

سوّياً نفتح آفاقاً جديدة

To unlock

opportunities as one.

أساسنا الأصالة والحفاوة
Authentic, first and foremost

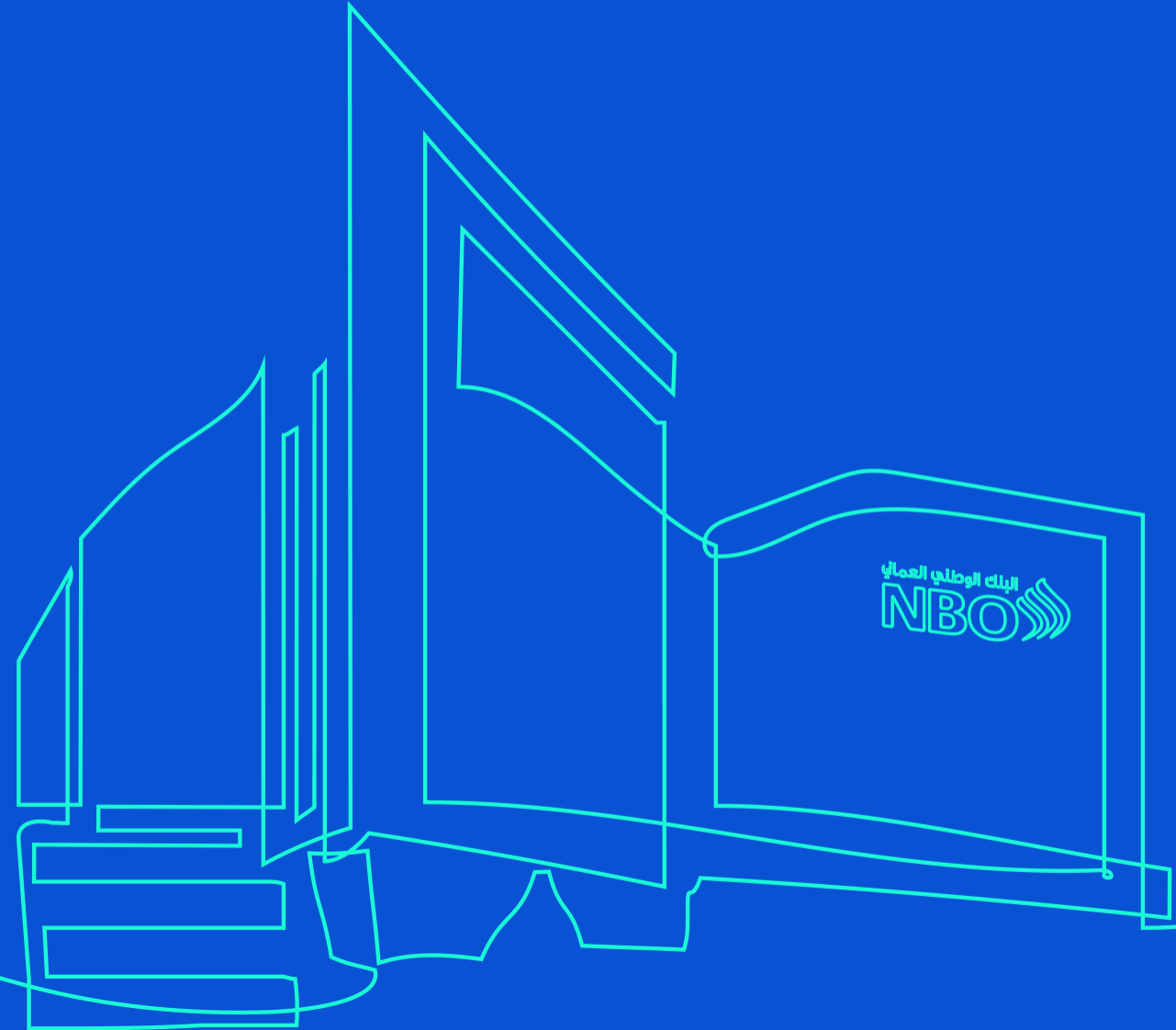
نتعاون لتقديم قيمة ملموسة
Creating value through connection

الريادة بلا حدود
Relentlessly pioneering

نقدم تجربة بسيطة وسلسة
Pursuing simplicity



Investor Presentation



30th September 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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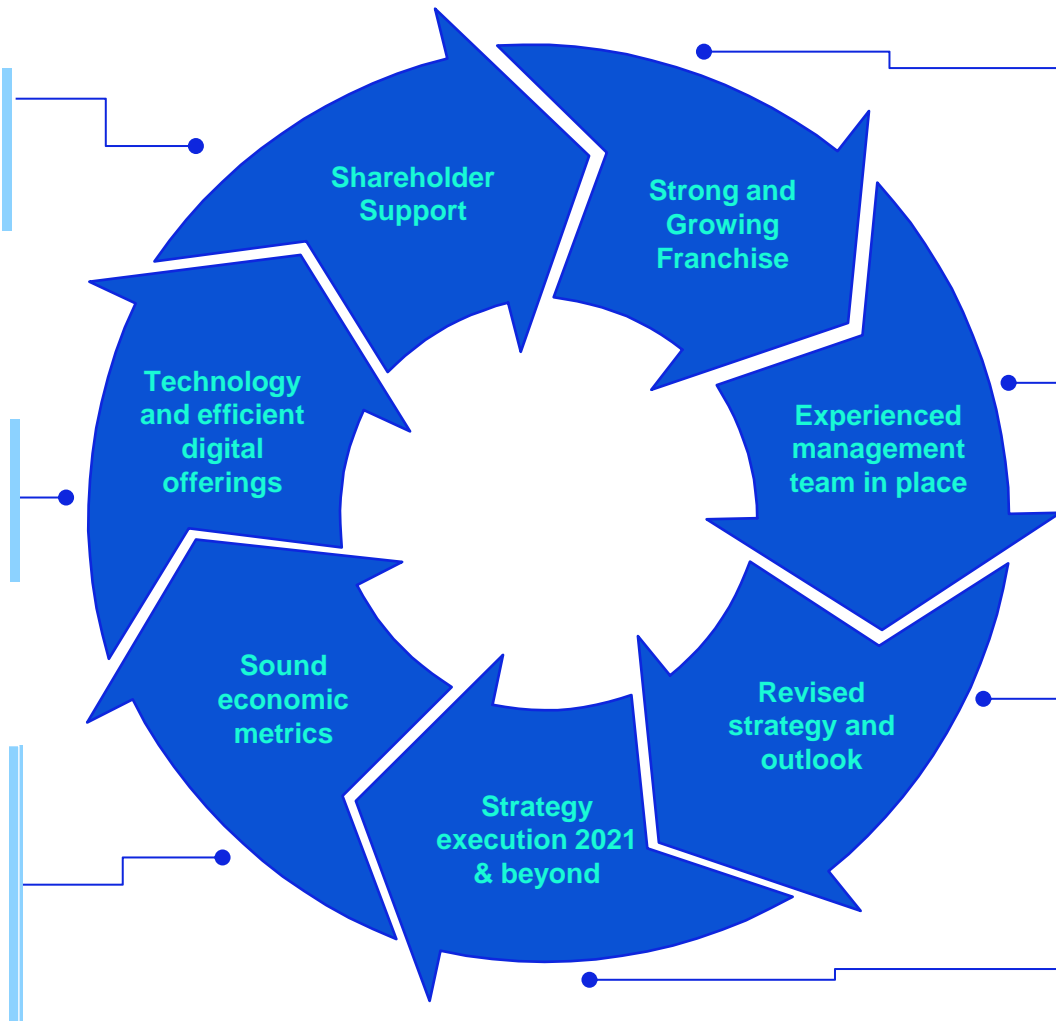
- Key Messages and Priorities
- Operating Environment
- National Bank of Oman Introduction
- Financial Performance
- Appendix

