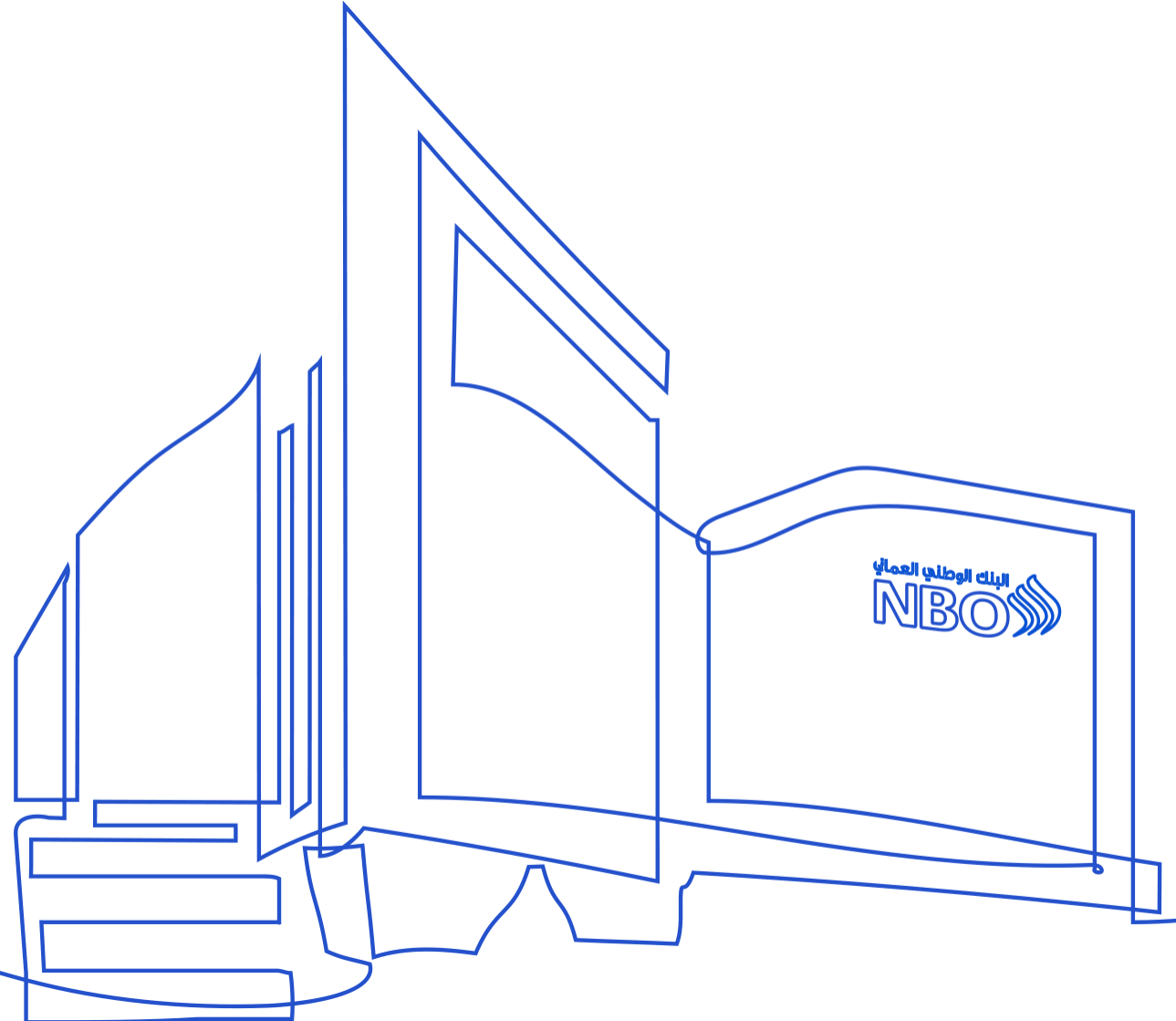


Investor Presentation

September 2023
nbo.om



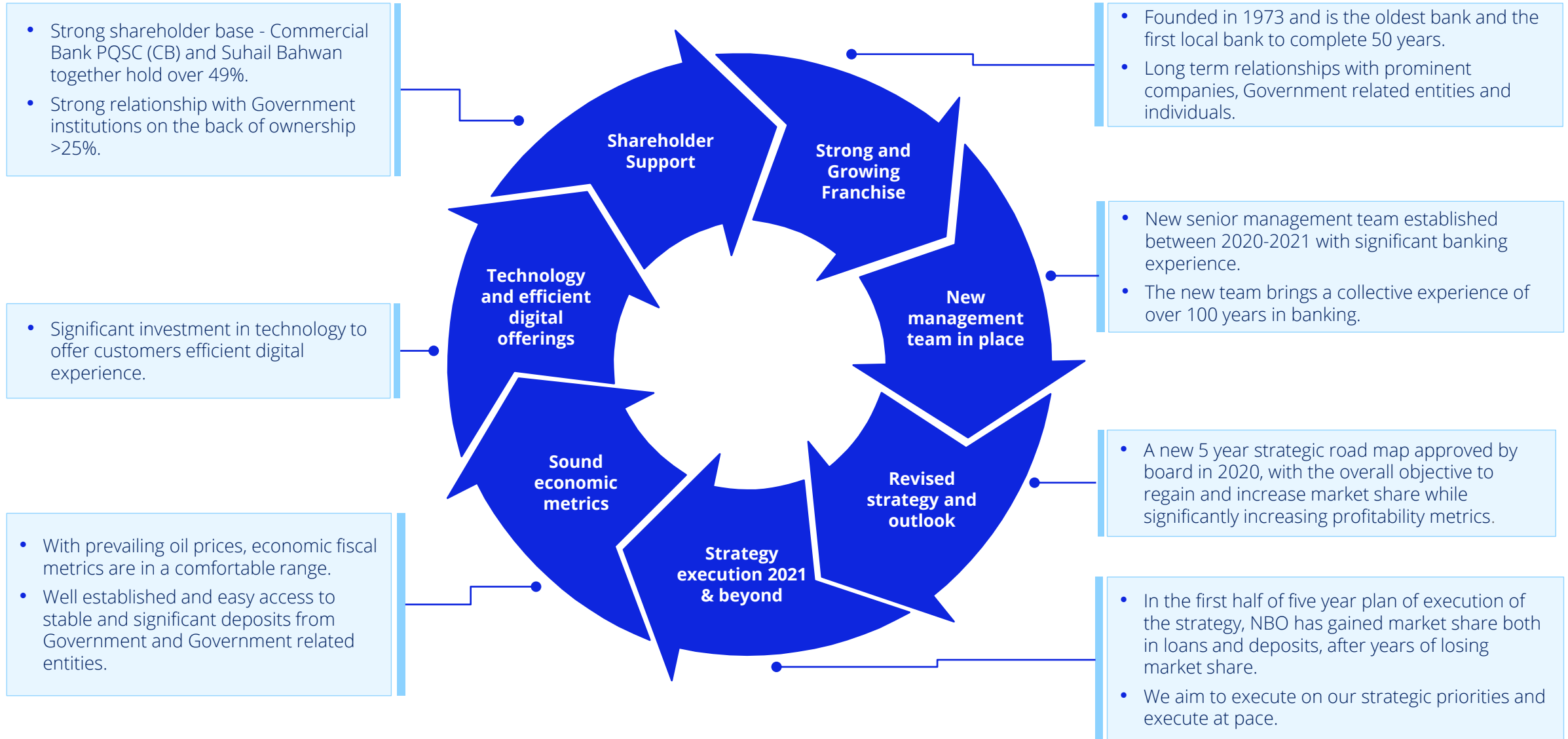
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Key Messages



