

سوّياً نفتح آفاقاً جديدة

To unlock

opportunities as one.

أساسنا الأصالة والحفاوة
Authentic, first and foremost

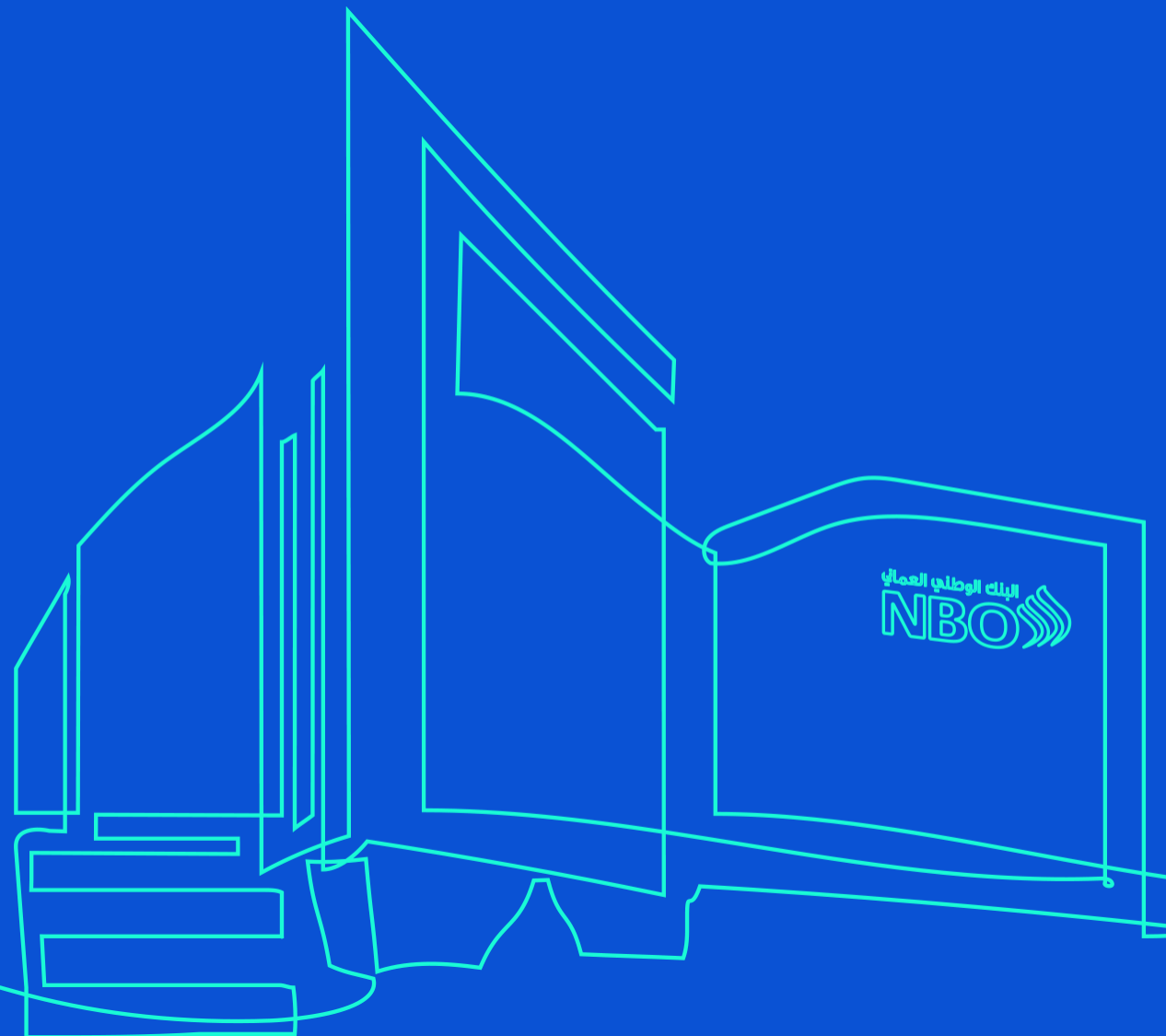
نتعاون لتقديم قيمة ملموسة
Creating value through connection

الريادة بلا حدود
Relentlessly pioneering

نقدم تجربة بسيطة وسلسة
Pursuing simplicity



Investor Presentation



30th June 2024
nbo.om

Comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in the consolidated financial statements.

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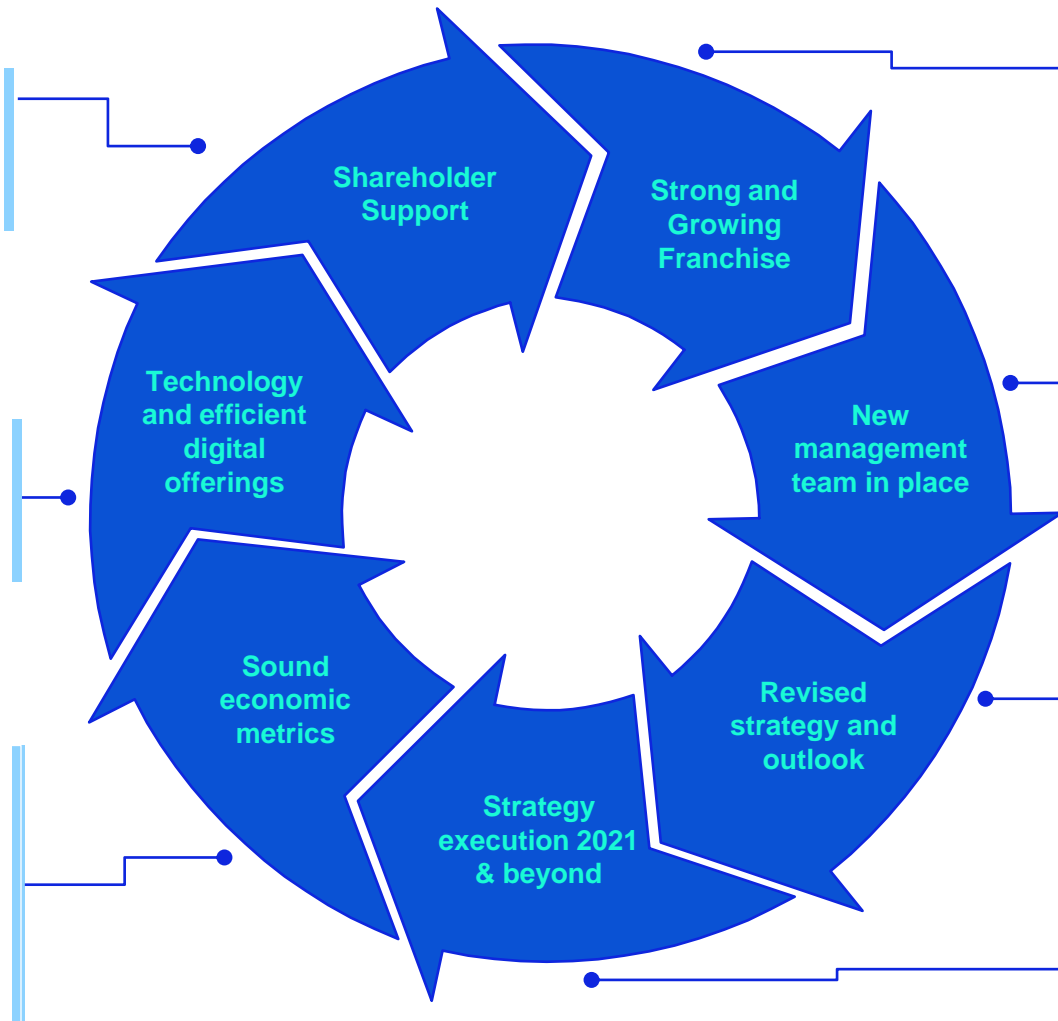
- Key Messages and Priorities
- Operating Environment
- National Bank of Oman Introduction
- Financial Performance
- Appendix

