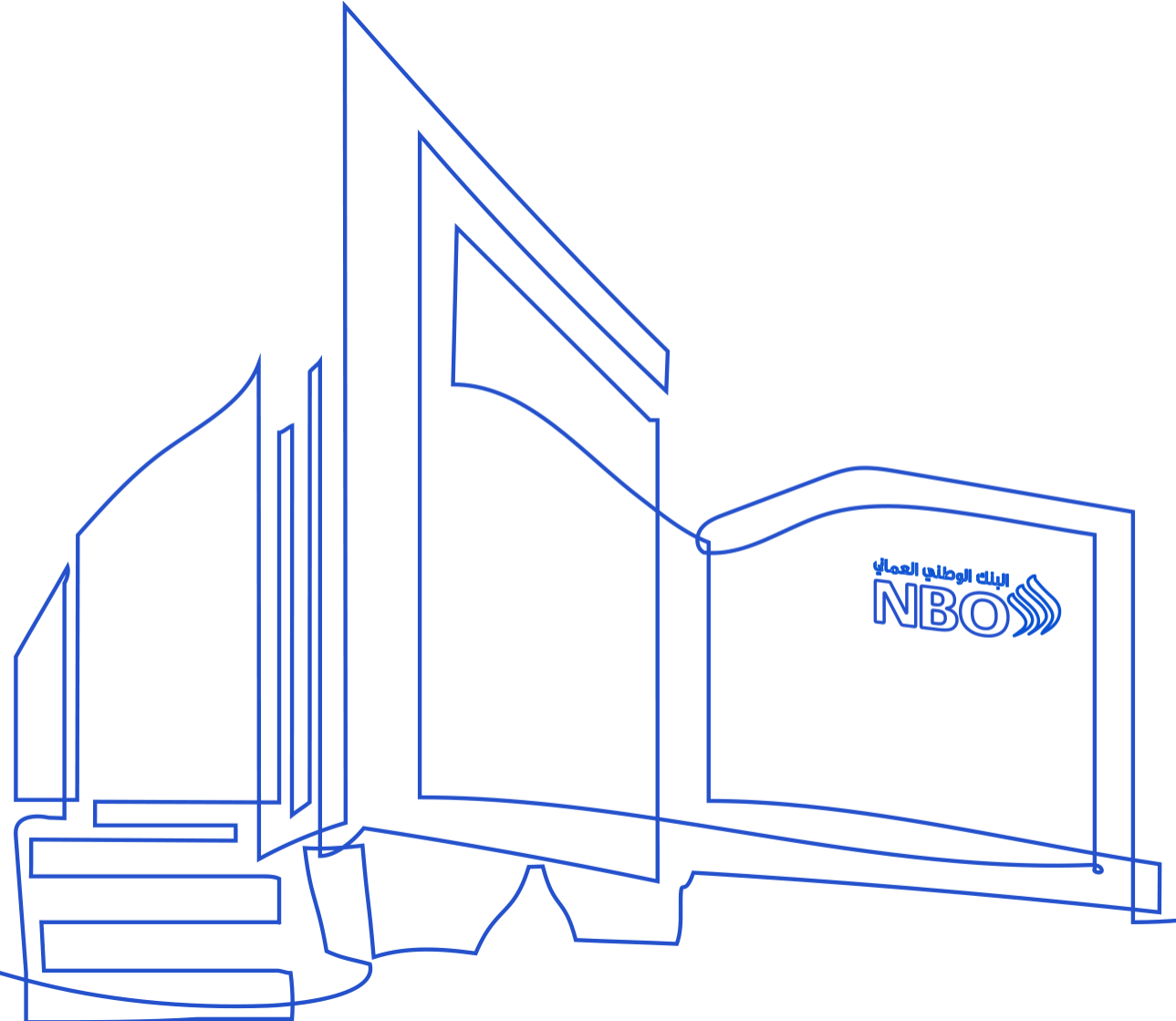


Investor Presentation

December 2022
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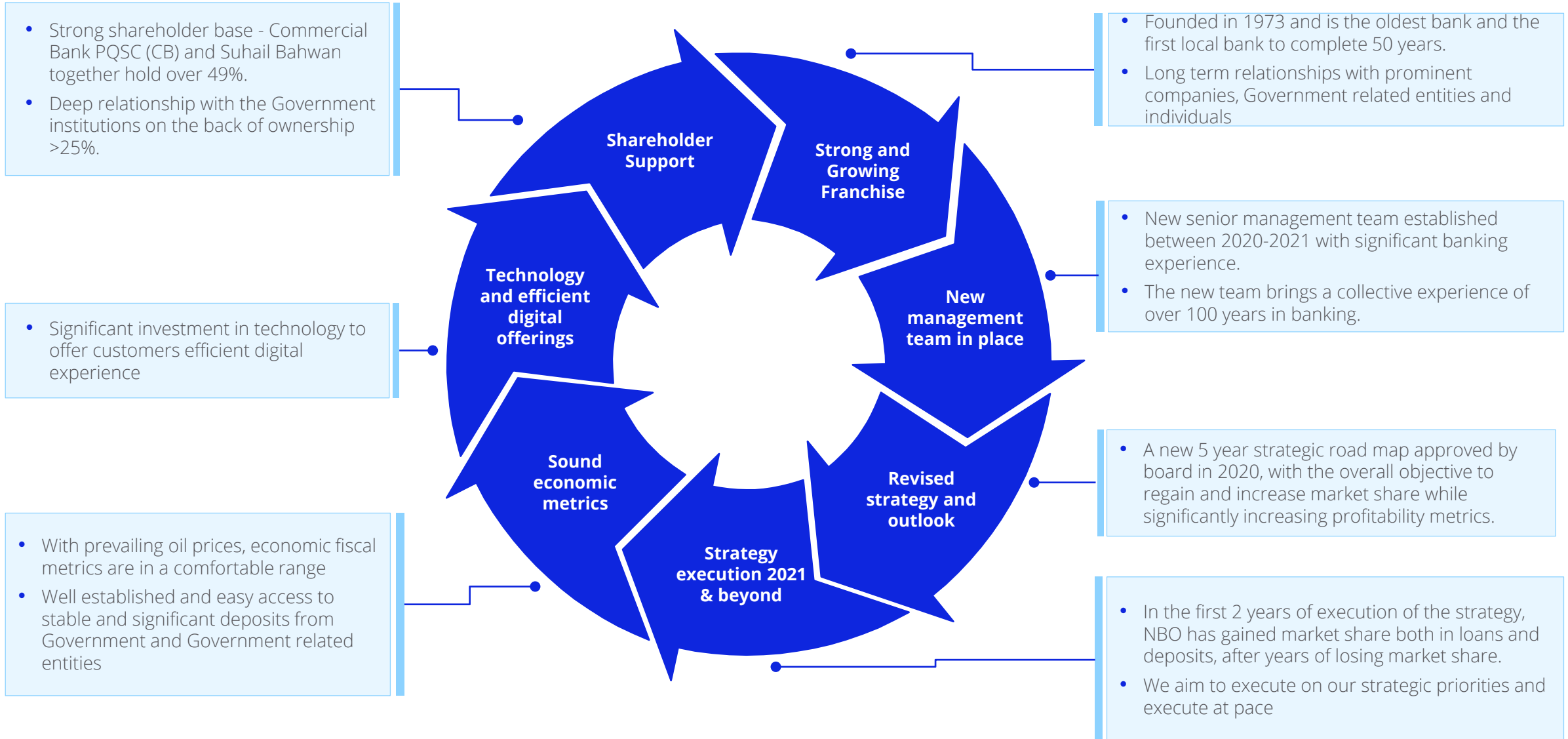
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Table of Contents

- Key messages and priorities
- Operating Environment
- National Bank of Oman Introduction
- Financial Performance
- Appendix

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

1

Balance Sheet

Liquidity



Capital



Asset Quality



2

Business Model

Revenue



Optimization



Partnership



3

Operating Model

Brand



Digital-Channel



People



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 4.9 million (Dec 2022), with Omani nationals comprising 2.9 million and expatriates comprising 2.0 million of the overall figure. Population has increased by 9% YoY
- Oman's nominal economy expanded by 32% percent YoY during Jan – Sep 2022 and Real GDP increased by 5% over the same period.
- Public Govt debt as a percentage of GDP has fallen from 70% in 2020 to 43% as at end 2022 as per State General Budget. It is expected to fall further in 2023
- Government's budget for 2023 was based on oil price at USD 55 per barrel

