

سوّياً نفتح آفاقاً جديدة

To unlock

opportunities as one.

أساسنا الأصالة والحفاوة
Authentic, first and foremost

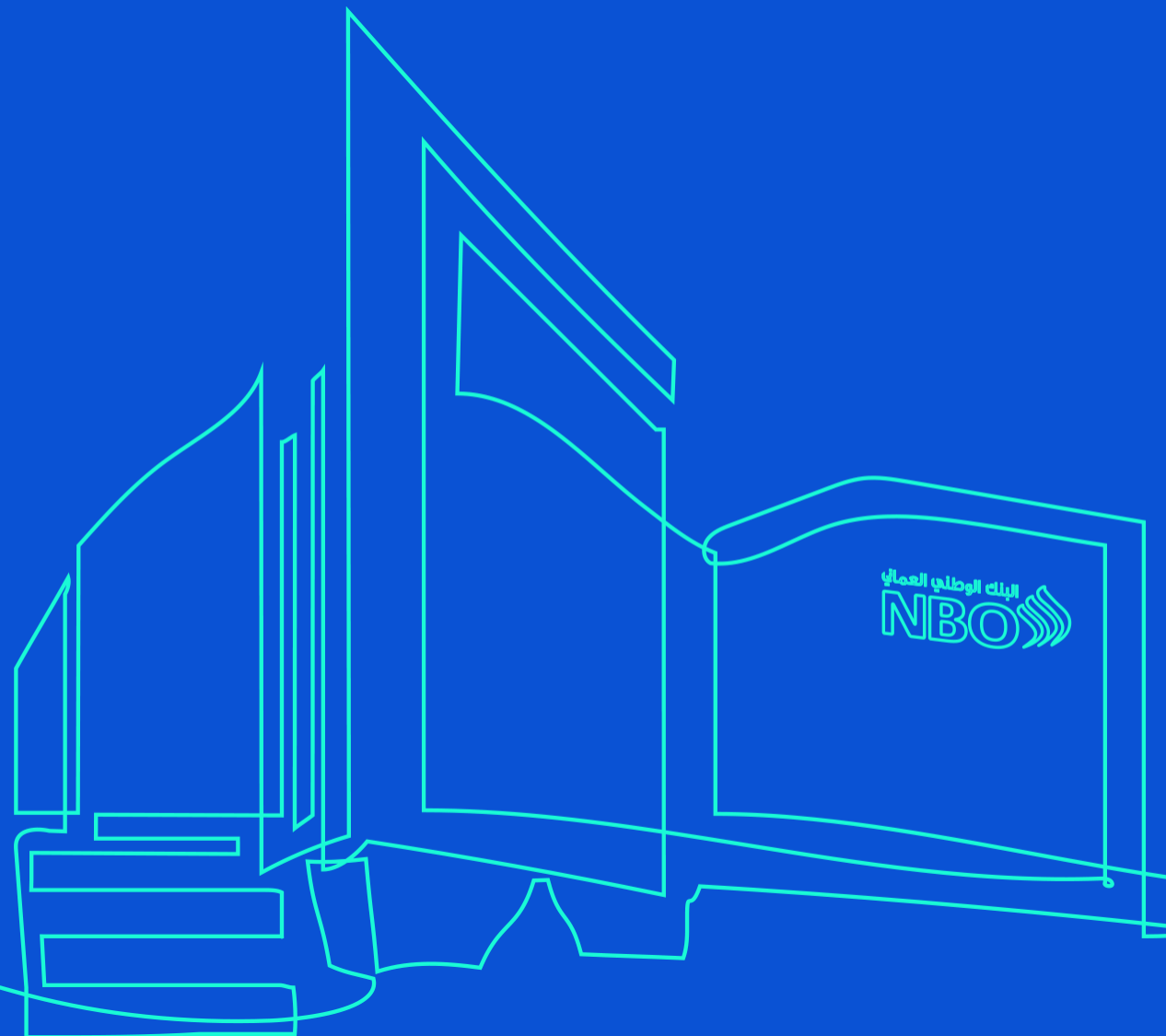
نتعاون لتقديم قيمة ملموسة
Creating value through connection

