

**BANKING
RESPONSIBLY
AND CREATING
SHARED VALUES**



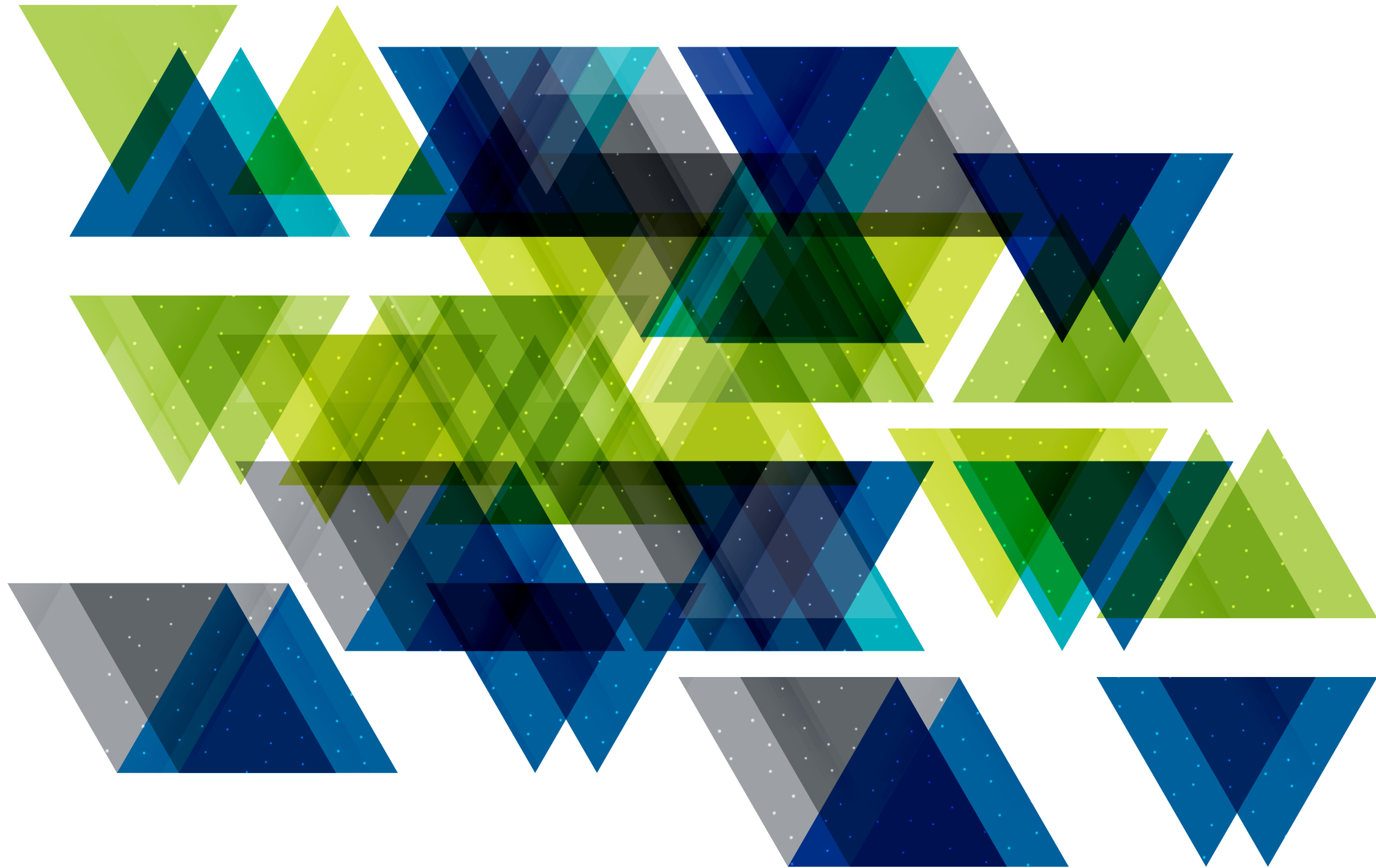


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ABOUT THIS REPORT

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This is our second GRI sustainability report covering our performance in 2015, which is also the reporting period for the bank's financial year. Our first GRI sustainability report was published in 2011 to cover our approach and performance from 2009 to 2011 and was based on GRI G3.1 Guidelines. Since then, we have been reporting on our sustainability initiatives in the Bank's Annual Reports. Wherever comparable data was available, we have made the point to compare between indicators reported on in the 2011 report and this year's report.

The content of this report is prepared 'in accordance' with core option of the latest Global Reporting Initiative (GRI) G4 Reporting Framework in par with international standards and to meet the expectations of our stakeholders. This Review is intended for our stakeholders. Our aim in producing it is to provide a clear, concise and comprehensive view of the Bank's operations and performance.

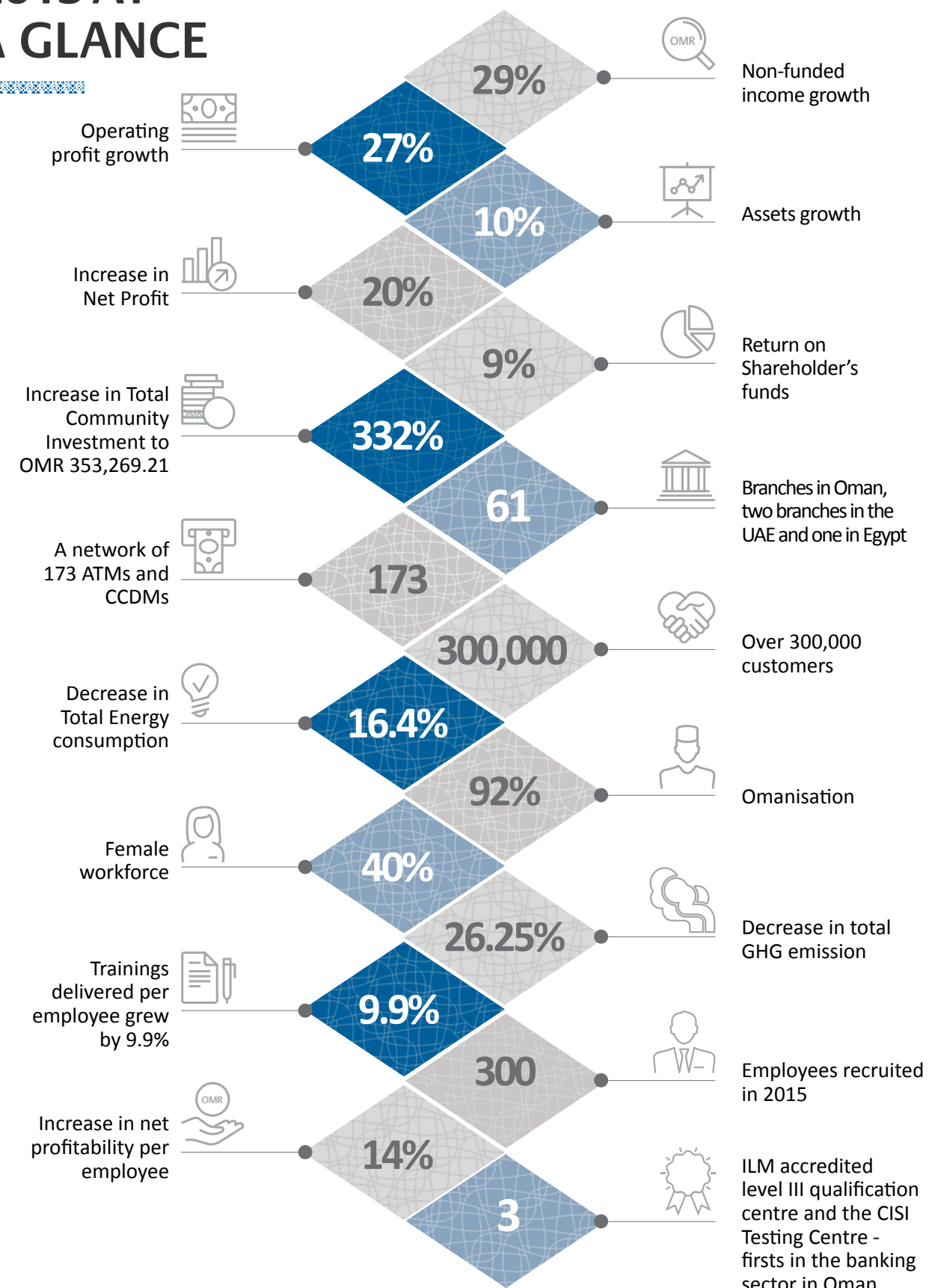
The Report, which offers material comparison opportunities and reference projects for all stakeholders within the Bank's sphere of influence, focuses on our social, environmental, ethical, and corporate governance initiatives as well as corporate performance.

We aim to systematically record all the sustainability initiatives it undertakes and publicly disclose target realization ratios and project progress reports via this report on an annual basis.

▶ We welcome your feedback on our sustainability approach and performance. For further details about any of the information you find within this report, please contact Ms. Leen Al Atassi – Head of Corporate Communications & CSR at leena@nbo.co.om.

2015 AT A GLANCE

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LETTER FROM THE CHAIRMAN OF THE BOARD



Dear Stakeholders,

2015 will be remembered as a year of strength for the Bank, marked by major achievements and a number of key milestones. On behalf of NBO's Board of Directors, I am delighted to present an overview of our financial performance for the year 2015.

Despite challenging economic conditions underscored by multi-year lows in the world oil price, the banking sector in Oman has continued to perform reasonably well with credit growing by 8 per cent and deposits growing by 3 per cent in 2015.

Most forecasts for oil prices predict a continuation of similar patterns during 2016. The Government has responded decisively by seeking efficiencies and curtailing spending where possible without impacting the quality of services to its citizens. In addition, consistent with managing the forecasted fiscal deficit, moderate increases in taxation, partial removal of subsidies and prioritisation of investment have been implemented as part of the 2016 national budget.

The government has also announced plans to borrow conservatively from the local and international markets and draw upon state reserves. The government is also considering privatising a number of state-owned companies in the near future. These measures will contribute to fiscal stability and help to ensure that national development and diversification efforts remain firmly on track.

As fiscal surpluses disappeared during 2015, liquidity



conditions in the banking sector inevitably tightened to a degree, resulting in increased competition for deposits amongst banks and steady increases in the level of interest rates. This environment has the potential to limit credit growth overall as the banking sector becomes more selective and strives to maintain high levels of asset quality over the cycle as financial conditions tighten.

In the UAE, the impact of lower oil prices appears to have attracted less attention as the more diversified nature of the economy is expected to help absorb the impact of lower oil prices compared to some of the more oil concentrated Gulf economies. A stronger United States Dollar spurred on by a hike in interest rates from the US Federal Reserve may lead to some impact on flows into Dubai real estate and other sectors.

Nevertheless, we remain optimistic on the long-term future of all markets we operate in and we believe NBO is strongly positioned for growth in 2016 and beyond.

In closing, on behalf of the members of the Board of Directors, I would like to thank our valued shareholders, customers, the Central Bank of Oman, the Central Bank of the UAE, the Capital Market Authority, the Senior Management team and all NBO staff members for their support, guidance and efforts as we continue our journey to achieve our vision: To be the bank of choice.

Above all, we pay tribute to His Majesty, Sultan Qaboos Bin Said, for his inspiring leadership and vision and under whose wise guidance Oman steadfastly continues on its path towards successful development.

I look forward to another exciting year ahead.

Mohammed Mahfoodh Al Ardhi, Chairman

“We believe that through our success, we create value for our shareholders, our clients, our employees and the Omani society at large while upholding stringent environmental and social norms to support a sustainable future for Oman.”



LETTER FROM THE CEO



Dear Stakeholders,

► In both financial and non-financial terms, 2015 was a landmark year for National Bank of Oman (NBO) as we made notable achievements across a wide spectrum of key metrics in our ongoing mission to be the bank of choice in the Sultanate.

Despite challenging market conditions, the bank was able to deliver the highest net profit in our long and proud history. Meanwhile, other key financial indicators, such as total assets; loans, advances and financing activities; and net interest income and net income from Islamic financing; all saw significant growth.

Importantly, our financial success was achieved without sacrificing the quality of our assets or the robustness of our underwriting standards. Indeed, in 2015, we optimised our capital structure and strengthened our capital position following the successful conclusion of a US\$300 million bond issuance, which attracted interest from investors across the world.

Buoyed by our strong financial performance, the Board of Directors was able to recommend the distribution of a sizeable cash dividend to shareholders, further underscoring NBO's success in 2015.

We are also equally proud of our achievements last year in areas such as sustainability and our contribution to the community.

As the Sultanate's first local bank, NBO has always understood we have a great responsibility to serve the community by not only providing world class banking

services but also by supporting Oman's wider social and economic objectives.

Our commitment to sustainability stems from the belief that by creating shared value and banking responsibly, we can meet and exceed our stakeholders' expectations and deliver innovative solutions that will support our customers' financial ambitions. Our journey to become the bank of choice for our target segments is driven by our determination to put our customers at the heart of our business; creating the best workplace for our employees; investing in our community to make a positive social, economic and environmental impact; and generating the highest returns for our shareholders.

As testament to this commitment, and to complement our growth, last year we introduced a range of Corporate Social Responsibility initiatives that seek to drive thought leadership, promote innovation and entrepreneurship, increase the number of female business owners, support Omani talent and finance their education, improve social conditions for those who need it the most, promote Oman globally, support Oman's youth, and raise awareness around important societal and environmental challenges.

NBO is especially proud of our role in supporting His Majesty Sultan Qaboos bin Said Al Said's ambitious vision for economic advancement and diversification. Since our establishment, the bank has provided financing for the Sultanate's most nationally important infrastructure projects and we committed more than US\$1 billion to support major developments in the last three years alone.

Meanwhile, we provide an unmatched level of financial support and technical guidance to entrepreneurs and SMEs through our Tijarati Banking division, which was inspired by His Majesty Sultan Qaboos bin Said's Royal Directive in 2013 calling for the establishment of private sector schemes to support SMEs.