SULTANATE OF OMAN ECONOMIC SNAPSHOT

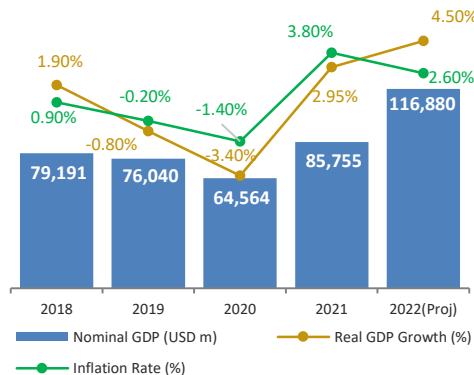
Geography	309,500 km ² , Oman is the second largest country in the GCC region
Population	4.9 million (Dec 2022)
Credit Rating	Moody's: Ba3 (Positive); S&P: BB (Stable); and Fitch: BB-(Stable)
Nominal GDP	USD 108.9 billion (2022, IMF Proj)
GDP per Capita	US\$ 22,224 (from 2022 IMF Nominal GDP projection)
Fiscal surplus forecast	Surplus c. 5.2% of GDP (2022, Moody's projection)

Rating outlook

The positive outlook reflects the strengthening of Oman's debt burden and debt affordability metrics during 2022, mainly as a result of elevated oil prices, and the prospect that this improvement could be sustained in the medium term. Balance sheet repair that has already taken place this year restores the fiscal space that the sovereign had lost during 2020. Meanwhile, the prospect that oil prices remain elevated for the next few years affords the government additional time to advance its fiscal and economic reform agenda, increasing the likelihood that Oman's structural vulnerability to cyclical declines in oil prices and its exposure to longer-term global carbon transition risks will be reduced.