Our Priorities

Strategic Priorities

1 | Safeguard

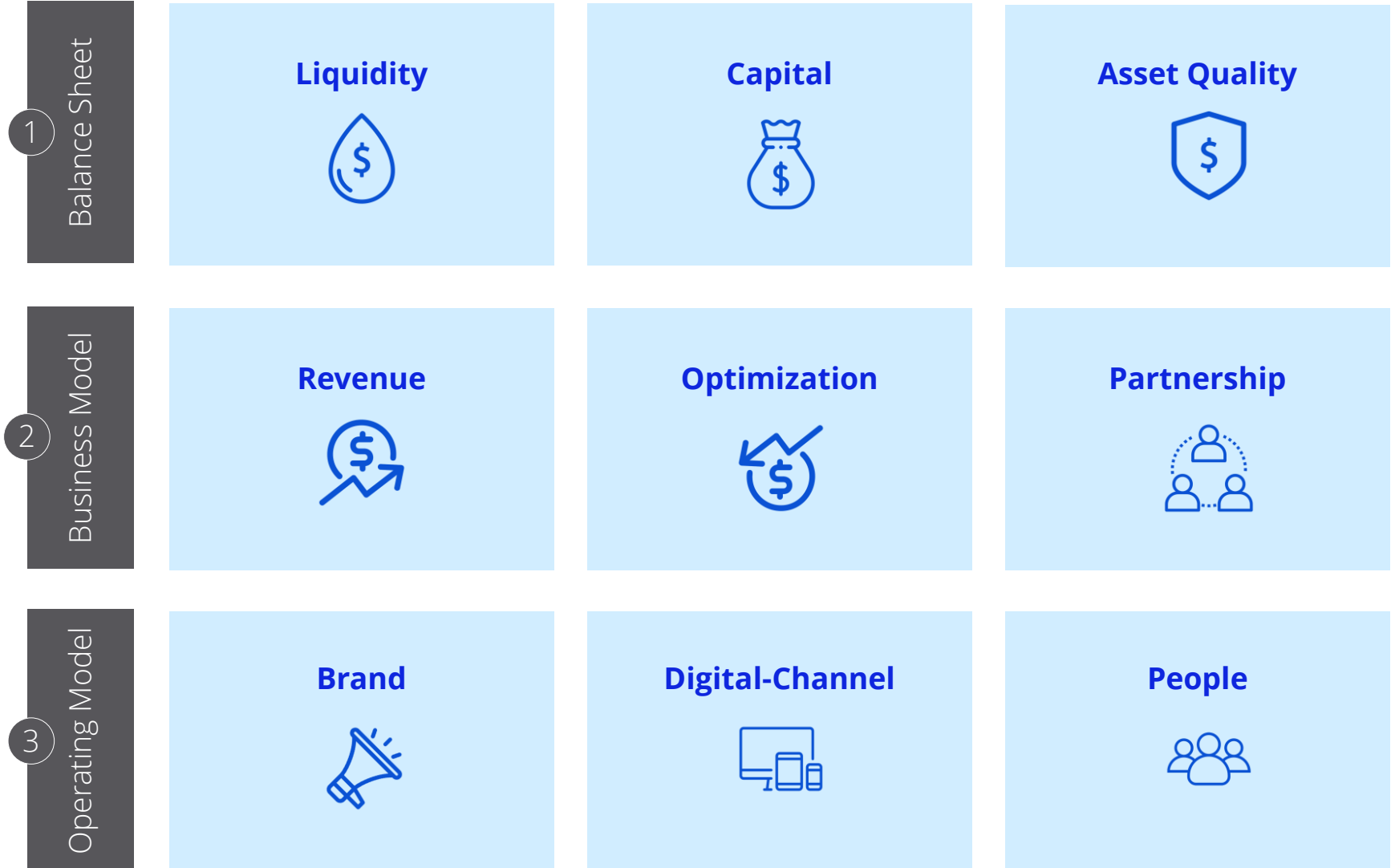
In context of the uncertain conditions ensure the bank maintain healthy levels of funding and capital, whilst guarding asset quality

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



Oman's Economic Overview

Economic Diversification Strategy With Fiscal Prudence

OVERVIEW

- The Sultanate of Oman is the second largest country by geographical area among the states 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 5.1 million (Sep 2023), with Omani nationals comprising 2.9 million and expatriates comprising 2.2 million of the overall figure. Population has increased by 6.1% YoY
- Oman's nominal economy expanded by 30% percent YoY in 2022 and Real GDP increased by 2% YOY in H1 2023.
- Public Government debt as a percentage of GDP has fallen from 70% in 2020 to 38% as at end Sep 2023 as per S&P.
- Government has achieved a fiscal surplus of USD 2 billion for 2023 and the budget was based on oil price at USD 55 per barrel.

