil prices, reduced global liquidity and the expectation of lower economic growth both regionally and globally, which will, in turn, affect Oman, for the most part negatively. Given the uncertainty of the lasting effect of the COVID-19 pandemic, the financial impact on the global economy, and in turn, Oman's economy cannot be determined, but the Government expects the impact to be significant and adverse.

Oman's economy and public finance are significantly affected by volatility in international oil prices

Although the Government has sought to promote the growth of the non-oil sector, Government revenues remain significantly dependent on oil revenues, with the hydrocarbon sector accounting for 34.5% of Oman's GDP at current market prices for the year ended 31 December 2019, as compared to 35.5% for the year ended 31 December 2018, 29.0% of Oman's GDP at current market prices for the year ended 31 December 2017, 26.4% for the year ended 31 December 2016 and 33.1% for the year ended 31 December 2015.

Revenues from oil and gas decreased by 5.4% to OMR 8.2 billion in 2019 from OMR 8.7 billion in 2018, as a result of decreases in global oil prices. 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.$18.46 in April 2020. For 2017, 2018 and 2019, the monthly average price per barrel of DME Oman oil was approximately U.S.$51.3, U.S.$69.7 and U.S.$63.6, respectively, and at the end of September 2020, the price of DME Oman oil was approximately U.S.$42.3. DME Oman crude oil is Oman's principal oil export.

A continued low oil price environment is expected to have a significant negative effect on Oman's public finances and continue the trend of current account deficits as Government budget break-even prices of oil remain above current market levels (the Government budget break-even prices were U.S.$94.95 per barrel in 2018 and U.S.$87.72 per barrel in 2019, while the average realised price of oil for 2019 was U.S.$78 per barrel). The Government budget for 2020 contemplates an expected break-even price of oil of U.S.$84 per barrel and an external break-even level of U.S.$76 per barrel. Oil revenues will decrease by 26% in 2020 to OMR 4.4 billion and are expected to decline by a further 26% in 2021 to OMR 3.5 billion.

The Ninth Five-Year Plan for the period 2016-2020 emphasises diversification of Oman's economy, however Oman's other economic sectors remain, in part, dependent on the oil and gas sector. Although the Government has reduced over time certain Government expenditures in light of the budgetary pressures caused by lower oil price environments, large Government fiscal deficits are likely to continue, resulting in larger deficit financing needs. This, in turn, impacts 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. If Oman does not decrease public expenditure (or increase non-oil revenues), an environment of prolonged low oil prices may lead to a further widening in the fiscal deficit and adversely impact Oman's sovereign credit rating, as well as its borrowing costs.

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 December 2016, December 2018 and July 2019, as a member of the OPEC+ alliance, Oman agreed to reduce oil production in line with OPEC commitments. Following a further substantial drop in global oil prices in March 2020 (by approximately U.S.$11.00 per barrel), as a result of the KSA's capital markets authority deciding to cut export oil prices, as well as Russia and OPEC's failure to reach an agreement over proposed oil production cuts, the 23 members of the OPEC+ alliance agreed in April 2020 to further reduce production by 9.7 million bbl/d in May and June, followed by a 7.7 million bbl/d drop in the second half of 2020 and a 5.8 million bbl/d cut from January 2021 to the end of April 2022.

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.

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.

Oman has historically had a large fiscal deficit and increasing indebtedness

While revenues, in particular oil revenues, have declined in the past during periods of relatively low oil prices, Government spending has been stable, resulting in large fiscal deficits. Oman's budget deficit in 2019 was OMR 2.3 billion, as compared to OMR 2.8 billion in 2018, and was budgeted to be OMR 2.5 billion in 2020, however due to the COVID-19 pandemic this has been revised to OMR 4.2 billion. Oman's budget deficit represented 7.8% of GDP in 2019, as compared to 9% in 2018 and is budgeted to increase to 14.1% of GDP in 2020, as a result of the lower oil prices and the COVID-19 pandemic. The Government expects a budget deficit of OMR 2.2 billion, amounting to 8.7% of GDP, in 2021. It is expected that 73%, or approximately OMR 1.6 billion, of the deficit will be financed through external and domestic borrowing. The remaining 27% of the deficit, approximately OMR 600 million, will be covered by drawing on reserves.

Oman's fiscal deficit has resulted in increases in its public debt and debt-to-GDP ratio. Total outstanding Government debt was OMR 17.6 billion, as at 31 December 2019, as compared to OMR 15.7 billion, as at 31 December 2018. The debt-to-GDP ratio was 59.9% as at 31 December 2019, as compared to 50.6% as at 31 December 2018. The anticipated debt-to-GDP ratio is expected to increase to 79.7% at the end of 2020 and further increase to 82.7% in 2021.

Oman has taken a number of measures in recent years to reduce its deficit, including limiting new Government hiring and promotions, implementing a pay freeze in respect of civil servant compensation, 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, as well as implementing changes in the taxation system, including increasing the corporate tax rates.

A failure to reduce the budget deficit and/or public spending (and the corresponding effect on the size of Oman's public debt), and a failure to diversify the economy, could make the economy more susceptible to the risks associated with the sectors in which the economy is concentrated (for example, the oil industry), and any downturn in such sectors or the economy generally, could have an adverse effect on the economic and financial condition of Oman. Oman's ability to implement sizeable spending reductions may be difficult as a result of Oman's low budgetary flexibility, which is caused by factors such as Oman's necessary capital expenditure to support oil production and a large public sector payroll. Furthermore, reliance on the domestic capital markets to fund the budget deficit may have a "crowding out" effect on other investment in the Omani economy, hence the Government has predominantly relied on external borrowing to fund the deficit.

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

Oman is located in a region that is strategically important and parts of this region have, at times, 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, the Kingdom of Saudi Arabia ("**KSA**"), the United Arab Emirates (the "**UAE**") 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. KSA recently announced that it will reopen its airspace and sea and land border with Qatar, in the first step toward ending the years-long blockade. On 5 January 2021, KSA, the UAE, Bahrain and Egypt reached an agreement with Qatar to resolve the dispute between the countries. 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 recently 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. The Government aims to increase domestic employment as part of its "Omanisation" process (see "*The Economy of Oman—Employment*"), which could also reduce the number of expatriate workers. Furthermore, the number of expatriate workers in Oman has been reduced significantly due to the COVID-19 pandemic. 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, including the ongoing COVID-19 pandemic. See "*Risk Factors—Risk Factors in relation to the Issuer—COVID-19 Pandemic*". 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 and/or other countries across the region 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.

Concentration of export markets

Oman's external trade is a significant source of foreign exchange, amounting to approximately 79.6% and 83.8% respectively, of nominal GDP for the year ended 31 December 2019 and 2018, respectively.

Oman's exports are relatively concentrated, and the region is heavily dependent on oil and gas resources and exports, which generate a significant proportion of governmental revenue. Oman is a member of the Gas Exporting Countries Forum ("**GECF**"), and is the largest oil and natural gas producer in the Middle East that is not a member of the Organization of the Petroleum Exporting Countries (the "**OPEC**"), and exports natural gas as Liquefied Natural Gas ("**LNG**") through its Oman LNG facilities near Sur in the Gulf of Oman. In addition, the number of countries to which oil is exported by Oman is extremely limited. According to statistics published by the CBO, in the first quarter of 2020, 87.8% of the oil exported by Oman was directed to China, 4.2% to India, and 3.3% to Malaysia.

Although Oman is seeking to diversify its export markets, there can be no assurance that it will be able to do so. Unless Oman is able to diversify its export markets, the ability of Oman to continue its current levels of exports will be dependent, to an extent, on internal and external events affecting a small number of countries, as well as such countries' internal markets and government policies. If there is a significant decline in the economic growth of any of Oman's major trading partners, this could have a material adverse impact on Oman's balance of trade and Oman's economy.

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. See "*—Oman's economy and public finance are significantly affected by volatility in international oil prices*". Oman's crude reserves as at the end of 2019 were estimated to allow for 25-30 years of output at 2019 production levels and were estimated to be 354.4 million barrels as at 31 December 2019. 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.

In line with this priority, the Government aims to increase the tourism sector's contribution to GDP to 4.8% by 2030 and 5.9% by 2040. However, while tourism has traditionally been a source of foreign exchange, (accounting for 2.2% of GDP for the year ended 31 December 2018 and 2.5% of GDP for the year ended 31 December 2019), the number of tourists and volume of tourism revenues have historically fallen in times of instability and tension in the Middle East and are likely to be further impacted by the COVID-19 pandemic and there can be no assurance that Oman's efforts to diversify its economy and reduce its dependence on oil will be successful. On 25 July 2020, the Government initiated a nationwide lockdown to prevent the spread of the COVID-19 pandemic which was lifted on 16 August 2020, with commercial international flights being postponed until at least 31 August 2020. This has had a material adverse impact on the tourism sector for 2020 and is expected to result in continued impact into 2021. A continuation of reduced tourism levels or a further reduction in such levels may have a material adverse effect on Oman's economy. See "*Risk Factors—Risk Factors in relation to the Issuer—COVID-19 Pandemic*".

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, in turn caused by the COVID-19 pandemic global demand, 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 is in a water-deprived region

Oman is an arid region, located in one of the most water-deprived areas of the world. It has extremely limited water resources and is highly dependent on unpredictable and limited rainfall. In addition, climate change is likely to lead to changed precipitation patterns, sea level rises and more frequent extreme weather events, such as prolonged droughts and flooding. There are two main types of water resources in Oman, being conventional water sources such as surface and ground water sources, and non-conventional water sources, including desalination, which is extremely energy-intensive, and treated wastewater. There is concern that the demand from ground water supplies in Oman is too high to be sustainable, due to amongst other factors a high and continuing demand from Oman's agricultural industry. The overuse of groundwater aquifers to supply resources to the agricultural industry has led to the intrusion of seawater supplies from the lower aquifers, which contaminates existing groundwater resources.

Although the Government has undertaken a number of steps to protect the water supply available in Oman, including enacting laws and regulations aimed at prevention of water depletion or pollution, as well as a policy of reducing reliance on ground-water drinking water supply through the use of desalinisation plants, the population and the economy of Oman remain subject to the risk of adverse changes in rainfall patterns and disruptions to ground and other water supplies, which may be exacerbated by climate change. Accordingly, there can be no assurance that Oman will not suffer from water shortages in the future, which could materially adversely affect Oman's economy and may lead to social unrest.

Oman is subject 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.

The Omani economy may face inflationary pressures

Inflation, as measured by the CPI, has fluctuated in recent years and was 1.1% in 2016, 1.6% in 2017, 0.8% in 2018 and 0.1% in 2019. The unprecedented global developments that emerged during the COVID-19 pandemic in early 2020 have led central banks across the world to adopt expansionary monetary policies. The CBO cut its monetary policy rates in March 2020, following the U.S. Federal Reserve (given the fixed exchange rate regime) to counter the economic impact of the COVID-19 pandemic on the national economy. The COVID-19 pandemic has affected the economy from both demand and supply perspective. The overall effects are still to be seen. The CPI recorded year-on-year negative growth of (0.7)% for the nine months ended 30 September 2020, as compared to positive growth of 0.2% for the nine months ended 30 September 2019. Inflation rates in Oman are susceptible to large fluctuations in international commodities and energy prices. Fiscal consolidation measures, may lead to increases in domestic commodity prices, which may, in turn, lead to an increase in inflation.

Oman faces certain refinancing risks

Oman faces significant debt maturities in the coming years, with OMR 1,782 million in external debt due in 2021 and OMR 2,338 million in 2022, based on outstanding debt as at 31 December 2019. Any significant net deposit outflows would adversely affect these banks' ability to purchase securities issued by the Government, including the Notes, which could, in turn, limit the ability of Oman to refinance its debt. If Oman is not able to refinance its debt on favourable terms or at all, it could materially impair Oman's capacity to service its debt, including the Notes. Domestic debt held by institutions other than banks increased from OMR 2,540 million as at 31 December 2015 to OMR 4,256 as at 31 December 2019. Oman's debt servicing costs have also increased materially in recent years.

Oman's total public debt as at 30 September 2020, 31 December 2019, 31 December 2018, and 31 December 2017 amounted to OMR 19,214 million, OMR 17,570 million, OMR 15,531 million, and OMR 12,178 million, respectively, comprising external debt of OMR 14,110 million, OMR 13,314.2 million, OMR 11,795.1 million, and OMR 8,870.6 million, respectively, and domestic debt of OMR 5,105 million, OMR 4,256.1 million, OMR 3,736.6 million, and OMR 2,737.0 million, respectively. See "*Indebtedness—Debt of the Government of Oman*". Oman had a debt-to-GDP ratio of 59.9% at 31 December 2019. Furthermore, the Government expects that its external debt is likely to continue to grow until 2021.

In particular, in 2020, Oman expects that it will have substantial financing needs as a result of ongoing low oil prices and the impact of the COVID-19 pandemic, 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**"), starting in 2020 with a OMR 25 million Sukuk), with the larger portion covered by recourse to external sources such as international conventional Eurobonds, Sukuk, and bilateral and syndicated loans. There can be no guarantee that substantial financing will not also be required beyond 2020. There can also be no guarantee that the Government will continue to be able to access the international capital markets.

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. The Government is seeking to grow the domestic capital market in Oman but it is currently underdeveloped, which increases the Sultanate's reliance on external funding. The Government's ability to finance or refinance the public debt depends, in part, on the ability and willingness of Omani banks to purchase securities and other credit instruments issued by the Government.

In addition, a portion of short-term treasury instruments issued by the Government are purchased by international investors. Any market development associated with increases in yields and decreases in the values of such securities and other credit instruments issued by the Government, including sell-offs or other events leading to diminished international investor interest in such instruments, could have an adverse effect on Oman's credit rating, economy and public finances, as well as its ability to service debt. In particular, if such developments were to contribute to a situation in which the portion of the aggregate asset portfolio of Oman banks represented by Government securities and other credit instruments became materially greater than is currently the case, due in part to a decline in international investor interest in such instruments, while the yields on such instruments increased and their values declined, this could have an adverse effect on Omani banks' balance sheets and the Omani banking system generally, while also adversely affecting the Government's ability to finance its public debt.

Oman benefits from a U.S.$10 billion development fund with donations to be made by four of the non-donee 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**"). 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 provided 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.

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 4.5% on average in 2019, Oman's interest burden is likely to increase as a result of expectations for increased external borrowing. Over time, maturing external debt may need to be refinanced at higher costs, especially if Oman's ratings were to be further downgraded.

Oman's annual budget is approved by Royal Decree each year 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 sovereign credit ratings are subject to revision and downgrade

Ratings are an important factor in establishing the financial strength of debt issuers and are intended to measure an issuer's ability to repay its obligations based upon criteria established by the rating agencies. Oman's rating was downgraded by

Moody's on 23 June 2020 from "Ba2" with a stable outlook to "Ba3" with a negative outlook, reflecting Moody's view that in a lower oil price environment, the Government will be unlikely to significantly offset the oil revenue loss and avoid a deterioration in its debt and debt affordability metrics or erosion of its fiscal and foreign currency buffers. On 26 March 2020, S&P downgraded Oman's rating from "BB" with a negative outlook to "BB-" with a negative outlook, citing higher external risks and indebtedness. On 17 August 2020, Fitch downgraded its rating of Oman from "BB" with a negative outlook to "BB-" with a negative outlook, citing concerns as to the continued erosion of Oman's fiscal and external positions. On 16 October 2020, S&P downgraded Oman's rating from "BB-" with a negative outlook to "B+" with a stable outlook, citing rising government debt and increasing financial pressures. The negative outlook by each of Moody's and Fitch, 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, negative changes in outlook 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. Whilst the Government is continuing to monitor and manage the risk of further credit ratings downgrades or negative changes in outlook, there can be no assurance that its efforts in this respect will be sufficient or successful.

Oman cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be affirmed or withdrawn entirely by the relevant rating agency if, in its judgement, circumstances in the future so warrant. Oman has no obligation to inform Certificateholders of any such revision, downgrade or withdrawal.

Oman maintains relations with certain sanctioned countries

In the past, Oman has had trade relations with, and individuals and entities in Oman have engaged, and may currently be engaged, in trading activities with, certain countries or entities that are the subject of sanctions administered by the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of the Treasury, the EU and other member states of the EU and the U.N. Security Council (collectively, "**Sanctions**"). Oman also maintains diplomatic relations with, and has embassies in, certain countries that are the subject of Sanctions.

Oman believes that these trade relations and diplomatic activities have not violated, and do not violate, any Sanctions, and Oman has maintained a strong and longstanding partnership with the United States and the EU. The existence of Sanctions, however, and the trading activities of Omani individuals and entities with parties in sanctioned countries, leaves open the possibility that Sanctions could be enforced against Omani individuals or entities, adversely affecting Oman's trade flows or its international reputation. Moreover, further Sanctions could be imposed, which could further affect Oman's trade flows due to its trade relations and proximity to sanctioned countries, which could adversely affect Oman's trade flows and its economy.

The developing legal and business environment and perceived risks of corruption

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 Certificateholders.

Oman was ranked 56 out of 180 countries in Transparency International's 2019 Corruption Perceptions Index. Oman's score in the 2019 index was 52/100 (with 1 the most corrupt score and 100 being the least corrupt).

Oman ranked 68 out of 190 countries in the World Bank's 2020 Doing Business Report, moving up 10 places from its 2019 ranking at 78, while Oman ranked 53 out of 141 countries in the World Economic Forum 2019 *Global Competitiveness Index*.

Failure to address continued or perceived corruption and governance failures in the public sector and any future allegations, or perceived risk, of corruption in Oman, as well as failure to implement the proposed reforms to improve Oman's business climate, including any Governmental initiatives to increase trade and competitiveness, could have a material adverse effect upon Oman's ability to attract foreign investment and lead to further instances of political instability, which could, in turn, have a material adverse effect on the Omani economy.

Government-owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends

Prior to the formation of the Oman Investment Authority ("**OIA**"), the 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**") were counted 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). Since each of these entities falls under the OIA (pursuant to Royal Decree № 61/2020), the activities of the Government's wholly-owned companies are no longer recorded in the State 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% owned) subsidiary of the Government, through the OIA, experienced losses in 2016 and 2017 and is expected to require Government funding support through 2020. This Government support will be provided in the form of guarantees for long-term facilities. 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.

Furthermore, the debt of many state-owned enterprises has increased significantly over recent years, from U.S.$12,773 million as at 31 December 2015 to U.S.$27,565 million as at 30 September 2020, which constitute contingent liabilities for the Government.

A crisis in the banking and financial services sectors could have an adverse effect on Oman's economy

Banking and other financial services accounted for 6.9% and 6.1% of nominal GDP in the years ended 31 December 2019 and 2018, respectively. The banking sector has seen gross non-performing loans increase to 3.5% as at 31 December 2019 from 2.9% as at 31 December 2018, which can be attributed to a variety of factors, including the economic downturn resulting from low oil prices. The banking sector is likely to see further increases in gross non-performing loans, as a result of the return of low oil prices, the COVID-19 pandemic and other macroeconomic factors. However, the impact of this has not yet, and is not expected to, materially affect banks' credit profiles. Low oil prices have also contributed to tightening liquidity across the banking sector in the GCC, including Oman, since 2015.

Separately, the CBO 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 CBO introduced regulatory amendments in April 2018, including the reduction of the minimum total capital adequacy ratio ("**CAR**") from 12.0% to 11.0%, which remains above the Basel III requirements, allowing net local inter-bank transactions in the deposit base for lending ratio purposes, relaxing regulatory limits on maturity mismatches, withdrawing the minimum 100% 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. The limit on credit exposure to non-residents and to the placement of bank funds abroad has been revised and decreased as per CBO letter dated 21 May 2020. The CBO had previously issued norms for a Capital Conservation Buffer and a Countercyclical Capital Buffer of 2.50% each, in alignment with Basel III norms. In March 2020, the Capital Conservation Buffers were lowered to 1.25%, as part of stimulus measures in reaction to the COVID-19 pandemic. 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. Furthermore, the Government's deposits in the banking sector may be difficult to realise without causing disruption in domestic banks' funding requirements.

Any adjustment to, or ending of, Oman's currency peg could negatively affect the economy and Government finances

Since 1973, the Omani Rial has been pegged to the U.S. Dollar at a rate which has remained unchanged at U.S.$2.60 = OMR 1 since 1986. The maintenance of this currency peg is a firm policy of the CBO. See "*Monetary Policy and Financial System—Exchange Rate Policy*". However, there is no assurance that the CBO 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 CBO 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 and ability to service its debt. This could in turn lead to a material increase in gross government debt, since the majority of Oman's debt is denominated in foreign currencies.

In addition, because of the currency peg to the U.S. Dollar, the CBO does not have any flexibility to devalue the Omani Rial to stimulate Oman's exports market, and the CBO'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 increase interest rates, and the CBO 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. In addition, recent IMF publications have linked increases in Federal Reserve policy rates to reductions in non-oil activity in GCC countries, an effect which may be magnified in low oil price environments.

The statistics published by the Government may differ from those produced by other sources

A range of ministries, public statistic agencies (including the National Centre for Statistics and Information and the CBO) produce statistics relating Oman and its economy, including statistics in relation to GDP, balance of payments, revenues and expenditure of the Government and indebtedness of the Sultanate. The statistical data appearing in this Offering Circular has been obtained from public sources and documents. 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.

Additionally, the statistics produced by the Government may have certain weaknesses that could impede an analysis of the Omani economy. In August 2018, Oman subscribed to the IMF's enhanced General Data Dissemination Standard ("**e-GDDS**"), but data improvements in certain areas are still required. For example, the IMF has published plans for improvement of Government statistics, including the publication of a financial stability report and improvements to the basis for the compilation and publication of Oman's fiscal accounts, as well as further modernisation to accounting systems to in order to prepare fiscal accounts on an accrual basis (rather than a cash basis).

As a result of the foregoing, financial and economic information may differ from previously published figures and may subsequently be adjusted or revised. No assurance can be given that material changes will not be made. Consequently, the statistical data contained in this Offering Circular should be treated with caution by prospective investors.

Investing in securities involving emerging markets such as Oman generally involves a higher degree of risk

Investing in securities involving emerging markets, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. Oman's economy is susceptible to future adverse effects similar to those suffered by other emerging market countries. International investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors, Oman could be adversely affected by negative economic or financial developments in other emerging market countries. Key factors affecting the environment include the timing and size of adjustments in interest rates in the United States, further evidence of a slowdown in China and geo-political tensions in the Middle East, as well as on-going tensions between Russia and Ukraine.

In addition, certain emerging markets, including Turkey and Argentina, are currently experiencing adverse economic events, including depreciation of the local currency and rising inflation. Such events may reduce investors' interest in emerging markets in general, including Oman, and there can be no assurance that Oman will not be affected by investors' reactions to the negative economic conditions in Turkey, Argentina or elsewhere or more generally if a "contagion" effect occurs.

Accordingly, 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 emerging markets. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Risks relating to the 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% of the aggregate nominal amount outstanding of such Notes, and to multiple Series of Notes with the consent of both (i) the holders of $66^{2}/_{3}$% of the aggregate nominal amount outstanding of all Series of Notes being aggregated and (ii) the holders of 50% 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% 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.

Risks related to the structure of the Notes

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.

Fixed Rate Notes

The Notes will bear interest at a fixed rate of interest, which will remain 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).

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 Offering Circular. 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 Offering Circular 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

Each Series of Notes will have a minimum Specified Denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Accordingly, it is possible that the 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

Each series of Notes will be represented by a Restricted Global Certificate that has been deposited and registered with a nominee for DTC and an Unrestricted Global Certificate that has been registered in the name of a nominee for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each 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 Certificate held through it. While the Notes are represented by Global Certificates, 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 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 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 a Global Certificate.

Holders of beneficial interests in a 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*" below and "*Transfer Restrictions*" incorporated by reference herein from the Base Prospectus. 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 and Commercial Procedure 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*" incorporated by reference herein and the Conditions.

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 and Commercial 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 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 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 and Commercial Procedure Law. In accordance with Article 352 of the Oman Civil and Commercial 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 and Commercial 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 and Commercial 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 and Commercial 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 and Commercial 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 if it is 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 Offering Circular 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

The Notes 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 and to trade the Notes on the Main 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, the Notes 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 United States Dollars. 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 United States Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the United States Dollar 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 United States Dollar 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 currency of the country in which the Noteholder is resident is other than United States Dollars, such Noteholder is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies.

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

Credit 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 agency.

Each of S&P and Moody's is established in the EU and Fitch is established in the United Kingdom. Each of S&P, Moody's and Fitch is 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 credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

If the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes which may impact the value of the Notes and any secondary market. 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.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be applied by the Issuer for general budgetary purposes.

RESPONSE TO COVID-19

(deleting and replacing the section entitled "Response to COVID-19" on page 29 of the Base Prospectus in its entirety)

In common with most other countries, the COVID-19 pandemic has and will continue to have a significant effect on Oman. As at 3 January 2021, the Government reported 129,404 infections in Oman and 1,501 deaths. Approximately 122,266 people have reportedly recovered from the virus in Oman. Actual numbers of those who have contracted the virus may be even higher due to infections and deaths that remain undiscovered. The Government has taken a number of measures in response to the COVID-19 pandemic. See "*Risk Factors—Risk Factors in relation to the Issuer—COVID-19 Pandemic*".

Government Policy Response

On 10 March 2020, the Government formed a Supreme Committee (the "**Supreme Committee**") to supervise and oversee the Government's response to the COVID-19 outbreak in Oman. All decisions related to the national response to COVID-19 pandemic are taken by the Supreme Committee on behalf of the Government. Since the outbreak the Supreme Committee has taken a number of measures to protect the safety of Oman's citizens and residents and to mitigate the economic impact of the pandemic. In the months following the outbreak, curfews and restrictions on movement have been introduced including the suspension of all travel in and out of Oman, most shops, businesses and tourist sites have been directed to remain closed, the wearing of masks in public has been made compulsory, spending on healthcare has been prioritised whereas budgets for other ministries and state bodies have been reduced, financial contributions to healthcare have been encouraged and steps have been taken to lessen the negative effects on businesses and households, as further detailed below.

Emergency Health Measures

In mid-March 2020, the Supreme Committee announced the introduction of certain curfew and social distancing measures, as part of its emergency measures to limit the spread of the COVID-19 virus. On 10 April 2020, following directions of the Supreme Committee the entire governorate of Muscat was put under lockdown until 22 April 2020, with such lockdown extended twice before being lifted on 29 May 2020. Further localised lockdowns have been implemented with the governorate of Dhofar, the wilayat of Masirah, the wilayat of Duqm and the areas of Jebel Akhdar and Jebel Shams placed in lockdown from 13 June 2020 until 3 July 2020. On 25 July 2020, Oman entered into a major nationwide lockdown until 26 August 2020, aimed at limiting the spread of COVID-19. The lockdown in all governorates of Oman was lifted on 16 August 2020, except for the governorate of Dhofar where a localised lockdown continued until 30 September 2020. A curfew from 8 p.m. to 5 a.m. was imposed in Muscat from 11 to 24 October 2020. The Supreme Committee for dealing with COVID-19 will continue monitoring the number of recorded cases and take further action as required.

On 23 March 2020, the Supreme Committee directed all public sector bodies and ministries to allow only 30% of employees to attend offices and require all other employees to work remotely. This was increased to 50% from 31 May 2020 onwards. Public sector services are functional and over 60% of public sector employees (except those considered higher risk) have returned to work, operating under prescribed safety guidelines. Private companies have been allowed to resume most business operations, provided that social distancing guidelines and other safety directives are observed accordingly. Public gatherings remain prohibited and the wearing of face masks in public spaces is mandatory. The Government has made wearing masks mandatory in public, including at all corporate and social gatherings, and fines of OMR 100 have been introduced against those who do not comply or fail to adhere to the restrictions against public gatherings.

In June 2020, the Government launched *Tarassud Plus*, a track-and-trace application. *Tarassud Plus* combines a mobile application with artificial intelligence in order to provide users with up-to-date statistics, guidelines and best practices to prevent the further spread of the virus. Users experiencing symptoms are able to access medical hotlines through the application so that they can be directed to the most appropriate healthcare facility. A medical tracking bracelet, synced with the application, is provided to those who test positive for the virus, which allows the application to monitor and ensure that those infected adhere to the quarantine and isolation requirements. As well as monitoring of cases at a macro level, the application uses GPS to notify other users of an outbreak near their location. The application is available in Arabic, English, Hindi, Bengali and Urdu, so as to ensure it can be used by both citizens and non-citizens residing in Oman. As at 17 June 2020, according to the World Health Organisation (the "**WHO**"), the application had been downloaded tens of thousands of times.

A Centre of Operation Management has been established by the Ministry of Health in Muscat to analyse the data produced by *Tarassud Plus* and conduct epidemiological surveillance of how and where the virus is spreading in order to help limit further spreading.

On 12 July 2020, the Government launched a serological national survey for COVID-19 infection across all governorates of Oman which is ongoing.

Oman's good relations with other nations has enabled ongoing supplies of medical equipment to maintain the provision of quality health care. Public testing is available for those with symptoms and health care workers, and private testing is available at private hospitals for between OMR 45 and OMR 60.

On 1 September 2020, the Minister of Health issued ministerial decision № 120/2020 to form a working group on a vaccine for COVID-19. The working group is tasked to follow up global developments in the field of manufacturing an anti-coronavirus vaccine, and to set up mechanisms to obtain the appropriate vaccine in co-ordination and follow up with the *Global Alliance for Vaccines and Immunizations (GAVI)*, the WHO and specialised companies.

A field hospital has been set up for the treatment of COVID-19, which started receiving COVID-19 patients on 6 October 2020. This hospital is expected to play a crucial role in reducing the burden on other hospitals across the governorate and accordingly, these hospitals will be able to continue to perform their everyday activities.

On 11 January 2020, the Ministry of Health announced that a second batch of 11,700 doses of the vaccine had arrived in the Sultanate. As of 12 January 2020, the Ministry of Health confirmed that the Pfizer-BioNTech vaccine for immunisation against COVID-19 had been administered to approximately 18,287 people in the Sultanate, representing a 65% coverage rate in the target group.

Transportation

In March 2020, the Supreme Committee announced a number of measures designed to restrict the spread of the COVID-19 virus. These included closing land borders, grounding domestic and international flights (except for cargo flights or those related to humanitarian aid or repatriation), suspending movement between governorates and imposing a curfew on all movements and commercial activities. The Royal Oman Police resumed services related to visas, civil status, passports, and traffic on 1 July 2020. Driver licences and visas for residents may be renewed online.

On 8 September 2020, the Government announced the re-opening of airports for international travel and resumption of scheduled flights from 1 October 2020. The Government has also issued various guidelines and protocols that are to be followed in this regard. On 21 December 2020, the Government announced a temporary ban on the entry and exit from the Sultanate through land, air and seaports, starting from 1 a.m. on 22 December 2020, for a period of one week, with the exception of freight planes, ships and trucks. All travellers coming to Oman will be required to have a month-long health insurance covering costs of treatment or death due to COVID-19. Following the lifting of the one week temporary travel ban, all travellers to Oman from any country in the world are required to have a certified negative result of a PCR test for detecting COVID-19 conducted within 72 hours of arrival in the Sultanate. Travellers will also be required to undergo a PCR test for detecting COVID-19 upon arrival at an airport in Oman. All persons arriving in Oman are required to wear an electronic *Tarrasud Plus* bracelet and spend seven days in quarantine. An additional PCR test is undertaken on day 8 and if the test result is negative the electronic bracelet is removed. Foreign non-resident passengers to Oman will have to show their hotel booking and bear the cost of the institutional, residential quarantine. Children below 15 years old are exempt from the PCR test and *Tarrasud Plus* electronic bracelet requirements. On 24 September 2020, the Civil Aviation Authority (the "**CAA**") published a circular announcing that Omani citizens and residents may enter the Sultanate without prior approval, effective from 1 October 2020. Public transportation resumed on 27 September 2020.

Education

On 14 March 2020, the Government announced the closure of all schools and universities in Oman from 15 March 2020 for one month. On 7 May 2020, the Government announced the end of the academic year of 2019-2020 for all public and private schools in Oman.

On 10 September 2020 the Government announced that all schools will re-open to all pupils on 1 November 2020 on the basis of a "hybrid education" plan, which will be a mixture of in-person and distance learning, in accordance with regulations to be issued by the Ministry of Education. A Health Protocol has been also issued, and schools have been classified according to their densities. A new curriculum is being designed to fit the new mode of education and there are training programs for teachers to enhance their online teaching skills. Some international schools resumed online classes in August 2020. Universities, such as Sultan Qaboos University, also resumed a new academic year in September 2020.

Financial Measures

Private Sector

On 15 April 2020, the Government approved measures aimed at maintaining the employment of Omani nationals and supporting private sector firms, including by encouraging them to advance paid annual leave and negotiate salary cuts.

For Omani employees whose salaries are lowered, bank loans will be rescheduled without interest or additional fees for three months, fuel subsidies provided and electricity and water bills postponed until the end of June 2020. Incentives offered to affected private sector firms include postponement of electricity and water fees for three months as well as reduction in fees for renewal of expatriate workers' labour cards.

The Government and the Omani customs authority have relaxed rules around the documentation and certificates required to be produced by those importing goods into Oman. Where the importer is unable to produce the required authorisations, the relevant goods will still be cleared through customs. In addition, the current requirement to obtain a guarantee for the non-submission of original legalised documents has been waived until further notice.

Public Spending and Taxes

The Ministry of Finance has introduced a number of measures to help mitigate the negative effects of the COVID-19 pandemic on Oman.

On 31 March 2020, the Government announced a series of corporate tax relief measures, including: (i) the ability to defer tax return filings by up to three months from the original due date; (ii) exemptions from all fines and penalties in respect of deferred tax return filings; (iii) tax deductions for all donations or contributions made towards the handling of the COVID-19 pandemic; (iv) exemptions for restaurants from the 4.0% tourist and municipality tax until 31 August 2020; (v) exemptions for commercial establishments from the 5.0% municipality tax until 31 August 2020; and (vi) a reduction of air freight charges. Amongst other measures, Oman has seen a cut in public spending. On 14 April 2020, the Ministry of Finance directed all government bodies and the armed forces to cut operating budgets by 5% and minimise expenditure to offset the impact of the COVID-19 lockdown. On 13 May 2020, the Ministry of Finance directed all government bodies to decrease their operating budgets by an additional 5% (total 10%) in view of the dual impact of COVID-19 coupled with the fall in oil prices.

On 8 July 2020, the Tax Authority announced certain additional tax relief measures, including postponed due dates for filing tax returns and remitting tax payments until 30 September 2020.

The Government has also introduced additional relief measures which include, inter alia, deferring the payment of loan instalments and premiums payable to the Oman Development Bank for a period of six months and granting three-month rent exemptions to factories in industrial cities.

The Government has been in discussions with multilateral agencies such as the Asian Infrastructure Investment Bank to help fund COVID-19 related measures. One facility has been finalised with the Islamic Development Bank for 45 million Kuwaiti Dinars.

Central Bank of Oman

On 18 March and 7 September 2020, the CBO announced, and has since implemented, a number of measures to contain the negative effects of the COVID-19 pandemic on the economy and to inject an additional liquidity of U.S.$20.8 billion into the Omani economy. These new policy measures aim to strengthen the ability of banks and other finance leasing companies to support the country's economic recovery.

These measures include:

(i) lowering capital conservation buffers by 50% from 2.5% to 1.25%;

(ii) increasing the lending/financing ratio by 5% from 87.5% to 92.5% (provided that this additional scope be reserved for lending to productive sectors of the economy, such as the healthcare sector);

(iii) allowing banks to restructure consumer and business (particularly SME) loans, without adversely affecting the risk classification of such loans;

(iv) deferring the risk classification of loans pertaining to government projects until 31 March 2021;

(v) lowering the interest rates on, inter alia, repo operations, government treasury bills and foreign currency swaps;

(vi) extending the deadline for the completion and submission of audited financial statements;

(vii) enhancing the tenor and limit of the Forex Swap facility provided by the CBO, by increasing the maximum limit to 100% of a bank's net worth, and the tenor of the facility for a maximum period of one year;

(viii) revising the "Loan to Value" ("**LTV**") ratio for housing loans in order to provide relief to first-time home buyers of residential properties;

(ix) permitting banks to include the cost of registration and insurance in the value of the housing property for the purposes of calculating LTV ratios in respect of all housing loans; and

(x) relaxing the "Liquidity Coverage Ratio" ("**LCR**") requirements for banks, allowing them to operate below the current requirement of 100% in circumstances of genuine liquidity stress on a case-by-case basis.

On 22 April 2020, the CBO issued a directive to all banks and finance leasing companies to accept all requests for deferment of loan instalments/interest/profit for affected borrowers, particularly SMEs, with immediate effect for the following six months without adversely impacting the risk classification of such loans. The CBO also directed banks and financing companies to postpone the payment of loan instalments provided by them to low-income Omani workforce for a period of three months from May 2020 until further notice.

Corporate Sector

The COVID-19 pandemic has severely impacted the functioning of the corporate sector in Oman. The Government has had to adopt various measures to enable commercial companies in Oman adjust and adapt to the changed environment. On 16 March 2020, the Capital Markets Authority ("**CMA**") extended the time period for convening annual general meetings (AGMs) of public joint stock companies ("**SAOCs**") until 30 April 2020 rather than 30 March 2020. On 18 March 2020, the CMA suspended the holding of AGMs of SAOCs until further notice. On 20 April 2020, the CMA announced that AGMs of SAOCs and investment funds would be held electronically.

Similarly, the Ministry of Commerce, Industry and Investment Promotion ("**MOCIIP**") extended the timeline for holding AGMs of closed joint stock companies until June 2020. Other measures adopted by the MOCIIP include offering exemptions to commercial companies from payment of fees for renewal of Commercial Registrations from 15 April 2020 to June 2020.

On June 23 2020, His Majesty Sultan Haitham bin Tarik, issued Royal Orders to launch the Emergency Interest-Free Loans Program to help small and medium-sized firms and other business owners that have suffered losses due to the coronavirus pandemic.

On 15 June 2020, the MOCIIP suspended registration of commercial contracts and mortgages at its headquarters on temporary basis. These services were later resumed in July 2020.

Both the CMA and MOCIIP continue to function with reduced manpower capacity (*i.e.,* 50%).

THE SULTANATE OF OMAN

(deleting and replacing the section entitled "The Sultanate of Oman" on page 33 of the Base Prospectus in its entirety)

Location

Oman is the second largest country by geographical area in the GCC region, after the Kingdom of Saudi Arabia ("**KSA**"), with a total land surface area of 309,500 square kilometres. Oman occupies the south-eastern coast of the Arabian Peninsula where the Arabian Sea, with its outlet to the Indian Ocean, meets the Persian Gulf at the Gulf of Oman. Oman's neighbours include Yemen and fellow GCC members the KSA and the United Arab Emirates (the "**UAE**").