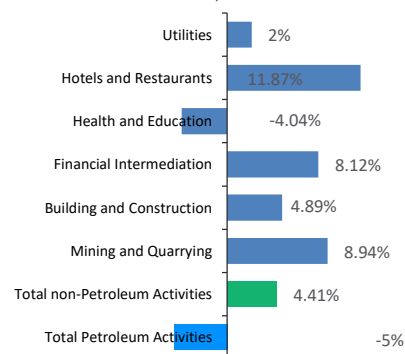
CHALLENGING MACROECONOMIC CONDITIONS WITH A WELL DEFINED ECONOMIC DIVERSIFICATION PLAN

Headwinds to GDP Growth



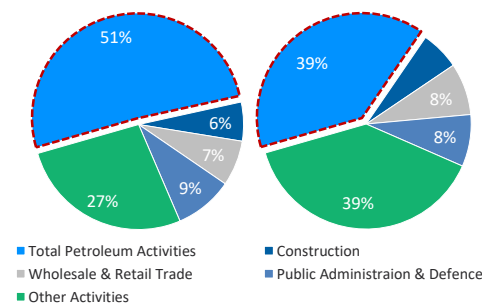
.. with Non-hydrocarbon sectors having the commendable growth

Real CAGR of selected sectors, 2014-2021



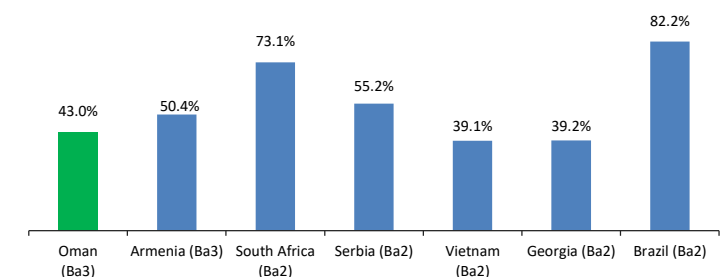
.. leading to a more diversified economy

GDP composition



MODERATE DEBT TO GDP LEVELS AS COMPARED TO BB* RATE PEERS

Gross Government debt to GDP (2022 estimates)



The Oman Banking Sector

OVERVIEW

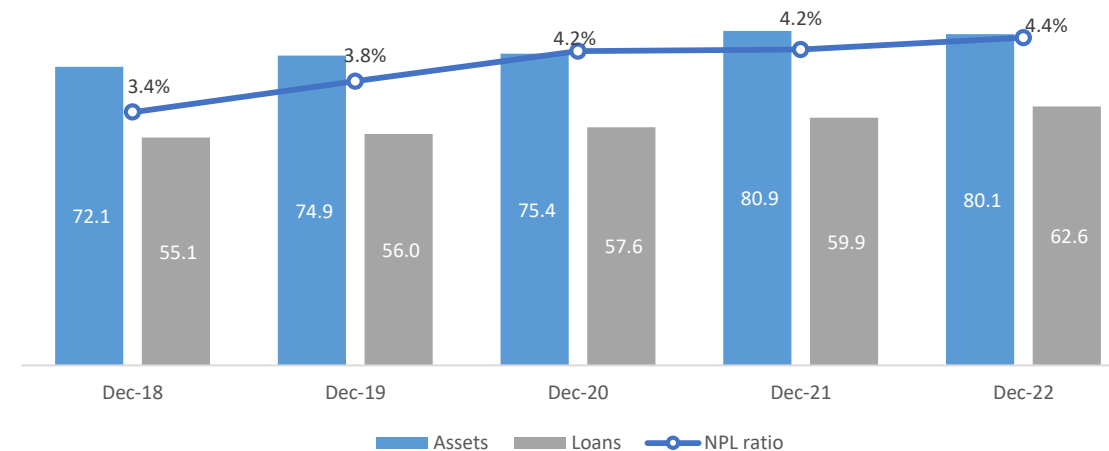
- Oman's Banking sector risk is assessed to be "BB" by Fitch which is underpinned by the sector's strong capitalization.
- Aggregate deposits for the banking sector in 2022 showed a YoY growth of 0.3%. The loans for the same period grew by 4.5% YoY.
- However, the Omani banking system is fairly concentrated with top four banks (NBO included) accounting for nearly three fourth of total credit and banking profits.
- Although the banking assets have shown 2.6% CAGR over last 5 years, several banking profitability metrics have been trending lower than pre-pandemic levels.
- There has been an improvement in the above situation with most banks showing better 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 to reflect a partial recovery in the challenging operating conditions facing the banks.
- 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.
- Their view also takes into account that the Government of Oman (Ba3 stable) has limited capacity to support the country's banks in case of need.