SULTANATE OF OMAN ECONOMIC SNAPSHOT

Geography	309,500 km ² , Oman is the second largest country in the GCC region
Population	5.1 million (Sep 2023)
Credit Rating	Moody's: Ba2 (Positive); S&P: BB+ (Stable); and Fitch: BB+ (Stable)
Nominal GDP	USD 114.5 billion (2022, NCSI)
GDP per Capita	US\$ 23,215 (NCSI)
Fiscal surplus	Surplus c. 2.68% of GDP (2022, NCSI / CBO)

Positive Rating outlook by All Rating Agencies

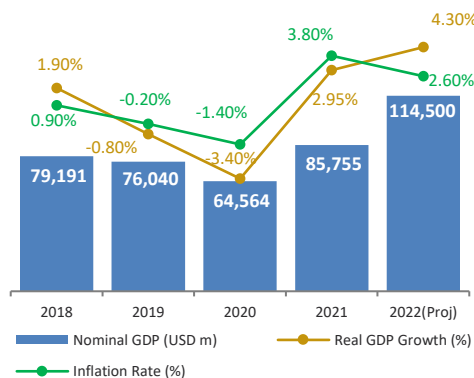
Moody's: The positive outlook captures the prospect that the improvements in the government's debt metrics will be sustained over the next few years, despite lower oil prices, through maintenance of spending discipline and further implementation of fiscal and structural reforms.

S&P: The stable outlook over the next 12 months balances the potential benefits of the government's fiscal and economic reform program against the economy's structural susceptibility to adverse oil price shocks.

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.

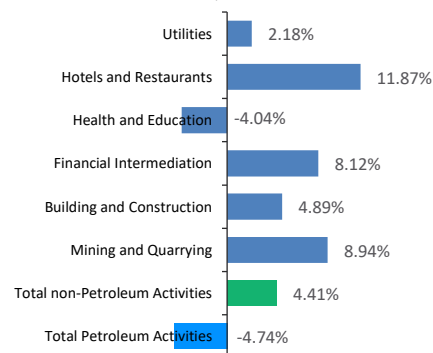
CHALLENGING MACROECONOMIC CONDITIONS WITH A WELL DEFINED ECONOMIC DIVERSIFICATION PLAN

Headwinds to GDP Growth



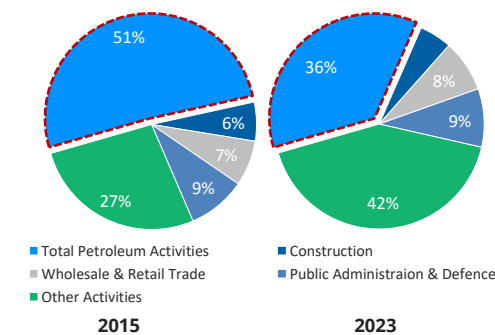
.. with Non-hydrocarbon sectors having the commendable growth

Real CAGR of selected sectors, 2014-2021



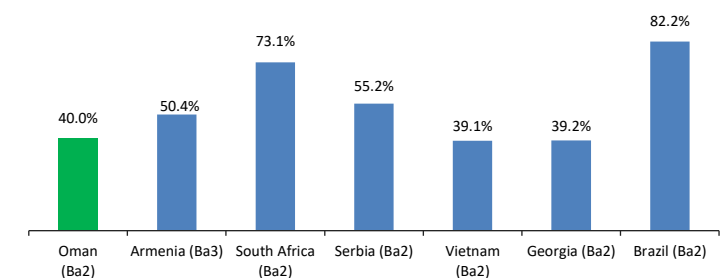
.. leading to a more diversified economy

GDP composition



MODERATE DEBT TO GDP LEVELS AS COMPARED TO Ba2 RATE PEERS

Gross Government debt to GDP (2022 estimates)



The Oman Banking Sector

OVERVIEW

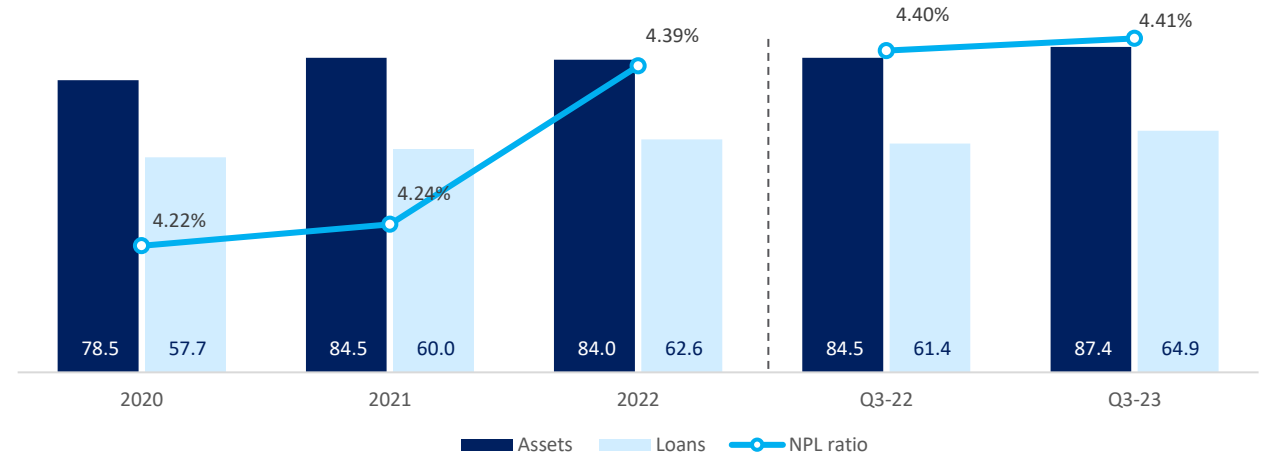
- Oman's Banking sector risk is assessed to be "BB" by Fitch which is underpinned by the sector's strong capitalization.
- Aggregate deposits for the banking sector in Q3 2023 showed a YoY growth of 6.0%. The loans for the same period grew by 5.6% YoY.
- However, the Omani banking system is fairly concentrated with top four banks (NBO included) accounting for nearly three fourth of total credit and banking profits.
- The banking assets have shown 3.5% CAGR in Q3 2023 over 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 regulation to support banks as well as borrowers.
- Given the contraction experienced and anticipated in the economy, consolidation is likely over the medium term.

