

CHAIRMAN’S REPORT – SECOND QUARTER 2025

Dear Shareholders,

I am pleased to present to you the financial results of Oman Arab Bank SAOG (the Bank) for the second quarter ended 30 June 2025.

In Q2 2025, Oman’s economic outlook remained positive, as confirmed by the IMF’s recent mission. Real GDP growth reached 1.7% in 2024, with projections of 2.4% in 2025 and 3.7% in 2026—driven primarily by non-oil sectors. Inflation stayed low at 0.9% year-on-year as of April, reflecting a stable price environment. The country’s fiscal discipline has yielded a surplus of 3.3% of GDP in 2024, with government debt reduced to 35.5% of GDP. The IMF also commended Oman’s progress in institutional reforms, including improvements in state-owned enterprise (SOE) governance, financial transparency, and diversification into sectors such as manufacturing, renewables, and tourism.

Globally, the U.S. Federal Reserve maintained a cautious stance, holding rates at 4.25 - 4.50% while signalling possible cuts later in the year. This could ease borrowing conditions, benefiting emerging markets. However, risk such as new U.S. tariffs, geopolitical tensions, and oil price volatility remain.

For Oman Arab Bank, these developments highlight the importance of a resilient, forward-looking strategy that can navigate both external challenges while capitalizing on domestic opportunities. This includes aligning with the Sultanate’s Vision 2024 by supporting economic diversification, promoting sustainable credit growth in sectors such as SMEs and renewable energy, and accelerating investment in digital financial solutions to enhance customer experience and operational agility.

Islamic banking continues to be a key driver of sector growth. The expansion of Alizz Islamic Bank’s distribution network, enhancement of its products and services, investment in digital capabilities and increasing public awareness present significant growth opportunities, which the Bank is well positioned to capture.

By staying agile and focused, the bank aims to support inclusive economic development while maintaining a robust risk management framework.

CONSOLIDATED FINANCIAL PERFORMANCE

The Bank reported a consolidated net profit after tax of RO 14.6 million for the first half of 2025, up 15% compared to RO 12.7 million for the same period in 2024.

Net interest income from conventional banking and net income from Islamic financing stood at RO 55.7 million for the six-month period ended 30 June 2025, up 13% from RO 49.3 million for the same period in 2024 due to an increase in interest and financing income by 6%.

Operating income increased by 8% to RO 68.8 million for the six-month period ended 30 June 2025 compared to RO 63.6 million for the same period in 2024, while operating expenses increased by 5% to reach RO 37.8 million compared to RO 36.1 million for the same period in 2024. This has led to a healthy growth in operating profit which grew 12% to reach RO 30.9 million in the first half of 2025 compared to RO 27.5 million for the same period last year. Net allowances for expected credit losses recorded RO 13.5 million in the six- months period ended 30 June 2025 compared to RO 12.5 million for the same period in 2024.

Net loans and advances, including Islamic finance, grew 2% to RO 3,592 million compared to RO 3,533 million at 30 June 2024. Customer deposits reached RO 3,634 million by the end of the first half of 2025, up 3% compared to RO 3,538 million at 30 June 2024.

PERFORMANCE OF THE PARENT COMPANY

The parent company recorded a net profit after tax of RO 14.8 million in the first half of 2025, up 15% compared to RO 12.9 million for the same period in 2024. Interest income grew 4%, driven by higher investments, loans and advances, while interest expense decreased by 1% due to a favourable change in the deposit mix and increasing CASA.

Operating income reached RO 55.5 million for the six-month period ended 30 June 2025, up 10% compared to RO 50.4 million in the same period of 2024, driven by growth in net interest income by 11% and an increase in share of profit from subsidiary by 22%. Operating expenses increased by 5% to reach RO 27.8 million for the six-month period ended 30 June 2025 compared to the same period in 2024 while operating profit recorded an increase of 16%. Net allowances for expected credit losses increased by 17% to record RO 11.1 million in the first half of 2025 compared to RO 9.5 million for the same period in 2024.

Net loans and advances stood at RO 2,440 million at 30 June 2025, compared to RO 2,446 million for the same period last year. Customer deposits reached RO 2,417 million at 30 June 2025 compared to RO 2,445 million at 30 June 2024.