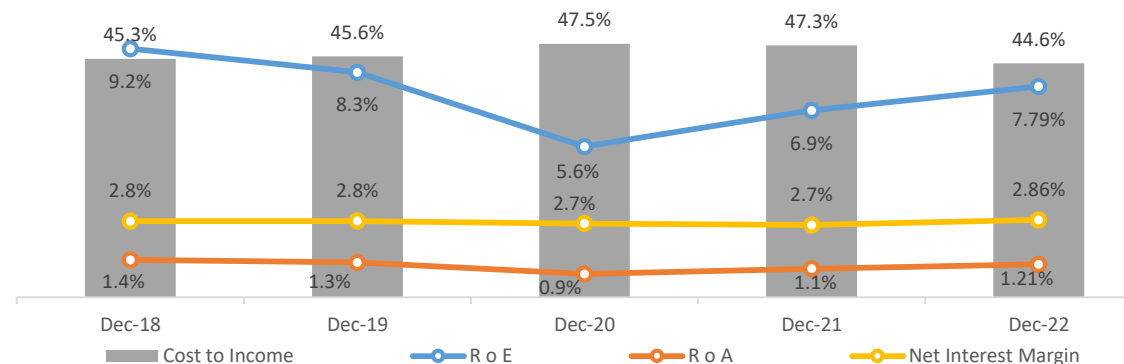
ASSETS AND LOANS OF MAJOR BANKS INCREASED BY 4%

USD billion



Assets Loans NPL ratio

KEY RATIOS AMONG MAJOR BANKS



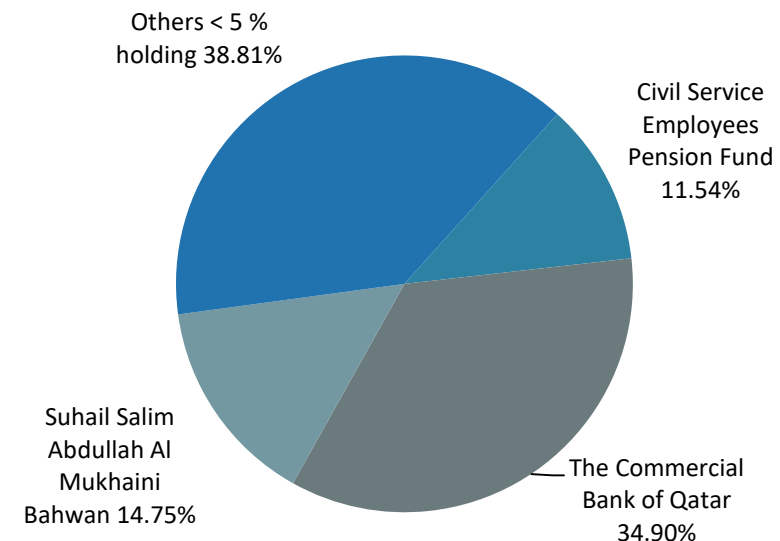
Source: Published FS of top 6 Omani Banks including NBO

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 Securities Market (“MSM”)
- The Bank has 1,432 employees as at 31st December 2022 and is the third largest bank by total assets in Oman accounting to USD 11.153 billion, as at 31st December 2022.
- As at 31st December 2022, NBO serves approximately half a million retail customers and 25,000 corporate and SME customers via 66 branches and 203 ATM and CCDM units
- In addition, the Bank has two overseas branches in the UAE (Dubai and Abu Dhabi) and in the process of closing the branch in Egypt
- The Bank operates via five main segments, namely, retail banking, corporate banking, investment banking, treasury and international banking, and Islamic banking
- As at 31st December 2022, NBO had approximately 12.9% market share in loans and 12.6% market share in deposits in Oman

OWNERSHIP



CREDIT RATING

Rating Agency	Date	Long-term Rating	Outlook
MOODY'S	Oct 2022	Ba3	Positive
FitchRatings	Aug 2022	BB-	Stable

KEY FINANCIALS

USD in Millions	2019	2020	2021	2022
Total Assets	9,467	9,435	10,600	11,153
Net Loans	7,277	7,501	8,022	8,711
Deposits	6,575	6,564	7,579	7,915
Total Operating Income	333	304	320	359
Net Profit	134	47	79	125
Tier 1	15.70%	15.40%	15.00%	16.30%
Total CAR	16.60%	16.40%	15.80%	16.90%
Loans to Deposit Ratio	110.70%	114.30%	105.90%	110.10%
NPL Ratio	4.90%	5.60%	5.30%	4.90%
Cost/Income	49.60%	54.60%	51.50%	43.80%

Key Financial Highlights

Net Profit for the year 2022 was USD 125.2 million, a growth of 59.2 per cent over corresponding period last year.

Net Interest Income for the year 2022 was USD 268.9 million, representing an increase of 13.1 per cent compared to last year.

Fee Income for the year 2022 was USD 90.1 million compared to USD 82.5 million, a strong growth of 9.2 per cent, due to good performance across various fee lines.

Operating Expenses for the year 2022 was USD 157.2 million, compared to USD 164.9 million for the corresponding period in 2021, a decrease of 4.7 per cent.