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.

- A well-established senior management team formed between 2020-2021, with significant expertise in the banking sector.
- The new team brings a collective experience of over 100 years in banking.

- Our current 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.

- Having completed over 75% of our five-year strategy plan (2021-2025), 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 54.5 bn in H1-24, a growth of 2.6% over H1-23; with estimated fiscal surplus of USD 1.2 bn (YTD Aug-24).



Oil Price

Average Brent crude price for YTD Aug-24 exceeded \$80/barrel.



Public Debt

Public Debt reduced to OMR 14.5 bn by end of H1-2024 from OMR 15.3 bn in 2023.



Oman's Rating Outlook

S&P upgraded Oman's rating to BBB- with "Stable" Outlook

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 (Sep 2024), with Omani nationals comprising 3.0 million and expatriates comprising 2.2 million of the overall figure. Population has increased by 1.9% YoY.
- Oman's Real GDP increased by 1.9% YoY in H1-24.
- Public Government debt as a percentage of GDP has declined to 33% by the end on Jun-24, from 36.5% in 2023.
- Government has recorded an estimated fiscal surplus of USD 1.2 billion as of August 2024.
- 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 draft guidelines for the licensing of Digital Banks



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



New Regulations

New directives expected from CBO for separation of Islamic, Investment Banking & Digital business activities



Innovation

Initiatives like BNPL, Tokenization and other innovations require reliance on technical expertise and involve collaboration with knowledge partners



Privatization

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



New Entrants

Two new GCC lenders (Mashreq & Gulf International Bank); 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

MOF's 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 (Aug-24, NCSI)
Credit Rating	Moody's: Ba1 (Positive); S&P: BBB- (Stable); and Fitch: BB+ (Stable)
Nominal GDP	USD 57.5 billion (H1-24, NCSI)
GDP per Capita (annualized)	US\$ 20,920 (H1-24, NCSI)
Fiscal Surplus	Surplus c. 6.6% of GDP (2023, CBO)

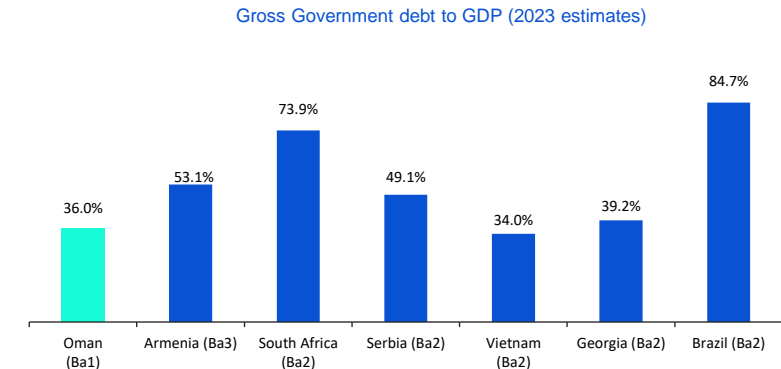
POSITIVE RATING OUTLOOK BY ALL RATING AGENCIES

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 forecast Oman will be in a small net general government asset position by the end of 2024, compared with a net debt position of 19% in 2021. The authorities also remain committed to advancing their longer-term structural reform agenda aimed at strengthening economic resilience.

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.

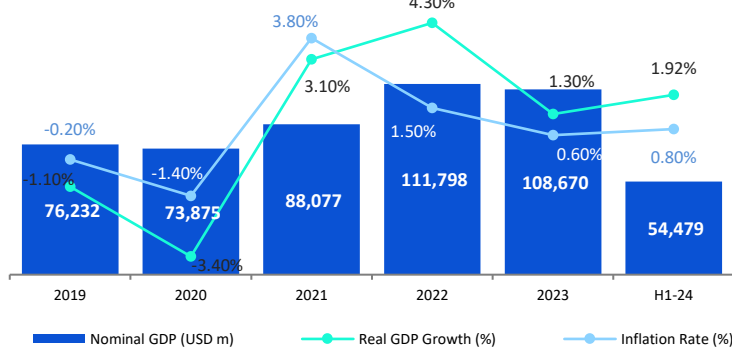
MODERATE DEBT TO GDP LEVELS AS COMPARED TO Ba RATED PEERS



Source: Bloomberg & International Monetary Fund (IMF).

CHALLENGING MACROECONOMIC CONDITIONS WITH A WELL DEFINED ECONOMIC DIVERSIFICATION PLAN

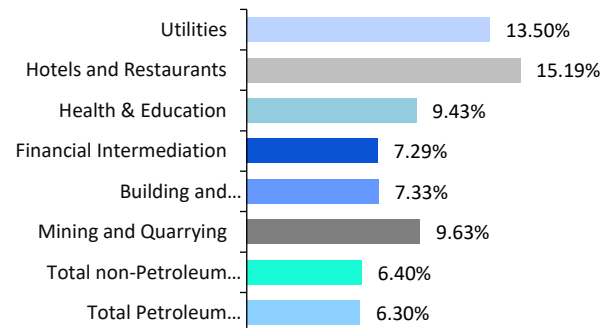
GDP and Inflation



Source: National Center for Statistical Information (NCSI).