The Bank seeks to inspire a new generation of entrepreneurs through the NBO Chairman's Speaker

Series, which invites a leader in a specific field to inspire young people through a talk on their life story. Through our partnership with the National Business Centre, the bank is also encouraging more women to start their own businesses.

Promoting the Sultanate globally is another focus area, with NBO actively involved in promoting the Sultanate as a golfing destination through our sponsorship of the European Challenge Tour.

Equally, the bank is working to protect the environment and in 2015 we were proud to be the gold sponsor of the Environmental Society of Oman's campaign for Earth Hour, a global energy conservation movement.

In advance of the Holy Month of Ramadan, NBO also distributes hampers to low-income families across the Sultanate as part of its Iftar Sa'im initiative. In 2015, more than 500 underprivileged families living in every region of the Sultanate received packages filled with essential food items and treats, while in 2016 we delivered hampers to over 1,400 families.

This sustainability report highlights our performance against areas like these and outlines our plans for the future.

We are committed to doing the right thing, in the right way, for people who bank with us, live in our communities and work for us. We believe that through our success, we create value for our shareholders, our clients, our employees and the Omani society at large while upholding stringent environmental and social norms to support a sustainable future for Oman.

As we reflect on a stellar year in the history of NBO, we can take pride in the progress we have made in our transformational journey to be the bank of choice in the Sultanate.

I would like to thank all our stakeholders for their continuous support. Their shared passion and commitment are the reason NBO is constantly growing and succeeding.

Ahmed Al Musalmi, Chief Executive Officer

BUSINESS OVERVIEW



Established in 1973, the NBO Joint Stock Company “NBO”, was the first local bank to be established in the Sultanate of Oman. Since its establishment, NBO has played a key role in supporting the Sultanate’s economic agenda, and today, it is the nation’s fastest growing bank.



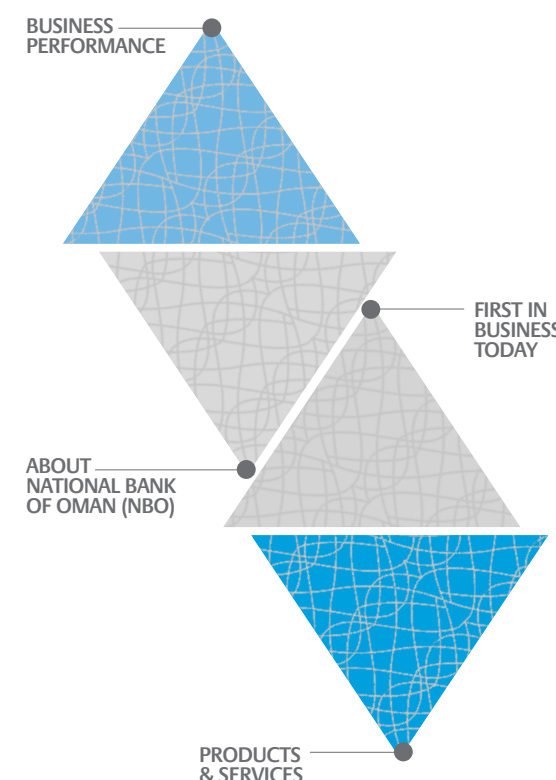
ABOUT NATIONAL BANK OF OMAN (NBO)

G4-17

We currently employ 1,506 employees and serve our customers across 61 branches in Oman, two branches in the UAE and one in Egypt and we own a network of 173 ATMs and CCDMs. As the only Omani bank with a license to operate in the UAE, NBO has a significant competitive advantage in terms of facilitating cross-border trade flows.

All of our mentioned branches are included in our financial statements and annual reporting.

NBO is strongly positioned for future growth and we have developed a robust five-year growth strategy and innovative plans to build on our success. Through our commitment to delivering a consistently superior customer experience and creating value for our stakeholders, we are well-placed to continue our journey to be the Bank of Choice.



Total non-interest income grew by 29 per cent to OMR 41 million, reflecting the Bank’s well-diversified income streams



BUSINESS PERFORMANCE

Building on our legacy of success, NBO continues to go from strength to strength with a clear vision to be the bank of choice for both individual customers and businesses within Oman, and the other countries in which we operate. Our focus remains on expanding retail, corporate and investment banking operations where there are opportunities for long-term growth.

The Bank delivered a record performance in 2015 with net profit of OMR 60.1 million (2014: OMR 50.3 million), an increase of 20 per cent compared to 2014, demonstrating strong results in line with the Bank’s strategy of expansion and ambition to deliver sustainable growth. This increase is due to a strong growth in income – both funded and non-funded.

Net interest income from conventional banking and revenues from Islamic financing activities grew by 15 per cent to OMR 94.7 million, while loans and advances grew by 9 per cent, demonstrating the Bank’s strong asset/liability management. Lower deposit costs and a better asset mix have enabled the Bank to maintain its spreads at a time when asset yields were falling rapidly.

Total non-interest income grew by 29 per cent to OMR 41 million, reflecting the Bank’s well-diversified income streams. One of the Bank’s key strategic initiatives has been to diversify and grow fee-based income and it continues to look at potential opportunities to achieve this.

Total income as a result grew by a healthy 19 per cent over the corresponding period last year, against a backdrop of challenging market conditions in 2015.

Operating expenses increased by 10 per cent to OMR 60 million. This growth is largely the result of investments in the Bank’s human capital, branding/publicity and other technology infrastructure in Oman and the UAE. However, the Bank is committed to growing its income at a faster rate than costs. As a result, the Bank’s cost-to-income ratio - a key measure of efficiency - has improved to 44.2 per cent in 2015 (2014: 47.6 per cent).

Net impairment on assets increased by 174 per cent to OMR 6.4 million in 2015; as a result of recent Central Bank regulations that have mandated Banks to make additional provisions on restructured accounts.

As a result, the Bank's coverage ratio has increased to 153 per cent in December 2015 (2014: 142 per cent). Non-performing loans (NPLs) at the end of the period were at an acceptable level of 1.9 per cent (2014: 2.0 per cent).

Net loans, advances and financing activities grew by 9 per cent to OMR 2,534 million. The Bank remains focused on quality assets and maintaining sound underwriting standards, while achieving the right asset mix to deliver appropriate returns to shareholders. The Bank's deposit mix (low cost versus high cost) has been maintained as the Bank continues to diversify its deposit base and lower deposit concentration further.

Return on shareholder's funds, a key measure of profitability has improved to 15.9 per cent in December 2015 (2014: 14.7 per cent).

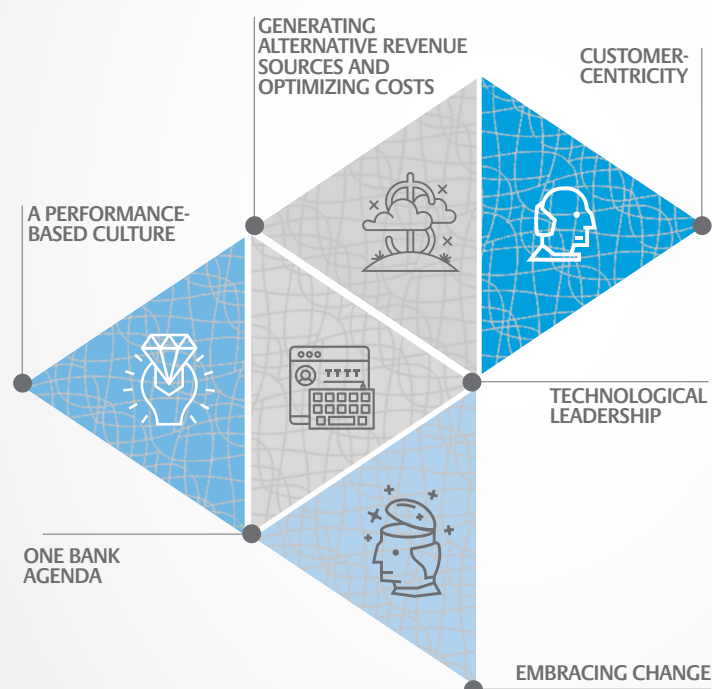
During the last quarter of the year, the Bank successfully concluded a perpetual, five-year non-call bond issuance, eligible as tier 1 capital under Basel 3 and Central Bank of Oman regulations. The Bank's successful issuance of the tier one capital instrument represents another important milestone in its ambitious five-year growth strategy to be the Sultanate's bank of choice. The strength of the order book against the backdrop of challenging market

conditions reflects the bank's positive standing in the global debt markets. As at December, the Bank's capital adequacy ratio stood at 18.2 per cent, with core equity at 12.4 per cent. The Bank will continue to pursue its conservative dividend policy, in order to maintain healthy capital ratios.

The Bank continues to witness strong growth in its UAE operations by leveraging its international presence. Loans and Advances grew by 79 per cent and net profit grew by 129 per cent in 2015 over the corresponding period in 2014. The Bank has been granted permission to open an office in Jebel Ali; this expansion will support the UAE business' growth in 2016 and beyond. The Bank recognises the existing pressures observed by certain banks in the UAE and the need to further tighten underwriting criteria, while limiting its exposure to certain sectors and segments in the future.

Over the past three years, the Bank has committed over US\$1 billion to support major strategic projects of national importance in Oman. NBO acted as Joint Lead Manager in the US\$125 million bond issuance of Renaissance Group, and provided US\$116 million in financing to enable Dalma Energy to deliver five rigs to Petroleum Development Oman.

Working towards our vision to be the "bank of choice", we have implemented an ambitious and innovative five-year growth strategy covering six key principles that together constitute our "One Bank" agenda



These principles are steadily being embedded across the organisation and we are strongly focused on driving them forward.



FIRST IN BUSINESS TODAY

In 2015, NBO was named the Sultanate's top bank in the "First in Business Today" and Ernst & Young survey that is considered to be the most comprehensive assessment of Omani banking and financial services companies. The annual survey ranked NBO first for its stellar growth in net profit and ability to bring down the growth of non-performing loans in 2014. NBO scored 329 points in the survey, 19 more than its nearest rival. The report noted that in 2014 the bank's net profit crossed the OMR 50 million mark for the first time in its history, growing by 21 per cent, while non-performing loans witnessed a 4.6 per cent decrease.



PRODUCTS & SERVICES

With a mandate to fulfil the financial needs of our customers across all segments, NBO puts special emphasis on making banking more convenient, accessible and enjoyable for all customers. We offer cutting-edge financial solutions, designed to keep pace with the needs of individuals and businesses. With the global nature of banking and business in mind, we provide for all financial requirements within the Sultanate of Oman and beyond, ensuring we have the expertise and the technology to be a trusted partner in all our clients' financial dealings.

In addition to a robust Personal Banking Division that offers accounts, loans, insurance and investment opportunities, the bank also has a respected Corporate

Banking, Government & Institutional Banking, Commercial Banking and Investment Banking Division.

The Corporate Banking Group delivers a comprehensive suite of products and services designed to make it easy for companies and corporations based in Oman to conduct business within the country and abroad.

Our Investment Banking Division (IBD) offers discretionary portfolio management services, brokerage operations, asset management, distribution of mutual funds, lead management of public equity and bond issues, as well as domestic and international investment advisory services. The IBD also offers treasury solutions to meet the growing business demands of our valued institutional, corporate and private banking clients.

STAKEHOLDER INCLUSIVENESS



Stakeholder relationships are of the utmost priority at the Bank. Our long-term success depends to a significant extent on our ability to inspire confidence in them. For instance, we set great store by involving stakeholders in the development of our strategy. In so doing, we systematically balance their interest with the bank's interests. This is vital to restoring trust in the banking sector, and hence to our own long-term success.

We define stakeholders as the groups or individuals we influence through our activities, products and services, and who in turn affect our ability to achieve our goals. This year, stakeholder groups have been selected following a mapping process. This process was conducted based on the results of internal engagement to determine the influence of respective Stakeholder groups in the Bank and the Bank's influence on those Stakeholder groups.

With our primary stakeholders being customers, employees, shareholders and investors, suppliers, government and the communities in which we operate, people drive our strategy, and understanding the varied and sometimes intertwined needs of these groups is paramount to the success of our business' sustainability strategy.

STAKEHOLDER ENGAGEMENT G4- 24, G4-25, G4-26, G4-27

In the following table, we list the stakeholders with whom we engaged in 2015, the main points of discussion, and the results of that dialogue. The channels of communication are customised for each individual stakeholder group based on considerations like individual stakeholder profiling and ease of engagement:

We strive to maintain a constructive dialogue with these stakeholder groups and to take their views into account in our decision-making.



G4- 24, G4-25, G4-26, G4-27

	Stakeholders: Employees Type and frequency of engagement: One-to-one meetings, group meetings, intranet, e-mails, training, programmes, leadership development programmes, performance discussion, rewards and recognition, town halls, collaborative projects, staff engagement surveys	Key issues raised during the engagement: Inflation adjustment in pay package planning • Performance driven career progression • Continuous training and development • Healthy and safe workplace Response: 40	
	Stakeholders: Investors Type and frequency of engagement: Annual General Meeting (AGM), Investors Relations Department, presentations and briefings, compliance report, press releases, investor presentations	Key issues raised during the engagement: Healthy return on investments and stable dividend policy • Growing earnings • Sound governance and risk management • Internal audits and controls Response: 6,10	
	Stakeholders: Customers Type and frequency of engagement: Customer Satisfaction Surveys, focus groups, social media channels, NBO call centre, E-mail notifications, Business Development Meetings for customers, advertising and promotion campaigns, grievance redressal mechanism	Key issues raised during the engagement: Grievance Redressal • Good return from deposits • Fast services delivery with excellence • Preferential pricing, charges and commission • Strict Shariah compliance in Islamic products • Online banking solutions • Privacy and confidentiality Response: 26	
	Stakeholders: Suppliers Type and frequency of engagement: Tenders and RFPs, Independent Sustainability Stakeholder Engagement Study (2015)	Key issues raised during the engagement: Fair selection of suppliers • Effective payment process • Mobilization and delivery Response: 49	
	Stakeholders: Community, NGOs and Pressure Groups Type and frequency of engagement: Independent Sustainability Stakeholder Engagement Study (2015), Cooperation in Social Engagement Practices, activities NBO organizes and participates in	Key issues raised during the engagement: Long-term sustainability strategy of the bank • Effectiveness and impact of community programmes • Approach to community investment • Sustainability and scalability of CSR programmes Response: 36	
	Stakeholders: Environmentalists Type and frequency of engagement: Independent Sustainability Stakeholder Engagement Study (2015)	Key issues raised during the engagement: Carbon footprint • Environmental friendliness of the branches Response: 49	
	Stakeholders: Government (Central Bank of Oman) Type and frequency of engagement: Compliance with Central Bank of Oman regulations, partnerships meetings, compliance reports	Key issues raised during the engagement: Proper compliance with laws & regulations • Timely reporting as per requirement • Omanisation Response: 45, 31	
	Stakeholders: Media Type and frequency of engagement: press conferences, press releases, business reports, TV/Radio interviews	Key issues raised during the engagement: Speed of response • Accessibility of spokespeople • Transparency and openness Response: 27	

MATERIALITY ANALYSIS

Materiality with respect to sustainability reporting, as defined by the Global Reporting Initiative (GRI) guidelines, includes topics and indicators that reflect the organisation’s significant economic, environmental, and social impacts or would substantively influence the assessments and decisions of stakeholders.