Oman is comprised of 11 Governorates, which are subdivided into 61 provinces or *wilayats*. Muscat is the capital of Oman, as well as its largest city. Muscat is also Oman's leading port and commercial centre. Oman's other significant cities include Salalah, Sohar, Sur, Nizwa and Khasab and its offshore territories include Maṣirah Island and Al-Ḥallaniyyah Island. Oman also has an exclave Ru'us al-Jibal, which is bordered by the UAE to the south and the Straits of Hormuz to the north, and provides Oman with direct access to the Persian Gulf.

Approximately 82% of Oman is desert or semi-desert, and average rainfall between 2014 and 2018 was 81.9 millimetres *per annum*. By contrast, the northern coast of Oman and parts of the south are capable of supporting agriculture. There are no permanent bodies of fresh water in Oman. Water for drinking, industrial and other purposes is mainly obtained from underground freshwater deposits and, in line with the Government's policy of reducing reliance on groundwater drinking water supply, increasingly, from desalinisation plants. See "*Risk Factors—Risk Factors in relation to the Issuer—Oman is in a water-deprived region*".

History and Development

Archaeological evidence suggests that Oman has been inhabited for over 100,000 years. Paleolithic artifacts have been found in caves and other sites in the south and in central Oman, as well as in neighbouring countries, such as the UAE. The archaeological record indicates that civilisation began about 5,000 years ago in Oman. Arab groups began moving into present-day Oman in the second century, and Islam came to Oman in the seventh century. Oman was politically unified for the first time in the eight century under the Ibadi imamate.

Deserts prevented land links forming between Oman and cities around the region; accordingly, Oman developed a strong maritime tradition, reaching as far as India and China by the fifteenth century. The centres of life, trade and commerce thus moved to the Omani coasts from the interior during these times.

In 1507 and recognising the strategic importance of Oman as the gateway to the Persian Gulf, the Portuguese occupied Muscat and established several outposts along the Omani coast, as well as elsewhere in the Persian Gulf. In 1650, Sultan bin Saif al Yarubi re-established control over Muscat and established Oman as an independent state. However, civil war and skirmishes with the Persians led Nadir Shah to invade Oman in 1737. Persian rule lasted most of the following decade until Ahmad bin Said re-established control in 1747.

Between 1804 and 1856, under the rule of Sayyid Said bin Sultan, Ahmad bin Said's grandson, Oman's established colonies in Zanzibar and other parts of East Africa, in addition to possessions 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 the United States. Oman also concurrently established relations with the United Kingdom, France, the Netherlands 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 focused on maintaining the territorial integrity of the Omani state. In the face of declining of international trade, economic and social development slowed as Oman became principally an agricultural economy. This situation remained until the late 1960s when commercial reserves of oil were discovered in Oman.

In 1970, Sultan Qaboos bin Said, the fourteenth hereditary ruler of a family that has ruled Oman continuously since the 1740s, replaced his father, Sultan Said bin Taimur, as ruler of Oman. In January 2020, His Majesty Sultan Haitham bin Tarik (previously the Minister of Heritage and National Culture) succeeded his cousin Sultan Qaboos bin Said, as ruler of Oman, following his death.

Under the leadership of Sultan Qaboos, oil production in Oman increased dramatically, and it has served as the backbone of Oman's economy, as a principal contributor to Government revenues, exports and GDP. The Government has used oil revenues to fund significant capital investment in infrastructure and social programmes, including healthcare and education. As a result of these investments, Oman has undergone a dramatic transformation in its standards of living with nominal GDP increasing from an estimated U.S.$354 per capita in 1970 to U.S.$15,474 per capita in 2019. 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 2019, 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 implemented short- and long-term development plans to influence economic growth. Oman's current long-term development plan: "Vision 2020", which was adopted in June 1995, is focused 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 short-term (five year) development plans address the implementation of the Vision 2020 strategy, including, most recently, the Ninth Five-Year Development Plan for the period 2016-2020.

The Government has also prepared "Vision 2040" to guide Oman's development from 2020 to 2040, with the goal of establishing Oman as one of the World's Developed Countries. See "*The Economy of Oman—Vision 2020, Vision 2040 and Five-Year Plans*".

In 1981, Oman, together with KSA, the UAE, Qatar, the State of Kuwait ("**Kuwait**") and the Kingdom of Bahrain ("**Bahrain**"), established the GCC. See "*—Foreign Relations and International Organisations—GCC*".

Population

A census is held in Oman every ten years, with the last census conducted in 2010. The 2020 census is now complete; as at 12 December 2020, the total population of Oman was estimated by the National Centre for Statistics and Information to be approximately 4.4 million, of which 2.7 million were Omani nationals and 1.7 million were expatriates. The majority of the population are Muslim, with small minorities of Christians, Hindus and Jews also present. Arabic is Oman's national and official language, but the use of English is widespread, especially in business transactions.

The total labour force in Oman was estimated by the National Centre for Statistics and Information to be approximately 2.2 million as of 31 December 2019, of which approximately 1.6 million workers were employed in the private sector. Of those employed in the private sector, approximately 16.1% were Omani nationals and 83.9% were expatriates.

According to figures published by the World Bank, as at 31 December 2019, approximately 22% of the population in Oman was under 15 years old and 2% was 65 years and older. At the end of 2018, life expectancy at birth was 78 years. By comparison, the World Bank reports that approximately 18% of the population of OECD nations was under 15 years old and approximately 17% was 65 years and older at the end of 2019.

Oman had a Human Development Index of 0.834 according to the 2019 Human Development Report issued by the United Nations Development Programme, ranking 47 out of 189 countries, in the "Very High Human Development" category. Oman is classified by the World Bank as a high-income country, with a real GDP per capita on a purchasing power parity ("**PPP**") basis of U.S.$29,053 in 2019 and GDP *per capita* on a nominal basis of U.S.$15,474.

Government Organisation and Political Background

Overview

Oman is an absolute monarchy. His Majesty Sultan Haitham bin Tarik is the Head of the Government and the Chief of State. The Sultan 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 6 November 1996, His Majesty Sultan Qaboos issued Royal Decree № 101/96 promulgating the Basic Statute of the State. The Basic Statute 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 Statute 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 Statute also provides for a Prime Minister, although this position and the positions of Minister of Defence and Chief of the Armed Forces are currently held by His Majesty Sultan Haitham bin Tarik. His Majesty Sultan Haitham bin Tarik also initially held the positions of Ministers of Finance and Foreign Affairs, as well as Chairman of the Board of Governors of the Central Bank, however these powers have been devolved by virtue of the Royal Decrees № 111/2020 and № 112/2020 on 18 August 2020.

Recent Developments

On 11 January 2021, marking the first anniversary of His Majesty Sultan Haitham bin Tarik Al Said's ascension to the throne, it was announced that the Sultan issued two Royal Decrees, Royal Decree № 6/2021 (issuing the Basic Law of the State) and Royal Decree № 7/2021 (promulgating the Oman Council Law), in accordance with Vision 2040. See "*The Economy of Oman—Vision 2020, Vision 2040 and Five-Year Plans*". Royal Decree № 6/2021 shall take effect from the day of its issuance, being 11 January 2021, once it has been published in the Official Gazette. Royal Decree № 7/2021 will come into effect on the day following its publication in the Official Gazette. Royal Decree № 6/2021 was published in the Official Gazette on 12 January 2021. Royal Decree № 7/2021 is expected to be published in the Official Gazette on or about 17 January 2021.

Basic Statute

Royal Decree № 6/2021 sets out a new Basic Law to replace the Basic Statute promulgated by Royal Decree № 101/1996, as amended. This Royal Decree was issued to: (i) promote citizens' rights and duties and public freedoms; (ii) support a better future marked by national and citizens' achievements; (iii) support state institutions and consolidate the principles of consultation; (iv) preserve the homeland, its unity and its social fabric; and (v) consolidate Oman's international standing and its role in laying the foundations of justice and the foundations of truth, security, stability and peace between different countries and peoples.

In this context, the new Basic Law re-asserts the State's role in upholding the rights and freedoms of citizens with respect to, *inter alia*, gender equality, the right to childcare, rights for the disabled, rights to life, human dignity, safety and the sanctity of private life and rights to education (including compulsory primary education and the encouragement of the establishment of universities). In addition, provisions to protect national heritage and combat trafficking in materials and objects important to Oman's national heritage have also been included.

In addition, adherence to the rule of law and the independence of the judiciary have been asserted as bases for the governance of Oman.

The new Basic Law includes the establishment of a performance monitoring committee, which reports directly to the Sultan for the purpose of assessing and monitoring the performance of ministers and other senior public officials. Furthermore, provision has been made for enhancing the powers of the State Audit Institution of the Government. Certain enhancements to local administration powers and the Council of Oman (including, *inter alia*: (i) approving or amending laws referred to it by the Government; (ii) proposing draft laws; and (iii) discussing development plans and the Budget) are also included.

Finally, a clear mechanism for hereditary succession to the throne has been established under the Basic Law, as has a mechanism to appoint a Crown Prince, which also sets out his duties and responsibilities.

Council of Oman

According to reports, Royal Decree № 7/2021 will implement a new law to replace Royal Decrees № 86/97 (regarding the Council of Oman), № 87/97 (promulgating the internal regulations of the State Council) and № 88/97 (promulgating the internal regulations of the Consultative (A'Shura) Council). The new law is expected to set out the competencies of the Council of Oman, its membership requirements and the rights and obligations of the members, as well as to establish new regulations for both chambers.

Organisational Structure of the Government

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 Statute 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 Haitham bin Tarik 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, and the Government continues to implement His Majesty Sultan Qaboos' vision of democratic action, in which Oman citizens play a role in national decisions.

In August 2020, His Majesty Sultan Haitham bin Tarik issued a series of 28 Royal Decrees, delegating various powers for the first time. In a move towards a more institutional model of government, His Majesty has devolved the roles of foreign minister, finance minister, and chairman of the Central Bank, appointing other officials to these positions. His Majesty has also consolidated the government, reducing 26 ministries to 19. Amongst these changes, and pursuant to a series of Royal Decrees, several ministerial councils and authorities including the Supreme Council for Planning, Ithraa (Public Authority for Investment Promotion and Exports), the Public Authority for Mining and the Financial Affairs and Energy Resources Council were abolished.

The Council of Ministers

The Council of Ministers assists His Majesty Sultan Haitham bin Tarik in designing and implementing general state policies and is the authority responsible for ensuring that these policies are implemented. The Council of Ministers submits recommendations to His Majesty Sultan Haitham bin Tarik 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 of Ministers 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 Haitham bin Tarik 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 Government's administrative apparatus. The Council of Ministers also undertakes any other responsibilities entrusted to it by His Majesty Sultan Haitham bin Tarik or assigned to it under the provisions of the Basic Statute. In August 2020, His Majesty Sultan Haitham bin Tarik appointed his first Council of Ministers.

Legislative Powers

The decision-making process in Oman is institutionalised and multi-pronged, with both the Council of Ministers and the Council of Oman actively involved in policymaking and policy 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 is a bicameral legislature comprised of the Majlis Al Dawla (*i.e.*, the State Council, which includes 83 members who are appointed by the Sultan for four-year terms with the possibility of renewal) and the Majlis Al Shura (*i.e.*, the Consultative Council, which includes 85 members representing the *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. Elections to the Consultative Council have been held since 1994, with universal suffrage for citizens of 21 years of age or older implemented in 2003. In the 2019 Consultative Council elections, the number of registered voters increased to 713,335, as compared to 520,000 in the 2011 elections. The next elections are scheduled to be held in October 2023. There are no political parties in Oman.

The Basic Statute sets out the process by which draft laws are presented and discussed and then directly submitted to His Majesty Sultan Haitham bin Tarik 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. Draft 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. The annual budget law is prepared pursuant to a different procedure. See "*Public Finance—General*".

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 Haitham bin Tarik along with the opinion of the two Councils. In case of any amendments to a draft law made by His Majesty Sultan Haitham bin Tarik, he may refer the draft law back to the Council of Oman for reconsideration of the amendments before being resubmitted to His Majesty Sultan Haitham bin Tarik for final approval.

In 2011, Royal Decree № 99/2011, which amended the Basic Statute promulgated by Royal Decree № 101/96, 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 Labour 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, in May 2018 representatives of 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 programmes. Additionally, both councils exchanged views on issues pertaining to the implementation of plans and programmes of all ministries. Both councils continue to work closely to ensure the timely approval and implementation of plans and programmes.

Regional Authority

Regional authority in Oman is divided among 11 Governorates, or *muhafazah*, each of which is administered by a Governor appointed by His Majesty. Below the *muhafazah*, there are 61 *wilayats* administered by a combination of governors or *walis* supervised by the Ministry 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 Statute, though it ranks subordinate to the powers granted to His Majesty Sultan Haitham bin Tarik. The Basic Statute also states that Islam is the state religion of Oman and that Islamic *Sharia* law is the basis of legislation in Oman.

The Basic Statute 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 Haitham bin Tarik has two sons and two daughters but has not yet designated a successor nor indicated who the potential successor might be. The Basic Statute 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. If the Ruling Family Council does not agree on the choice of the successor, a council consisting of the Defence Council, the Chairman of State Council, the Chairman of the Consultative Council and the Chairman of the Supreme Court of Oman, along with two of his most senior deputies, shall confirm the appointment of the person designated by His Majesty by letter to the Ruling Family Council. See "*—Recent Developments*".

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, the United Kingdom and other 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. His Majesty Sultan Haitham aims to continue the late Sultan Qaboos' approach to foreign policy.

International Organisations

Oman is a member of the United Nations, the World Bank, the International Bank for Reconstruction and Development and the IMF. 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. 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.

GCC

The GCC was established in the Emirate of Abu Dhabi ("**Abu Dhabi**") in the UAE on 25 May 1981. The original union comprised of Bahrain, Kuwait, Oman, Qatar, the KSA and the UAE. The unified economic agreement among the countries of the GCC was signed on 11 November 1981 in Abu Dhabi.

Oman has 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.

In June 2017, three GCC countries, the KSA, the UAE 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. KSA recently announced that it will reopen its airspace and sea and land border with Qatar, in the first step toward ending the years-long blockade. On 5 January 2021, KSA, the UAE, Bahrain and Egypt reached an agreement with Qatar to resolve the dispute between the countries.

Oman benefits from a U.S.$10 billion GCC Development Fund established in 2011 with contributions made by non-donee GCC member states. The GCC Development Fund includes investments in key infrastructure projects across the manufacturing, energy, healthcare and education sectors and is intended to stimulate economic growth and is expected to be used in furtherance of development goals. Of the U.S.$10 billion, as of 31 July 2020, U.S.$1.9 billion was allocated to projects and actually paid from the GCC Development Fund. The Kuwait portion of the GCC Development Fund is being used to finance the Batinah Expressway, which links Muscat to the Sohar Port and industrial area and to the UAE border. The KSA portion of the GCC Development Fund is expected to be used to finance a road connecting Duqm to Ras Markaz, as well as the second phase of Duqm fishing port.

Organization of the Petroleum Exporting Countries

While Oman is not a member of the Organization of the Petroleum Exporting Countries ("**OPEC**"), Oman co-ordinates with OPEC regarding oil production and is a member of the OPEC+ alliance. Following the substantial drop in global oil prices in March 2020 (by approximately U.S.$11.00 per barrel), as a result of KSA's decision to cut export oil prices, as well as Russia and OPEC's failure to reach an agreement over proposed oil production cuts, in April 2020, the 23 members of the OPEC+ alliance agreed to reduce production by 9.7 million bbl/d in each of May and June 2020, followed by a 7.7 million bbl/d reduction in the second half of 2020 and a 5.8 million bbl/d reduction from January 2021 to the end of April 2022. The agreement is intended to counteract plummeting demand caused by the COVID-19 pandemic.

Other Countries

Oman has Free Trade Agreements with Australia, EFTA (comprised of Iceland, Liechtenstein, Norway and Switzerland), Japan, PAFTA (comprised of Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Qatar, KSA, Sudan, Syria, Tunisia, the UAE and Yemen), Singapore and the United States. Oman has duty-free access with the 17 Arab states party to the Greater Arab Free Trade Agreement.

Iran

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, Oman hosted nuclear talks between Iran and the United States in Muscat, which helped provide a foundation for subsequent negotiations.

United States

Oman and the United States entered into a free trade agreement in 2006 that came into force in 2009. In addition, there have been ongoing efforts to expand cooperation on a range of military and environmental matters: in 1980, Oman and the United States signed a military cooperation agreement, which was revised and renewed in 2010. In 2006, the United States and Oman signed a Memorandum of Understanding on Environmental Cooperation, aimed at protecting the environment while promoting sustainable development.

In 2016, the United States and Oman signed a Science and Technology Cooperation Agreement, which is expected to provide a platform for increased cooperation in these areas.

European Union

Oman enjoys good relations with the European Union (the "**EU**") on a bilateral basis through its ambassador to the European Union, as well as collectively in the context of GCC-EU relations through the GCC ambassador in Brussels. The EU established bilateral relations with GCC countries through the 1988 Cooperation Agreement. The 1988 Cooperation Agreement allowed for the development of closer cooperation on issues such as energy, transport, research and innovation, and the economy.

The 1988 Cooperation Agreement also provides for annual joint councils/ministerial meetings (between EU and GCC foreign ministers) and for joint cooperation committees at senior official level. The most recent EU-GCC ministerial meeting was held in Brussels on 18 July 2016.

The GCC has been in discussions with the EU concerning a trade agreement between the GCC and the EU. Negotiations were suspended in 2009 to enable the GCC to complete a study on the cost benefit of such agreements, and this study is still being considered. Further informal contacts have taken place between the parties and both remain committed to concluding the agreement.

The EU's Industrial Countries Instrument ("**ICI**") fund for cooperation with high-income countries is the framework for financial cooperation between the EU and the Gulf region (and other high-income countries). Amongst other projects, the ICI has financed the EU-GCC Clean Energy Network for cooperation among various players in the EU and the GCC on clean energy.

According to the Commission estimates, in 2018, bilateral trade with the EU accounted for 14.6% of the GCC's total trade, making the EU the single largest trading partner of the GCC, as a whole.

Oman also maintains strong bilateral relations with the European Union member states.

United Kingdom

Oman is a longstanding British ally in the Gulf with shared interests across diplomatic, economic and security matters. In March 2019, Oman and the UK signed the Joint Declaration on Enduring Friendship with the intention of strengthening and deepening their relationship. In May 2019, Oman and the UK signed the Comprehensive Agreement on Enduring Friendship, which is aimed at a shared commitment to working together in a number of sectors including science, health, technology and innovation.

Asia

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.

National Security

Oman's participation in the GCC and its close relations with the United Kingdom and the United States underpin its security, and the United States and the United Kingdom have each occasionally maintained a small military presence in Oman with the permission of the Government.

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 aimed at deepening defence cooperation and ensuring the United Kingdom's access to certain defence facilities in Oman. The United Kingdom provides training to Omani troops on a range of core skills such as crisis management, instructing medical teams in combat response and teaching engineers how to use vital equipment.

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. Oman also receives training assistance from the United States (U.S.$1.9 million and U.S.$1.8 million in International Military Education and Training assistance, in 2018 and 2019, respectively). American assistance contributes to efforts to: counter piracy, narcotics and wildlife smuggling; enhance law enforcement and investigations techniques; strengthen Oman's capability to monitor and control its borders; build counterterrorism capacity; and improve interoperability of Omani forces with U.S. forces.

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 3,450.0 million in the 2019 budget, which amounts to approximately 27.0% of total Government consolidated budgeted expenditures. In the seven months ended 31 July 2020 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 1,569.2 million, approximately 45.5% of the budgeted amount for 2019. Defence and national security are budgeted to receive OMR 2,965.0 million in the 2021 budget, which amounts to approximately 27.3% 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 students in Oman. Education is provided free of charge up to the end of secondary education.

In 1970, there were three formal schools with 900 students in the entire country. Oman's national educational programme has since expanded rapidly and in 2019, approximately 636,674 students attended 1,163 Government schools for boys and girls and the number of students in private schools was 126,003. There are also extensive programmes to combat adult illiteracy and as of 2019, 97.5% of males and 88.5% of females were estimated to be literate. Sultan Qaboos University was founded in 1986, and in 2019 it had approximately 17,473 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 12 rural clinics or dispensaries. In 2019, there were approximately 83 hospitals and 189 health centres. From 2002 to 2019, the number of medical doctors in Oman increased by 173.6% from 3,536 to 9,674.

The Ministry of Health is responsible for ensuring the availability of healthcare 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 78 at the end of 2018.

Legal Proceedings

Oman is from time-to-time a party to arbitration and other proceedings. The Government does not believe that, if any such proceedings were finally determined adversely to the Sultanate, it would have a material adverse impact on the Government's finances.

THE ECONOMY OF OMAN

(deleting and replacing the section entitled "The Economy of Oman" on page 40 of the Base Prospectus in its entirety)

General

When His Majesty Sultan Qaboos bin Said al Said acceded to the throne in 1970, he began a series of processes that transformed Oman from an undeveloped state into a modern nation, which is now classified by the World Bank as a high-income country. According to the World Bank, Oman's real GDP *per capita* on a PPP basis was U.S.$29,053 in 2019, and GDP *per capita* on a nominal basis was U.S.$15,474 in 2019.

The principal activity of the Omani economy is the production and export of crude oil and natural gas, contributing 34.4%, 35.9% and 29.7% of nominal GDP in the years ended 31 December 2019, 2018 and 2017, respectively. Accordingly, the performance of the oil and gas industry directly affects industries that are tangential to, or reliant upon, it. The oil and gas industry also has a number of indirect effects on the economy as a whole, and, in low energy price environments in particular, can lead to reductions in consumer purchasing power and mobility. Oil and gas activities are the principal source of Government revenues (accounting for approximately 76.2% of total Government revenues in 2019) and, therefore, further indirectly affect the performance of the non-oil sectors of the economy through the effect on Government expenditure. As a result, fluctuations in the production and price of oil are the major factors affecting Oman's economic performance. The economy's vulnerability to oil price movements and 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 within the framework set out by longer-term plans. See "*—Vision 2020, Vision 2040 and Five-Year Plans*". Each five-year development plan sets forth the parameters within which annual national budgets are determined (including the permitted level of budget deficits and level of withdrawals from the general reserves to meet such deficits). Withdrawals from reserves exceeding budgeted amounts must be specifically authorised by Royal Decree. A principal goal of the five-year development plans is the diversification of Oman's economy, focusing on the following five key sectors in the medium term:

- **Manufacturing**: A large portfolio of manufacturing-related projects and initiatives have been identified by *Tanfeedh* (The National Programme for Enhancing Economic Diversification) as central to accelerating the growth of the non-oil sector, while supporting job creation. Examples of such projects include 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 2021, which is expected to enable Oman to produce polyethylene, polypropylene, mogas and benzene, create 13,000 jobs, and drive GDP growth. The manufacturing sector's contribution to nominal GDP has decreased by 4.6% to OMR 3.1 billion for the year ended 31 December 2019, as compared to OMR 3.2 billion for the year ended 31 December 2018.

- **Transportation and Logistics**: Oman currently offers three world-class deep ports, 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 2020 edition (Oman was ranked 46th in the 2018 Index). Furthermore, Oman's Logistics Strategy 2040 aims to improve efficiency and reduce costs in handling shipments. In 2018, Oman opened new airports at Muscat and Duqm and upgraded the Salalah airport. The transportation and logistics sector's contribution to nominal GDP has remained constant at OMR 1.7 billion for the year ended 31 December 2019 and 31 December 2018.

- **Tourism/Hotels and Restaurants**: As part of its strategy to diversify the economy away from a heavy reliance on oil and gas revenues, the Oman Government identified the tourism sector as one of the key drivers of future growth for the Sultanate. In 2005, the Government established the Oman Tourism Development Company ("**Omran**") as the executive arm of the Sultanate responsible for delivering the objectives contained in the 2040 National Tourism Strategy. Omran works closely with the Ministry of Heritage and Tourism and other Government entities to identify priorities, projects and opportunities that will maximise the potential of Oman's tourism sector. Omran currently has several major development projects underway, including Madinat Al Irfan (a joint development with Majid Al Futtaim), the Ras Al Hadd development project (a joint development with Qatari Diar) and the redevelopment of the Mina Sultan Qaboos waterfront (a joint development with Dubai-based DAMAC International). The Government has also undertaken a policy to work in coordination with Qatar. The Qatar Tourism Authority and the Omani Ministry of Heritage and 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. The tourism sector saw an increase in hotel revenues from OMR 290 million for the year ended 31 December 2018 to OMR 308 million for the year ended 31 December

2019. Under the 2040 National Tourism Strategy, the Government will encourage investments of up to OMR 20 billion (approximately U.S.$51 billion) over the long term by both private and public sector partners. The 2040 tourism strategy estimates that a further 80,000 hotel rooms will be available by 2040, in addition to the 3.2 million three- to five-star hotel rooms that were available as of 31 December 2019. Furthermore, the 2040 National Tourism Strategy 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 nominal GDP increased to 1.1% for the year ended 31 December 2019 from 0.9% for the year ended 31 December 2018.

- **Fisheries**: The fisheries sector initiatives identified by *Tanfeedh* are divided into three categories: "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. 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 approximately 480,000 tonnes per year by the end of 2020, while creating an additional 20,000 jobs. In 2019, production was 580,240 tonnes. The agriculture and fishing sector's contribution to nominal GDP increased by 6.1% to OMR 690.6 million for the year ended 31 December 2019, as compared to OMR 650.7 million for the year ended 31 December 2018.

- **Mining**: 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 earth minerals 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 54.5 million tons, and copper mining is planned in the Yanqul, Khaboura and Shinas concessions. The Public Authority for Mining in Oman Mining Expo projects that these concessions hold more than 25 million tons 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 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 and Implementing Regulations provide 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. The mining and quarrying sector's contribution to nominal GDP decreased by 10.5% to OMR 125.5 million in 2019, as compared to OMR 140.3 million in 2017.

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.

- **Debt Management Office**: In 2017, the Government established a debt management office to optimise funding costs for the Sultanate by: (i) diversifying funding sources; (ii) creating a central focal point to liaise with rating agencies and internal budgeting requirements; and (iii) strategically timing issuances of debt securities to benefit from opportune market conditions. See "*Public Debt*".

- **Reducing Expenditures**: The Government has sought to reduce its expenditures by: (i) 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); (ii) limiting civil servant compensation increases and streamlining allowances; (iii) eliminating certain fuel subsidies and increasing electricity tariffs for large customers from 2017; (iv) implementing fees for new water connections in certain circumstances; (v) deferring non-essential public projects, with capital expenditures having been limited to projects that will contribute to the growth of the economy and on-going projects that are 70% or more completed or are otherwise expected to be completed in this year; (vi) reducing certain operating expenditures and the defence budget; (vii) issuing instructions to all spending units in key ministries to reduce non-essential current expenditure and to increase efficiency; (viii) outsourcing Government services to the private sector where possible; (ix) establishing a code of governance for state-owned enterprises; (x) implementing lean techniques in different Government entities that reduce inefficient practices and increase overall efficiency; (xi) 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

(xii) setting up a tax evasion department to improve tax collection. This spending restraint has led to current expenditure decreasing between 2014 and 2019 by OMR 725 million.

- **Promoting the Private Sector**: The Government has aimed to promote the private sector to drive Oman's economic growth, including through: (i) a series of measures undertaken to encourage small- and medium-enterprises ("**SMEs**") development; (ii) creating the Public Authority for SME Development ("**PASMED**") to provide logistical, technical and other support for SMEs; (iii) creating the Invest Easy initiative in order to streamline the licensing and business registration process; (iv) launching an independent credit and financial information bureau called the Oman Credit Bureau to reduce information asymmetries and enable better access to financing for SMEs; (v) 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; (vi) issuing a new bankruptcy law; and (vii) issuing of a new FDI law which aims to regulate and encourage foreign investment, protect investor rights, allow for 100% foreign ownership and eliminate minimum capital requirements. See "*Public Finance—Legal Reforms and Innovations*". Through these measures the Government aims to stimulate economic growth, increase tax and fees revenues, increase exports, support employment creation and diversify the economy.

- **Introducing Taxation**: The Government has increased its revenue base by: (i) increasing the corporate tax, beginning in 2017, from 12% to 15% and eliminating tax-free thresholds; (ii) introducing selective service taxes in 2017; (iii) increasing certain administrative fees, including a property transfer fee beginning in 2016; and (iv) introducing an excise tax in June 2019. In line with other GCC member states, the Government expects to further increase its revenue base through the introduction of a value added tax ("**VAT**"), which will come into force on 18 April 2021.

Oman Investment Authority (OIA)

On 4 June 2020, the Oman Investment Authority as established pursuant to Royal Decree № 61/2020. Under this decree, all competences, allocations, rights, obligations, records, holdings, assets and investments related to the SGRF, the OIF and the Directorate General of Investments in the Ministry of Finance have been transferred to OIA. In addition, the Government's ownership in all state-owned enterprises has also been transferred to OIA with the exception of PDO. The merging of these entities eliminates duplication of functions, creates economies of scale, and helps realise operational efficiencies and improved governance. OIA is actively leveraging management expertise to enhance the governance and financial efficiency of the SOEs.

The SGRF was created in 1980 to invest contributions from Oman's oil revenues and to subsidise Oman's budget, when required. The SGRF now forms part of the consolidated OIA entity established by Royal Decree № 61/2020.

The OIA invests its assets in a diversified portfolio, across a wide range of geographies and sectors, in addition to making strategic investments with the aim of ensuring sustainable long-term returns. The OIA follows global best practices in developing its investment strategy through its overall asset allocation framework and geographical distribution.

The OIA focuses on two main investment categories: (i) tradable (public market) assets, such as global equities, fixed income bonds and short-term assets; and (ii) non-tradable (private market) assets, which include private investments in real estate, logistics, services, commercial and industrial projects, both in Oman and abroad. In addition, the OIA is party to several joint ventures that invest 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. Total assets in the OIA amounted to OMR 16,452 million as at 31 July 2020, as compared to OMR 8,684 million as at 31 December 2019 and OMR 7,956 million as at 31 December 2018. This increase was due to the consolidation of the SGRF and the OIF in the OIA.

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 has been designated as a contingency reserve for servicing debt and whose assets amounted to approximately OMR 827.7 million as at 31 August 2020; and the Infrastructure Project Finance/Infrastructure Development Account held assets of approximately OMR 7.5 million as at 31 August 2020.

Vision 2020, Vision 2040 and Five-Year Plans

Vision 2020

The Sultanate's long-term development strategy, Vision 2020, has an emphasis on diversification, supporting other sectors that have been identified as economic drivers of the economy. Under Vision 2020, which was adopted in 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. Within the overarching framework of Vision 2020, progress has been implemented on a shorter-term basis by means of a series of five-year plans.

The Five-Year Plans

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 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).

The Ninth Five-Year Plan (2016-2020) maintained 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 programmes and policies were proposed across five target sectors: manufacturing, transportation and logistics, tourism, fisheries and mining. The Government views these five sectors as essential for the transformation of Oman from a predominantly oil-based economy to a diversified economy, and considers these sectors have the potential to create a significant number of jobs and to increase their contributions to annual GDP growth.

In order to achieve the targets for these sectors, the Government launched *Tanfeedh*, a programme, which aims to identify opportunities, as well as challenges, facing the public and Government sectors and civil society. *Tanfeedh* aims to outline detailed measurable strategies and designate responsibilities, resources, implementation timeframes to execute Oman's diversification plan. While the Ninth Five-Year Plan has five target sectors, *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 aims to increase non-oil and gas revenues, including by increasing corporate tax rates to 15% and reducing exemptions, increasing the efficiency of tax and custom collection, imposing a VAT on goods and services in co-ordination with the GCC, imposing other select excise taxes (*e.g.*, alcohol, tobacco), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs.

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 SMEs, the 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% of Government contracts to be awarded to SMEs by the Oman Tender Board, a requirement for local banks to extend at least 5% 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 the 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% stake in Oman Telecommunications Company SAOC ("**Omantel**"), the country's incumbent telecoms operator, from the Ministry of Finance to the 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 establishment of OIA and transfer of the Government's ownership in all state-owned enterprises is part of the plan of enhancing the efficiencies and improving the governance of these entities with the aim of possibly privatizing them in the future.

The Tenth Five-Year Plan for 2021 to 2025 will be part of Vision 2040.

Vision 2040

The Vision 2040 plan is expected to continue the diversification of the Omani economy away from hydrocarbons, pursuing infrastructure and other developments to further transform the Sultanate. Various committees have been formed, such as, a technical committee and three sectoral committees: (i) the People and Society Committee; (ii) the Economy and Development Committee; and (iii) the 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 areas of Omani society. In September 2020, Royal Decree № 100/2020 was issued, which provides for the establishment of the Oman Vision 2040 Implementation Follow-Up Unit, consolidating the Implementation Support and Follow-Up Unit and the Directorate General for Following-Up Government Services in the Secretariat General of the Council of Ministers.

Oman Vision 2040 is a roadmap addressing existing challenges, evolving to meet regional and global trends, seizing opportunities to foster economic competitiveness and social well-being. This is done with a particular focus on stimulating growth and balancing economic, social, and development objectives nationwide. While all of the national priorities are of critical, and equal, importance for Oman's development, five priorities have particularly shaped the Sultanate's medium term fiscal strategy. These include:

Economic diversification and fiscal sustainability

The Vision seeks to continue the journey of building a diversified economy with fiscal sustainability. To advance this objective, the Vision lays out three fiscal targets as follows:

- Reduce public expenditures as percentage of GDP to 34% by 2030 and 25% by 2040;
- Increase non-oil revenues as a percentage of GDP to 15% by 2030 and 18% by 2040; and
- Target a long-term average gross debt to GDP ratio that should not exceed 60%.

The private sector and the global investment value-chain

Re-emphasising the role of the private sector in the national economy, this priority aims to foster a business environment where the private sector leads Oman's development. Fiscal policy is shaped by the objectives that aim to:

- Shift government from being a service provider to a regulator;
- Encouraging flexible financing models for strategic projects that allow the private sector to take a greater role in the development of infrastructure; and
- Integrating Oman into global value-chains

Social Protection and well-being

Vision 2040 states that social justice is a prerequisite for a cohesive, strong, and peaceful society. As such, fiscal reforms must be balanced with the need to provide sustainable, high quality social well-being services and the need to provide a social safety net that supports vulnerable populations. Additionally, the Vision requires the intergenerational equity considerations be taken into account to ensure the next generations of Omanis are able to benefit from the country's assets in a sustainable manner.

Governance of the state's administrative bodies, resources, and projects

The Government aspires to have a highly productive, flexible, and effective administrative apparatus with policymaking that is well planned, organized, monitored, and evaluated regularly. Achieving this requires a government that is well structured in a manner that promotes accountability and transparency and is focused on delivering high quality services through more efficient use of government resources. The recent decision to restructure the government in August 2020 is the first step towards these goals.

Medium-Term Fiscal Plan

Oman's fiscal strategy is being prioritised to help implement, and ensure a strong foundation for, Vision 2040. To this end, a five-year Medium-Term Fiscal Plan ("**MTFP**") (2020-2024) has been developed by Tawazun, in collaboration with the Ministry of Finance and following extensive consultations with other ministries and authorities, to stabilise public finances and reduce the primary and overall fiscal deficits as a percentage of GDP in the medium term, with a target of achieving a primary fiscal balance. The MTFP has been developed in response to fiscal challenges and the uncertainty in the oil price.

The MTFP represents a shift in the Government's approach to fiscal policy making to ensure broad support for the Sultanate's fiscal objectives. The MTFP serves as the financial framework supporting Vision 2040.

The MTFP is intended to complement the State Budget for 2021 and the Tenth Five-Year Plan. The MTFP is a "living document", which is expected to evolve during the course of the plan and will be updated to reflect market conditions, whilst maintaining fiscal sustainability and reducing the debt burden in the medium term as the key priorities. The MTFP has developed a holistic framework based on the following pillars:

- ***Supporting economic growth:*** The MTFP seeks to improve the pace of economic growth through improving the business environment, restructuring the labour market and stimulating the economy through domestic and foreign direct investment.
- ***Diversifying and enhancing sources of Government revenues:*** The MTFP aims to increase non-oil revenues as a share of GDP, to protect against oil price volatility and utilise local resources more efficiently. Initiatives related to increasing non-oil revenues are expected to have an impact of over OMR 1.8 billion.
- ***Rationalising Government expenditures and driving efficiency:*** Current, or operational, expenditures by civil, security and defence agencies represents the majority of Government expenditures. During 2020, the Government adopted a policy position to reduce the operational and development expenditures of Government agencies by 10% from the 2020 State Budget. The Government is committed to further efficiencies in 2021 by reducing recurring spending compared to 2020.
- ***Enhancing the Social Safety Net:*** The MTFP recognises that redesigning subsidies and the social safety net are critical components to allow the country to move away from universal support to targeted support for vulnerable families. The MTFP reform package aims to ensure social protection for vulnerable populations and promote intergenerational fairness.
- ***Strengthening financial management:*** Fiscal reforms will be accompanied by meaningful public finance management reforms and enhanced capacity building to improve efficiency of administration.

The above pillars include a number of measures to target achieving fiscal sustainability over the medium-term and targets the gradual reduction of the budget deficit to 1.7% of GDP by 2024.

The MTFP reform package includes specific policy reforms that have been developed in consultation with stakeholders across the public and private sectors. These initiatives are grouped into five categories, according to the fiscal objective they help to advance.

- ***Economic growth:*** The initiative to promote economic growth is central to the Sultanate's efforts to achieve fiscal balance. Examples of reforms for this pillar include:
    - *Initiatives to improve the business environment* – Initiatives to support economic growth in this area include: (i) the introduction of electronic procedures for registering companies and issuing licences; (ii) liberalising the domestic real estate market by reducing fees, permitting rent-to-own and similar sales and permitting foreigners to own certain residential units; and (iii) reviewing Government fees.
    - *Labour Market Procedures* – The Ministry of Labour is reviewing the polices and rates "Omanisation" has imposed on various sectors by making "Omanisation" targets more flexible.
    - *Stimulate Domestic and Foreign Investment* – A set of laws issued in June 2019, including those relating to foreign capital investment, privatisation, public private partnerships and bankruptcy were introduced and further measures, including regulations implementing these new laws, are expected.
- ***Revenue diversification:*** The Government recognises the need to strengthen the Sultanate's revenue-raising framework by decreasing its reliance on hydrocarbon revenues, which it aims to do through the following initiatives: (i) enhancing the returns from government investments and establishing dividend targets whilst gradually reducing subsidies, including phasing out water and electricity subsidies by from 2021 to 2025; (ii) strengthening tax administration and collection efficiency through enhanced compliance procedures, penalties, fines and enforcement; (iii) introducing VAT in line with other GCC member states at a base rate of 5% (with certain exemptions for essentials in the social context of the Sultanate); and (iv) implementing a personal income tax for high earners.
- ***Expenditure rationalisation and efficiency:*** Initiatives to support expenditure rationalisation and efficiency include: (i) rationalising development expenditures by reviewing and optimising existing commitments and future proposals, strengthening governance and oversight of capital expenditure, and implementing strategic procurement management; (ii) reviewing current expenditures and financial controls; (iii) introducing performance management in the public sector; and (iv) reforming public services subsidies to reallocate them to vulnerable people. The

Government established the OIA (Oman Investment Authority) to further this objective, which has enhanced efficiency in the management of state-owned enterprises and assets by eliminating duplication in legacy agencies, creating economies of scale and improving governance.