Key Messages

- Strong shareholder base - Commercial Bank PQSC (CB) and Suhail Bahwan together hold over 49%.
- Strong relationship with Government institutions on the back of ownership >35%.

- Significant investment in technology to offer customers efficient digital experience.

- On the back of current oil prices, Oman has managed its finances in a prudent manner.
- Well established and easy access to stable and significant deposits from Government and Government-related entities.



- Founded in 1973 and is the oldest bank and the first local bank to complete 50 years.
- Long term relationships with prominent companies, Government related entities and individuals.

- New senior management team established between 2020-2021 with significant banking experience.
- The new team brings a collective experience of over 100 years in banking.

- A new five-year strategic road map approved by board in 2020, with the overall objective to regain and increase market share while significantly increasing profitability metrics.

- In the first three and a half years since the execution of the five-year strategy plan, NBO has gained market share in both loans and deposits, after years of market share loss.
- We aim to execute on our strategic priorities at pace.

MACRO ECONOMY



Oman's Nominal GDP

Was at USD 27.1 bn in Q1-24, a growth of 0.8% over Q1-23; with estimated fiscal surplus of USD 382 Mn (Apr-24)



Oil Price

Average Brent crude price for 2023 exceeded \$80/barrel, higher than budgeted price of \$55/barrel



Public Debt

Public Debt reduced to OMR 15.1 Billion by end of Q1-2024



Oman's Rating Outlook

S&P upgraded Oman's rating outlook to "Positive"

OVERVIEW

- The Sultanate of Oman is the second largest country by geographical area among the countries of the GCC region, after Saudi Arabia. It is spread over 309,500 km² and has a 2,092 km coastline. It is strategically placed at the mouth of the Arabian Gulf.
- Population of Oman is approximately 5.2 million (May 2024), with Omani nationals comprising 3.0 million and expatriates comprising 2.2 million of the overall figure. Population has increased by 2.6% YoY.
- Oman's Real GDP increased by 1.7% YoY in Q1-24.
- Public Government debt as a percentage of GDP has fallen from 70% in 2020 to 36% in 2023 as per S&P.
- Government has achieved an estimated fiscal surplus of USD 2.4 billion for 2023 and the budget was based on oil price at USD 55 per barrel.
- Government has budgeted a deficit of 1.5% of GDP in 2024 with an assumed oil price of USD 60 per barrel.

SOCIOLOGICAL



Maternity Insurance

Employers to pay 1% subscription based on full wages with no ceiling



Disability & Elder Person

CBO mandates financial inclusion for disabled and elderly, offering them tailored products and branch facilities



Rising CSR Expectations

Participation in all Governorate development plans, Smart City loans & Govt. Secondments



Demographic Profile

Gen Z constitutes ~40% of total population; high aptitude to embrace digital services

TECHNOLOGICAL



Open Banking API

Open Banking gaining prominence with some banks launching Open Banking APIs



Digital Bank Guidelines

CBO released the draft guidelines for licensing of Digital Bank



RegTech Initiatives

Higher investments in RegTech anticipated with the rising regulatory mandates & payments landscape transformation



Cyber Security

Guidelines launched by CBO to further strengthen the Cyber Security & Resilience Risk framework

MARKET



Privatization

Multiple government owned companies accessing markets to raise funds via IPOs e.g. OQGN, Abraaj



Consolidation

Post Sohar International & HSBC merger, consolidation opportunities are limited.



Enhanced Collaboration

Various projects including Oman-Etihad Railway and Duqm Refinery in collaboration with other GCC countries



New Entrants

Two new GCC lenders; new local bank (OIB) & reorientation of OHB

ENVIRONMENTAL



ESG Disclosures

All companies listed with MSX are mandated to report ESG related metrics from 2025 onwards



Smart Cities

Multiple sustainable future city projects announced across Oman, including Sultan Haitham City



Estidamah

MOFs National program for fiscal sustainability across Banking & Capital Markets



Green Financing

All banks to contribute to the ongoing effort to secure green funds

Oman's Economic Overview

Economic Diversification Strategy With Fiscal Prudence

SULTANATE OF OMAN ECONOMIC SNAPSHOT

Geography	309,500 km ² , Oman is the second largest country in the GCC region
Population	5.2 million (May-24, NCSI)
Credit Rating	Moody's: Ba1 (Stable); S&P: BB+ (Positive); and Fitch: BB+ (Stable)
Nominal GDP	USD 27.12 billion (Q1-24, NCSI)
GDP per Capita	US\$ 21,037 (2023, NCSI)
Fiscal Surplus	Surplus c. 6.6% of GDP (2023, CBO)