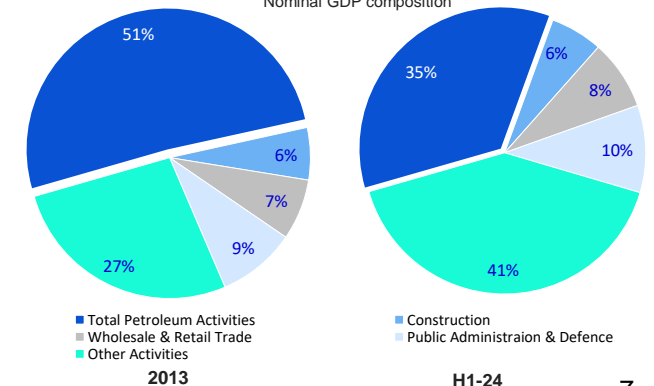
.. with Non-hydrocarbon sectors having commendable growth

Nominal GDP CAGR of selected sectors, 2018-2023



.. leading to a more diversified economy

Nominal GDP composition



OVERVIEW

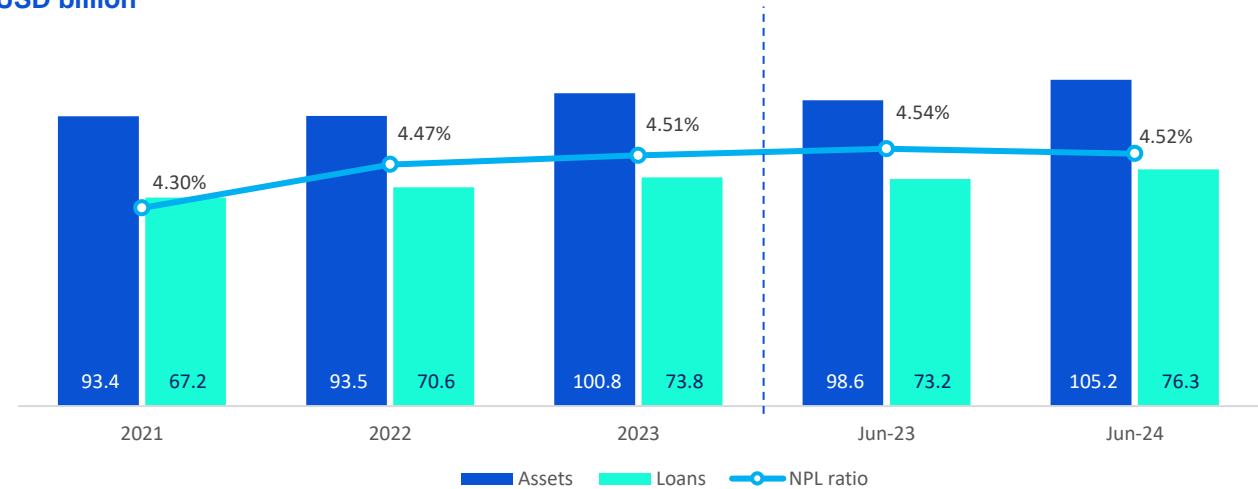
- Aggregate deposits for the banking sector as on Jun-24 showed a YoY growth of 11.9%. Loans for the same period grew by 4.3% YoY.
- However, the Omani banking system is fairly concentrated with top four banks (NBO included) accounting for nearly three-fourths of total banking credit and 84% of banking profits.
- Banking assets have shown 4.1% CAGR as of Jun-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

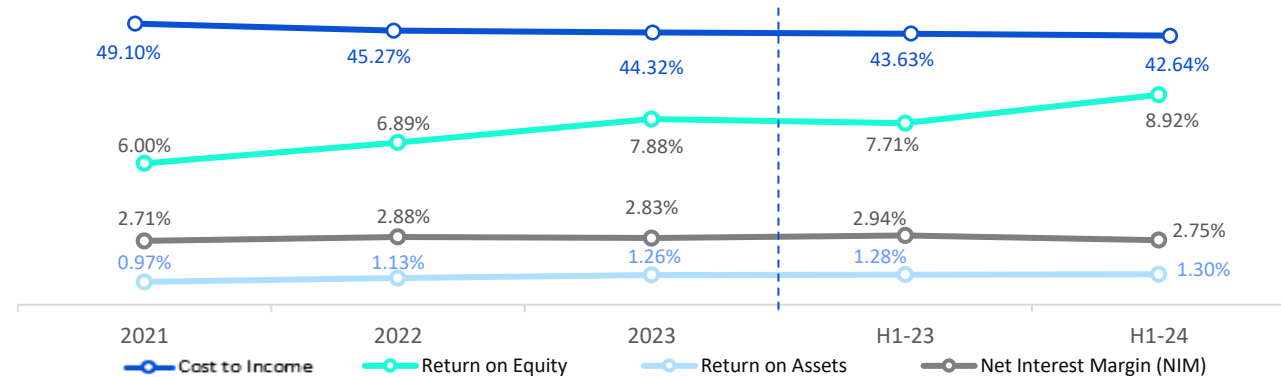
- Moody's upgraded rating outlook of major banks in Oman from Neutral to Positive.
- Profitability will remain steady, and banks will maintain solid capital buffers. Deposit growth will continue to lag loan demand, keeping funding flows relatively tight. Overreliance on government deposits remains a 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.

BANKING SECTORS' ASSETS AND LOANS

USD billion



KEY RATIOS OF BANKING SECTOR



OVERVIEW

- Development of social, economic and environmental aspects of society has been a national objective since the launch of Oman's 2040 Vision towards sustainability.
- Oman's geographical position and biodiversity provides favorable conditions and significant protentional for green and circular growth.
- The Bank is expected to align with Oman Vision 2040 and Net Zero commitments by 2050 as well as Oman Sustainable Finance framework from Ministry Of Finance.
- MSX mandated all listed companies to report on their ESG performance by 2025 Q1, in compliance with the GCC ESG Disclosure Metrics for listed companies.
- Projected green and social government expenditure for 2040 will further support these initiatives.



NET ZERO COMMITMENTS 2050

Net Zero 2050 Targets:

- GHG Emissions reduction of 21% by 2030, 54% by 2040, 92% by 2050 – Last 8% gap to be bridged by leveraging Decarbonization Technologies
- Generate 20% of electricity from Renewable Sources by 2027



OMAN VISION 2040

Oman Vision 2040 Pillars:

- People & Society
- Economy & Development
- Governance & Institutional Performance
- Sustainable Environment
- Building Hydrogen-Centric Economy



وزارة المالية
Ministry of Finance

OMAN SUSTAINABLE FINANCE - MOF

Key Objective under MOF Strategy:

- Issue Sustainable Financial Instruments (Green, Social and Sustainability bonds, Loans or Sukuk) for investment in projects that deliver environmental and social benefits
- SEZAD (Special Economic Zone At Duqm) will play an important role in developing Green projects i.e. Green hydrogen & Green ammonia) which will be supplied by wind/solar electricity.
- Oman's first sustainable cities are being developed (Sultan Haitham Smart City, & Yiti Sustainable City)