Rating outlook – Banking sector

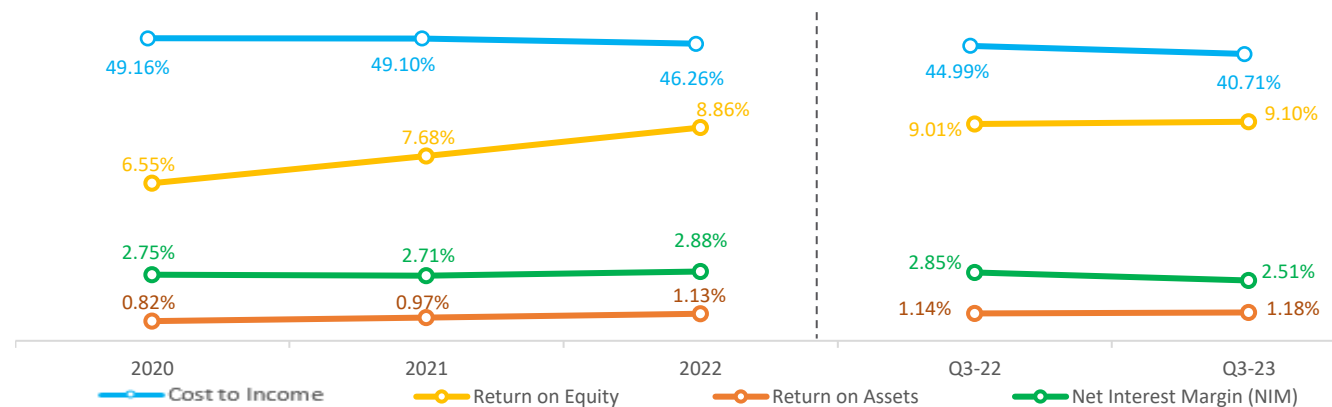
- The rating agency has changed outlook for the Omani banking system to stable from negative. The rating outlook is a balance of supportive operating conditions with tighter funding and weaker asset quality.
- As per the report expect economic growth to accelerate to 4% in 2022, fuelled by a boost in oil production, before slowing to 2.4% in 2023.
- Loan growth will likely accelerate slightly as the economy recovers and strengthening business and consumer confidence increases demand for credit.
- Profitability will remain steady and the 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, however, which are adequate to cover their market funding exposure.

MAJOR BANKS ASSETS AND LOANS GROWN

USD billion



KEY RATIOS OF MAJOR BANKS



Source: Published FS of six listed Omani banks including NBO

The First Omani Commercial Bank

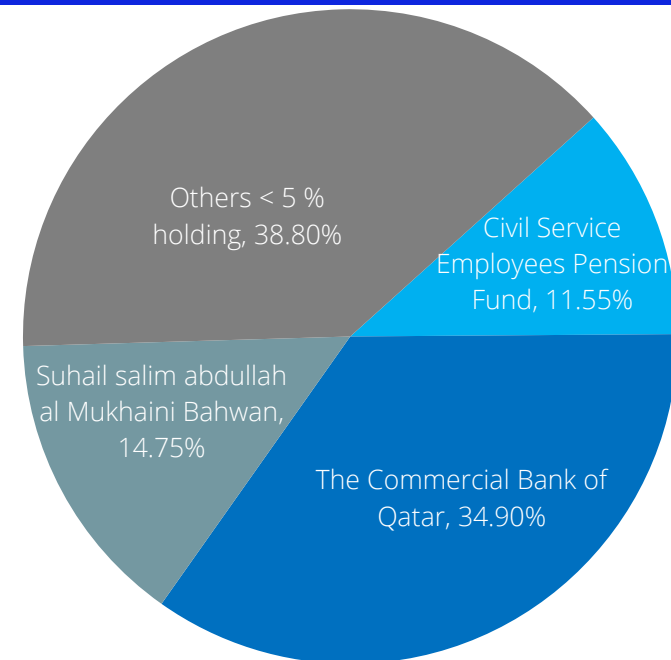
OVERVIEW

- 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 September 2023 and considered as one of the largest banks with total assets amounting to USD 11.7 billion as at 30th September 2023.
- As at 30th September 2023, NBO serves approximately half a million retail customers and 26,000 corporate and SME customers via 67 branches and 214 ATM and CCDM units.
- In addition, the Bank has two overseas branches in the **UAE (Dubai and Abu Dhabi)** and legal closure of Egypt branch is in progress.
- The Bank operates via four main segments namely, retail banking, wholesale banking, international banking and Islamic banking.
- As at 30th September 2023, approximately NBO had 13.8% market share of loans and 13.6% market share of deposits.