الريادة بلا حدود
Relentlessly pioneering

نقدم تجربة بسيطة وسلسة
Pursuing simplicity



Investor Presentation



31st March 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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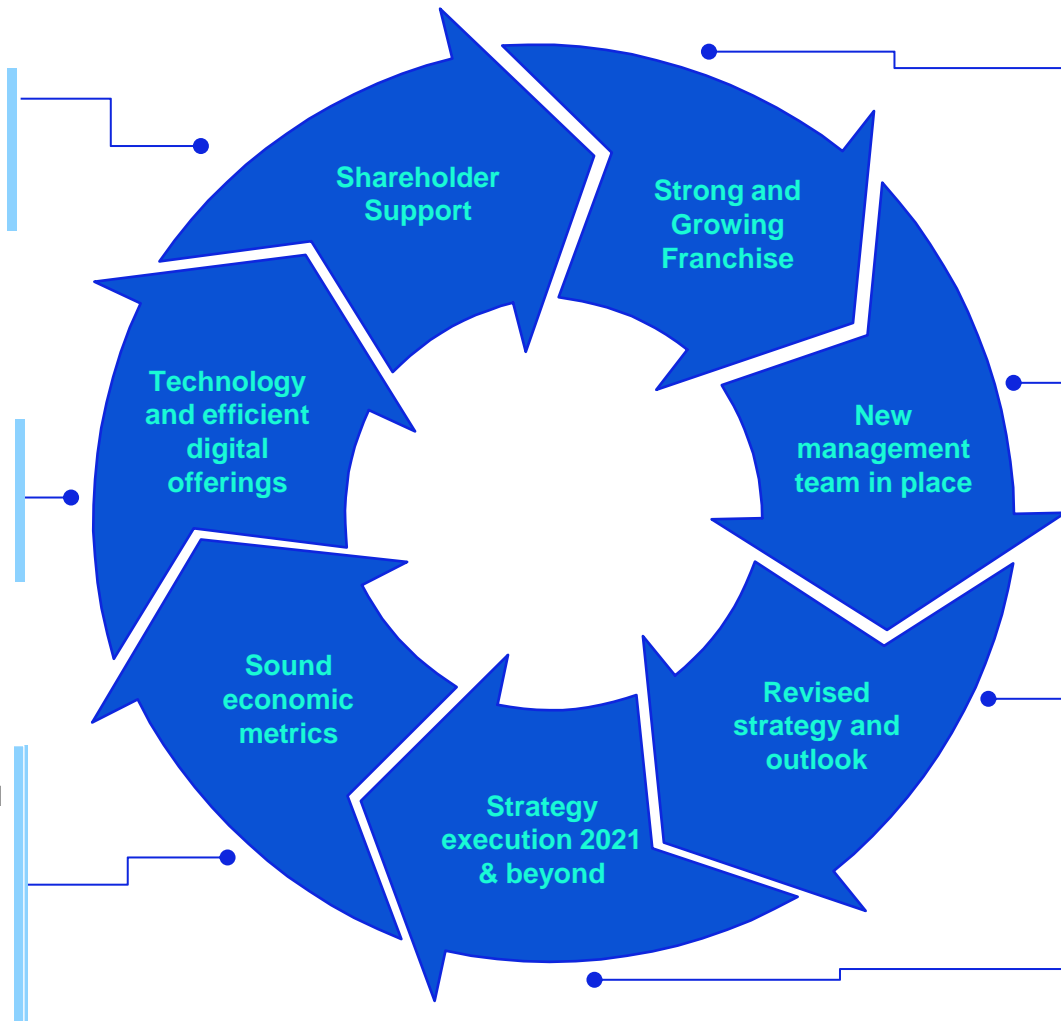
- Key Messages and Priorities
- Operating Environment
- National Bank of Oman Introduction
- Financial Performance
- Appendix

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.

- With prevailing oil prices, economic fiscal metrics are in a comfortable range.
- 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 5 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 years of five year plan of execution of the strategy, NBO has gained market share both in loans and deposits, after years of losing market share.
- We aim to execute on our strategic priorities and execute at pace.

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



MACRO ECONOMY



Oman's Nominal GDP
Was at USD 108.7 bn in 2023; with estimated fiscal surplus of USD 2.42 Bn



Rising Interest Rates CBO is following lead from US Fed and increased the repo rates to 6.0%



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



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 (Mar 2024), with Omani nationals comprising 2.9 million and expatriates comprising 2.3 million of the overall figure. Population has increased by 3.3% YoY.
- Oman's Real GDP increased by 1.3% YoY in 2023.
- Public Government debt as a percentage of GDP has fallen from 70% in 2020 to 36% in 2023 as per S&P.
- Government's 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.
- Govt has budgeted a deficit of 1.5% of GDP in 2024 with an assumed oil price of USD 60 per barrel

SOCIOLOGICAL



Child Welfare
New law focusing on financial inclusion of children



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



Benefits to Retirees
Enhanced benefits & extended financial inclusion of Pensioners



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

TECHNOLOGICAL



Digital Adoption
High uptake for digital services post pandemic; increased maturity levels



Phygital Investments
Banks continue to expand branches while they push for Digital investments



Digital Guidelines
Guidelines for eKYC, Open APIs launched by CBO to drive digital agenda



Lack of differentiation
Several innovative products dependent on release of common guidelines by CBO

MARKET



Privatization
Multiple government owned companies accessing markets to raise funds via IPOs



Consolidation
Most banks actively pursuing inorganic activity to drive scale



Enhanced Collaboration
Various projects including Oman-Etihad Railway, Duqm Refinery in collaboration with other GCC



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

ENVIRONMENTAL



ESG
Preliminary guidelines issued by CBO on Climate Risk Mgmt.



Estidamah
MOFs National program for fiscal sustainability across Banking & Capital Markets



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



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 (Mar 2024) |
| Credit Rating | Moody's: Ba1 (Stable); S&P: BB+ (Positive); and Fitch: BB+ (Stable) |
| Nominal GDP | USD 108.67 billion (2023, NCSI) |
| GDP per Capita | US\$ 21,037 (2023, NCSI) |
| Fiscal surplus | Surplus c. 6.6% of GDP (2023, CBO) |

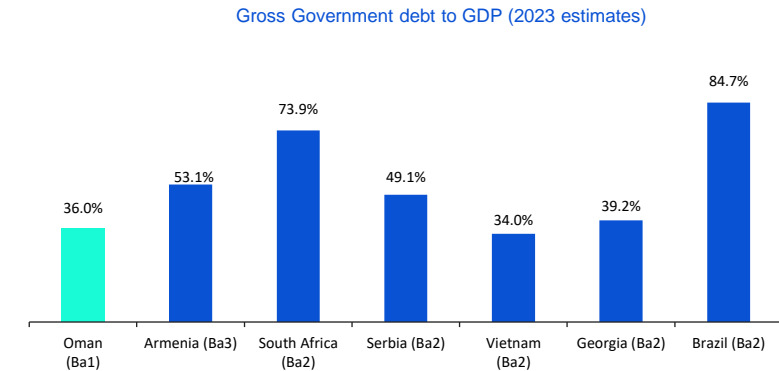
POSITIVE RATING OUTLOOK BY ALL RATING AGENCIES

Moody's: The upgrade reflects Moody's expectation that the 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.