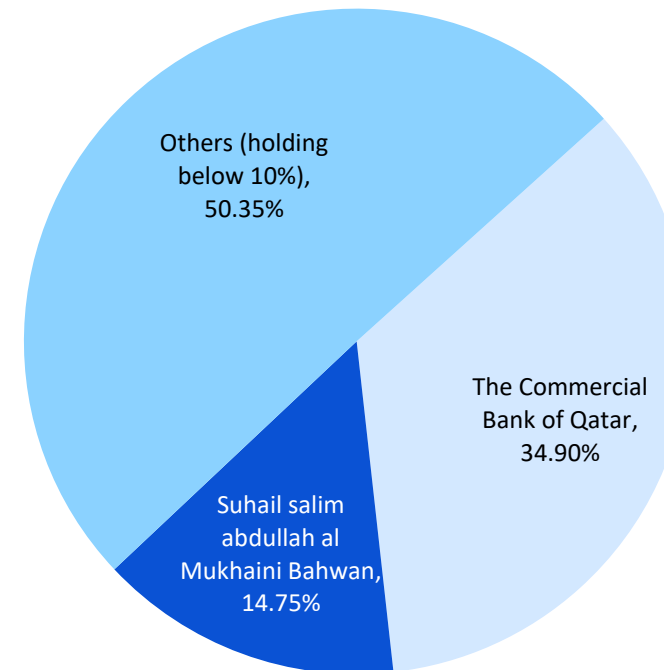
OVERVIEW

- 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 1,469 employees as of 30th September 2024 and is considered as one of the largest banks in Oman with total assets amounting to USD 13.0 billion as of 30th September 2024.
- As of 30th September 2024, the bank’s serves approximately half a million retail customers and 28,100 corporate and SME customers via 67 branches and 223 ATM and CCDM units.
- In addition, the Bank has two overseas branches in the **UAE (Dubai and Abu Dhabi)** and is ongoing 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 30th June 2024, the Bank’s market share was approximately 12.7% of loans and 13.2% of deposits.

KEY FINANCIALS - NBO

In USD Millions	2021	2022	2023	Sep-23	Sep-24
Total Assets	10,600	11,153	12,525	11,699	12,958
Net Loans	8,022	8,742	9,108	9,032	9,905
Deposits	7,579	7,966	9,376	8,570	10,322
Operating Income	320	359	379	287	291
Net Profit	79	125	151	96	103
Tier 1	15.0%	16.3%	16.3%	15.9%	15.4%
Total CAR	15.8%	16.9%	16.9%	16.5%	15.9%
Loans to Deposit Ratio	105.9%	109.7%	97.1%	105.4%	96.0%
NPL Ratio	5.3%	4.9%	4.5%	4.7%	4.4%
Cost/Income	51.5%	43.8%	42.4%	42.2%	41.1%

OWNERSHIP (as of 30th Sep 2024)



CREDIT RATING

Rating Agency	Period	Long-term Rating	Outlook
MOODY'S	September 2024	Ba1	Positive
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



Liquidity



Create new lending opportunities and attract deposits from clients interested in sustainable investment options, as the market for sustainable finance—including green bonds, social impact investments, and sustainability-linked loans—is expanding rapidly.

Capital



- Enhanced risk management and lower credit losses through sustainable practices
- Access to lower cost of capital through our commitment to ESG standards
- Attracting new sources of capital aligned with sustainability goals
- Increased profitability and capital generation

Asset Quality



- Proactive risk management strategies for ESG-related risks
- Ensuring future-proofing assets
- Lower default rates through enhanced due diligence and monitoring of ESG factors

Digital-Channel



- Attract environmentally and socially conscious customers
- Become a leader in sustainable finance
- Offer innovative and differentiated financial products and services
- In line with Bank's digital transformation

People Brand



- Stronger customer loyalty and brand advocacy through gender diversity and ESG initiatives
- Enhance reputation and trust within community
- Competitive edge in attracting and retaining top talent
- A brand image that aligns with Oman's national goals

Revenue



- Opportunity to provide services regionally and engage in international ESG-focused bonds and sukuk
- New sources of revenue
- New market segment

Optimization



- Enhanced resource allocation by prioritizing ESG risk mitigating efforts before they affect the Bank
- Streamlined decision making process
- Adopting environmentally sustainable practices leading to cost saving, operational efficiency and reduced carbon footprint

Partnership



- Aligning with Government priorities to support national goals through sustainable development projects in Oman
- Developing innovative financial solutions, such as partnerships with clean energy companies

ESG TRANSITION /OVERVIEW

- The Bank recognizes that implementation of ESG practices aligns with the organization's vision and its stakeholder's values.
- A management ESG Committee was formed in 2023 to oversee ESG transition and compliance across the Bank.
- The Bank is to report on their 30 ESG metrics and publish a stand-alone ESG report by 2025 Q1 in compliance with MSX Disclosure guidelines.

ROADMAP FOR ESG IMPLEMENTATION

As of now, the Bank is set to achieve the following key milestones:

- ESG Risk Mitigation Strategies
- Framework for Climate Risk assessment with Portfolio Analysis
- ESG Policy Document

TARGETS – 2025 AND BEYOND

- Sustainable Financing
- Organizational Implementation
- Upgrading the current reporting to include a comprehensive ESG reporting framework
- Comprehensive Communication Strategy
- Capital allocation towards sustainable projects
- Issuance of Green Finance Instruments



Key Financial Highlights

Net Profit YTD Sep-24 was USD 118.7 million, an increase of 5.5 per cent over the corresponding period in the previous year.

Customer Deposits as on 30th September 2024 are at USD 10.3 billion, a growth of 20.5 per cent over the same period of last year.

Gross Loans and Advances as on 30th September 2024 are at USD 10.3 billion, grown by 9.2 per cent over the same period last year.

Net Impairment YTD Sep-24 was USD 31.3 million, compared to USD 32.0 million for the corresponding period last year, a reduction of 2.0 per cent.

Total Assets as on 30th September 2024 was USD 13.0 billion, an increase of 10.8 per cent compared to last year.