CREDIT RATING

Rating Agency	Period	Long-term Rating	Outlook
MOODY'S	May 2023	Ba2	Positive
FitchRatings	October 2023	BB	Stable

OWNERSHIP (as at Sep2023)



KEY FINANCIALS - NBO

In USD Millions	2020	2021	2022	Q3-22	Q3-23
Total Assets	9,435	10,600	11,153	10,894	11,699
Net Loans	7,501	8,022	8,711	8,461	8,983
Deposits	6,564	7,579	7,915	7,827	8,487
Operating Income	304	320	359	265	287
Net Profit	47	79	125	92	113
Tier 1	15.4%	15.0%	16.3%	14.7%	15.9%
Total CAR	16.4%	15.8%	16.9%	15.3%	16.5%
Loans to Deposit Ratio	114.3%	105.9%	110.1%	108.1%	105.8%
NPL Ratio	5.6%	5.3%	4.9%	5.6%	4.8%
Cost/Income	54.6%	51.5%	43.8%	43.1%	42.2%

Key Financial Highlights

Net Profit for Q3 2023 was USD 112.6 million, strong growth by 22.0 per cent over corresponding period last year.

Net Interest Income for Q3 2023 was USD 216.7 million, increased by 12.3 per cent compared to last year.

Cost to Income ratio in Q3 2023 improved to 42.2 per cent compared to 43.1 per cent for the corresponding period last year.

Net Impairment for Q3 2023 was USD 32.0 million, compared to USD 41.1 million for the corresponding period last year, reduced by 22.1 per cent.

Gross loans and advances as of 30th September 2023 are at USD 9.4 billion, grown by 5.8 percent over same period last year.

Customer deposits as of 30th September 2023 are at USD 8.5 billion, grown by 8.4 percent over same period last year.

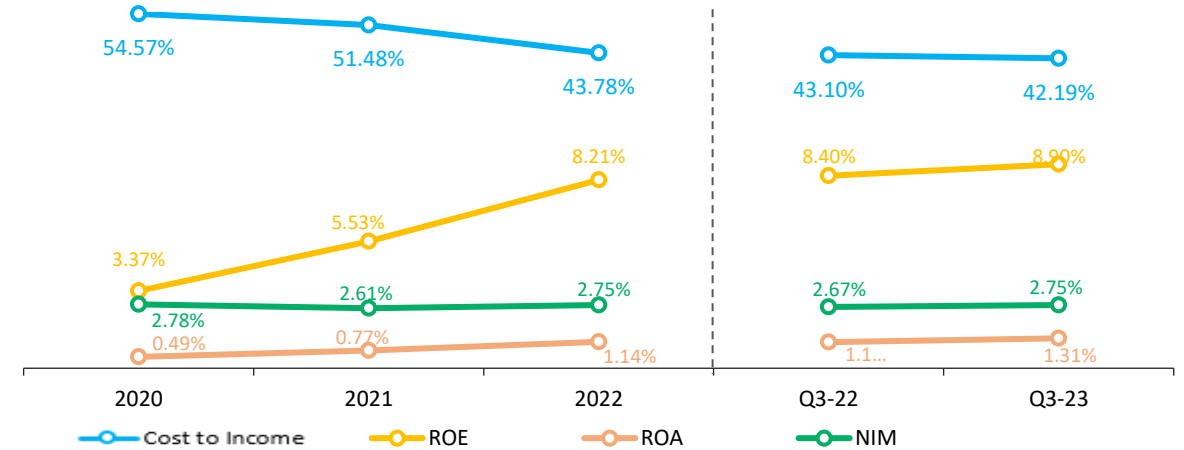
Bank's core equity ratio and total capital adequacy ratio stands at 11.5 per cent and 16.5 per cent respectively in Q3 2023.

NBO - Operating Performance

OVERVIEW

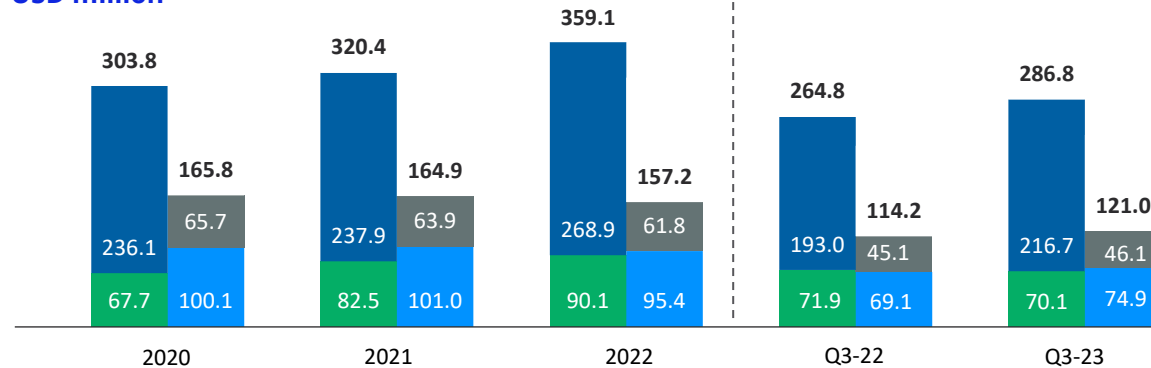
- Net Interest income for Q3 2023 increased by 12.3% compared to Q3 2022. This is driven by strong growth in loan volumes and improved margins.
- The bank continued to invest in people and technology, despite that, Cost-to-Income ratio for Q3 2023 improved to 42.2% compared to 43.1% for the corresponding period last year on the back of strong revenue growth and robust control on operating expenses.
- Return metrics improved - ROA for Q3 2023 was 1.31% compared to 1.14% in Q3 2022. ROE for Q3 2023 was 8.90%, up by 51 bps as compared to 8.40% in Q3 2022.
- Net Impairment for Q3 2023 decreased by 22.1%. The reduction is on account of conservative provisioning approach undertaken in the previous years, subsequently there has been improvement to the economic activities and borrower profiles reflected in the lowered expected credit losses.