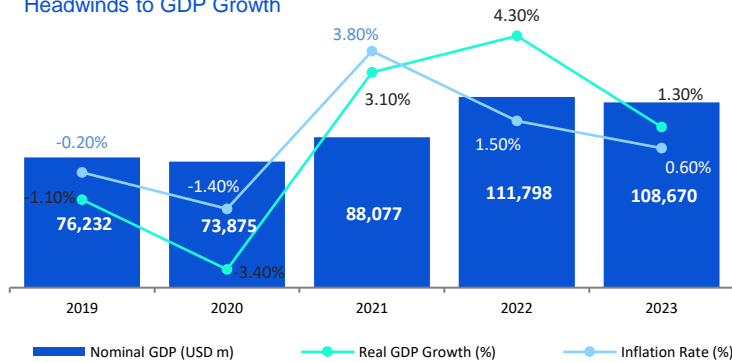
MODERATE DEBT TO GDP LEVELS AS COMPARED TO Ba RATED PEERS



Source: Bloomberg & International Monetary Fund (IMF).

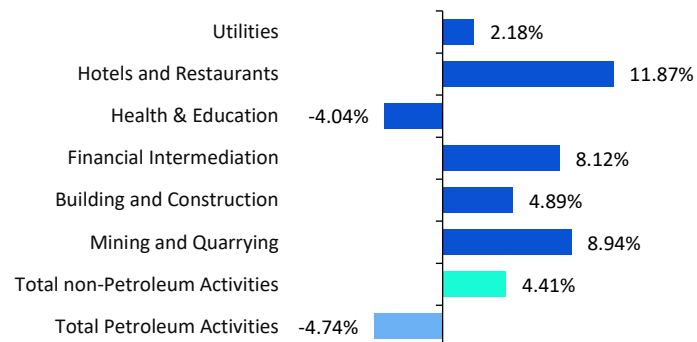
CHALLENGING MACROECONOMIC CONDITIONS WITH A WELL DEFINED ECONOMIC DIVERSIFICATION PLAN

Headwinds to GDP Growth



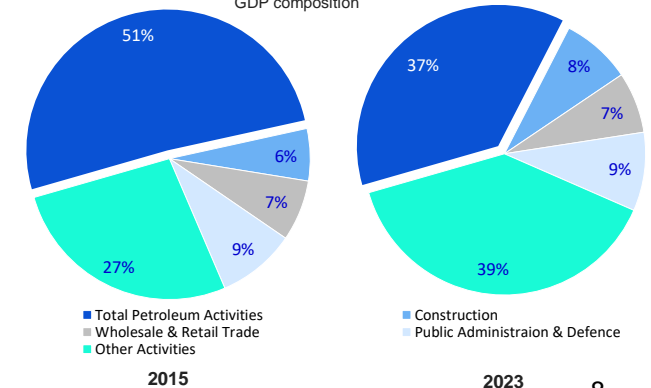
.. with Non-hydrocarbon sectors having the commendable growth

Real CAGR of selected sectors, 2014-2021



.. leading to a more diversified economy

GDP composition



Source: National Center for Statistical Information (NCSI).

OVERVIEW

- Moody's affirmed Positive Outlook for Oman's banking sector in March 2024.
- Aggregate deposits for the banking sector in Q1-24 showed a YoY growth of 11.8%. The 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 fourth of total banking credit and 85% of banking profits.
- The banking assets have shown 3.8% CAGR in Q1-24 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.

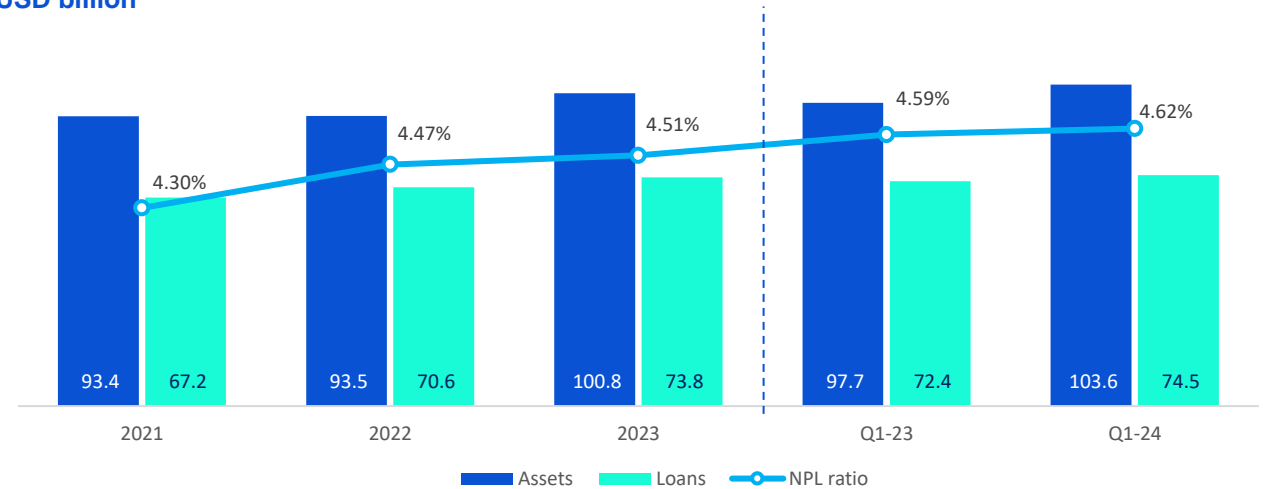
Rating outlook – Banking sector

- Strong business and consumer confidence and a further recovery in tourism will support non-oil economy.
- As per the report non-oil economic growth is expected to accelerate to 3.0% in 2024 from 2.5% in 2023.
- Non-performing loans will remain below 4.5%.
- 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.
- Government's capacity to support country's banks have improved, driven by a reduction in Oman's debt burden.

