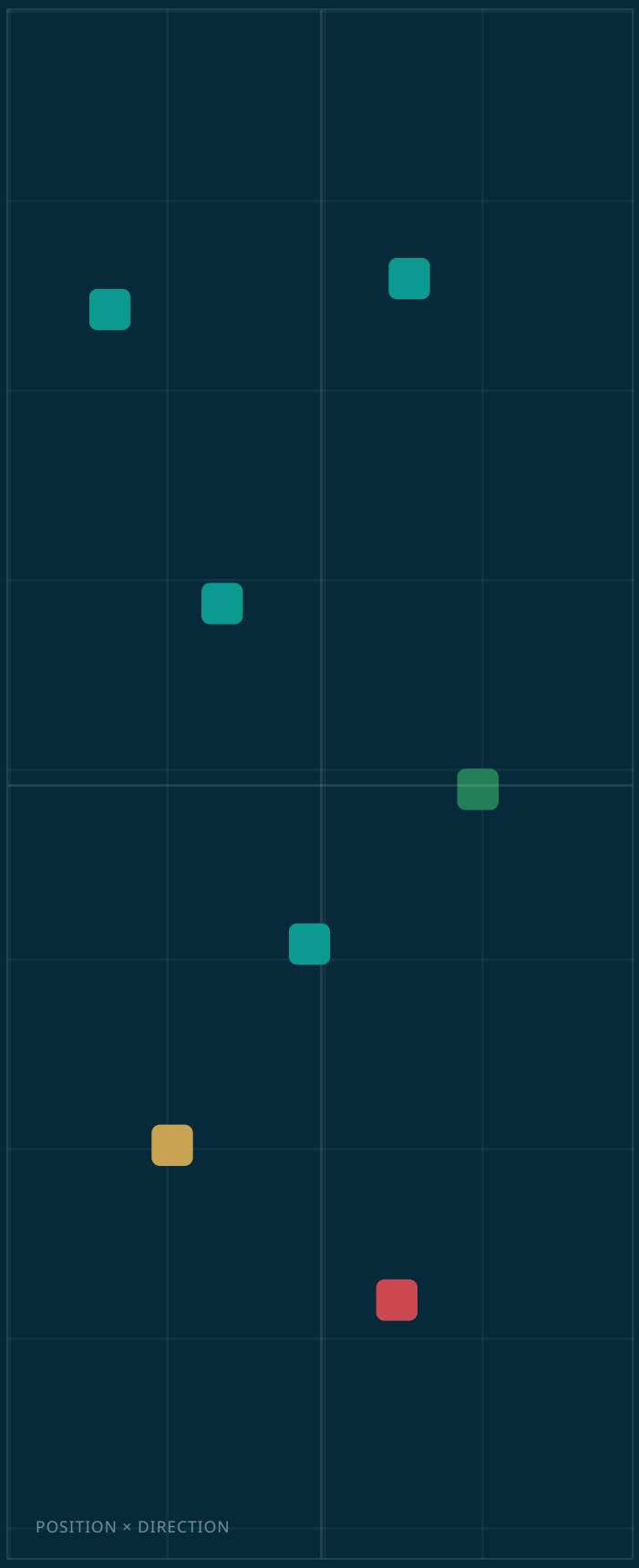
QUARTERLY BANKING COMPASS

OMAN · H1 2026

07	**Seven banks**
01	**One economy**
↗	**Different directions**

The question is not who posted the fastest profit growth.
It is what produced that growth - and what sits behind it.



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KEY TAKEAWAY

06

banks grew profit

01

bank declined

Profit is the visible result. The Compass reads the engine beneath it.

