

CHAIRPERSON’S REPORT H1 2025

On behalf of the Board of Directors of National Bank of Oman SAOG (NBO), I am pleased to present the first half 2025 report for the period ended 30 June 2025.

Oman’s Economy

The Sultanate’s economy continues to demonstrate resilience and steady growth in 2025. Real GDP is projected to expand by 2.3 per cent for the year, supported by stronger non-oil activity and stabilisation in the hydrocarbons sector. The economy’s size at constant prices is expected to reach approximately OMR 39.4 billion.

Inflation remains low, with 2025 estimates averaging around 1.5 per cent. This reflects a stable price environment, aided by prudent monetary policy and price control measures. Global oil prices are forecast to average 66 US dollars per barrel for the year, which is above the conservative 2025 budget assumption of 60 US dollars per barrel.

The 2025 State Budget projects revenues of OMR 11.18 billion, with oil and gas contributing about 68 per cent. Non-oil revenues are expected to reach OMR 3.57 billion, reflecting continued improvements in tax and fee collection. Total expenditure is set at OMR 11.8 billion, leaving a modest fiscal deficit of OMR 620 million or around 1.5 per cent of GDP.

Standard & Poor’s (S&P) reaffirmed Oman’s investment-grade sovereign rating at BBB with a stable outlook in April 2025, citing progress in fiscal consolidation and economic diversification. Public debt levels are projected to decline further to around 30 to 32 per cent of GDP in the medium term. In July 2025, Moody’s also upgraded both Oman’s sovereign rating and NBO’s rating to investment grade.

NBO’s Financial Performance

Given this backdrop, Net Interest Income for H1 2025 was OMR 53.34 million, showing an increase of 1.7 per cent compared with the same period last year.

Fee Income for the same period was OMR 26.10 million compared to OMR 21.87 million, an increase of 19.4 per cent.

Operating Expenses for the six months ended 30 June 2025 was OMR 32.38 million, compared to OMR 30.32 million for the corresponding period in 2024, an increase of 6.8 per cent.

Operating Profit, as a result, grew by 6.9 per cent year-on-year.

Net Impairment for the first half of 2025 was OMR 7.10 million, compared to OMR 7.61 million for the corresponding period last year, a decrease of 6.8 per cent, mainly due to higher recoveries in H1 2025.

As a result, the Net Profit for H1 2025 was OMR 34.03 million, a growth of 10.3 per cent over the corresponding period last year.

Gross loans and advances as of 30 June 2025 are at OMR 4.24 billion, reporting a growth of 9.1 per cent over last year. Customer deposits correspondingly are at OMR 4.21 billion, with the Bank continuing to maintain a healthy CASA mix.

The Bank’s Core Equity and Total Capital Adequacy Ratio stood at 11.1 per cent and 16.6 per cent, respectively.

Key Updates and Agreements

We successfully concluded the Demo Day of our inaugural Fintech Accelerator Programme, marking a significant milestone in our commitment to driving innovation within the financial services industry. Held at our Head Office, the event brought together regulators, investors, industry leaders, and strategic partners to witness the final showcase of solutions developed by five high-potential fintech start-ups. Through the Fintech Accelerator, we are not only backing promising start-ups but also fostering collaboration

across the industry to deliver customer-centric solutions and contribute meaningfully to Oman’s digital and economic transformation.

In real estate financing, we signed MoUs with Zain Property Development and Adrak Developers to offer tailored financing for the Husn Alzain and Hai Al Naseem projects under the Soroush initiative, supporting Oman Vision 2040’s goal of sustainable housing. We also partnered with Dar Global to provide credit facilities for the AIDA Oceana project, part of the Yiti Master Development Plan, reinforcing our support for tourism and real estate investment. Additionally, we are delighted to sign two MoUs with Al Sarooj Development Company to support the Sarooj Oasis project.