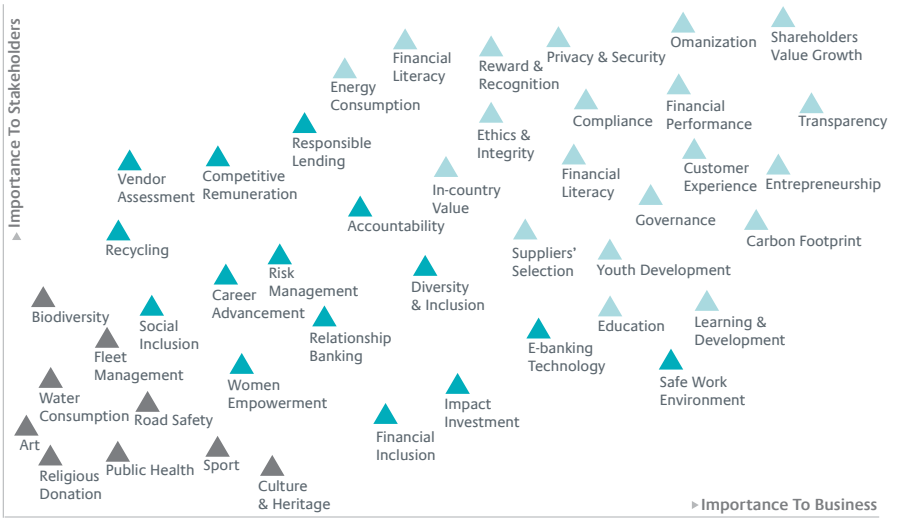
The purpose of any materiality analysis is to identify topics that have a direct or indirect impact on an organisation’s ability to create, preserve or erode economic, environmental and social value – not only for itself, but

also for its stakeholders and society at large. The analysis revealed what our internal and external stakeholders consider to be the most material, or relevant, issues.

In 2015, NBO began a comprehensive sustainability materiality assessment and stakeholder engagement project with the objective of defining the content of this report and generating inputs for the future sustainability strategy of the bank. NBO commissioned Sustainable Square, an independent sustainability and social investment advisory firm, to assist in better understanding stakeholders’ perspectives of key social and environmental issues.



A key output of the research conducted with Sustainable Square is the evidence-based sustainability materiality matrix. This matrix plots significant issues related to sustainability along two axes: From this matrix, readers can understand the degree of importance stakeholders accord to each issue, the ability of NBO to make a positive difference on these issues and the level of impact these issues may have on the bank’s reputation:



IMPACT BOUNDARIES G4-19, G4 – 20, G4-21

The results of the extensive stakeholder engagement and materiality assessment exercise are provided below in the form of a matrix and table of GRI aspects, including their boundaries and the section that addresses these aspects in the report:

MATERIAL ISSUES	CORRESPONDING GRI G4 MATERIAL ASPECT	BOUNDARIES	LOCATION IN THE REPORT
Financial Performance	Economic Performance	Shareholders, Investors and Government	Pages 5,6,9
Shareholder Value Growth	Economic Performance	Shareholders, Investors	Pages 5,9,10
Privacy & Security	Customer Privacy	Customers	Page 26
Omanisation	Employment	Employees, Government	Pages 31,45
Transparency	Ethics and Integrity	Government, shareholders, local communities, media	Page 22
Ethics & Integrity	Ethics and Integrity Human Rights	Employees, Customers	Page 22
Customer Experience	Product and Services Marketing Communications	Customers	Page 26
Compliance	Compliance	Central Bank, Government, Environment, Suppliers	Page 18
Entrepreneurship	Indirect Economic Contribution Local Communities	Local Community, Customers	Page 37
Work-Life Balance	Occupational Health and Safety	Employees, Suppliers	Page 43
Governance	Governance	Board, Government, Shareholders, Investors	Page 18
Youth Development	Local Communities	Local Communities	Page 36
Education	Local Communities	Local Communities	Page 37
Reward & Recognition	Labor/Management Relations Diversity and Equal Opportunities	Employees	Pages 44,45
Financial Literacy	Local Communities	Local Communities, Customers	Page 36
Suppliers' Selection	Procurement Practices Suppliers Assessments	Suppliers	Page 49
Learning & Development	Training and Education	Employees, Local Communities	Pages 44,45
In-Country Value	Economic Performance	Government	Page 31
Carbon Footprint	Emissions	Government, Local Communities	Page 46
Energy Consumption	Energy	Government, Local Communities	Page 47

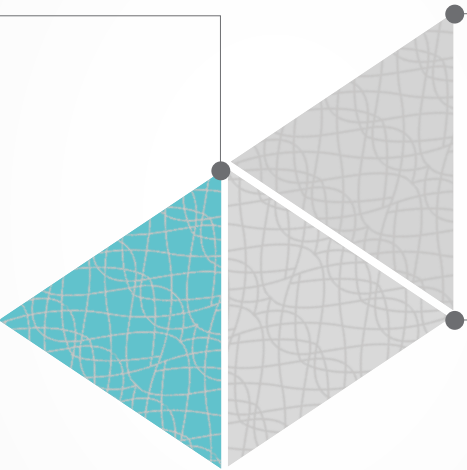
These issues will influence not only our business, performance and reputation, but also our ability to continue to create value for our stakeholders. Identifying these material issues helps us in determining our longer-term strategic direction, managing risks and opportunities and understanding relations between ourselves and our stakeholders.

Unless otherwise noted, data and information contained in NBO’s 2015 GRI Sustainability Report encompass the banking operations and locations of NBO in Oman.

G4-22
Any restatements are noted. While the figures in the “Our Employees” section of the report are inclusive of NBO’s personnel in Dubai and Abu Dhabi, the Report’s scope does not include the impacts stemming from the Bank’s overseas operations, as well as third party suppliers appointed to build our new Head Office in Muscat. Our aim is to present a group-wide sustainability performance in a straightforward, transparent and informative way for our report readers.

THE PROCESS FOLLOWED TO DEFINE THE REPORT CONTENT G4-18

Sustainable Square began the process with an extensive desk research, including a review of the research published by the Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) and GRI Financial Services Sector Supplement (FSSS), which identifies material issues for the financial sector and is based on a detailed stakeholder dialog. In addition, they reviewed peers’ practices and researched perspectives from stakeholder groups including investors, clients, employees, regulators, academia, the media and NGOs. Consulted a cross-section of key stakeholders from across the bank to finally define an inventory list of business issues to be tested.



Conducted a survey with major stakeholders asking them to rate the level of importance of each issue. Sustainable Square then asked senior managers from the different business lines with the highest involvement in the implementation of the Bank’s policies to rate the same issues based on our ability as a bank to make a positive difference against issues listed in the survey.

As a result of the stakeholder consultation, 20 out of 44 issues were found highly material with scores above 4 points (in a scale 1 – 5). Eventually they corresponded to 18 GRI Material Aspects defining the content of this report.

APPROACH TO SUSTAINABLE BANKING

At NBO, we have a very clear vision: To be the bank of choice for our shareholders, customers, employees and the community. That means being customer-centric, efficient, making the most of our resources, and investing in new growth opportunities while focusing on doing business sustainably and creating opportunities for our clients and our bank. This is consistent with our commitment to striking a shared value creation model between our business and the communities in which we operate.

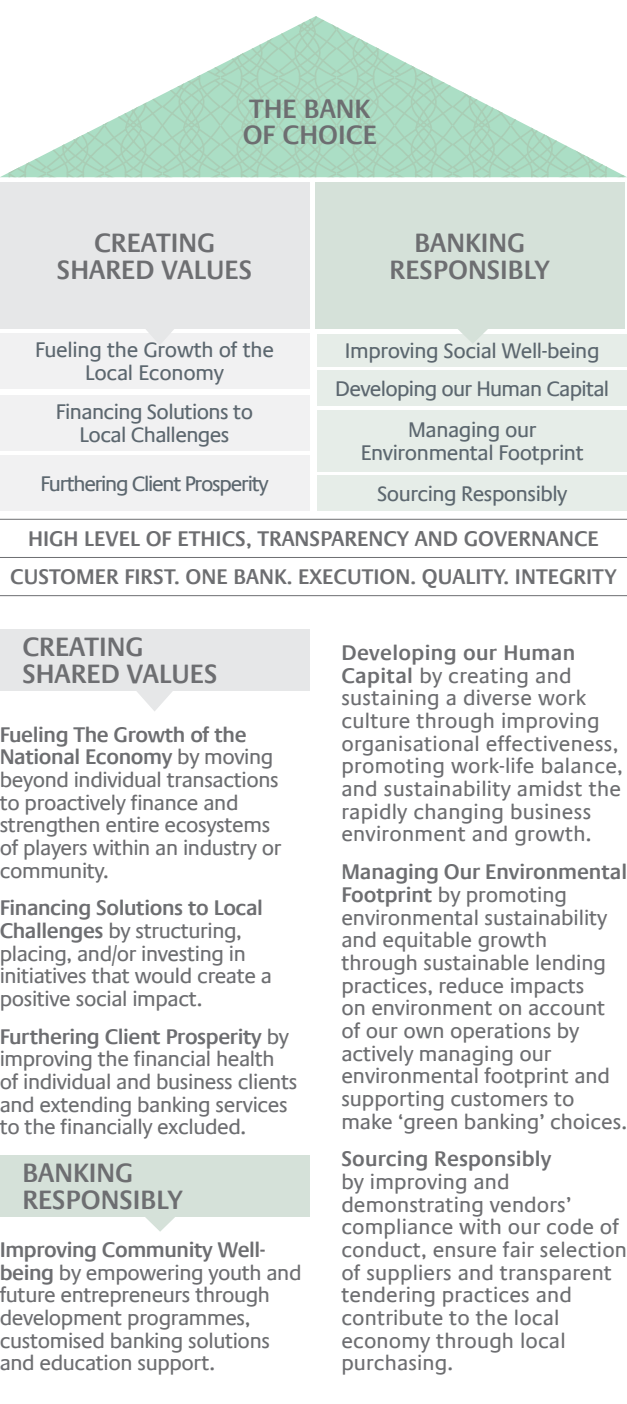


STRATEGY FRAMEWORK

Our strategy seeks to address any sustainability issues that confront us and our clients in today’s world – an approach in which innovation and technology also feature strongly.

The materiality analysis highlighted the material issues that our stakeholders expect from the Bank and that are required

for the Bank to succeed. Certain material aspects were clubbed together to create a structured and cohesive Sustainability Framework and Strategy that focuses on Creating Shared Value and Banking Responsibly while ensuring a high level of ethics, transparency and deploying a robust governance system.



Each pillar of the Sustainability Framework has clear objectives and is reinforced by various initiatives presented in this report. Our efforts were focused on achieving these objectives in par with international standards, using a wide range of methods and tools to manage changes in the markets we operate in.

We believe that our responsible approach to business is a key factor in determining our long-term success. We have a broad understanding of our duties as a financial services provider, a member of society and an employer.

ETHICS, TRANSPARENCY AND GOVERNANCE

Applying high standards of ethics and integrity, we strive to be a reliable partner to our stakeholders at all times. We continuously engage in open dialog, through many channels, with the public in order to foster understanding on topics of mutual interest. Our commitment to governance, ethics and transparency goes beyond just our employees; it extends to managing our relationship with all our stakeholders.

Our Corporate Governance practices are aimed at guiding us in doing what is right for our stakeholders, underpinned by our values, ethics, transparency and ownership. The role of the Bank’s Board of Directors is to provide effective guidance and oversight to the management so that it delivers enduring sustainable value, is fully compliant with extant laws and regulations, and consistently functions in an ethical and transparent manner.

Through our economic success and local competitive presence, we create value for our shareholders, our clients, our employees and the Omani society at large while upholding stringent environmental and social norms to support a sustainable future for Oman. Taking stakeholder considerations into account, we engage proactively with internal and external stakeholders, including customers, government and authorities, development organisations, civil society, shareholders and our employees on our strategic priorities and key deliverables. The input and challenges raised by these key stakeholders make a contribution to shaping and validating our sustainability strategy.

SUSTAINABILITY INTEGRATION

We see opportunities to incorporate sustainability more deeply into business strategy and planning, innovation, operations and communication, integrating it into our day-to-day business activities and Code of Conduct. Our new strategy takes into consideration our approach to conduct our operations in an inclusive manner, integrating responsible and sustainable practices into our products and services in order to ensure that we create shared value between our business and the community around us. We also aim to align the content of this report with the United Nations Global Compact (UNGC) 10 principles focusing on human rights, labor standards, environmental protection and anti-corruption efforts.