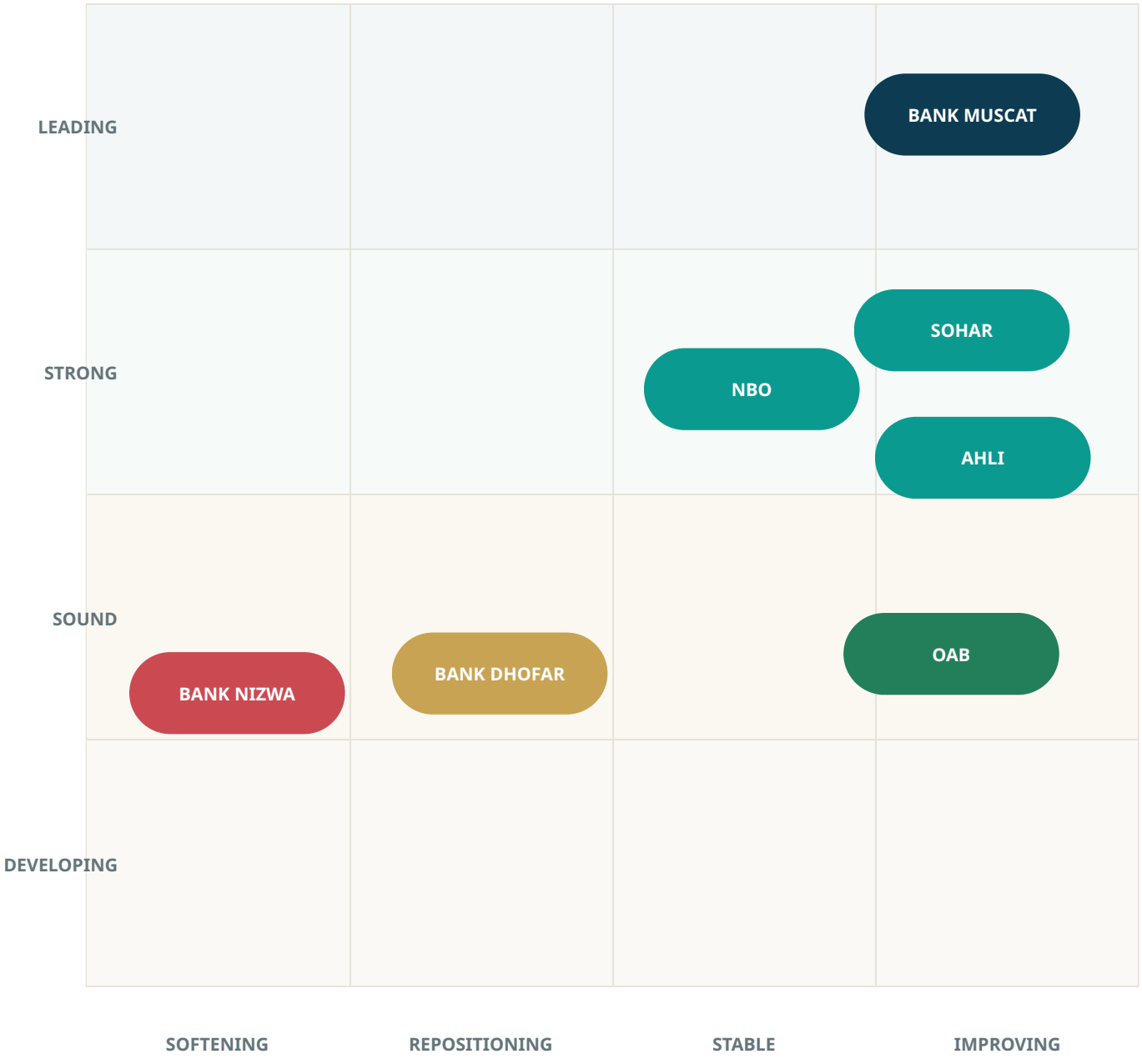
The important difference is not the growth rate alone, but what produced it: operations, funding, credit, liquidity or a structural event. The Compass therefore does not treat all profit growth as equal-quality growth.

PROFIT PRINT =/ EARNINGS QUALITY

SIGNATURE VIEW

The Oman Banking Compass

Current position runs vertically; direction runs horizontally. Distance is analytical - not a league-table score.