We arranged a USD 187 million syndicated loan facility as mandated lead arranger for a major energy group, attracting double the subscription from six regional banks. We also arranged a USD 55 million refinancing deal for a leading industrial entity and provided OMR 12 million in working capital to support a major manufacturer. Our relationship with a key government-related group was strengthened through tailored working capital solutions across six of its subsidiaries.

We strengthened our trade and project financing portfolio with an OMR 16 million facility for a major infrastructure project in Al Batinah. In trade services, we processed over 60 export collection transactions worth USD 8 million and saw 42 per cent year-on-year growth in export finance. The number of Export Letters of Credit also grew by 27 per cent, reflecting increased customer activity. Additionally, we activated an Escrow account and onboarded a client for Direct Debit arrangements, reinforcing our role in complex financial operations.

In capital markets, NBO facilitated the successful subscription of the Asyad Shipping IPO through our digital platform, ensuring a smooth experience for both retail and institutional investors and demonstrating our commitment to supporting Oman’s capital market development.

In Investment Banking, we launched the NBO Money Market Fund, our third open-ended mutual fund, following a successful public offering that closed in February. Designed to generate returns while preserving capital and maintaining daily liquidity, the fund invests in low-risk instruments across Omani, regional, and international markets. In addition, we continue to offer the NBO GCC Fund and NBO Global Equity Fund, providing both retail and corporate clients with diversified equity investment opportunities.

On the Government Banking front, we successfully managed the opening of new revenue and expense accounts under the Treasury Single Account framework, converted existing accounts into Treasury Single Accounts, and opened two sub-revenue accounts to support financial operations.

Digital Capabilities

In line with our steadfast commitment to innovation and financial inclusion, we continued to roll out innovative digital solutions aimed at enhancing customer convenience and empowering communities.

As part of our ongoing digital transformation, we revamped the NBO app’s dashboard to deliver a more seamless and user-friendly experience. Several new features were also introduced to enhance customer convenience and accessibility. A key milestone was the launch of a fully digital account opening service, enabling individuals to open an account seamlessly without visiting a branch or submitting physical documents. We also launched a secure, user-friendly feature allowing customers to request Supplementary Credit Cards for family members directly through the app, reinforcing our commitment to financial empowerment. Additionally, we enhanced the personal loan top-up service, enabling eligible customers with salary-related loans to apply for additional financing quickly and securely, without branch visits.

To add convenience during festive seasons, we rolled out a limited-time Eid notes pre-booking service through the NBO app, allowing customers to reserve their notes in advance and avoid long queues at branches. Additionally, Eid Note Dispensing Machines were deployed across five locations in Oman.

On the corporate banking front, we officially launched our Application Programming Interface (API), marking a significant step towards advancing the Sultanate’s digital banking landscape. The secure platform enables seamless integration between the customer’s systems and NBO’s channels, offering real-time access to a wide range of banking services. The API Gateway serves as a foundational tool for corporate customers, government entities and fintech developers, supporting integration with Enterprise Resource Planning (ERP) systems, treasury functions and custom financial applications. It aligns with the Central Bank of Oman’s vision to enable open banking and foster a digitally connected financial ecosystem.

Additionally, we introduced the Direct Debit E-Mandate, a pioneering digital solution developed in alignment with the Central Bank of Oman’s digital payment strategy. Designed for both individuals and businesses, this service simplifies recurring transactions, offering users flexible and effortless control over their payments through an intuitive digital platform.

We recorded strong growth in our digital banking services for corporates. Customer acquisition on the Corporate Internet Banking (CIB) platform increased by 111 per cent

year-over-year. Bill Payments usage also saw a notable 24 per cent rise. Additionally, 18 corporates connected with the bank through B2B mandates, with overall utilization increasing by 15 per cent year-over-year.

Stakeholder Engagement

In the first quarter of 2025, we hosted a series of high-profile events to connect more meaningfully with our stakeholders and customers and share valuable financial insights, reinforcing our role as a trusted partner in both personal and professional banking journeys.