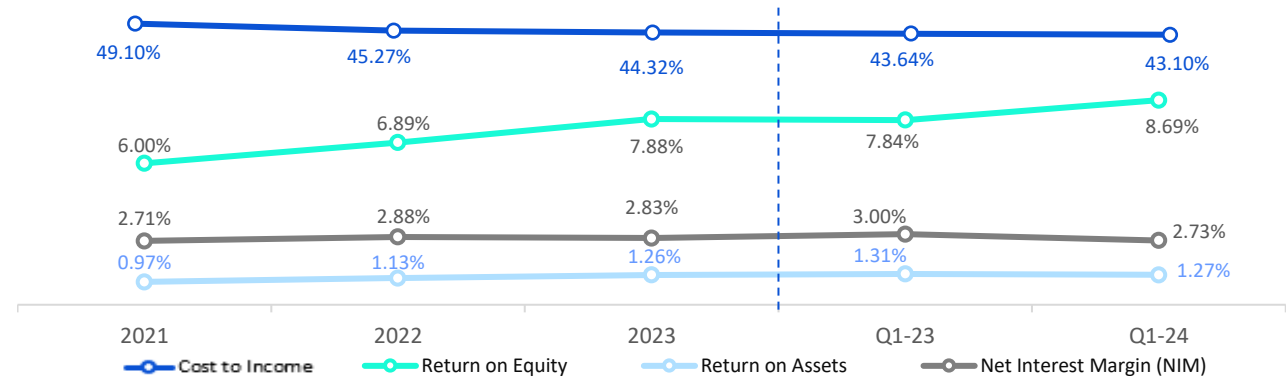
Source: Published FS of six listed Omani banks including NBO

MAJOR BANKS ASSETS AND LOANS

USD billion



KEY RATIOS OF MAJOR BANKS



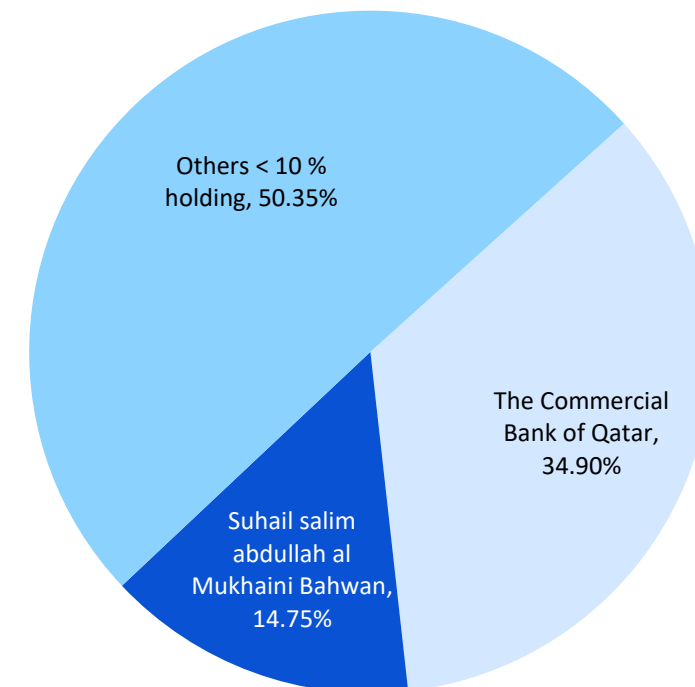
OVERVIEW

- 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 1,402 employees as of 31st March 2024 and considered as one of the largest banks with total assets amounting to USD 13.4 billion as at 31st March 2024.
- As at 31st March 2024, NBO serves approximately half a million retail customers and 28,100 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 31st March 2024, approximately NBO had 14.2% market share of loans and 15.4% market share of deposits.

KEY FINANCIALS - NBO

| In USD Millions | 2021 | 2022 | 2023 | Q1-23 | Q1-24 |
|------------------------|--------|--------|--------|--------|--------|
| Total Assets | 10,600 | 11,153 | 12,525 | 11,518 | 13,432 |
| Net Loans | 8,022 | 8,742 | 9,108 | 8,911 | 9,334 |
| Deposits | 7,579 | 7,966 | 9,376 | 8,499 | 10,543 |
| Operating Income | 320 | 359 | 379 | 98 | 97 |
| Net Profit | 79 | 125 | 151 | 37 | 40 |
| Tier 1 | 15.0% | 16.3% | 16.3% | 16.3% | 15.8% |
| Total CAR | 15.8% | 16.9% | 16.9% | 16.9% | 16.2% |
| Loans to Deposit Ratio | 105.9% | 109.7% | 97.1% | 104.8% | 88.5% |
| NPL Ratio | 5.3% | 4.9% | 4.5% | 4.6% | 4.6% |
| Cost/Income | 51.5% | 43.8% | 42.4% | 40.3% | 41.1% |

OWNERSHIP (as at Mar 2024)



CREDIT RATING

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

Net Profit for Q1-24 was USD 40.2 million, an increase of 7.8 per cent over the corresponding period in the previous year.