SUSTAINABILITY PERFORMANCE MANAGEMENT

Measuring our sustainability practices and performance is central to ensuring goals are set, progress is monitored and performance is measured and assessed. Improving our measurement approach enables us to enhance controls to the efficiency, effectiveness and impact of our sustainability and CSR agenda.

GOVERNANCE, ETHICS, RISK MANAGEMENT AND COMPLIANCE



GOVERNANCE OVERVIEW

NBO is part of an alliance of four banks: Commercial Bank of Qatar, Alternative Bank in Turkey, United Arab Bank in the UAE and NBO in Oman. This has proved to be a source of strength in terms of leveraging capabilities, identifying new business opportunities and developing product expertise. The wealth of knowledge and experience that this alliance provides helps in developing a more robust growth strategy giving the Bank an edge.



BOARD STRUCTURE

The Board of Directors is responsible for positioning the Bank as a leader in the industry and upholding it to the highest standards of governance, compliance and ethics. The current board was elected in March 2014 and consists of eleven members. Ten of the board members (91%), including the Chairman, are independent non-executive directors and one member (9%) is a non-independent non-executive director.

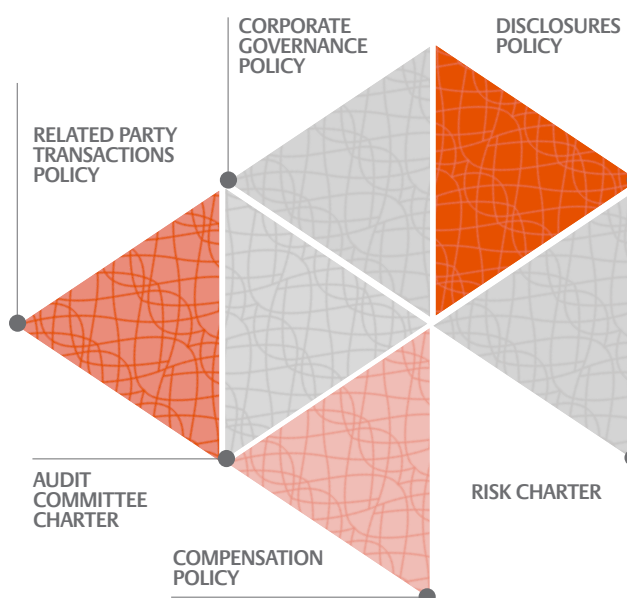
Board Structure: Composition of the Highest Governance Body



BOARD NOMINATION & SELECTION PROCESS

As an Omani Public Joint Stock Company, The National Bank of Oman (NBO) SAOG is governed by local laws and regulations that control the Board of Director's criteria, nomination and selection process. The Omani Companies Law, The Code of Corporate Governance, The Banking Law and the Articles of Association of the Bank also govern the Bank.

The Bank is fully compliant with the latest corporate governance principles and regulations as defined by the Bank's regulators. The existing governing policies include:



These policies and charters define the corporate governance principles adopted and implemented by the Board of Directors and Senior Management and are reviewed on an annual basis to ensure full compliance with the latest regulations.



BOARD'S ROLE

The Board of Directors operates within four Sub-Committees that are focused on different management areas as follows: The Board Audit Committee (BAC), The Executive Committee of the Board (EXCOB), The Board Risk Committee (BRC) and The Credit Committee of the Board (CCB).

The Central Bank of Oman (CBO) evaluates the performance of the Board of Directors and the Senior Management team on a yearly basis through an internal auditing process. Independent external auditors also conduct their own audit. The Board also evaluates its own performance through the process of a self-assessment questionnaire that is reported to Central Bank of Oman. The Board restructures the memberships of its Board committees from time to time to ensure maximum effectiveness and organisational efficiency.

The Board of Directors meets at least four times a year or when necessary to identify and manage any economic, environmental and social impacts, risks, and opportunities. The Board committees meet more frequently and their actions and decisions are reported and ratified by the Board at the closest subsequent Board meeting. Management reports and sometimes external consultant reports are used to support the Board of Directors identification and management of economic, environmental and social impacts, risks, and opportunities.

The Board and Management Committees play a key role in the development, approval, and updating of the Bank's purpose, value and mission statements, strategies, policies, and goals related to economic, environmental and social impacts. Together, the Board and Management Committees are in charge of setting and planning the Bank's strategy, social corporate responsibility (CSR) and sustainability, human resources, compensation and remuneration matters.



The following are tasks carried out by the different committees:

TASKS RELATED TO THE BANK'S STRATEGY

- Develop the long-term strategy of the Bank based on economic and market conditions and the Board's vision and recommend it for the Board's approval.
- Review the Bank's overall strategy and monitor implementation and execution.
- Review the performance of the Bank against approved strategy and budgets.
- Review and recommend for Board approval the Bank's annual Budgets and Business Plans including all Operating and Capital Expenditure budgets of the Bank in line with the long-term strategy and changes in economical, market and regulatory environments.
- Review reports and analysis of the Bank's financial and operating performance, and evaluate key performance indicators against their accompanying strategies.
- Review the performance of the Investment Banking function including all investment reports.
- Review and recommend to the Board the Bank's proposals for Capital Raising Plans.
- Review and approve the Bank's Dividend Policy and recommend to the Board the proposed dividend payout.
- Review and recommend to the Board all policies relating to the Bank's organisation and operations including all necessary authorities required by Executive Management in the execution of their responsibilities except those policies that are subject to other relevant Board Committee review.
- Review and approve the Bank's brand vision.

TASKS RELATED TO THE BANK'S HUMAN RESOURCES, COMPENSATION AND REMUNERATION MATTERS

- Review and approve the Bank's Human Resources Manual and Policy and the Bank's Compensation Policy and Bonus Plan.
- Be responsible for setting the Bank's remuneration framework for management and staff as per the Bank's Compensation Policy and Bonus Plan and ensure its proper implementation.
- Review prevailing compensation and benefits and ensure consistency with market trends as per the Bank's Compensation Policy and Bonus Plan in accordance with regulatory guidelines.
- Review, approve and amend policies related to employee reward and performance related incentive plans and assume the function and responsibilities of the Remuneration Committee as specified in the Bank's Compensation Policy as approved by the Board.
- Review the Bank's Omanisation Policies and the development of the Omani Middle and Senior Management executives of the Bank.
- Analyse and review employee attrition.
- Handle appointment and movement of key executives in the Bank from the reward level Assistant General Manager (AGM) and above.
- Review and approve major changes in the Bank's organisational structure at the level of Divisional Heads and above.
- Approve the appointment of external consultants pertaining to HR matters.

TASKS RELATED TO THE BANK'S CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

- Propose the annual CSR and Sustainability budget to the Board, which is then presented to the shareholders at the Bank's Annual General Meeting (AGM) for approval.
- Identify methods of payment for CSR and Sustainability initiatives.
- Submit a report at the end of the year to the AGM for ratification of amounts paid to CSR and Sustainability initiatives.



BOARD'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL RISKS

The Board's Risk Committee (BRC) meets up to six times annually to review the economic, environmental and social impacts, risks and opportunities. The Board Risk Committee (BRC) also reviews and approves the Bank's annual reporting and ensures all material aspects are covered.

If critical concerns arise, employees are able to raise them with Board Committees depending on their area of responsibility. These concerns are reported to the Company Secretary (CS) or the Chief Risk Officer (CRO) or the Chief Internal Auditor (CIA) or the Chief Compliance Officer (CCO) who in turn communicate and follow up formally to raise such concerns to the respective Board and Management committees. The Terms of Reference (TOR) of each Board and Management committee include the mechanism or tools of how critical concerns are raised and addressed. It is then the responsibility of each Board or Management Committee to evaluate concerns within their area of responsibility and address these issues with management and employees concerned.

In 2015, some concerns were reported to Board of Directors, or Board Committees which are within the regular course of business. These concerns were related mainly to risk, audit, compliance and legal matters. The Board or Board committees took all necessary measures to ensure control and management of these concerns and proper rectification.

The Board is informed whenever there are any updates on the policies during their meetings. The implementation of any changes requires the Board to vote and approve them at Board meetings.



A CULTURE OF ETHICS

NBO adheres to the highest level of conduct and ethics in accordance with international benchmarks. Integrity is one of the Bank's core values. It is deeply engrained in our culture and is extensively communicated across all teams, branches and extends to our partners and supply chain. All of our employees go through an induction process and are briefed about the Bank's Code of Conduct, which has clear guidelines on issues related to human rights, anti-bribery, non-discrimination, child and forced labor. All employees are fully aware of their responsibility to maintain an ethical business environment. They play an integral part in preserving the organisation's integrity by being active corporate citizens and taking ownership in identifying any wrongdoing and acting upon it.

We aim to promote our ethical practices in all of our contractual agreements that are bound by our Code of Conduct. As far as the Bank is aware, during 2015, there were no incidents of bribery, discrimination, disrespect of indigenous rights, forced or child labor among our employees or suppliers. These practices ensure we continue to be the Bank of choice.

The Bank has established and implemented a variety of whistleblowing tools. Employees and key managers are advised to reach out to the designated Board subcommittee according to the nature of the matter. The subcommittee evaluates the situation and either provides feedback, or seeks help from subject-matter experts. This is done through email exchange, phone, or face-to-face meetings.



RISK MANAGEMENT

The Bank's Board Risk Committee (BRC) designs policies and procedures that identify, analyse, monitor, report, prescribe limitations and propose solutions. New initiatives were undertaken to further enhance risk management practices in the areas of Credit Risk, Market Risk, Operational Risk as well as Information Security and Business Continuity and Sustainability Risk. During the year, significant enhancements have also been made in the area of fraud risk detection and mitigation where staff, systems, processes and procedures have been implemented to address this specific area. Information Security and Access Control functions have also been strengthened to address the increasing risk posed by the development of electronic banking and the reliance of the Bank on systems.

CORPORATE CREDIT RISK

The Bank regularly tracks portfolio credit quality, concentration risks, exposures to sensitive sectors and conducts regular stress tests on various aspects of the credit portfolio as a whole and on particular sectors as and when potential adverse factors arise that could impact the quality and/or profitability of individual borrowers or on the portfolio as a whole.

The sharp decline in the oil price has the potential to slow down the inflow of new projects into Oman. However, the Government of Oman dispelled all these speculations when it announced the 2015 budget with a commitment that existing and critical projects will remain on track and that projects intended to diversify the economy, and stimulate economic growth, will continue to be supported. The Bank is mindful of these developments and continuously carries out stress testing of the effect of the variable price of oil on the Corporate Credit portfolio and specifically on those borrowers deemed to be directly and indirectly affected by a volatile

oil price. The Bank took measures to proactively rationalize its exposures to counterparty banks and countries where credit and liquidity concerns were identified.

The Bank has also progressively strengthened the oversight of and controls over credit risk through the ongoing enhancement of the Loan Review Mechanism (LRM) function.

RETAIL CREDIT RISK

Credit facilities are offered to retail customers primarily based on an approved Product Programme approach, which contains standard risk acceptance criteria and loan processing practices. The approach is followed to enhance the efficiency and quality of the portfolio, optimizing its risk-and-reward mechanism. Further enhancements in the sphere of retail score carding is being developed with the intention to strengthen approval and analysis of retail credits. A comprehensive review of the Retail Credit Portfolio is conducted at regular intervals. Salient areas covered include delinquency analysis, Non-Performing Assets trends and recoveries, monthly analysis and extensive analysis of provisioning requirements.

LIQUIDITY RISK

The Bank has a robust Liquidity Contingency Plan which considers various scenarios and incorporates measures such as intraday funding crisis and operational disruptions. The Liquidity Risk position is monitored regularly through measures such as the Maturity of Assets and Liabilities (measured both on a contractual and behavioural basis), Liquidity Lines, Lending Ratio, Early Warning Indicators, Stock Ratios, Simulation of Gaps in Omani Rials and US Dollars, Liquidity Stress Tests and the Daily Financial Risk (DFR) report. Appropriate trigger levels have been approved and implemented to ensure liquidity risk is actively measured, monitored and corrective action is taken on a timely basis.

MARKET RISK

The Bank monitors foreign exchange and investment activities on a daily basis, as well as any potential market risk arising from customer-related transactions.

The Interest Rate Risk in the Banking Book is analysed regularly and presented to ALCO based on its potential impact on the Economic Value, as well as the earnings at risk on account of parallel shifts in the interest rates. Monthly stress tests were conducted to study the effects of adverse movements in the currency rates, as well as impairment in investment exposures.

LEGAL RISK

The Legal Division vets all the Bank's contracts, agreements, forms and lawsuits by liaising with external law firms. The division provides updates to the management team and the Board of Directors on any changes in Oman's legal framework, and works closely with the Human Resources Management Group on HR-related issues and lawsuits.

OPERATIONAL RISK

The Operational Risk Management (ORM) division monitors operational risk-related incidents to ensure that effective and robust controls are in place. The Fraud Risk Management Division implemented a fraud monitoring system to monitor Debit and Credit MasterCard transactions real-time.

SUSTAINABILITY RISK

Managing sustainability-related risks means addressing both environmental and social risks. Managing environmental risk includes mitigating negative effects of climate change on our operations and our customers. Managing social risks includes ensuring ethical behavior across all of our operations and value chains. We have developed policies and procedures to manage and mitigate these risks both for the bank and for our customers. Our sustainability risk assessment procedures ensure that potential clients comply with our industry standards, and their own industry standards, policies and guidelines.



COMPLIANCE

The Bank fosters a culture of compliance and proactively manages its compliance risk. The Board of Directors and Senior Management team ensure the Bank's operations and business conduct is consistent with the laws and regulations of the Sultanate and all other markets in which we operate. These include, but are not limited to; Laws and Regulations issued by the Central Bank of Oman, the Capital Market Authority and the laws and regulations of the Bank's regulators in the UAE.

During the reporting period, there have been no cases resulting from non-compliance with the laws and regulations related to the provision and use of products and services, environmental and societal practices.