- ***Social equity:*** Redesigning subsidies and the social safety net are critical components to allow Oman to move away from universal support to targeted support for vulnerable families. A particular focus has been placed on ensuring that short-term support mechanisms are developed to offset water and electricity subsidy reforms while also developing a longer-term strategy to holistically rationalise and strengthen the entire social safety net system.

- ***Public financial management and governance:*** The Sultanate's fiscal strategy, in line with Vision 2040, aims to increase the efficiency of the state administrative apparatus and foster a business environment that supports private sector growth. Tawazun is working closely with the Ministry of Finance to implement and monitor several initiatives in this area, including the following: (i) developing a Government Financial Management Information System; (ii) building capacity at the debt management office and macro fiscal unit; (iii) implementing a treasury single account programme; (iv) implementing a national asset register; and (v) enhancing the management of endowments.

While broad-ranging and varied in nature, these initiatives are united by a common goal of fostering an environment that enables the private sector to become the main driving force behind Oman's economic development. Some of these initiatives have already been implemented with the benefits expected to be realised in 2021 and beyond. Others are scheduled for 2021-2024.

The following table sets forth the Government's projections for Oman's public finances to 2024, as a result of the multi-pronged fiscal adjustment strategy under the MTFP.

	Year ended 31 December*				
	2020	**2021**	**2022**	**2023**	**2024**
	(OMR millions, except as indicated)				
Oil price *(U.S.$/bbl)*	48	45	45	50	50
Oil production *('000 bbl/d)*	974	960	1,107	1,133	1,140
Revenue measures					
Enhanced returns from Government investments	478	195	160	155	150
VAT	—	300	400	732	766
Enhanced tax collection	—	50	50	50	50
Excise tax expansion	8	20	20	20	20
Personal income tax	—	0	200	320	400
Total Revenue Adjustment	**486**	**565**	**830**	**1,277**	**1,386**
Expenditure measures					
Civil ministries current expenditure reductions	(240)	(415)	(580)	(600)	(620)
Security and defence expenditure reductions	(325)	(675)	(650)	(510)	(430)
Water and electricity subsidy reforms	(135)	(215)	(289)	(540)	(618)
Other subsidy reforms	0	0	(25)	(54)	(74)
Development expenditure reduction	(170)	(300)	(300)	(300)	(300)
Capital expenditure on oil and gas production	0	(1,320)	(1,456)	(1,339)	(1,259)
Total Expenditure Adjustment	**(870)**	**(2,925)**	**(3,300)**	**(3,343)**	**(3,301)**
Primary fiscal balance	**(3,200)**	**(1,040)**	**(245)**	**955**	**1,445**
Primary balance (% GDP)	*(12.5)*	*(4.0)*	*(0.9)*	*3.2*	*4.6*
Fiscal balance	**(4,050)**	**(2,240)**	**(1,660)**	**(605)**	**(165)**
Fiscal balance (% GDP)	*(16.4)*	*(8.7)*	*(5.9)*	*(2.0)*	*(0.5)*

Source: National Center for Statistics & Information

Note

* Preliminary estimates.

The following table sets forth the Government's projections for key indicators to 2024, including targeted reductions in deficit and debt, assuming effective implementation of the MTFP.

	Year ended 31 December[(1)]				
	2020	**2021**	**2022**	**2023**	**2024**
	(OMR millions, except as indicated)				
Revenues[(2)], *of which:*	**8,600**	**8,620**	**9,490**	**10,815**	**11,315**
Non-oil revenues	*2,400*	*3,200*	*3,640*	*4,025*	*4,270*
Expenditures, *of which:*	**12,660**	**10,850**	**11,150**	**11,420**	**11,480**
Operational expenditure (including adjustments)	*9,370*	*8,750*	*8,835*	*8,960*	*8,970*
Capital expenditures	*2,430*	*900*	*900*	*900*	*900*
Interest	*860*	*1,200*	*1,415*	*1,560*	*1,610*
Budget deficit	4,050	2,230	1,660	605	165
Outstanding debt	19,700	21,340	22,600	22,805	22,570
Real GDP growth *(%)*	(4.3)	2.3	7.9	2.8	2.6
CPI *(%)*	(0.8)	3.8	2.6	3.4	2.2
Nominal GDP	24,712	25,796	27,907	30,138	31,495
			(% GDP)		
Government Deficit	**16.4**	**8.6**	**5.9**	**2.0**	**0.5**
Government Debt	**79.7**	**82.7**	**81.0**	**75.7**	**71.7**

Source: National Center for Statistics & Information

Notes

(1) Preliminary estimates.

(2) Including oil revenues before transfers to the Petroleum Reserve Fund.

Gross Domestic Product

In 2019, Oman's economic activity was subdued, reflecting a decline in oil prices and production, and the broader uncertainty of the global economy. Consequently, nominal GDP decreased by 4.3% for the year ended 31 December 2019 as compared to the year ended 31 December 2018 and increased by 13% during the year ended 31 December 2018 as compared to the year ended 31 December 2017. GDP per Capita in OMR for the years 2015, 2016, 2017, 2018 and 2019 were 6,324, 5,704, 5,953, 6,667 and 6,356 respectively. Due to the emergence of COVID-19, coupled with the resulting slowdown in the global hydrocarbon industry, the IMF has forecast real GDP to decrease by 10.0% in 2020 and by 0.5% in 2021, before recovering to grow by 11% in 2022. The Government expects real GDP to decrease by 4.3% in 2020. See "*Response to COVID-19*".

Despite its diversification efforts, Oman's economy continues to be dominated by oil and gas activities, which accounted for 34.4% of nominal GDP during the year ended 31 December 2019 as compared to 35.9% of nominal GDP during the year ended 31 December 2018. Hydrocarbon sector activities was impacted by the lower average oil prices and lower production levels as a result of OPEC production cuts. The oil and gas sector's contribution to nominal GDP decreased by 8.4% during the year ended 31 December 2019, as compared to the year ended 31 December 2018. The non-oil and gas sector's contribution to nominal GDP also decreased by 1.5% during the year ended 31 December 2019, as compared to the year ended 31 December 2018, with decreases across several major areas including services, manufacturing, mining and quarrying and construction.

Nominal GDP

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

	For the year ended 31 December(1)					Change
	2015	2016	2017	2018	2019*	2018-19
	(OMR millions, except percentages)					
Industry	**14,266.2**	**12,117.0**	**13,513.0**	**16,928.9**	**15,767.8**	**(6.9)%**
Petroleum Activities	***8,770.7***	***6,689.4***	***8,071.6***	***11,022.5***	***10,095.6***	***(8.4)%***
Crude Petroleum	7,587.5	5,480.3	6,778.7	9,408.0	8,505.1	(9.6)%
Natural Gas	1,183.2	1,209.0	1,292.9	1,614.5	1,590.5	(1.5)%
Non-Petroleum Industrial Activities	***5,495.5***	***5,427.6***	***5,441.4***	***5,906.4***	***5,672.1***	***(4.0)%***
Mining and Quarrying	122.8	128.1	148.1	140.3	125.5	(10.5)%
Manufacturing	2,794.5	2,496.4	2,709.3	3,218.4	3,071.8	(4.6)%
Electricity and Water Supply	511.0	511.9	498.9	599.7	620.3	3.4%
Construction	2,067.1	2,291.2	2,085.1	1,948.0	1,854.6	(4.8)%
Agriculture and Fishing	**523.5**	**573.5**	**617.2**	**650.7**	**690.6**	**6.1%**
Services	**13,206.9**	**13,593.6**	**14,131.0**	**14,242.6**	**14,128.0**	**(0.8)%**
Wholesale and Retail Trade	2,264.3	2,192.0	2,294.8	2,236.0	2,064.7	(7.7)%
Hotels and Restaurants	255.8	268.9	271.8	290.1	308.6	6.4%
Transport, Storage and Communication	1,593.3	1,516.7	1,656.6	1,724.8	1,721.2	(0.2)%
Financial Intermediation	1,487.5	1,628.0	1,769.5	1,957.4	2,012.4	2.8%
Real Estate and Business Activities	1,249.4	1,295.2	1,324.7	1,380.8	1,409.6	2.1%
Public Administration and Defence	3,296.5	3,580.7	3,655.8	3,657.3	3,574.7	(2.3)%
Other Services (Education, Health, Community/Personal Services and Private Household)	3,060.1	3,112.0	3,157.8	2,996.4	3,036.7	1.3%
Less: Financial Intermediation Services Indirectly Measured(2)	**(693.2)**	**(741.1)**	**(768.6)**	**(783.9)**	**(810.7)**	**3.4%**
Gross Domestic Product at Producers Prices	**27,303.4**	**25,542.9**	**27,492.6**	**31,038.3**	**29,775.6**	**(4.1)%**
Plus: Taxes Less Subsidies on Products	**(803.1)**	**(188.4)**	**(347.7)**	**(359.5)**	**(426.1)**	**18.5%**
Gross Domestic Product at Market Prices	**26,500.3**	**25,354.5**	**27,144.9**	**30,678.8**	**29,349.5**	**(4.3)%**
Total Non-Petroleum Activities	19,225.9	19,594.6	20,189.6	20,799.7	20,490.7	(1.5)%

Source: National Center for Statistics & Information.

Notes

* Preliminary

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Economic and Other Information*".

(2) 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.

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, 2018 and 2019.

	Year ended 31 December(1)				
	2015	2016	2017	2018	2019*
			(%)		
Total Petroleum Activities	33.1	26.4	29.7	35.9	34.4
Construction	7.8	9.0	7.7	6.3	6.3
Wholesale and Retail Trade	8.5	8.6	8.5	7.3	7.0
Public Administration and Defence	12.4	14.1	13.5	11.9	12.2
Other Activities	38.1	41.8	40.6	38.6	40.1

Source: National Center for Statistics & Information

Notes

* Preliminary

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Economic and Other Information*".

Real GDP

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

	For the year ended 31 December(1)					Change
	2015	**2016***	**2017**	**2018**	**2019***	**2018-19**
	(OMR millions, except percentages)					
Industry	**16,846**	**17,623**	**17,322.7**	**17,695.4**	**17,916.7**	**1.3%**
Petroleum Activities	***11,588.1***	***12,000.5***	***11,656.4***	***11,928.1***	***11,954.0***	***0.2%***
Crude Petroleum	10,701.0	11,079.4	10,717.1	10,842.0	10,805.2	(0.3)%
Natural Gas	887.1	921.0	939.3	1,086.2	1,148.8	5.8%
Non-Petroleum Industrial Activities	***5,257.9***	***5,622.9***	***5,666.3***	***5,767.3***	***5,962.7***	***3.4%***
Mining and Quarrying	110.5	120.3	147.8	135.7	146.5	8.0%
Manufacturing	2,602.7	2,679.1	2,718.7	2,984.1	3,119.5	4.5%
Electricity and Water Supply	532.7	560.6	593.1	611.7	753.3	23.1%
Construction	2,012.1	2,262.9	2,206.6	2,035.8	1,943.3	(4.5)%
Agriculture and Fishing	**492.0**	**532.8**	**579.3**	**743.3**	**757.7**	**1.9%**
Services	**11,960.3**	**12,427.6**	**12,905.0**	**12,729.8**	**12,593.3**	**(1.1)%**
Wholesale and Retail Trade	2,241.8	2,328.4	2,437.7	2,724.2	2,098.4	(23.0)%
Hotels and Restaurants	259.7	293.9	283.9	298.6	320.1	7.2%
Transport, Storage and Communication	1,738.6	1,728.0	1,922.7	1,845.1	1,844.6	0.0%
Financial Intermediation	1,460.3	1,568.4	1,611.6	1,585.2	1,577.6	(0.5)%
Real Estate and Business Activities	1,165.5	1,195.0	1,218.0	1,262.3	1,290.4	2.2%
Public Administration and Defence	2,732.6	2,907.1	3,018.4	3,057.9	3,053.2	(0.2)%
Other Services (Education, Health, Community/Personal Services and Private Household)	2,361.8	2,406.9	2,412.7	2,406.4	2,409.0	0.1%
Less: Financial Intermediation Services Indirectly Measured	**(720.6)**	**(709.6)**	**(673.7)**	**(581.3)**	**(577.5)**	**(0.7)%**
Gross Domestic Product at Producers Prices	**28,577.8**	**29,874.3**	**30,133.2**	**30,587.2**	**30,690.3**	**0.3%**
Plus: Taxes Less Subsidies on Products	**(1,193.2)**	**(1,125.8)**	**(1,308.1)**	**(1,497.0)**	**(1,840.2)**	**22.9%**
Gross Domestic Product at Market Prices	**27,384.6**	**28,748.5**	**28,825.2**	**29,090.2**	**28,850.1**	**(0.8)%**
Total Non-Petroleum Activities	17,710.3	18,583.4	19,150.6	19,240.4	19,313.7	0.4%

Source: National Center for Statistics & Information.

Notes

* Preliminary

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Economic and Other Information*".

The following table sets forth the real economic growth indicators by key economic activity for each of the Five-Years ended 31 December 2019:

	For the year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019***
	(Percentage change)				
Real GDP	4.7	5.0	0.3	0.9	(0.8)
Real Petroleum GDP	4.4	3.6	(3.0)	2.3	0.2
Real Non-Petroleum GDP	5.6	4.9	3.3	0.5	0.4

Source: National Center for Statistics & Information.

Note

* Preliminary

The following table sets forth the cumulative real economic growth indicators for selected sectors at constant prices (base 2010) during the five years from 2015 to 2019:

	For the years ended 31 December 2015-2019
	(Percentage change)
Total Petroleum activities	0.8
Total non-Petroleum activities	2.2
Hotels and Restaurants	5.4
Financial Intermediation	2.0
Buildings and Construction	(0.9)
Mining and Quarrying	7.3
TSA	1.5
Public Administration and Defence	2.8
Manufacturing	4.6

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

Principal Sectors of the Economy – Oil and Gas Sector

Overview

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 then, providing both the principal source of Government revenues and foreign exchange receipts, as well as the stimulus for extensive economic and industrial growth.

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 Energy and Minerals 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, Petroleum Development Oman LLC ("**PDO**"), in which the Government holds a 60% stake, still operates the majority of the producing acreage positions in the country and accounted for approximately 67% of Oman's combined oil and gas production for the four months ended 30 April 2020. See "*—Crude Oil and Gas Operations*".

For the six months ended 30 June 2019 and the years ended 31 December 2018 and 2017, the oil and gas industry accounted for 32.9%, 33.9% and 35.9%, respectively, of nominal GDP. Revenues from petroleum activities generated 75.6%, 80.5% and 73.4%, of total consolidated Government revenues for the seven months ended 31 July 2020 and the years ended 31 December 2019 and 2018, respectively, and oil and gas exports accounted for 66.0%, 68.5% and 65.4%, of the total value of merchandise exports (including re-exports) for the three months ended 31 March 2020 and the years ended 31 December 2019, and 2018, respectively.

Oman is the largest non-OPEC crude oil producer in the Middle East, other than Qatar, with crude oil and condensates output of 970,900 barrels per day ("**bbl/d**") for the year ended 31 December 2019 as compared to 981,000 bbl/d for the year ended 31 December 2018, 971,800 bbl/d for the year ended 31 December 2017 and 1,004,300 bbl/d for the year ended 31 December 2016.

The following table sets forth a general overview of Oman's oil and gas sector as at or for the year ended 31 December 2019.

Crude oil and condensate reserves	4.8 billion bbl
Average daily crude oil and condensate production	970,900 bbl/d
Gas reserves	23.8 tcf
Average daily gas production	122 mcm/d

Source: Ministry of Energy and Minerals.

In January 2017, Oman began to reduce oil production by 5% (or approximately 45,000 barrels ("**bbl**")), in line with commitments agreed upon at the December 2016 OPEC meeting in Vienna, Austria. 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. See "*Risk Factors—Risk*

Factors in relation to the Issuer—Oman's economy and public finance are significantly affected by volatility in international oil prices".

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 periods indicated.

	Year ended 31 December(1)					Ten months ended 31 October
	2015	**2016**	**2017**	**2018**	**2019***	**2020***
Oil and Condensates (*thousand bbl/d*)	981.1	1,004.3	971.8	981.0	972.7	950.5
Natural Gas (*mcm/d*)	103.6	106.1	106.8	119.8	122.2	120.2
Natural Gas (*thousand boe/d*)	630.5	667.3	671.8	754.7	769.9	757.3
Total (*thousand boe/d*)	**1,611.6**	**1,671.6**	**1,643.6**	**1,735.7**	**1,742.6**	**1,707.8**

Source: Ministry of Energy and Minerals.

Notes
* Provisional

Oman's crude oil production decreased to 950.5 barrels of oil equivalent ("**boe**") per day for the ten months ended 31 October 2020, as compared to 972.7 boe/day for the year ended 31 December 2019 and 981.0 boe/day for the year ended 31 December 2018.

PDO operates Block 6, which is the centre of enhanced oil recovery operations and includes fields using several of the enhanced oil recovery techniques, such as the Marmul field (polymer), the Harweel field (miscible), the Qarn Alam field (steam) and the Amal-West field (solar). Oman's average daily natural gas production was 120.2 mcm/day for the ten months ended 31 October 2020.

Crude Oil and Gas Operations

Oman does not have a state oil company, but holds most of its oil reserves in Petroleum Development Oman LLC, which was established in 1937 as a joint venture between Shell Petroleum Oman Ltd, *Compagnie Française des Pétroles* (the predecessor of Total S.A. ("**Total**")) and Partex Oman Corporation ("**Partex**"). PDO is 60% owned by the Government, 34% owned by Royal Dutch Shell ("**Shell**"), 4% owned by Total and 2% owned by Partex. The Government accrues revenues from its share in the EPSAs and holds a direct participating interest in only one upstream concession, Block 6.

Block 6 is the main onshore oil concession in Oman, covering approximately 40% of the country's land acreage. PDO was responsible for 64.7% of Oman's oil production and more than 69% of Oman's gas production for the ten months ended 31 October 2020. The Government owns 60% of Block 6, and the remaining 40% is owned by Private Oil Holdings Oman Ltd. ("**POHOL**"), which in turn is 85% owned by Shell, 10% owned by Total and 5% owned by Partex. POHOL and the Government contracted the operations of Block 6 to PDO. The Government has established a new entity, Energy Development Oman ("**EDO**"), to hold its participation in Block 6 and its shareholding in PDO. EDO is a holding company that receives directions from the Government and has a board of directors nominated by the Government. EDO will be responsible for covering its own capital and operating expenditures, while maintaining the pre-existing cash flows to the Government from PDO in the form of dividends, royalties and taxes. EDO will only be able to raise debt financing to develop additional value and within the constraints of a governance framework pre-agreed with the Ministry of Finance.

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 by the Ministry of Energy and Minerals on behalf of the Government. 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% to 50%, and the Government generally takes between 70% to 85% of oil produced (after deduction of amounts of oil to cover certain agreed 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 EPSA for Block 36 was renewed in September 2020.

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 enhanced oil recovery development of the Mukhaizna field in the south of the country.

The Government also owns 100% of the non-associated gas reserves in PDO's Block 6, which supplies gas for Oman's liquid natural gas ("**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 51% share in the downstream element of Oman's LNG project and a 66% 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. Onshore licenses accounting for over 85% of active licenses; there are four active offshore licenses.

The primary producing basins in South, Central and West Oman and the Foreland sub-basin in northern Oman are the locations of 95% of the key exploration and appraisal wells drilled in 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.

All unlicensed blocks in Oman are available for oil company participation via EPSAs through direct negotiation with the Ministry of Energy and Minerals. The Ministry of Energy and Minerals 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 Energy and Minerals' response to falling oil production and rising gas demand.

In 2004, PDO's Block 6 concession was extended to 2044 by the Ministry of Energy and Minerals. In 2007, BP was selected by the Ministry of Energy and Minerals 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 EPSA for the Khazzan field, with total investment for the full-field development estimated to be approximately U.S.$16 billion. The EPSA 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 Energy and Minerals signed three new EPSAs. The first is with Petroleb LLC (Block 57). with a total investment for the first phase estimated to be U.S.$20 million. The second is with Occidental Oman (Block 51), with total investment for the first phase estimated to be U.S.$6 million. The final is with Occidental Oman and Oman Oil Exploration and Production LLC (Block 65), with total investment for the first phase estimated to be U.S.$32 million. Three new EPSAs were signed during 2020: (i) Block 12 with Total; (ii) Block 58 with Tethys; and (iii) Block 70 with Maha Energy. Negotiations in respect of EPSAs for two further blocks with proven hydrocarbon reserves are nearing completion.

Hydrocarbon Reserves

Oman's reserves are distributed 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 2019.

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	As at 31 December				
	2015	2016	2017	2018	2019
Oil and Condensates (*billion bbl*)	5.4	5.1	4.7	4.8	4.8
Natural Gas (*tcf*)	23.0	24.7	25.0	24.7	23.8
Total (*billion boe*)	**9.4**	**9.5**	**9.2**	**9.3**	**9.1**

Source: Ministry of Energy and Minerals.

Note

* Estimated

Oil and condensate reserves

Oman's total proved oil and condensate reserves as at 31 December 2019 increased to 4,842.7 million barrels ("**mmbbl**"), as compared to 4,791.0 mmbl as at 31 December 2018 and 4,753.5 mmbl as at 31 December 2017. Increases in Oman's total proved oil and condensate reserves are the result of the adoption of enhanced oil recovery and production techniques.

Oman's main oil fields are now mature and maintaining its oil reserves is expected to depend largely on the ability of PDO and Occidental Oman to increase 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.

At 31 December 2019, PDO's proved oil and condensate reserves decreased to 3,253.9 mmbbl from 3,285.9 mmbbl as at 31 December 2018, principally as a result of technical revisions associated with FDP updates and revisions. Proved reserves in fields operated by other oil companies increased to 1,588.8 mmbbl as at 31 December 2019, as compared to 1,505.1 mmbbl as at 31 December 2018, principally as a result of new discoveries and extensions of existent hydrocarbon volumes. Transferring volumes or reclassifying them from one category to proven reserves due to drilling and development activities, optimizations, good performance of water-flood and enhanced oil recovery methods.

Oman's proved gas reserves decreased to 23.8 trillion cubic feet ("**tcf**") at 31 December 2019 from 24.7 tcf at 31 December 2018 and 25.0 tcf at 31 December 2017. The decrease is mainly due to the decrease in additional volumes to reserve as compared to volumes produced. Almost 53% of Oman's remaining gas reserves are contained within ten fields operated by PDO and 41% are contained in two fields operated by BP Oman in Block 61. For the year ending 31 December 2019, current estimates are that oil and condensate reserves have remained stable at 4.8 billion bbl and that natural gas reserves to have decreased to 23.8 tcf.

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

	As at 31 December				
	2015	2016	2017	2018	2019*
			(*mmbbl*)		
PDO (Block 6)	3,490.2	3,366.4	3,237.8	3,285.9	3,253.9
Occidental Oman (Blocks 9, 27, 53 and 62)	1,388.6	1,305.0	904.7	929.6	933.6
Daleel Petroleum (Block 5)	161.7	154.8	147.5	137.3	149.1
CC Energy	143.7	105.5	77.6	83.0	87.1
D.N.O.	9.2	8.6	6.1	5.5	7.9
PTTEP Oman	1.5	0	0	—	—
Hydrocarbon (Block 7)	0.4	9.4	10.6	12.5	15.1
OOCEP	21.5	26.7	36.5	34.6	106.3
BP Oman	126.3	140.2	332.7	301.6	289.3
ARA Petroleum	—	—	—	1.0	0.5
Total	**5,343.1**	**5,116.6**	**4,753.5**	**4,791.0**	**4,842.7**

Source: Ministry of Energy and Minerals.

Note

* Preliminary

Natural gas reserves

The vast majority of Oman's proved natural gas reserves are held within PDO's Block 6. Almost 68% of Oman's remaining proved gas reserves are contained within ten 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 approximately 40% 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 2019, PDO's proved gas reserves decreased to 12.8 tcf as compared to 13.3 tcf as at 31 December 2018. Proved reserves in fields operated by other oil companies decreased to 11.0 tcf as at 31 December 2019 as compared to 11.7 tcf as at 31 December 2018 and 12.1 tcf as at 31 December 2017. Total proved natural reserves throughout Oman decreased to 23.8 tcf as at 31 December 2019 as compared to 24.7 tcf at 31 December 2018 and 25.0 tcf at 31 December 2017.

The following table sets forth Oman's total proved gas reserves by company for the periods indicated.

	As at 31 December				
	2015	**2016**	**2017**	**2018**	**2019***
			(tcf)		
PDO	15.9	13.5	12.8	13.3	12.8
Occidental Oman	0.6	0.2	0.6	0.7	0.7
Daleel Petroleum	0.1	0.1	0.1	0.1	0.1
PTTEP Oman	0.0	0.0	0.0	0.0	0.0
OOCEP	0.5	0.3	0.4	0.4	0.3
BP Oman	5.9	4.4	11.0	10.2	9.8
DNO	0.1	0.1	0.1	0.0	0.1
Others	—	6.1	0.0	0.0	-
Total	**23.1**	**24.7**	**25.0**	**24.7**	**23.8**

Source: Ministry of Energy and Minerals.

Note
* Preliminary

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: the Daleel field located in Wadi Aswad (Block 5) and operated by JAPEX (now Daleel Petroleum) in 1990, 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 950,000 bbl/d to 750,000 bbl/d, 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 89,300 bbl/d from a peak of 105,100 bbl/d in 2012. In 2017, condensate production decreased to 81,200 bbl/d from 89,300 bbl/d in 2016. In 2019, condensate production increased to 104,800 bbl/d, as compared to 103,300 bbl/d in 2018 and 81,200 bbl/d 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 tables set forth total oil and condensate production in Oman for the periods indicated.

	Year ended 31 December					Ten months ended 31 October
	2015	**2016**	**2017**	**2018**	**2019***	**2020***
			(mmbbl)			
Crude Oil Sub-Total	323.1	334.9	325.1	317.5	306.8	234.8
Condensates Sub-Total	35.0	33.0	29.59	39.6	47.6	55.6
Total of Oil and Condensates	**358.1**	**367.9**	**354.7**	**357.1**	**354.4**	**290.4**

Source: Ministry of Energy and Minerals.

Note

* Preliminary

The following tables set forth the average daily oil and condensate production in Oman for the periods indicated.

	Year ended 31 December					Ten months ended 31 October
	2015	**2016**	**2017**	**2018**	**2019***	**2020***
			(thousand bbl/d)			
Crude Oil Sub-Total	885.2	915.0	884.0	869.9	840.6	769.9
Condensates Sub-Total	95.9	89.3	86.6	108.5	130.4	182.1
Total of Oil and Condensates	**981.1**	**1,004.3**	**970.6**	**978.4**	**970.9**	**952.1**

Source: Ministry of Energy and Minerals.

Note

* Preliminary

Total oil and condensates production in Oman stood at 125.9 mmbbl in the first four months of 2020. Average production per day in Oman in the first four months of 2020 was 1,025,500 bbl/d, as compared to 972,700 bbl/d for the year ended 31 December 2019 and 981.000 bbl/d for the year ended 31 December 2018. The decrease in production from the year ended 31 December 2018 to 31 December 2019 resulted principally from decrease in agreed production with OPEC. See "*—Overview*". The increase in production from the year ended 31 December 2017 to 31 December 2018 resulted principally from other companies increasing their production.

PDO's production stood at 81.8 mmbbl in the first four months of 2020. This represents an increase in average production per day by PDO to 693,900 bbl/d in the first four months of 2020 from 644,400 bbl/d for the year ended 31 December 2019 and 635,100 bbl/d for the year ended 31 December 2018. However, production from other oil companies amounted to 44.1 mmbbl in the first four months of 2020, 109.6 mmbbl for the year ended 31 December 2019 and 126.2 mmbbl for the year ended 31 December 2018. However, production from other oil companies decreased in the first four months of 2020 to 331,600 bbl/d bbl/d from 328,300 bbl/d for the year ended 31 December 2019 and 345,900 bbl/d for the year ended 31 December 2018.

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 entirely produced from PDO's Block 6. Associated gas production in Oman was less than 400 million cubic feet per day ("**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, accordingly, 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 periods indicated.

	Year ended 31 December					Ten months ended 31 October
	2015	2016	2017	2018	2019*	2020
	(mcm)					
PDO (associated)	5,332	5,370	5,088	6,324	6,505	4,744
PDO (non-associated)	29,593	29,370	27,994	23,432	23,063	20,414
Other (associated)	1,670	1,701	1,797	1,712	1,827	1,342
Other (non-associated)	1,228	2,386	4,114	12,272	13,215	10,165
Associated Gas Sub-Total	7,002	7,071	6,885	8,036	8,332	6,086
Non-associated Gas Sub-Total	30,821	31,756	32,108	35,704	36,278	30,579
Total	**37,823**	**38,827**	**38,993**	**43,740**	**44,610**	**36,665**

Source: Ministry of Energy and Minerals.

Note
* Preliminary

The following table sets forth the average daily natural gas production in Oman by company for each of the periods indicated.

	Year ended 31 December					Ten months ended 31 October
	2015	2016	2017	2018	2019*	2020
	(mcm per day)					
PDO (associated)	14.6	14.7	13.9	17.3	17.8	15.6
PDO (non-associated)	81.1	80.2	76.7	64.2	63.2	66.9
Other (associated)	4.6	4.7	5.0	4.7	5.0	4.4
Other (non-associated)	3.4	6.5	11.3	33.6	36.2	33.3
Associated Gas Sub-Total	19.2	19.3	18.9	22.0	22.8	20.0
Non-associated Gas Sub-Total	84.4	86.8	88.0	97.8	99.4	100.2
Total	**103.6**	**106.1**	**106.8**	**119.8**	**122.2**	**120.2**

Source: Ministry of Energy and Minerals.

Note
* Preliminary

Total natural gas production in Oman was 36,665 mcm in the first ten months of 2020. This represents a decrease in average natural gas production per day to 120.2 mcm per day in the first ten months of 2020 from 122.2 mcm per day in 2019. The decrease in production resulted principally from a scheduled major maintenance shutdown to the Central Processing Facility (CPF) that took place in Khazzan Block 61 BP Oman Project at the end of the first quarter of 2020, as well as the preparations for the tie-in with Phase 2 (Ghazeer), which came on-stream in October 2020. The shutdown lasted three weeks, and the average daily gas production resumed its expected levels during the second quarter.

PDO's production was 25,158 mcm in the first ten months of 2020. This represents a slight increase in average natural gas production per day to 82.5 mcm in the first ten months of 2020 from 81 mcm in 2019. Average daily production from other oil companies meanwhile decreased in the first four months of 2020 to 37.7 mcm from 41.2 mcm in 2019.

The Government is entitled to 100% 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% interest in the 2700 km^2 block, while Oman Oil holds the other 40%.

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 1,000 km^2 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 billion cubic feet per day ("**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 approximately 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 mmbbl of condensate. There are two separate gas fields and associated upstream projects, each with gas discoveries in deeper tight sandstone reservoirs: Mabrouk Deep Gas and Mabrouk NE Deep Gas. Mabrouk Deep Gas Field Development Project ("**FDP**") is principally an upstream gas project, which is 100% owned by the Government and managed by PDO on behalf of the Government. Mabrouk Deep Gas FDP is planned to be integrated with Shell to develop a downstream Gas to Liquids ("**GTL**") project in Duqm and Total is to set up an LNG Bunkering project in Sohar, while the upstream FDP is being executed by PDO with funding from Shell and Total. The Government will receive royalties, tax, volumes of gas and condensate and a portion of the sales from the downstream projects from these projects.

Infrastructure

Oil infrastructure

<u>Oil Pipelines</u>

Oman's highly developed oil infrastructure network is almost exclusively owned and operated by PDO and comprises approximately 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 approximately 4.8 mmbbl and two export single buoy moorings, which berth approximately 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 994,000 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 100,000 bbl/d to 600,000 bbl/d.

<u>Oil Terminals</u>

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

<u>Natural gas pipelines</u>

Oman's natural gas pipeline network was previously directly owned by the Government. In May 2018, the Government sold eight major pipelines to OQ Gas Networks S.A.O.C. ("**OQGN**") for U.S.$480 million to finance, in part, the budget deficit. OQGN is 100%-owned by the OQ Group ("**OQ**"). OQ is wholly-owned by the Government, through the OIA, and the Minister of Energy and Minerals serves as OQ's chairman.

The natural gas pipeline network comprises approximately 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, OQGN commissioned a 300 km, 32-inch pipeline from Fahud to Sohar, linking the Qarn Alam area gas fields to Sohar via Fahud. It was 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. OQGN 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 approximately 350 mmcf/d.

Iran and Oman were cooperating on certain gas pipeline and supply initiatives, although these are currently on hold due to regional political issues. These initiatives would aim to make Iranian natural gas available for use in domestic industrial projects, as well as for LNG export, on a per project basis.

LNG terminals

Oman's LNG plant at Qalhat came onstream in 1999, with a capacity of 6.6 million tonnes *per annum* ("**Mtpa**"). A debottlenecking programme, completed in 2005, increased the plant's capacity to approximately 7.2 Mtpa. The plant consists of two process trains (each with 3.6 million tonnes 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 Mafraq gas reservoirs from several gas fields in the north of Oman with a capacity of 812 mmcf/d. The GGP came on-line 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 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 fulfil its gas supply commitment. In addition, the Y4DC project is planned to increase the reserves by 3,000 mcm and is planned to be completed by 2024. Thereafter, the Y5DC project (depletion compression to 1 bar) is planned to further increase reserves by 8,000 mcm. Sales gas is exported to customers through the 28-inch 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 mcm/d of gas.

- The Saih Nihayda Gas Plant ("**SNGP**"), designed to process approximately 706 mmcf/d (20 mcm/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 mcm/d. The plant and its associated wells increased PDO's gas supply capacity by about 30% 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 mcm/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 mcm/d. The second stage compression, designed to reduce the CPP inlet pressure from 35 bar to 13 bar with total capacity of 30 mcm/d, was commissioned in March 2016. Currently the CPP is processing approximately 38 mcm/d of gas and approximately 70 kbbl/d of condensate.

- The Kauther Gas Plant ("**KGP**"), designed to process approximately 706 mmcf/d (20 mcm/d) of non-associated wet gas and approximately 138 kbbl/d (22,000 m^3/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 mcm/day) of non-associated wet gas to sustain the gas and condensate production. Currently KGP is processing approximately 9 mcm/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 mcm/d). The processed dry gas is then evacuated from the GGL to the GGP through a 110 km, 16-inch pipeline. The condensate from the GGL is sent to Lekhwair oil station. Currently GGL is processing approximately 2.5 mcm/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 OQGN 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.

In addition to the operating gas processing plants, the following projects are 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 approximately 40% 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 approximately 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 OQ, was established as Oman's first independent power producer in the Musandam Governorate as a joint venture between OQ (70%) and LG International Corp (30%). 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 and is fully operational.

<u>Oman Gas Company</u>

In 2000, the Ministry of Energy and Minerals transferred the majority of the ownership of the Omani northern gas transportation system to a newly-formed company, OQGN. OQGN 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, OQGN became a wholly-owned subsidiary of OQ, prior to which, it was a closed joint stock company owned by the Ministry of Energy and Minerals (holding 80% of the shares) and OQ (holding the remaining 20%).

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

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 Energy and Minerals 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 OQ Refineries and Petroleum Industries L.L.C. ("**OQRPI**").

In December 2018, the Oman Oil Company ("**OOC**") and OQRPI 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 OQRPI have embarked on a new initiative, the NAKHLA Programme, which aims to grow and generate greater value from OOC and OQRPI's collective business through leveraging their combined capabilities. In December 2019, OOC and OQRPI announced the integration of nine core businesses under the OQ Group. See "*—The OQ Group (OQ)*".

Mina Al Fahal refinery

The Mina Al Fahal refinery was brought online in 1982, with a capacity of 50,000 bbl/d. The plant's capacity was upgraded to 80,000 bbl/d 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 106,000 bbl/d 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; it receives the vast majority of its supply from the Ministry of Energy and Minerals.

Sohar refinery

The Sohar refinery was constructed by the Sohar Refinery Company, a joint venture between the Government and OOC, at a cost of U.S.$1.25 billion and was brought online 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 197,648 bbl/d, of which 70% 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 OQRPI that came online 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 OQRPI's Environmental Improvement Programme. 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%, satisfying the increased domestic fuel demand, which has grown by 10% annually over the past five years. Following the completion of SRIP in December 2017, OQRPI's fuels production is projected to increase by 4 Mtpa, with overall production levels having reached 9 Mtpa in 2016. Approximately 70% of the refinery's production is 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 OQRPI to ship and truck refined products. The pipeline is designed to bring a new level of efficiency and lower costs to OQRPI's business, as well as reduce the number of fuel-tank truck journeys in and approximately Muscat. Heavy fuel-tank truck traffic in Muscat is projected to drop by 70%.

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.

Duqm refinery

OOC is currently planning and implementing a development project in the Special Economic Zone of Duqm ("**SEZAD**"), on Oman's eastern coast, for which investments of up to U.S.$14 billion have been earmarked for petrochemicals and infrastructure development through 2031. On completion of the Duqm refinery project, it is expected to have the capacity to refine 230,000 bbl of crude oil per day using various blends. Diesel, jet fuel, naphtha and liquefied petroleum gas (*e.g.,* ethane, propane, butane, etc.) 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 km^2 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 SEZAD is under development and includes a refinery, a product export 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 investment is expected to be up to U.S.$10 billion by 2022, to be funded generally on a project-by-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 Energy and Minerals 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 crude. 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 Omani Blend crude, comparable to Dubai, to be delivered into Dubai contracts. In November 2006, Oman's Ministry of Energy and Minerals 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 Oman Blend to become a benchmark crude in the region (along with Dubai). DME Oman is now one of three leading global crude oil benchmarks and sets the benchmark export price for crude oil produced in Oman and Dubai.

The following table sets forth the average prices for Omani Blend crude for each of the periods indicated.

	Year ended 31 December					
	2015	2016	2017	2018	2019	2020
	(U.S.$/bbl)					
January	78.2	42.3	44.5	60.8	66.3	62.8
February	61.0	34.6	52.7	61.6	57.3	65.5
March	46.7	27.4	53.9	66.3	59.4	64.9
April	56.2	30.2	55.1	63.0	64.5	54.6
May	55.0	36.3	51.7	63.3	67.0	34.9
June	58.7	39.4	52.8	68.3	71.2	23.7
July	63.6	44.3	50.6	74.4	70.0	33.7
August	61.8	46.6	46.5	73.6	61.7	41.6
September	56.3	43.4	47.6	73.2	63.9	43.6
October	47.8	44.0	50.4	72.6	59.7	44.3
November	45.7	43.9	54.0	78.7	61.8	41.6
December	46.0	49.1	55.6	80.2	60.3	41.1
Average for the year	**56.4**	**40.1**	**51.3**	**69.7**	**63.6**	**46.0**

Source: Ministry of Energy and Minerals.

