

Chairman’s report for the six months ended 30 June 2025

The first half of 2025 reflected Sohar International’s ongoing capabilities to advance strategic priorities of sustainable growth, digital innovation, and national development.

Our designation as a Domestic Systemically Important Bank (D-SIB) reaffirms the bank’s systemic role in Oman's financial sector and commitment to maintaining economic stability.

In the context of Oman's evolving economic landscape under Vision 2040, we have strategically positioned ourselves to capitalize on emerging opportunities. Our focus remains on creating comprehensive value that extends beyond financial metrics to include meaningful socioeconomic contributions through targeted initiatives and partnerships.

FINANCIAL STRENGTH

Compared to the same period last year total assets increased by 10% to RO 7,877 million mainly driven by a 21% increase in loans, advances and Islamic financings (net) to RO 4,862 million. Customer deposits increased by 13% to RO 6,313 million. The Bank’s leading net loan-to-customer deposit ratio of 77% further demonstrates our funding and liquidity strength.

The 24% increase in shareholder’s equity, from RO 719 million as of 30 June 2024 to RO 892 million, includes a RO 130 million rights issue completed in December 2024 positioning the Bank with a market leading Common Equity Tier 1 capital ratio of 14.74%.

Compared to the same period last year, total operating income decreased by 2% to RO 115.6 million, mainly due to a decrease in net interest income.

Total operating expenses increased by 9% to RO 52.1 million, reflecting the Bank’s continued investment in our Branch operation in the Kingdom of Saudi Arabia as well as continued strategic investments in Omani talent and technology.

Loan impairment charges and other credit risk provisions (net) increased to RO 12.2 million compared to RO 10.2 million for the same period last year, further strengthening the Bank’s coverage ratio to 158%.

The resulting profit for the period of RO 46.2 million was 8% below the same period last year.

STRATEGIC GROWTH INITIATIVES

Our growth strategy has achieved significant milestones with the official inauguration of our Riyadh branch representing a pivotal step in our regional expansion. This strategic move enhances our GCC footprint while facilitating cross-border investment flows and trade opportunities between Oman and the Kingdom of Saudi Arabia.

Complementing this expansion, our Memorandum of Understanding with the East Africa Chamber of Commerce (EACCIA) establishes a framework for strengthening economic cooperation between Oman and East African markets, creating new avenues for trade and investment.

The Pearl Real Estate Investment Fund's acquisition of the new Omran Building in Madinat Al Irfan for OMR 25 million exemplifies our leadership in Sharia-compliant investments while supporting Oman's urban development objectives.

These strategic initiatives collectively contribute to the economic diversification goals outlined in Oman Vision 2040, while generating sustainable long-term value for our stakeholders.

STRATEGIC PARTNERSHIPS

Our partnership strategy continues to generate substantial value for Oman's economic and social development.

The OMR 63 million credit facility agreement with Al Mouj Muscat supports strategic urban development projects that contribute to Oman's modern infrastructure landscape.

In collaboration with Dhofar Municipality, we are developing innovative digital banking solutions designed to improve the efficiency and accessibility of public services for citizens.

As Golden Sponsor of Gulf Traffic Week 2025, we actively promoted road safety awareness through educational programs and community engagement initiatives.

Our participation in financial literacy workshops during Global Money Week equipped young Omanis with essential money management skills, supporting the development of financially responsible future generations.

DIGITAL TRANSFORMATION

Our “Digital-First” approach continues to deliver transformative outcomes across all aspects of our operations.

As the pioneer in Oman's banking sector to implement a fully integrated Open Banking Platform, we are establishing new benchmarks for financial innovation and

interoperability.

Our expanding API ecosystem now facilitates seamless connectivity with multiple third-party providers, enabling the creation of innovative financial solutions that address evolving customer needs.

The successful deployment of Google Pay integration has been enthusiastically received by customers, with adoption rates exceeding projections.

The proportion of digital transactions continues its upward trajectory, reflecting the effectiveness of our digital adoption strategies.

Our cybersecurity framework has been further strengthened through the timely completion of ISO 27001 certification, ensuring we maintain the highest standards of data protection and system integrity.

SERVING OUR INVESTORS

As the third largest listed company on the MSX, we continue to prioritize transparent and constructive engagement with our investor community.

Our recent investor session in collaboration with MSX provided a comprehensive overview of our 2024 performance and detailed our strategic roadmap for 2025, facilitating productive dialogue with shareholders and analysts.

We have further enhanced our engagement program through increased communication frequency and specialized sessions for institutional investors, reinforcing our dedication to maintaining investor confidence and ensuring our strategic direction remains fully aligned with shareholder expectations.

SERVING OUR CUSTOMERS

Enhancing customer experience remains central to our operational philosophy, driving our continuous investment in digital innovation and strategic partnerships.