KEY PROFITABILITY METRICS



OPERATING INCOME COMPOSITION

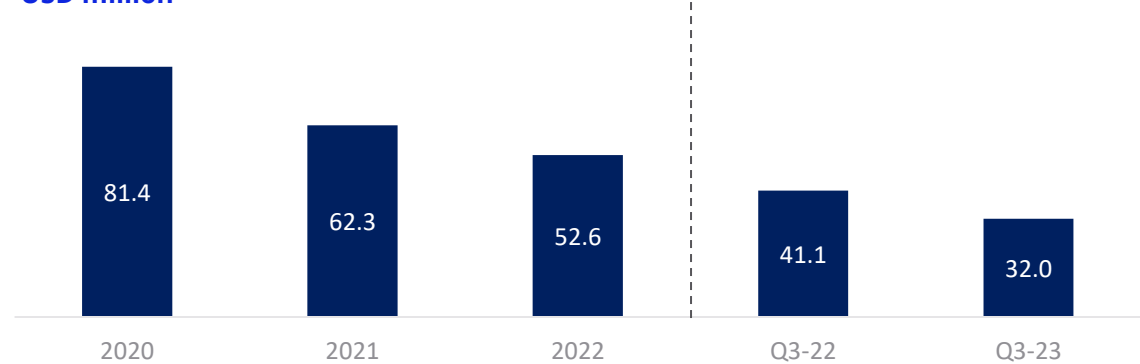
USD million



■ Net Interest Income ■ Staff Costs
■ Other Operating Income ■ Other Operating Expenses

NET IMPAIRMENT

USD million

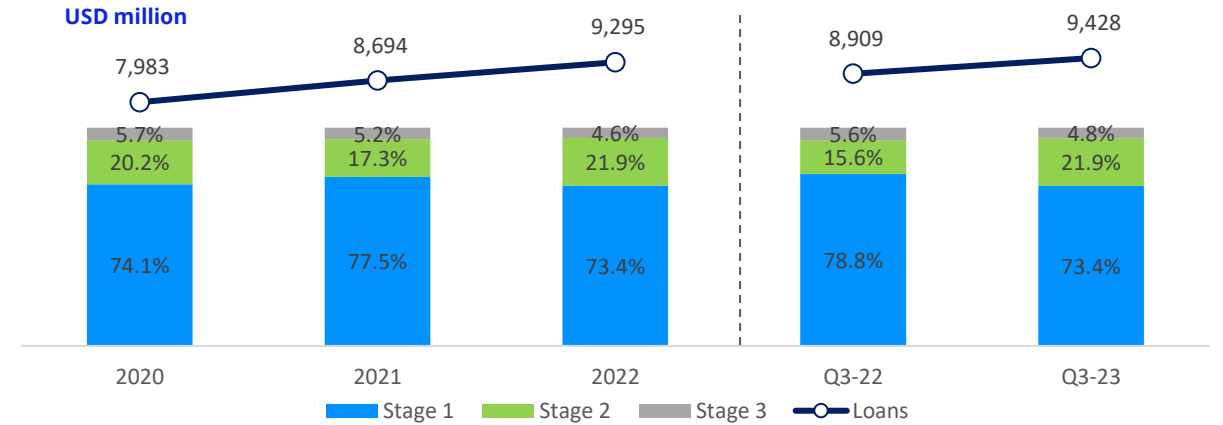


Asset Quality

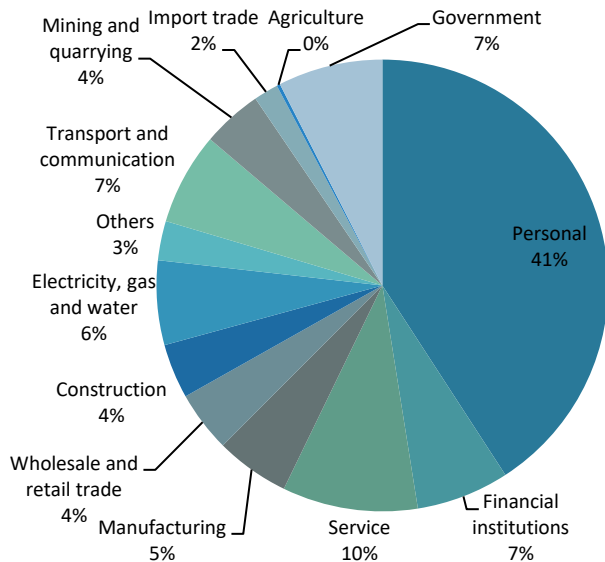
OVERVIEW

- During first nine months of 2023, the loan book grew by 3.1% and on a YoY basis, it has grown by 6.2%.
- The Bank has diversified portfolio of loans/financing activities across economic sectors through both conventional and Islamic banking.
- With the continuous build up of Stage 1-2-3 provisions, total provision as percentage of loans stands at 4.9%. As a result, provision coverage ratio improved to 102.3% in Q3 2023 from 91.1% in Q3 2022.
- NPL ratio for Q3 2023 was at 4.8% compared to 5.6% in Q3 2022.