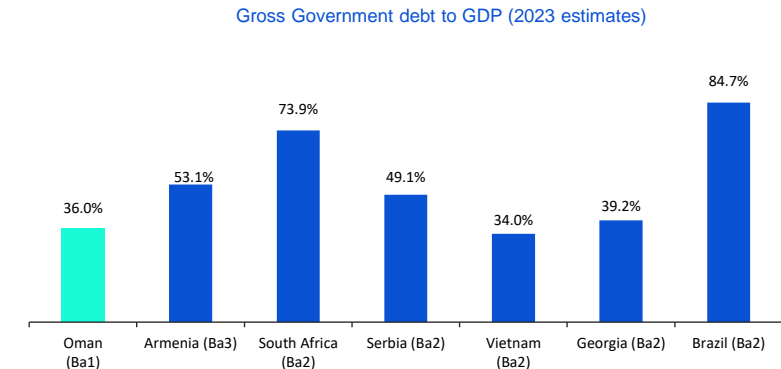
POSITIVE RATING OUTLOOK BY ALL RATING AGENCIES

Moody's: The upgrade reflects Moody's expectation that there will be further improvements in Oman's debt burden. A lower debt burden increases the sovereign's resilience to potential future shocks, and the improving track record of fiscal prudence and policy effectiveness increases the likelihood that the stronger debt burden and debt affordability metrics will be maintained in the next few years even if oil prices become less supportive.

S&P: We believe the government's fiscal and economic reforms, especially those aimed at achieving operational efficiencies and stronger financial profiles for state-owned enterprises, will continue.

Fitch: The upgrade reflects the use of high oil revenues to pay down debt and spread its maturity, spending restraint reducing external risks, and an increase in Fitch's oil price forecast. The upgrade also incorporates our view that the government will not backtrack on recent fiscal consolidation measures.

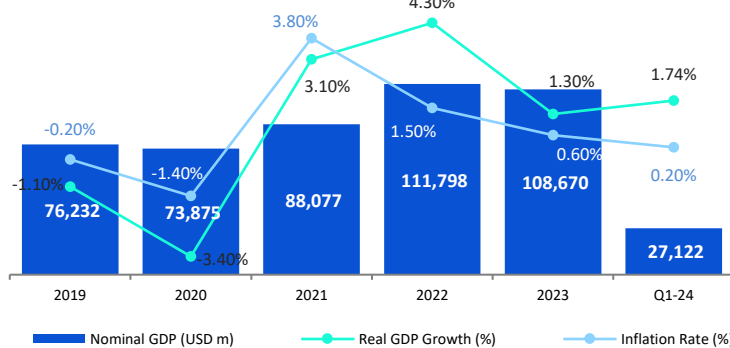
MODERATE DEBT TO GDP LEVELS AS COMPARED TO Ba RATED PEERS



Source: Bloomberg & International Monetary Fund (IMF).

CHALLENGING MACROECONOMIC CONDITIONS WITH A WELL DEFINED ECONOMIC DIVERSIFICATION PLAN

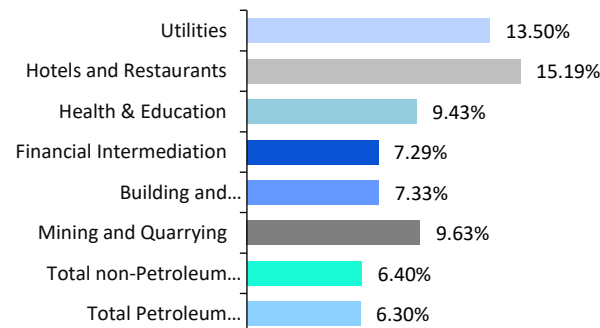
GDP and Inflation



Source: National Center for Statistical Information (NCSI).

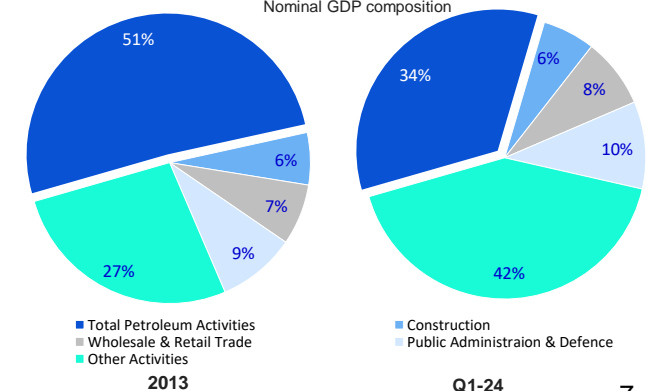
.. with Non-hydrocarbon sectors having commendable growth