PERFORMANCE OF ALIZZ ISLAMIC BANK

Alizz delivered strong financial performance, achieving a net profit of OMR 5.16 million in the first half of 2025 – a 22% increase compared to OMR 4.24 million recorded in the same period in 2024. Net financing receivables increased by 8% and reached RO 1,152 million at 30 June 2025 compared to RO 1,067 million for the same period last year. Customer deposits reached RO 1,217 million at 30 June 2025, up 11% compared to RO 1,093 million at 30 June 2024.

BUSINESS DEVELOPMENTS AND STRATEGIC INITIATIVES

In Q2 2025, the Bank continued to innovate by offering a range of differentiated products and services, underscoring its commitment to enhancing

customer experiences, supporting economic growth, drive digital innovation and advancing the development of Small and Medium-sized Enterprises (SMEs).

OAB continued to lead in digital innovation by transforming Android smartphones into fully functional payment terminals using its SoftPOS technology. This solution empowers small businesses and merchants to accept payments on-the-go without the need for traditional POS devices. It exemplifies the bank's drive to simplify commerce and promote financial inclusion.

OAB also advanced its digital banking capabilities by enhancing its mobile app and online platforms. The enhancements included the introduction of E-Mandate for direct debits, expanded service requests such as debit and credit card replacements, and new product requests covering Fixed Deposits and Idikhar. Additional features like SMS alerts for biometric settings, OTP delivery via email, and the option to specify international transfer purposes further streamlined the digital experience. The remittance platform iSend was revamped to deliver faster, more secure transfers with competitive exchange rates. Other improvements encompassed the addition of RENNA and REDBULL as billers and the enablement of debit card renewal and replacement requests through the app.

Alizz Islamic Bank also launched its new 'Alizz X Mobile' banking application that coincides with the bank's strong belief in enhancing the digital customer experience. Alizz Islamic Bank has redesigned the new mobile banking application for seamless, secure and new way of banking. The bank prioritized intuitive design and minimal navigation layers to ensure a seamless user experience that is smarter. This includes a complete redesigned interface with secured features and a host of tools that redefine convenience and control in modern banking.

The Bank further strengthened its retail proposition through strategic launches, product enhancements, and targeted campaigns. Notably, it inaugurated its Semi-Smart Branch at City Centre Seeb, offering customers an enhanced digital experience alongside personal service. In collaboration with Oman Housing Bank (OHB), the OHB Iskan program was launched to help address the long housing loan waitlist, underscoring OAB's commitment to facilitating home ownership.

To expand its retail offering, OAB introduced the Advances Loan, a step-down interest rate product designed to offer customers higher affordability over time, and launched the Travel Loan campaign to offer flexible personal travel financing. Additionally, the Bank unveiled Idikhar, a monthly savings plan featuring competitive interest rates and flexible benefits for all account holders.

Targeted promotional campaigns and partnerships were rolled out to drive engagement and reward customer loyalty. Notable initiatives included Eid Al-Fitr and Eid Al-Adha cashback promotions, offering up to 4% cashback or OMR 20 rewards. OAB launched the "Eidiyah from OAB" cashback campaign in celebration of Eid Al-Adha. The initiative rewarded the first 250 Visa Infinite, Platinum, Gold, and Classic credit cardholders who spent a minimum of OMR 200 - locally or internationally – with RO 20 cashback. Eligible customers received the cashback directly in their card accounts within 30 days of the campaign's conclusion. The initiative reflects the Bank's commitment to sharing joy and strengthening relationships with its customers during significant cultural and religious occasions.

The Bank collaborated with Talabat to provide 50% discounts on food orders paid with OAB credit cards. To encourage credit card growth, a dedicated sales contest was held between May and July 2025, alongside a commercial credit card acquisition drive and the introduction of a 0% Easy Payment Plan with Oman International Hospital and KIMS Oman Hospital. A special offer was also extended exclusively to Omantel staff, delivering competitive financing rates tailored to their needs.

Operational excellence and service accessibility remained a priority. Evening working hours were implemented at Shatti Qurum, Maabellah, City Centre, and Barka branches to improve customer convenience. A dedicated Housing Loans Hub opened at Al Khuwair branch. The Bank upgraded its ATM infrastructure with new CNS ATMs at Sur, Sohar, and Nizwa branches along with a new cash dispenser at Al Mouj. KYC pop-ups were activated on ATMs to streamline compliance.