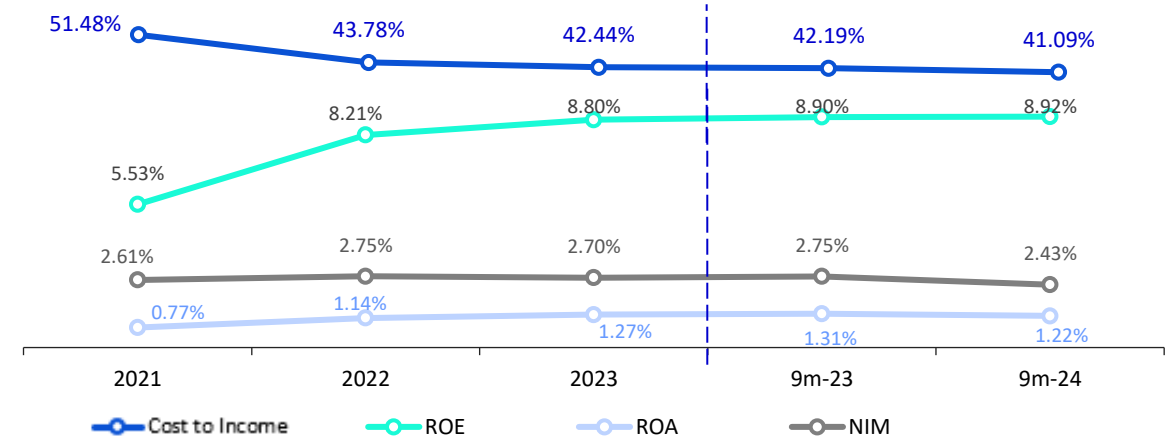
Liquid Assets Ratio as of 30th September 2024 improved to 20.7 per cent compared to 20.0 per cent for the corresponding period last year.

Fee Income YTD Sep-24 grew strongly by 16.9 per cent from USD 70.1 million to USD 82.0 million.

OVERVIEW

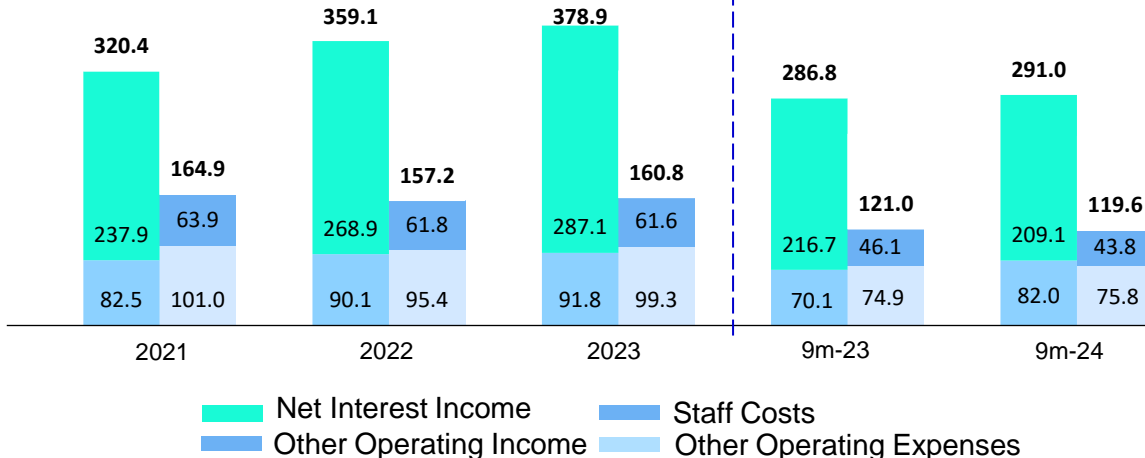
- Net interest income for YTD Sep-24 decreased by 3.5% compared to the previous year. This was mainly driven by higher cost of funds and new loans particularly in GRE sector.
- Cost-to-income ratio for YTD Sep-24 decreased to 41.1% compared to 42.2% for the corresponding period last year on the back of robust control on operating expenses. However, the bank continues to invest in people and technology.
- Return metrics decreased slightly - ROAA for YTD Sep-24 was 1.22% compared to 1.31% in YTD Sep-23. ROAE for YTD Sep-24 was 8.92%, higher by 2 bps as compared to 8.90% in YTD Sep-23.
- Net impairment decreased by 2.0% to USD 31.3 mn in YTD Sep-24 from USD 32.0 mn in YTD Sep-23. The reduction is on account of improved asset quality, lower NPLs and higher recoveries.