Net Impairment for the year 2022 was USD 52.6 million, compared to USD 62.3 million for the corresponding period last year, a reduction of 15.6 per cent.

Gross loans and advances as of 31st December 2022 are at USD 9.1 billion, showing growth of 8.4 percent over last year.

Pursuant to the perpetual capital issuance of USD 134.1 million, the bank's core equity and total capital Adequacy Ratio stands at 11.9 per cent and 16.9 per cent respectively for 2022.

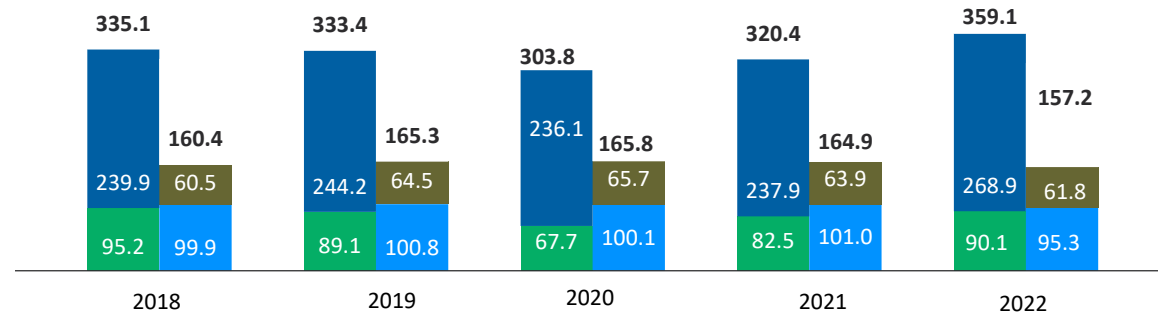
NBO - Operating Performance

OVERVIEW

- Net Interest income for 2022 increased by 13.1 per cent. This is driven by strong growth in loan volumes.
- Fee income for 2022 posted a strong growth of 9.2%. There has been all round contribution from various fee lines especially from investment income.
- Operating expenses for 2022 decreased by 4.7%. Despite the continuing investments made for growth, there is a reduction year on year due to various efficiency initiatives undertaken across the bank.
- Net Impairment for 2022 decreased by 15.6%. 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.

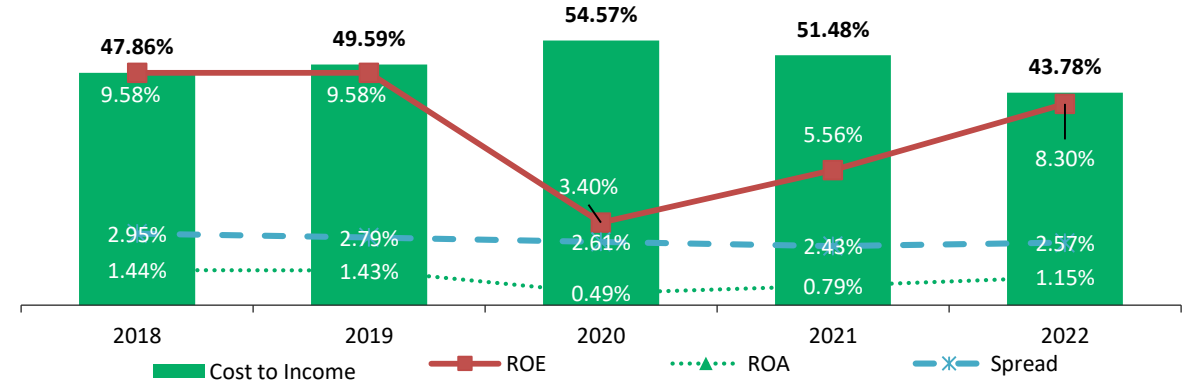
OPERATING INCOME COMPOSITION

USD million



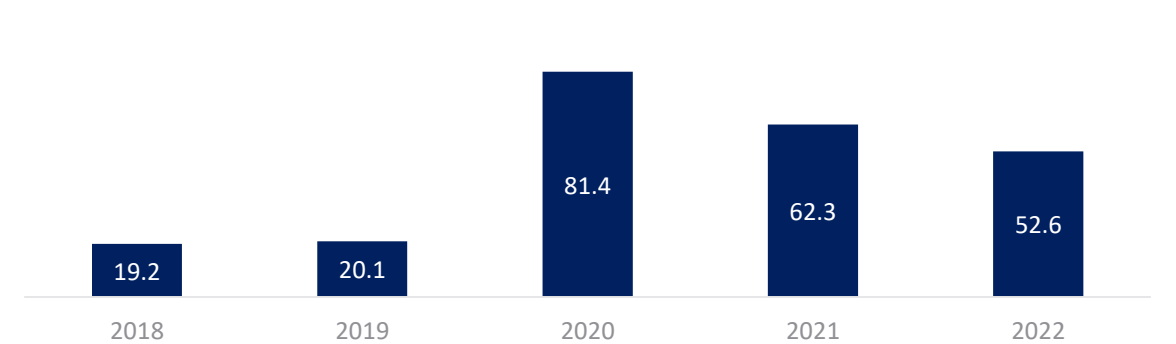
■ Net Interest Income ■ Other Operating Income
■ Staff Costs ■ Other Operating Expenses