CREATING SHARED VALUE



FURTHERING CLIENT PROSPERITY



NBO is committed to delivering a consistently superior customer experience across all customer touch points, by introducing market-leading innovations and financial solutions. As we continue to transform our Bank to be the bank of choice for our target segments, we are keen on creating a brand that reflects our values and our growth journey, and that showcases our progress; a brand that is bold and yet deeply rooted in our proud history and origins, our brand identity speaks to who we are as an organisation: A unified single brand, which exudes our values: Putting our customers first, quality, execution, One Bank and Integrity. All of our products and services implement the latest security and privacy policies and technologies to protect our customers' information. We have not received any formal complaints on breaches of customer privacy or losses of customer data.



MARKETING & COMMUNICATION

We always strive to communicate with our customers in a clear, direct and efficient manner. Our communication and marketing guidelines ensure full transparency and adherence to international benchmarks. It is the way we keep our customers informed about their current activities with NBO and stay updated about new services.

None of our products and services are banned in our markets of operation or subject of stakeholder questions or public debate. We always market all of our products and services in an ethical and direct manner. We have not faced any issues related to non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions, and sponsorships.

INNOVATIVE B2B SOLUTIONS

Affirming the Bank's digital leadership position, the innovative B2B solution links a corporate client's individual portfolio over a secured network and enables the processing of all types of local and foreign payments. It offers customised features for easy reconciliation and book keeping of clients. The system is flexible to process transactions in a seamless manner and has already been very well received by large organisations due to its ability to reduce overhead costs and process bulk payments efficiently.

TECHNOLOGY AND INNOVATION

NBO has always been a frontrunner in developing and adopting the best practices in technology. Our vision is to be the bank of choice by delivering a consistently superior customer experience, engaging customers through technology and offering them convenience, personalized services and innovative products. In the last year, we launched a new interactive website, a state-of-the-art mobile banking app with a unique EZ pay service that supports peer-to-peer transfers, new social media channels, Retail Internet Banking and Corporate Internet Banking platforms, and an innovative information portal that can be accessed through augmented reality.

NBO has also introduced the contactless card "NBO Beam" to make payments for small ticket items at checkout counters, without the need to enter a PIN or sign a receipt. A chip and a radio frequency antenna are embedded into the contactless card, which is then simply touched against a reader with the payment details transmitted wirelessly. The technology saves time for both the customer and the merchant and is considered to be just as secure as using Chip and Pin.

INTERNET, PHONE, SMS BANKING SOLUTIONS

NBO has revamped its Internet banking with a fully-responsive and intuitive platform that is secured by the internationally recognized VeriSign SSL certificate. Customers have more flexibility than ever before to make and initiate local and international payments, apply for home loans, personal loans, credit cards and conduct various other transactions.

Our experienced call centre representatives are happy to assist customers with the following services: balance inquiry, fax-back of mini-statement, funds transfer within own accounts, funds transfer to third-party within NBO, local and international funds transfer, demand draft and pay order issuance, credit card bill payment, utility bill payment, school fees payment, information update, chequebook request and registration for top-up/bill payment.

SMS Banking offers our customers access to account inquiries, including balances, mini-statements, instant activity alerts, updates regarding products and services, telecom payments for pre- and post-paid numbers at any time, without any need for Internet access.

MYCHOICE REWARDS' LOYALTY PROGRAMME

The MyChoice Rewards' loyalty programme embodies our commitment to put the customer at the centre of our business, it enables customers to redeem points for travel tickets, hotel accommodation and car leasing. We also established a dedicated Customer Experience Division to continue to deliver on our commitment to customer service excellence.

CREDIT CARDS

Our internationally accepted card offers a wide range of benefits from 24/7 access to cash to flexible payment terms.

TIJARATI SME BANKING

Small and Medium Enterprises (SMEs) have been an indelible part of Oman's economic history, making a strong contribution to the country by creating jobs, empowering youth and diversifying the economy. 'Tijarati' SME Banking offers a comprehensive range of simplified products including collateral-backed and collateral-free offerings, with simple documentation, flexible repayment terms, quick turn-around times and dedicated relationship managers. Tijarati Banking also provides non-financial services that are aimed at helping SMEs develop their capabilities and acquire the training that they need to grow and take advantage of new economic opportunities.



SAVINGS ACCOUNTS

Mustaqbali Account offers students aged between 18 and 25 years and pursuing their graduate degree a free Mastercard Platinum Debit Card for easy and instant access to funds with round-the-clock Internet banking services and no minimum balance charges. Al Kanz Account is a savings scheme offered to customers who wish to have chances to multiply their savings without risking their capital. It offers opportunities to win big from the moment the customer account is set up. All non-interest bearing Savings Account holders and Mustaqbali Savings Account holders are automatically entered into all the draws.

AUGMENTED REALITY MOBILE APPLICATION

In 2015, we have introduced the Augmented Reality Mobile Application where the latest banking technology innovation can help customers find their nearest branch or ATM, locate the best offers and deals as they walk into a mall or in any street.

The application is available for iOS and Android mobile platforms and can be easily downloaded from The Apple Store or Google Play by searching for "NBO AR". The application is available for both NBO and non-NBO customers.

AL MANAZEL HOME LOANS

Our home loans cover purchase of residential plots and properties, construction and maintenance of residential properties, buyout of housing loans from other banks or employers, and purchase of properties within bank-approved integrated tourism projects and developments.

MAZAYA

A personalized service that takes care of all banking and investment needs. Our Mazaya customer enjoys a wide range of benefits including personalized service, dedicated counters at selected branches, attractive rates on loans, access to global investments and insurance products, reward points and generous benefits on credit and debit card usage.

MUZN ISLAMIC BANKING

NBO was the first bank in Oman to establish an Islamic Banking window, and offer Shari'a compliant products and services. Muzn has continued to grow from strength to strength since its establishment in 2013, recording triple-digit growth last year, with a network of six dedicated Muzn branches in strategic locations across the Sultanate.

SADARA WEALTH MANAGEMENT

High net worth individuals have exclusive access to some of the most promising investment opportunities and they enjoy preferential rates, rewards and benefits on a host of bank charges including maintenance charges, telex transfers and forex rates. The Sadara Elite Account gives customers access to Oman's highest interest rates on savings accounts. Furthermore, our Sadara customers enjoy a world of privileges such as managing all the administrative aspects of accounts, access to the best real estate investment advice in the market, a dedicated relationship manager, reserved parking area at all our branches, express transaction processing and much more.

NBO is committed to delivering a consistently superior customer experience



FUELLING THE GROWTH OF THE LOCAL ECONOMY



In 1973, NBO had the privilege of becoming the Sultanate's first local bank. This great honour brought with it a great responsibility to serve the community by not only providing world class banking services but also by supporting Oman's wider social and economic objectives. This is a responsibility that NBO has embraced for more than four decades and is evident in all of its actions today.



CONTRIBUTING TO THE SULTANATE'S VISION FOR ECONOMIC DIVERSIFICATION

His Majesty Sultan Qaboos bin Said has set out a very clear vision for the country to diversify into new economic sectors, and the 2015 budget indicates a strong 4.5% year-on-year increase in spending, which together will help to ensure the economy maintains its growth momentum.

NBO is particularly proud of its role in supporting His Majesty Sultan Qaboos bin Said Al Said's ambitious vision for economic advancement and diversification by providing financing for the Sultanate's most nationally important infrastructure projects and by backing generation after generation of entrepreneurs.

In the last three years alone, the bank has committed more than US\$1 billion to support major developments in the tourism, transport, infrastructure, power and water sectors and others. It can fund such large-scale projects because of its strong balance sheet and prudent funding strategy. For instance, the bank was able to reduce its cost of funding following a highly successful international investor roadshow to market the first bond issuance under its Euro Medium-Term Note (EMTN) programme. Reflecting NBO's international standing, the US\$500 million bond was more than three times oversubscribed. In 2015, the bank announced plans to increase the size of its EMTN programme to US\$1.5 million, ensuring it is well capitalized and able to support the largest infrastructure projects when needed.

NBO has supported a number of significant national projects in recent years including

\$116.23 million Credit facility for drilling contractor Dalma Energy, providing five state-of-the-art rigs to Petroleum Development Oman (PDO)

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03

Memorandum of Understanding (MoU) with the Ministry of Tourism to extend financial support to SMEs in the Tourism sector

Part of a Consortium of Banks that signed a \$910million funding deal with Oman Oil Refineries and Petroleum Industries Co. (ORPIC) to fund the Liwa Plastics Industrial Complex.

The Bank also provided RO 25 million in financing to develop Duqm Frontier Town, which provides much needed quality residential accommodation for the management and staff of Oman Dry Dock Company (ODDC). The Bank has also provided ATMs within the ODDC premises and established a branch in Duqm itself, to provide convenient local banking services for businesses and upcoming SMEs working in the area.

NBO has supported a number of significant national projects including the ORPIC expansion project, Octal Petrochemical Company, Electricity Holding Company plus subsidiaries and Duqm Development Company. In

addition, the Bank has supported the development of all Independent Power Producer (IPP) and Independent Water and Power Producer (IWPP) projects established in Oman including Sohar Power, Dhofar Power, Barka Power, Sembcorp Salalah and Al Kamils.

A key component of our comprehensive banking operations is our large and growing Project Finance division and the alignment of our strategy to the Sultanate of Oman's economic agenda. We offer project finance, loan syndication and advisory services to encourage private and foreign investments and further support Oman's diversification strategy.

INTERNATIONAL INVESTOR ROADSHOW

The Omani banking sector experienced margin pressure on assets throughout 2014 but NBO has made significant improvements in its efficiencies and balance sheet management. We launched a highly successful international investor roadshow to market the first bond issuance under our Euro Medium-Term Note (EMTN) programme, which has enabled us to increase the Bank's liquidity and diversify the funding base while capitalizing on excellent pricing available in the debt markets. Reflecting NBO's international standing, the US\$500 million bond was more than three times oversubscribed.

Following the highly successful 2014 bond issuance, NBO attracted strong interest from global investors, with its clear strategy and strong balance sheet earning the trust and respect of the global investment community and this has enabled us to conclude a US\$300 million bond issuance in 2015. The investor road show included several meetings with over 50 prominent investors in Hong Kong, Singapore, Abu Dhabi, Dubai and London, producing an order book that is oversubscribed 1.8 times. The bond will help to optimize NBO's capital structure and further strengthen its capital position relative to regional peers. NBO's successful issuance of tier one capital instrument represents another important milestone in the bank's ambitious five-year growth strategy to be the Sultanate's bank of choice.



IN-COUNTRY VALUE (ICV)

ICV is a government initiative highlighting the total spend retained in-country that can benefit business development, contribute to human capability development and stimulate productivity in the Omani economy. In short, it accentuates products made by and services provided by Omanis in Oman. In alignment with our governmental practices, we have sought to multiply our investment efforts in all the aspects of ICV.

Omanisation of skilled workforce

We are fully committed to continuing to invest in enhancing our people's skill-sets and capabilities in order to secure sustainable commercial benefits and help safeguard our nation's prosperity in the future. In 2015, we recorded an Omanisation ratio of 92%. The total hours of training delivered per employee grew by 9.9% compared to the previous year and we are targeting a yearly increase of 6.24% in 2016 and beyond. We are also strongly committed to developing a strong pipeline of potential leaders through the "Qadat Al Mustaqbal" graduate development and the "Future Leaders" programmes, a 15-month programme that enables youth to gain expertise working across different departments in the bank. More initiatives and programmes are explained in detail in the HR and social investment sections.

the main sections of the stone cladding on the building façade, and the large sections of Glass Fibre Reinforced Concrete (GRC) internal and external cladding panels were locally sourced or produced. Furthermore, the project team has set up regular site visits for local university students covering various disciplines (such as civil/structural engineers, architects, mechanical/electrical/public health engineers) providing a learning platform for young and ambitious students looking for opportunities in the construction sector.

Other general procurement practices for the bank have prioritized the sourcing of goods and services from the local market including fleet, stationaries, IT services and solutions and general advisory services.

Increasing procurement of Omani Goods and Services

The construction and development of our new head office in Muscat is also closely aligned with the ICV principles; we were proud to award the main contract to a fully owned Omani company. In addition, the Base Build package has been awarded on the basis that the contractor will ensure that at least 5% of the works (by cost) are undertaken by local SMEs.

Our team has also ensured that all large scale materials in and around the building such as

Sustainable Square Oman Case Study:

NBO has assigned Sustainable Square Oman, a local Corporate Social Responsibility (CSR) and Sustainability consultancy firm to develop the Bank's Sustainability Report for 2015. Led by Sustainability and CSR expert and rising Omani entrepreneur, Shaima Al Lawati, Sustainable Square Oman provided NBO with the support and insight required. Shaima and her team have a successful track record of developing differentiated, results-driven reports that act as a framework for businesses heading towards achieving sustainability throughout their operations.

FINANCING SOLUTIONS TO LOCAL CHALLENGES



At NBO, we adopt an innovative, proactive strategy to capture opportunities associated with sustainability in Oman. We continue to invest in products and services that are specifically designed to capture new market opportunities associated with sustainability while offering solutions to societal challenges. Thereby reaffirming our commitment to contributing to the development of economic, environmental and social sustainability in Oman.

The integration of sustainability into our core business is achieved by integrating environmental and social considerations into product design, mission policy and strategies. For example, the integration of environmental considerations into our lending and investment strategies, or new product developments that could provide environmental businesses with easier access to capital.

In the last three years alone, the Bank has committed more than US\$1 billion to support major developments in the tourism, transport, infrastructure, power and water sectors and others. These sectors offer solutions to societal and economic challenges including water scarcity, renewable energy and climate change, road safety, healthcare and technology. Some examples include:



DUQM DEVELOPMENT CO. CASE STUDY:

NBO has jointly financed the Duqm Development Company (DDC) to develop the Frontier Town Project Phase I, which involves developing a residential township consisting of apartments, villas and other common amenities for the management and staff of the Oman Drydock Company (ODC). The project, which is being developed by the Duqm Development Company, is based on a long-term commitment by the ODC to lease the properties built in Phase I.