Nominal GDP CAGR of selected sectors, 2018-2023



.. leading to a more diversified economy

Nominal GDP composition



OVERVIEW

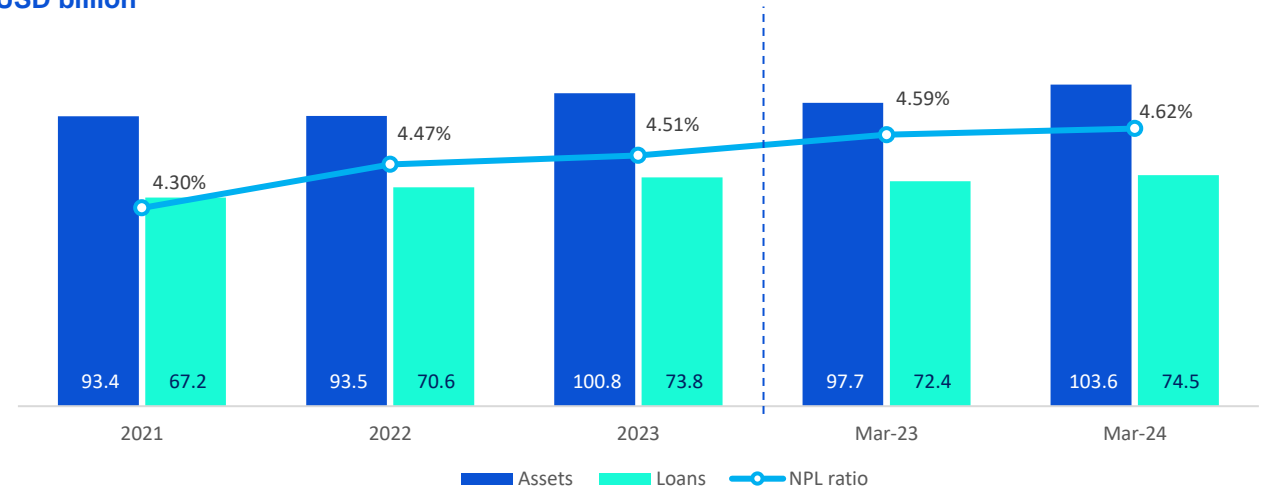
- Aggregate deposits for the banking sector as on Mar-24 showed a YoY growth of 11.8%. Loans for the same period grew by 2.8% YoY.
- However, the Omani banking system is fairly concentrated with top four banks (NBO included) accounting for nearly three-fourths of total banking credit and 85% of banking profits.
- Banking assets have shown 3.8% CAGR as of Mar-24 over the last 5 years and there has been an improvement in banks' profitability and asset quality metrics since 2020.
- CBO, a strict but supportive regulator has introduced various regulations to support banks as well as borrowers.
- Strong business and consumer confidence and a further recovery in tourism will support the non-oil economic sector.
- Growth in non-oil economic sector is expected to increase to 3.0% in 2024 as against 2.5% in 2023.

RATING OUTLOOK– BANKING SECTOR

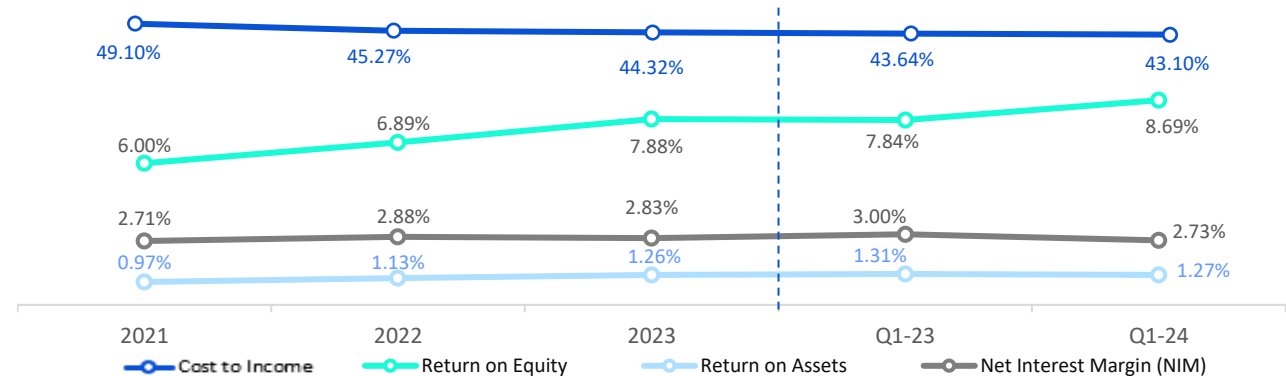
- Leading rating agencies have affirmed positive outlook for Oman's banking sector in March 2024.
- Profitability will remain steady, and banks will maintain solid capital buffers. Deposit growth will continue to lag loan demand, keeping funding flows relatively tight. Overreliance on government deposits remains a key risk for the banks.
- Oman banking sector has ample liquid resources, which are adequate to cover its market funding exposure.
- Government's capacity to support country's banks has improved, driven by a reduction in Oman's debt burden.

MAJOR BANKS ASSETS AND LOANS

USD billion



KEY RATIOS OF MAJOR BANKS



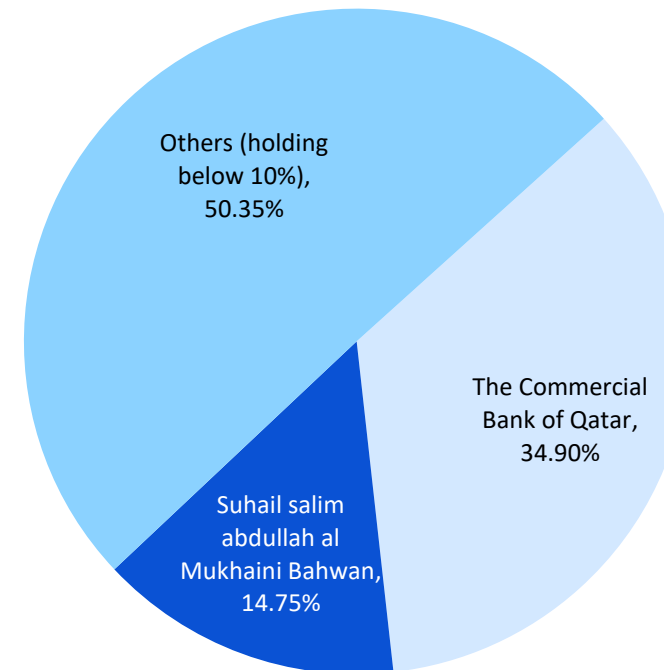
OVERVIEW

- National Bank of Oman SAOG (“**NBO**” or the “**Bank**”) was the **first incorporated Bank in the Sultanate of Oman** (“Oman”) - established in 1973 as a joint stock company, providing conventional and Islamic banking services.
- The Bank’s shares are listed on the Muscat Stock Exchange (“**MSX**”).
- The Bank employed 1,418 employees as of 30th June 2024 and is considered as one of the largest banks in Oman with total assets amounting to USD 12.9 billion as of 30th June 2024.
- As of 30th June 2024, the bank’s serves approximately half a million retail customers and 28,900 corporate and SME customers via 67 branches and 213 ATM and CCDM units.
- In addition, the Bank has two overseas branches in the **UAE (Dubai and Abu Dhabi)** and is undergoing legal closure of its branch in **Egypt**.
- The Bank operates via four main segments namely, Retail banking, Wholesale banking, International banking and Islamic banking.
- As of 31st March 2024, the Bank’s market share was approximately 14.2% of loans and 15.4% of deposits.

