

CHAIRMAN'S REPORT – FIRST QUARTER 2026

Dear Shareholders,

I am pleased to present to you the financial results of Oman Arab Bank SAOG (the Bank) for the first quarter ended 31 March 2026.

OPERATING ENVIRONMENT

In Q1 2026, International Monetary Fund highlighted Oman's continued fiscal improvement, supported by prudent spending and steady non-oil growth, while maintaining a stable outlook. S&P Global Ratings affirmed Oman's rating with a positive outlook, citing strengthened public finances and declining debt levels.

This reinforces a more stable operating environment for OAB, with improved liquidity, investor confidence, and lending opportunities. It also supports the Bank's growth strategy, enabling prudent expansion while maintaining strong asset quality and risk discipline.

Additionally, Q1-2026 witnessed the breakout of the Iran-US war, which had major implications on the global markets. CPI in the US marked a sharp spike reaching up to 3.3% Y-o-Y, mainly driven by the inflated oil and gas prices. Thus, future pricing shows a very low probability of an interest rates cut in the upcoming two quarters.

CONSOLIDATED FINANCIAL PERFORMANCE

The Bank's performance for the three-month period ended 31 March 2026 shows a consolidated net profit after tax of 8.2 million, up 11% compared to 7.4 million for the same period in 2025.

Net interest income from conventional banking and net income from Islamic financing stood at 28.8 million for the first quarter of 2026, up 1% compared to 28.5 million for the same period in 2025 due to an increase in net financing income by 7% and a decline in interest expense by 7%.

Operating income increased at a slower rate of 1% to 35.4 million for the three-month period ended 31 March 2026 compared to 35.2 million for the same period in 2025, while operating expenses increased by 3% to reach 19.5 million compared to 19.0 million for the same period in 2025. This has led to a decline in operating profit by 2% to reach 15.9 million in the three-month period ended 31 March 2026 compared to 16.2 million for the same period last year. Net allowances for expected credit losses recorded 6.1 million in the three-month period ended 31 March 2026 declining by 17% compared to 7.3 million for the same period in 2025.

Net loans and advances, including Islamic finance, grew 7% to 3,806 million compared to 3,543 million at 31 March 2025. Customer deposits reached 3,869 million by the end of the first quarter of 2026, up 5% compared to 3,672 million at 31 March 2025.

PERFORMANCE OF THE PARENT COMPANY

The parent company recorded a net profit after tax of 8.3 million for the three-month period ended 31 March 2026, up 11% compared to 7.5 million for the same period in 2025. Interest income declined 4%, driven by lower recoveries which was partly offset by the growth in loans and investments interest income. Interest expense decreased by 7% due to a favourable change in the deposit mix and increasing CASA. Operating income reached 28.1 million for the three-month period ended 31 March 2026 compared to 28.4 million in the same period of 2025. Operating expenses increased by 2% to reach 14.2 million for the three-month period ended 31 March 2026 compared to the same period in 2025 and operating profit recorded a decline of 5%. Net allowances for expected credit losses decreased by 27% to record 4.4 million for the three-month period ended 31 March 2026 compared to 6.0 million for the same period in 2025.

Net loans and advances stood at 2,574 million at 31 March 2026, up 6% compared to 2,420 million for the same period last year. Customer deposits reached 2,558 million at 31 March 2026, up 2% compared to 2,518 million at 31 March 2025.

PERFORMANCE OF ALIZZ ISLAMIC BANK

Alizz Islamic Bank exceeded its growth expectations in the first quarter of 2026 as a result of a well-defined strategy. The Bank's net profit grew by 9% to 2.6 million for the first quarter compared to 2.4 million for the same period in 2025. Net financing receivables increased by 10% and reached 1,232 million at 31 March 2026 compared to 1,123 million for the same period last year. Customer deposits reached 1,310 million at 31 March 2026, up 14% compared to 1,154 million at 31 March 2025.

The Bank's financing portfolio grew by 2.1% from 2025 to reach 1,250 million while deposits increased by 2.3% to reach 1,298 million.

PRODUCTS AND SERVICES

During the first quarter, the Bank introduced a limited-time fixed deposit campaign, offering a competitive 6% return and attracting new relationships, as well as the Markabati Auto Loan campaign, which provided flexible and accessible financing solutions for customers at different stages of their journey.

HUMAN CAPITAL DEVELOPMENT

Oman Arab Bank continued to place strong emphasis on its people, recognising that performance is driven by a clear sense of purpose and alignment. The annual Townhall served as an important moment to reflect on achievements, set direction, and reinforce a culture built on accountability, collaboration, and shared ambition.

Alizz Islamic Bank launched the Women Empowerment & Leadership Programme. The programme is designed to develop potential female leaders and enroll them in comprehensive sessions, workshops and live coaching.

CORPORATE SOCIAL RESPONSIBILITY

Oman Arab Bank remains closely connected to the communities it serves. Its participation in the Village of Happiness Carnival reflected a genuine commitment to inclusion and social wellbeing, while Masar Al Khair, the Ramadan Journey, brought the Bank closer to people across the Sultanate through a series of meaningful initiatives. These efforts were complemented by Ramadan and Eid activities that created moments of engagement and support during a time that holds deep significance for communities across Oman.

In addition, Alizz Islamic Bank and Sharakah upscaled the second edition of the Programme, reaching out to more businesses and expanding its reach across the Sultanate.

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We extend our heartfelt appreciation to our customers, shareholders, and employees for their continued trust and the Central Bank of Oman, the Financial Services Authority, and government institutions for their support.

We remain committed to His Majesty Sultan Haitham bin Tarik and his vision for Oman's progress

Rashad Al Zubair,
Chairman of Board of Directors.