NBO has jointly financed the Duqm Development Company (DDC) to develop the Frontier Town Project Phase I.



INVESTING IN GLASSPOINT SOLAR

GlassPoint is the leading provider of solar steam generators to the oil and gas industry for applications such as Enhanced Oil Recovery (EOR). Oil operators worldwide deploy EOR to boost well productivity by up to 300%. By replacing gas-fired steam generation with solar, GlassPoint can reduce EOR gas consumption by up to 80%. The gas saved can be exported or redirected to higher value uses such as industrial development and power generation. GlassPoint's projects operate in global markets ranging from the Middle East to California.

Unlike solar panels that generate electricity, GlassPoint's enclosed trough technology uses large, curved mirrors to concentrate sunlight on a boiler tube containing water. The concentrated energy boils the water to produce high-pressure steam, which is injected into an oil reservoir to heat heavy oil and boost production. GlassPoint encloses the system inside a glasshouse structure to protect the solar collectors from the wind, sand and dust common in Middle Eastern oilfields. An automated washing system cleans the glasshouse to maintain performance in the dusty desert environment and reduce operation and maintenance costs.

GlassPoint established its regional headquarters in the Sultanate of Oman in early 2012. The company's major shareholders include Royal Dutch Shell and State General Reserve Fund (SGRF), the largest sovereign wealth fund in Oman.



BANKING RESPONSIBLY



IMPROVING COMMUNITY WELL-BEING



As part of the stakeholders' engagement exercise that produced the bank's materiality matrix, it was clear that empowering local communities was of high priority to all stakeholders. In particular, it was broken into three different social investment areas; Youth Development, Education and Entrepreneurship.



YOUTH DEVELOPMENT

CHAIRMAN'S SPEAKER SERIES

The NBO Chairman's Speaker Series was launched in 2014 to bridge the gap between Oman's hopeful youth and seasoned professionals, providing an interactive platform to learn and share experiences, ideas and aspirations. Every quarter, inspirational leaders from diverse disciplines can share their experiences, knowledge and innovative ideas with a cross-section of Omani society, from students just making their way in the world, to SMEs looking to grow their businesses, through to the Sultanate's most senior businesspeople and government officials.

Renowned speakers included Sir Terrence Clarke, former British Ambassador to the Sultanate of Oman, His Excellency Khaldoon Khalifa Al Mubarak, Group Chief Executive Officer and Managing Director of Mubadala, Dr. Anousheh Ansari, space pioneer and the fourth female space explorer, Dr. Paul Achleitner, Chairman of the Supervisory Board of Deutsche Bank and His Excellency Mohamed Al Abbar, Chairman of Emaar Properties.



TRAINING & EMPLOYMENT

The career path at NBO has a distinctive advantage, supported by a state-of-the-art training academy that adopts a hybrid approach with hands on experience. Our experienced workforce also serve as mentors, providing graduates with an ideal platform to kick-start their careers.

The "Qadat Al Mustaqbal" graduate development programme and the "Future Leaders" programme- an intensive 15-month programme that enables youth to gain expertise working across different departments in the bank, provide an ideal platform for students looking to kick-start their careers.

EDUCATION

In June, 2015, in celebration of the Sultanate's 45th National Day, and in line with its commitment to supporting the local community, NBO announced that it will award 15 scholarships to students from

low-income families to study at some of the best universities in the UK. Additionally, it will create 25 new employment opportunities within various divisions of the bank and give five existing employees the opportunity to study for an MBA at a top international business school.

ENTREPRENEURSHIP

EMPOWERING SMES

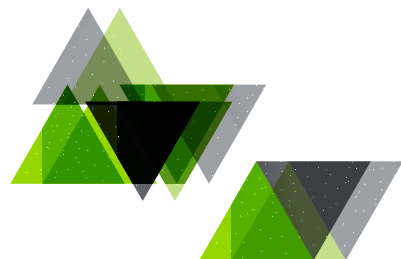
NBO recognizes the important role that SMEs play in the Sultanate's diversification strategy. Creating environments in which businesses, especially SMEs, can flourish and thrive is crucial to achieving prosperity. Therefore, we have developed a clear strategy to enhance our SME customers' banking experience by investing in products, brand, channels and services that are critical to the SME sector's growth.

The Bank's SME team offers Tijarati SME customers various mentoring programmes focused on skills development, productivity improvement and sharing of best practices. It also offers them access to networking opportunities with large corporates in Oman.

In 2015, NBO announced the launch of the first edition of NBO's Innovation in SME Award for students, a unique competition designed to inspire a new generation of entrepreneurs and support the Sultanate's wider economic diversification agenda. The competition is open to all full-time undergraduate university students in Oman, with entries invited from individuals or teams of up to three members. Participants are required to develop innovative and promising business ideas related to sectors ranging from business to information technology to hospitality. Shortlisted candidates pitch before an expert jury, and the most innovative and promising business idea wins a cash prize of OMR 10,000, access to trainings and seminars by top NBO managers, focused on skill development, productivity improvement and sharing of best practices, at NBO's Academy of Excellence, and access to networking opportunities with large corporates in Oman.

NBC'S NAJIHAT PROGRAMME TO EMPOWER FEMALE





OMANI ENTREPRENEURS

NBO joined forces with the National Business Centre (NBC) to support female entrepreneurs in the Sultanate through the 'Najihat' programme. The Najihat programme consisted of four sessions every three months, where entrepreneurs met at a designated female entrepreneur's place of business, to share her experience and success story.

One of the success stories featured by Najihat is that of Etab Al Zadjali, Co-Founder of Cake Gallery. From a single outlet with a five-member team back in 2010 to six outlets and a team of 50 members today, her bakery business, has achieved a significant status among various segments of the Omani society throughout the years.



GLOBAL ENTREPRENEURSHIP WEEK

The Bank has continued its proud record of supporting the Sultanate's aspiring business leaders by backing the Global Entrepreneurship Week, which took place in November 2015. The event at the National Business Centre in Muscat featured a series of workshops and presentations and included appearances by many of Oman's business pioneers. In addition to its sponsorship of the event, NBO organized a session on November 18th, 2015 outlining its many initiatives to support SMEs and delivering workshops on Financial Management.



COMMUNITY AND CULTURE

PROMOTING THE SULTANATE TO THE WORLD

During 2015, an Omani national and a member of the Oman Riders Club, Mahir Al Barwani, rode a motorcycle and collected messages from around the world to His Majesty Sultan Qaboos in celebration of the Sultanate's 45th National Day. With NBO's support, Al Barwani had set himself on an incredible task of travelling to 25 countries in 60 days on a motorbike to promote the Sultanate and celebrate National Day.

NBO GOLF CLASSIC: SUPPORTING LOCAL TALENT & PUTTING OMAN ON THE WORLD GOLF MAP

As part of its commitment to the community and promoting rising Omani golfing talent, NBO partnered with the European Challenge Tour for Golf, which has given Oman and NBO exposure on an international scale. NBO also staged the Omani National Amateur Championship, a tournament for eligible Omani players that ran in conjunction with the NBO Golf Classic Grand Final. This partnership aims at attracting international renowned players, guests and tourists to the Sultanate.



WORLD'S FIRST POLICE SERIES IN 3D, 'TROOP 9'

Building on our efforts to create and promote awareness around key issues impacting our society, we also partnered with the Royal Oman Police to produce the world's first police series in 3D, 'Troop 9', which was aired during the holy month of Ramadhan. The episodes shed light on important issues and challenges in our society.

NBO RACING PROJECT

NBO has partnered with a true homegrown talent, Brand Ambassador, Ahmad al Harthy, for a unique venture to encourage and support talented Omani youth. The bank is supporting Al Harthy in his participation with The British



GT Championship, which is taking fast strides to become one of the most favorite and renowned sports car championships in the UK, and the Blancpain Championship, which is earning itself a strong presence in the field of English GT Racing.

The confirmation of Al Harthy's ambassadorial role for the bank also means he will be working hard on and off track to consolidate Oman's place on the international sports map.



IMPROVING SOCIAL CONDITIONS FOR THOSE WHO NEED IT

In advance of the Holy Month of Ramadan, the bank distributes food hampers to low-income families across the Sultanate as part of its Iftar Sa'im initiative. In 2015, more than 500 families living in every region of the Sultanate received packages filled with essential food staples. Each hamper was personally delivered to the families by volunteers from NBO, helping to strengthen bonds and build bridges within the local community during the Holy Month.



WILDLIFE CONSERVATION

NBO signed a Memorandum of Understanding with the Diwan Office for Conservation of the Environment. The MOU aims to support ongoing research efforts on wildlife in Oman. The Arab Ibex is an endangered species that is at risk of becoming extinct. The study will trace the movements of the Arab Ibex with the ultimate goal of creating a reservation in the near future. It also provides a learning and volunteering opportunity for NBO's employees to be involved in environmental projects.

DEVELOPING OUR HUMAN CAPITAL



At NBO, we strongly believe that our growth, success and creativity is driven by a diverse, skilled and empowered workforce. By building a great workplace, and providing growth opportunities for our team, we are set to provide our customers with the best value and our shareholders the highest return on equity.



OUR VALUES

► We are constantly striving to build and maintain a people-centric culture that enables our employees to realize their full potential. All of our human resources strategies and policies are built around performance enhancement as the main objective. Our talent retention and recruitment strategy ensures that NBO is always competitive when it comes to career opportunities, compensation, training and development programmes.

CUSTOMER FIRST: Passionately focus on driving customer value. Meeting and exceeding expectations and serving them with infectious enthusiasm. Be caring and devoted to Service Excellence, putting our customers' needs at the heart of everything we do.

ONE BANK: Be joined up as a team, work together to achieve success. Use every opportunity to deeply collaborate, cross pollinate or align objectives. Make the best use of our infrastructure and resources. Build synergies between business units.

EXECUTION: Get things done, quickly and intelligently. Create an

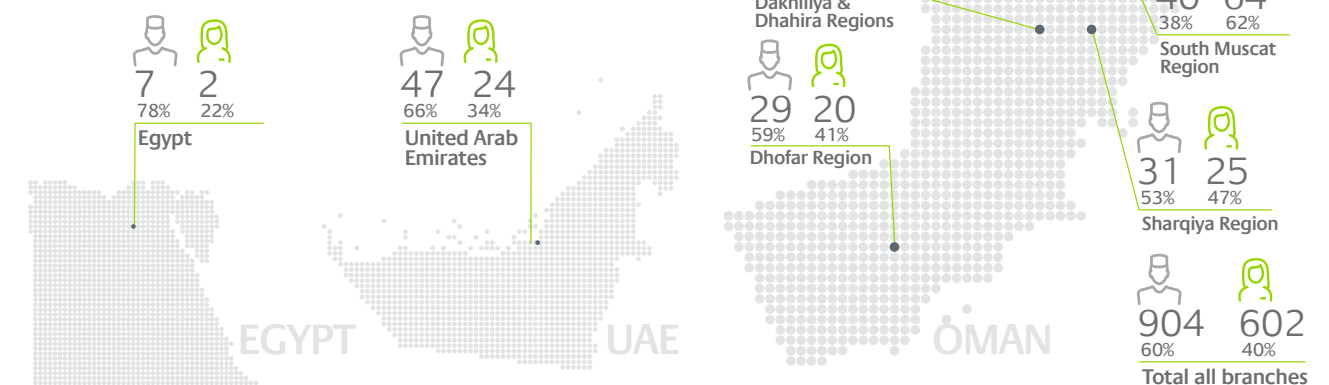
atmosphere that energizes and engages others. Embrace change for the growth opportunities it brings. Reward performance and celebrate results. Stay intolerant of bureaucracy for the sake of bureaucracy.

QUALITY: Insist on excellence and do things right the first time with thoughtful and deliberate planning. Make difficult decisions when it's the right thing to do. Motivate and hold each other accountable. Be passionate about everything we do.

INTEGRITY: Exercise sound judgment and the highest standards of ethical behavior. Be direct, transparent and truthful. Respect each other and appreciate our diversity.

OUR PEOPLE

In 2015, our team grew by 11% reaching 1,506 employees working across all of our operations in Oman, The United Arab Emirates and Egypt.

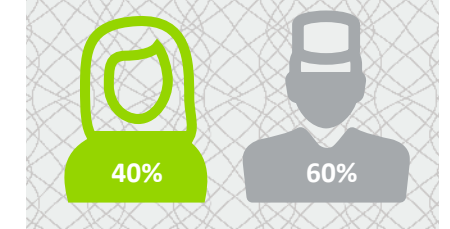


Number of New Employee Hires by Gender and Region:

Oman	UAE	Egypt	Total
108	9	0	117
166	16	0	182
Total.....274	Total.....25	Total.....0	Total.....299

Employee Turnover Rate by Gender

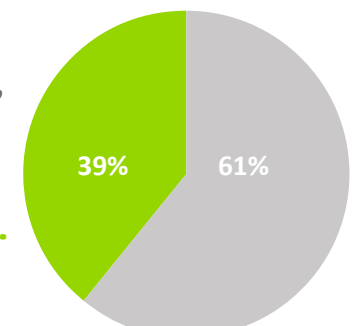
FEMALES	MALES	ALL EMPLOYEES
8.8%	11.9%	10.7%



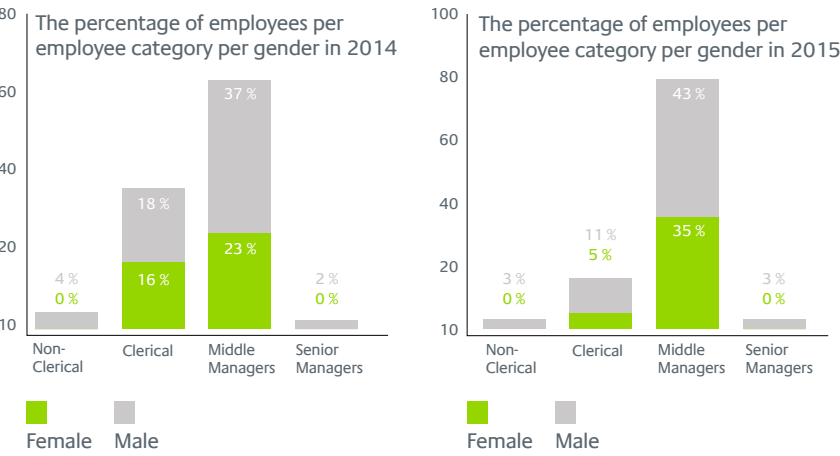
GENDER INCLUSIVITY: NBO is committed to attracting talent while ensuring a gender inclusive environment. In 2015, females represented 40% of our workforce. We are constantly working to provide both genders with equal opportunities and remuneration and to reach percentages that reflect this commitment. In 2015, our men to women remuneration ratio was 1:0.83. We continue to recruit females and males who possess the same level of experience and skills in order to achieve a balanced 1:1 ratio.