KEY FINANCIALS - NBO

In USD Millions	2021	2022	2023	Jun-23	Jun-24
Total Assets	10,600	11,153	12,525	11,655	12,877
Net Loans	8,022	8,742	9,108	8,982	9,664
Deposits	7,579	7,966	9,376	8,647	10,366
Operating Income	320	359	379	196	193
Net Profit	79	125	151	76	80
Tier 1	15.0%	16.3%	16.3%	16.1%	15.7%
Total CAR	15.8%	16.9%	16.9%	16.6%	16.2%
Loans to Deposit Ratio	105.9%	109.7%	97.1%	103.9%	93.2%
NPL Ratio	5.3%	4.9%	4.5%	4.7%	4.4%
Cost/Income	51.5%	43.8%	42.4%	40.9%	40.8%

OWNERSHIP (as of 30th Jun 2024)



CREDIT RATING

Rating Agency	Period	Long-term Rating	Outlook
MOODY'S	December 2023	Ba1	Stable
FitchRatings	June 2024	BB	Stable

Our Priorities

Strategic Priorities

1 | Safeguard

In context of the uncertain conditions ensure the bank maintain healthy levels of funding and capital, whilst guarding asset quality

2 | Value Creation

Actively drive cost optimization plus bolstering income by focusing on low risk revenues streams and leveraging existing client base & partnerships

3 | Sustainability

Continue to invest into build lasting capabilities and digitise the bank's operating model for greater appeal and scale

Balance Sheet

Liquidity



Capital



Asset Quality



Business Model

Revenue



Optimization



Partnership



Operating Model

Brand

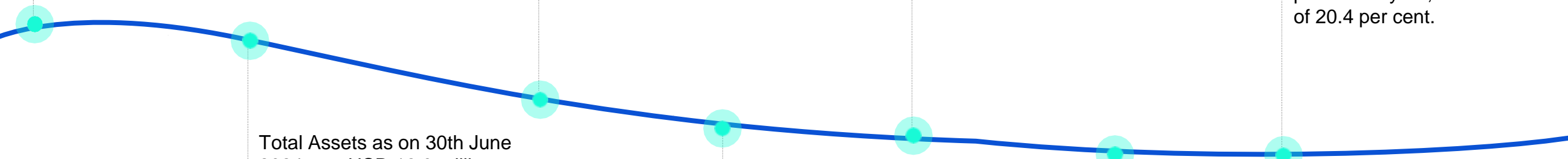


Digital-Channel



People





Net Profit for H1-24 was USD 80.1 million, an increase of 5.3 per cent over the corresponding period in the previous year.

Customer Deposits as on 30th June 2024 are at USD 10.4 billion, a growth of 19.9 per cent over the same period of last year.

Gross Loans and Advances as of 30th June 2024 are at USD 10.1 billion, grown by 7.1 per cent over the same period last year.

Net Impairment for H1-24 was USD 19.8 million, compared to USD 24.8 million for the corresponding period last year, a reduction of 20.4 per cent.

Total Assets as on 30th June 2024 was USD 12.9 million, an increase of 10.5 per cent compared to last year.

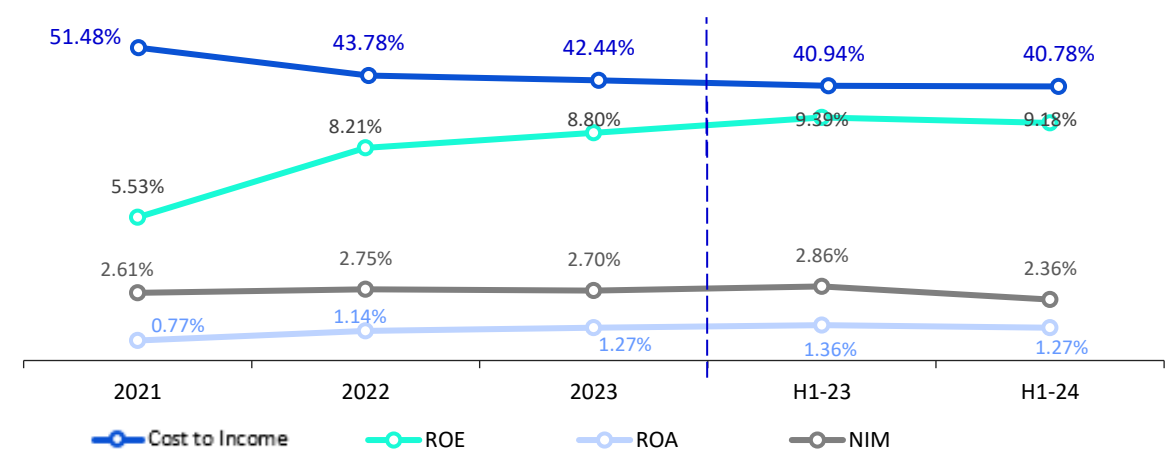
Liquid Assets Ratio as of 30th June 2024 improved to 22.2 per cent compared to 19.6 per cent for the corresponding period last year.

Fee Income for H1-24 grew strongly by 18.7 per cent from USD 47.8 million to USD 56.8 million.