Customer Deposits as of 31st March 2024 are at USD 10.5 billion, grown by 24.1 percent over same period last year.

Gross Loans and Advances as of 31st March 2024 are at USD 9.7 billion, grown by 4.4 percent over same period last year.

Net Impairment for Q1-24 was USD 10.1 million, compared to USD 14.0 million for the corresponding period last year, reduced by 28.0 per cent.

Total Assets as of 31st March 2024 was USD 13.4 billion, increased by 16.6 per cent compared to last year.

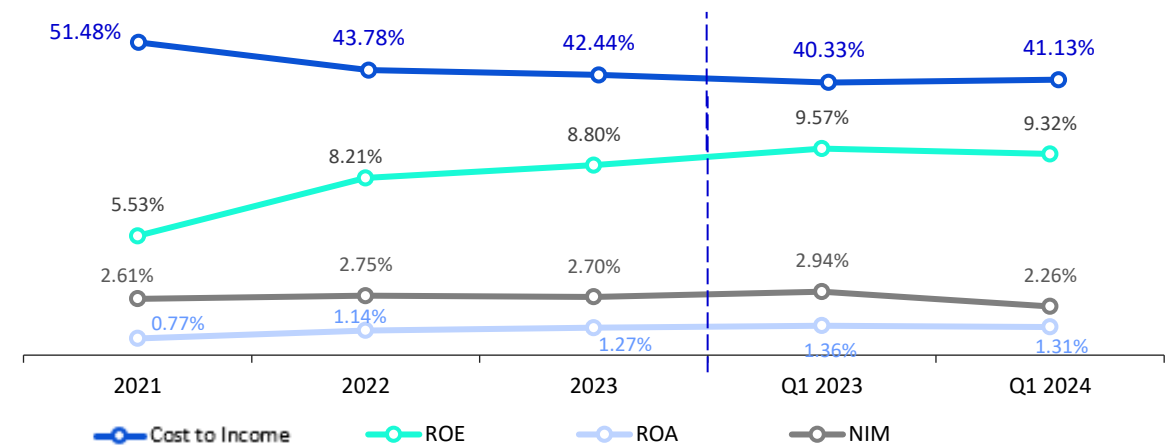
Liquid Assets Ratio for Q1-24 improved to 27.7 per cent compared to 19.7 per cent for the corresponding period last year.

Fee Income for Q1-24 grew strongly by 33.7 per cent from USD 23.5 million to USD 31.5 million.

OVERVIEW

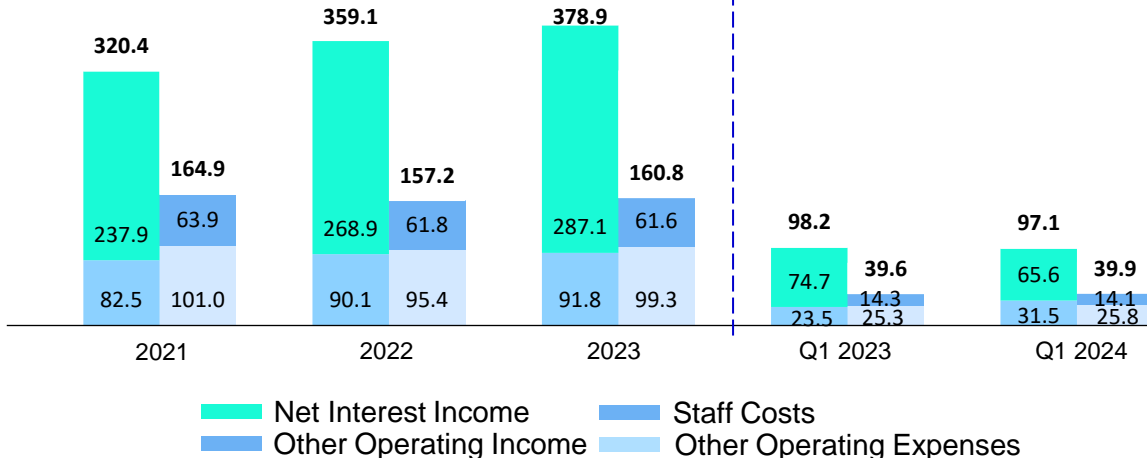
- Net Interest income for Q1-24 decreased by 12.1% compared to previous year. This is driven by strong growth in loan volumes and improved margins.
- The bank continued to invest in people and technology, Cost-to-Income ratio for Q1-24 increased to 41.1% compared to 40.3% for the corresponding period last year on the back of strong revenue growth and robust control on operating expenses.
- Return metrics decreased slightly - ROAA for Q1-24 was 1.31% compared to 1.36% in Q1-23. ROAE for Q1-24 was 9.32%, lower by 25 bps as compared to 9.57% in Q1-23.
- Net Impairment for Q1-24 decreased by 28.0%. 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