Oman Arab Bank continued to play a key role in financing major government and private initiatives aligned with Oman Vision 2040, with a particular focus on critical infrastructure development projects. The bank is proud to have participated in the \$220 million financing deal for the Sohar Port and Freezone expansion project, contributing to \$160 million towards the project.

OAB reaffirmed its dedication to entrepreneurship at a recent Oman Chamber of Commerce and Industry SMEs Committee meeting, where it presented its flagship Tumouhi initiative. The program offers tailored banking solutions such as credit facilities, digital SME platforms, SoftPOS, and mobile payment tools. It also includes financial literacy programs and business management workshops designed to support the growth of small and medium enterprises.

As part of Tumouhi, OAB launched its SME Development Training Roadshow—a two-day program held in Nizwa from June 17–18, 2025, under the patronage of H.E. Sheikh Dr. Faisal bin Ali bin Rashid Al Zidi, Wali of Manah. Designed to strengthen SME capabilities, the event focused on key areas including business strategy, financial literacy, and networking. Following successful sessions in Muscat and Sohar, this marks the third stop in the Bank’s goal to engage SMEs across all regions in Oman.

Staying aligned with evolving Islamic customer needs and emerging technologies, Alizz Islamic Bank partnered with Visa, a global leader in digital payments, to enhance its Shari’a compliant card offering. The new premium debit, credit and prepaid card’s offerings come as part of the Bank’s recent transformational journey that focuses on ‘Personalising every experience through innovative and smart solutions’. This partnership enables Alizz Islamic bank to provide instant issuance of newly Visa debit cards, credit cards and prepaid cards including the first Shari’a compliant Multi-currency prepaid card in Oman.

AWARDS AND ACCOLADES

In Q2 2025, the Bank received multiple awards in recognition of its forward thinking vision and ability to serve diverse customer segments. Oman Arab Bank was officially honored by the Ministry of Labor for its pivotal role in enabling digital revenue collection. The award highlighted OAB’s advanced digital payment solutions that have improved government service efficiency, transparency, and user convenience.

OAB received the award for “Best Cybersecurity and Risk Management Implementation in Oman”. This accolade acknowledged the Bank’s strong cybersecurity framework, real-time threat detection systems, and strategic risk mitigation efforts.

Among regional awards attained by OAB is the “Best Brand in Customer Experience for Corporate Banking” award. This recognition celebrates the Bank’s continuous investment in digital innovation, service quality, and a customer-first approach that serves corporates, government entities, and SMEs.

Additionally, OAB received the “Outstanding Commitment to SME Growth and Empowerment” award, a testament to the Bank’s unwavering dedication to supporting entrepreneurs.

EVENTS AND PARTICIPATIONS

The Bank achieved key milestones in retail banking during the past first half of the year, underscoring its commitment to innovation, customer experience, and digital transformation.

As the Official Banking Sponsor of the Muscat International Book Fair 2025, Oman Arab Bank introduced a fully cashless experience by deploying its innovative SoftPOS solution across all vendor stalls. Visitors were able to make secure payments using cards and smartphones, reflecting OAB’s focus on digital accessibility.

In collaboration with Dar Al Atta’a, the Bank also launched a community book donation drive, placing a collection box at the venue to gather gently used books for children across Oman.

In addition, as part of its commitment to financial literacy, Alizz Islamic Bank, in coordination with the Ministry of Finance’s National Program for Financial Sustainability and Financial Sector Development ‘Estidama’, organised a panel discussion on ‘Financial Awareness Amidst Modern Economic Challenges’ with more than 50 attendees present.

CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY ENGAGEMENT

Under the banner of the Ministry of Education's “Khazna” initiative, Oman Arab Bank launched “Money Adventures for Young Savers” in May 2025—a pioneering financial education programme targeting school-aged children. The nationwide initiative, inaugurated at Al-Ula Basic Education School in Al Ghubrah under the patronage of H.E. Majid bin Said Al Bahri, aims to reach around 3,000 students across 50 schools in its first year. Through seven interactive learning stations, the programme engages participants in age-appropriate lessons on earning, saving, smart spending, and charitable giving—emphasizing practical and experiential learning. Developed collaboratively by OAB and Ministry of Education experts, the fully Omani-designed series combines curriculum integration with engaging activities, reinforcing OAB’s dedication to nurturing a financially savvy generation in line with Vision 2040 goals.

