

Chairman's Report for the six-month period ended 30th June 2025

Dear Shareholders,

On behalf of the Board of Directors, I would like to share with you the results achieved by the Bank during the first half of the year ended 30th June 2025. The Bank persisted in setting positive financial metrics and performing well across various business segments, solidifying its position as the Sultanate's leading financial service provider in the banking sector.

Financial Review

The Bank posted a net profit of RO 125.82 million for the period compared to RO 112.12 million reported during the same period in 2024, an increase of 12.2 per cent.

Net Interest Income from Conventional Banking and Net Income from Islamic Financing stood at RO 206.44 million for the six months period ended 30 June 2025 compared to RO 190.63 million for the same period in 2024, an increase of 8.3 per cent.

Non-interest income was RO 81.83 million for the six months period ended 30 June 2025 as compared to RO 75.27 million for the same period in 2024, an increase of 8.7 per cent mainly due to growth in business volumes and higher investment income.

Operating expenses for the six months period ended 30 June 2025 was RO 108.08 million as compared to RO 102.13 million for the same period in 2024, an increase of 5.8 per cent. Net impairment losses on financial assets for the six months period ended 30 June 2025 was RO 30.16 million as against RO 29.96 million for the same period in 2024.

Net Loans and advances including Islamic financing receivables increased by 5.1 per cent to RO 10,724 million as against RO 10,208 million as at 30 June 2024.

Customer deposits including Islamic Customer deposits increased by 3.3 per cent to RO 9,879 million as against RO 9,563 million as at 30 June 2024.

Business Initiatives & Key Developments

Continuous development and progress remain a pivotal focus for Bank Muscat, striving for excellence. The Bank registered a noteworthy increase of 39% in the number of Point of Sales (PoS) and e-commerce transactions and a surge of 9% in the transaction volumes, compared to the first half of last year. In continuation of the Bank's efforts to offer increased service accessibility for customers, the Bank's network has crossed 190 branches, including Meethaq Islamic Banking and Corporate Banking, and a comprehensive network of 911 ATMs, CDMs, self-service machines, and statement printers distributed across the Sultanate.

The Bank has redefined the industry benchmarks by crafting digital corporate banking solutions that empower SMEs, corporate and government customers to scale their

operations and profitability. Due to the successful launch of its Web Payment APIs (Application Programming Interface), which enabled seamless collection for service providers, the Bank continued to partner with key stakeholders to further enhance its services. During the quarter, Oman Telecommunications Company (Omantel) has integrated the Bank's web payment APIs to offer its corporate customers the convenience of paying bills directly through Omantel portal using their accounts with Bank Muscat.

The Bank also introduced an in-house agile-built Contract Finance Monitoring System to strengthen asset quality while enhancing service delivery for its contracting corporate clients. By automating key monitoring processes, the system enhances operational efficiency and supports long-term sustainable growth.

Through a collaborative strategy, the Bank has positioned itself as a key financier of nationally significant projects. This integrated approach ensures not only the full funding of these initiatives, but also the seamless fulfilment of the banking requirements of all stakeholders involved.

During the second quarter, the Bank undertook a successful liability management exercise for its medium to long term foreign currency borrowings; and led a US \$700 million Syndicated Loan Facility at attractive commercial terms. This reflected the Bank's robust credit fundamentals and continued macroeconomic developments in the Sultanate. As a result, this transaction saw an oversubscription of about 3 times with participation from 26 lenders across Asia, GCC, Europe and USA, further diversifying the Bank's funding sources and markets.

Bank Muscat continued to engage with prominent Government Related Entities (GREs) and leading names in Oman's private sector to provide financial advisory services and support their fundraising initiatives. During the quarter, the Bank provided advisory services to the Ministry of Finance on the successful issuance of Oman Sovereign Sukuk Series 9 which attracted about RO 260 mn of subscriptions against an issuance size of RO 100 mn.

Leveraging its extensive experience in asset management, the Bank currently manages assets of about RO 1.41 bn (approximately US \$3.7 bn) for large institutional investors, corporates and retail investors. This reflects an annual increase of around 17% compared to the first half of 2024, which is a significant achievement given the continued volatile environment across regional and global capital markets.

Bank Muscat's investment funds continued to excel and stand out in the market. The Money Market Fund continued its superior performance with annualized yield delivered by the Fund exceeding 4.95% per year. The Fund is the largest open-ended Fund in Oman with Assets Under Management of over RO 160 million during the quarter. Likewise, Izdihar Real Estate Fund completed the largest ever acquisition to date by acquiring a school property in Dubai, United Arab Emirates, which is being developed at an approximate cost of RO 38.5 mn (approximately US \$100 mn).

Reaffirming its leadership in delivering Sharia-compliant banking and financial solutions, Meethaq Islamic Banking demonstrated its commitment to supporting pilgrims during the Hajj season through a range of tailored banking services and community initiatives. Meethaq also continued to promote its offerings and services through various activities and events it held during the quarter.

CSR & Sustainability

Bank Muscat implemented several impactful initiatives, that underscored its commitment to sustainable development and community engagement. In a significant step towards promoting financial inclusion, the Bank introduced a Braille debit card, the first of its kind in Oman, to offer a seamless banking experience for the visually impaired individuals. This Braille-enabled card allows users to easily identify their account number and manage their finances independently.

In continuation to reinforce its role in raising awareness on financial literacy, the Bank organized a series of training workshops as part of "Maliyat Academy" programme in collaboration with the Ministry of Education coinciding with the Global Money Week and Arab Financial Inclusion Day.

In addition, Bank Muscat and the Royal Oman Police continued the successful awareness campaign aimed at educating the community about the risks of electronic financial fraud and effective prevention strategies.

The Bank also enhanced its partnership with the Ministry of Culture, Sports and Youth by extending its strong support for the 29th edition of the Muscat International Book Fair. This step reaffirms the Bank's commitment to strengthening partnership with governmental and private institutions to effectively organise events and initiatives that promote

sustainable development across various sectors in the Sultanate.

Awards and Accolades

The Bank's outstanding performance and leadership were recognized through several prestigious awards, locally, regionally and internationally, highlighting its excellence across various sectors. The Bank was named among Forbes Middle East Top Companies 2025. The Bank also received The Oman's Best Bank for Digital Solutions Award from Euromoney Private Banking Awards, The Oman's Best Bank Award from Euromoney Awards for Excellence, The Best Bank for SMEs and Best Bank in Oman Awards from Global Finance, and The Best Investment Bank from MEED'S MENA Banking Excellence Awards. The Bank was also recognised locally as the Top Brand in Oman Award from AIWA, and awarded at Oman Sustainability Week 2025.

Similarly, Meethaq Islamic Banking's dedication to innovation and customer service has been validated through a string of prestigious awards from industry leaders during the quarter. Meethaq secured The Most Trusted Islamic Bank in Oman Award from Global Brands Magazine, The Oman's Best Islamic Bank Award from Euromoney Islamic Finance Awards, and The Best Islamic Digital Bank Award from Finance Derivative Awards. Meethaq also got accolades as The Pioneer in Islamic Digital Banking from OER Live DX Awards 2025.

In Conclusion

On behalf of the Board of Directors, I take this opportunity to thank our shareholders for the trust reposed in the Bank. The Board of Directors welcomes the measures taken by the Central Bank of Oman and the Financial Services Authority to support the financial market in the Sultanate. We express our sincere gratitude and appreciation to His Majesty Sultan Haitham Bin Tarik for his vision and guidance.

Khalid Bin Mustahail Al Mashani