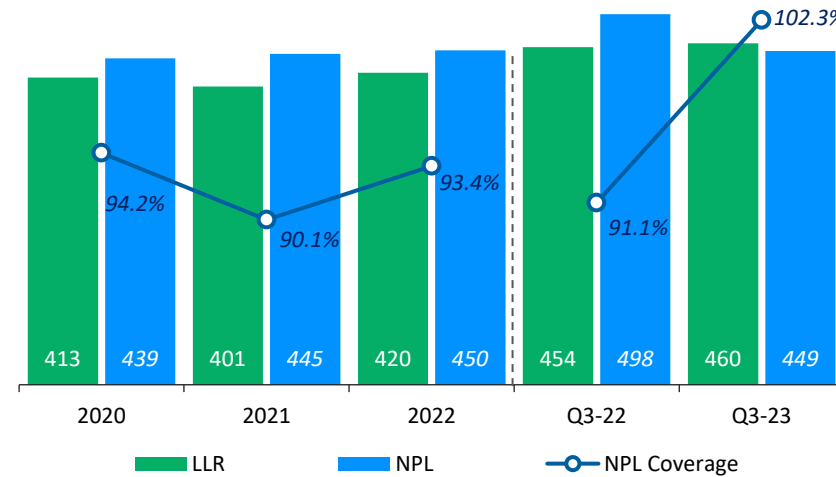
GROSS LOAN EXPOSURE BY STAGES



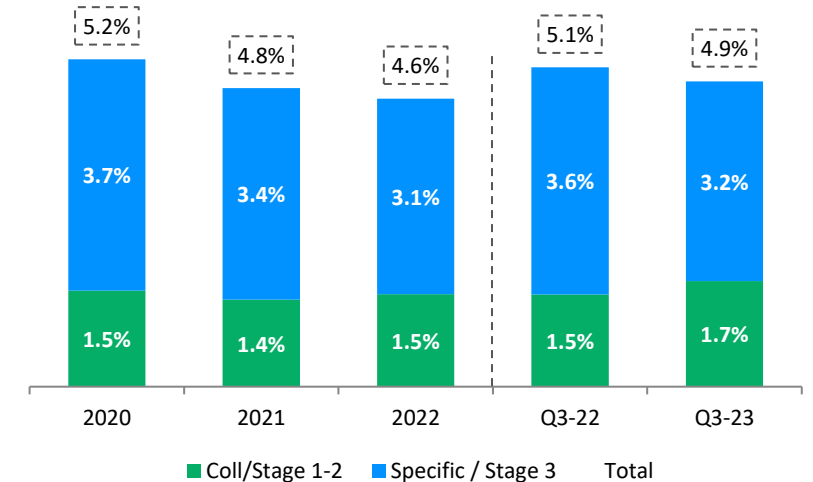
GROSS LOANS - SECTOR BREAKUP (2022)



IMPAIRED ASSETS AND PROVISIONING



PROVISION HELD AS A % OF LOANS

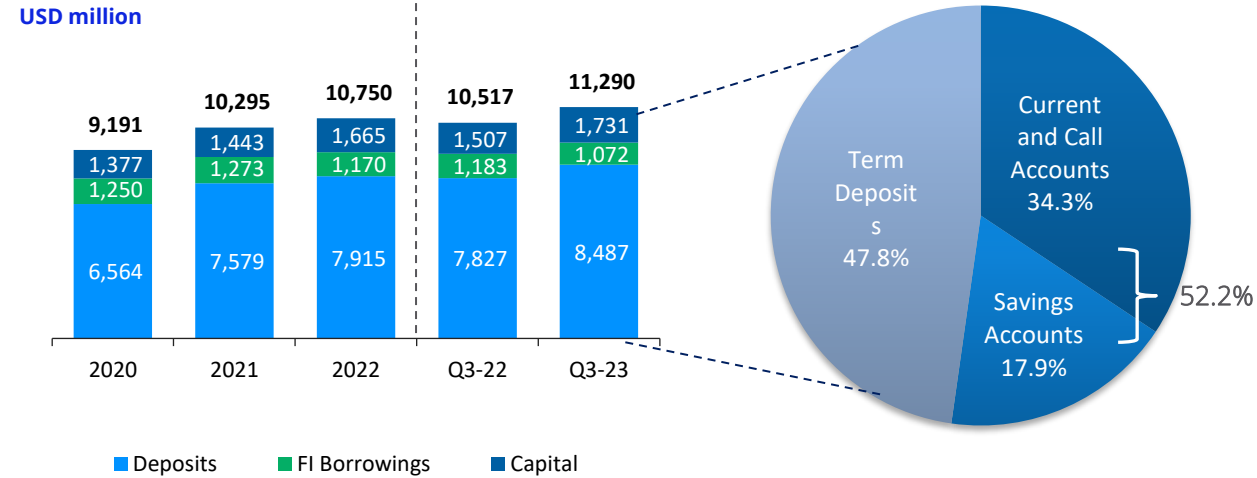


Capitalization, Funding and Liquidity

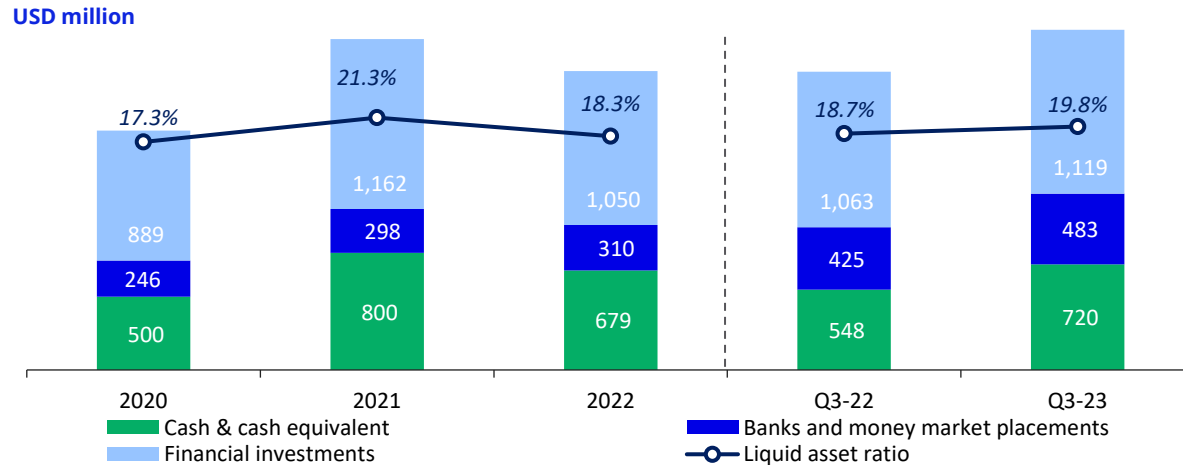
Overview

- Current deposit mix, with improved share from term deposits (longer dated funding) have complimented the banks' deposit base with a stronger Net stable funding ratio of 113.0% while maintaining a consistent Net Interest Margin.
- Strong liquidity with liquid asset ratio representing 19.8% of total assets and a high liquidity coverage ratio of 339.4% (Sep 2023).
- Capitalization levels of 16.5% in Q3 2023 (excluding interim profits) vs. minimum total capital adequacy ratio of 12.25% (Central Bank of Oman guidelines) leaves a capital buffer of over 4.26%.
- The Bank's CET1 ratio at 11.5% is well above the regulatory minimum.