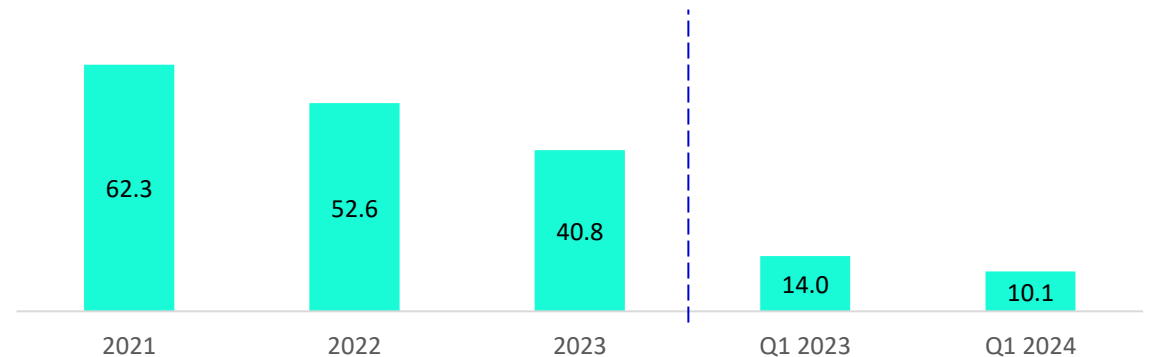
OPERATING INCOME COMPOSITION

USD million



NET IMPAIRMENT

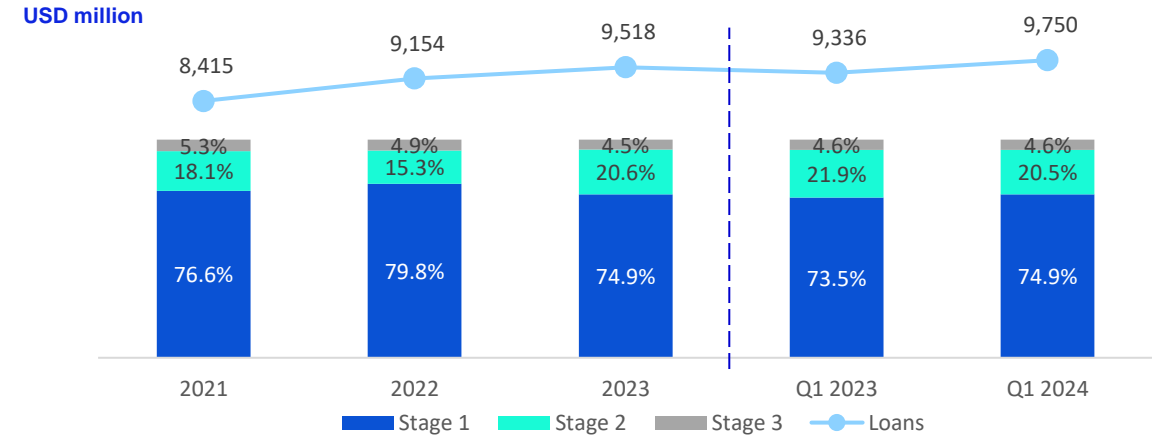
USD million



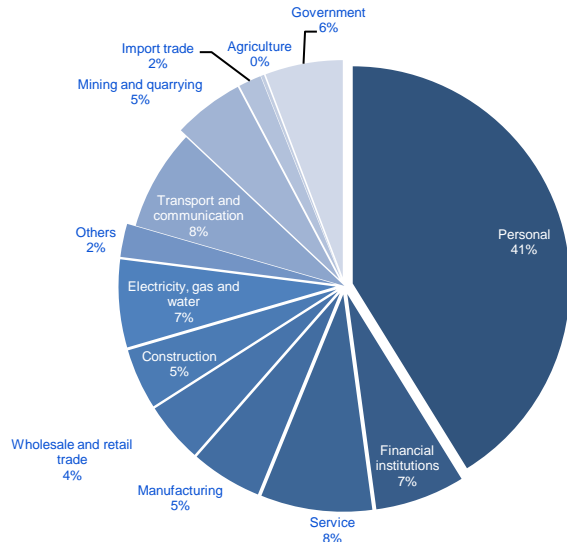
OVERVIEW

- During first three months of 2024, the loan book grew by 2.5% and on a YOY basis, it has grown by 4.7%.
- 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 4.4%. Provision coverage ratio declined to 96.4% in Q1-24 from 100.4% in Q1-23.
- NPL ratio for Q1-24 was at 4.6% which remained the same as Q1-23.