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, 2018 and 2019. All exports outlined below are net of supply to domestic refineries.

The following table sets forth the exports of Omani oil and condensates for the periods indicated.

	Year ended 31 December[(1)]					Ten months ended 31 October 2020*
	2015	2016	2017	2018	2019*	
	(mmbbl)					
Total exports	308.1	321.9	294.2	289.3	310.3	238.7

Source: Ministry of Energy and Minerals.

Note

* Provisional

The following table sets forth the exports of Omani Blend oil and condensates by importing country for the periods indicated.

	Year ended 31 December					Ten months ended 31 October 2020
	2015	2016	2017	2018	2019*	
	(mmbbl)					
China	237.6	251.1	226.3	240.4	243.3	210.1
Taiwan	27.8	18.8	0.0	0.0	—	—
Singapore	10.0	3.6	1.5	0.0	—	—
Japan	9.6	14.2	10.6	16.9	23.3	2.6
Thailand	9.4	0.4	0.0	0.5	—	—
South Korea	5.9	10.6	8.8	1.0	10.5	5.0
India	4.6	4.5	28.2	21.9	14.8	11.3
Sri Lanka	1.4	0.0	—	0.0	—	—
Other countries	1.8	18.2	14.1	8.6	18.4	9.7
Total	**308.1**	**321.4**	**289.5**	**289.3**	**310.3**	**238.7**

Source: Ministry of Energy and Minerals.

Note

* Provisional

The OQ Group (OQ)

The OQ Group is wholly-owned by the Government through the Oman Investment Authority (OIA) and is Oman's leading integrated energy group with core businesses operating across the oil and gas value chain. OQ was established in 1996 to pursue investment opportunities in the energy sector both inside and outside Oman. In September 2019, but with effect from 1 January 2019, the Government transferred to OQ the 75% of the share capital of OQ Refineries and Petroleum Industries L.L.C. (OQRPI) which it did not already own for the integration of OQRPI with OQ and its core subsidiaries (including OQ Exploration and Production LLC ("**OQEP**"), OQ Gas Networks S.A.O.C. (OQGN), OQ Chemicals, OQ Trading, OQ Methanol and Oman Oil Marketing Company S.A.O.G. ("**OOMCO**")). By centralising Oman's oil and gas investments under a single integrated group with a single leadership team, the intention is to create a national champion with enhanced investment, project development and delivery, operational excellence, and marketing and financing capabilities, thereby creating a platform for sustainable growth centred around a strong integrated energy company.

The OQ Group's core businesses operate in two principal integrated business streams:

- upstream, comprising:
    - oil and gas exploration, development and production through OQEP; and
    - gas transportation throughout Oman through OQGN; and
- downstream, principally comprising:
    - oil refining and the manufacture of a range of petrochemicals currently through OQRPI and, in the future, through a new refinery operated by Duqm Refinery and Petrochemical Industries Company LLC ("**DRPIC**") as well;
    - the manufacture of a range of specialty chemical products (principally Oxo intermediates and derivatives) through OQ Chemicals;
    - significant trading operations relating to crude oil, refined products, petrochemical products, LNG and dry bulk (principally petroleum coke and sulphur) through OQ Trading;
    - the manufacture of methanol from a world-scale plant in south Oman through OQ Methanol; and
    - retail and commercial fuel and related product distribution, principally in Oman through OOMCO.

The OQ Group's total assets amounted to OMR 10.8 billion as at 30 June 2020. In 2019, the OQ Group generated Adjusted EBITDA of OMR 885 million and profit for the year of OMR 231 million. The OQ Group's core upstream activities contributed 60.1% of its Adjusted EBITDA in 2019, most of which was attributable to OQEP. The OQ Group's downstream activities contributed 28.0% of its Adjusted EBITDA in 2019, with OQRPI accounting for 10.2% of its Adjusted EBITDA in 2019, OQ Chemicals accounting for 8.2% of its Adjusted EBITDA in 2019 and OQ Trading accounting for 4.2% of its Adjusted EBITDA in 2019, respectively, of the OQ Group's Adjusted EBITDA in that year. The OQ Group also has a portfolio of 28 non-core assets, comprising subsidiaries, associates and FVTPL investments. The OQ Group's non-core entities accounted for 11.9% of its Adjusted EBITDA in 2019.

The OQ Group is investing significantly in its upstream oil and gas businesses and also has a number of significant downstream projects under development. These projects include:

- a new oil refinery and associated facilities under construction in Duqm as part of a joint venture with Kuwait Petroleum (Europe) B.V. ("**KPE**"), a wholly owned subsidiary of Kuwait Petroleum Corporation, the national oil company of Kuwait;
- a petrochemical complex nearing completion at Liwa and an NGL plant at Fahud and associated NGL pipeline to the Liwa petrochemical plant undergoing pre-commissioning activities;
- an NGL extraction plant at Saih Nihayda and associated NGL pipeline to the proposed Duqm petrochemical complex in the FEED phase;
- an expansion of its methanol plant to enable the production of ammonia;
- an LPG project to extract various components of LPG, such as propane, butane and condensate, from natural gas in the Salalah region which is nearing completion; and

- two projects being undertaken by OQ Chemicals: the construction of a sixth carboxylic acid unit and an additional TCD Alcohol production line.

OQ has been assigned a rating of BB- with a negative outlook by Fitch.

Integration

In February 2019, the Board approved the OQ Group's integration strategy. To date, the integration has focused on integrating the nine core OQ Group entities listed below, many of which make significant contributions to the OQ Group's Adjusted EBITDA, by organising the core activities conducted by these entities through an integrated management structure focusing on management, assets and value streams across the value chain. These nine entities represented 74.1% of the OQ Group's profit and 88.1% of the OQ Group's Adjusted EBITDA in 2019 and were selected because of their potential for unlocking value and their relative ease of integration.

In addition, as part of the integration, OQ established four separate functions which provide support across the integrated OQ Group:

- **commercial**, which combines the trading operations of OQ Trading, OOMCO's established retail and commercial fuel and related product business, the hydro-carbon supply chain management and marketing functions of OQRPI and OQ Chemicals' marketing function and manages supply and trading, global planning and performance chemicals across the integrated core companies;

- **finance and strategy**, which is responsible for finance, treasury, corporate planning, legal, strategy, procurement and asset management across the integrated core companies;

- **people, technology and culture**, which is responsible for human resources, communications and branding, sustainability, administration, digitalisation, IT and business improvement across the integrated core companies; and

- **projects**, which is responsible for health and safety, security and the environment, research and development, innovation and project delivery across the integrated core companies.

The OQ Group's Core Businesses

The OQ Group's core businesses are focussed on upstream oil and gas exploration, development and production and gas transportation in Oman and downstream oil refining and petrochemical and specialty chemical production. In addition, the OQ Group has a significant oil, petroleum product and petrochemical trading business.

Core upstream businesses

The OQ Group has two core upstream businesses: (i) oil and gas exploration, development and production and (ii) gas transportation in Oman. Each of these businesses is described below.

Oil and gas exploration, development and production

The OQ Group's oil and gas exploration, development and production business is conducted by OQEP and comprises:

- participating interests in four producing blocks in Oman: Block 9, Block 53 (Mukhaizna), Block 60 (Abu Tubul) and Block 61;

- a participating interest in the producing Dunga field in Kazakhstan;

- a participating interest in the non-producing Block 30 field in Oman;

- service contracts in relation to two producing assets in Oman, the Rima and Karim small fields, and a service contract with the Government in relation to Block 8; and

- six exploration assets, Blocks 42, 47, 48, 52 and 65 in Oman and the Caspian offshore (Pearls) field in Kazakhstan, although this is currently in the process of being relinquished.

Gas transportation

Introduction

OQGN is the exclusive operator and owner of Oman's gas transportation system. Under its concession, OQGN has the exclusive concession to own and operate a system of pipelines, metering, compressor and gas supply stations.

Since 2018, OQGN has been operating in accordance with an Amended Concession Agreement which was approved by Royal Decree № 122/2020 and granted a new 50-year concession giving OQGN the exclusive rights within Oman to own and operate a system of pipelines, metering, compressor and gas supply stations under a new revenue framework, based on the internationally recognised regulatory asset base (RAB) framework. Authority for Public Services Regulation (formerly known as Authority for Electricity Regulations, Oman) "the Regulator" is the Regulator for the gas transportation system.

OQGN transports natural gas to customers through approximately 4,000 km of gas pipelines, almost all of which operate at high pressure. In 2019, OQGN transported 37.11 billion scm of gas in Oman. OQGN plays a critical role in the Omani economy, ensuring the transportation of gas to essential industrial sectors, including power and desalination plants, oil and other industrial operations (including refineries and petrochemical, fertiliser, steel and cement plants).

Business operations

OQGN has six regional operations offices, located in Mabellah, Sohar, Fahud, Nimr, Sur and Salalah. These offices are responsible for all asset inspections and asset operations and maintenance activities in their region, as well as technical and end-user support. OQGN has also recently commenced operations in Duqm through a new gas pipeline that will supply the Duqm refinery when it is completed. The new pipeline was commissioned in January 2020.

In Oman, natural gas produced is typically required to be sold to the Government in accordance with the terms of the relevant production licence granted. The Government has been consistently incentivising the exploration of gas in Oman by providing a stable, predictable gas price framework for the gas which it purchases from the producers. Reflecting this, currently, OQGN's only shipper of gas is the MOEM. In each of 2018, 2019 and 2020, the MOEM booked 24 billion scm, 46 billion scm and 43 billion scm of capacity, with the significant increase in 2019 principally reflecting the transfer of transportation assets to OQGN from the Government.

As at 30 June 2020, OQGN transported natural gas to 59 connected parties in Oman across various industries including refineries, petrochemical plants, power plants, desalination plants, fertiliser plants, cement plants and manufacturing facilities, among others. OQGN's connected parties are currently primarily located in the Sohar, Muscat, Sur, Mukhaizna and Salalah areas. All gas transportation is undertaken in accordance with OQGN's terms and conditions for its transportation services, which, among other matters, provide that if OQGN fails to make gas available for offtake due to its fault it shall be liable for the value of the aggregate shortfall gas subject to an aggregate liability cap of OMR 3.5 million in any single contract year. To date, no penalties have been applied in this regard by the Regulator.

Core downstream businesses

The OQ Group has six core downstream businesses:

- refining and petrochemicals production through two operating refineries and an associated petrochemicals complex, as well as a new refinery under construction as part of a joint venture with KPE and a significant new petrochemicals plant project, which is nearing completion;
- specialty chemicals production through six facilities in Europe, North America and China;
- trading of crude oil, refined products, petrochemicals, LNG and dry bulk;
- retail and commercial fuel and related product distribution;
- methanol production with an associated expansion project to produce ammonia; and
- an LNG project which is nearing completion.

Each of these businesses is described below.

The downstream oil and gas industry is competitive. The Group is currently the only refining business in Oman and supplies all of Oman's domestic petroleum products. Accordingly, the Group is not currently subject to competition in Oman in relation to these sales.

Refining and petrochemical production

The OQ Group's refining and petrochemical business is principally conducted by OQRPI, which is one of the largest downstream companies in Oman, measured by assets. The Group is also, through DRPIC, a joint venture with KPE, undertaking a new refinery project which is under construction. See "*—Duqm Refinery project*" below.

Existing refining and petrochemicals business

OQRPI owns and operates both of Oman's existing refineries and the only aromatic and polypropylene plants in Oman. It is also the only domestic supplier of refined petroleum products in Oman and also produces all of the paraxylene, benzene and polypropylene produced in Oman. Since 1 January 2019, OQRPI has been wholly-owned by OQ.

OQRPI's principal operating assets are:

- the Mina Al-Fahal refinery at Muscat, which commenced operations in 1982 with a total feedstock capacity of 106,000 bpd. The Mina Al-Fahal refinery produces a range of refined petroleum products, including LPG, gasoline (also known as Mogas), jet fuel and gas oil (also known as red diesel), and also produces long residue which is blended with crude oil and transported as a feedstock to the Group's Sohar refinery by pipeline;

- the Sohar refinery at Sohar, which commenced operations in 2006. with a total feedstock capacity of 197,648 bpd. The Sohar refinery produces LPG, gasoline, jet fuel and gas oil, among other products;

- a polypropylene plant, located adjacent to the Sohar refinery, which utilises propylene produced by the Sohar refinery to produce polypropylene with an annual production capacity of 340,000 MT.; and

- an aromatics plant, also located adjacent to the Sohar refinery, which utilises naphtha produced in the Sohar refinery as well as imported naphtha to produce paraxylene and benzene. with an annual production capacity of paraxylene of 818,000 MT and an annual production capacity of benzene of 198,000 MT.

OQRPI also has fuel products storage and distribution facilities at Jifnain, Sohar and Raysut. The Jifnain terminal is connected to the Mina Al-Fahal and Sohar refineries through a multi-product two-way pipeline. The Jifnain terminal has a total storage capacity of 172,000 m^3. The Raysut depot is the main storage facility for the Dhofar region and is a sea-fed depot with supplies coming by ship from the Mina Al-Fahal and Sohar refineries. The Raysut depot has a storage capacity of 35,000 m^3. The Sohar depot is within the Sohar Refinery complex and has a storage capacity of 13,000 m^3 and predominately supplies Northern Batinah, Al Buraimi, Al Dhahirah and Musandam.

As the owner and manager of both of Oman's operating refineries and two associated petrochemical plants, OQRPI is of critical importance to the country's oil-based economy. OQRPI has in the past received, and continues to receive, substantial Government investment and support, including liquidity provision through its historic practice of deferring payment under its crude oil supply arrangements with the MOEM when required (which management believes is likely to continue), and substantial financial support in implementing the major capital projects referred to below. The Government, when it was the owner of OQRPI, historically provided the necessary financial support to OQRPI to enable it to continue its operations and meet its obligations as they fall due.

OQRPI has recently completed two significant projects and a third significant project is nearing completion:

- the Sohar refinery improvement project, which was completed in January 2019, involved an 82,000 bpd feedstock distillation processing capacity expansion at the Sohar refinery and an increase in the refinery's complexity (as measured by the Nelson complexity index) in order to enhance production of high value light and middle distillates. The project has eliminated production capacity bottlenecks and significantly increased the yields for key products such as diesel, gasoline, jet fuel, LPG, naphtha and propylene. The total project cost was U.S.$2.7 billion, which was financed by a combination of U.S.$1,745 million of debt and U.S.$938 million of equity. To facilitate the financing of the project, the Government, through the Ministry of Finance and OQ, provided guarantees and indemnities in respect of OQRPI's obligations to fund base and contingent equity in an aggregate amount of U.S.$1.1 billion;

- the Muscat-Sohar products pipeline project, which involved the construction of (i) a 290km two-way multi-product pipeline between Muscat and Sohar for the transportation of refined products produced at both refineries and (ii) a storage terminal at Jifnain, north of Muscat. The total project cost was U.S.$346 million; and

- the Liwa Plastic Industries Complex (LPIC) project, which involves the construction of a new petrochemicals plant which includes a steam cracker, a downstream polypropylene plant and two downstream polyethylene plants within the Sohar Industrial Port Area attached to the existing OQRPI plants. The project also includes the construction of an NGL extraction plant at Fahud in central Oman, and a pipeline connection between this plant and the new petrochemicals plant. The LPIC project is intended to enable the production of 880,000 MT a year of polyethylene, and 300,000 MT a year of polypropylene in various grades ranging from HDPE to LLDPE. The project is currently expected to be completed and fully commissioned by early 2021. The total estimated project cost is U.S.$6.7 billion, which is being funded by a combination of U.S$3.8 billion of project financed debt, U.S.$454 million in pre-completion revenues and the balance in equity provided by OQRPI. As at 31 December 2019, U.S.$3,385 million had been invested. To facilitate the financing of the LPIC project, the Government issued a debt service undertaking under which it has fully guaranteed all payments due by OQRPI under the financing documentation up to the completion date, amounting in total to U.S.$3.8 billion, and has agreed that part of the payments to be made by OQRPI to the MOEM for the gas supply to the LPIC project that will be required when the project becomes operational will be subordinated to the project lenders.

OQRPI's vision is to be a recognised and competitive participant in the global polymers market, providing complete value solutions to its existing and new customers and running one of the most integrated oil refining and petrochemical facilities in the world, comprising two refineries, an aromatics plant, an NGL extraction plant, a steam cracker, a downstream polypropylene plant and two downstream polyethylene plants.

Duqm Refinery project

<u>Overview</u>

DRPIC is a limited liability company that was established in 2012 under Omani law to develop, construct, own and operate an export refinery project to be strategically located within the Special Economic Zone at Duqm (the "**SEZAD**") on the south eastern coast of Oman (the "**Duqm Refinery project**").

The Duqm Refinery project is located at three sites within the SEZAD. A refinery complex, on-site utilities, infrastructure and storage (the "**Refinery**") and a product export terminal located at the Port of Duqm (the "**Export Terminal**") are being constructed on two separate Duqm sites. In addition, a crude storage facility is being constructed by DRPIC at the Ras Markaz crude oil terminal, which is being developed by Oman Tank Terminal Company LLC ("**OTTCO**"), a wholly-owned subsidiary of OQ Group, and is 80 km from the Refinery site. A pipeline is also being constructed to transport crude oil from the crude storage facility to the Refinery.

DRPIC is jointly owned by OQ and KPE. DRPIC has a six member board of directors, three of which are appointed by OQ and three of which are appointed by KPE. Each shareholder is entitled to appoint either the chairman or the deputy chairman of the board on a three-year rotation basis. The current sitting chairman was appointed by KPE and the current sitting deputy chairman by OQ.

The Duqm Refinery project involves the construction of a refinery and related facilities planned by the Group. The Duqm Refinery project is a priority for the Government, aims to support the growth and diversification of the Omani economy and represents one of Oman's most significant undertakings to date in the energy field. It will be one of the first major industrial projects of the SEZAD and will serve as the cornerstone of Duqm's transformation into Oman's next industrial and economic hub (following the success of the Sohar and Salalah free zones).

As at 30 June 2020, the overall progress achieved on the Duqm Refinery project was 63.4%, where the engineering progress achieved was 97.1% and the procurement progress achieved was 82.3% The construction progress achieved was 43.9% as at 30 June 2020. The total estimated cost of the Duqm Refinery Project is U.S.$8.3 billion which is being financed by a combination of debt and equity, with a debt to equity ratio of 59:41. As at 30 June 2020, the Duqm Refinery Project had achieved 57.3 million safe man-hours without a lost time injury. Construction of the Duqm refinery project is currently expected to be completed in 2022.

<u>Refinery</u>

The Refinery has been designed to have the capacity to process 230,000 bpd of a range of blended crude oils and is being configured as a full-conversion hydrocracker/coking facility. It is expected to have an operational life of at least 25 years and to utilise advanced technology, commercially proven at the scale of the Duqm Project, supplied by leading technology licensors.

The Refinery is designed to produce diesel and jet fuel/kerosene meeting international specifications (Euro V and Jet A-1 respectively) as its primary products, plus naphtha and LPG with no fuel oil production in normal operations and with the flexibility to maximise diesel or jet fuel production.

The Refinery site is strategically located outside the Straits of Hormuz to export refined products to Europe, Africa and the Far East.

The crude storage facility, which is substantially complete, comprises eight crude oil tanks where crude oil will be received and stored before being transported through a newly constructed pipeline to the Refinery.

The export terminal being constructed at the Port of Duqm comprises storage tanks for diesel, jet fuel and naphtha liquid products, as well as storage for sulphur and petroleum coke, plus loading pumps, marine loading arms and berths for product loading and export.

DRPIC will operate the Refinery and the crude pipeline and the OQ Group's current intention is that OTTCO will operate the crude storage facility and/or the export terminal.

Specialty chemicals production

Based on the 2018 IHS report on Oxo chemicals, OQ Chemicals is the world's leading Oxo merchant producer and the second largest manufacturer of Oxo chemicals globally as measured by production capacity, with an estimated total volume of over 1.4 million MT *per annum*. OQ Chemicals has more than 80 years' experience in the production of Oxo chemicals, built upon processes originally invented by predecessor companies. This experience has enabled OQ Chemicals to develop core competencies and proprietary technologies across its entire Oxo chemicals value chain.

In 2019, OQ Chemicals generated annual sales revenue of U.S.$1.4 billion with a total volume of 965 thousand MT of products sold. OQ Chemicals is a wholly-owned OQ Group subsidiary with an independent board and is financed from a combination of its own cash flows and debt facilities provided by international banks and investor groups supplemented with a shareholder loan provided by OQ.

OQ Chemicals was formed in March 2007 as a buyout of Oxo derivatives and Oxo intermediates businesses from two international chemical companies, Celanese and Degussa (now known as Evonik). It has been a wholly-owned OQ Group company since December 2013.

OQ Chemicals' product offering consists of more than 70 products that it provides to customers in a wide range of industries for varied end market applications, including construction, automotive, consumer goods, healthcare and agrochemicals industries, as well as for further uses in the chemicals industry. OQ Chemicals' products are used in a wide range of applications, including coatings, lubricants and plasticisers. This diversity helps to limit OQ Chemicals' exposure to individual end-market cycles.

OQ Chemicals' global headquarters are located at Monheim in Germany.

Trading

OQ Trading has grown into a large international company through its role as the marketing arm for crude oil, refined products, petrochemicals, LNG and dry bulk (petroleum coke and sulphur) produced in Oman. It has leveraged this flow to grow its third party volumes and matured to a best in class operating model for commodity trading, focused equally on enhancing the value of Omani hydrocarbons and entrepreneurial third-party trading.

OQ Trading is headquartered in the Dubai International Financial Centre and has offices located across key markets and trading hubs, including Shanghai, Singapore, Muscat, Rotterdam and Houston. OQ Trading also has a presence in nine countries in Eastern Africa through its ownership of a non-controlling 40% equity stake in the Hass Petroleum Group, which purchases petroleum products and distributes and sells them to its businesses and retail customers throughout eastern and southern Africa.

Retail and commercial fuel and related-product distribution

Introduction

The OQ Group's retail and commercial fuel and related product distribution business is conducted by its 49% owned subsidiary, OOMCO, which is a publicly listed company on the Muscat Security Market. OOMCO sells a variety of retail fuels to motorists through a network of 223 fuel service stations, the majority of which operate 24 hours a day and seven days a week across Oman. OOMCO also sells fuels to a wide range of commercial, marine and aviation customers on a business-to-business basis, as well as lubricants and greases in Oman and more than 10 countries abroad. In addition, OQ owns 40% of Hass Petroleum through OQ Trading which acquired its stake in 2017. Hass Petroleum operates 120 fuel service stations across nine countries in East Africa.

Retail business

OOMCO is the only fuel marketer in Oman offering Ultimax, an unleaded performance fuel (98 octane). This original fuel is recommended for sport and high-end cars but can be used by any gasoline engine. It protects the engine and improves its performance while cleaning it better than lower octane fuels. Other retail fuels sold by OOMCO are Mogas 91, Mogas 95 and low sulphur diesel.

Methanol production

OQ Methanol operates a 3,000 MT per day natural gas-based methanol plant located in Salalah. The existing facilities include the methanol plant, related utilities and off-sites, as well as export facilities. The utilities include captive power generation, water desalination, boiler feed-water preparation, auxiliary steam generation, condensate/water treatment facilities, instrument air/plant air and nitrogen generations, and other utilities, including a waste water treatment plant. Methanol produced by OQ Methanol is exported from facilities at the Port of Salalah, close to the plant.

The plant was commissioned in May 2010 and, since commercial operations commenced, has generally produced over 1.11 million MT of methanol *per annum* compared to its nameplate capacity of 1.06 million MT.

A new project to expand into ammonia production commenced in July 2017 and consists of the following:

- an ammonia plant of 1,000 MT per day capacity which is being built adjacent to the methanol plant; and
- associated utilities and infrastructure.

The new ammonia plant will utilise hydrogen rich purge gas generated by the methanol plant as feedstock making it capable of producing ammonia without sacrificing energy efficiency.

As at 30 June 2020, the overall progress achieved on the project was 81.5%, where the engineering progress achieved was 99.9% and the procurement progress achieved was 94.6%. The construction progress achieved was 58.2% as at 30 June 2020. The total estimated EPC cost of the project is U.S.$336 million which is being financed by a senior debt facility. As at 30 June 2020, U.S.$329 million had been invested. As at 30 June 2020, the ammonia project had achieved 6.5 million safe man-hours without a lost time injury.

LPG project

OQ LPG, a wholly-owned subsidiary of OQ, is developing facilities for the extraction and production of LPG from rich natural gas and the re-delivery of lean gas, together with the related processing, storage, transportation and export infrastructure, in Salalah.

The project comprises a gas processing facility, a separate storage site and additional supporting infrastructure. The project is utilising commercially proven technology and has a design life of 25 years. The feedstock for the project is rich gas. This is treated by removing the mercury, then dehydrated and subsequently regenerated in a pre-treatment unit. The gas is transferred to an extraction unit which extracts the lean gas. The residual liquids are processed to produce propane, butane and condensates. Part of the propane and butane may be combined to produce appropriate LPG blends. The production capacity is expected to be 304 KT *per annum*, comprised of 155 KT *per annum* of propane, 111 KT *per annum* of butane and 38 KT *per annum* of condensate.

The Government has agreed to supply all of the rich gas feedstock to OQ LPG on a cost free basis in return for lean gas and a share of the proceeds of the sale of other products produced according to an agreed payment waterfall. OQ Trading is the exclusive offtaker for the other products produced by the project.

As at 30 June 2020, the overall progress achieved on the project was 94.8%, where both the engineering progress achieved and the procurement progress achieved were 100%. The construction progress achieved was 99.7% as at 30 June 2020. The total estimated cost of the project is U.S.$826 million which is being financed by a combination of debt and equity. As at 30 June 2020, U.S.$682 million had been invested. As at 30 June 2020, the project had achieved close to 16.3 million safe man-hours without a lost time injury.

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

Public Administration and Defence

Public administration and defence accounted for 12.2% and 11.9% of nominal GDP in the years ended 31 December 2019 and 2018, respectively. In terms of nominal GDP, economic output from this sector decreased marginally in the years ended 31 December 2019, as compared to the year ended 31 December 2018.

Manufacturing

The manufacturing sector, which includes the operations of OQRPI (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 10.5% of GDP in the years ended 31 December 2019 and 2018. The manufacturing sector employed approximately 14.3% of the private sector labour force (including approximately 14.7% of the expatriate private sector labour force and approximately 12.5% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, this sector is estimated to have increased by 4.5% in the year ended 31 December 2019 as compared to the year ended 31 December 2018.

The Government aims to increase manufacturing's share of GDP to 11% by 2020. During the Eighth Five-Year Plan (2011-2015), the average annual growth rate of the manufacturing sector was 18.4% 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 2021. This plant will enable Oman to produce polyethylene. The project is expected to create approximately 13,000 jobs (1,000 direct, 12,000 indirect) and make a significant contribution to GDP. 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 U.S.$443 million is to be allocated to the development of the ammonia plant.

Construction

The building and construction sector accounted for 6.3% of nominal GDP in the years ended 31 December 2019 and 2018. Building and construction employed approximately 31.1% of the private sector labour force (including approximately 33.3% of the expatriate private sector labour force and approximately 21.3% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, this sector is estimated to have declined by 4.5% in the year ended 31 December 2019 from the year ended 31 December 2018, primarily as a result of the completion of certain major government projects.

The table below sets forth information about building permits granted for the periods indicated:

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
Residential	34,925	31,912	24,149	23,881	20,007
Non-Residential	3,913	3,859	3,457	4,102	2,639
Mixed	2,759	2,535	2,108	2,324	1,134
Total	**41,597**	**38,306**	**29,714**	**30,307**	**23,780**

Source: National Centre for Statistics & Information

Wholesale and Retail Trade

Wholesale and retail trade accounted for 7.0% and 7.3% of nominal GDP each of the years ended 31 December 2019 and 2018, respectively. Wholesale and retail trade employed approximately 17.3% of the private sector labour force (including approximately 17.9% of the expatriate private sector labour force and approximately 14.6% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, this sector is estimated to have declined by 23.0% in the year ended 31 December 2019 from the year ended 31 December 2018, 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 eight ports (Sultan Qaboos port, Duqm port, Muscat port, Salalah port, Shinas port, Khasab port, Qalhat 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% owned by the Government, is the main operating airline in Oman and transported six million passengers in 2019. 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). In 2019, Oman had approximately 6.4 million mobile telephone subscribers and approximately 5.5 million internet subscribers (fixed plus mobile).

The following table sets forth statistics regarding transportation for the periods indicated:

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019***
International Air Passenger Arrivals (*thousands*)	4,902	5,766	6,677	7,499	7,835
Domestic Air Passenger Arrivals (*thousands*)	8,572	8,750	10,634	10,901	9,773
Air Cargo Unloaded (*1,000 tonnes*)	87.5	104.7	124.6	132.8	144.9
Air Cargo Loaded (*1,000 tonnes*)	45.6	53.7	73.0	79.4	89.5
Goods received at customs ports					
Sea (*1,000 tonnes*)	24,994	20,940	23,792	21,383	25,213
Land (*1,000 tonnes*)	10,521	17,845	10,186	9,245	7,832
Air (*1,000 tonnes*)	55	57	65	73	70
Paved Roads (*kilometres*)	35,522	36,958	37,718	39,430	—
of which: dual carriageways	2,531	2,747	2,922	3,360	—

Source: National Centre for Statistics & Information.

Note
* Provisional

Transport, storage and communications accounted for 5.9% and 5.6% of nominal GDP in the years ended 31 December 2019 and 2018, respectively. Transport and communications employed approximately 5.7% of the private sector labour force (including approximately 5.2% of the expatriate private sector labour force and approximately 7.8% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, this sector is estimated to have remained flat in the years ended 31 December 2019 and 31 December 2018. In 2019, 1,547,741 vehicles were registered in Oman, of which 1,202,912 were private vehicles, 31,593 were taxis, 247,237 were commercial and 26,442 were rental cars.

The following table sets forth statistics regarding communications for the periods indicated:

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019***
Post Offices	82	80	82	83	83
Fixed Telephone Lines (*thousands*)	434	423	498	560	592
Mobile Post-Paid Subscribers (*thousands*)	585	614	651	713	782
Mobile Pre-Paid Subscribers (*thousands*)	6,061	6,252	6,293	5,728	5,602
Fixed Internet Subscribers (*thousands*)	236	270	351	424	475
Mobile Broadband Subscribers (*thousands*)	3,254	3,938	4,352	4,113	5,038

Source: National Centre for Statistics & Information.

Note

* Provisional

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. Oman 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% from 2016-2020 in the transportation, storage and telecom sectors and aims for the sector to contribute 8% 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 km^2 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 (financial intermediation) accounted for 6.9% and 6.4% of nominal GDP in the years ended 31 December 2019 and 2018, respectively. Banking and other financial services employed approximately 1.5% of the private sector labour force (including approximately 0.3% of the expatriate private sector labour force and approximately 6.9% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, this sector is estimated to have decreased by 0.5% in the year ended 31 December 2019 from the year ended 31 December 2018.

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

See "*Monetary Policy and Financial System—Banking System*".

Real Estate Activities

Real estate activities, accounted for 4.8% and 4.5% of nominal GDP in the years ended 31 December 2019 and 2018, respectively. These industries employed approximately 0.7% of the private sector labour force (including approximately 0.7% of the expatriate private sector labour force and approximately 0.5% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, real estate and business activities is estimated to have grown by 2.2% in the year ended 31 December 2019 from the year ended 31 December 2018.

Electricity and Water Supply

The electricity and water sector accounted for 2.1% and 2.0% of nominal GDP in the years ended 31 December 2019 and 2018, respectively. Electricity and water utilities employed approximately 0.7% of the private sector labour force (including approximately 0.6% of the expatriate private sector labour force and approximately 1.5% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, this sector is estimated to have grown by 23.1% in the year ended 31 December 2019 from the year ended 31 December 2018.

The following table sets forth statistics regarding electricity and water usage in Oman for the periods indicated:

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
Electricity Production (*GW/h*)	32,189	33,600	35,673	37,192	37,513
Electricity Consumption (*GW/h*)	28,912	30,359	32,349	33,547	33,796
Residential (*GW/h*)	13,757	13,995	14,892	15,326	15,059
Commercial (*GW/h*)	5,736	6,513	7,531	7,837	8,072
Industrial (G*H/h*)	4,723	5,153	5,021	5,169	5,092
Government (*GW/h*)	3,901	3,862	3,814	3,882	4,141
Other (*GW/h*)	795	836	1,092	1,335	1,431
Water Production (*m^3 millions*)	338.8	378.1	400.5	421.4	446.2
Connections (*thousands*)	465	499	558	599	617

Source: National Centre for Statistics & Information.

The Sector Law, which came into force on 1 August 2004 pursuant to Royal Decree № 78/2004 (as amended) 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% 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.

See "*Risk Factors—Risk Factors in relation to the Issuer—Oman is in a water-deprived region*".

Agriculture and Fisheries

Oman's largest 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.

As increased land has come under cultivation (217,000 feddans in 2015, as compared to 262,855 feddans in 2019 (one feddan = 4,200 m^2)), agricultural production has similarly increased from 2.4 million tonnes in 2015 to 3.0 million tonnes in 2019.

The following table sets forth statistics regarding agriculture in Oman for the periods indicated:

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
Cultivated Area (*thousands of feddans)*	2,173	2,248	2,403	2,593	2,629
Vegetables (*thousands of feddans*)	50	53	53	53	55
Field Crops (*thousands of feddans*)	9	10	10	10	10
Fodder Crops (*thousands of feddans*)	84	88	1,019	1,189	1,200
Fruit Crops (*thousands of feddans*)	74	74	75	77	78
Agricultural Production (*thousands of tonnes*)	2,362	2,627	2,623	2,951	3,018
Number of animals					
Cows (*thousands*)	340	381	389	397	405
Camels (*thousands*)	253	258	263	268	273
Sheep (*thousands*)	570	582	593	605	617
Goats (*thousands*)	2,383	2,213	2,257	2,302	2,348

Source: National Centre for Statistics & Information.

Agriculture and fisheries accounted for 2.4% and 2.1% of nominal GDP in the years ended 31 December 2019 and 2018, respectively. These industries employed approximately 1.6% of the private sector labour force (including approximately 1.9% of the expatriate private sector labour force and approximately 0.4% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, this sector is estimated to have grown by 1.9% in the year ended 31 December 2019 from the year ended 31 December 2018.The Government's focus is to increase fisheries production from approximately 200,000 tonnes per year in 2015 to approximately 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% of GDP and the target is for the direct return from fishing and fish processing activities to be approximately 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.

The following table sets forth statistics regarding fishing in Oman for the periods indicated:

	Year ended 31 December					As of 31 October
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Fish Landed (*tonnes*)	**257,172**	**279,610**	**347,541**	**553,445**	**580,240**	**607,978**
Artisanal Fishing (*tonnes*)	254,787	277,014	343,926	548,672	550,210	579,817
Commercial Fishing (*tonnes*)	210	163	398	413	20,055	24,978
Coastal Fishing (*tonnes*)	2,024	2,330	3,140	3,909	3,921	3,183
Aquaculture (*tonnes*)	170	103	77	451	1,054	N/A
Exports						
Quantity (*thousands of tonnes*)	111	114	94	253	204	N/A
Value (*OMR thousands*)	48,873	58,821	27,831	102,197	84,551	N/A

Source: National Centre for Statistics & Information.

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 2019, Oman attracted approximately 3.51 million international tourists, as compared to approximately 3.24 million tourists in 2018 and approximately 3.18 million tourists in 2017. See "—*Transport, Storage and Communications*". Hotel revenues increased, growing from OMR 260 million for the year ended 31 December 2018 to OMR 277 million for the year ended 31 December 2019. 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 1.1% and 0.9% of nominal GDP in the years ended 31 December 2019 and 2018, respectively. Hotels and Restaurants employed approximately 8.1% of the private sector labour force, (including approximately 9.1% of the expatriate private sector labour force and approximately 3.7% of the Omani national private sector labour force) as at 30 November2020. In terms of real GDP, Hotels and Restaurants is estimated to have increased by 7.2% in the year ended 31 December 2019.

The number of visitors to the Sultanate rose by 8.1% in 2019 compared to 2018, reaching 3.51 million compared to 3.2 million in 2018. Entertainment was the main purpose of their visit forming 46.4% of the total number of visitors arriving, followed by 30.5% visiting friends and family and 11.7% on a business trip. 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%. However, due to the COVID-19 pandemic the revenue for the 3-5 star hotels declined by 54.5% on a year-on-year through July 2020. 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 approximately 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-Khutm and Al-Ayn, the Bahla Fort and the Land of Frankincense.

The following table sets forth statistics regarding tourism in Oman for the periods indicated:

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
Visitors (*thousands*)	2,634	3,207	3,178	3,242	3,506
Tourist Nights (*thousands*)	13,139	16,357	17,480	20,344	19,948
Average Nights Spent	6.9	7.0	7.5	8.8	8.0
Tourism Expenditure (*OMR millions*)	684.7	679.2	532.3	427.3	364.8
Number of Hotels	318	340	359	412	491
Occupancy Rate	46.9	47.3	45.2	38.4	37.4

Source: National Centre for Statistics & Information.

In the eight months ended 30 November 2020, revenues from Oman's hotels decreased to approximately OMR 78.0 million, as compared to OMR 202.2 million in the eleven months ended 30 November 2019, a decrease of 61.4%. The occupancy rate was 26.4% with 759,421 total guests in the eleven months ended 30 November 2020, respectively, as compared to 53.9% and 1,590,387, respectively, in the same period in 2019.

See "*Response to COVID-19*".

Key projects within the sector include the mixed used development project such as Madinat Al Irfan, a PPP developed by Omran (a state-owned enterprise supporting Oman's tourism sector) and targeted to contribute approximately 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. Other major projects include Hay Al Sharq, Naseem Al Sabah, Qurayyat Resort, Al Nakheel Resort and Ras Al Hadd. In addition, domestic tourism and ecotourism has become a priority for the sector. The Duqm Rock Garden geopark project "Al Huqf" is a collaborative effort involving the Special Economic Zone Authority of Duqm, Ministry of Heritage and Tourism and *Tanfeedh*. Al Huqf is expected to play a key role in establishing the Sultanate as one of the world's choicest geotourism destinations. Promoting local crafts and enhancing the earning potential of local artisans feature among the major objectives of Al Huqf.

As part of Vision 2040, Oman hopes to achieve total tourism employment of 535,574 by 2040 (as compared to 89,413 in 2013), 5.3 million international tourists visiting Oman per year (as compared to 1.4 million in 2013), and a GDP contribution from the tourism sector of more than 5.9% (as compared to 2.0% 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 0.4% and 0.5% of nominal GDP in each of the years ended 31 December 2019 and 2018, respectively. The mining sector employed approximately 3.3% of the private sector labour force (including approximately 1.3% of the expatriate private sector labour force and approximately 12.5% of the Omani national private sector labour force) as at 30 November 2020. In terms of real GDP, this sector is estimated to have grown by 8.0% in the year ended 31 December 2019 from the year ended 31 December 2018.