KEY PROFITABILITY METRICS



PROVISIONS

USD million



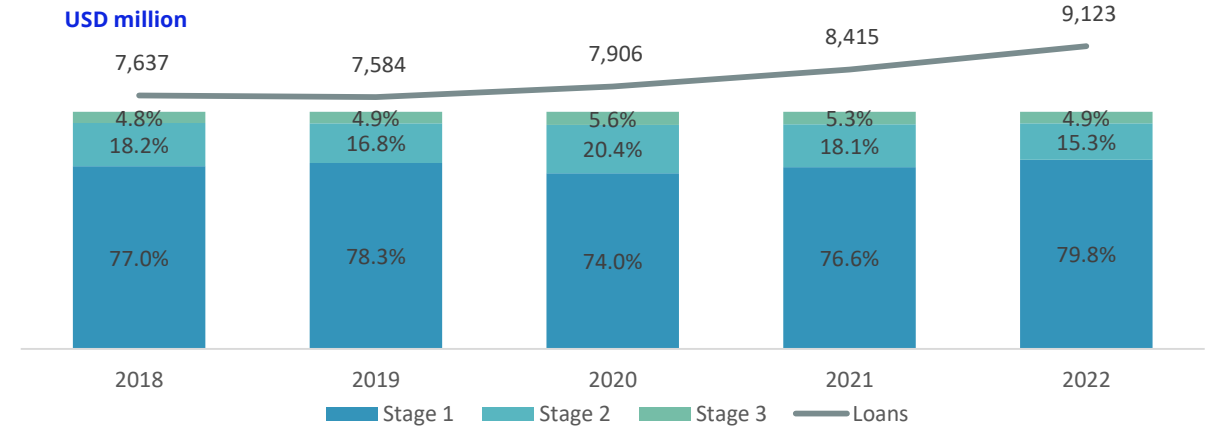
■ Stage 1-2-3 provisions (P&L)

Asset Quality

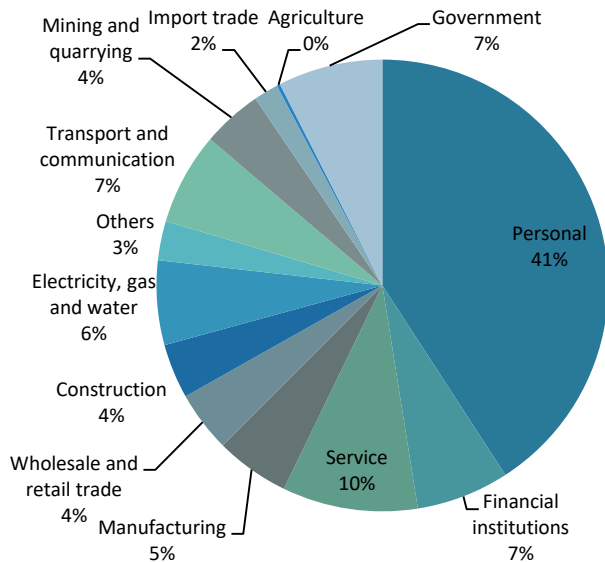
OVERVIEW

- During FY 2022, the Bank witnessed a growth in loan book of 8.4%.
- The Bank has diversified portfolio of loans/financing activities across economic sectors through both conventional and Islamic banking.
- Continuous build up of Stage 1-2-3 provisions to cover for bad loans: adequate provisioning with 4.6% of Bank's loans (Dec 2022)
- NPL ratio for the year is at 4.9% which is lower compared to last year at 5.3%.
- The provision coverage is also improved from 90.1% to 93.4% for the year 2022.

