

CHAIRMAN'S REPORT

Economy

The global economy is projected to experience a significant slowdown in 2025 with growth expected to weaken to around 2.8% down from the earlier projections as per the latest April 2025 IMF report citing policy shifts, trade disruptions and rising uncertainties. Growth in advanced economies are expected to slow down, led by tempered expectations for the U.S. economy. Developing and emerging markets are also facing lackluster growth.

Despite global headwinds, Oman's economy posted a steady 2.5% growth in real GDP by the end of Q1 2025 and Oman's real GDP is expected to grow by 2.2% in 2025, up from 1.7% in 2024 according to the latest Economic Forecasts Report. The IMF affirmed the resilience of Oman's banking sector, supported by high asset quality, strong capital adequacy, healthy liquidity levels and sustained profitability. The decent growth in international guest numbers and hotel revenue highlights the recovery of Oman's hospitality sector and the growing interest on the sultanate as a travel destination. Oman's economy in 2025 is characterized by cautious optimism, with ongoing planned strategic efforts to diversify the economy.

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Financial Highlights

For the second quarter ending 30th June 2025, the company earned a total revenue of RO 7,632K against total revenue of RO 8,274K for the comparative period last year. The company's profit after tax and ECL provision is RO 1,689K for the period as compared to RO 1,653K for the same period last year, showing a marginal increase of 2.20%. The company's Loan Book as of 30th June 2025 stands at RO 134 million. The total ECL and reserve interest on Instalment Finance receivables and guarantees stands at RO 15.343 million as of 30th June 2025.

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Concerns

The global economy continues to face the ongoing threat of oil price fluctuations, tariff issues, supply chain disruptions, geopolitical tensions, disruptions in global trade, and extreme climatic events. Although Oman's own exposure to the US tariffs is expected to be limited and the imposed tariff of 10% on the GCC economies is among the lowest compared to other targeted economies, the potential indirect impact on global trade resulting from reciprocal tariffs could lead to slower growth, fluctuating oil prices and inflationary pressures.

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Prognosis

We continue to foresee a challenging period ahead tempered with optimism. The company is well capitalized with a healthy capital adequacy of 32.86% (including the Compulsorily Convertible Bonus Stock Bonds), has robust liquidity buffer in the form of liquid deposits with commercial banks which are being leveraged for effective treasury management. With a healthy capital structure, strong net worth, clean loan book, robust liquidity, lowest NPLs and high NPA coverage, the company is confident of posting satisfactory numbers.

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Acknowledgement

On behalf of the company and the Board of Directors, I would like to express my deep gratitude to His Majesty Sultan Haitham bin Tarik for his vision and leadership, which is taking the Sultanate on the new path of development and prosperity. We are grateful to the Central Bank of Oman, Financial Services Authority and other regulatory authorities for their guidance and support. We thank our shareholders, bankers, dealers and customers for their continued trust, confidence, and support. We acknowledge the dedication and commitment of the management and staff of the company.

Khalid Said Salim Al Wahaibi

Chairman