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% from 2016 to 2020, albeit from a low base, in the mining sector. In 2019, the procedures required in respect of 15 mining blocks were finalised in order to prepare them for investment. In addition, the Ghuzayn copper project received a "no-objection" notice to start the Mining activities.

In January 2016, the OIA (then known as the 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. The OIA is expected to hold a 60% stake in MDO, with the remaining 40% 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 2.1 million as of 31 December 2019, of which approximately 1.9 million workers were employed in the private sector.

At 31 December 2019, Omanis constituted approximately 21.3% of the labour force while expatriates, who constituted 42.5% of the total population, made up 78.7% of the labour force. As at 31 December 2019, Omanis constituted approximately 85.2% of government sector employees, as compared with expatriates who constituted approximately 14.8% of government sector employees. As at 31 December 2019, Omanis constituted approximately 16.1% of private sector employees, as compared with expatriates who constituted approximately 83.9% of private sector employees. The percentage of expats in the private sector has decreased from 85.1% as of 31 December 2018. Of those expatriates employed in the private sector as at 31 December 2019, 34.2%, 16.4% and 13.8% 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 12.4% of GDP in 2017 to approximately 11.4% of GDP in 2019, as well as more Omanis entering the private sector. Additionally, Government-sector employees declined by 0.7% from a total of 230,899 (Omanis: 195,481 and Expats: 35,418) in 2018 to 229,386 (Omanis: 195,338 and Expats: 34,048) in 2019.

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 Labour, 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 № 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. Pursuant to Royal Decree № 89/2020, the competencies of the NTF were transferred to the Ministry of Labour.

The unemployment rate among the total labour force in Oman was estimated by the International Labour Organization and reported by the World Bank at 2.7% in 2019, and at 2.5% as of 31 August 2020.

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 Ministry of Finance, International Labour Organization and reported by the World Bank in Oman for the periods indicated.

	As at 31 December					As at 30 November
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
			(%)			
Total unemployment rate	3.6	3.3	3.0	2.9	2.7	2.4
Youth (ages 15-24) unemployment rate	15.0	13.9	13.4	13.2	13.2	8.5

Source: International Labour Organisation.

The following table sets forth the structure of Omani nationals working in the private sector by monthly wages at 30 November 2020.

	325-399	**400-499**	**500-599**	**600-699**	**700-799**	**800-899**	**900-999**	**1,000-1,999**	**2,000+**
					(OMR)				
Number of Omani national workers	70,863	53,144	29,878	22,077	14,024	10,038	7,753	32,109	15,605

Source: National Centre for Statistics & Information.

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. Pursuant to Royal Decree № 89/2020, the competencies of the NCE were transferred to the Ministry of Labour.

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".

On 1 November 2020, pursuant to Royal Decree № 82/2020 issued on 17 August 2020, the Public Authority for Social Insurance (the "**PASI**") is expected to launch a new fund to support Omani employees whose employment has been terminated. The PASI has the overall role of administering the fund. From January 2021, employers will have to deduct 1% of each employee's basic monthly salary to contribute to the fund. It is expected that in the future, job seekers will also be eligible to benefit from the fund.

The Oman Vision 2040 Implementation Support and Follow-Up Unit ("**ISFU**") and the Ministry of Labour 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 Labour 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 Labour 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 programme began, and licenses issued per year increased to 100,000 in 2015 from 25,000 prior to the programme. The World Bank

Group's Doing Business 2020 report ranked Oman 68th globally as compared to 78th in 2019 and 2018, 71st in 2017 and 66th in 2016. The World Bank Group's Doing Business 2020 report also ranked Oman 32nd in the category of starting a business (up from 37th in 2019 and 2018, tied with its rank 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 2019 growing from 286,569 in 2014 to 312,651 in 2015 to 344,043 in 2016, 358,666 in 2017, 294,202 in 2018 and 312,720 in 2019. 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:

	Oman	**MENA Average**
Average procedures required	4.5	6.5
Average time (*days*)	4.5	19.7
Average cost (*% of income per capita*)	3.1	16.7

Source: World Bank – Doing Business 2020

Education

The Government views education as a key pillar in the development of Oman, and, accordingly, the Government's aim is universal education. The Ministry of Education is deploying new technologies and promoting research and innovation in order to result in a more educated population that is able to make positive contributions to Oman's development and to enhance its standing in the world. The Government's educational strategy is based on four principles: (i) setting up a new effective framework for education; (ii) building capacity and expertise in education administration; (iii) the gradual devolution of responsibilities from the Ministry of Education level to the schools and higher education institutions themselves; and (iv) the adoption of an outcomes-based approach in educational planning, development, reviewing and funding.

The following table sets forth statistics regarding primary and secondary education (K-12) in Oman for the school years indicated:

	School Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Schools	1,647	1,725	1,808	1,927	2,046
Government Schools	1,068	1,100	1,125	1,149	1,163
Special Education Schools	3	3	3	3	3
Private Schools	530	578	636	730	834
International Schools	46	44	44	45	46
Students (*thousands*)	724.4	748.3	770.5	805.3	843.6
Teachers (*thousands*)	67.9	68.4	69.4	70.3	71.5

Source: National Centre for Statistics & Information.

In 2019, the literacy rate was 96.2%, of which 97.5% of males were literate and 93.5% of females were literate. Illiteracy is primarily concentrated in people over 50.

The following table sets forth statistics regarding higher education in Oman for the school year indicated:

	School Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Students (*thousands*)	23.6	27.2	29.5	30.1	32.7
Graduate Students (*thousands*)	15.8	15.1	16.6	20.5	21.5
Omani Students Abroad					
Students (*thousands*)	14.4	18.1	7.5	11.1	8.2
Graduate Students (*thousands*)	2.1	2.2	2.4	3.8	3.0
Academic Staff (*thousands*)	5.6	5.1	5.1	6.0	6.8
Percentage Omani (%)	30	28	29	26	28

Source: National Centre for Statistics & Information.

Oman also benefits from a strong cultural sector, with 12 museums visited by 408,000 people in 2019. It has a number of historic monuments, including 51 castles and forts, which had 427,000 visitors in 2019.

Healthcare

In 2019, Oman had 72 hospitals, 985 hospital beds, 317 extended health centres, 937 clinics and 788 pharmacies.

The following table sets forth indicators regarding healthcare in Oman for the periods indicated:

	For the Year Ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
Key Indicators (*per 1,000 population*)					
Hospital Beds	15.6	14.9	14.7	14.8	15.0
Doctors	21.4	19.6	20.2	21.0	20.8
Dentists	2.8	2.8	3.0	2.1	3.2
Nurses	46.5	44.8	43.7	44.0	44.0
Pharmacies	5.1	5.5	5.4	5.9	5.7
Malnutrition Rate (% of under 5 year olds)	2.2	1.8	1.5	1.4	1.2

Source: National Centre for Statistics & Information.

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 № 114/2001) (as amended), 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 Environment Authority, as well as the Ministry of Agriculture and Fisheries Wealth 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.

EXTERNAL SECTOR

(deleting and replacing the section entitled "External Sector" on page 79 of the Base Prospectus in its entirety)

General

Preliminary data shows that Oman's balance of payments recorded an overall deficit of OMR 165 million in the first six months of 2020, as compared to a deficit of OMR 834 million in the first six months of 2019, primarily due to the increase in current account deficit. The current account deficit increased in the second quarter of 2020 to OMR 1,459 million (representing 11.9% of GDP), as compared to OMR 962 million in the second quarter of 2019 (representing 6.8% of GDP). The increase in the current account deficit in the second quarter of 2020 was primarily due to a decrease in the goods balance and an increase in income payments. The trade surplus decreased by 26.1%, to OMR 2,531 million in the first six months of 2020 from OMR 3,424 million in the first six months of 2019, due to a 19.1% decrease in merchandise exports, which decreased to OMR 6,126 million in the first six months of 2020 from OMR 7,575.2 million in the first six months of 2019. However, the merchandise imports declined by 13.4% to OMR 3,589.3 million in the first six months of 2020 from OMR 4,151 million in the first six months of 2019.

The capital and financial account recorded a net inflow of OMR 1,417 million in the second quarter of 2020, as compared to OMR 386 million in the second quarter of 2019, reflecting an increase of 267%. This increase was primarily due to an increase in financial account inflows from OMR 369 million in the second quarter of 2019 to OMR 1,409 million in the second quarter of 2020. Net FDI inflows increased from OMR 1,104 million in the second quarter of 2019 (representing 7.8% of GDP) to OMR 1,569 million in the second quarter of 2020 (representing 12% of GDP), primarily due to increased inflows from China in constructions and power industry.

Net foreign assets held by Omani banks (excluding the CBO) increased by OMR 648.7 million, from OMR 769.6 million as at 31 December 2019, to OMR 1,418.3 million as at 30 September 2020. Foreign currency deposits at Omani banks increased from OMR 2,609.2 million as at 31 December 2019, to OMR 2,832.6 million as at 30 September 2020. Foreign currency deposits as a percentage of total deposits increased from 11.0% as at 31 December 2019, to OMR 11.6% as at 30 September 2020.

Oman's external trade surplus decreased from OMR 3,074 million in June 2019 to OMR 2,553 million in June 2020, a decrease of OMR 523 million, or 17%. The decrease in the trade surplus was primarily due to a decline in oil and non-oil exports due to lower demand from trading partners in the first half of 2020, as compared to the first half of 2019.

Foreign Trade

Exports and Imports

Oman's exports consist principally of crude oil. The total value of merchandise exports (including re-exports) decreased by 21.4% to OMR 8,712.6 million for the nine months ended 30 September 2020, as compared to OMR 11,087.9 million for the same period in 2019. For the nine months ended 30 September 2020, the value of crude oil exports from Oman decreased by 29.3% to OMR 3,893.4 million, as compared to OMR 5,507.5 million for the same period in 2019. For the nine months ended 30 September 2020, the value of gas exports from Oman decreased by 25.6% to OMR 960.9 million, as compared to OMR 1,291.5 million for the same period in 2019, due to lower LNG prices. The value of non-oil and gas exports (excluding re-exports) declined by 12.5% in the nine months ended 30 September 2020, as compared to the same period in 2019, due to a decrease 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 88% of Oman's total oil and condensates exports for the nine months ended 30 September 2020. For a discussion of the principal countries purchasing oil from Oman, see "*The Economy of Oman—Principal Sectors of the Economy* **-** *Oil and Gas Sector—Oil Exports*".

The total value of recorded imports decreased by 5.7% to OMR 6,039.4 million for the nine months ended 30 September 2020, as compared to OMR 6,407 million for the same period in 2019. 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 periods indicated.

	For the year ended 31 December					For the nine months ended 30 September	
	2015	2016	2017	2018	2019	2019	2020*
	(OMR millions, except where indicated)						
Merchandise Exports							
Oil and Gas	***7,828.5***	***5,840.3***	***7,366.1***	***10,486.7***	***10,195.1***	***5,095.6***	***4,003.6***
Crude Oil	6,682.3	4,936.7	5,795.3	7,728.2	7,555.9	5,507.5	3,893.4
Refined Oil	172.9	186.7	404.7	1041.9	929.1	819.6	459
Liquefied Natural Gas	973.3	716.9	1,166.2	1,716.6	1,710.1	1291.5	961.0
Non-Oil	***3,003.8***	***2,398.8***	***3,176.4***	***3,727.3***	***3,237.1***	***2,469.7***	***2,155.7***
Base Metals and Articles	650.5	508.2	624.2	999.5	856.9	630.0	622.6
Chemical Products	700.2	577.4	807.5	858.8	856.9	685.2	438.4
Mineral Products	572.8	482.3	859.6	662.5	377.4	261.7	276.8
Others	1,080.3	830.9	885.1	1,206.5	1,145.9	728.6	817.9
Re-Exports	***2,571.5***	***2,056.4***	***2,109.0***	***1,843.1***	***1,464.2***	***1,004.9***	***1,243.5***
Mineral Products	565.5	655.3	696.0	460.8	69.5	8.5	41.2
Transport Equipment	1,615.5	992.6	591.4	477.4	454.3	296.5	595.3
Others	390.6	408.4	816.5	900.9	925.1	649.9	607
Total merchandise exports	**13,404.1**	**10,295.5**	**12,651.5**	**16,057.1**	**14,896.4**	**11,088**	**8,712.6**
Recorded Merchandise Imports							
Electrical Machinery and Mechanical Equipment and Parts	2,240.7	1,867.5	2,363.3	2,511.5	2,058.7	1,490.8	1,242.4
Base Metals and Articles	1,256.6	1,160.7	1,395.4	1,682.4	1,370.5	979.3	912.7
Transport Equipment	1,778.0	1,103.2	1,244.2	794.8	1,020.6	505.7	449.4
Chemical Products	955.2	673.6	751.6	777.4	760.2	584.6	558.4
Prepared Food Stuffs, Beverages	444.7	450.9	481.8	485.5	540.5	408	341.9
Live Animals and Its Products	450.1	438.8	451.0	500.4	511.9	394.9	383.6
Mineral Products	1,682.7	1,100.3	1,085.7	902.8	582.2	402	428.4
Others	2,345.3	2,105.2	2,391.2	2,253.8	2,193.7	1,642.1	1,722.9
Total recorded merchandise imports	**11,153.3**	**8,900.2**	**10,164.2**	**9,908.6**	**9,038.3**	**6,407.3**	**6,039.4**
Trade Surplus	**2,250.8**	**1,395.3**	**2,487.3**	**6,148.5**	**5,858.1**	**4,680.7**	**2,673.2**
Total External Trade	**24,557.4**	**19,195.7**	**22,815.7**	**25,965.7**	**23,934.7**	**17,495.3**	**14,752**
Merchandise Imports by Customs Outlets							
Sea							
Value	6,624.0	4,831	5,759.3	5,478.9	5,039.4	3,824.1	3,260.7
Percentage of Total Imports	*59.4%*	*54.3%*	*56.7%*	*55.3%*	*55.8%*	*56.4%*	*54.0%*
Quantity (1,000 tonnes)	24,994.0	20,940.0	23,792.1	21,383.4	25,213.4	19,265	15,797.7
Percentage of Total Imports	*70.3%*	*50.0%*	*69.9%*	*69.7%*	*76.1%*	*76.4%*	*76.4%*
Land							
Value	3,318.4	2,855.0	2,986.9	2,957.0	2,591.9	1,960.2	1933.4
Percentage of Total Imports	*29.8%*	*32.1%*	*29.4%*	*29.8%*	*0.3%*	*28.9%*	*32%*
Quantity (1,000 tonnes)	10,521.2	17,845.0	10,186.1	9,244.9	7,832.5	5,910	5,076.6
Percentage of Total Imports	*29.6%*	*42.6%*	*29.9%*	*30.1%*	*0.2%*	*23.4%*	*24.3%*
Air							
Value	1,210.9	1,215.0	1,418.0	1,472.7	1,406.9	1,001.3	854.2
Percentage of Total Imports	*10.9%*	*13.7%*	*14.0%*	*14.9%*	*0.2%*	*14.8%*	*14%*
Quantity (1,000 tonnes)	55.2	57	65.2	72.6	69.9	52.6	39.1
Percentage of Total Imports	*0.2%*	*0.1%*	*0.2%*	*0.2%*	*0.0%*	*0.2%*	*0.2%*
Total recorded merchandise imports	**11,153.3**	**8,900.2**	**10,164.2**	**9,908.6**	**9,038.3**	**6,785.7**	**6,039.4**
Quantity (1,000 tonnes)	35,570.4	38,842.0	34,043.4	30,700.9	33,115.8	25,227.6	20,913.4

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

Note

* Preliminary

The following table sets forth the total trade exchange by country of origin for the periods indicated.

	For the year ended 31 December					For the nine months ended 30 September	
	2015	2016	2017	2018	2019	2019	2020*
	(OMR millions)						
Non-Oil Omani Exports	**3,098.3**	**2,398.7**	**3,176.4**	**3,727.0**	**3,230.6**	**2,464.7**	**2,155.7**
U.A.E.	626.2	604.6	711.2	687.4	607.6	451.2	434.6
Saudi Arabia	375.0	253.5	487.2	611.7	584.3	461.2	348.9
India	274.1	251.7	310.7	381.2	321.7	229.9	212.9
China	215.6	197.5	244.0	269.3	219.2	171.1	130.2
Qatar	94.4	80.8	210.3	348.8	216.9	171.4	175.7
Others (including the United States)	1,513	1,010.55	1,213.0	1,428.60	1,280.90	979.9	853.6
Re-Exports	**2,587.6**	**2,072.7**	**2,102.1**	**1831.5**	**1448.8**	**1,004.9**	**1,243.5**
U.A.E.	974.8	570.3	544.7	428.4	430.1	295.9	407.4
Qatar	16.2	16.3	318.7	341.3	325.2	207	360.7
Others	1,596.8	1,486.1	1,238.7	1061.8	693.5	502	475.5
Imports	**11,153.3**	**8,900.2**	**9,937.5**	**9,703.70**	**8,492.20**	**6,407.3**	**6,039.4**
U.A.E.	4,271.0	4,343.3	4,250.1	4,545.8	3,641.6	2,754.8	2,469.1
India	625.5	444.3	538.8	434.8	444.8	343.7	336.1
China	583.8	455.4	612.7	584.6	605.4	464	445.3
United States	561.5	417.3	405.3	317.3	254.5	189.2	169.2
Others	5,111.5	3,239.9	4,130.7	3,821.20	3,545.90	2,655.6	2,619.8

Source: Directorate General of Customs – Royal Oman Police

Note
* Preliminary

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% and 5% on most products. In addition, Oman applies a 100% tariff on imports of alcoholic beverages and pork products. Oman's overall average MFN applied tariff is 5.5%.

Five-Year Plan

A pillar of Oman's Ninth Five-Year Plan (2016-2020) is diversification of the economy, and trade plays a major role in this programme. In order to stimulate trade and foreign investment, the Government has introduced a number of new legal frameworks to ease doing business in Oman, update the privatisation and public-private partnerships regimes and simplify laws relating to trade. See "*Public Finance—Legal Reforms and Innovations*".

Balance of Payments

Current Account

The current account registered a higher deficit of OMR 1,459 million in the second quarter of 2020 (representing 11.9% of GDP), as compared to a deficit of OMR 962 million for the same period in 2019 (representing 6.8% of GDP). The widening in the deficit was attributable to lower export revenues and increased income payments. The balance of services recorded a higher deficit of OMR 1,298 million in the second quarter of 2020, as compared to a deficit of OMR 1,552 million during the same period in 2019, mainly due to lower imports of travel and other services. The amount of outward remittances by expatriate workers decreased by 7.9% to OMR 1,604 million as at the end of June 2020, as compared to OMR 1,741 million during the same period in 2019. This was due to the high number of expatriate workers that left the country and lower wages as a result of the COVID-19 pandemic.

Capital Account and Financial Account

The net capital and financial account inflows during the second quarter of 2020 were lower than the current account deficit, leading to an overall balance of payments deficit and drawdown in official international reserves of the country.

Net inflows under the capital and financial account were mainly comprised of FDI and inflows. Net foreign direct investment was approximately OMR 1,468 million in the second quarter of 2020, as compared with net foreign direct investment of OMR 1,104 million during the same period in 2019.

Balance of Payments and Change in Reserves

A surplus of OMR 1,417 million on the capital and financial account in the second quarter of 2020 and the OMR 1,459 million deficit on the current account in the second quarter of 2020, along with associated net errors and omissions of OMR 123 million, resulted in an overall balance of payments deficit of OMR 165 million in the period.

The following table summarises the balance of payments of Oman as at 31 December for the five years ended 31 December 2019, and as of 30 June 2020.

	As at 31 December					As of 30 June	Change 2018/2019
	2015	2016	2017	2018	2019*	2020*	19
			(OMR millions)				*(%)*
Current account	**(4,207)**	**(4,821)**	**(4,222)**	**(1,649)**	**(1,592)**	**(1,459)**	**(3.5)**
Goods	***3,506***	***2,406***	***3,369***	***6,953***	***7,009***	***2,531***	***0.8***
Exports (*FOB*)	13,720	10,591	12,644	16,045	14,875	6,126	(7.3)
Hydrocarbons	8,144	6,136	7,366	10,487	10,195	3,881	(2.8)
Oil	6,864	5,123	6,200	8,770	8,485	3,123	(3.2)
Crude	6,682	4,937	5,795	7,728	7,556	3,842	(2.2)
Refined Oil	182	187	405	1,042	929	282	(10.8)
Natural Gas	1,280	1,013	1,166	1,717	1,710	758	(0.4)
Other exports	3,004	2,399	3,176	3,727	3,231	1,409	(13.3)
Re-export (*FOB*)	2,572	2,056	2,102	1,831	1,449	836	(20.9)
Imports (*FOB*)	(10,214)	(8,185)	(9,275)	(9,092)	(7,866)	(3,595)	(13.5)
Services	***(2,622)***	***(2,468)***	***(2,600)***	***(2,745)***	***(2,727)***	***(1,298)***	***(0.7)***
Services (Credit)	*1,305*	*1,348*	*1,569*	*1,765*	*1,923*	*526*	*9.0*
Travel	592	622	672	676	696	172	3.0
Transportation	483	505	670	834	944	201	13.2
Insurance	16	16	15	15	16	11	6.7
Communication	34	42	40	72	90	59	25.0
Other Services	180	163	172	168	177	83	5.4
Services (Debit)	*(3,927)*	*(3,816)*	*(4,169)*	*(4,510)*	*(4,650)*	*(1,824)*	*3.1*
Travel	(679)	(822)	(898)	(977)	(1,006)	(320)	3.0
Transportation	(1,517)	(1,365)	(1,579)	(1,740)	(1,681)	(587)	(3.4)
Insurance	(387)	(361)	(394)	(409)	(414)	(215)	1.2
Communication	(44)	(47)	(47)	(77)	(93)	(61)	20.8
Other Services	(1,300)	(1,221)	(1,251)	(1,307)	(1,456)	(641)	11.4
Balance on goods & services	***884***	***(62)***	***769***	***4,208***	***4,282***	***1,233***	***1.8***
Income	***(864)***	***(794)***	***(1,218)***	***(2,030)***	***(2,361)***	***(1,087)***	***16.3***
Income (Credit)	*258*	*372*	*385*	*449*	*457*	*221*	*1.8*
Compensation of employees	15	15	15	15	15	7	0.0
Other Investment Income	243	357	370	434	442	214	1.8
Income (Debit)	*(1,122)*	*(1,166)*	*(1,603)*	*(2,478)*	*(2,818)*	*(1,308)*	*13.7*
Direct Investment Income	(951)	(823)	(1,108)	(1,519)	(1,739)	(723)	14.5
Other Investment Income	(172)	(343)	(495)	(960)	(1,079)	(585)	12.4
Balance on goods, services & income	***19***	***(856)***	***(449)***	***2,178***	***1,921***	***146***	***(11.8)***
Current Transfers	***(4,226)***	***(3,965)***	***(3,774)***	***(3,829)***	***(3,512)***	***(1,604)***	***(8.3)***
Current Transfer (*Credit*)	—	—	—	—	—	—	—
Current Transfer (*Debit*)	(4,226)	(3,965)	(3,774)	(3,829)	(3,512)	(1,604)	(8.3)
Capital and Financial Account	**4,618**	**1,614**	**3,406**	**2,986**	**1,346**	**1,417**	**(54.9)**
Capital Account	***209***	***198***	***99***	***40***	***44***	***8***	***10.0***
Grants (*Credit*)	209	198	111	116	55	11	(52.6)
Grants (*Debit*)	—	—	(12)	(76)	(11)	(3)	(85.5)
Financial Account	***4,409***	***1,416***	***3,307***	***2,946***	***1,302***	***1,409***	***(55.8)***

	As at 31 December					As of 30 June	Change 2018/2019
	2015	2016	2017	2018	2019*	2020*	19
			(OMR millions)				(%)
Foreign Direct Investment	*(964)*	*734*	*190*	*2,009*	*1,074*	*1,468*	*(46.5)*
Assets (*FSDI abroad*)	(129)	(137)	(932)	(275)	(241)	(94)	(12.4)
Liabilities (*FDI in Oman*)	(835)	871	1,122	2,284	1,315	1,562	(42.4)
Portfolio Investment	*329*	*1,923*	*2,417*	*2,614*	*453*	*17*	*(82.7)*
Assets	(443)	143	(542)	(683)	(723)	126	5.9
Liabilities	772	1,780	2,959	3,297	1,176	(109)	(64.3)
Other Investment	*5,044*	*(1,241)*	*700*	*(1,677)*	*(225)*	*(76)*	*(86.6)*
Assets	2,717	(816)	(907)	(1,141)	(1,510)	608	32.3
Trade Credit & other receivable	(33)	(129)	(145)	(188)	(175)	(70)	(6.9)
Currency & Deposit	105	292	23	(91)	(353)	525	287.9
Other Assets	2,645	(979)	(785)	(862)	(982)	153	13.9
Liabilities	2,329	(425)	1,608	(535)	1,285	(685)	(340.2)
Trade Credit & other Payables	31	(215)	(183)	(205)	(160)	(64)	(22.0)
Currency & Deposits	2,048	(2,110)	(107)	459	440	(189)	(4.1)
Loans	235	1,859	1,947	(764)	1,028	(374)	(234.6)
General Government (net)	305	1,917	920	(133)	221	37	(266.2)
Other Sectors	(70)	(59)	1,027	(632)	806	(410)	(227.5)
Other Liabilities	15	41	(49)	(25)	(23)	(58)	(8.0)
Net Errors & Omissions	**(176)**	**(486)**	**(245)**	**(347)**	**(294)**	**(128)**	**(15.3)**
Overall balance	**235**	**(3,615)**	**(1,066)**	**990**	**(540)**	**(165)**	**(154.5)**
Reserves assets	**(235)**	**3,615**	**1,066**	**(990)**	**540**	**165**	**(154.5)**
Central Bank	(547)	943	481	(705)	317	93	(145.0)
Government Reserves	312	2,672	585	(286)	223	72	(178.0)

Source: Directorate General of Customs – Royal Oman Police

Note

* Provisional

Foreign Reserves Assets

Oman's foreign reserves assets are held partly by the CBO and partly by the OIA.

The following table sets forth Oman's total foreign reserves assets as at the dates indicated.

	As at 31 December					As at 30 November 2020
	2015	2016	2017	2018	2019	2020
	(OMR millions, except months of imports and U.S.$ figures)					
Central Bank of Oman	6,745.8	7,790.9	6,186.4	6,685.9	6,406.7	5,805.5
OIA	9,196.9	6,514.7	6,554.9	6,327.8	6,704.3	6,956
Total	**15,942.7**	**14,305.6**	**12,741.3**	**13,013.7**	**13,111.0**	**12,761.5**
In U.S.$.	41,464	37,205	33,137.0	33,845.9	34,098.8	33,189.9
						As at 30 September 2020
In months of imports (F.O.B.)	18.7	21.0	16.5	17.2	20.0	23.4
Merchandise imports (F.O.B.)	10,214.0	8,185.0	9,275.0	9,091.5	7,865.6	5,507.6

Source: Central Bank of Oman and Ministry of Finance

Oman's total foreign reserves were OMR 12,761.5 million as at 30 November 2020 and are free from any encumbrances. Approximately 54% of Oman's OIA reserves and approximately 46% of CBO reserves were held in U.S. Dollars as at 30 September 2020, 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 CBO increased by 2% to approximately OMR 6.5 billion as at 30 September 2020, as compared to approximately OMR 6.4 billion as at 31 December 2019.

The following table sets forth the foreign reserves assets held by the CBO for the periods indicated.

	As at 31 December					As at 30 November 2020
	2015	2016	2017	2018	2019	
			(OMR millions)			
Gross Foreign Assets	6,745.8	7,790.9	6,186.4	6,685.9	6,406.7	5,805.5
Bullion	*0.4*	*0.4*	*0.5*	*0.4*	*0.5*	*0.6*
IMF Reserve Assets	*135.4*	*127.2*	*97.1*	*94.8*	*110.3*	*126.2*
Placements Abroad	*1,358.0*	*2,510.7*	*1,535.8*	*3,021.2*	*2,731.2*	*2,351*
Securities	*5,252.0*	*5,152.6*	*4,553.0*	*3,569.5*	*3,564.7*	*3,327.7*
Foreign currency deposits from the Government	(386.2)	(1,155.9)	(774.4)	(851.9)	(1,401.4)	(994.0)
Foreign currency deposits from Omani banks	(300.8)	—	(568.7)	(1,157.8)	(286.5)	(204.6)
Net Foreign Assets	**6,058.9**	**6,635.0**	**4,843.3**	**4,676.2**	**4,718.8**	**4,606.9**

Source: Central Bank of Oman

OIA

The following table sets forth the balance of the SGRF (currently known as OIA) as at 30 September 2020 and for the SGRF for the other periods indicated. See "*The Economy—Other Government Assets—Oman Investment Fund*".

	As at 31 December					As at 30 November 2020
	2015	2016	2017	2018	2019	
			(OMR millions)			
Opening balance	9,640.5	9,659.5	8,387.3	8,568.1	7,956.0	16,181
Closing balance	9,659.5	8,387.3	8,568.1	7,956.0	8,285.8	16,609
Memorandum items						
Fund resources	9,659.5	8,387.3	8,568.1	7,957.0	8,285.9	16,609
Central Bank of Oman	*0.0*	*1072.1*	*1,170.2*	*398.0*	*192.3*	*390*
Resident commercial banks	*291.4*	*435.1*	*524.8*	*765.0*	*930.9*	*655*
Muscat securities market	*177.5*	*176.3*	*154.0*	*316.0*	*459.8*	*8,608*
Foreign banks and institutions	*9,196.88*	*6,703.8*	*6,719.0*	*6,478.0*	*6,702.9*	*6,956*

Sources: Ministry of Finance and Central Bank of Oman

No cash transfers were made from the Ministry of Finance to the SGRF in 2015, 2016, 2017, 2018 or 2019. Transfers were made from the SGRF to the Ministry of Finance, in line with the relevant budgets, of OMR 0.5 billion, OMR 0.3 billion and OMR 0.5 billion in 2017, 2018 and 2019, respectively.

Other Government Assets

Petroleum Reserve Fund

The Petroleum Reserve Fund was established in 1993. Prior to 2018, its resources were designated for hydrocarbon investment inside and outside Oman. In 2018, it was re-designated as a contingency reserve fund for servicing debt. On average, oil revenues equivalent to the value of 15,000 barrels per day are transferred to the Petroleum Reserve Fund on an annual basis. Since its inception, a total of OMR 20,000 billion has been transferred to the fund.

The Petroleum Reserve Fund is not considered part of the total foreign reserves assets. As at 30 November 2020, the Petroleum Reserve Fund held a balance of OMR 550.4 million.

The following table sets forth the balance of the Petroleum Reserve Fund as at the dates indicated.

	As at 31 December					As at 30 November
	2015	2016	2017	2018	2019	2020
	(OMR millions)					
Opening balance	117.0	216.9	127.9	128.0	581.7	988.1
Transfers	99.9	(89)	0.0	453.7	407.4	(437.7)
Closing balance	216.9	127.9	127.9	581.7	988.1	550.4

Source: Ministry of Finance

Infrastructure Project Finance Account (IPF) or Infrastructure Development Account

The IPF was formed in April 2003 in accordance with the directives of the Financial Affairs Energy Resources Council. The IPF is funded from budgetary surpluses and its objective is to ensure sufficient funds are available for infrastructure-related projects in Oman. As at 31 August 2020, the balance outstanding was OMR 7.5 million. The IPF is not considered part of the total foreign reserves assets.

Oman Investment Fund (OIF)

The OIF was established under Royal Decree № 14/2006 in March 2006 and was wholly-owned by the Government. The OIF was funded primarily from budgetary surpluses and its principal objective was to invest in long and medium-term projects in the industrial and services sectors within and outside Oman, with the aim of maximising returns whilst managing an acceptable degree of risk. The OIF's assets are not considered part of the total foreign reserves assets. The OIF now forms part of the consolidated OIA entity established by Royal Decree № 61/2020.

In December 2016, as part of broader strategy to transfer the Government's holdings in certain private entities to holding companies, including the OIF and SGRF, Oman transferred its 51% stake in Omantel, the country's incumbent telecoms operator, from the Ministry of Finance to the 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).

Government deposits in the domestic banking sector

As at 30 November 2020, Government deposits within conventional commercial banks totalled OMR 4,392.9 million, a decrease of 18.5% as compared to OMR 5,389.1 million as at 31 December 2019.

Foreign Direct Investment

In recent years, the Government has introduced a number of legislative and institutional reforms aimed at improving Oman's investment climate and attracting both domestic and foreign investment. The Government has sought to address constraints historically affecting inbound investment into Oman. FDI has been accelerating in recent years, in particular due to the development of the Duqm Special Economic Zone, which involves the construction of a port, an airport, a refinery and tourist facilities. According to data from the Special Economic Zone, the Duqm area alone has attracted U.S.$14 billion of investments.

In order to modernise the relevant regulatory regime and encourage increased investment in Oman, the Ministry of Commerce, Industry and Investment Promotion has replaced the previous Foreign Capital Investment Law (Royal Decree № 102/1994) with a new Foreign Capital Investment Law (Royal Decree № 50/2019), which came into force on 7 January 2020 (the "**FCIL**"). Under the FCIL, it is now permissible for Omani companies to be 100% owned by foreign holders, with the exception of companies practicing certain restricted activities. As well as relaxing restrictions on foreign investment, the FCIL has streamlined registration and licensing procedures for foreign investors and aligned their rights and incentives with those given to local investors.

Net FDI inflows decreased from OMR 2.2 billion in the year ended 31 December 2018 to OMR 1.1 billion in the year ended 31 December 2019. The decrease in net FDI was primarily due to higher outflows of FDI from Oman, partially offset by higher inflows.

FDI By Industry

Oil and gas exploration accounts for the largest share of FDI (66.8% in 2019) into Oman, followed by manufacturing (11.4% in 2019) and financial intermediation (9.7% in 2019).

The table below sets out foreign direct investment in the Sultanate by industry for the periods indicated.

	As at 31 December					As at 31 March
	2015	**2016**	**2017**	**2018**	**2019***	**2020**
			(OMR millions)			
Oil and Gas Exploration	2,982	3,979	6,299	8,540	9,746	9,691
Financial Intermediation	1,377	1,437	1,475	1,452	1,410	1,362
Manufacturing	1,039	1,050	1,134	1,149	1,661	1,695
Real Estate	536	619	639	621	764	1,014
Transport, Storage and Communications	257	267	279	254	266	210
Trade	262	279	271	298	284	275
Construction	147	141	164	126	189	189
Hotels and Restaurants	161	158	153	128	118	108
Electricity and Water	76	83	83	61	76	446
Other	54	67	166	65	74	74
Total	**6,891**	**8,079**	**10,662**	**12,694**	**14,587**	**15,064**

Source: Ministry of Finance

FDI By Country

The table below sets out foreign direct investment in the Sultanate by country for the periods indicated.

	As at 31 December					As at 31 March
	2015	**2016**	**2017**	**2018**	**2019***	**2020**
			(OMR millions)			
United Kingdom	2,571	3,498	5,217	6,625	7,583	7,544
U.A.E.	846	986	1,051	1,034	1,192	1,208
United States	255	245	786	1,553	1,802	1,795
Kuwait	388	412	431	387	843	917
Qatar	366	392	386	328	356	373
Bahrain	312	348	331	363	401	402
Switzerland	288	274	288	233	260	260
India	281	239	281	251	326	323
Netherlands	254	248	276	255	304	305
Other	1,330	1,437	1,615	1,665	1,520	1,937
Total	**6,891**	**8,079**	**10,662**	**12,694**	**14,587**	**15,064**

Source: Ministry of Finance

MONETARY POLICY AND FINANCIAL SYSTEM

(deleting and replacing the section entitled "Monetary Policy and Financial System" on page 86 of the Base Prospectus in its entirety)

The Central Bank of Oman

The CBO was established in December 1974 (commencing operations on 1 April 1975) and is the monetary authority in Oman. The Banking Law 1974 (as amended by Royal Decree № 114/2000 and as further amended, the "**Banking Law**") sets out the CBO's functions and responsibilities, which, in addition to the formulation and implementation of monetary policy, includes serving as the single integrated regulator responsible for regulation and supervision of the banking and financial system (including the implementation of Basel III) and the management of certain transactions on behalf of the Government. The CBO licenses, regulates and supervises commercial banks, specialised banks, financial and leasing companies and money exchange companies and sets monetary policy independently after consulting with the Government about its fiscal policy objectives. The CBO also provides advice to the Government on economic policy.

The management of the CBO is conducted by the Chairman of the Board of Governors of the CBO, the Board of Governors and the Executive President of the CBO. The Chairman of the Board of Governors, each of the Board of Governors and the Executive President are appointed by His Majesty Sultan Haitham bin Tarik. The members of the Board of Governors are appointed for five-year terms. On 21 August 2020, pursuant to Royal Decree № 112/2020, His Highness Sayyid Taimur bin Asa'ad bin Tariq Al Said was appointed as chairman of the Central Bank Board of Governors, a position which was previously held by his Majesty Sultan Haitham bin Tarik. The Banking Law empowers the Board of Governors to oversee the performance of all regulatory and policy related central banking functions in Oman. The CBO sets monetary policy independently after consulting with the Government about its fiscal policy objectives.

The primary function of the CBO is to maintain the stability of the national currency, which is pegged to the U.S. Dollar, and the national banking system. See "*—Exchange Rate Policy*". In order to meet this responsibility, the CBO regulates the quantity of money in circulation, the general liquidity of commercial banks and the foreign currency payments of the banking system. The CBO coordinates with the Ministry of Finance with respect to the issuance of treasury bills and GDBs, including the principal amount of such instruments to be issued, interest rates and maturities. See "*—Monetary Policy*".

The following table sets forth the CBO balance sheet data as at 31 December for the five years from 2015 to 2019 and as at 30 November 2020.

	As at 31 December					As at 30 November 2020(1)(2)	Change 31 December 2019 – 30 November 2020
	2015	**2016**	**2017**	**2018**	**2019(1)**		
			(OMR millions)				*(%)*
Foreign Assets	6,745	7,791	6,186	6,686	6,406	5,805.5	(9)
Bullion	*0.4*	*0.4*	*0.5*	*0.4*	*0.5*	*0.6*	*20*
IMF Reserve assets	*135*	*127*	*97*	*95*	*110*	*126.2*	*14.7*
Placements abroad	*1,358*	*2,511*	*1,536*	*3,021*	*2,731*	*2,351*	*(13.9)*
Securities	*5,252*	*5,153*	*4,553*	*3,570*	*3,565*	*3,327.7*	*(6.7)*
Due from Government	658	727	566	776	779	879	12.8
Due from banks(2)	0.0	0.0	0.0	0.0	0.1	40	
IMF Currency Quota	84	205	255	249	232	227.5	(1.9)
Fixed Assets	36	37	44	44	45	43.9	(2.4)
Other Assets	64	106	127	76	59	57.9	(1.9)
Total Assets	**7,589**	**8,866**	**7,179**	**7,831**	**7,522**	**7053.7**	**(6.2)**
Currency Issued	1,788	1,647	1,638	1,605	1,612	1,774.4	10.1
Net Worth	1,305	1,293	1,433	1,440	1,493	1,661.7	11.3
Capital	*760*	*760*	*1,000*	*1,000*	*1,000*	*1,000*	*0.0*
General Reserves	*439*	*439*	*249*	*323*	*366*	*365.5*	*(0.1)*
Others	*106*	*94*	*184*	*117*	*128*	*296.2*	*131.4*
Due to Government	474	1,162	776	1,237	1,403	994.3	(29.1)
Due to banks	3,824	2,414	2,128	2,598	2,002	1,565.3	(21.8)
Foreign Liabilities(3)	96	2,127	923	682	686	768.5	12
IMF R.O. Holding	84	205	255	249	232	227.5	(1.9)
Other Liabilities	18	17	27	20	95	62	(34.7)
Total Liabilities	**7,589**	**8,866**	**7,179**	**7,831**	**7,522**	**7,053.7**	**(6.2)**

Source: Ministry of Finance

Notes

(1) Preliminary data.