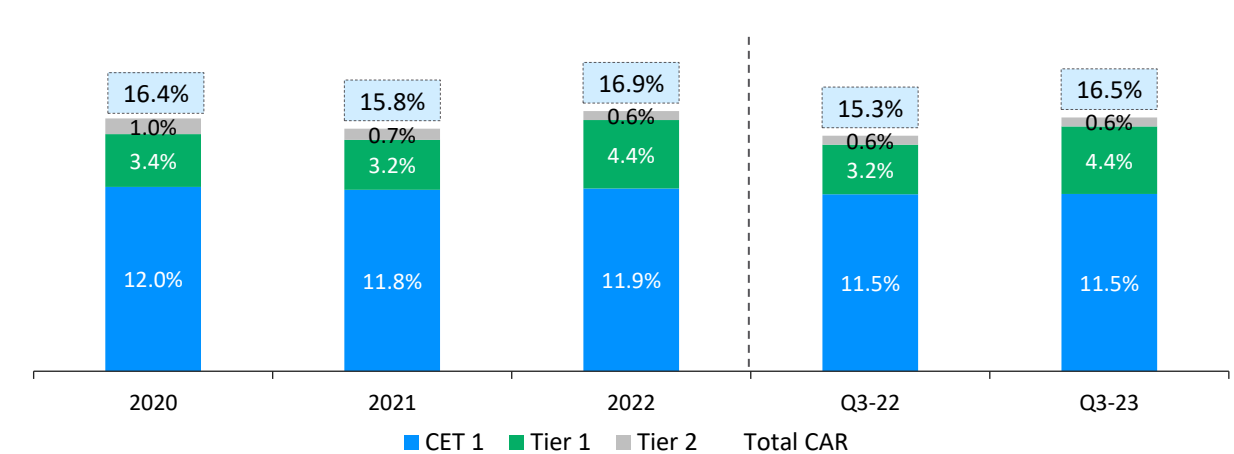
Funding Mix



Liquid Assets



Capitalization



Balance Sheet

Amount in USD Millions	2020	2021	2022	Q3-22	Q3-23
ASSETS					
Cash & Central Bank	500	800	679	548	720
Due From Banks	246	298	310	425	483
Loans & Advances (Net)	7,501	8,022	8,711	8,461	8,983
Investments	889	1,162	1,050	1,063	1,119
Fixed Assets	163	156	148	150	145
Other Assets	137	163	255	247	249
Total Assets	9,435	10,600	11,153	10,894	11,699
SHAREHOLDERS EQUITY					
- Share Capital	422	422	422	422	422
- Share Premium Reserve	90	90	90	90	90
- Legal and Other Reserves	145	155	157	154	161
- Retained Earnings	373	398	436	449	511
- Net Profit for the period	47	79	125	92	113
Net Worth (A)	1,077	1,143	1,230	1,207	1,297
Tier 1 Capital (B)	300	300	434	300	434
Net Worth (C=A+B)	1,377	1,443	1,665	1,507	1,731
LIABILITIES					
Customer Deposits	6,564	7,579	7,915	7,827	8,487
Due To Banks	750	773	680	695	1,072
Euro Medium Term Notes	500	500	491	488	-
Other Liabilities	244	306	403	377	409
Total Liabilities	8,058	9,157	9,489	9,387	9,968
Total Net worth and Liabilities	9,435	10,600	11,153	10,894	11,699

Income Statement

Amounts in USD Millions	For the year ended			For the period ended	
	31 December 2020	31 December 2021	31 December 2022	30 September 2022	30 September 2023
Details					
- Interest Income-Conventional	423.9	430.1	475.7	342.1	433.9
- Interest Income-Islamic	23.2	25.3	28.2	20.6	29.2
Total Interest Income	447.1	455.4	503.9	362.7	463.1
- Interest Expenses-Conventional	(198.2)	(204.1)	(221.1)	(159.9)	(228.8)
- Interest Expenses-Islamic	(12.8)	(13.4)	(13.9)	(9.8)	(17.7)
Total Interest Expenses	(211.0)	(217.5)	(235.0)	(169.7)	(246.5)
Net Interest Income	236.1	237.9	268.9	193.0	216.6
Non funded Income	67.7	82.5	90.1	71.9	70.1
Total Income	303.8	320.4	359.1	264.9	286.7
- Staff Costs	(100.1)	(101.0)	(95.4)	(69.1)	(74.9)
- Other Operating Costs	(48.9)	(48.0)	(46.6)	(33.6)	(34.5)
- Depreciation	(16.8)	(16.0)	(15.2)	(11.4)	(11.6)
Total Operating Expenditure	(165.8)	(164.9)	(157.2)	(114.1)	(121.0)
Operating Profit	138.0	155.5	201.9	150.8	165.7
- Gross Provisions	(93.5)	(75.6)	(68.9)	(52.4)	(48.2)
- Recovery	12.1	13.3	16.3	11.4	16.2
Net Loan Impairment	(81.4)	(62.3)	(52.6)	(41.0)	(32.0)
Net Profit Before Tax	56.6	93.2	149.3	109.6	133.8
Taxation	(9.5)	(14.5)	(24.1)	(17.3)	(21.3)
Net Profit for the period	47.1	78.6	125.2	92.3	112.5

Thank you