
CHAIRPERSON’S REPORT Q1 2026

On behalf of the Board of Directors of National Bank of Oman SAOG (NBO), I am pleased to present the first quarter 2026 report for the period ended 31 March 2026.

Oman’s Economy & Financial Sector

Oman’s economic outlook remains positive, supported by steady progress in diversification under Vision 2040. In 2025, real GDP growth was around 2–2.5 per cent, driven largely by the non-oil economy, which expanded by 3.1 per cent to approximately 28.7 billion. Growth was broad-based across key sectors such as services, manufacturing, logistics, and tourism, reflecting continued structural transformation.

Macroeconomic conditions remain stable, with low inflation of around 1–1.5 per cent supporting consumer and business confidence. Investor sentiment also remains solid, as reflected in rising Foreign Direct Investment and strengthening fiscal and external positions. Oman continues to benefit from prudent financial management and maintains investment-grade sovereign credit ratings, including S&P Global’s BBB- (stable) with a short-term rating of A-3, while its banking sector remains resilient with strong liquidity and steady credit growth.

Looking ahead, the Eleventh Five-Year Development Plan (2026–2030) targets around 4 per cent growth, with a focus on high-potential sectors including manufacturing, tourism, logistics, renewable energy, and the digital economy. While regional geopolitical tensions and global uncertainties may weigh on short-term growth, Oman remains well-positioned to sustain its economic trajectory through diversification, stable policies, and a resilient financial system.

NBO’s Financial Performance

Net Interest Income for Q1 2026 was 29.5 million, showing an increase of 13.2 per cent compared with the same period last year.

Fee Income for Q1 2026 was 16.7 million compared to 14.1 million for the corresponding period last year, an increase of 18.9 per cent.

Operating Expenses for the three months ended 31 March 2026 was 17.5 million, compared to 16.2 million for the corresponding period in 2025, an increase of 8 per cent.

Operating Profit, as a result, grew strongly by 20.1 per cent year-on-year.

Net Impairment for the first quarter of 2026 was 5.6 million, compared to 3.8 million for the corresponding period last year, an increase of 46.6 per cent.

As a result, Net Profit for Q1 2026 was 19.5 million, compared to 17.1 million, a growth of 14 per cent over the corresponding period last year.

Gross loans and advances as of 31 March 2026 are 4.5 billion, reflecting a growth of 7.6 per cent from last year. Customer deposits correspondingly are at 4.3 billion, with the Bank continuing to maintain a healthy CASA mix of 54.1 per cent.

The Bank’s Core Equity and Total Capital Adequacy Ratio stood at 11.3 per cent and 17.5 per cent, respectively.

Key Updates and Partnerships

During the first quarter of the year, we continued to strengthen our customer-centric approach and support national development through strategic partnerships, targeted campaigns, and service enhancements.

We signed a Memorandum of Understanding with Oman Airports to explore the development of a travel and rewards programme offering digital payment solutions and added benefits for travellers arriving in or transiting through Oman, reflecting our shared commitment to delivering more innovative and value-added travel experiences.

We also enhanced customer engagement through a series of retail and seasonal campaigns. In partnership with Sharaf DG, we launched a limited-time promotion offering credit cardholders 20 per cent cashback in NBO Reward Points on electronics purchases converted into Easy Payment Plans, combining payment flexibility with added value.

During Ramadhan and Eid Al Fitr, we introduced cashback rewards, exclusive discounts, and initiatives designed to support customers’ lifestyle and spending needs. These included a Ramadhan motor loan campaign offering rates starting from 3.99 per cent with no mortgage requirement, Visa card promotions to encourage easier and more rewarding everyday spending, and the ability for customers to convert NBO Reward Points into Avios through the NBO app, in collaboration with Qatar Airways.

In line with our focus on convenience and digital innovation, we introduced motor insurance services on the NBO app, enabling customers to apply for, renew, and manage their policies seamlessly. We also relaunched our Eid note service, allowing customers to pre-book preferred denominations through the NBO app and collect them from selected branches on a first-come, first-served basis. The service included 100 Baiza, 500 Baiza, and 1, 5, and 10 notes, while customers could also access cash through dedicated Eid Note Dispensing Machines at five locations: Azaiba Main Branch, Sohar, New Salalah, Bahla, and Ibra, using their NBO debit cards. Together, these initiatives demonstrate our continued focus on innovation, customer engagement, and delivering seamless banking experiences during peak periods.

In Corporate Banking, we successfully concluded one of our largest hospitality sector refinancing transactions. We also supported a prominent group in meeting its liquidity and investment needs. In line with our commitment to the local economy, we further expanded SME lending in Q1 2026, providing both direct and indirect support to small businesses across Oman.

We advanced our digital transformation agenda with the launch of the NBO API Gateway, Developer Portal, and Sandbox capabilities, becoming the first commercial bank in Oman to offer a sandbox environment. The Sandbox provides a secure platform for developers, fintechs, startups, SMEs, and corporate clients to test, prototype, and integrate with our APIs.

We also drove digital adoption through weekly webinars, a targeted token sales campaign, and the onboarding of three new Host-to-Host clients across the healthcare, infrastructure, and fintech sectors. In addition, enhancements to Host-to-Host connectivity and Escrow & Custody processes improved efficiency and accelerated transaction processing.