► Among 299 new hires in 2015, **117 (39%) were females and 182 (61%) were males.**

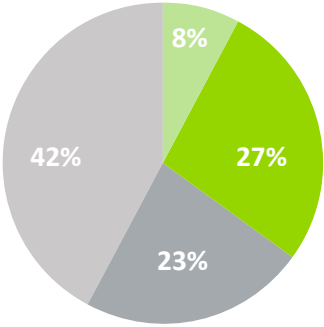
Female Male



The percentage of females in middle management positions has reached 35%, which represents a 12% increase from 2014.

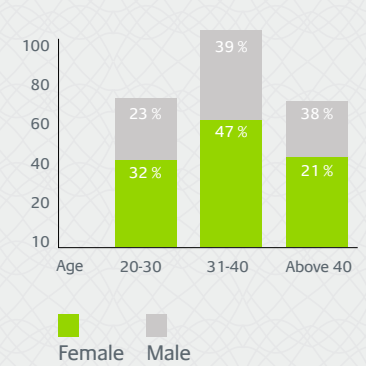


A YOUNG ORGANISATION: we are committed to employing young talent to maintain a dynamic and progressive environment. 27% of our workforce is under the age of 30 and 42% is between the ages of 31 and 40. This means that 69% of our total workforce are under the age of 40.



► 18-30 ► 31-40 ► 41-50 ► 51-60

The percentage of male and female employees per age group



Employees' Years of Service

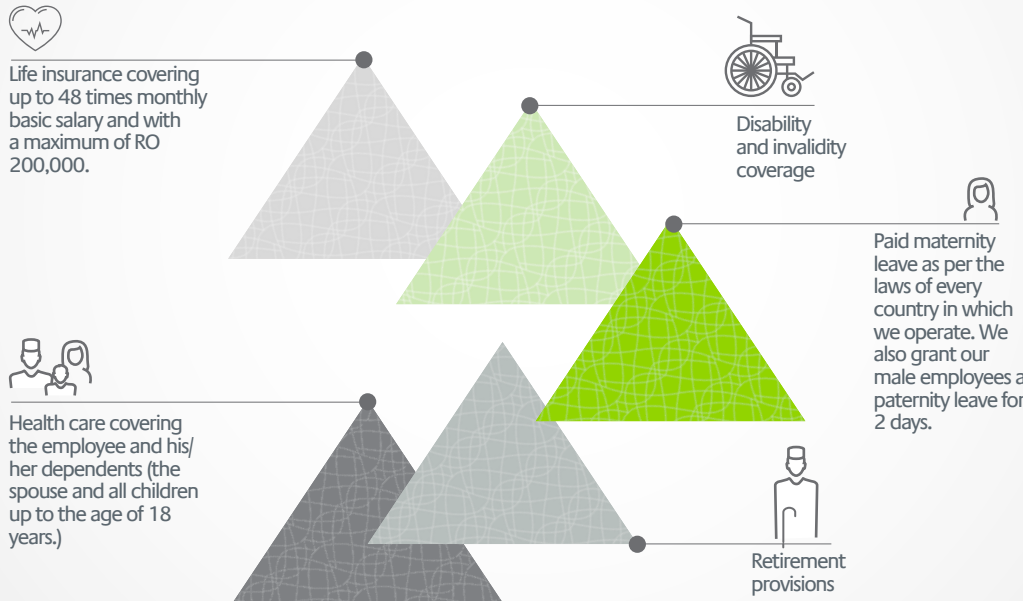
NUMBER OF YEARS	NUMBER OF EMPLOYEES
Below 5	785
5 - 10	260
10 - 15	146
16 - 20	83
20 - 25	111
25 - 30	81
Over 30	40
Total	1,506



REWARDS AND BENEFITS

We strive to offer competitive rewards and benefits to attract and retain talent. At an industry level, our benefits are considered to be competitive and are aligned to local labor laws, social security, and benefits and retirement regulations.

All our full time employees enjoy the following benefits:



Employees within the Deputy Senior Manager level and above positions, are entitled for school fees and club memberships.

Return To Work and Retention Rates After Parental Leave, By Gender

INDICATOR	MALE	FEMALE
The total number of employees that were entitled to parental leave, by gender.	12	66
The total number of employees that took parental leave, by gender.	12	63
The total number of employees who returned to work after parental leave ended, by gender.	12	63
The total number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender.	12	63
Return to work and retention rates of employees who took parental leave, by gender.	100%	95%

HEALTH, SAFETY AND WELLBEING

We are committed to maintaining safe and healthy operations to protect the lives and health of our employees and the communities surrounding our operations, as well as to protect our assets, ensure business continuity and engender public trust.

We are happy to report that no work-related injuries, diseases or fatalities have been recorded during 2015:



The nature of our operations do not subject any employee to serious or chronic diseases.



GRIEVANCES

NBO has established robust internal and external mechanisms for employees to seek advice on ethical and unlawful behavior, and matters related to organisational integrity. A Staff Relations team was formed to address matters related to staff grievances. Employees are encouraged to report any unlawful behavior as per the bank's Whistleblowing Policy while having their anonymity and rights completely protected.

In 2015, 44 grievances were reported by staff and 100% of them were addressed accordingly. These grievances occurred after the bank introduced a new performance management framework to drive a high performance culture across the organisation, with clear key performance indicators and SMART objectives. The grievances raised were in response to that change.

TRAINING AND DEVELOPMENT – THE ACADEMY OF EXCELLENCE

Our strategy revolves around driving a high performance and values-based culture across the Bank. Therefore, The Bank's learning and development arm – the Academy of Excellence (AoE), continues to deliver comprehensive training and development programmes across the Bank and applies the most advanced methods to deliver an interactive and hands-on learning experience, which yields improved communication, motivation, teamwork and strong results across the organisation.

Through the Academy, we collaborated with the prestigious London Business School of Management to deliver an 8-month Transformational Leadership Programme for our Senior Management team. In addition, the Bank introduced a 15-month "Future Leaders Programme", which was delivered by Cambridge University's Judge Business School in Qatar. The objective of the programme was to fast-track young employees with the potential to take on leadership roles within the bank. In addition, we introduced a unique Talent Development programme and created various employee engagement and performance management workshops.

The Academy of Excellence is an ILM accredited level III qualification centre and CISI Testing Centre, both of which are firsts in the banking sector in Oman.

All new joiners go through a holistic induction programme on their first day to get acquainted with the Bank's products, services, code of conduct, and culture. Our employees undergo a periodic performance assessment that details their training and development needs, after which, an annual Training Needs Analysis is conducted to create a comprehensive training calendar. We deliver training that is focused on Performance Enhancement, Leadership Development and Talent Management to ensure new and existing talent have the support and learning resources they require to unlock their full potential.

Below is a breakdown of training hours delivered to employees by gender:

Total Training Hours for all Employees by Gender

	2012	2013	2014	2015	2016 TARGET
Females	18,689	14,313	20,432	19,232	21,156
Males	26,895	20,596	29,403	27,676	30,444
Total	45,584	34,909	49,835	46,908	51,600

Average Training Hours Per Employee Per Year

	2012	2013	2014	2015	2016 TARGET
Females	554.32	561.7	561.7	617	656
Males	797.68	808.3	808.3	889	944
Total	1,352	1,370	1,370	1,506	1,600

	2014	2015	2016 TARGET
Total Cost of Training (RO)	655,813	428,393	500,000
Average Cost of Training per Employee (RO)	479	284	313

100% of our employees have received regular performance and career development reviews

OMANISATION

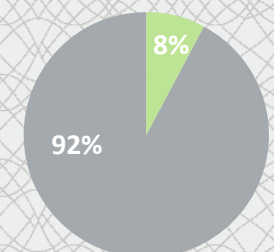
We continue to focus on developing and promoting Omani nationals in support of our Nation's Omanisation agenda. A successful, well-balanced economy is nearly always driven by well-trained workers who have been empowered with the skills and knowledge to make them productive in their chosen career path.

Meanwhile, it is through high-quality education programmes that the next generation of Omani leaders will be inspired. NBO is committed to developing a strong pipeline of business leaders to help safeguard our nation's prosperity in the future.

It was through this specific focus that we promoted nine Omanis to key senior positions within the bank, and appointed the first female Omani Chief Risk Officer, Salma Salim Said Al Jaaidi. Our people are undoubtedly our most important asset, and we are deeply committed to their ongoing development.

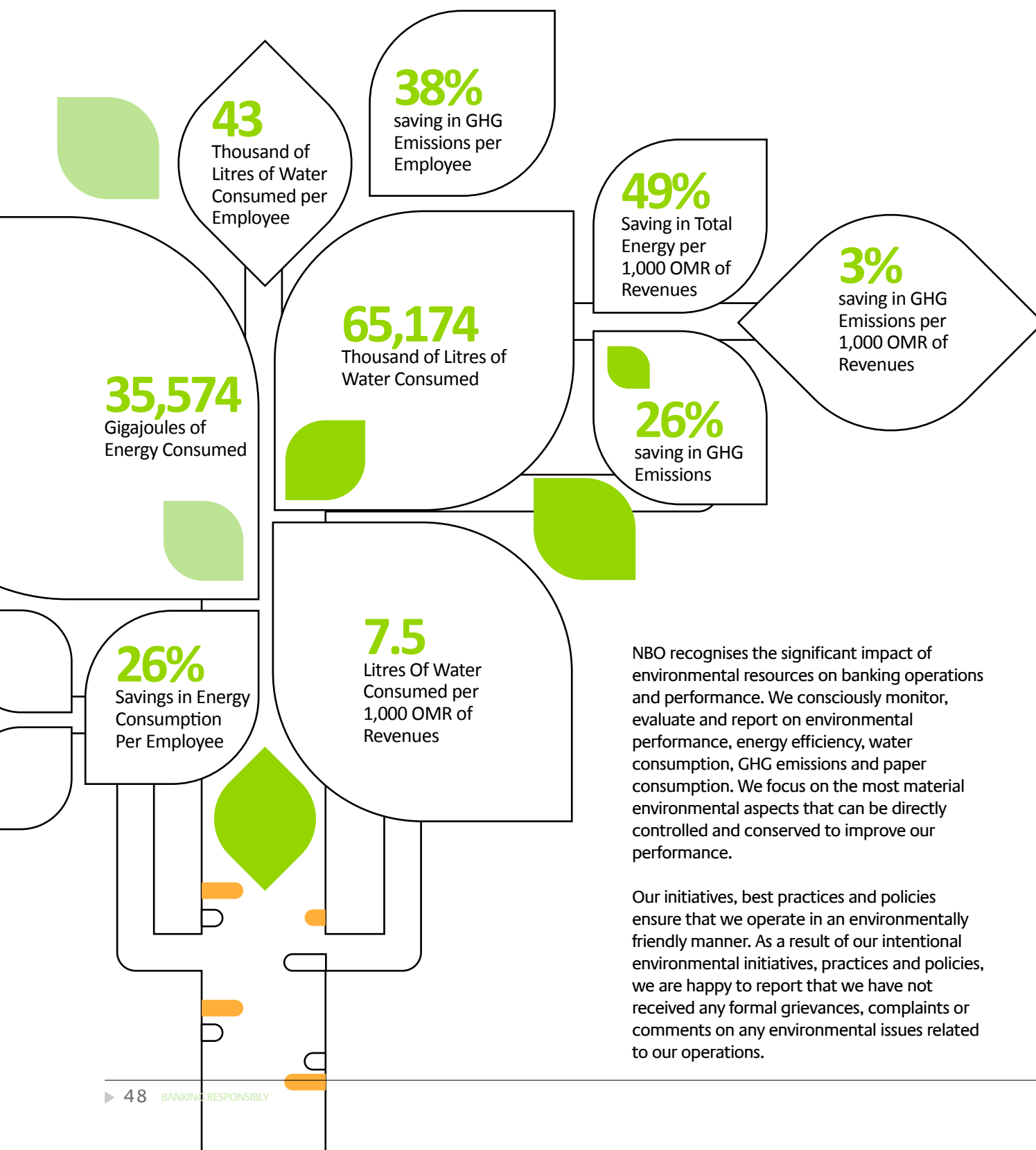
LOCALIZATION: We are committed to harnessing local talent. 92% of our workforce are locals versus 8% who are expatriates.

Expats Locals



MANAGING OUR ENVIRONMENTAL FOOTPRINT

HIGHLIGHTS OF OUR ENVIRONMENTAL PERFORMANCE IN 2015



NBO recognises the significant impact of environmental resources on banking operations and performance. We consciously monitor, evaluate and report on environmental performance, energy efficiency, water consumption, GHG emissions and paper consumption. We focus on the most material environmental aspects that can be directly controlled and conserved to improve our performance.

Our initiatives, best practices and policies ensure that we operate in an environmentally friendly manner. As a result of our intentional environmental initiatives, practices and policies, we are happy to report that we have not received any formal grievances, complaints or comments on any environmental issues related to our operations.



DETAILS OF OUR ENVIRONMENTAL PERFORMANCE IN 2015

Our environmental footprint takes into consideration the most material environmental aspects including water, electricity, fuel, and GHG emissions.