OVERVIEW

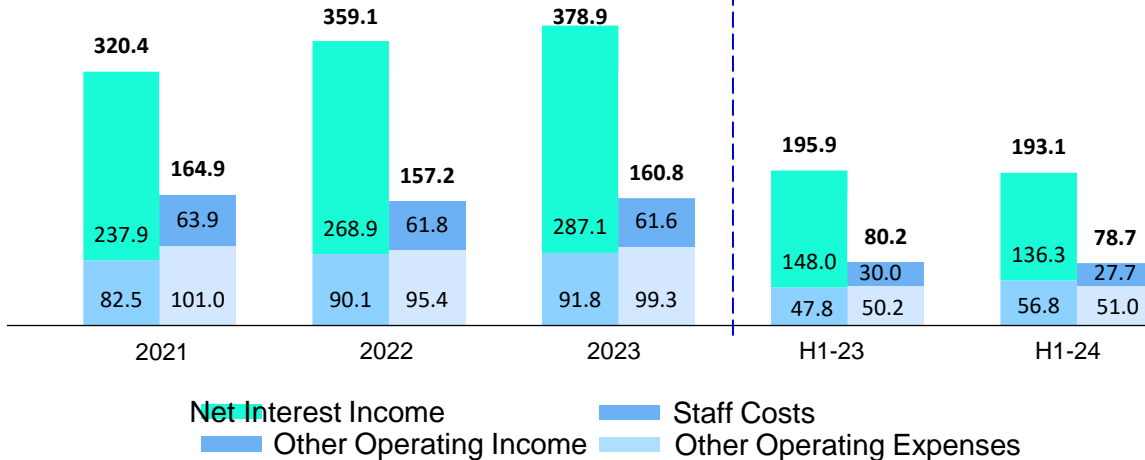
- Net interest income for H1-24 decreased by 7.9% compared to the previous year. This was mainly driven by higher cost of funds and new loans particularly in GRE sector.
- Cost-to-income ratio for H1-24 decreased to 40.8% compared to 40.9% for the corresponding period last year on the back of robust control on operating expenses. However, the bank continues to invest in people and technology.
- Return metrics decreased slightly - ROAA for H1-24 was 1.27% compared to 1.36% in H1-23. ROAE for H1-24 was 9.18%, lower by 21 bps as compared to 9.39% in H1-23.
- Net impairment decreased by 20.4% from RO 9.6 mn in H1-23 to RO 7.7 mn in H1-24. The reduction is on account of improved asset quality, lower NPLs and higher recoveries.

KEY PROFITABILITY METRICS



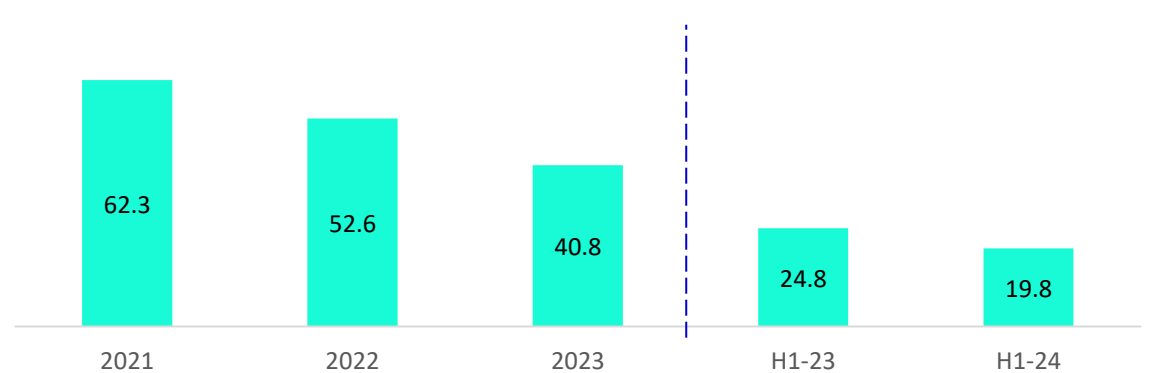
OPERATING INCOME COMPOSITION

USD million



NET IMPAIRMENT

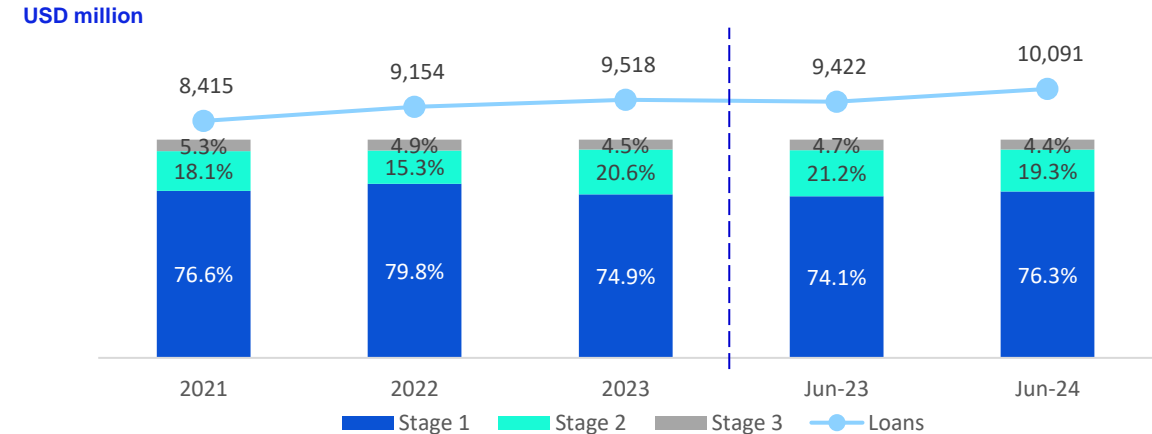
USD million



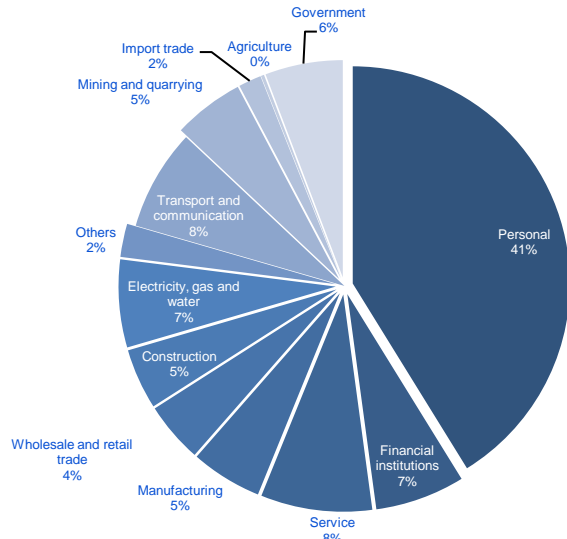
OVERVIEW

- During the first six months of 2024, the loan book grew by 6.1% and on a YOY basis, it has grown by 7.6%. Loan growth has been driven by sovereign/GRE exposure.
- The Bank has a diversified portfolio of loans/financing activities across several economic sectors
- With the continuous build-up of Stage 1-2-3 provisions, total provision as a percentage of loans stands at 4.4%. Provision coverage ratio declined to 98.3% in Jun-24 from 101.0% in Jun-23.
- NPL ratio improved from 4.7% in Jun-23 to 4.4% in Jun-24.
- Stage 2 as a percentage of Loans have come down from 21.2% in Jun-23 to 19.3% in Jun-24.