(2) Includes U.S. Dollar liquidity support scheme for local banks. See "*Response to COVID-19*".

(3) Includes SDR allocations.

The Central Bank of Oman's total assets decreased to OMR 7,053.7 million as at 30 November 2020, as compared to OMR 7,522 million as at 31 December 2019. The CBO's total foreign assets decreased to OMR 5,805.5 million as at 30 November 2020, as compared to OMR 6,406 million as at 31 December 2019, principally due to a decrease of CBO placements abroad.

Total assets decreased to OMR 7,522 million as at 31 December 2019 from OMR 7,831 million as at 31 December 2018. The CBO's total foreign assets decreased to OMR 6,406 million as at 31 December 2019 from OMR 6,686 million as at 31 December 2018, principally due to a reduction in placements abroad.

The CBO's assets have generally been declining since 2016 in order to fund the deficit in the balance of payments. See "*External Sector—Balance of Payments*".

Monetary Policy

The currency peg, combined with the absence of any exchange restrictions for international current and capital transactions, limits the CBO's ability to conduct an independent monetary policy. See "*—Exchange Rate Policy*". Accordingly, the main objective of the CBO's monetary policy is the regulation of bank liquidity with a view to ensuring price stability. The CBO 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 CBO; loans and advances plus the face value of outstanding treasury bills by the CBO are legally restricted to a maximum of 10% 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 CBO has the legal authority to use a broad range of monetary policy instruments, the most important of which is open market operations using treasury bills issued by the CBO on behalf of the government. The Government has issued treasury bills since 1987. Since August 1991, the Government has also issued GDBs (with fixed interest rates) through the CBO with maturities of two to ten years. GDBs are generally sold to domestic purchasers but have also been placed with foreign investors.

The CBO imposes a maximum limit on licensed banks' investment in GDBs and Sukuk issued by the Government. In March 2020, the maximum limit was raised from 45% of each bank's net worth (the amount by which the bank's assets exceed its liabilities) to 50% of each bank's net worth, with the incremental 5% to allow for investment in sovereign GDBs and sovereign Sukuk denominated in foreign currency bonds.

The CBO sets minimum reserve requirements for commercial banks, currently 5% of the deposit base. Oman's 5% reserve requirement is largely in line with that of other GCC central banks region; Qatar's reserve requirement is 4.5%, and the U.A.E.'s is 7%. With a view to augment bank liquidity, as of April 2016, banks have been allowed to include investments in unencumbered treasury bills, GBDs and Government Sukuk as part of the eligible reserves up to a maximum of 2% of deposits.

In addition, the CBO sets a loans-to-deposits ratio limit applicable to commercial banks. This is currently set at 92.5% 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 March 2020 in response to the COVID-19 pandemic. See "*Response to COVID-19*".

The CBO 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 commercial paper have been changed depending on the CBO's monetary policy stance at the time. Since 2008, the rediscount rate on commercial paper has been fairly stable, ranging between 4% and 4.75% depending on the degree of risk attached to such commercial paper. In March 2020, the rate has been reduced and varied as follows: (i) to 3.00% for bills of exchange and promissory notes (with two signatures); (ii) to 3.25% for promissory notes with guarantee; and (iii) to 3.50% for promissory notes with trust receipt.

Other monetary policy instruments include foreign exchange exposure limits, currency swaps and the issuance of certificates of deposit. For example, since March 1980, the CBO has offered U.S. Dollar swaps to commercial banks. The CBO 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 CBO can also issue certificates of deposit with maturities of 28 days to commercial banks.

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.$2.6008 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.

See "*Risk Factors—Risk Factors in relation to the Issuer—Any adjustment to, or ending of, Oman's currency peg could negatively affect the economy and Government finances*".

The following table sets forth the Nominal Effective Exchange Rate Index against a basket of the currencies of Oman's 18 largest import partners for the periods indicated. Oman's 18 largest import partners did not change over the relevant periods.

End of Period	Weighted Average[(1)]	Simple Average
	(Base: 1999 levels = 100)	
2016		
January	106.0	105.6
February	105.0	105.3
March	103.1	101.8
April	102.5	101.5
May	103.5	103.3
June	102.7	103.0
July	102.6	102.9
August	102.6	102.9
September	102.6	102.5
October	103.9	104.7
November	106.1	107.2
December	107.3	108.4

End of Period	Weighted Average[(1)]	Simple Average
	(Base: 1999 levels = 100)	
2017		
January	103.9	106.4
February	103.8	106.5
March	103.0	105.4
April	102.5	104.7
May	102.0	103.7
June	102.1	103.9
July	100.6	101.3
August	100.1	100.5
September	101.1	101.7
October	101.3	102.1
November	100.4	100.9
December	100.2	100.7
2018		
January	100.4	98.3
February	100.8	99.6
March	100.6	99.8
April	101.7	101.2
May	102.7	102.8
June	104.5	103.5
July	103.7	105.3
August	103.6	104.8
September	104.3	105.2
October	105.6	108.5
November	105.0	107.4
December	104.6	107.8
2019		
January	104.0	107.2
February	104.6	107.7
March	104.9	108.3
April	105.3	109.1
May	105.5	110.7
June	104.7	110.1
July	105.6	111.7
August	105.8	112.6
September	106.1	112.4
October	105.2	110.9
November	105.8	111.5
December	105.0	110.1
2020		
January	105.6	111.2
February	106.3	112.3
March	106.9	114.7
April	106.6	113.9
May	106.5	113.4
June	106.1	113.0
July	104.1	110.0
August	103.5	109.0
September	104.0	109.8
October	104.0	109.4
November	102.8	107.3

Source: Central Bank of Oman

Note

(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 year 2004 and are chain linked. A rise in the index indicates an appreciation of the Omani Rial.

Money Supply

As at 30 November 2020, the narrow measure of money ("**M1**"), which comprises local currency held by the public and local currency demand deposits, was OMR 5,594.5 million, an increase by 4.7% as compared to OMR 5,343.9 million as at 31 December 2019. The increase was a result of an increase in the demand deposits in local currency. As at 30 November 2020, growth in broad money (M2), which comprises M1 plus savings, time and foreign currency deposits and margins (quasi money), increased by 7.6%, to OMR 19,099.1 million from OMR 17,751.7 million as at 31 December 2019.

The following table sets forth a survey of money aggregates as at each quarter's end from 2015 to 2020.

	Currency with Public	**Demand Deposits**	**Money Supply (*M1*)**	**Change in M1**	**Quasi Money**(2)	**Money Supply (*M2*)**	**Change in M2**
				(OMR millions, except percentages)			
2015							
March	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%
September	1,282.3	3,959.3	5,241.6	16.8%	9,478.5	14,720.1	11.1%
December	1,395.3	3,973.0	5,368.3	11.7%	9,777.4	15,145.7	10.0%
2016							
March	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%
September	1,316.0	3,837.9	5,154.0	(1.7)%	10,385.7	15,539.7	5.6%
December	1,299.3	3,679.4	4,978.7	(7.3)%	10,445.2	15,423.8	1.8%
2017							
March	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%
September	1,282.7	3,754.5	5,037.2	(2.3)%	11,071.8	16,109.0	3.7%
December	1,266.2	3,674.4	4,940.6	(0.8)%	11,128.3	16,068.8	4.2%
2018							
March	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%
September	1,237.8	3,839.8	5,077.6	0.8%	11,453.3	16,530.9	2.6%
December	1,241.9	3,688.3	4,925.5	(0.3)%	12,470.2	17,400.3	8.3%
2019							
March	1,276.2	3,835.6	5,111.8	(3.3)%	11,998.2	17,110.0	4.0%
June	1,305.2	3,954.3	5,259.5	0.1%	12,016.3	17,275.7	4.0%
September	1,222.6	3,812.9	5,035.5	(0.8)%	12,355.7	17,391.2	5.2%
December	1,244.8	4,099.1	5,343.9	8.5%	12,407.8	17,751.7	2.0%
2020							
March	1,336.9	4,302.7	5,639.6	10.3%	13,213.8	18,853.5	10.2%
June	1,452.3	4,122.2	5,574.5	5.9%	13,263.7	18,838.2	9.0%
September	1,419.8	4,292.1	5,711.9	13.4%	13,594.9	19,306.8	11.0%
November	1,384.8	4,209.8	5,594.5	4.7%	13,504.5	19,099.1	7.6%

Source: Central Bank of Oman

Notes

(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.

The following table sets forth certain monetary indicators for Oman by type of expenditure as at 31 December for the five years from 2015 to 2019 and 30 November for 2020.

	As at 31 December					As at 30 November	Change Dec 2018 - Dec 2019	
	2015	2016	2017	2018	2019	2020		
	(OMR millions, except percentages)							
Broad money	**15,145.7**	**15,423.7**	**16,068.7**	**17,400.3**	**17,751.7**	**19,099.1**	**(351.4)**	**2.0%**
Money[1]	***5,368.3***	***4,978.8***	***4,940.5***	***4,930.2***	***5,343.9***	***5,594.5***	***(413.7)***	***8.4%***
Currency with public	1,395.3	1,299.4	1,266.2	1,241.9	1,244.8	1,384.8	(2.9)	0.2%
Demand deposits in OMR	3,973.0	3,679.4	3,674.3	3,688.3	4,099.1	4,209.8	(410.8)	11.1%
Quasi Money	***9,777.4***	***10,444.9***	***11,128.2***	***12,470.2***	***12,407.8***	***13,504.5***	***62.4***	***(0.5%)***
of which, foreign currency deposits	(1,169.7)	(1,072.0)	(1,181.0)	(2,142.0)	(1,765.0)	(1,850.1)	(377)	(17.6)%
Foreign Assets (net)	**4,608.4**	**4,567.1**	**4,319.6**	**5,134.8**	**4,951.1**	**3,667.9**	**183.7**	**(3.6)%**
Central Bank	6,649.9	5,663.9	5,263.5	6,004.3	5,720.8	5,037	283.5	(4.7)%
Other Depository Corporations	(2,041.5)	(1,096.)	(943.9)	(869.5)	(769.6)	(1,369.1)	(99.9)	(11.5)%
Domestic Assets	**10,537.3**	**10,856.7**	**11,749.1**	**12,265.6**	**12,800.6**	**5,037.0**	**534.9**	**4.4%**
Claims on Government (net)	***(3,224.5)***	***(4,548.0)***	***(4,594.6)***	***(5,046.7)***	***(4,647.2)***	***(2,237.8)***	***(399.5)***	***(7.9)%***
Government borrowings	2,628.8	2,538.0	2,544.9	2,833.1	3,401.7	4,366.6	568.7	20.1%
Government deposits	5,853.3	7,086.0	7,139.5	7,879.7	8,048.9	6,604.4	169.2	2.1%
Domestic claims on Private Sector	***18,185.8***	***19,985.6***	***21,255.4***	***22,337.5***	***22951.0***	***2,315.3***	***613.5***	***2.7%***
Claims on Public enterprises	***1,982.3***	***2,098.3***	***2,338.9***	***2,663.6***	***2,724.7***	***3,056.3***	***61.7***	***2.3%***
Other items (net)	***6,406.3***	***6,679.2***	***7250.6***	***7,688.8***	***8,227.9***	***8,538***	***539.1***	***7.0%***
Central Bank	5,438.8	3,929.3	3,787.7	4,300.7	3,852.4	3,537.2	448.3	10.4%
Other Depository Corporations	967.5	2,750.0	3,462.9	3,388.1	4,375.5	5,000.8	987.4	29.1%

Source: Central Bank of Oman

Note

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

Inflation

Inflation remains low, which is attributable to the decline in commodities prices, reduced Government spending and the appreciation of the U.S. Dollar in real terms, and therefore the Rial, against other currencies since mid-2014.

The annual inflation rate, as measured by movements in the average consumer price index for Oman, recorded year-on-year negative growth of (0.7)% for the nine months ended 30 September 2020, as compared to positive growth of 0.2% for the nine months ended 30 September 2019. It was 0.1% for 2019, as compared to 0.9% for 2018, 1.6% for 2017, 1.1% for 2016 and 0.1% for 2015. The NCSI also publishes inflation figures for Muscat. In the first half of 2020 and in 2019, Muscat also experienced deflation at 0.8% and 0.1%, respectively.

The following table sets forth the general price index for Oman by items of consumption as at 31 December for the five years from 2015 to 2019 and 30 November for 2020.

	As at 31 December						As at 30 November	Change Dec 2018/
	Weight	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2019**
	(Average prices for 2012 = 100, except percentages)							
Items of Consumption								
Food and non-alcoholic beverages	23.9%	103.7	102.5	103.0	102.3	103.6	104.3	1.3%
Bread and cereals	*3.0%*	*101.3*	*99.5*	*99.1*	*99.3*	*99.4*	*98.9*	*0.1%*
Meat	*6.1%*	*103.1*	*103.2*	*103.6*	*104.1*	*103.6*	*104.6*	*(0.5)%*
Fish and seafood	*2.2%*	*105.3*	*101.3*	*103.8*	*100.9*	*103.2*	*89.0*	*2.3%*
Milk, cheese and eggs	*2.9%*	*101.5*	*100.4*	*99.8*	*100.9*	*101.5*	*101.1*	*0.6%*
Oil and fats	*0.7%*	*100.0*	*99.4*	*99.3*	*99.9*	*100.0*	*100.3*	*0.1%*
Fruits	*2.8%*	*107.8*	*106.3*	*107.5*	*106.0*	*106.7*	*107.0*	*0.7%*
Vegetables	*2.5%*	*108.2*	*104.6*	*106.3*	*99.1*	*102.2*	*109.5*	*3.1%*
Sugar, jam, honey and confectionery	*1.1%*	*100.3*	*100.6*	*101.1*	*101.9*	*102.2*	*102.3*	*0.3%*
Food products n.e.c.	*0.5%*	*101.3*	*101.2*	*100.8*	*100.5*	*100.6*	*101.1*	*0.1%*
Non-alcoholic beverages	*2.0%*	*103.2*	*103.6*	*103.9*	*105.6*	*112.9*	*126.4*	*6.9%*
Tobacco	0.1%	106.1	112.3	131.9	132.0	193.0	254.0	46.2%
Clothing and footwear	6.0%	100.6	100.4	100.4	99.8	98.7	97.4	(1.1)%
Housing, water, electricity, gas and other fuels	26.5%	102.0	102.7	104.4	104.9	104.7	104.2	(0.2)%
Furnishings, household equipment and routing household maintenance	3.8%	109.5	110.1	113.3	113.7	119.2	119.0	4.8%
Health	1.2%	110.2	111.5	111.8	108.8	108.4	109.1	(0.4)%
Transport	19.2%	99.9	105.9	110.6	115.2	114.1	106.3	(1.0)%
Communication	5.6%	98.3	97.9	95.6	95.4	95.1	95.0	(0.3)%
Recreation and culture	1.1%	98.7	98.4	98.7	98.4	98.9	99.0	0.5%
Education	1.4%	114.8	118.2	122.2	127.3	129.9	132.2	2.0%
Restaurant and hotels	6.1%	102.5	102.8	103.0	103.3	103.7	103.9	0.4%
Miscellaneous goods and services	5.2%	100.2	100.4	102.0	102.9	100.2	100.0	(2.6)%
General Price Index	**100.0%**	**102.2%**	**103.3%**	**104.9%**	**105.9%**	**106.0%**	**104.6%**	**(0.1)%**

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

Notes

(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 Wustta 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.

Banking System

Conventional Banks

Conventional commercial banks are the main institutions in the Omani financial system. On 30 September 2020, there were seven local banks and nine foreign banks. However, Oman's commercial banking sector recently experienced a degree of consolidation. In July 2020, Oman Arab Bank (the "**OAB**") acquired Alizz Islamic Bank SAOG and integrated OAB's Islamic window "Al Yusr" with Alizz Islamic Bank and transformed it into a closed joint stock company, thus making Alizz Islamic Bank SAOC a wholly-owned Islamic banking subsidiary of OAB.

Total consolidated assets of conventional commercial banks increased by 0.2% to OMR 30,878 million as at 30 November 2020, as compared to OMR 30,806.4 million as at 31 December 2019.

Of the total assets, credit disbursement accounted for 71.5% of the total and increased by 1% as at 30 November 2020 to OMR 22,092 million, as compared to OMR 21,864.2 million as at 31 December 2019.

Credit to the private sector decreased by 0.5% to OMR 18,806.4 million as at 30 November 2020 as compared to OMR 18,898.5 million as at 31 December 2019. Conventional banks' overall investments in securities increased by 19% to OMR 4,248.4 million as at 30 November 2020 from OMR 3,568.6 million as at 31 December 2019.

Investment in GDBs and Sukuk decreased by 4.6% to OMR 1,812.1 million as at 30 November 2020 from OMR 1,626.8 million as at 31 December 2019. Banks also invested OMR 517.9 million in Government Treasury Bills as at 30 November 2020. Conventional banks' investments in foreign securities stood at OMR 1,081.3 million as at 30 November 2020, registering a decrease of 4.1% compared to 31 December 2019.

The following table sets forth key conventional banking indicators as at the dates indicated.

	As at 31 December					**As at 30 September**
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
			(OMR millions)			
Total Assets	28,189.2	27,051.8	27,913.1	29,994.7	30,806.4	31,215.2
Total Credit	18,315.7	19,704.6	20,511.5	21,486.0	21,846.2	22,215.5
of which, foreign currency loans	*2,453.2*	*2,783.7*	*3,110.9*	*3,434.1*	*3,643.3*	*2,059.4*
Total Deposits	17,873.0	18,253.7	18,601.7	19,995.8	20,062.1	20,567.6
of which: foreign currency deposits	*2,218.5*	*2,137.8*	*2,057.8*	*3,019.2*	*2,476.7*	*2,664.7*
Profitability	393.4	379.3	376.9	413.3	396.2	188.7
			(%)			
Credit to deposits	102.5	107.9	110.3	107.5	109.0	108
Cash and clearing to total deposits	20.9	9.8	8.6	7.2	8.5	8.4
Capital and reserves to total deposits	18.4	22.3	25.0	25.0	26.3	24.9
Provision and reserve interest to total credit(1)	3.4	3.4	3.4	3.5	3.7	4.2
Capital adequacy ratio	16.1	16.5	17.4	17.9	18.5	18.5
Non-performing loans ratio	2.5	2.7	2.4	2.7	3.5	4.0
Interest margin	3.8258	3.5910	3.5370	3.4300	3.4470	3.5650

Source: Central Bank of Oman

Note

(1) Includes general and specific provisions

Capital Adequacy

In order to ensure the soundness and solvency of Oman's commercial banks, the CBO has specified minimum capital adequacy requirements that are higher than those required under Basel III norms. As at 30 September 2020, the CET1, Tier 1 and total capital adequacy ratio ("**CAR**") have been specified at 14.6%, 17.4% and 18.5% respectively, which are higher than the corresponding Basel norms.

The CBO had previously issued norms for a Capital Conservation Buffer and a Countercyclical Capital Buffer of 2.50% each, in alignment with Basel III norms. In March 2020, the Capital Conservation Buffers were lowered to 1.25%, as part of stimulus measures in reaction to the COVID-19 pandemic. 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.

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

Leverage Ratios and Stress Testing

To partially offset the limitations of CARs, the CBO also uses the leverage ratios and stress testing to supplement its analysis of the Omani banking sector. The leverage ratio is invariant to the riskiness of assets and it is calculated as "Tier-1 capital" to "non-risk-weighted on- and off-balance sheet exposure". The leverage ratio of the banking sector was 13.1% as at the end of September 2020, as compared to 13.3% at the end of 2019 and 13.2% at the end of 2018. The minimum Basel III leverage ratio requirement in Oman is 4.5%, other than for domestic systemically important banks which should maintain a higher leverage ratio standard of 5.0% considering the systemic importance.

The CBO also periodically performs macro stress tests to assess the resilience of banks to macroeconomic shocks including oil price shocks. Despite the prevailing macroeconomic challenges, the recent stress tests conducted by the CBO show that under the assumed macro stress scenarios, the aggregate Capital to Risk Weighted Assets Ratio ("**CRAR**") of domestic banks would drop from its current level of 18.1% as of 31 December 2019 to 16.8%. On an individual basis, all domestic banks, except for one, would comfortably be able to comply with minimum domestic required capital of 13.5% after absorbing all incurred losses under the assumed macro stress scenarios The CBO has issued guidelines on the LCR and Net Stable Funding Ratio ("**NSFR**"). The LCR requirement was implemented in a phased manner from 2015 when it was specified at 60%, with the ratio planned to increase by 10% every year until reaching 100% in 2019. The banking sector LCR was 218.5% at the end of September 2020, as compared to 220.1% at the end of 2019 and 253.6% at the end of 2018. The NSFR also has a 100% minimum and was 119.8% at the end of September 2020, as compared to 116.3% at the end of 2019 and 114.6% at the end of 2018.

Non-performing Loans ("NPLs")

On 25 September 2004, the CBO issued a circular that sets out the criteria for determining whether facilities are to be classified as NPLs. In summary:

- The circular sets out two approaches, a quantitative approach and a qualitative approach. The quantitative approach sets the following parameters:
  - *Standard*: meeting all payment obligations, or remaining past due for 60 days or less; and
  - *Special mention*: remaining past due for between 60 and 90 days.
- The quantitative categories for NPLs are as follows:
  - *Substandard*: remain past due for between 90 and 180 days;
  - *Doubtful*: remain post due for between 180 and 356 days; and
  - *Loss:* remain past due for 365 days and over.
- Qualitative parameters:
  - The probability of default in repayment to be set by internal bank controls and discretion set as per guidelines mentioned in the circular along with internal bank policies, controls and discretion.

On 13 April 2017, CBO issued circular BM 1149, implementing International Financial Reporting Standard 9 ("**IFRS 9**") as the new accounting standard, and so IFRS 9 NPL categories applied.

Pursuant to the CBO measures announced on 18 March and 7 September 2020, banks are able to accept requests for the deferment of loan payments from borrowers that have been adversely affected by COVID-19, without the risk classification of such loans being adversely affected and no incremental Expected Credit Loss ("**ECL**") allowance provisions against such deferred loans. Consequently, certain loans that would otherwise be classified as NPLs are exempted from such classification for the deferral period.

See "*Response to COVID-19—Financial Measures—Central Bank of Oman*".

The following table sets forth the total NPLs in the commercial banking sector as at the end of the periods indicated.

	As at 31 December		**As at 31 March**	**As at 30 September**
	2018	**2019**	**2020**	
Gross non-performing loans (*OMR thousand*)	683	900	985	1,047
NPL ratio (*%*)	2.7	3.5	3.7	4.0

Source: Central Bank of Oman

The following table sets forth the combined balance sheet of conventional banks as at 31 December for the five years from 2015 to 2019 and as at 30 November 2020.

	As at 31 December					**As at 30 November**	**Change December 2019 / November 2020**	
	2015	**2016**	**2017**	**2018**	**2019**	**2020**		
				(OMR millions)				*(%)*
Cash and deposits with CBO	4,057.1	2,511.0	2,130.7	2,488.8	2,001.0	1,636.2	(364.8)	(18.2)%
Due from Head Office, affiliates and banks abroad	426.2	446.3	367.6	387.5	347.4	326.4	(21)	(6)%
Total Credit	18,315.7	19,704.6	20,511.5	21,486.0	21,864.2	22,092	227.8	1%
Credit to the private sector	*16,207.4*	*17,539.2*	*18,207.5*	*18,718.4*	*18,898.5*	*18,806.4*	*(92.1)*	*(0.5%)*
Credit to public enterprises	*1,903.7*	*1,796.3*	*1,997.2*	*2,406.2*	*2,524.0*	*2,867.7*	*343.7*	*13.6%*
Credit to Government	*12.1*	*107.3*	*34.6*	*39.5*	*136.9*	*263.6*	*126.7*	*92.5%*
Credit to non-residents	*192.5*	*261.8*	*272.3*	*321.9*	*304.8*	*154.3*	*(150.5)*	*(49.4%)*
Securities	3,046.9	2,433.6	2,879.8	3,197.3	3,568.6	4,248.4	679.8	19%
Treasury Bills	*464.2*	*305.4*	*454.9*	*277.1*	*294.8*	*517.9*	*223.1*	*75.7%*
Government Bonds	*828.6*	*1,306.4*	*1,336.3*	*1,578.1*	*1,899.8*	*1,812.1*	*(87.7)*	*(4.6)%*
Domestic shares	*833.6*	*287.4*	*319.1*	*265.0*	*246.8*	*837*	*590.2*	*239%*
Foreign securities	*920.5*	*534.4*	*769.5*	*1,077.1*	*1,127.2*	*1,081.3*	*(45.9)*	*(4.1%)*
Fixed assets	216.6	225.3	247.5	246.8	286.2	287	0.8	0.3%
Other assets	530.2	444.9	451.7	636.8	541.6	624.5	82.9	15.3%
Total assets	**28,189.2**	**27,051.8**	**27,913.1**	**29,994.7**	**30,806.4**	**30,878**	**71.6**	**0.2%**
Total Deposits	17,873.0	18,253.7	18,601.7	19,995.8	20,062.1	20,265.6	203.5	1.0%
Government deposits	*4,789.5*	*4,898.8*	*4,937.5*	*5,351.9*	*5,389.1*	*4,362.9*	*(996.2)*	*(18.5)%*
Deposits of public enterprises	*950.2*	*901.9*	*878.1*	*1,751.5*	*1,270.1*	*1,168.5*	*(101.6)*	*(8.0)%*
Deposits of private sector	*11,868.9*	*12,201.1*	*12,520.4*	*12,538.4*	*13,031.4*	*14,161.6*	*1,130.2*	*8.7%*
Demand	*3,853.6*	*3,635.6*	*3,777.8*	*3,692.9*	*3,664.1*	*3,987*	*322.9*	*8.8%*
Savings	*4,392.7*	*4,480.5*	*4,543.0*	*4,566.8*	*4,745.2*	*5,276.9*	*531.7*	*11.2%*
Time	*3,362.7*	*3,766.7*	*3,911.7*	*4,031.1*	*4,395.9*	*4,625.3*	*229.4*	*5.2%*
commercial prepayments	*259.9*	*318.3*	*287.9*	*274.6*	*226.2*	*272.5*	*46.3*	*20.5%*
(of which in foreign currency)	*42.3*	*30.8*	*16.6*	*14.0*	*13.9*	*1,450.9*	*97.4*	*7.2%*
Deposits of non-residents	*909.0*	*927.1*	*1,045.3*	*1,124.6*	*1,353.5*	*542.5*	*195.1*	*56.2%*
Due to Head Office, affiliate and banks abroad	420.2	262.7	220.8	343.7	347.4	2,443.4	(250.6)	(9.3)%
Core Capital and Reserves	3,765.7	4,068.0	4,651.0	5,000.6	5,272.0	5,096.4	(175.6)	(3.3)%
Supplementary Capital	707.6	617.7	369.7	190.3	158.9	101.1	(57.8)	(36.4)%
Total provisions and reserved interest	408.1	433.9	451.7	808.3	876.3	1,045	168.7	19.3%
(of which general provisions)	*236.2*	*255.6*	*261.5*	*323.3*	*277.4*	*332.6*	*55.2*	*19.9%*
Other liabilities	1,925.3	1,944.0	1,708.5	1,806.0	1,620.1	1,886.6	266.5	16.4%
Total liabilities	**28,189.2**	**27,051.8**	**27,913.1**	**29,994.7**	**30,806.4**	**30,878**	**71.6**	**0.2%**

Source: Central Bank of Oman

Total deposits held with conventional banks registered a slight increase of 1% to OMR 20,265.6 million as at 30 November 2020 from OMR 20,062.1 million as at 31 December 2019. Government deposits with conventional banks decreased by 18.5% to OMR 4,392.9 million as at 30 November 2020 from OMR 5,389 million as at 31 December 2019. Deposits of public enterprises decreased by 8% to OMR 1,168.5 million from OMR 1,270.1 million during the same period. Private sector deposits, which constituted 69.9% of total deposits with conventional banks, increased by 8.7% to OMR 14,161.6 million as at 30 November 2020 from OMR 13,031.4 million as 31 December 2019.

Islamic Banks

Oman has two Islamic banks and five conventional local commercial banks with Islamic windows. Islamic banking entities provided financing of OMR 4,239.9 million and OMR 3,966.2 million as at 30 November 2020 and 31 December 2019, respectively, compared to OMR 3,571.6 million as at 31 December 2018.

Total deposits held with Islamic banks and windows also registered an increase to OMR 3,732.1 million and OMR 3,595.1 million as at 30 November 2020 and 31 December 2019, respectively, from OMR 3,259.5 million outstanding as at 31 December 2018. The total assets of Islamic banks and windows combined amounted to OMR 5,164.5 million and OMR 4,884.6 million as at 30 November 2020 and 31 December 2019, respectively, which constituted approximately 14.2% and 13.9% of the banking system assets.

Specialist Banks and Export Credit Guarantee Agency

The Government wholly owns, through the OIA, 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 slightly increased from OMR 227.3 million at 31 December 2019 to OMR 232.1 million at 30 September 2020. The ODB granted loans for a total principal amount of OMR 171.2 million through 30 September 2020 to projects, principally in the fisheries and agriculture and allied activities (OMR 39.8 million), mining (OMR 2.7 million), manufacturing sectors (OMR 59.1 million) and services (OMR 60.7 million).

The Government also wholly owns, through the OIA, 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 625.9 million at 30 September 2020 from OMR 596.6 million at 31 December 2019. As at 30 September 2020, outstanding mortgage loans stood at OMR 585.3 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 2020, total credit limits issued against exposure to both commercial and political risks to various customers by the ECGA stood at OMR 105 million as compared to OMR 102 million as at 31 December 2019.

Interest Rates

The weighted average interest rate on OMR deposits with conventional banks decreased from 2.006% in December 2019 to 1.238% in November 2020, while the weighted average OMR lending rate increased from 5.489% to 5.481% during the same period. The overnight Omani Rial domestic inter-bank lending rate firmed up to 0.948% in November 2020 from 2.139% in December 2019.

The policy rate of the CBO (the repo rate) has been calculated as the 1-month LIBOR plus 50 basis points or 1%, whichever is higher. This was recently changed in March 2020 where the calculation became the upper bound Federal Reserve rate of 0.25% plus a spread of 25 basis points.

The following table sets forth the CBO's policy rates at the end of each quarter.

	CBO Policy Interest Rates[(1)]	Average rates for repos of transactions with the CBO[(1)(2)]
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
QII	0.000	2.911
QIII	0.000	2.554
QIV	0.000	2.236
2020	0.000	
QI	0.000	1.039
QII	0.000	0.500
QIII	0.000	0.500

Source: The Central Bank of Oman

Notes

(1) Simple average rates applicable during the month.

(2) Excluding intra-day repos with the 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 annum*.

Bank Regulation and Supervision

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

Oman endeavours to be in compliance with AML/CFT requirements norms in conformity with international standards and standards, including those set by the Financial Action Task Force ("**FATF**"). Oman is a member of FATF through the membership of GCC and founding member of the Middle East and North Africa Financial Action Task Force ("**MENA FATF**").

A comprehensive AML/CFT law was promulgated by Royal Decree № 30/2016, along with the issuance of the instructions for all financial institutions under the supervision of CBO on implementing AML/CFT Law № 30/2016. The new law is based on technical assistance provided by the IMF and reflects all the amendments of the FATF's 2012 recommendations. 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 do the Executive Regulation issued by Royal Decree № 72/2004, which has been issued for combating money laundering. The new AML/CFT Law № 30/2016 provides for the establishment of the National Centre for Financial Information which assumed the role of the Royal Oman Police's Financial Intelligence Unit in June 2016.

There are also bilateral and multilateral treaties for cooperation and interactions. Oman co-operates with FATF and MENA FATF Mutual Evaluations, resulting in identifications of areas requiring improvement. The CBO monitors licensed institutions through periodical reports and on-site examinations.

Implementation of Common Reporting Standard regime

In order to align with international best practices regarding the fight of cross-border tax evasion and meet the standards set by the EU and the OECD, on 15 May 2019 the CBO issued a circular implementing the Common Reporting Standard ("**CRS**"). The circular also provides for the automatic exchange of information through CRS. The CRS was first established after the implementation of the U.S. Foreign Account Tax Compliance Act regulations that requires certain non-U.S. financial institutions to provide information to the U.S. tax authorities regarding U.S. customers. The CRS has been expanded to require financial institutions to report information on accounts held by tax residents of reportable jurisdictions (*i.e.,* 109 foreign jurisdictions and Oman) and certain entities controlled by such tax residents. Collection of CRS information for new account holders commenced on 1 July 2019 and financial institutions are now required to collect a CRS self-certification from new customers upon account opening and existing customers. Due to the reporting developments by the reporting financial institutions, Oman was removed from the EU 'blacklist' of non-cooperative jurisdictions for tax purposes on 6 October 2020.

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. All financial institutions are required to implement decision № 1/2017 as issued by the National Committee for Combating Terrorism regarding the implementation of U.N. Security Council resolutions and 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 the remitter and beneficiary are known entities and the transfer contains a statement of identity verification.

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. The reporting obligation also extends to attempted transactions regardless of their value.

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.

Deposit Insurance

In 1995, the Bank Deposits Insurance Scheme ("**BDIS**") was established pursuant to Royal Decree № 09/95 with the objective of protecting depositors in case of banks' failure, and is administered by the CBO. All commercial banks licensed by the CBO to accept deposits are mandated to become members of the BDIS and are required to pay an initial membership contribution proportionate to their total deposits. Also, the members are required to pay an annual insurance premium of 0.05% of the total value of average monthly eligible deposits. Eligible deposits include savings deposits, current accounts, call deposits, time deposits, Government deposits and deposits related to trusts or pension banks deposits. The CBO is required to pay an annual insurance premium equivalent to 50% of the total annual premiums paid by the member banks. The BDIS covers up to OMR 20,000 of net deposits. As at the 30th of September 2020, the total assets of the BDIS fund were OMR 174.6 million, of which approximately OMR 87.2 million comprised membership accumulated insurance premium by member banks and OMR 43.6 million being accumulated insurance premium by the CBO.

Capital Markets Authority (CMA)

The Capital Markets Authority was established by Royal Decree № 80/98 issued on 9 November 1998 and began operations 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.

Overall market capitalisation of the Muscat Securities Market increased from approximately OMR 18.77 billion at 31 December 2019 to OMR 19.39 billion at 31 July 2020. The Muscat Securities Market share price index, which was 1,000 in 1990, decreased to 3,771.9 at 31 August 2020 from 4,004.9 at 31 August 2019.

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

	Change Jan – Nov	**30 November**		**2020**			**2019**
	2020	**2020**	**2019**	**November**	**October**	**September**	**December**
Share Price Index (by Activity)							
Manufacturing	(11.3)	4,008	4,521	4,008	3,998	3,949	4,206
Financial	(11.2)	5,709	6,427	5,709	5,622	5,833	6,349
Services	(18.1)	1,601	1,955	1,601	1,610	1,564	1,897
Total	**(10.3)**	**3,643.5**	**4,064.1**	**3,643.5**	**3,557.8**	**3,614.6**	**3,981.2**
Shares Traded (*thousands*)	(41.3)	2,077,807	3,542,577	126,330	191,860	111,20	3,896,838
Total Value (*OMR thousands*)	(36.6)	400,907	632,332	35,377	35,074	22,871	711,551
Net stock Investors			*(OMR thousands)*				
Omanis	—	34,549	15,303	5,767	2,009	(544)	17,533
GCC	—	4,621	(15,992)	503	140	2,517	(12,924)
Arabs	—	(3,905)	(456)	(125)	(33)	130	(336)
Foreigners	—	(35,265)	1,145	(6,145)	(2,115)	(2,103)	(4,273)

Source: Muscat Securities Market

PUBLIC FINANCE

(deleting and replacing the section entitled "Public Finance" on page 101 of the Base Prospectus in its entirety)

General

The Government's budget includes payments and receipts of interest, transfers to non-profit institutions, such as youth clubs, cultural and sports clubs and the Sultan Qaboos University. The budget also includes Government subsidies to wholly-owned Government agencies that provide public services and all Government lending and investments, transfers of contributions to employee pension funds and subsidies granted to the PASI for employees in the private sector. In addition, grants received and paid are included.

Omani Governorates are considered part of the central Government for budget purposes. Budget coverage also includes transactions of certain agencies that produce market goods and services on a large scale, such as the post office and electricity and water agencies.

The budget does not include the activities of the OIA, the PASI for employees in the private sector and government pension funds. It also does not account for the activities of wholly-owned Government agencies that provide public services but are of a small scale and not authorized to borrow independently. See "*Risk Factors—Risk Factors in relation to the Issuer—Government-owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends*".

Revenues are broadly classified into five principal categories: (i) oil revenues; (ii) gas revenues; (iii) other current revenues (comprising taxes on income and profits, taxes and fees on properties, taxes and fees on international trade, and other fees and services); (iv) capital revenues; and (v) capital repayments.

Similarly, expenditures are broadly classified into five principal categories: (i) salaries and wages; (ii) purchase of commodities, transport, furniture, equipment and services; (iii) construction projects and public acquisition and other investment expenditure (*i.e.*, the acquisition of physical and financial assets); (iv) interest paid; and (v) subsidies and transfers. Expenditures are classified into current and investment (capital and development) expenditures. Expenditures are also classified by Government department and by function according to the international standard Classification of the Functions of Government.

Foreign currency is converted to Rials at the market exchange rate, as at the day of the transaction, although the Rial is pegged to the U.S. Dollar. The discount on treasury bills is included in interest payments, and transactions in treasury bills are recorded at face value.

Budget transactions are recorded on a cash basis. Expenditures are recorded at the time of issue. Information on expenditure obligations is maintained for internal use. At the end of the fiscal year (*i.e.*, 31 December of each year), accounts are held open for 30 days to allow final clearance of outstanding payments, but no new cash transactions are included during this period. Borrowing is recorded at the time of draw down.

Budget Process

The Government's budget year runs from 1 January to 31 December of each year. The annual budget process typically begins in May or June of each year, when the Ministry of Finance releases the annual budget circular. The annual budget circular sets out the bases for the preparation and objectives of the overall budget and the portions allocated to Government ministries, agencies and other institutions. It also sets out certain data requests and controls. The Ministry of Economy also issues a development budget circular.

