
Directors Report

On behalf of the Board of Directors, we are pleased to present to you the financial results of the Company for the six-month period ended June 30, 2025.

We continue to witness restrained business sentiments in the region with continuing geo-political tensions contributing to a more cautious approach to business growth. To navigate the fast-evolving economic uncertainties after the recent trade actions post the US elections, we are focused on using Oman's domestic resilience and diversification opportunities in our area of operations.

With a well-diversified geographical presence across the Sultanate of Oman (23 branches), coupled with a broad product profile, your company is well positioned to provide innovative and financial solutions for both Retail and SME segments. Your Company continues to improve its technological capabilities to be aligned with the digital transformation happening across the world in order to provide solutions that deliver best in class customer experience.

National Finance continues to adopt a prudent approach to credit approvals keeping in view the overall macroeconomic scenario and perceived increase in credit risk. Within this policy, our approach has been to target customers who satisfy our credit risk appetite. We anticipate a reasonable growth to our asset base in the medium term.

National Finance's total regulatory capital of RO 143.96 million is the highest among Finance and Leasing Companies (FLCs) which gives us a strong base on which to build our business. Your company remains the largest Finance and Leasing Company in the Sultanate in terms of asset size, branch network, revenues and profit.

The operating profit (profit before provision and tax) was at RO 12.18 million (RO 8.20 million in June 2024), an increase of 48.53% during this period. The Net Investment in Lease was at RO 614.62 million (RO 578.87 million in December 2024), a growth of 6.18% during the period. Profit after tax was RO 7.02 million as compared to RO 5.86 million in June 2024 reflecting an increase of 19.83%.

The company remains committed to Omanisation and as of June 30, 2025, the number of Omani employees was 361 out of the total workforce of 393. The Omanisation percentage works out to 91.86% which is higher than the given target of 90%. Your Company continues to remain committed to providing career growth and development of Omani nationals through ongoing training programs in line with their job requirement. We remain committed to maintaining momentum through ongoing employee engagement initiatives, future skills development, and the enhancement of managerial and leadership capabilities to support our employees' professional growth.

Sustainability remains a cornerstone of our strategic direction, shaping how we operate, grow, and contribute to the wider economy. Our approach is anchored in environmental responsibility, social impact, and strong governance, with a clear focus on responsible lending, SME empowerment, and enhancing the customer experience. These efforts are aimed at delivering long-term value to all stakeholders while advancing the broader goals of sustainable development.

In line with our commitment to transparency and accountable governance, we disclosed our ESG achievements to our stakeholders to ensure open and effective communication of our sustainability performance. We are also proud to announce the release of the second edition of our GRI-aligned Sustainability Report, marking another step forward in integrating sustainability into our core business and reporting practices in accordance with global standards. We continue to implement our Environmental and Social Management System (ESMS), designed to enhance ESG due diligence for eligible SME clients. This ongoing effort represents a significant step in integrating ESG considerations into our lending and operational processes aiming to minimize environmental impact, promote inclusive growth, and maintain strong governance standards.

Our CSR initiatives reflect our values in action. Our partnership with Dar Al Atta'a continues to support the "Tamkeen" program, which empowers individuals from underprivileged backgrounds, with the next cohort of graduates expected in summer 2025. We have also made significant strides in our Imtidad program, delivered in collaboration with Sharakah, where 60% of the monitoring progress for eight SMEs has been successfully completed. This initiative allows us to actively strengthen the SME ecosystem by providing entrepreneurs with essential resources, guidance, and mentorship. Our engagement with INJAZ Oman has also generated strong outcomes, with over 200 student companies established as part of our support for youth entrepreneurship in higher education. We also signed an agreement with Children's First Association. This partnership highlights our commitment to supporting institutions and associations that focus on the development, empowerment, and protection of

individuals within the society.

We remain committed to advancing our ESG agenda as a core driver of sustainable growth and long-term value.

We extend our sincere gratitude to all stakeholders especially the regulators and customers for the support extended towards the growth of the Company. On behalf of the Board of Directors, we also thank the staff for their dedication and hard work which has enabled us to establish ourselves as the most trusted company in the sector.

Hani Muhammad Al Zubair

Chairman