KEY PROFITABILITY METRICS



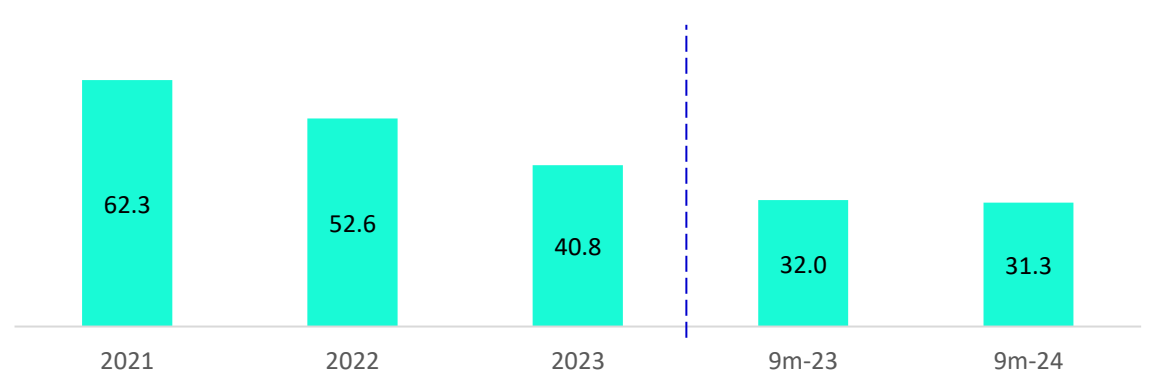
OPERATING INCOME COMPOSITION

USD million



NET IMPAIRMENT

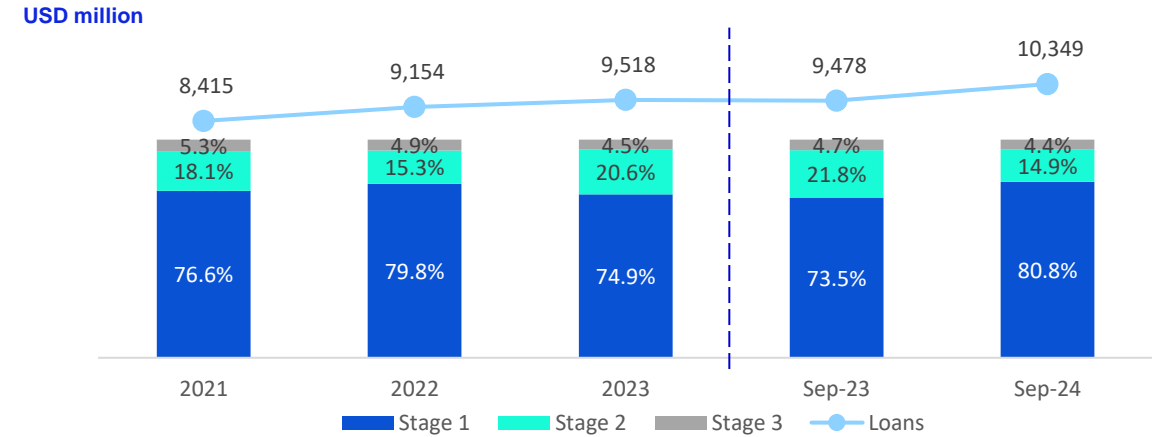
USD million



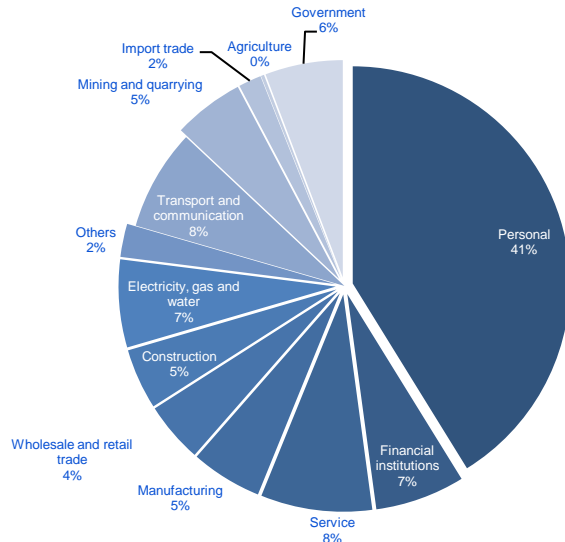
OVERVIEW

- Up to Sep 2024, the loan book grew by 8.7% and on a YOY basis, it has grown by 9.7%. Loan growth has been mainly driven by exposure to sovereign/GRE.
- 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 100.5% in Sep-24 from 102.3% in Sep-23.
- NPL ratio improved from 4.7% in Sep-23 to 4.4% in Sep-24.
- Stage 2 as a percentage of Loans have come down from 21.8% in Sep-23 to 14.9% in Sep-24.

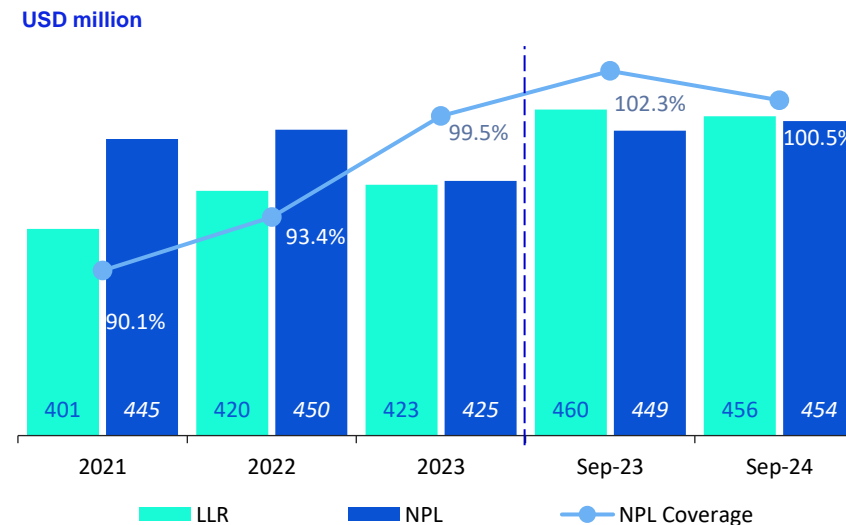
GROSS LOAN EXPOSURE BY STAGES



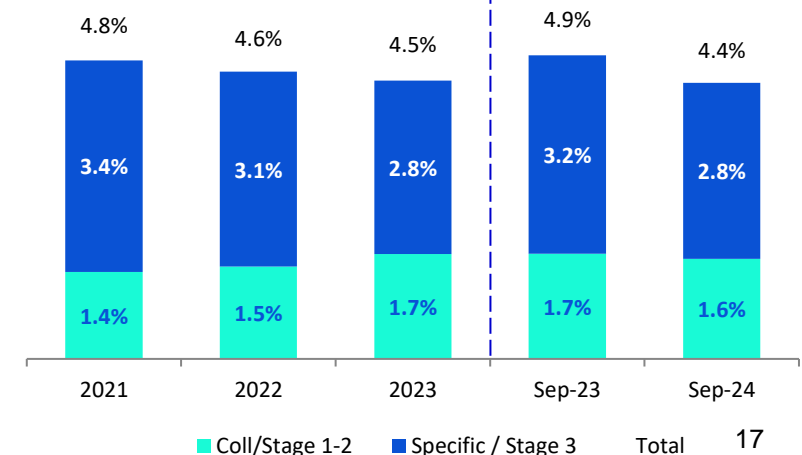
GROSS LOANS – SECTOR BREAKUP (2023)