Celebrating the power of collaboration and technology, we hosted our inaugural Digital Partnership Awards Ceremony at our Head Office in Muscat. The exclusive event honoured public and private sector partners whose contributions are accelerating Oman’s digital transformation and reinforcing NBO’s vision of providing seamless, customer-centric banking experiences.

In collaboration with Muscat Stock Exchange, Estidama, the Financial Services Authority, and the Muscat Clearing and Depository Company, we hosted the introductory session for the Incentive Program and the AIM Market. The event spotlighted new incentives in Oman’s capital market, with a focus on the Incentives Program and the AIM Market.

We hosted the MEIRA Oman Chapter Meeting and CEO Roundtable at our Azaiba Head Office, in collaboration with the Muscat Stock Exchange and MEIRA. The event gathered industry leaders and experts to discuss the future of Investor Relations and ESG practices, reinforcing our commitment to transparency, responsible finance, and long-term value creation.

We held the third edition of our Market Outlook 2025 event at our Head Office under the theme “Financial Markets in the Trump Era: Disruption or Opportunity.” A global expert shared insights on macroeconomic trends and political dynamics, offering valuable perspectives for navigating the evolving financial landscape.

NBO Muzn Islamic Banking

Muzn Islamic Banking continues to perform well with total income for YTD June 2025 growing by 28.8 percent YoY. Gross Financing grew by 29.3 percent YoY to reach OMR 392 million as at 30th June 2025 and customer deposits grew by 6.4 percent YoY to reach OMR 329 million as at 30th June 2025.

NBO Muzn Islamic Banking has announced several strategic initiatives and partnerships during the first half aimed at enhancing customer benefits and expanding access to Shari’a-compliant financial solutions across Oman.

In line with its mission to support national housing development, Muzn Islamic Banking signed multiple Memoranda of Understanding (MOUs) with leading real estate developers to provide Shari’a-compliant home financing under Oman’s national housing scheme. Partnerships include Sohar Real Estate Development for the Hai Majd Project, Zain Property Development for the Husn Al Zain Project, Al Masa Real Estate for Hayy Al Azm, Al Daham Real Estate for Hay Al Sumu, Adrak Developers for Yenaier and Hai Al Naseem, and Al Dahab Real Estate. Through these agreements, Muzn will offer tailored financing solutions to eligible customers purchasing properties under the Soroush Initiative. Additionally, Muzn partnered with Oman Housing Bank (OHB) to provide home financing support, including a complimentary Muzn Credit Card with a waived first-year fee for customers applying through OHB.

Reflecting its commitment to offering Shari’a-compliant financial solutions while reinforcing its presence across the Sultanate, Muzn Islamic Banking has opened a new branch in Al Mussanah. Moreover, we have relocated our branch in Al Mabila to a more convenient and accessible location, ensuring improved service delivery and customer experience.

Muzn Islamic Banking advanced its digital capabilities to improve customer convenience and access. Key initiatives included the launch of Dhamani Pay for health insurance transactions, E-IPO services through the Muzn app, and Samsung In-App Tokenization for enhanced payment security. The introduction of E-Mandate for Direct Debit via Corporate Internet Banking and the app boosted automation and efficiency. Muzn also conducted over 50 CIB training sessions for 26 corporates and government entities to support digital adoption.

To meet the working capital and liquidity needs of businesses, Muzn introduced the Corporate Running Wakala Finance, a Shari’ah-compliant alternative to conventional overdrafts. Designed to support businesses of all sizes, this flexible product reinforces Muzn’s position as a strategic partner to Oman’s corporate sector.

People

NBO CEO Abdullah Zahran Al Hinai participated in two high-profile panel discussions, reflecting the Bank’s leadership and national commitment. At the Dubai Fintech Summit, he spoke on “Banking Transformed: The Next Wave of Innovation,” sharing insights into NBO’s role in digital banking, fintech, and financial inclusion, and underscoring our support for Oman’s digital economy and Vision 2040. He also joined a panel on “Institutional Readiness and Strategies to Enhance Sustainability During Crises and Emergencies,” organized by the Royal Academy of Management and the National Risk Register, reinforcing our focus on sustainability and the long-term resilience of the national economy.