Demonstrating its commitment to social responsibility and national pride, OAB sponsored the participation of six athletes from Special Olympics Oman at the Turin 2025 World Winter Games. Competing in snowshoeing, cross-country skiing, and short track speed skating, the athletes secured seven medals, reflecting the Bank’s strong advocacy for inclusivity and community empowerment.

As part of its ongoing commitment to community engagement and youth empowerment, Oman Arab Bank proudly sponsored the 2025 “Safar” tour—a

national dialogue series held in Muscat, Salalah, and Sohar. Featuring prominent Omani thought leaders, the sessions offered young audiences valuable insights into innovation, visionary thinking, and the goals of Oman Vision 2040. The initiative reflects OAB's role in fostering knowledge exchange and supporting sustainable national development.

The Bank has implemented several impactful Ramadan campaigns reflecting its strong social responsibility. Under initiatives like “Giving Made Easy” and “A Month of Giving and Doing,” the Bank enabled donations through its app, ATMs, and collection boxes. Activities included daily charity quizzes, Iftar meals at hospitals, and Eid support for children and the elderly.

Additionally, OAB organized collection drives across branches and offices. During Ramadan and events like World Food Day, the Bank has gathered food, clothing, and essential supplies for local charities. These efforts are supported by digital donation channels, reflecting OAB's culture of giving and community care.

Aligned with its '**Alizz Cares**' Program, and underscoring its commitment to fostering inclusivity, empowering communities, and enhancing the quality of life, partnered with Al Tawasul Institute for a specialised training program to empower jobseekers with hearing impairments. The programme is tailored to focus on developing their social and professional skills, providing them with the right tools that will help them communicate at the workforce. This programme aims to provide the candidates with skills, resources and confidence needed to succeed in today's dynamic job market.

HUMAN RESOURCES AND TALENT DEVELOPMENT

In Q2 2025, the Talent Experience & Well-Being Department at Oman Arab Bank (OAB) led a range of initiatives focused on employee engagement, well-being, and recognition. Highlights from the quarter included vibrant events such as Eid Fuwala celebrations, a travel-themed booth, Health Week, a blood donation drive, a bowling gathering, and a ceremony honoring long-serving staff. These activities reflected the Bank's continuous efforts to foster a positive and inclusive work culture.

To promote open dialogue and strengthen leadership accessibility, the Bank continued its branch visits and the “Breakfast with the CEO” sessions. These initiatives served as platforms for transparent communication between staff and senior management, encouraging direct feedback and team connection across all levels.

Focusing on continuous learning, OAB delivered 89 training courses to 3,396 participants, covering leadership, sales, customer service, regulatory topics, and banking skills. Under the Tamakun initiative, additional specialized training was provided for staff on insurance, Iskan loans, and credit card products. A standout event during the quarter was “OAB Inspires Future Leaders” featuring Sayyed Khalid bin Hamed Al Busaidi, who addressed themes like resilience, innovation, and adaptive leadership.

Alizz Islamic Bank also celebrated the graduation of 41 participants from the fourth batch of the “Ruwad Alizz” Leadership Programme, conducted in partnership with Harvard ManageMentor. Furthermore, Alizz marked the graduation of the second cohort of the Tamkeen programme aimed at preparing future Shari'a Supervisory Board Members and announced the enrollment of its third batch, reinforcing its commitment to cultivating future leaders in Islamic finance.

Furthermore, OAB offered 67 internships to university students and recent graduates, enabling them to gain hands-on experience and bridge the gap between academic learning and real-world work environments. On the other hand, Alizz advanced its youth and leadership development programs with the third edition of its “Manahil Alizz” training initiative, targeting 50 students from various academic fields.

Looking back on the promising progress achieved during the second quarter, we extend our heartfelt appreciation to our shareholders, customers, and employees for their continued trust and loyalty. Your continued support empowers us to deliver exceptional service, foster innovation, and achieve new milestones.

We are equally grateful to the Central Bank of Oman, the Financial Services Authority, and other related government institutions for their ongoing support and commitment to strengthening the financial sector. Their collaborative efforts and strategic guidance remain essential to our journey of growth and resilience.

Above all, we pledge our allegiance to His Majesty Sultan Haitham bin Tarik for his visionary leadership and dedication to Oman’s advancement. His enduring support and guidance inspire us to contribute meaningfully to the nation’s progress and ensure sustainable growth for future generations.

Sincerely,

Rashad Al Zubair

Chairman