In Trade Finance, we delivered strong growth, with Letter of Guarantee issuance increasing by 205 per cent, Export Letters of Credit by 62 per cent, and Bill Discounting by 28 per cent quarter-on-quarter. The Bank also supported large-scale energy exports by confirming an Export LC related to crude oil shipments.

Muzn Islamic Banking

Muzn Islamic Banking continues to perform well with Total Income for Q1 2026 growing by 26.8 per cent YoY. As of 31st March 2026, Gross Financing grew by 13.0 per cent YoY to reach 403.9 million and customer deposits grew by 9.4 percent YoY to reach 373.9 million.

During the quarter, NBO Muzn Islamic Banking continued to strengthen its position in Sharia compliant finance through targeted products and customer-focused initiatives.

Demonstrating its commitment to fostering financial awareness from an early age, Muzn Islamic Banking launched a Children's Debit Card for customers aged 7 to 17, aimed at promoting responsible financial habits through a secure and accessible banking experience tailored to younger segments.

During the Holy Month of Ramadhan, Muzn Islamic Banking introduced a range of Shari'ah-compliant offers across its credit card and savings portfolio, including a first-year annual fee waiver on credit cards and advance profit on savings accounts. These initiatives were designed to provide greater value and flexibility while supporting customers' financial needs during the period.

Muzn Islamic Banking also participated as a Golden Sponsor of the 17th Islamic Financial Services Board (IFSB) Summit, hosted by the Central Bank of Oman in Muscat, reflecting its commitment to advancing Islamic finance and strengthening industry leadership through knowledge exchange.

People

We continued to demonstrate our commitment to human capital development and youth empowerment through targeted initiatives aligned with national workforce priorities.

In collaboration with the Ministry of Labour, we launched the Universal Banker Programme, the first of its kind in Oman. The programme is designed to equip diploma holders with structured learning, professional development, and hands-on experience across NBO and Muzn Islamic Banking branches over a two-year period, preparing them for customer-centric banking roles.

During the Holy Month of Ramadhan, we implemented a Wellbeing Programme to support our employees, focusing on physical and financial wellbeing through initiatives such as a Step Challenge, financial awareness sessions, and engagement activities. We also hosted staff iftars in Muscat, including dedicated arrangements for call centre employees in Ruwi, as well as an iftar for our UAE colleagues, fostering connection, inclusion, and team spirit across the organisation.

To further enhance employee engagement and development, we conducted an Investment Banking awareness session, providing insights into our solutions, market

developments, and how we support customers in achieving their financial goals. We also organised a planting workshop at our Head Office, reinforcing our commitment to sustainability and environmental responsibility.

Community Values

In Q1 2026, we continued to strengthen our role as a socially responsible institution by advancing initiatives that support community development, preserve cultural heritage, and foster inclusive engagement.

We continued to foster innovation through the launch of the second cohort of our Fintech Accelerator Programme. Building on the success of the inaugural cycle, the initiative supports Oman Vision 2040 by enabling SMEs, promoting innovation, and accelerating digital transformation within the financial services sector. The cohort brings together **seven** fintech startups: CXingularity, Bayzati, A4 Labs, Rushd Capital, Payce, and Cardo, along with Amaan, a graduate of the Upgrade programme.

We marked a key milestone this quarter with the completion of construction works at the restored old souq in Suroor Village, located in Wilayat Sumail. Funded by NBO, the initiative reflects our commitment to revitalising community spaces of cultural and historical significance, while contributing to local economic activity. The project comprises six retail units, and the souq is already welcoming visitors following the opening of its first shop.

In addition, we resumed our annual Shahr Al Atta campaign during Ramadhan, reaffirming our commitment to community engagement and social responsibility. As part of these efforts, we organised the Ramadhan Food Festival at our Head Office, welcoming more than 20 families to showcase and sell their homemade dishes.

Moreover, in collaboration with the Ministry of Social Development, we distributed Eid clothing to the Social Welfare Centre in Rustaq, alongside the distribution of food hampers across Oman to support families in need.

We also brought communities together through a Tahloola event in Suroor, celebrating children who have memorised the Holy Quran through a range of activities, including competitions and family-friendly experiences.

In line with our corporate social responsibility efforts, we continued our weekly “Café Thursday” initiative, offering a platform for Omani-owned cafés, home-based businesses, and SMEs to showcase their products. The initiative supported 17 businesses during the quarter, promoting local entrepreneurship.

Additionally, we participated as a Silver Sponsor of the INJAZ Oman Exhibition, reaffirming our commitment to advancing financial literacy, entrepreneurship, and youth development in Oman.

Recognition

We are proud to have been recognised by the Oman Charitable Organization at the CSR Partners Recognition Ceremony, reflecting our continued commitment to supporting humanitarian initiatives and creating meaningful community impact across the Sultanate.

We also received the Hiring Transformation Partner Award at the Oman Society of Human Resources Management (OSHRM) event, in recognition of our efforts to enhance talent acquisition through a more structured, technology-driven approach. By leveraging smart technologies and AI, we continue to strengthen hiring quality and build a future-ready workforce as part of our broader People & Culture transformation programme.

In addition, our General Manager - Chief Financial Officer, Giridhar S. Varadachari, was honoured with the CFO of the Year 2025 Award – Banking Sector at the Oman CFO Forum & Awards. This recognition reflects his leadership in driving financial excellence, strategic growth, and resilience. During the forum, he also contributed to a panel discussion on building resilient financial ecosystems, highlighting the Bank’s role in supporting the development of Oman’s financial sector and advancing a more sustainable economic future.

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