Maha Saud Al Raisi, Assistant General Manager & Head of Products, and Mustahil Ahmed Al Mamari, Assistant General Manager & Head of Strategy and Transformation, successfully graduated from the prestigious National CEO Programme, delivered by the Royal Academy of Management. This achievement reflects their leadership capabilities, commitment to professional development, and alignment with the Bank’s vision for excellence. Their continued contributions are expected to play a key role in advancing our strategic objectives and supporting the broader goals of Oman Vision 2040.

Community Values

We hosted a closing event at our Head Office to mark the successful conclusion of the current school semester’s cycle of the More Than Money Programme, delivered in collaboration with INJAZ Oman. This milestone marked the end of a semester-long initiative that positively impacted 1,568 students across Muscat and Al Dakhiliyah governorates. The programme reflects our commitment to youth empowerment and financial education, aligning with our broader efforts to support community development and build a financially literate future generation.

We participated in the 2025 Sultan Qaboos University Career Fair, highlighting career opportunities, training programmes, and workshops to prepare students for the job market. As part of this, we launched the NBO Tomorrow’s Leaders Programme for high-potential Omani graduates and the 2025 Internship Programme, both aligned with Oman Vision 2040 and national development goals.

As part of our annual Ramadhan Shahr Al Atta campaign, we supported underprivileged communities through various initiatives, including a charity-driven internal food festival, distribution of food hampers, and events with the Cultural Citizenship Salon and National Autism Center. We also marked Islamic Orphans Day and Qaranqasho with children from the Child Care Centre and those with autism. In partnership with the Zakat Committee, we contributed to the Kaswat Al Eid initiative, providing Eid clothing for children from low-income families.

Global Recognition

In the first half of 2025, NBO was recognised with six prestigious accolades, reaffirming its leadership in digital transformation and customer-centric banking.

The Bank was named Best Retail Bank in Oman 2025 at MEED’s Middle East and North Africa (MENA) Banking Excellence Awards. This prestigious recognition reflects the Bank’s ongoing commitment to investing in innovative financial services and solutions that enhance customer experience.

At the Euromoney Private Banking Awards 2025, the Bank received two distinguished accolades: Oman’s Best Private Bank and Best for High-Net-Worth (HNW) Customers. These awards underscore NBO’s dedication to delivering tailored financial solutions and comprehensive wealth management strategies, while offering personalised experiences for its clients.

In recognition of its digital leadership, NBO was named Best Bank for Digital Banking Services in Oman 2024 by the Global Banking and Finance Review. This award affirms NBO’s commitment to digital innovation and its continued investment in transforming the customer journey through technology.

Additionally, NBO was honoured as the Most Innovative Digital Retail Bank in Oman 2024 by the Global Business Outlook Awards. This accolade highlights the Bank’s success in introducing pioneering solutions, including the Sultanate’s first digital credit card application process, Eid Note Dispensing Machines across five locations during festive periods, and Self-Service Kiosks that provide a range of banking services without the need for branch visits.

We are proud to be recognized by the Ministry of Labour for achieving one of the highest Omanisation rates standing at 93 per cent. The recognition reflects our ongoing commitment to empower local talent, in alignment with Oman Vision 2040.

Appreciation

On behalf of the Board of Directors, I would like to thank our customers, shareholders, executive management, and the entire team of NBO for their support and efforts in

implementing the Bank’s strategy and achieving its goals and objectives.

We would also like to sincerely thank our regulators, the Central Bank of Oman, the Central Bank of the United Arab Emirates and the Financial Services Authority, for their constant support and dedicated efforts to develop Oman’s financial industry, especially the banking sector.

We pay tribute to His Majesty Sultan Haitham bin Tarik, under whose visionary leadership and wise guidance Oman continues its steadfast march towards sustainable economic growth and social development.

Amal Suhail Bahwan

Chairperson