In past years, the budget was presented to the Council of Financial Affairs and Energy Resources, commencing a formal process leading to the annual budget's approval and adoption. However, the Council of Financial Affairs and Energy Resources has been disbanded by virtue of Royal Decree № 108/2020.

Under a new streamlined procedure, the Ministry of Finance presents the consolidated budget to the Council of Ministers for review and comment in October, following which it is presented to Parliament. Upon approval, the Ministry of Justice and Legal Affairs prepares the Royal Decree in order for His Majesty to enact the annual budget. The Royal Decree is typically issued at the beginning of the year.

Integrated Financial System

Revenue and expenditure transactions included in the final accounts are based on the actual transactions recorded by individual ministries in the Integrated Financial System (the "**IFS**") as reported to the General Accounts Department of the Ministry of Finance. The Ministry of Finance maintains records of all Government borrowing and lending and the related interest flows and records of Government investments, subsidies and transfers to Government agencies, pension funds and the PASI. The annual accounts are submitted to the State Audit for final approval, and to the Cabinet and H.M. the Sultan and published as it is stipulated in the Financial Law. Annual accounts are typically published in May of the year after the relevant budgetary year.

Source data from individual ministries and budgetary agencies is generally provided to the Ministry of Finance on a timely basis due to the IFS, which enables online and real-time access to source data. Monthly fiscal data are available about two weeks after the end of the reference period, following the completion of aggregations and controls on the source data.

Source data are comprehensive and based on administrative records. The IFS and quality control procedures serve as a regular assessment of source data, with the result that human error is reduced. All source data are subject to stringent auditing and authorisation procedures. Data are also subjected to routine audit and analysis of figures, checking for errors, and comparison of output with budget amounts and previous performance, in order to spot inconsistencies. All source data are assessed by crosschecking across different sources to ensure accuracy and reliability of data. Any unexpected data reported are investigated by follow-ups before the release of any such data.

See "*Risk Factors—Risk Factors in relation to the Issuer—The statistics published by the Government may differ from those produced by other sources*".

Legal Reforms and Innovations

Fiscal Reforms

In 2019, the Government implemented a number of reforms and new laws that are intended to improve the economic climate in Oman and positively impact fiscal performance:

- ***Foreign Capital Investment Law*** – Royal Decree № 50/2019 was published in July 2019, which promulgates the new Foreign Capital Investment Law. The new law became effective in January 2020 and relaxes the rules and restrictions on foreign investment, streamlined the registration and licensing procedures for foreign investors, and set out provisions that aligns foreign investors' rights and incentives to those given to Omani investors. It also sets out penalties for violations of the law and provisions on dispute resolution.

- ***Privatization Law*** – Royal Decree № 51/2019 introduced a new Privatisation Law to replace a 2004 version. The new Privatisation Law came into force in July 2019 and sets out procedures for privatisations and outlines the methodology for the use of revenues from such privatisations. Provisions regarding the status of Omani employees working in newly-privatised entities are also provided. The Ministry of Finance oversees the implementation of the new law following the abolition of the Public Authority for Privatisation and Partnership and transfer of its authority to the Ministry of Finance pursuant to Royal Decree № 110/2020.

- ***Public Private Partnership Law*** – Royal Decree № 52/2019 updated Oman's Public Private Partnership Law (the "**PPP Law**"). The new PPP Law came into force in July 2019 alongside the Privatisation Law and is intended to improve the quality and efficiency of public services and projects, create job opportunities and reduce the financial burden of such services and projects on the budget, while increasing the involvement of the private sector in such services and projects. As with the Privatisation Law, the Ministry of Finance is responsible for the administration of the PPP Law. The PPP Law also sets out the legal framework for contracts between the Government and the private sector and permits 100% foreign ownership of private sector partners in order to stimulate foreign investment in Oman.

- ***Bankruptcy Law*** **–** Royal Decree № 53/2019 introduced Oman's first stand-alone Bankruptcy Law. The new Bankruptcy Law came into force in July 2020 and provides for restructuring and other procedures, with the aim of helping businesses to keep trading, reach a compromise with debtors, and avoid going liquidation. It also introduced provisions establishing a roll of experts who will assess restructuring petition and restructuring plans, as well as timelines. This law applies to all businesses in Oman, whether domestic or foreign, except for entities regulated by the CBO under the Banking Law or related laws and most insurance companies.

Tax Reforms

Corporate Tax Reforms

The Ministry of Finance Decision № 14/2019 introduced amendments to the Executive Regulations of the Income Tax Law, which came into force in 2012. The amendments to the Executive Regulations provided more clarity on a number of tax law provisions related to withholding tax, the tax deductibility of director remuneration, tax card system, electronic submissions and notifications, donations, tax on enterprises and other matters. The amendments also introduced measures aimed at improving the tax administration process.

The Capital Market Authority (the "**CMA**") issued a Directive in May 2019 that suspended the 10% withholding tax ("**WHT**") applicable on dividends and interest in order to boost foreign investments. This suspension is valid for a period of three years (from May 2019) and may be further extended.

The Ministry of Finance Decision № 14/2019 also clarified that only dividends distributed to foreign shareholders by Omani joint stock companies and investment funds are subject to WHT (thereby excluding limited liability companies from WHT on dividends). Accordingly, all Omani taxpayers are now exempt from the application of WHT on dividend distributions and interest payments. In particular, it also clarifies that for the purposes of withholding tax deductible pursuant to Article 52(5) of the Income Tax Law, the term "interest" shall not include revenues of bonds or sukuk issued by the Government of Oman or banks in Oman.

Indirect Tax Reforms

A new Excise Tax Law was implemented in Oman effective from 15 June 2019 pursuant to Royal Decree № 23/2019. The Excise Tax law applies to importers, "stockpilers" and local producers of goods subject to the Excise Tax Law. A business holding goods subject to the Excise Tax Law in its inventory (*e.g.*, hotels, restaurants, retail shops and supermarkets) on the effective date of the Excise Tax Law also had an obligation to account for tax. The current rates of excise tax are: (i) tobacco and tobacco derivatives – 100%; (ii) carbonated drinks – 50%; (iii) energy drinks – 100%; (iv) pork products – 100%; and (v) alcohol – 50%. All importers, "stockpilers" and local producers of goods subject to the Excise Tax Law are now required to submit quarterly excise tax returns and make excise tax payments. A further Excise Tax Law, applying a 50% tax on sugary and sweetened beverages, has been implemented with effect from 1 October 2020.

The customs authorities introduced an Advance Ruling programme to facilitate importation and exportation. Advance Rulings are binding decisions issued by customs authorities at the request of an importer or exporter on specific particulars in relation to the intended importation or exportation of goods. Advanced Rulings are intended to accelerate the release and clearance processes by providing binding information concerning the relevant customs treatment. This allows businesses to make an application for advance ruling to the customs authorities in relation to the origin, classification or valuation of goods. With the introduction of the Advance Ruling programme, the Government is working to further align its procedures with international trade best practices and comply with its obligations under the World Trade Organization Trade Facilitation Agreement.

The Ministry of Heritage and Tourism Decision № 56/2019 introduced amendments to the Executive Regulations of the Oman Tourism Law, in particular, applying a 4% tourism tax to cafés and restaurants located within a tourist area (specified by the Ministry of Heritage and Tourism) or managed by way of franchise contracts from January 2020. Prior to January 2020, only cafés and restaurants in hotels were subject to the tourism tax.

Other reforms

Commercial Companies Law

A new Commercial Companies Law (the "**CCL**") was issued in February 2019 pursuant to Royal Decree № 18/2019 and became effective in April 2019. The CCL aims to create a stronger and more transparent corporate governance regime in Oman. Key changes introduced by the CCL include: (i) the introduction of a "one-person" limited liability company; (ii) the removal of a minimum capital for establishing a limited liability company; (iii) enhanced protection of the minority shareholders' rights in joint stock companies; (iv) increased penalties for violating the CCL; and (v) provisions relating to the dissolution and liquidation of companies established under the CCL.

Mining Law

In line with the ninth Five-Year Plan, which identified the mining sector as a key sector to contribute to economic diversification, a new Mining Law (Royal Decree № 19/2019) was introduced in February 2019 replacing the 2003 law.

The new Mining Law came into force in March 2019 and provides for a modernised framework for the mining industry and streamlines the approval and permitting processes for exploration and exploitation, as well concession agreements.

The Mining Law authorises the Ministry of Energy and Minerals to regulate the mining sector, conduct inspection and investigation activities when required and revoke licenses granted in the case of violation or non-compliance with the law. It also permits the Ministry of Energy and Minerals to condemn private property if such property is likely to contain significant mineral wealth of potential benefit to the national economy. This authority was transferred to the Ministry of Energy and Minerals pursuant to Royal Decree № 96/2020.

2021 Budget

The 2021 budget was approved by Royal Decree № 2021/2 issued on 1 January 2021. The 2021 budget is designed to align with the objectives of Vision 2040 and the Tenth Five-Year Plan, such as fiscal sustainability, economic growth, revenue diversification and targeted rates of investment. See "*—Legal Reforms and Innovations—Fiscal Reforms*". It also continues to fund investment and promote sustainable development, as well as improve basic services, such as education, health care and housing.

The 2021 budget assumes: (i) average oil prices of U.S.$45 per barrel; (ii) the availability of external funding to fund the deficit (so as to reduce the impact of Government borrowing on domestic banking liquidity and private investment); (iii) a greater global demand for oil and improving oil prices; (iv) a 33% growth in non-hydrocarbon revenue; and (v) improved collections of taxes and fees.

The 2021 budget forecasts that aggregate Government revenues will increase by 2%, principally due to a projected rise in hydrocarbons revenues. Oil and gas revenues are estimated to decrease by 19% and 6%, respectively, during 2021, while non-hydrocarbon revenue is projected to increase by 33%. The budgeted growth in non-hydrocarbon revenue is due to estimated increases in other current receipts and capital repayments. The projected growth in other current receipts reflected the Government's continuing efforts to diversify its sources of revenue and continued improvements in tax collections. The Government expects revenue of OMR 300 million from VAT in 2021. See "*—Legal Reforms and Innovations—Tax Reforms*" and "*Risk Factors—Risk Factors in relation to the Issuer—Oman's efforts to diversify its economy, decrease Government spending and implement more extensive and higher rates of tax collection may not be successful*".

Total Government expenditures are budgeted to decrease by 14% in 2021. Spending on ministries and interest payments are the principal reasons for the budgeted increase in total current expenditure. The wage bill, consisting of salaries, allowances and entitlements, constitutes 58.4% of the total civil ministries' current expenditures. Current expenditure is the largest component of budgeted total expenditure in 2021. Investment expenditure are budgeted to remain the same in 2021. Accordingly, the fiscal deficit was estimated to decline to OMR 2.2 billion in the 2021 budget from OMR 2.5 billion in the 2020 budget.

Total Government revenues for 2021 are budgeted at OMR 8.6 billion and the total budgeted expenditure is OMR 10.9 billion. Consequently, the fiscal deficit is estimated at OMR 2.2 billion. The financing of the fiscal deficit is comprised of borrowings of OMR 1.6 billion, and drawdown from reserves of OMR 600 million. The Government intends to rely on external borrowings which are planned so that the domestic banking liquidity and private investment are not affected. This compares to an actual consolidated Government deficit of OMR 2,292.6 million for 2019 and OMR 2,762.5 million for 2018. Government revenue from the OIA in 2021 is expected to be approximately OMR 800 million.

The Government expects that its break-even price of oil will be approximately U.S.$84 per barrel in 2020, as compared to U.S.$78 per barrel in 2019 and U.S.$94.95 per barrel in 2018. In 2021, if oil prices fall below 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.

The following table compares the actual finances and the State General Budget for 2019 and 2020.

	Budget 2019	**Actual 2019**	**Budget 2020**	**Revised Budget 2020**	**Budget 2021***
			(OMR millions)		
Revenue and Grants	**10,100**	**10,898.5**	**10,700**	**8,464**	**8,620**
Revenues	***10,100***	***10,898.5***	***10,700***	***8,464***	***8,620***
Oil Revenue	5,465	6,100.5	5,500	4,364	3,550
Gas and LNG-related Revenue	1,980	2,140.8	2,200	1,700	1,870
Non-hydrocarbon Revenue	2,655	2,657.2	3,000	2,400	3,200
Tax Revenue	*1,194*	*1,184.2*	*1,260*	*1,190*	*1,351*
Non-tax Revenue	*1,461*	*1,473*	*1,740*	*1,210*	*1,849.5*
Grants from Other Countries	—	—	—	—	—
Total Expenditures, Net Lending & Grants	**12,900**	**13,191.1**	**13,200**	**12,660**	**10,850**
Current	***10,400***	***10,468.5***	***10,685***	***10,265***	***9,960***
Civil	6,590	6,703	6,875	6,780	6,995
Wages and Benefits	*3,292*	*3,358.3*	*3,181*	*3,235*	*3,300*
Goods and Services	*670*	*759.7*	*588*	*597*	*577*
Subsidies and Transfers	*1,428*	*1,331.1*	*1,676*	*1,348*	*1,138*
Interest Payments	*630*	*683.6*	*860*	*860*	*1,200*
Upstream Gas operations	*570*	*570.2*	*570*	*740*	*780*
Defence and Security	3,450	3,358.5	3,450	3,125	2,965
PDO Operations	360	407.2	360	360	—
Investment	***2,500***	***2,664.5***	***2,500***	***2,380***	***900***
Civil	1,200	1,324.9	1,200	1,080	900
Hydrocarbon	1,300	1,339.6	1,300	1,300	—
Net Lending and Equity	**—**	**58.1**	**(5)**	**15**	**(10)**
Grants to Other Countries	—		—	—	—
Overall balance	**(2,800)**	**(2,292.6)**	**(2,500)**	**(4,196)**	**(2,230)**

Source: Ministry of Finance

Note
* Preliminary

In 2019, an actual deficit of OMR 2,292.6 million was recorded (compared to a budgeted deficit of OMR 2,800 million and reflecting an increase of 17% compared to the actual deficit in 2018) with total expenditure, net lending and grants reaching OMR 13,191.1 million (compared to budgeted total expenditure, net lending and grants of OMR 12,900 million). In 2019, the actual deficit was lower than the budgeted deficit primarily due to higher revenues than budgeted.

Public Accounts

Preliminary Results

The following table sets out preliminary consolidated results for the year ended 31 December 2020 and comparative figures for the year ended 31 December 2019. These preliminary consolidated results are prepared on the Government format. These figures are subject to revision and amendment.

	For the year ended 31 December	
	2019*	**2020***
	(OMR millions)	
Revenue and Grants	**11,100**	**8,464**
Oil Revenue	6,100	4,364
Gas and LNG-related Revenue	2,000	1,700
Non-hydrocarbon Revenue	3,000	2,400
Total Expenditures, Net Lending & Grants	**13,700**	**12,660**
Civil Ministries	4,600	4,350
Defence and Security	3,530	3,125
Oil and Gas production	2,430	2,400
Development	1,500	1,130
Electricity Subsidy	620	610
Debt Service (Interest)	730	860
Other expenditure	290	185
Surplus/(Deficit)	**(2,600)**	**(4,196)**

Source: Ministry of Finance

Note

* Preliminary

Final Accounts

The following table sets forth the actual revenues, expenditures and net lending for each of the five years ended 31 December 2015, 2016, 2017, 2018 and 2019 for the consolidated Government finances.

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
			(OMR millions)		
Revenue and Grants	**9,038.7**	**8,149.5**	**8,635.4**	**10,821.0**	**10,898.5**
Revenues	***8,799.3***	***7,941.0***	***8,635.4***	***10,821.0***	***10,898.5***
Oil Revenue	5,656.2	3,653.8	4,684.6	6,538.9	6,100.5
Gas and LNG-related Revenue	1,745.3	1,665.2	1,652.5	2,170.2	2,140.8
Non-hydrocarbon Revenue	1,396.5	2,622.0	2,298.3	2,111.9	2,657.2
Tax Revenue	*902.8*	*946.1*	*933.2*	*1,045.8*	*1,184.2*
Non-tax Revenue(1)	*493.7*	*1,675.9*	*1,365.1*	*1,066.1*	*1,473.0*
Grants from Other Countries(2)	***239.4***	***208.5***	—	—	—
Total Expenditures, Net Lending and Grants	**13,681.7**	**12,636.8**	**12,264.0**	**13,583.5**	**13,191.1**
Current	***10,183.3***	***9,794.3***	***9,541.1***	***10,606.6***	***10,468.5***
Civil	5,945.6	5,346.7	5,724.6	6,351.0	6,702.8
Wages and Benefits	*3,410.2*	*3,305.9*	*3,366.3*	*3,214.4*	*3,358.3*
Goods and Services	*1,069.3*	*800.0*	*1,652.3*	*727.1*	*759.7*
Subsidies and Transfers	*1,428.8*	*907.8*	*1,065.0*	*1,265.6*	*1,331.1*
Interest Payments	*37.3*	*138.4*	*371.4*	*618.3*	*683.6*
Upstream Gas operations	*166.4*	*194.6*	*180.0*	*525.6*	*570.2*
Defence and Security	3,862.2	4,068.5	3,487.5	3,878.5	3,358.5
PDO Operations	375.5	379.1	329.0	377.1	407.2
Investment	***3,267.5***	***2,910.5***	***2,644.1***	***2,876.9***	***2,664.5***
Civil	1,822.5	1,384.0	1,334.1	1,199.9	1,324.9
Hydrocarbon	1,445.0	1,526.5	1,310.0	1,677.0	1,339.6
Net Lending and Equity	**200.3**	**(87.6)**	**78.8**	**100.0**	**58.1**
Grants to Other Countries(3)	**30.6**	**19.6**	**—**	**—**	**—**
Overall Balance	**(4,643.0)**	**(4,487.3)**	**(3,628.6)**	**(2,762.5)**	**(2,292.6)**

Source: Ministry of Finance

Notes

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

(2) Grants from other countries included in non-tax revenue beginning in 2017.

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

Revenues 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 2015, 2016, 2017, 2018 and 2019.

	Year ended 31 December				
	2015	2016	2017	2018	2019
	(OMR millions)				
Oil Revenue-Total[(1)]	**5,656.2**	**3,651.2**	**4,681.8**	**6,536.4**	**6,098.4**
Oil Revenues-Budget	***5,657.5***	***3,653.8***	***4,684.6***	***6,538.9***	***6,100.5***
Tax revenue from PDO private shareholders	*928.5*	*482.9*	*705.0*	*1,379.1*	*1,237.3*
Sales to PDO	*43.5*	*22.1*	*34.2*	*53.3*	*32.4*
Sales to others	*3,979.4*	*2,680.9*	*3,439.7*	*4,456.7*	*4,088.4*
Oil installation port dues	*1.3*	*2.6*	*2.8*	*2.5*	*2.1*
Condensate sales	*704.8*	*465.3*	*502.8*	*647.3*	*740.3*
Gas and LNG related revenue	**1,745.3**	**1,665.2**	**1,652.5**	**2,170.2**	**2,140.8**
Oman LNG dividends	261.3	129.2	128.2	139.4	240.3
Gas feedstock sales to Oman LNG project	714.0	717.0	677.7	1,096.3	1,114.4
Natural gas sales (domestic)	770.0	819.0	846.6	934.5	786.1
Non-hydrocarbon Revenue	**1,396.5**	**2,622.0**	**2,298.3**	**2,111.9**	**2,657.2**
Tax Revenue	**902.8**	**946.1**	**933.2**	**1,045.8**	**1,184.2**
Customs duties	235.4	302.9	262.0	277.3	234.4
Corporate income tax	451.7	388.6	366.5	463.1	624.8
Training tax	185.2	208.7	257.7	258.5	242.5
Municipal taxes	30.5	45.9	47.0	46.8	43.9
Excise tax	–	–	–	–	38.7
Non-Tax Revenue	**493.7**	**1,675.9**	**1,365.1**	**1,066.1**	**1,473.0**
Investment Income	85.3	884.6	212.4	195.2	350.2
Domestic assets[(2)]	*76.0*	*74.1*	*87.2*	*308.3*	*20.4*
Funds[(1)]	*19.0*	*810.5*	*125.2*	*(113.1)*	*329.8*
Public services and utilities[(3)]	62.4	87.5	98.0	54.9	51.2
Civil aviation	51.2	49.1	69.7	68.8	71.6
Public authorities' surplus	6.8	8.9	11.4	15.3	10.7
Other[(4)]	288.0	645.8	973.6	731.9	989.3
Total Revenue	**8,799.3**	**7,941.0**	**8,635.4**	**10,821.0**	**10,898.5**
Grants from Other Countries[(5)]	**239.4**	**208.5**	**–**	**–**	**–**
Total Revenue and Grants	**9,038.7**	**8,149.5**	**8,635.4**	**10,821.0**	**10,898.5**

Source: Ministry of Finance (IMF accounting format)

Notes

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

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

(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 non-tax revenue beginning in 2017.

Revenues

Total consolidated Government revenues, including grants, increased by 7% to OMR 10,898.5 million for the year ended 31 December 2019 from OMR 10,821.0 million for the year ended 31 December 2018. Total oil revenues decreased by 6.7% to OMR 6,098.4 million for the year ended 31 December 2019 from 6,536.4 million for the same period in 2018. This decrease was due to the decrease in the average monthly Omani blend price to U.S.$63.6 per barrel for the year ended 31 December 2019 from U.S.$69.7 per barrel for the year ended 31 December 2018. Gas and LNG related revenues decreased by 1.4% to OMR 2,140.8 million for the year ended 31 December 2019 from 2,170.2 million for the year ended 31 December 2018. Non-hydrocarbon revenues, including revenues generated from taxes, investment income and other revenues increased by 25.8% to OMR 2,657.2 million for the year ended 31 December 2019 as compared to OMR 2,111.9 million for the year ended 31 December 2018, mostly as a result of an increase in privatisation receipts.

Total consolidated Government revenues, including grants, increased by 25.3% 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 an increase in oil revenues due to higher oil prices than 2018. Total oil revenues increased by 39.6% to OMR 6,536.4 million for the year ended 31 December 2018 from OMR 4,681.8 million for the same period in 2017. This increase was due to the increase in the average monthly Omani blend price to U.S.$69.7 per barrel for the year ended 31 December 2018 from U.S.$51.3 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 31.3% to OMR 2,170.2 million for the year ended 31 December 2018 from OMR 1,652.5 million for the year ended 31 December 2017. Non-hydrocarbon revenues, including revenues generated from taxes, investment income and other revenues decreased by 8.1% to OMR 2,111.9 million for the year ended 31 December 2018 as compared to OMR 2,298.3 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 44.6% from taxes collected and 55.4% from non-tax revenue for the year 2019.

Grants from Other Countries

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-donee GCC member states. The GCC Development Fund is intended to stimulate economic growth and is expected to be used in furtherance of development goals.

The following table sets forth the amount of GCC Development Fund grants committed and received by Oman as of 31 July 2020.

	Total Amount	**Amount Utilised**	**Remaining Balance**
		(*U.S.$ millions*)	
Kuwait	2,500	1,799	701
Saudi Arabia	2,500	83	2,417
Qatar	2,500	—	2,500
UAE	2,500	—	2,500
Total	**10,000**	**1,881**	**8,119**

Source: Ministry of Finance

As of 31 July 2020, the total received amount of the U.S.$10 billion GCC grant stood at U.S.$1.9 billion, which 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.

Expenditures

The following table sets forth the actual detailed Government expenditures, grants and net lending for each of the five years ended 31 December 2015, 2016, 2017, 2018 and 2019.

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
			(OMR millions)		
Current Expenditures	**10,183.3**	**9,794.3**	**9,541.1**	**10,606.6**	**10,468.5**
Civil	***5,945.6***	***5,346.7***	***5,724.6***	***6,350.9***	***6,702.8***
Total Wages and Salaries	3,410.2	3,305.9	3,366.3	3,214.4	3,358.3
Wages and salaries	*1,614.1*	*1,658.4*	*1,652.3*	*1,587.6*	*1,672.7*
Allowances[(1)]	*1,311.0*	*1,304.8*	*1,292.4*	*1,208.3*	*1,264.0*
Other remuneration[(2)]	*196.0*	*191.1*	*174.7*	*167.1*	*176.1*
Pension contributions[(3)]	*289.1*	*151.6*	*246.9*	*251.4*	*245.5*
Goods and Services	1,069.3	994.6	921.9	1,252.6	1,329.9
Supplies of goods	*200.0*	*189.4*	*210.4*	*189.2*	*212.3*
Furniture and equipment	*47.7*	*18.1*	*11.3*	*11.2*	*14.0*
Services	*562.2*	*482.6*	*413.5*	*413.9*	*427.7*
Government services[(4)]	*93.0*	*109.9*	*106.7*	*112.7*	*105.6*
Upstream gas project[(5)]	*166.4*	*194.6*	*180.0*	*525.6*	*570.2*
Subsidies and Transfers[(6)]	1,428.8	907.8	1,065.0	1,265.6	1,331.1
Interest Payments	37.3	138.4	371.4	618.3	683.6
PDO Current Operations[(7)]	**375.5**	**379.1**	**329.0**	**377.1**	**407.2**
Defence Expenditures[(8)]	**3,862.2**	**4,068.5**	**3,487.5**	**3,878.5**	**3,358.5**
Capital Expenditures	**3,267.5**	**2,910.5**	**2,644.1**	**2,876.9**	**2,664.5**
Civil ministries	1,822.5	1,384.0	1,334.1	1,199.9	1,324.9
Hydrocarbon	1,445.0	1,526.5	1,310.0	1,677.0	1,339.6
PDO investments[(7)]	*774.3*	*842.6*	*750.0*	*921.3*	*885.5*
Upstream gas project[(9)]	*670.7*	*683.9*	*560.0*	*755.7*	*454.1*
Total Expenditures	**13,450.8**	**12,704.8**	**12,195.9**	**13,483.5**	**13,133.0**
Net Lending and Equity	**200.3**	**(87.6)**	**78.8**	**100.0**	**58.1**
Grants to Other Countries[(10)]	**30.6**	**19.6**	**—**	**—**	**—**
Total Expenditure, Grants & Net Lending	**13,681.7**	**12,636.8**	**12,274.7**	**13,583.5**	**13,191.1**

Source: Ministry of Finance (IMF accounting format)

Notes

(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% 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

Total expenditures decreased by 2.6% to OMR 13,133.0 million for the year ended 31 December 2019 from OMR 13,483.5 million for the year ended 31 December 2018, as a result of a reduction in current and capital expenditure spending.

Current expenditures decreased by 1.3% to OMR 10,468.5 million for the year ended 31 December 2019 from OMR 10,606.6 million for the year ended 31 December 2018, as a result of a decrease in defence expenditure. Defence spending decreased by 13.4% for the year ended 31 December 2019 to OMR 3,358.5 million as compared to OMR 3,878.5 million for the year ended 31 December 2018. Current expenditures related to the civil sector increased by 5.5% for the year ended 31 December 2019 to OMR 6,702.8 million from OMR 6,350.9 million for the year ended 31 December 2018. Meanwhile, PDO operating expenditures (PDO current operations) increased by 8% to OMR 407.2 million from OMR

377.1 million and capital expenditures in oil and gas sector decreased by 20.1% to OMR 1,339.6 million from OMR 1,677.0 million.

Total expenditures, grants and net lending increased by 10.7% to OMR 13,583.5 million for the year ended 31 December 2018 from OMR 12,274.7 million for the year ended 31 December 2017, as a result of higher current and capital expenditure spending. Current expenditures increased by 11.2% to OMR 10,606.6 million for the year ended 31 December 2018 from OMR 9,541.1 million for the year ended 31 December 2017, as a result of: (i) a rise in the operational expenditure for gas (due to BP Khazzan coming on stream); and (ii) 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% 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 10.9% for the year ended 31 December 2018 to OMR 6,350.9 million from OMR 5,724.6 million for the year ended 31 December 2017, partly as a result of a 4.5% decrease in the total wages and salaries. Meanwhile, PDO operating expenditures (PDO current operations) increased by 14.6% to OMR 377.1 million from OMR 329.0 million and capital expenditures in oil and gas sector increased by 28% to OMR 1,677.0 million from OMR 1,310.0 million.

Capital Expenditures

The following table sets forth the breakdown of Government capital expenditures for each of the five years ended 31 December 2015, 2016, 2017, 2018 and 2019.

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
			(OMR millions)		
Hydrocarbon Sector	**1,445.0**	**1,526.5**	**1,310.0**	**1,677.0**	**1,339.6**
Government share in PDO[(1)]	774.3	842.6	750.0	921.3	885.5
Upstream gas project	670.7	683.9	560.0	755.7	454.1
Civil, by sector breakdown[(2)]	**1,822.5**	**1,384.0**	**1,334.1**	**1,199.9**	**1,324.9**
Agriculture, irrigation, water resources, and fisheries	59.5	59.7	45.8	40.3	31.4
Manufacturing and mining	1.7	2.6	6.1	5.7	11.5
Utilities	88.8	115.4	63.1	87.9	68.1
Electricity and water	*86.0*	*111.9*	*62.6*	*81.8*	*67.7*
Communications	*2.8*	*3.5*	*0.5*	*6.1*	*0.4*
Transport sector	886.4	602.7	643.5	513.6	628.9
Roads	*610.7*	*398.4*	*259.8*	*342.1*	*417.2*
Harbours	*31.4*	*12.1*	*91.2*	*49.8*	*99.0*
Airports	*244.3*	*192.2*	*292.5*	*121.8*	*112.7*
Social sector	500.9	434.1	342.7	348.4	313.6
Education	*243.6*	*242.3*	*156.7*	*180.5*	*163.3*
Health	*42.0*	*43.6*	*35.1*	*42.1*	*36.9*
Housing	*215.3*	*148.2*	*150.9*	*125.9*	*113.4*
Public administration	109.6	81.5	96.4	92.0	84.6
Other	175.6	88.0	136.5	112.0	186.8
Total Capital Expenditures	**3,267.5**	**2,910.5**	**2,644.1**	**2,876.9**	**2,664.5**

Source: Ministry of Finance (IMF accounting format)

Notes
(1) The Government's share is 60% of total PDO capital expenditures.
(2) Includes human resources development.

Total capital expenditures decreased by 7.4% to OMR 2,664.5 million for year ended 31 December 2019 from OMR 2,876.9 million for year ended 31 December 2018. 50.3% of capital expenditures for the year ended 31 December 2019 were for the hydrocarbon sector and 49.7% were for capital expenditures undertaken by civil ministries. Public capital expenditures for the non-hydrocarbon sector amounted to OMR 1,324.9 million in the year ended 31 December 2019, of which 47.5% was allocated to the transportation sector (roads, harbours, airports) and 23.7% was allocated to the social sector (education, health, housing).

Total capital expenditures increased by 8.8% to OMR 2,876.9 million for year ended 31 December 2018 from OMR 2,644.1 million for year ended 31 December 2017. 58.3% of capital expenditures for the year ended 31 December 2018 were for the hydrocarbon sector and 41.7% 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% was allocated to the transportation sector (roads, harbours, airports) and 29.0% was allocated to the social sector (education, health, housing).

Deficit Financing

The Government has taken a number of measures in recent years to reduce its deficit, including nearly freezing new government hiring and promotions since 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%, 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. See "*—Legal Reforms and Innovations*".

The overall consolidated Government deficit (including net grants) was OMR 2,292.6 million for the year ended 31 December 2019, as compared to OMR 2,762.5 million for the same period in 2018 and OMR 3,628.6 million in 2017.

The following table provides a reconciliation between (i) the deficit amount for the years ended 31 December 2017, 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 same periods (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		
	2017	**2018**	**2019**
	(OMR millions)		
Government deficit in accordance with GFMS Format	**(3,628.6)**	**(2,762.5)**	**(2,292.6)**
Less expenditure under settlement	0	0	0
Less investment income	125.2	(113.1)	329.8
Less oil installation port dues	0	0	0
Less other adjustments	11	0	0
Government deficit published by NCSI	**(3,764)**	**(2,650)**	**(2,623)**

Source: Ministry of Finance

The 2019 deficit was financed by a combination of domestic and international borrowings from the domestic and international capital markets, including the proceeds of a syndicated loan facility backed by the Multilateral Investment Guarantee Agency ("**MIGA**"), U.S.$2.25 billion issuance in August 2019 of fixed rate trust certificates of 6.0% due 2029 and U.S.$0.75 billion issuance of 4.875% notes due 2025.

The 2018 deficit was 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% notes due 2023, 5.625% notes due 2028 and 6.750% 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% notes due 2022, 5.375% notes due 2027 and 6.500% notes due 2047. Excess borrowing amounts of approximately OMR 1.2 billion were used to repay short-term loans.

See "*Risk Factors—Risk Factors in relation to the Issuer—Oman has historically had a large fiscal deficit and increasing indebtedness*".

Taxation

Corporate Income Tax

Tax in Oman is governed by the Oman Income Tax Law (promulgated by Royal Decree № 28/2009 as amended from time to time) (the "**Oman Income Tax Law**"), the Law of Profit Tax on Commercial and Industrial Establishments and various other Royal Decrees and Ministerial decisions. Income tax in Oman applies only to businesses.

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%. Royal Decree № 09/2017 amended the Oman Income Tax Law (the "**Tax Amendments"**) as a result of which income shall be taxed at 15% 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%. 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 IFRS.

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

See "*—Legal Reforms and Innovations—Tax Reform*".

WHT

Pursuant to Article 52 of the Oman Income Tax Law, WHT is payable on the following categories of income earned in Oman: (i) royalties; (ii) remuneration for conducting research and development; (iii) remuneration for using or the right to use computer programmes; (iv) fees for management or performance of services; and (v) payments of dividends on shares, or interest.

WHT is levied on the gross amount of taxable 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% of the gross amount paid or credited to the account of the persons specified above.

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 Tax Authority, whilst no withholding will be applicable for services rendered outside of Oman, payments made to non-residents relating to services or any part thereof rendered in Oman will be subject to withholding tax deductions.

However, the Income Tax Law and Tax Amendments should be read and construed in conjunction with a further tax decision that was issued by way of Ministerial Decision № 14/2019 (amending certain provisions of the Income Tax Law) (the "**Tax Decision**"). The Tax Decision clarifies that, for the purpose of withholding tax deductible pursuant to Article 52(5) of the Income Tax Law, the term "interest" shall not include revenues of bonds or sukuk issued by the Government of Oman or banks licensed in Oman.

On 15 May 2019 (and effective from 6 May 2019), in an effort to boost foreign investments into Oman, the 10% withholding tax applicable on dividends and interest under the Income Tax Law was suspended for a period of three years by virtue of a CMA decision.

On 8 July 2020, the Government announced certain additional tax relief measures, including the suspension, until 30 September 2020, of:

- all fines related to the failure of compliance with the due dates for filing tax returns, both provisional and final, along with the annual audited accounts for the year ended 31 December 2019;

- additional taxes (1% per month) triggered by non-payment of income tax due to be paid for the year ended 31 December 2019; and
- additional taxes (1% per month) arising from 1 January 2020 to 30 September 2020 due to non-payment of income tax due for the years ended prior to 31 December 2019.

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% 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% 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.

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 have developed a broad framework for the introduction of VAT in the region. The framework agreement sets out the underlying principles of VAT laws for the six GCC countries, leaving the member states with some flexibility to determine their own requirements in certain areas.

On 12 October 2020, H.M. Sultan Haitham bin Tariq Al Said issued Royal Decree 121/2020 promulgating the VAT Law. The VAT Law was published in the Official Gazette of Oman on 18 October 2020 and is stated to come into effect six months following the date of its publication (that is, on 18 April 2021). The VAT Law imposes a value added tax at a base rate of 5% on most goods and services exported to or imported from Oman. In January 2021, the Government intends to appoint a consultant to propose a suitable income tax policy and related implementation requirements.

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% 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% of their salary. The employer also contributes an equal amount to a further 1% 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. Additionally, an employment security fund (the "**ESF**") has been set up pursuant to Royal Decree № 82/2020 to financially support Omani employees who have been made redundant. The ESF is supervised and administered by the PASI.

INDEBTEDNESS

(deleting and replacing the section entitled "Indebtedness" on page 115 of the Base Prospectus in its entirety)

General

The Ministry of Finance is the only institution entitled to borrow on behalf of the Government. Governorates are not permitted to borrow. In 2017, the Government established a debt management office to manage its public debt portfolio. The Debt Management Office's ("**DMO**") main objectives are as follows:

- Setting and developing the Government's public debt policy and securing its financing needs in the short, medium and long term.
- Ensuring the Government's sustainable access to various debt markets at fair prices with prudent risk.
- Coordinate with the Government Related Entities (GRE) in meeting their financing needs.
- Coordinate with the relevant government authorities the relations with the Credit Rating Agencies, International Monetary Fund and the investor community.
- Providing advisory services and proposing executive plans to government.

The DMO may raise loans for the central government for the following purposes:

- Finance the current deficits in the central government budget.
- Extend credit and guarantees to GREs.
- Amortise, redeem and buy back government loans.
- Meet the CBO's need for foreign currency reserves.

The DMO's debt strategy for the medium term focuses on supporting the Government in implementing the 2021 budget and the medium-term fiscal plan by: (i) efficiently managing the Government's debt portfolio by ensuring it is well-diversified, sustainable and supportive of Government and private sector needs; (ii) ensuring the Government's financial requirement and payment obligations are met at the lowest possible cost with a prudent degree of risk over the medium to long term; and (iii) supporting the growth and development of the domestic debt capital market.

Consistent with the Government's desire for enhanced transparency and accountability, the medium term debt strategy emphasises the Government's commitment to ensuring the debt levels remain sustainable and supports broad-based and inclusive growth.

The Government recognises that a diversified investment base, currency structure, liability management operations and development of the domestic debt market is critical for managing the public debt portfolio risk. To achieve this, the central government's financing needs will be met in a balanced way, with a mix of direct and indirect borrowing through: (i) debt issuances; (ii) financial institutions; (iii) government alternative financing including Export Credit Agencies Financing, Project Financing; and (iv) reserve drawdowns.

Furthermore, the medium term debt strategy focuses on reducing the growth of short-term debt and lengthen the maturity profile of the debt. It also seeks to reduce refinancing risk and interest rate risk embedded in the debt portfolio.

The Notes offered by this Offering Circular are authorised in accordance with Royal Decree № 48/76.

As at 31 December 2020, Oman's total Government debt (comprising its total Government external debt and its total Government domestic debt) amounted to OMR 19,700 million, of which OMR 4,989 million was denominated in Omani rials and OMR 14,710 million was denominated in foreign currencies. Oman's funding requirements for 2021 are expected to be OMR 4.2 billion, with maturities of U.S.$2 billion.

During the past 20 years, Oman has paid all principal and interest payments in respect of its outstanding borrowings when they fell due and has not entered into any restructuring arrangements with its creditors to defer the repayment of its borrowings.

The following table sets forth the debt of the Government as at the dates indicated.