IMPAIRED ASSETS AND PROVISIONING



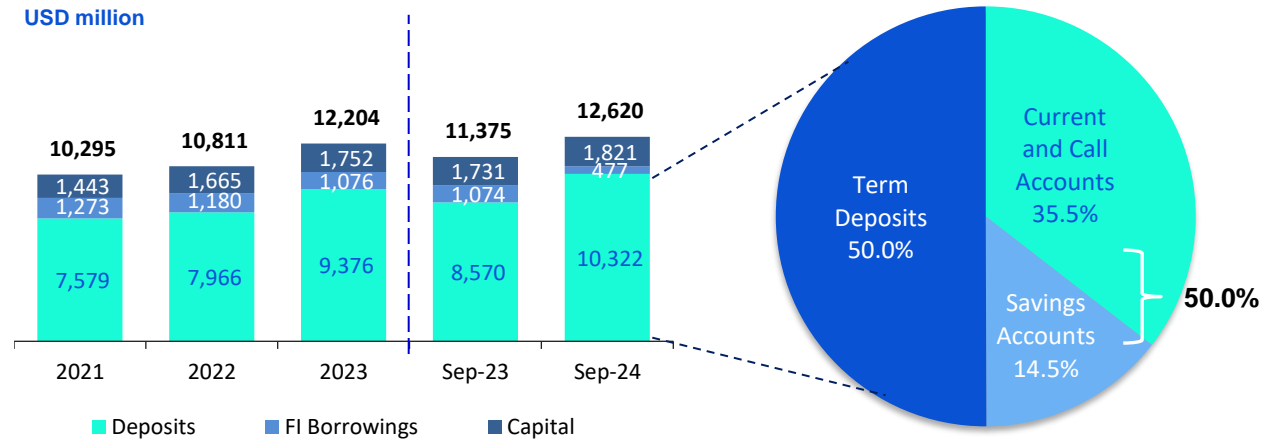
PROVISION HELD AS A % OF LOANS



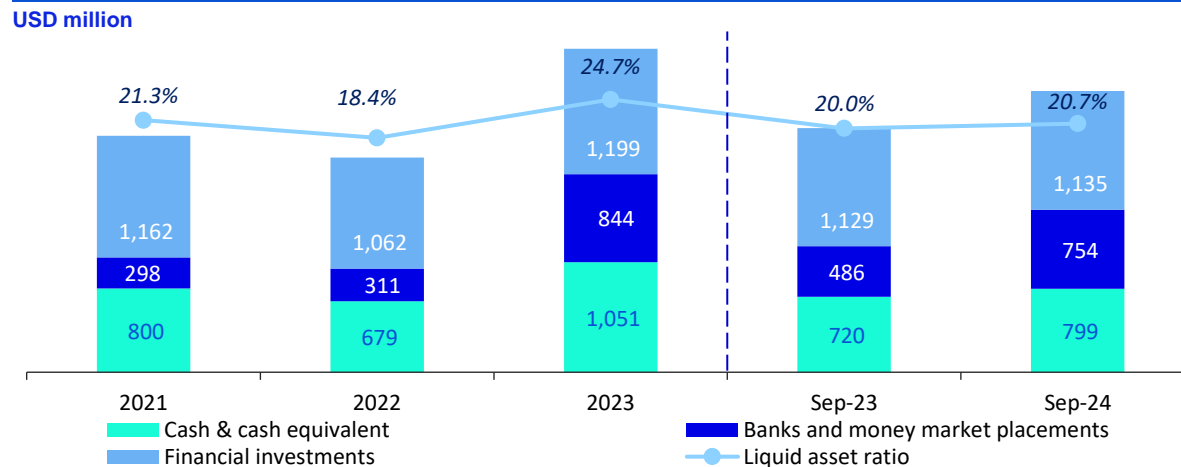
Overview

- Longer dated funding has complemented the bank's deposit base, resulting in a stronger Net Stable Funding Ratio of 108.7%, With a balanced deposit ratio of 50-50 between CASA and term deposits.
- Strong liquidity with liquid asset ratio representing 20.7% of total assets and a high liquidity coverage ratio of 233.7% as of 30th September 2024.
- Capitalization levels of 15.9% as of 30th September 2024 (excluding interim profits) vs. minimum total capital adequacy ratio of 13.5% (Central Bank of Oman guidelines) leaves a capital buffer of over 2.4%.
- The Bank's CET1 ratio is 11.4%, which is well above the regulatory minimum of 9.5% with a buffer of 1.9%.

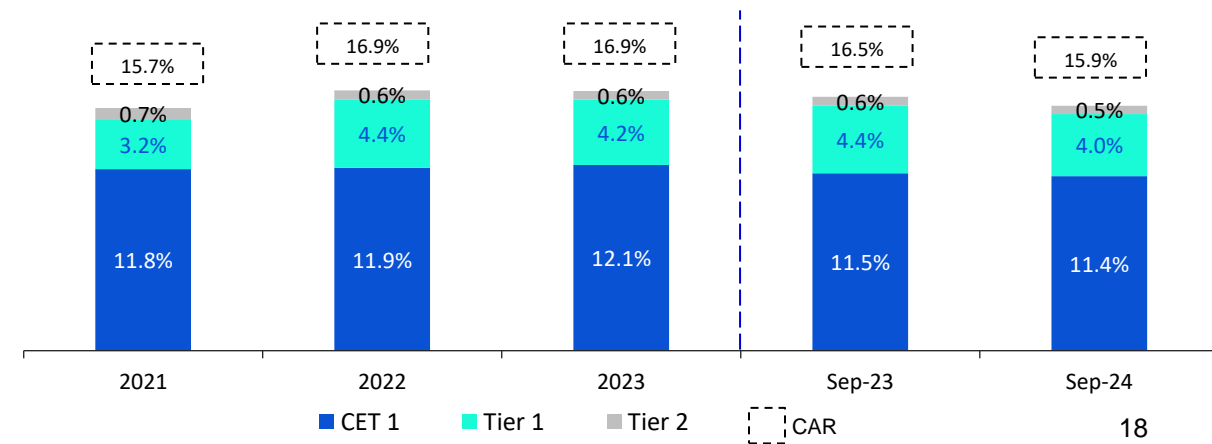
Funding Mix



Liquid Assets



Capitalization

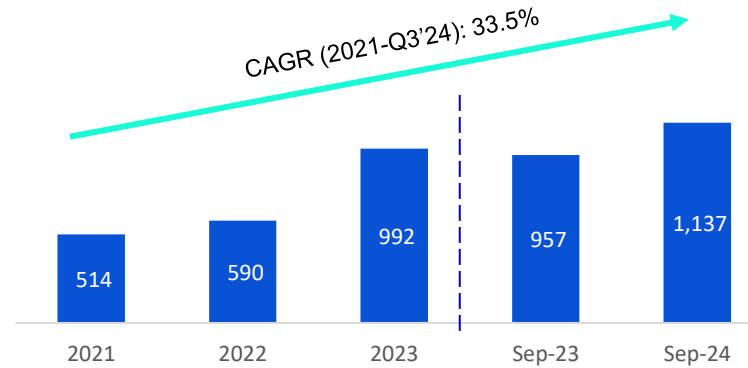


OVERVIEW

- Muzn Islamic Banking is the first licensed Islamic Banking Window operating in Oman since 2013 offering Shari'a compliant financial solutions for both retail and corporate customers.
- As of 2024, Muzn Islamic Banking operates 7 branches throughout Oman, enhancing accessibility for our growing customer base.
- Muzn assets have demonstrated a remarkable 33.5% CAGR as of September 2024 over the past three years, with net Islamic financing growing at 28.5% and net profit increasing by 79.7%.
- For the YTD ending September 2024, net profit reached USD 8.7 million, marking an impressive 222% increase compared to the same period last year.