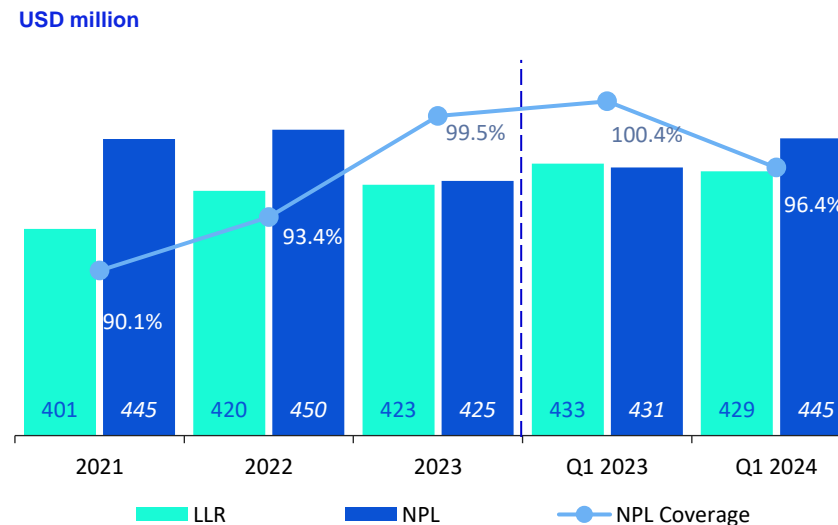
GROSS LOAN EXPOSURE BY STAGES



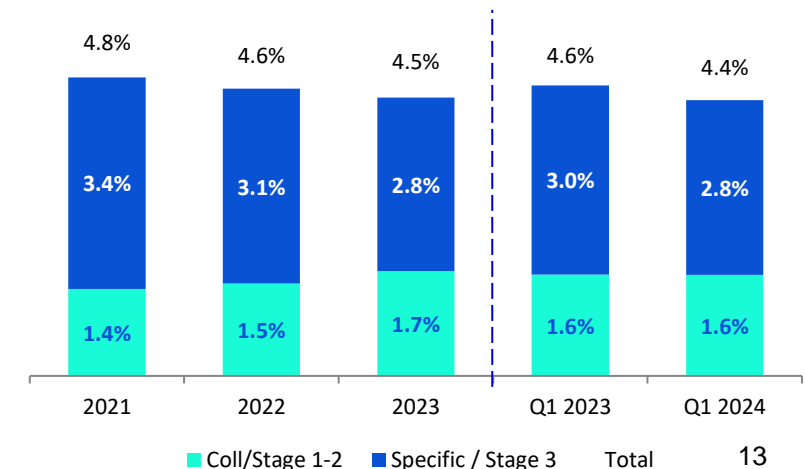
GROSS LOANS – SECTOR BREAKUP (2023)



IMPAIRED ASSETS AND PROVISIONING



PROVISION HELD AS A % OF LOANS

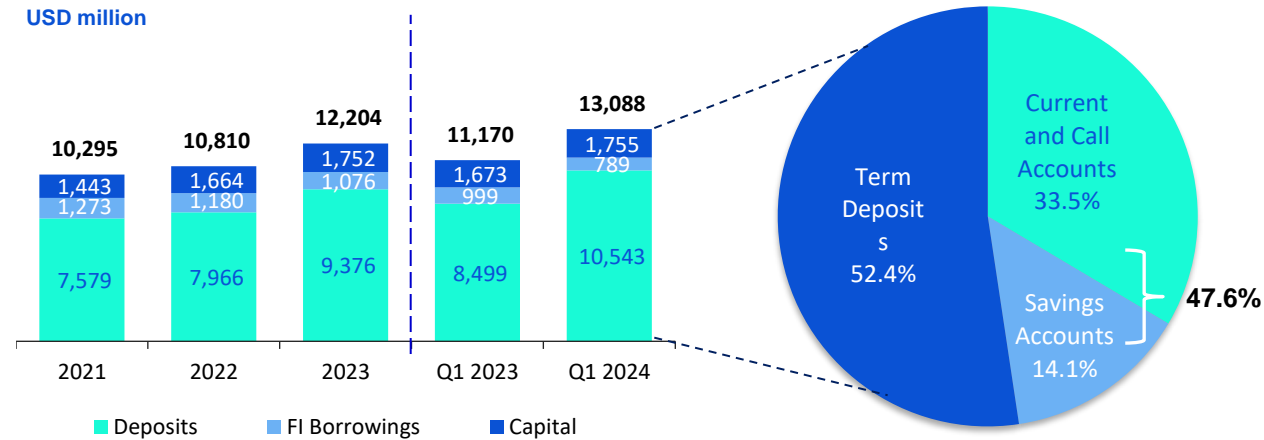


Overview

- 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 119.9%.
- Strong liquidity with liquid asset ratio representing 27.7% of total assets and a high liquidity coverage ratio of 502.3% in Q1-24.
- Capitalization levels of 16.2% in Q1-24 (including interim profits) vs. minimum total capital adequacy ratio of 12.25% (Central Bank of Oman guidelines) leaves a capital buffer of over 3.98%.
- The Bank's CET1 ratio at 11.7% is well above the regulatory minimum by 3.45%.