	As at 31 December					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**(1)
	(OMR millions, except percentages)					
Government domestic debt	3,203	3,259	3,303	3,736	4,256	4,989
Domestic debt as % of GDP	*12.1%*	*12.9%*	*12.2%*	*12.2%*	*14.5%*	*20.2%*
Government external debt	902	5,161	8,875	11,795	13,314	14,710
External debt as % of GDP	*3.4%*	*20.4%*	*32.7%*	*38.4%*	*45.4%*	*59.5%*
Total Government debt	**4,105**	**8,420**	**12,178**	**15,531**	**17,570**	**19,700**
Total debt as % of GDP	*15.5%*	*33.2%*	*44.9%*	*50.6%*	*59.9%*	*79.7%*
GDP	**26,500.3**	**25,354.5**	**27,144.9**	**30,678.8**	**29,349.5**	**24,712**

Source: Ministry of Finance

Note
(1) Preliminary

See "*Risk Factors—Risk Factors in relation to the Issuer—Oman faces certain refinancing risks*".

External Debt

Oman's total external debt as at 31 December 2019 was approximately OMR 13,314 million as compared to OMR 902 million as at 31 December 2015, of which OMR 13,138.4 million was denominated in U.S. Dollars. The increase in Oman's total external debt from 2015 is primarily the result of an increased Government deficit funding needs. See "*Public Finance—Public Accounts*" and "*Risk Factors—Risk Factors in relation to the Issuer—Oman has historically had a large fiscal deficit and increasing indebtedness*".

Total outstanding external debt as at 31 December 2020 was OMR 14,710 million. As at 31 December 2020, commercial loans and bonds accounted for approximately 80% of Government external debt while Sukuk and loans from development institutions represented approximately 13.4% of Government external debt and export credits accounted for the remaining Government external 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 due to the peg of the Rial to the U.S. Dollar and the U.S. Dollar-denominated revenues it receives from oil and gas production in the Sultanate. See "*Risk Factors—Risk Factors in relation to the Issuer—Any adjustment to, or ending of, Oman's currency peg could negatively affect the economy and Government finances.*"

On 1 December 2020, Oman (acting through the Ministry of Finance) issued its U.S.$200,000,000 6.750% Notes due 2027 (to be consolidated and form a single series with the existing U.S.$1,250,000,000 6.750% Notes due 2027 issued on 28 October 2020) and its U.S.$300,000,000 7.375% Notes due 2032 (to be consolidated and form a single series with the existing U.S.$750,000,000 7.375% Notes due 2032 issued on 28 October 2020), each issued under the Government's Global Medium Term Note Programme (the "**GMTN Programme**"). In December 2020, Oman (acting through the Ministry of Finance) also secured a term loan of U.S.$1.1 billion which is due in March 2023.

On 28 October 2020, Oman (acting through the Ministry of Finance) issued its U.S.$1.25 billion 6.750% Notes due 2027 and U.S.$750 million 7.375% Notes due 2032 under the GMTN Programme.

In August 2020, Oman secured a one year U.S.$2 billion bridge loan to finance the deficit. This facility was repaid in November 2020 from an international bond issuance.

In August 2019, Oman (acting through the Ministry of Finance) issued U.S.$2.25 billion of 6.000% Notes due 2029 and U.S.$750 million of 4.875% Notes due 2025 pursuant to the GMTN Programme. In February, the Government secured a U.S.$873.7 million UKEF-supported and commercial facilities to fund the engineering, procurement and construction of three hospitals located in Salalah, Khasab and Suwaiq in Oman. In June 2019, the Government secured a 15-year MIGA Non-Honouring of Sovereign Financial Obligations supported term loan facility of U.S.$1.3 billion, the proceeds of which were used to finance seven infrastructure projects in the Special Economic Zone of Duqm.

In January 2018, Oman (acting through the Ministry of Finance) established the GMTN Programme, under which it issued U.S.$6.5 billion in three tranches: (i) U.S.$1.25 billion 4.125% Notes due 2023; (ii) U.S.$2.5 billion 5.625% Notes due 2028; and (iii) U.S.$2.75 billion 6.75% Notes due 2048. The Government intends to finance debt repayments by refinancing, expediting the monetisation of assets and utilising the debt service fund. In October 2018, Oman (acting through Oman Sovereign Sukuk SAOC) conducted a further issuance under the Trust Certificate Issuance Programme of U.S.$1.5 billion 5.932% fixed rate Trust Certificates due 2025.

In March 2017, Oman (acting through the Ministry of Finance) conducted standalone issuances of (i) U.S.$1 billion 3.875% Notes due 2022, (ii) U.S.$2 billion 5.375% Notes due 2027 and (iii) U.S.$2 billion 6.500% Notes due 2047, in an aggregate amount of U.S.$5 billion. In May 2017, Oman (acting through Oman Sovereign Sukuk SAOC) established a *Sharia*-compliant Trust Certificate Issuance Programme (the "**Trust Certificate Issuance Programme**"), under which in June 2017 it issued U.S.$2 billion 4.397% fixed rate Trust Certificates due 2024. In August 2017, Oman secured a U.S.$3.55 billion, five year loan from a syndicate of Chinese financial institutions. This loan is due for repayment in 2022.

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% Notes due 2021 and 4.750% 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 2016, Oman (acting through the Ministry of Finance) issued an additional U.S.$1.5 billion of the Notes issued in June 2016 to raise an aggregate principal amount of such Notes to U.S.$4 billion.

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 as at 31 December 2015. The loan was raised through syndication among eleven banking institutions at a 120 basis points margin over the London Interbank Offered Rate (LIBOR) and falls due for repayment in January 2021.

The following table sets forth Oman's external debt as at the dates indicated.

	As at 31 December					
	2015	2016	2017	2018	2019[(1)]	2020
	(OMR millions)					
Total Government external debt	902	5,161	8,875	11,795	13,314	14,710
Export credits	103	675	713	649	954	976
Loans from development institutions	289	326	330	365	397	498
Commercial loans and bonds	510	3,584	6,871	9,243	10,426	11,763
Sukuk	0	192	961	1,537	1,537	1,473
Short-term loans	0	384	0	0	0	0

Source: Central Bank of Oman and Ministry of Finance

Note

(1) In addition to the amounts listed in the above table, as of 31 December 2019 the Government guaranteed U.S.$7 billion in financing for state-owned enterprises.

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 2020.

	As at 31 December 2020				
	2020	2021	2022	2023	2024
	(OMR millions)				
Export credits	81	81	98	121	121
Development Institutions	41	30	43	58	69
Commercial Loans and Financial Institutions	214	939	1,749	807	67
Sukuk	64	64	64	—	769
Eurobonds	—	577	384	480	—
Total	**399**	**1,691**	**2,338**	**1,466**	**1,026**

Source: Central Bank of Oman and Ministry of Finance

Domestic Debt

The primary sources of domestic Government debt are Government Development Bonds ("**GDBs**"), Treasury Bills and Sukuk. Each of these instruments are issued in Omani Rials.

GDBs were first issued by the Ministry of Finance, acting on behalf of the Government, in August 1991 with the objective of developing the domestic capital market. GDBs are financial instruments, which are used to provide an investment outlet for any surplus resources available in the economy, to finance capital expenditures and to finance the fiscal deficit. GDBs are denominated in Omani Rials but are freely convertible into foreign currencies and may be sold to overseas investors. GDBs are long-term instruments that carry a maturity of more than one year and are generally issued for maturities ranging from two to 10 years, with interest paid semi-annually. GDBs initially sold to overseas investors are treated as external debt of the Government. As at 31 December 2019, the total amount of GDBs outstanding was OMR 2,630 million.

Treasury bills are short-term debt instruments, denominated in Omani Rials, used to finance day-to-day expenditures. Treasury bills are also 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 CBO. In general, treasury bills are issued for a maturity period not exceeding one year and at present are issued with maturity periods of 91-days, 182-days and 364-days through a competitive auction process. The amount of treasury bills outstanding was OMR 297 million as at 31 December 2019 as compared to OMR 280 million as at 31 December 2018.

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

In September 2020, the Ministry of Finance completed the Series 3 of the Omani Rial Sukuk Issuance Programme by issuing sovereign Sukuk of OMR 200 million (U.S.$520 million). The new issue, which is due in 2026, has an annual profit rate of 5.25% paid on a semi-annual basis in March and September of each year.

In November 2020, the Ministry of Finance completed the Series 4 of the Omani Rial Sukuk Issuance Programme by issuing sovereign Sukuk of OMR 208 million (U.S.$541 million). The new issue, which is due in 2025, has an annual profit rate of 5.75% paid on a semi-annual basis in May and November of each year.

Also in November 2020, the Ministry of Finance completed the Series 5 of the Omani Rial Sukuk Issuance Programme by issuing sovereign Sukuk of OMR 25 million (U.S.$65 million). The new issue, which is due in 2022, has an annual profit rate of 4.75% paid on a semi-annual basis in May and November of each year.

The following table sets forth the Government's domestic debt profile as at the dates indicated.

	As at 31 December					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**(1)
	(OMR millions)					
Total Government domestic debt	**3,203**	**3,259**	**3,303**	**3,736**	**4,256**	**4,989**
GDBs(2)	1,330	1,630	2,030	2,430	2,630	2,800
Sukuk(2)	250	250	250	250	550	733
Loans from local banks(3)	500	346	—	—	—	—
Treasury Bills(4)	465	306	457	280	297	513
CBO Overdraft	658	727	566	776	779	751
Private placement with an Omani pension fund	—	—	—	—	—	192

Source: Central Bank of Oman, Ministry of Finance

Notes

(1) Preliminary

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

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

(4) Treasury bills are held only by commercial banks.

The following table sets forth the Government's GDB, international bond and international Sukuk maturity profile as at 30 November 2020.

Issue Number	Issue Date	Maturity Date	Tenor	Amount Issued[1]	Coupon/ Profit Rate *per annum*	Semi-Annual Coupon/Profit Date	2021	2022	2023	2024	2025	2026	2027	2028	2029	2032	2047	2048	Total Outstanding Long Term Government Securities (OMR millions)
	GOVERNMENT DEVELOPMENT BONDS																		
40	19.06.2012	19.06.2022	10 years	100	5.50%	19 Dec & 19 Jun		100											100
46	23.02.2015	23.02.2025	10 years	200	4.50%	23 Aug & 23 Feb					200								200
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	03.10.2022	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										100
58	25.09.2018	25.09.2025	7 years	150	5.75%	25 March & 25 Sept					150								150
59	18.12.2018	18.12.2023	5 years	100	5.00%	18 June & 18 Sept			100										100
60	28.04.2019	28.04.2026	7 years	100	5.75%	28 Oct & 28 Apr						100							100
61	23.07.2019	23.07.2024	5 years	100	5.25%	23 Jan & 23 July				100									100
62	26.12.2019	26.12.2029	10 years	200	5.75%	26 Jun & 26 Dec									200				200
63	20.02.2020	20.02.2027	7 years	150	5.25%	20 Aug & 20 Feb							150						150
64	19.05.2020	19.05.2025	5 years	200	5.00%	19 Nov & 19 May					200								200
65	19.08.2020	19.08.2027	7 years	200	5.50%	19 Feb & 19 Aug							200						200
Total Outstanding Government Bonds							**100**	**200**	**450**	**400**	**550**	**250**	**500**	**150**	**200**	**000**	**000**	**000**	**2,800**
	INTERNATIONAL BONDS																		
1	15.06.2016	15.06.2021	5 years	1,000	3.625%	15-Jun & 15 Dec	384.5[2]												384.5
2	15.06.2016	15.06.2026	10 years	1,500	4.750%	15-Jun & 15 Dec						576.8[2]							576.8
3	04.10.2016	15.06.2021	5 years	500	3.625%	15-Jun & 15 Dec	192.3[2]												192.3
4	04.10.2016	15.06.2026	10 years	1,000	4.750%	15-Jun & 15 Dec						384.5[2]							384.5
5	08.03.2017	08.03.2022	5 years	1,000	3.875%	08-Mar & 08 Sep		384.5[2]											384.5
6	08.03.2017	08.03.2027	10 years	2,000	5.375%	08-Mar & 08 Sep							769.0[2]						769.0
7	08.03.2017	08.03.2047	30 years	2,000	6.500%	08-Mar & 08 Sep											769.0[2]		769.0
8	17.01.2018	17.01.2023	5 years	1,250	4.125%	17 Jan & 17 Jul			480.6[2]										480.6
9	17.01.2018	17.01.2028	10 years	2,500	5.625%	17 Jan & 17 Jul								961.3[2]					961.3
10	17.01.2018	17.01.2048	30 years	2,750	6.750%	17 Jan & 17 Jul												1,057.4[2]	1,057.4
11	01.08.2019	01.08.2024	5 years	750	4.875%	01 Aug & 01 Feb				288.4[2]									288.4
12	01.08.2019	01.08.2029	10 years	2,250	6.000%	01 Aug & 01 Feb									865.1[2]				865.1
13	28.10.2020	28.10.2027	7 years	1,250	6.750%	28 Oct & 28 Apr							480.4[2]						480.4
14	28.10.2020	28.10.2032	12 years	750	7.375%	28 Oct & 28 Apr										288.2[2]			288.2
Total Outstanding International Bonds							**576.8[2]**	**384.5[2]**	**480.6[2]**	**288.4[2]**		**961.3[2]**	**1,249.4[2]**	**961.3[2]**	**865.3[2]**	**288.2[2]**	**769.0[2]**	**1,057.4[2]**	**7,882.0**
	SUKUK																		
2	14.07.2016	14.07.2022	6 years	333.4	3.50%	14-Jul & 14-Jan	64.1[2]	64.0[2]											128.1
3	01.06.2017	01.06.2024	7 years	2,000	4.397%	01-Jun & 01-Dec				769.0[2]									769.0
6	29.10.2018	29.10.2025	7 years	1,500	5.932%	30-Apr & 31 Oct					576.8[2]								576.8
Total Outstanding Sukuk							**64.1[2]**	**64.0[2]**	**-**	**769.0[2]**	**576.8[2]**	**200.0**	**-**	**-**	**-**		**-**	**-**	**1,473.9**
Total Yearly Maturity Amount of Long Term Government Securities							**740.9**	**648.6**	**930.6**	**1,457.4**	**1,126.8**	**1,211.3**	**1,479.0**	**1,111.3**	**1,065.1**	**288.2**	**769.0**	**1,057.4**	**12,155.0**

Source: Ministry of Finance

Notes:

(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 bonds and local Sukuk by domestic banks for the periods indicated.

	Banks Position as at 31 December 2019[(1)]	Audited Net Worth of 45% of Net Worth[(2)]	Banks' Holdings in Sukuk as at 30 June 2020	Banks' Holdings in GDBs as at 30 June 2020	Outstanding Holdings of GDBs/Sukuk as at 30 June 2020	Balance Available Unutilised[(3)]
			(OMR millions)			
Commercial Banks (Bonds/Sukuk)	5,277.4	2,352.3	360.7	1,643.7	2,004.5	347.9
Specialised Banks (Bonds)	423.7	190.7	5.0	1.0	6.0	184.7
Islamic Banks (Sukuk)	222.6	100.2	27.2	-	27.2	73.0
Total	**5,873.7**	**2,643.1**	**392.9**	**1,644.7**	**2,037.7**	**605.5**

Source: Ministry of Finance

Notes

(1) Aggregate net worth of all Commercial, Specialised and Islamic Banks.

(2) Banks' exposure to Government securities increased from 30% to 45% of banks' net worth.

(3) The CBO imposes a maximum limit on banks' subscriptions to GDB and Sukuk. The limit is currently set at 45% of the bank's net worth. The figures in this column indicate the remaining capacity of 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 November 2020.

	As at 31 December 2020
	(OMR millions)
Total Treasury Bills	513
28 days	191
91 days	278
182 days	44

Source: Ministry of Finance

The following table sets forth Government debt by currency for the periods indicated.

	2015	2016	2017	2018	2019
			(OMR millions)		
U.S. Dollars	770.8	4,460	8,713	11,643	13,138.4
Islamic Dinar	1.6	1.3	1.0	0.7	0.4
Kuwaiti Dinar	98.4	96.0	130.8	131.4	145.3
Omani Rial	25.0	25.0	25.0	25.0	4,286.2
Japanese Yen	5.0	2.4	0	0	0

Source: Ministry of Finance

Indebtedness of Principal State-Owned Enterprises

The majority of the indebtedness of Oman's state-owned enterprises is project-based financing. In addition, to the financial information set out below, in July 2016, a pre-export oil financing was secured by PDO in the amount of U.S.$4 billion.

The following table sets forth the outstanding indebtedness of majority state-owned enterprises for the periods indicated.

Entity[(1)]	**Gov't Share**	**As at 31 December**					**As at 30 September**
		2015	**2016**	**2017**	**2018**	**2019**	**2020**[(3)]
	(%)			*(U.S.$ millions)*			
Oman LNG	51.0	314	229	137	33	—	70
Oman Air	99.89	1,227	1,294	1,629	2,090	2,194	3,358
Asyad	79.9	2,727	2,218	2,020	1,819	1,732	1,687
OQ	99.0	5,849	7,854	10,027	11,670	13,917	16,147
Qalhat LNG	46.84	246	214	45	—	—	15
Electricity Holding Company S.A.O.C.	100.0	2,312	2,481	5,424	4,440	5,315	5,832
Oman Telecommunications Company[(2)]	51.0	98	77	—	—	—	—
Duqm Special Economic Zone	100.0	—	—	45	71	125	178
PEIE	100.0	—	—	154	154	38	39
Majis Industrial Services	100.0	—	—	49	49	49	49
Omran	100.0	—	—	175	192	63	190
Total	—	**12,773**	**14,367**	**19,705**	**20,519**	**23,433**	**27,565**

Source: Ministry of Finance

Notes

(1) Figures include the debt of subsidiaries of the entities.

(2) In December 2016, Oman transferred its 51% shareholding in Omantel, the country's incumbent telecoms operator, from the Ministry of Finance to the OIF.

(3) Figures are provisional subject to audit.

2025 NOTES ISSUE TERMS

The terms and conditions of the 2025 Notes will consist of the terms and conditions set out in the section in the base prospectus dated 19 July 2019 (the "**2019 Base Prospectus**") entitled "*Terms and Conditions of the Notes*" (the "**Conditions**") incorporated by reference herein as amended or supplemented by the terms set out below in this section. For the purposes of the 2025 Notes, references in the Conditions to "Final Terms" shall be deemed to refer to the terms of the Notes substantially in the form set out below. The terms of the 2025 Notes set out below do not constitute final terms for the purposes of Regulation (EU) № 2017/1129, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

2025 Notes Issue Terms dated 21 January 2021

The Government of the Sultanate of Oman, represented by the Ministry of Finance
(LEI: 549300SZ20F0QTKNQC75)

Issue of U.S.$500,000,000 4.875% Notes due 2025 (the "2025 Notes")
(to be consolidated and form a single series with the existing U.S.$750,000,000 4.875% Notes due 2025 issued on 1 August 2019 (the "Original 2025 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. This document constitutes the 2025 Notes Issue Terms and must be read in conjunction with the Offering Circular dated 21 January 2021 (the "**Offering Circular**") in order to obtain all the relevant information. The Offering Circular has been published on the website of the London Stock Exchange.

1.	Issuer:		The Government of the Sultanate of Oman, represented by the Ministry of Finance.
2.	(i)	Series Number:	4
	(ii)	Tranche Number:	2
	(iii)	Date on which the 2025 Notes become fungible:	The 2025 Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the Original 2025 Notes on the Issue Date
3.	Specified Currency or Currencies:		United States Dollars ("**U.S.$**")
4.	Aggregate Nominal Amount of 2025 Notes:		
	(i)	Series:	U.S.$1,250,000,000
	(ii)	Tranche:	U.S.$500,000,000
5.	Issue Price:		101.547% of the Aggregate Nominal Amount plus U.S.$11,781,250 in respect of accrued interest from (and including) 1 August 2020 to (but excluding) the Issue Date
6.	(i)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.$1,000
7.	(i)	Issue Date:	25 January 2021
	(ii)	Interest Commencement Date:	1 August 2020

8.	Maturity Date:	1 February 2025
9.	Interest Basis:	4.875% Fixed Rate (further particulars specified at paragraph 14 below)
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	(i) Status of the 2025 Notes:	Senior
	(ii) Date of Issuer approval for issuance of the 2025 Notes obtained:	21 January 2021

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	4.875% *per annum* payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	1 February and 1 August in each year from and including 1 February 2021 up to and including the Maturity Date
	(iii) Fixed Coupon Amount:	U.S.$24.38 per Calculation Amount
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360
15.	Floating Rate Note Provisions	Not Applicable
16.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

17.	Call Option	Not Applicable
18.	Put Option	Not Applicable
19.	Final Redemption Amount of each 2025 Note	U.S.$1,000 per Calculation Amount
20.	Early Redemption Amount	U.S.$1,000 per Calculation 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 2025 NOTES

21.	Form of 2025 Notes:	**Registered Notes**:

		Unrestricted Global Certificate registered in the name of a nominee for Euroclear and Clearstream, Luxembourg and exchangeable for unrestricted individual Certificates in the limited circumstances described in the Unrestricted Global Certificate. Restricted Global Certificate registered in the name of a nominee for DTC and 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
23.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
24.	Prohibition of sales to EEA and UK Retail Investors:	Not Applicable

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in the 2025 Notes Issue Terms.

PART B – OTHER INFORMATION

1. **Listing and Trading**

(a)	Listing and Admission to trading	Application has been made by the Issuer (or on its behalf) for the 2025 Notes to be admitted to (i) the official list of the Financial Conduct Authority and (ii) trading on the London Stock Exchange plc's main market with effect from 25 January 2021. Application will also be made by the Issuer (or on its behalf) for the Original 2025 Notes to be admitted to (i) the official list of the Financial Conduct Authority and (ii) trading on the London Stock Exchange plc's main market by no later than the Issue Date. The Original 2025 Notes will be removed from the official list of the Irish Stock Exchange plc trading as Euronext Dublin and de-listed from its regulated market by no later than the Issue Date.
(b)	Estimate of total expenses related to admission to trading	GBP 5,515
(c)	Reasons for the Offer	The proceeds of the issuance of the 2025 Notes will be applied by the Issuer for general budgetary purposes

2. **Ratings**

Ratings	The 2025 Notes to be issued are expected to be rated: Fitch Ratings Limited ("**Fitch**"): BB- Moody's Investors Service, Inc. ("**Moody's**"): Ba3 Fitch is established in the United Kingdom and is registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**") as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Fitch is not established in the European Union and has not applied for registration under the CRA Regulation, though its rating referred to above has been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. Moody's is not established in the United Kingdom or the European Union and has not applied for registration under the CRA Regulation or the UK CRA Regulation, though its rating referred to above has been endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation and Moody's Investors Service Ltd. in accordance with the UK CRA Regulation. Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation. Moody's Investors Service Ltd. is established in the United Kingdom and registered in accordance with the UK CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the offer of the 2025 Notes has an interest material to the offer. The Joint Lead Managers 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:	4.450% *per annum* 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 2025 Notes):	XS1944412664
ISIN (Restricted 2025 Notes):	US68205LAA17
Common Code (Unrestricted 2025 Notes):	194441266
Common Code (Restricted 2025 Notes):	194445377
CUSIP (Restricted 2025 Notes):	68205LAA
CFI (Unrestricted 2025 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
CFI (Restricted 2025 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
FISN (Unrestricted 2025 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
FISN (Restricted 2025 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

6. **DISTRIBUTION**

(i) Method of distribution:	Syndicated

(ii)	If syndicated, names of Joint Lead Managers:	Bank Dhofar S.A.O.G. Citigroup Global Markets Limited Gulf International Bank B.S.C HSBC Bank plc J.P. Morgan Securities plc Natixis QNB Capital LLC Standard Chartered Bank
(iii)	Stabilisation Manager(s) (if any):	Standard Chartered Bank
(iv)	If non-syndicated, name of Joint Lead Manager(s):	Not Applicable
(v)	U.S. Selling Restrictions:	Reg. S Category 1; Rule 144A; TEFRA not applicable

2031 NOTES ISSUE TERMS

The terms and conditions of the 2031 Notes will consist of the terms and conditions set out in the section in the base prospectus dated 19 October 2020 (the "**Base Prospectus**") entitled "*Terms and Conditions of the Notes*" (the "**Conditions**") incorporated by reference herein as amended or supplemented by the terms set out below in this section. For the purposes of the 2031 Notes, references in the Conditions to "Final Terms" shall be deemed to refer to the terms of the Notes substantially in the form set out below. The terms of the 2031 Notes set out below do not constitute final terms for the purposes of Regulation (EU) № 2017/1129, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

2031 Notes Issue Terms dated 21 January 2021

The Government of the Sultanate of Oman, represented by the Ministry of Finance
(LEI: 549300SZ20F0QTKNQC75)

Issue of U.S.$1,750,000,000 6.250% Notes due 2031 (the "2031 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. This document constitutes the 2031 Notes Issue Terms and must be read in conjunction with the Offering Circular dated 21 January 2021 (the "**Offering Circular**") in order to obtain all the relevant information. The Offering Circular has been published on the website of the London Stock Exchange.

1.	Issuer:		The Government of the Sultanate of Oman, represented by the Ministry of Finance.
2.	(i)	Series Number:	8
	(ii)	Tranche Number:	1
3.	Specified Currency or Currencies:		United States Dollars ("**U.S.$**")
4.	Aggregate Nominal Amount of 2031 Notes:		
	(i)	Series:	U.S.$1,750,000,000
	(ii)	Tranche:	U.S.$1,750,000,000
5.	Issue Price:		100.000% of the Aggregate Nominal Amount
6.	(i)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.$1,000
7.	(i)	Issue Date:	25 January 2021
	(ii)	Interest Commencement Date:	Issue Date
8.	Maturity Date:		25 January 2031
9.	Interest Basis:		6.250% Fixed Rate (further particulars specified at paragraph 14 below)
10.	Redemption/Payment Basis:		Redemption at par

11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	(i) Status of the 2031 Notes:	Senior
	(ii) Date of Issuer approval for issuance of the 2031 Notes obtained:	21 January 2021

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	6.250% *per annum* payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	25 July and 25 January in each year from and including 25 July 2021 up to and including the Maturity Date
	(iii) Fixed Coupon Amount:	U.S.$31.25 per Calculation Amount
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360
15.	Floating Rate Note Provisions	Not Applicable
16.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

17.	Call Option	Not Applicable
18.	Put Option	Not Applicable
19.	Final Redemption Amount of each 2031 Note	U.S.$1,000 per Calculation Amount
20.	Early Redemption Amount	U.S.$1,000 per Calculation 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 2031 NOTES

21.	Form of 2031 Notes:	**Registered Notes**: Unrestricted Global Certificate registered in the name of a nominee for Euroclear and Clearstream, Luxembourg and exchangeable for unrestricted individual Certificates in the limited circumstances described in the Unrestricted Global Certificate. Restricted Global Certificate registered in the name of a nominee for DTC and 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
23.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
24.	Prohibition of sales to EEA and UK Retail Investors:	Not Applicable

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in the 2031 Notes Issue Terms.

PART B – OTHER INFORMATION

1. **Listing and Trading**

(a)	Listing and Admission to trading	Application has been made by the Issuer (or on its behalf) for the 2031 Notes to be admitted to (i) the official list of the Financial Conduct Authority and (ii) trading on the London Stock Exchange plc's main market with effect from 25 January 2021
(b)	Estimate of total expenses related to admission to trading	GBP 5,515
(c)	Reasons for the Offer	The proceeds of the issuance of the 2031 Notes will be applied by the Issuer for general budgetary purposes

2. **Ratings**

Ratings	The 2031 Notes to be issued are expected to be rated: Fitch Ratings Limited ("**Fitch**"): BB- Moody's Investors Service, Inc. ("**Moody's**"): Ba3 Fitch is established in the United Kingdom and is registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**") as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Fitch is not established in the European Union and has not applied for registration under the CRA Regulation, though its rating referred to above has been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. Moody's is not established in the United Kingdom or the European Union and has not applied for registration under the CRA Regulation or the UK CRA Regulation, though its rating referred to above has been endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation and Moody's Investors Service Ltd. in accordance with the UK CRA Regulation. Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation. Moody's Investors Service Ltd. is established in the United Kingdom and registered in accordance with the UK CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the offer of the 2031 Notes has an interest material to the offer. The Joint Lead Managers 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:	6.250% *per annum* 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 2031 Notes):	XS2288905370
ISIN (Restricted 2031 Notes):	US68205LAS25
Common Code (Unrestricted 2031 Notes):	228890537
Common Code (Restricted 2031 Notes):	228911356
CUSIP (Restricted 2031 Notes):	68205LAS2
CFI (Unrestricted 2031 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
CFI (Restricted 2031 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
FISN (Unrestricted 2031 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
FISN (Restricted 2031 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

6. **DISTRIBUTION**

(i)	Method of distribution:	Syndicated
(ii)	If syndicated, names of Joint Lead Managers:	Bank Dhofar S.A.O.G. Citigroup Global Markets Limited Gulf International Bank B.S.C HSBC Bank plc J.P. Morgan Securities plc Natixis QNB Capital LLC

		Standard Chartered Bank
(iii)	Stabilisation Manager(s) (if any):	Standard Chartered Bank
(iv)	If non-syndicated, name of Joint Lead Manager(s):	Not Applicable
(v)	U.S. Selling Restrictions:	Reg. S Category 1; Rule 144A; TEFRA not applicable

2051 NOTES ISSUE TERMS

The terms and conditions of the 2051 Notes will consist of the terms and conditions set out in the section in the base prospectus dated 19 October 2020 (the "**Base Prospectus**") entitled "*Terms and Conditions of the Notes*" (the "**Conditions**") incorporated by reference herein as amended or supplemented by the terms set out below in this section. For the purposes of the 2051 Notes, references in the Conditions to "Final Terms" shall be deemed to refer to the terms of the Notes substantially in the form set out below. The terms of the 2051 Notes set out below do not constitute final terms for the purposes of Regulation (EU) № 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

2051 Notes Issue Terms dated 21 January 2021

The Government of the Sultanate of Oman, **represented by the Ministry of Finance**
(LEI: 549300SZ20F0QTKNQC75)

Issue of U.S.$1,000,000,000 7.000% Notes due 2051 (the "2051 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. This document constitutes the 2051 Notes Issue Terms and must be read in conjunction with the Offering Circular dated 21 January 2021 (the "**Offering Circular**") in order to obtain all the relevant information. The Offering Circular has been published on the website of the London Stock Exchange.

1.	Issuer:		The Government of the Sultanate of Oman, represented by the Ministry of Finance.
2.	(i)	Series Number:	9
	(ii)	Tranche Number:	1
3.	Specified Currency or Currencies:		United States Dollars ("**U.S.$**")
4.	Aggregate Nominal Amount of 2051 Notes:		
	(i)	Series:	U.S.$1,000,000,000
	(ii)	Tranche:	U.S.$1,000,000,000
5.	Issue Price:		96.959% of the Aggregate Nominal Amount
6.	(i)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.$1,000
7.	(i)	Issue Date:	25 January 2021
	(ii)	Interest Commencement Date:	Issue Date
8.	Maturity Date:		25 January 2051
9.	Interest Basis:		7.000% Fixed Rate (further particulars specified at paragraph 14 below)
10.	Redemption/Payment Basis:		Redemption at par

11.	Change of Interest or Redemption/Payment Basis:		Not Applicable
12.	Put/Call Options:		Not Applicable
13.	(i)	Status of the 2051 Notes:	Senior
	(ii)	Date of Issuer approval for issuance of the 2051 Notes obtained:	21 January 2021

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		Applicable
	(i)	Rate of Interest:	7.000% *per annum* payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	25 July and 25 January in each year from and including 25 July 2021 up to and including the Maturity Date
	(iii)	Fixed Coupon Amount:	U.S.$35.00 per Calculation Amount
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	30/360
15.	Floating Rate Note Provisions		Not Applicable
16.	Zero Coupon Note Provisions		Not Applicable

PROVISIONS RELATING TO REDEMPTION

17.	Call Option	Not Applicable
18.	Put Option	Not Applicable
19.	Final Redemption Amount of each 2051 Note	U.S.$1,000 per Calculation Amount
20.	Early Redemption Amount	U.S.$1,000 per Calculation 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 2051 NOTES

21.	Form of 2051 Notes:	**Registered Notes**: Unrestricted Global Certificate registered in the name of a nominee for Euroclear and Clearstream, Luxembourg and exchangeable for unrestricted individual Certificates in the limited circumstances described in the Unrestricted Global Certificate. Restricted Global Certificate registered in the name of a nominee for DTC and 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
23.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
24.	Prohibition of sales to EEA and UK Retail Investors:	Not Applicable

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in the 2051 Notes Issue Terms.

PART B – OTHER INFORMATION

1. **Listing and Trading**

(a)	Listing and Admission to trading	Application has been made by the Issuer (or on its behalf) for the 2051 Notes to be admitted to (i) the official list of the Financial Conduct Authority and (ii) trading on the London Stock Exchange plc's main market with effect from 25 January 2021
(b)	Estimate of total expenses related to admission to trading	GBP 5,515
(c)	Reasons for the Offer	The proceeds of the issuance of the 2051 Notes will be applied by the Issuer for general budgetary purposes

2. **Ratings**

Ratings	The 2051 Notes to be issued are expected to be rated: Fitch Ratings Limited ("**Fitch**"): BB- Moody's Investors Service, Inc. ("**Moody's**"): Ba3 Fitch is established in the United Kingdom and is registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**") as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Fitch is not established in the European Union and has not applied for registration under the CRA Regulation, though its rating referred to above has been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. Moody's is not established in the United Kingdom or the European Union and has not applied for registration under the CRA Regulation or the UK CRA Regulation, though its rating referred to above has been endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation and Moody's Investors Service Ltd. in accordance with the UK CRA Regulation. Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation. Moody's Investors Service Ltd. is established in the United Kingdom and registered in accordance with the UK CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the offer of the 2051 Notes has an interest material to the offer. The Joint Lead Managers 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:	7.250% *per annum*
	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 2051 Notes):	XS2288906857
ISIN (Restricted 2051 Notes):	US68205LAT08
Common Code (Unrestricted 2051 Notes):	228890685
Common Code (Restricted 2051 Notes):	228911399
CUSIP (Restricted 2051 Notes):	68205LAT0
CFI (Unrestricted 2051 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
CFI (Restricted 2051 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
FISN (Unrestricted 2051 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
FISN (Restricted 2051 Notes):	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

6. **DISTRIBUTION**

(i)	Method of distribution:	Syndicated
(ii)	If syndicated, names of Joint Lead Managers:	Bank Dhofar S.A.O.G. Citigroup Global Markets Limited Gulf International Bank B.S.C HSBC Bank plc J.P. Morgan Securities plc Natixis QNB Capital LLC Standard Chartered Bank

(iii)	Stabilisation Manager(s) (if any):	Standard Chartered Bank
(iv)	If non-syndicated, name of Joint Lead Manager(s):	Not Applicable
(v)	U.S. Selling Restrictions:	Reg. S Category 1; Rule 144A; TEFRA not applicable

TAXATION

See the section in the Base Prospectus entitled "*Taxation*" for the tax considerations applicable to the Notes.

SUBSCRIPTION AND SALE

The selling restrictions set out in the section in the Base Prospectus entitled "*Subscription and Sale*" shall apply with the following amendments:

(i) the words "and UK", "or in the United Kingdom" and "and the United Kingdom" in the selling restriction entitled "Prohibition of Sales to EEA and UK Retail Investors" on pages 183 and 184 of the Base Prospectus shall be deemed to be deleted; and

(ii) the following selling restriction shall be added:

Prohibition of sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not made and will not make an offer of Notes to the public in the United Kingdom, except that it may make an offer of such Notes to the public in the United Kingdom:

(a) at any time to any legal entity which is a "qualified investor", as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Joint Lead Manager(s) nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 ("**FSMA**"),

provided that no such offer of Notes referred to above shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to section 85 of the FSMA.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) № 2017/1129, as it forms part of UK domestic law by virtue of the EUWA.

GENERAL INFORMATION

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes and the execution and performance of the Transaction Documents. The issue of the Notes has been duly authorised in accordance with the provisions of Royal Decree № 48/76.

Legal and Arbitration Proceedings

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 Offering Circular which may have or has had in the recent past significant effects on the financial position of the Issuer.

Significant Change

Except as disclosed under "*The Economy of Oman*", "*External Sector*", "*Monetary Policy and Financial System*", "*Public Finance*" and "*Indebtedness*", there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources, and income and expenditure figures of the Issuer since 31 December 2019.

Documents on Display

For so long as Notes are outstanding, 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;
- the Deed of Covenant;
- a copy of the legislative text for the annual budget of Oman for the current fiscal year and the prior fiscal year;
- a copy of this Offering Circular; and
- the Base Prospectus.

Address

The address of the Issuer is: P.O. Box 506, Postal Code 100, Muscat, Sultanate of Oman.

The telephone number of the Issuer is +968 2474 652, and the website of the Issuer is www.mof.gov.om. The website and any information on it are not part of, and are not incorporated by reference into, this Offering Circular.

Foreign Language

The language of the Offering Circular 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.

Third Party Information

The Issuer confirms that where information in this Offering Circular 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.

Interested Persons

No person involved in the offering has any interest in the offering, which is material to the offering.

Joint Lead Managers Transacting with the Issuer

Certain of the Joint Lead Managers 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 Joint Lead Managers 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. The Joint Lead Managers may purchase and sell Notes in the open market.

In connection with the offering of the Notes, each Joint Lead Manager 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 Joint Lead Managers 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 Joint Lead Managers 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 Joint Lead Managers 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 Joint Lead Managers 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 Joint Lead Managers 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.

Listing

Application has been made to the FCA for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on its Main Market with effect from 25 January 2021.

Conditions for Determining Price and Yield

The issue price and the amount of each Series has been determined based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to the Notes.

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

GLOBAL COORDINATORS

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United Kingdom

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J.P. Morgan Securities plc
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Canary Wharf
London E14 5JP
United Kingdom

Standard Chartered Bank
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Dubai International Financial Centre
P.O. Box 999
Dubai
United Arab Emirates

JOINT LEAD MANAGERS

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Ruwi, Behind Central Bank of Oman
Sultanate of Oman

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Kingdom of Bahrain

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J.P. Morgan Securities plc
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London E14 5JP
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Natixis
30, venue Pierre Mendès France
75013 Paris
France

QNB Capital LLC
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QNB Msheireb Downtown
P.O. Box 1000
Doha
State of Qatar

Standard Chartered Bank
7th Floor Building One, Gate Precinct
Dubai International Financial Centre
P.O. Box 999
Dubai
United Arab Emirates

FISCAL AGENT, CALCULATION AGENT, TRANSFER AGENT AND PAYING AGENT

Citibank, N.A., London Branch
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Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

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D-60323 Frankfurt am Main
Germany

LEGAL ADVISERS

To the Issuer, as to English and U.S. law

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160 Queen Victoria Street
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To the Issuer, as to Omani law

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Sultanate of Oman

To the Joint Lead Manager(s), as to English law

Allen & Overy LLP
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P.O. Box 506678
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United Arab Emirates

To the Joint Lead Manager(s), as to U.S. law

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Sultanate of Oman