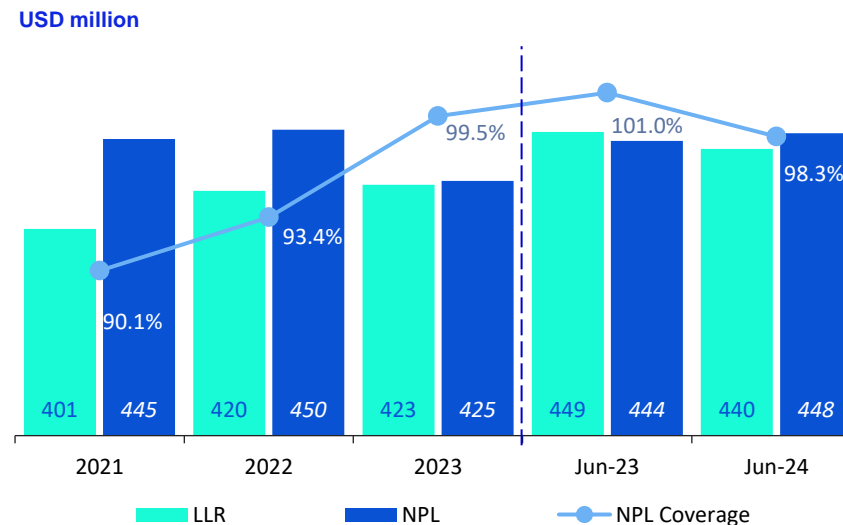
GROSS LOAN EXPOSURE BY STAGES



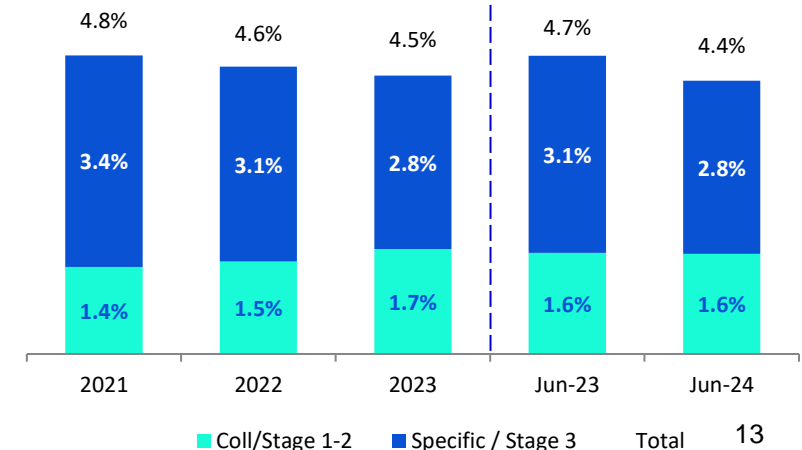
GROSS LOANS – SECTOR BREAKUP (2023)



IMPAIRED ASSETS AND PROVISIONING



PROVISION HELD AS A % OF LOANS

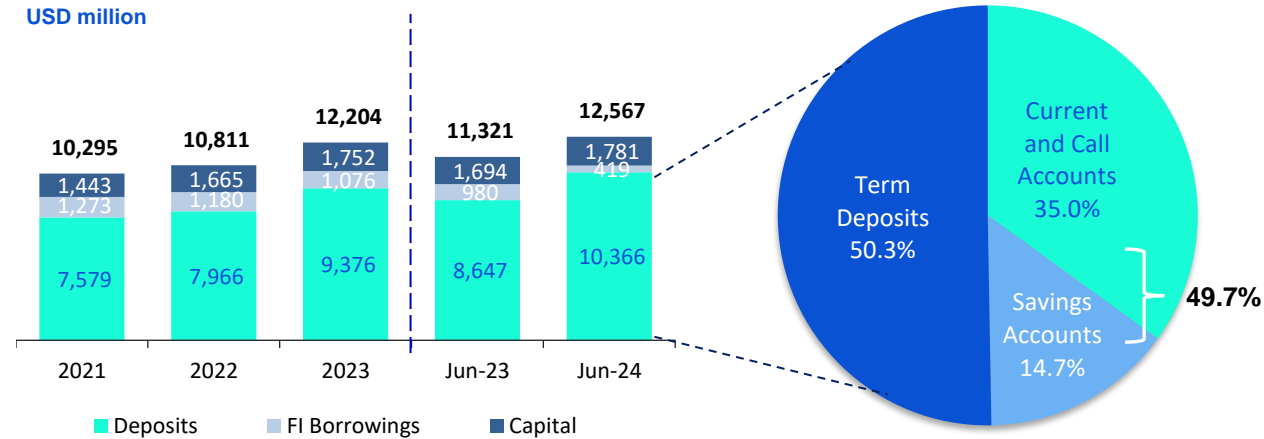


Overview

- Longer dated funding has complimented the banks' deposit base with a stronger Net Stable Funding Ratio of 108.3%.
- Strong liquidity with liquid asset ratio representing 22.2% of total assets and a high liquidity coverage ratio of 406.9% as of 30th June 2024.
- Capitalization levels of 16.2% as of 30th June 2024 (excluding interim profits) vs. minimum total capital adequacy ratio of 13.5% (Central Bank of Oman guidelines) leaves a capital buffer of over 2.7%.
- The Bank's CET1 ratio is 11.6%, which is well above the regulatory minimum of 9.5% with a buffer of 2.1%.