In line with this philosophy, our recent initiative to offer zero transaction charges on digital banking services for corporate clients has proven to be a significant step forward in driving adoption and enhancing the value we deliver. This campaign was designed to empower our corporate customers with seamless, cost-effective access to our comprehensive digital transaction capabilities.

From a retail banking perspective, our exclusive collaboration with SalamAir offers customers attractive discounts on domestic flights when utilizing our credit cards, delivering

concrete value to frequent travelers whilst promoting in-country tourism.

The introduction of our Digital Prepaid Card with instant issuance capabilities provides customers with enhanced payment flexibility and convenience.

We have expanded functionality for minor accounts to promote financial literacy from an early age, while our Credit Card Acquisition and Spends Campaign has successfully deepened customer relationships across all segments.

Operational enhancements have yielded measurable improvements, including reduced call center response times, while consistently maintaining high customer satisfaction ratings.

As part of our broader strategy to elevate service excellence, the first half of 2025 saw Sohar International significantly strengthen its position as a customer-centric institution by enhancing its complaint management and service recovery protocols. This resulted in the resolution and closure of over 90% of customer complaints within the stipulated service level agreements—demonstrating our unwavering commitment to responsiveness, transparency, and operational integrity.

Our Customer Experience function also played a vital role in building emotional engagement with clients, particularly through direct interactions at branches during national and cultural occasions. These personal engagements reinforced the bank’s commitment to listening, understanding, and addressing the diverse needs of our customer base—while simultaneously fostering a sense of community and belonging.

SERVING OUR COMMUNITY

Our comprehensive approach to environmental, social, and governance (ESG) factors continue to generate meaningful impact throughout the country.

The "Threads of Hope" program, implemented in partnership with Dar Al Aseel, has provided vocational training and entrepreneurship development for Omani women, contributing to economic empowerment and professional growth.

In partnership with Sharakah, we concluded the Women SMEs Development Program with a graduation ceremony, reaffirming our commitment to sustainable empowerment. Over six months, ten Omani women entrepreneurs were equipped with key skills in finance, digital tools, and marketing—resulting in an 83% increase in their total revenues compared to the same period in the previous year.

Through our sponsorship of cultural initiatives such as the Afaq Arab University Theater Festival, we actively support the preservation of Oman's rich heritage while fostering creative expression among the nation's youth.

Environmental sustainability remains a key focus, with our digital transformation initiatives achieving substantial reductions in paper consumption.

The innovative "Every Like Adds Light" Ramadan campaign successfully transformed digital engagement into tangible charitable contributions, demonstrating the potential of technology for social good.

Our ongoing sponsorship of national freediving champion Omar Al Ghailani reflects our commitment to sporting excellence and national pride.

SERVING OUR PEOPLE

Our employees constitute our greatest asset and the foundation of our continued success. The introduction of new leadership development programs this quarter has achieved strong participation rates among our management team, reinforcing our leadership pipeline.

Employee engagement metrics reflect our sustained commitment to cultivating a positive and inclusive organizational culture. We have successfully implemented flexible work arrangements across suitable roles, maintaining operational efficiency while supporting work-life balance.

Our Omanization strategy continues to yield impressive results and thereby contributes to the development of local talent and the national economy.

AWARDS AND ACCOLADES

Sohar International's commitment to excellence and innovation has been recognized through several prestigious industry accolades. The inclusion in Forbes Middle East's Top 100 Listed Companies acknowledges our strong market position and consistent financial performance. The "Bank of the Year in Digital Innovation" award validates our leadership in banking technology and digital transformation.

At the Oman Banking Awards, we were honored with multiple distinctions including Best Digital Transformation Initiative and Best Bank - Growth, recognizing our balanced approach to progress across various dimensions of our operations. These recognitions serve both as validation of our achievements to date and as motivation to continue elevating our standards of excellence.

In recognition of our capital markets expertise, Sohar International and Sohar Islamic, received the Islamic Finance News (IFN) 'IPO Deal of the Year' award for managing the region's largest IPO in 2024, raising OMR 1.7 billion.

Further reinforcing our customer-centric approach, Sohar International was also named the "Best Customer Experience Team in Oman" at the inaugural Oman CX Forum, a testament to the bank's continued leadership in delivering meaningful, differentiated experiences across the banking landscape.

RECOGNITION

I extend our heartfelt appreciation to all our stakeholders for their ongoing trust and confidence, an enduring source of strength in our journey of transformation and long-term growth. The dedication and shared purpose demonstrated by our people remain central to delivering on our strategic goals and upholding the values that define Sohar International.

We also acknowledge with gratitude the vital role of our regulators, particularly the Central Bank of Oman and the Financial Services Authority, whose strong governance, transparent frameworks, and steadfast guidance have enabled sustained progress within the sector.

On behalf of the Board of Directors and the entire team, I express our sincere gratitude to His Majesty Sultan Haitham Bin Tarik. His visionary leadership continues to guide the nation towards lasting prosperity and socio-economic advancement.

Said Mohamed Al-Aufi
Chairman