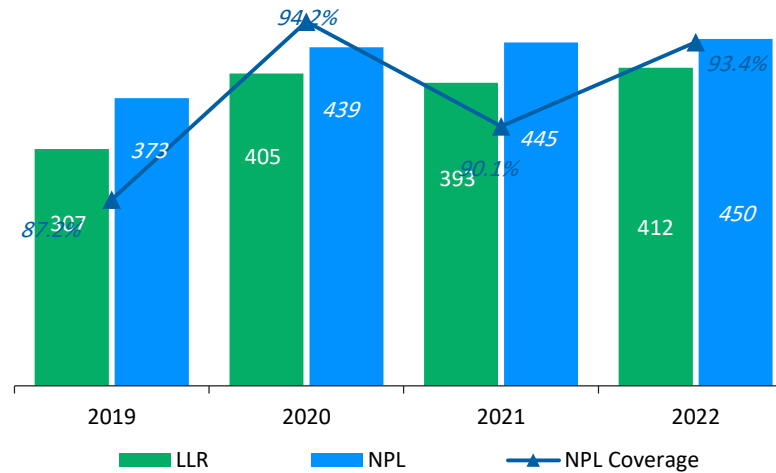
STAGE WISE LOANS



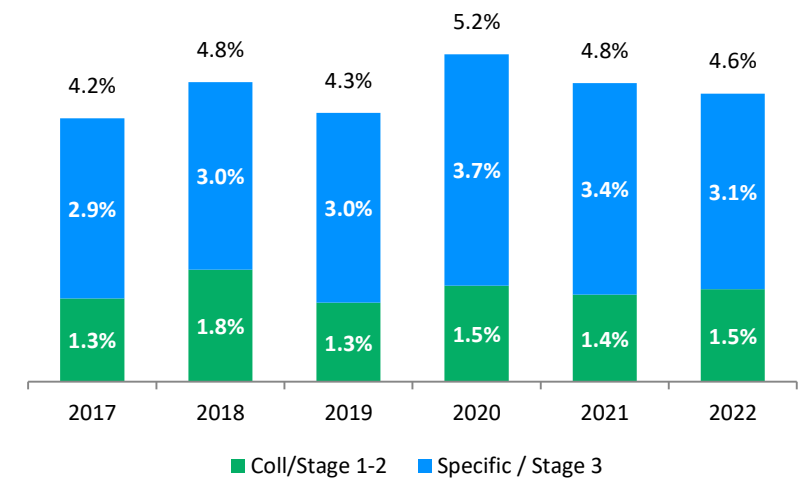
GROSS LOANS - SECTOR BREAKUP (H1 2022)



IMPAIRED ASSETS AND PROVISIONING



LOSS PROVISION HELD AS % OF TOTAL LOANS



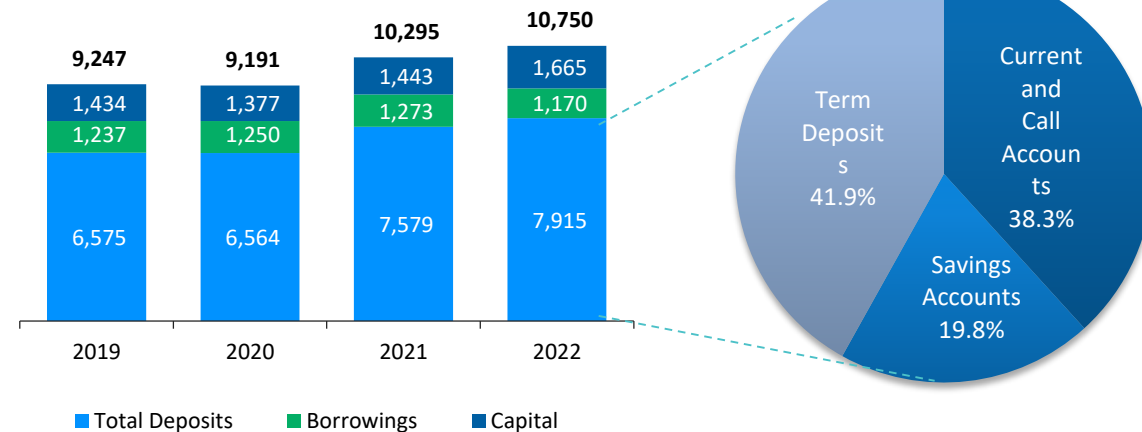
Capitalization, Funding and Liquidity

Overview

- Low cost deposits (58% of total deposits) from wholesale and retail has contributed to stability of banks' deposit base as well as stronger NIMs.
- Strong liquidity with liquid asset ratio representing 18.3% of total assets and a high liquidity coverage ratio of 212.4% (Dec 2022)
- Capitalization levels of 16.9% (Dec 2022 excluding interim profits) vs. minimum total capital adequacy ratio of 12.25% (Central Bank of Oman guidelines) leaves us a capital buffer of 4.65%.
- The Bank's CET1 ratio at 11.9% is above the regulatory minimum by more than 3.6%.