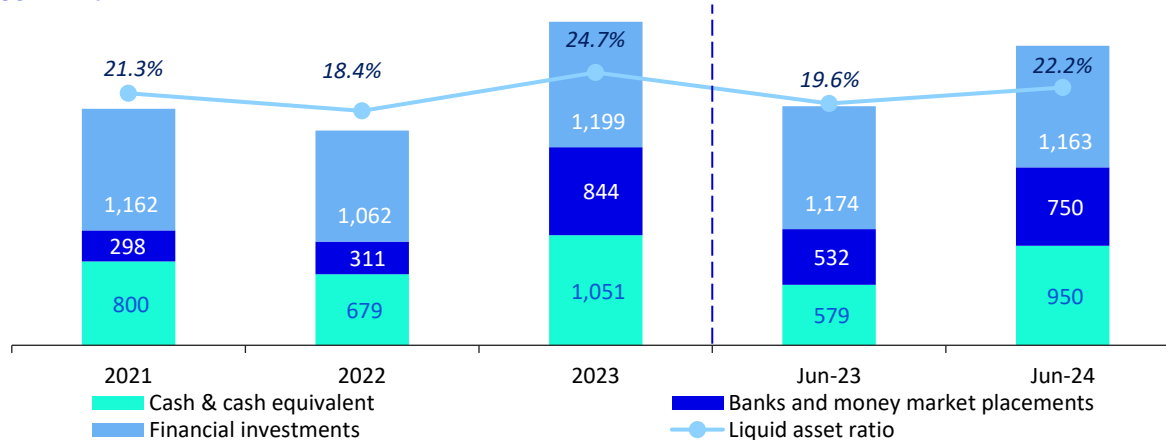
Funding Mix

USD million

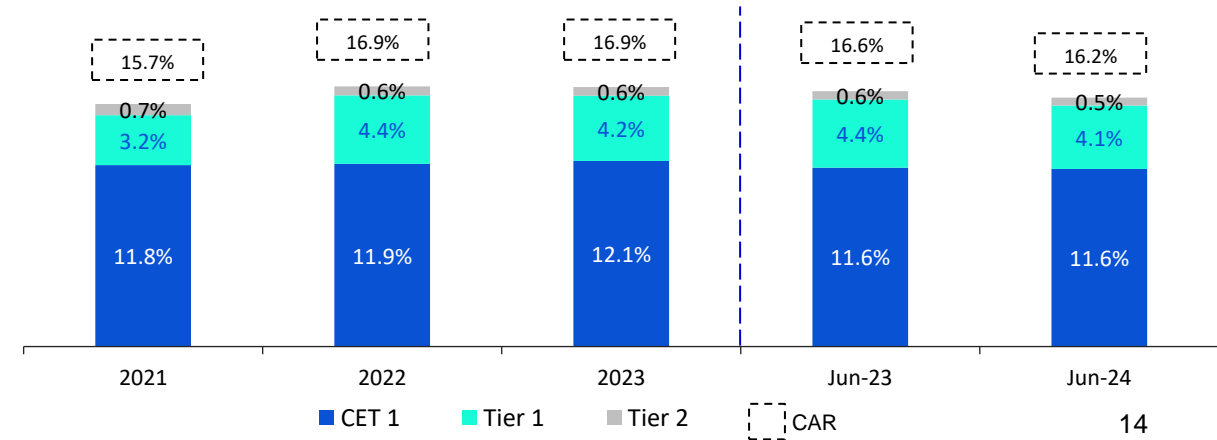


Liquid Assets

USD million



Capitalization



Balance Sheet

Amount in USD Millions	2021	2022	2023	Jun-23	Jun-24	
		ASSETS				
Cash & Central Bank	800	679	1,051	579	950	
Due From Banks	298	311	844	532	750	
Loans & Advances (Net)	8,022	8,742	9,108	8,982	9,664	
Investments	1,162	1,062	1,199	1,174	1,163	
Fixed Assets	156	148	145	145	155	
Other Assets	163	211	178	243	195	
Total Assets	10,600	11,153	12,525	11,655	12,877	
		SHAREHOLDERS EQUITY				
- Share Capital	422	422	422	422	422	
- Share Premium Reserve	90	90	90	90	90	
- Legal and Other Reserves	155	157	161	159	164	
- Retained Earnings	398	436	494	513	592	
- Net Profit for the period	79	125	151	76	80	
Net Worth (A)	1,143	1,230	1,318	1,260	1,348	
Tier 1 Capital (B)	300	434	434	434	434	
Net Worth (C=A+B)	1,443	1,665	1,752	1,694	1,782	
		LIABILITIES				
Customer Deposits	7,579	7,966	9,376	8,647	10,366	
Due To Banks	773	681	1,076	475	419	
Euro Medium Term Notes	500	499	-	505	0	
Other Liabilities	306	343	321	334	310	
Total Liabilities	9,157	9,489	10,773	9,961	11,095	
Total Net worth and Liabilities	10,600	11,153	12,525	11,655	12,877	

Income Statement

Amounts in USD Millions	For the year ended			For the period ended	
	31 December 2021	31 December 2022	31 December 2023	30 June 2023	30 June 2024
- Interest Income-Conventional	430.1	475.7	587.9	286.0	327.1
- Interest Income-Islamic	25.3	28.2	42.0	16.8	30.4
Total Interest Income	455.4	503.9	629.9	302.8	357.5
- Interest Expenses-Conventional	(204.1)	(221.1)	(316.6)	(145.2)	(199.2)
- Interest Expenses-Islamic	(13.4)	(13.9)	(26.2)	(9.6)	(22.0)
Total Interest Expenses	(217.5)	(235.0)	(342.8)	(154.8)	(221.2)
Net Interest Income	237.9	268.9	287.1	148.0	136.3
Non funded Income	82.5	90.1	91.8	47.8	56.8
Total Income	320.4	359.1	378.9	195.8	193.1
- Staff Costs	(101.0)	(95.4)	(99.3)	(50.2)	(51.0)
- Other Operating Costs	(48.0)	(46.6)	(45.7)	(22.3)	(19.7)
- Depreciation	(16.0)	(15.2)	(15.8)	(7.7)	(8.0)
Total Operating Expenditure	(164.9)	(157.2)	(160.8)	(80.2)	(78.7)
Operating Profit	155.5	201.9	218.1	115.6	114.4
- Gross Provisions	(75.6)	(68.9)	(62.2)	(34.2)	(31.7)
- Recovery	13.3	16.3	21.4	9.4	12.0
Net Loan Impairment	(62.3)	(52.6)	(40.8)	(24.8)	(19.7)
Net Profit Before Tax	93.2	149.3	177.3	90.8	94.7
Taxation	(14.5)	(24.1)	(26.6)	(14.7)	(14.4)
Net Profit for the period	78.6	125.2	150.7	76.1	80.3

Q&A



Thank you