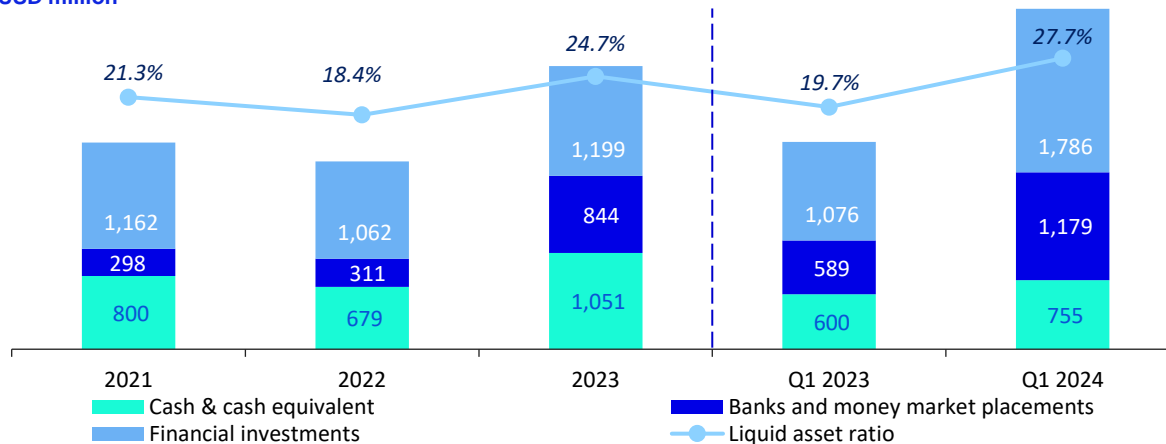
Funding Mix

USD million

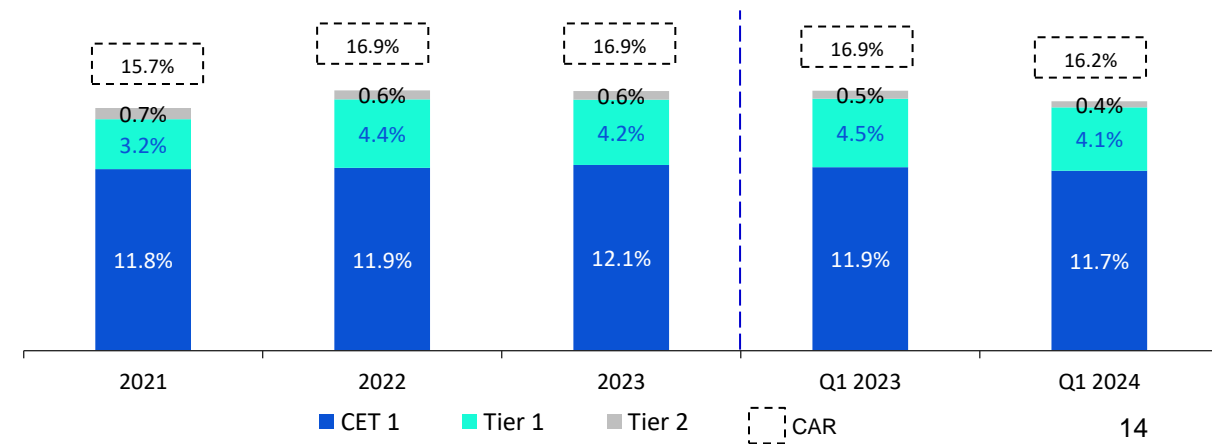


Liquid Assets

USD million



Capitalization



Balance Sheet

| Amount in USD Millions | 2021 | 2022 | 2023 | Q1-23 | Q1-24 | |
|--|---------------|----------------------------|---------------|---------------|---------------|--|
| | | ASSETS | | | | |
| Cash & Central Bank | 800 | 679 | 1,051 | 600 | 755 | |
| Due From Banks | 298 | 311 | 844 | 589 | 1,179 | |
| Loans & Advances (Net) | 8,022 | 8,742 | 9,108 | 8,911 | 9,334 | |
| Investments | 1,162 | 1,062 | 1,199 | 1,076 | 1,786 | |
| Fixed Assets | 156 | 148 | 145 | 147 | 155 | |
| Other Assets | 163 | 211 | 178 | 195 | 223 | |
| Total Assets | 10,600 | 11,153 | 12,525 | 11,518 | 13,432 | |
| | | 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 | 167 | |
| - Retained Earnings | 398 | 436 | 494 | 530 | 602 | |
| - Net Profit for the period | 79 | 125 | 151 | 37 | 40 | |
| Net Worth (A) | 1,143 | 1,230 | 1,318 | 1,238 | 1,321 | |
| Tier 1 Capital (B) | 300 | 434 | 434 | 434 | 434 | |
| Net Worth (C=A+B) | 1,443 | 1,665 | 1,752 | 1,672 | 1,755 | |
| | | LIABILITIES | | | | |
| Customer Deposits | 7,579 | 7,966 | 9,376 | 8,499 | 10,543 | |
| Due To Banks | 773 | 681 | 1,076 | 506 | 789 | |
| Euro Medium Term Notes | 500 | 499 | - | 493 | - | |
| Other Liabilities | 306 | 343 | 321 | 348 | 345 | |
| Total Liabilities | 9,157 | 9,489 | 10,773 | 9,846 | 11,677 | |
| Total Net worth and Liabilities | 10,600 | 11,153 | 12,525 | 11,518 | 13,432 | |

Income Statement

| Amounts in USD Millions | For the year ended | | | For the period ended | |
|------------------------------------|--------------------|------------------|------------------|----------------------|----------------|
| | 31 December 2021 | 31 December 2022 | 31 December 2023 | 31 March 2023 | 31 March 2024 |
| - Interest Income-Conventional | 430.1 | 475.7 | 587.9 | 141.5 | 164.4 |
| - Interest Income-Islamic | 25.3 | 28.2 | 42.0 | 7.7 | 14.9 |
| Total Interest Income | 455.4 | 503.9 | 629.9 | 149.2 | 179.3 |
| - Interest Expenses-Conventional | (204.1) | (221.1) | (316.6) | (70.4) | (103.1) |
| - Interest Expenses-Islamic | (13.4) | (13.9) | (26.2) | (4.0) | (10.6) |
| Total Interest Expenses | (217.5) | (235.0) | (342.8) | (74.4) | (113.7) |
| Net Interest Income | 237.9 | 268.9 | 287.1 | 74.8 | 65.6 |
| Non funded Income | 82.5 | 90.1 | 91.8 | 23.5 | 31.5 |
| Total Income | 320.4 | 359.1 | 378.9 | 98.3 | 97.1 |
| - Staff Costs | (101.0) | (95.4) | (99.3) | (25.3) | (25.8) |
| - Other Operating Costs | (48.0) | (46.6) | (45.7) | (10.5) | (10.1) |
| - Depreciation | (16.0) | (15.2) | (15.8) | (3.8) | (4.0) |
| Total Operating Expenditure | (164.9) | (157.2) | (160.8) | (39.6) | (39.9) |
| Operating Profit | 155.5 | 201.9 | 218.1 | 58.7 | 57.2 |
| - Gross Provisions | (75.6) | (68.9) | (62.2) | (19.5) | (13.7) |
| - Recovery | 13.3 | 16.3 | 21.4 | 5.5 | 3.6 |
| Net Loan Impairment | (62.3) | (52.6) | (40.8) | (14.0) | (10.1) |
| Net Profit Before Tax | 93.2 | 149.3 | 177.3 | 44.6 | 47.1 |
| Taxation | (14.5) | (24.1) | (26.6) | (7.3) | (6.9) |
| Net Profit for the period | 78.6 | 125.2 | 150.7 | 37.3 | 40.2 |

Q&A



Thank you