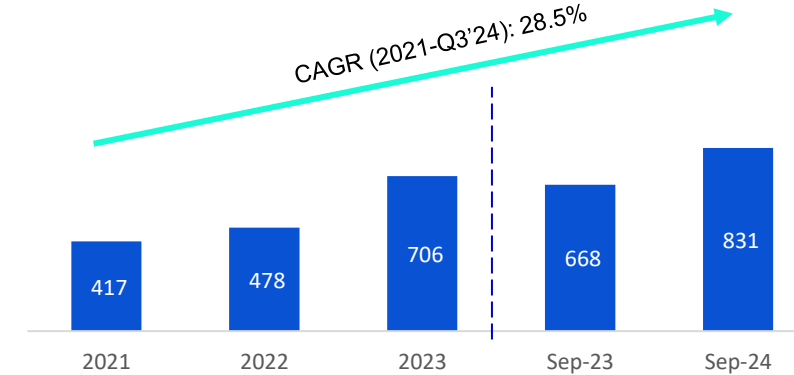
TOTAL ASSETS

USD million



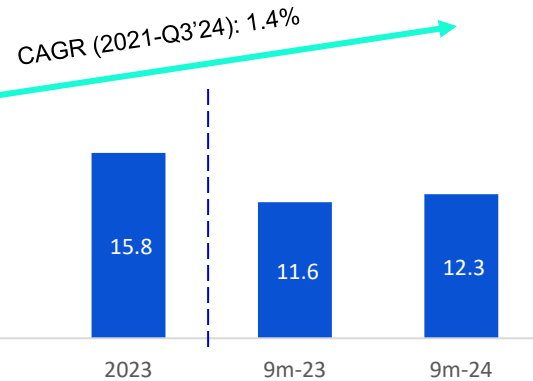
NET ISLAMIC FINANCING EXPOSURE

USD million



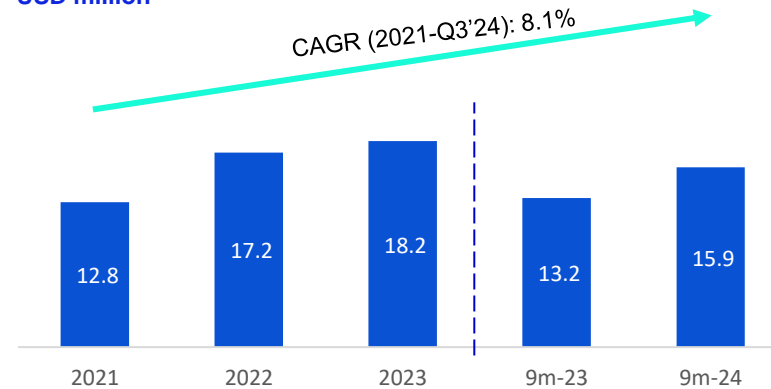
NET INCOME FROM ISLAMIC FINANCING & INVESTMENTS

USD million



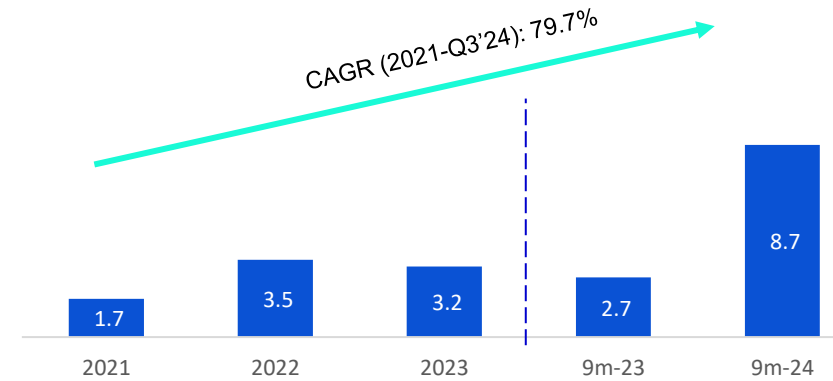
OPERATING INCOME

USD million



NET PROFIT AFTER TAX

USD million



Balance Sheet

Amount in USD Millions	2021	2022	2023	30-Sep-23	30-Sep-24	
		ASSETS				
Cash & Central Bank	800	679	1,051	720	799	
Due From Banks	298	311	844	486	754	
Loans & Advances (Net)	8,022	8,742	9,108	9,032	9,905	
Investments	1,162	1,062	1,199	1,129	1,135	
Fixed Assets	156	148	145	186	209	
Other Assets	163	211	178	146	156	
Total Assets	10,600	11,153	12,525	11,699	12,958	
		SHAREHOLDERS EQUITY				
- Share Capital	422	422	422	422	422	
- Share Premium Reserve	90	90	90	90	90	
- Legal and Other Reserves	155	157	161	162	164	
- Retained Earnings	398	436	494	511	592	
- Net Profit for the period	79	125	151	113	119	
Net Worth (A)	1,143	1,230	1,318	1,298	1,387	
Tier 1 Capital (B)	300	434	434	434	434	
Net Worth (C=A+B)	1,443	1,665	1,752	1,732	1,821	
		LIABILITIES				
Customer Deposits	7,579	7,966	9,376	8,570	10,322	
Due To Banks	773	681	1,076	1074	477	
Euro Medium Term Notes	500	499	-	0	0	
Other Liabilities	306	343	321	323	338	
Total Liabilities	9,157	9,489	10,773	9,967	11,137	
Total Net worth and Liabilities	10,600	11,153	12,525	11,699	12,958	

Income Statement

Amounts in USD Millions	For the year ended			For the period ended	
	31 Dec 2021	31 Dec 2022	31 Dec 2023	30 Sep 2023	30 Sep 2024
- Interest Income-Conventional	430.1	475.7	587.9	433.9	487.1
- Interest Income-Islamic	25.3	28.2	42.0	29.2	45.6
Total Interest Income	455.4	503.9	629.9	463.1	532.7
- Interest Expenses-Conventional	(204.1)	(221.1)	(316.6)	(228.8)	(291.5)
- Interest Expenses-Islamic	(13.4)	(13.9)	(26.2)	(17.7)	(32.2)
Total Interest Expenses	(217.5)	(235.0)	(342.8)	(246.5)	(323.7)
Net Interest Income	237.9	268.9	287.1	216.6	209.0
Non funded Income	82.5	90.1	91.8	70.1	82.0
Total Income	320.4	359.1	378.9	286.7	291.0
- Staff Costs	(101.0)	(95.4)	(99.3)	(74.9)	(75.8)
- Other Operating Costs	(48.0)	(46.6)	(45.7)	(34.5)	(31.7)
- Depreciation	(16.0)	(15.2)	(15.8)	(11.6)	(12.1)
Total Operating Expenditure	(164.9)	(157.2)	(160.8)	(121.0)	(119.6)
Operating Profit	155.5	201.9	218.1	165.7	171.4
- Gross Provisions	(75.6)	(68.9)	(62.2)	0.0	(0.1)
- Recovery	13.3	16.3	21.4	(48.2)	(46.5)
Net Loan Impairment	(62.3)	(52.6)	(40.8)	(48.2)	(46.6)
Net Profit Before Tax	93.2	149.3	177.3	117.5	124.8
Taxation	(14.5)	(24.1)	(26.6)	(21.3)	(21.4)
Net Profit for the period	78.6	125.2	150.7	96.2	103.4

Q&A





Thank you