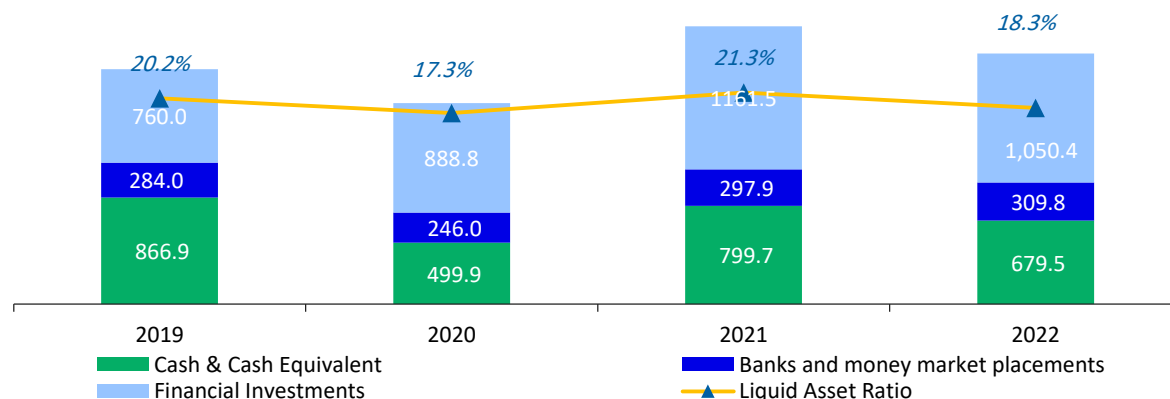
Funding Mix

USD million

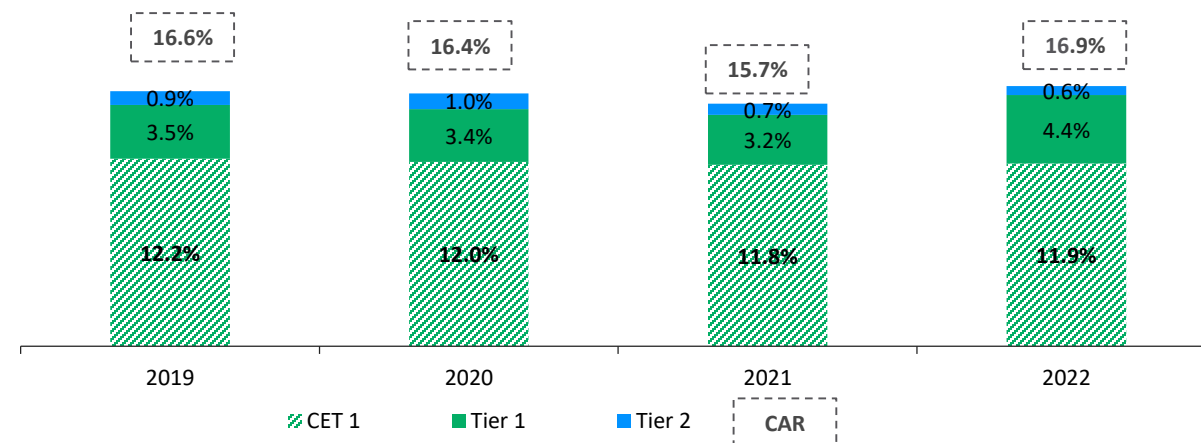


Liquid Assets

USD million



Capitalization



Balance Sheet

AMOUNT IN USD 000	DEC-19	DEC-20	DEC-21	DEC-22
ASSETS				
Cash & Central Bank	866,940	499,888	799,662	679,452
Due From Banks	284,094	246,016	297,883	309,766
Loans & Adv. (Net)	7,276,771	7,500,940	8,022,457	8,710,907
Investments	759,868	888,839	1,161,501	1,050,356
Fixed Assets	168,953	162,514	155,564	148,286
Other Assets	105,834	137,260	163,107	254,688
Total Assets	9,462,460	9,435,457	10,600,174	11,153,455
SHAREHOLDERS EQUITY				
Share Capital	422,325	422,325	422,325	422,325
Share Premium Reserve	89,519	89,519	89,519	89,519
Legal and Other Reserves	150,179	144,836	154,629	157,371
Retained Earnings	279,122	373,410	382,000	435,955
Proposed Stock/ Cash Dividend	70,951	-	15,626	-
Net Profit For The Period.	133,587	47,138	78,642	125,223
Net Worth (Share Capital + Reserves) (A)	1,134,294	1,077,229	1,142,741	1,230,393
Tier 1 Capital (B)	300,000	300,000	300,000	434,112
Net Worth (C=a+b)	1,434,294	1,377,229	1,442,741	1,664,505
LIABILITIES				
Customer Deposits	6,575,372	6,564,101	7,578,525	7,915,382
Due To Banks	737,106	749,930	773,322	679,852
Other Liabilities	181,348	219,345	271,365	361,649
Tax	34,340	24,852	34,221	41,509
Euro Medium Term Notes	500,000	500,000	500,000	490,558
Sub Total	8,028,166	8,058,228	9,157,433	9,488,950
Total Liabilities	9,462,460	9,435,457	10,600,174	11,153,455

Income Statement

Amounts in USD '000	For the year ended 31 December 2021	For the year ended 31 December 2022
Interest Income-Conventional	430,099	475,725
Interest Income-Islamic	25,268	28,200
Total Interest Income	455,367	503,925
Interest Expenses-Conventional	(204,052)	(221,138)
Interest Expenses-Islamic	(13,439)	(13,855)
Total Interest Expenses	(217,491)	(234,993)
Net Interest Income	237,876	268,932
Total Fee Income	82,517	90,125
Total Income	320,393	359,057
Staff Costs	(101,000)	(95,358)
Other Operating Costs	(47,971)	(46,595)
Depreciation	(15,958)	(15,231)
Operating Expenditure	(164,929)	(157,184)
Operating Profit	155,464	201,873
Loan Loss Reserve (Gross)	(75,618)	(68,932)
Total Recovery	13,319	16,337
Provisions less Recovery	(62,299)	(52,595)
Net Profit Before Tax	93,165	149,278
Taxation	(14,522)	(24,055)
Net Profit For The Period	78,643	125,223

Q&A

Thank you