Water Consumption (Measured in Thousands of Litres)

	AVERAGE OF THE LAST 3 YEARS REPORTED ON	2015
Total Water Consumption	11,490	65,174
Water Consumption (Per 1,000 OMR of Revenues)	136.67	480.21
Water Consumption per Employee	8.67	43.28

Energy (Electricity and Fuel Consumption)

Total Electricity Consumption (in Thousands of kWh)	5,870	5,891
Electricity Consumption (in kWh Per 1,000 OMR in Revenue)	69.82	43.41
Electricity Consumption Per Employee (kWh)	4,431	3,912
Vehicle Fuel Consumption Gasoline (in Litres)	660,997	443,412
Total Energy Consumption (Gigajoules)	42,548	35,574
Total Energy Consumed Per 1,000 OMR in Revenues (in Gigajoules)	0.51	0.26
Energy Consumption Per Employee (in Gigajoules)	32.11	23.62

GHG Emissions (Measured in Tons of CO2e)

Total GHG Emissions Calculated to Current Emissions Factor	27,470	20,258
Total Direct Emissions (Direct emissions include vehicle fuels consumed for employee commuting and bank operations)	21,973	14,741
Total Indirect Emissions (Indirect emissions include electricity used from electricity generation companies)	5,497	5,517
Revenues Per Tons of GHG Emitted	7.96	7.71
GHG Emissions Per Employee	21	13

WATER

The bank uses water supplied by the municipality and we monitor our consumption through reading water meters. Operating in countries in which water is a scarce resource, NBO is very aware of its responsibility towards water conservation. In 2015, our total water consumption has increased to reach 65,174 liters due to the addition of a new building and the expansion in our workforce. That being said, our environmentally-aware culture encourages employees to use water consciously and our operations to reuse water whenever possible. A set of water saving devices and processes have been put in place to support our conservation efforts.

DIRECT AND INDIRECT ENERGY (ELECTRICITY AND FUEL CONSUMPTION)

DIRECT ENERGY refers to fuel consumption from vehicles used for the bank's operations. Our vehicle fuel consumption has dropped by 33% from 660,997 Litres in 2011 to 443,412 Litres in 2015 due to conservation initiatives taken by the bank.

INDIRECT ENERGY refers to using electricity through electricity-generating companies. Electricity consumption fluctuates throughout the year and is affected by floor space, equipment usage, heating, ventilation, air conditioning and other business operations. It is important to note that electricity consumption per employee has dropped by 11% from 4,431 kWh in 2011 to kWh 3,912 in 2015. This is due to internal awareness initiatives taken by the bank that drove saving and efficiency in energy usage despite an increase in total headcount.

In 2015 we became the gold sponsor of the Environmental Society of Oman's (ESO) campaign for Earth Hour, a global energy conservation movement. The ESO's campaign sought to gather information about the amount of energy conserved by switching off non-essential lighting for one hour. The bank's involvement extended beyond sponsorship as its employees made individual pledges to switch off all non-essential lighting and appliances across our offices and their homes and to adopt environmentally-friendly practices in their lifestyles.



In 2015 we became the gold sponsor of the Environmental Society of Oman's (ESO) campaign for Earth Hour

GHG EMISSIONS

We report on our emissions using the World Economic Forum’s working group accounting tool, The GHG Protocol. The GHG Protocol is the most widely-used framework through which businesses, governments and other organizations quantify their emissions. The tool helps us measure our emissions as CO2 equivalent, which is the unit used for the global warming potential of each of the six greenhouse gases represented as a unit of CO2e.

DIRECT GHG EMISSIONS refer to emissions generated through vehicles that consume fuel for business operations. We have achieved a 33% decrease in direct

emissions from 21,973 Tons of CO2e in 2011 to 14, 741 Tons of CO2e in 2015.

INDIRECT GHG EMISSIONS refer to emissions generated from using electricity provided by electricity-generating companies. We have witnessed a slight increase of 0.36% in indirect emissions from 5,497 Tons of CO2e in 2011 to 5,517 Tons of CO2e. This is due to an increase in our workforce and the acquisition of a new building.

In total, we are proud to report that we have achieved a 26% reduction in both our direct and indirection GHG emissions from 27,470 Tons of CO2e in 2011 to 20,258 Tons of CO2e in 2015.

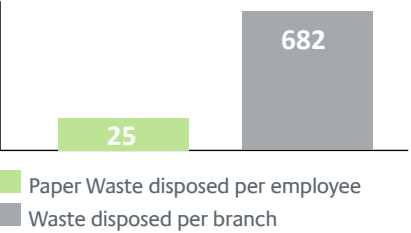


PAPER CONSUMPTION

NBO has launched its digital banking services to introduce its customers to an efficient and convenient banking platform that can be accessed anywhere, anytime, while encouraging them to turn to paperless banking solutions.

The following data covers only A4 size papers that are purchased by the Bank. It excludes other forms of paper consumed such as ATM Rolls, reports, and legal documents.

Paper Waste Intensity (per kg)



TOTAL REAMS	WEIGHT (KGS)
6,645	41,613
Paper Consumption per Employee	25.73

We are dedicated to running internal campaigns and initiatives that encourage reduction in paper consumption, including shared printing options and paper recycling bins. Among the most recent initiatives was our partnership with Omantel’s “Go Green Initiative” that enables Omantel to submit employees’ financial documents online and without having to consume paper.

SOURCING RESPONSIBLY

We promote responsible procurement and encourage our suppliers to act ethically and responsibly. Suppliers and contractors to the bank must comply with the requirements of the local laws and regulations. To date we have not identified any supplier category that presents significant or potential social, environmental or human rights risks or could employ adverse labour practices.



SELECTING SUPPLIERS TO BUILD OUR NEW HEAD OFFICE

Work on our new iconic Head Office at Al Athaiba in Muscat has already commenced, following innovative sustainability approaches. The sustainable design is inspired by Oman’s topography with all its natural elements while truly reflecting the organisation’s values and vision.

The building is designed according to global sustainability approaches and best practices that will enable the Bank to further enhance its functionality as an organisation and serve clients more effectively, while minimizing its environmental impact and ensuring the building fits with its surroundings with design elements inspired by Oman’s natural assets.

The building is going to be sustainably developed using the best resources, skills and talents from both Oman and around the world to ensure it is delivered according to plan and at par with global best standards. To select the suppliers, we issued a public tender advertisement in the leading local English and Arabic newspapers. We also formed a special consulting team to take on the responsibility of assessing and short-listing the strongest bidders, conducting thorough reviews and providing their recommendations.

TENDERING PROCESS AND SELECTION OF SUPPLIERS

All supply chain practices, procurement processes and tendering activities strictly adhere to NBO’s Procurement Policy, which clearly outlines all supplier assessment criteria, the Tender Committee approval process and the financial approval matrix.

Our tendering process includes a sustainability questionnaire which covers labour practices, as well as social and environmental factors. All suppliers are required to fully comply with our code of conduct which ensures their full alignment with our environmental, social, human,

labour and ethical practices. We aim to continue developing our supplier management relationship framework to keep accounting for social and environmental risk management.

In all our procurement processes, all potential vendors must submit a Request for Proposal (RFP) that covers all details related to the scope of work. The procurement team along with the team needing the service/product at the bank then evaluate the technical requirements necessary for the scope of work. They also take into account other key issues such as vendor capabilities, experience, reputation, quality, cost of products or services and ability to deliver.

GRI G4 CONTENT INDEX



General Standard Disclosures

General Standard Disclosures	Page Number (or Link)	External Assurance
STRATEGY AND ANALYSIS		
G4-1	6,7	Not Assured
G4-2	22	Not Assured
ORGANISATIONAL PROFILE		
G4-3	8	Not Assured
G4-4	11	Not Assured
G4-5	Muscat, Sultanate of Oman	Not Assured
G4-6	8	Not Assured
G4-7	8,18	Not Assured
G4-8	5,8	Not Assured
G4-9	8	Not Assured
G4-10	40	Not Assured
G4-11	NBO employees are part of a labour union	Not Assured
G4-12	9,10	Not Assured
G4-13	No major changes	Not Assured
G4-14	22	Not Assured
G4-15	None	Not Assured
G4-16	NGOs in Oman, Oman Real Estate Association	Not Assured
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	8	Not Assured
G4-18	14	Not Assured
G4-19	15	Not Assured
G4-20	15	Not Assured
G4-21	15	Not Assured
G4-22	15 All restatments are noted clearly where applicable	Not Assured

General Standard Disclosures	Page Number (or Link)	External Assurance
G4-23	4	Not Assured
STAKEHOLDER ENGAGEMENT		
G4-24	12,13	Not Assured
G4-25	12,13	Not Assured
G4-26	12,13	Not Assured
G4-27	12,13	Not Assured
REPORT PROFILE		
G4-28	4	Not Assured
G4-29	4	Not Assured
G4-30	4	Not Assured
G4-31	4	Not Assured
G4-32	50-52	Not Assured
G4-33	4, 51-52	Not Assured
GOVERNANCE		
G4-34	18-23	Not Assured
G4-35	18-23	Not Assured
G4-36	18-23	Not Assured
G4-37	18-23	Not Assured
G4-38	18-23	Not Assured
G4-39	18-23	Not Assured
G4-42	18-23	Not Assured
G4-43	18-23	Not Assured
G4-44	18-23	Not Assured
G4-45	18-23	Not Assured
ETHICS AND INTEGRITY		
G4-56	22	Not Assured
G4-57	22	Not Assured
G4-58	22	Not Assured

General Standard Disclosures

General Standard Disclosures	Page Number (or Link)	Omission(s)	External Assurance
CATEGORY: ECONOMIC			
MATERIAL ASPECT: ECONOMIC PERFORMANCE			
G4-DMA	6, 30		Not Assured
G4-EC1	6, 9,10		Not Assured
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS			
G4-DMA	5, 30		Not Assured
G4-EC7	30-33		Not Assured
G4-EC8	31		Not Assured
MATERIAL ASPECT: PROCUREMENT PRACTICES			
G4-DMA	31, 49		Not Assured
G4-EC9	31, 49		Not Assured
CATEGORY: ENVIRONMENTAL			
MATERIAL ASPECT: MATERIALS			
G4-DMA	46-48		Not Assured
G4-EN2	46-48		Not Assured
MATERIAL ASPECT: ENERGY			
G4-DMA	46-48		Not Assured
G4-EN3	46-48		Not Assured

General Standard Disclosures	Page Number (or Link)	Omission(s)	External Assurance
G4-EN5	46-48		Not Assured
G4-EN6	46-48		Not Assured
MATERIAL ASPECT: WATER			
G4-DMA	46-48		Not Assured
G4-EN8	46-48		Not Assured
MATERIAL ASPECT: EMISSIONS			
G4-DMA	46-48		Not Assured
G4-EN15	46-48		Not Assured
G4-EN16	46-48		Not Assured
G4-EN18	46-48		Not Assured
G4-EN19	46-48		Not Assured
MATERIAL ASPECT: EFFLUENTS AND WASTE			
G4-DMA	46-48		Not Assured
G4-EN23	46-48		Not Assured
MATERIAL ASPECT: PRODUCTS AND SERVICES			
G4-DMA	46-48		Not Assured
G4-EN27	46-48		Not Assured

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MATERIAL ASPECT: COMPLIANCE			
G4-DMA	46-48		Not Assured
G4-EN29	46-48		Not Assured
MATERIAL ASPECT: TRANSPORT			
G4-DMA	46-48		Not Assured
G4-EN30	46-48		Not Assured
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT			
G4-DMA	46-48		Not Assured
G4-EN32	49		Not Assured
MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-DMA	46-48		Not Assured
G4-EN34	46-48		Not Assured
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
MATERIAL ASPECT: EMPLOYMENT			
G4-DMA	40		Not Assured
G4-LA1	41		Not Assured
G4-LA2	42		Not Assured
MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS			
G4-DMA	42-43		Not Assured
G4-LA4	42-43		Not Assured
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
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G4-DMA	44		Not Assured
G4-LA9	44		Not Assured
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MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
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MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN			
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MATERIAL ASPECT: INVESTMENT			
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General Standard Disclosures	Page Number (or Link)	Omission(s)	External Assurance
MATERIAL ASPECT: NON-DISCRIMINATION			
G4-DMA	22		Not Assured
G4-HR3	22		Not Assured
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
G4-DMA	22		Not Assured
G4-HR4	22		Not Assured
MATERIAL ASPECT: CHILD LABOR			
G4-DMA	22		Not Assured
G4-HR5	22		Not Assured
MATERIAL ASPECT: FORCED OR COMPULSORY LABOR			
G4-DMA	22		Not Assured
G4-HR6	22		Not Assured
MATERIAL ASPECT: INDIGENOUS RIGHTS			
G4-DMA	22		Not Assured
G4-HR8	22		Not Assured
MATERIAL ASPECT: ASSESSMENT			
G4-DMA	22		Not Assured
G4-HR9	22		Not Assured
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-DMA	49		Not Assured
G4-HR10	49		Not Assured
MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-DMA	22		Not Assured
G4-HR12	22		Not Assured
SUB-CATEGORY: SOCIETY			
MATERIAL ASPECT: LOCAL COMMUNITIES			
G4-DMA	36-39		Not Assured
G4-SO1	36-39		Not Assured
MATERIAL ASPECT: ANTI-CORRUPTION			
G4-DMA	22		Not Assured
G4-SO3	22		Not Assured
MATERIAL ASPECT: COMPLIANCE			
G4-DMA	23		Not Assured
G4-SO8	23		Not Assured
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY			
G4-DMA	49		Not Assured
G4-SO9	49		Not Assured
G4-SO10	49		Not Assured
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
MATERIAL ASPECT: MARKETING COMMUNICATIONS			
G4-DMA	27		Not Assured
G4-PR6	27		Not Assured
G4-PR7	27		Not Assured
MATERIAL ASPECT: CUSTOMER PRIVACY			
G4-DMA	23		Not Assured
G4-PR8	23		Not Assured
MATERIAL ASPECT: COMPLIANCE			
G4-DMA	23		Not Assured
G4-PR9	23		Not Assured