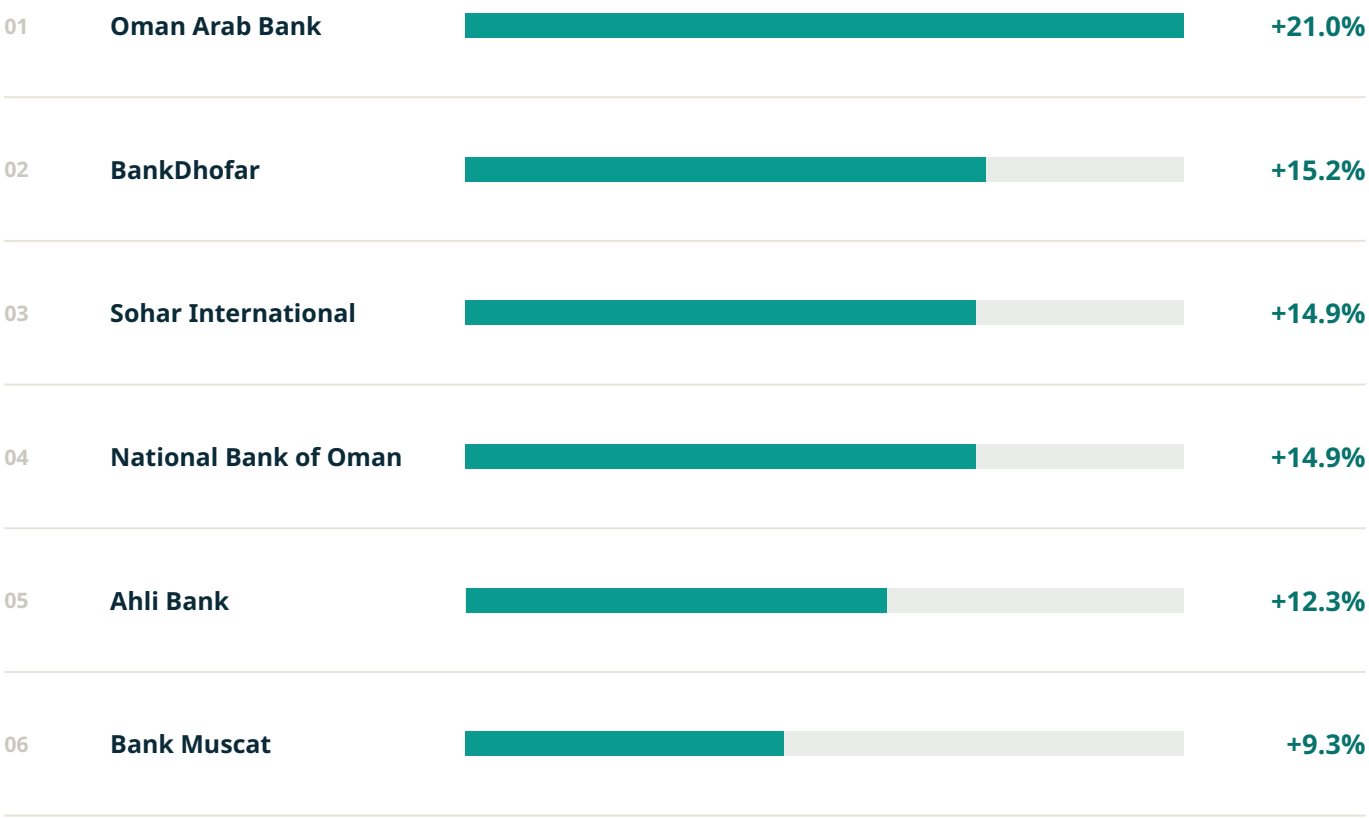


7×2

One anchor; three Strong improvers; one improving Sound bank; one Sound bank repositioning; one Sound bank softening.

SECTOR PULSE

Profit growth is broad. Its quality is not.



+108%

IMPAIRMENT CHARGE · YoY

At Bank Nizwa, the sharp rise in the impairment charge overwhelmed otherwise positive core operating activity.

+5% operating income versus -39% H1 profit

The Compass separates operating momentum from the credit, funding and structural forces that produced the result. All growth rates are YoY unless stated otherwise.

SECTOR ANCHOR

Bank Muscat

POSITION LEADING | DIRECTION ↗ IMPROVING

Funding strength is the clearest signal.

Customer deposits are growing at roughly twice the pace of net loans and financing.

Deposits

+13.2%

YoY

Financing	**+6.2%** YoY
H1 net profit	**RO 137.5m** +9.3% YoY
Net impairment losses	**RO 24.3m** ~19% lower

THE READ

The advantage is funding, not scale alone. Deposits are growing materially faster than financing, giving Bank Muscat room to expand without equal balance-sheet pressure. Lower impairment further improves the quality of H1 earnings.

SUPPORTING FACTOR

Impairment easing strengthens earnings quality.

WATCH NEXT

- Core net interest / financing income
- Impairment normalisation

BASIS FOR THE CALL · LEADING / IMPROVING

Deposits +13.2% versus financing +6.2%; H1 profit growth 9.3%; net impairment losses about 19% lower. The combination points to deeper funding and cleaner earnings support.

LARGE FULL-SERVICE

Sohar International

POSITION **STRONG**

DIRECTION **↗ IMPROVING**

The merger is starting to show up in operations.

Acquired scale is translating into a broader franchise and stronger profitability.

Net loans & advances

RO 6.97bn

H1 2026

Deposits	**RO 7.94bn** H1 2026
H1 profit	**RO 53.0m** +14.9% YoY
Counterweight	**Higher impairment** Softer liquidity

THE READ

The merger has moved from scale to proof. H1 profit of RO 53.0m sits on a materially larger loan and deposit franchise. The restraint is impairment and liquidity, not lack of operating breadth.

COUNTERWEIGHT

Higher impairment and softer liquidity cap the call.

WATCH NEXT

- Durability of fee / FX contribution
- Impairment and liquidity trend

BASIS FOR THE CALL · STRONG / IMPROVING

H1 profit RO 53.0m (+14.9% YoY), net loans and advances RO 6.97bn and customer deposits RO 7.94bn show acquired scale converting into performance. Higher impairment and softer liquidity keep the call at Strong / Improving.

LARGE FULL-SERVICE

National Bank of Oman

POSITION **STRONG** | DIRECTION **↗ IMPROVING**

Operating growth is organic - not deal-driven.

The engine continues to compound without a new merger or acquisition explaining the result.

Organic profit CAGR

23.4%

2021-2025 · 4-year CAGR

Cost / income	**~39%** Efficiency
H1 net profit	**~RO 39.1m** +14.9% YoY
Core income	**~+11.7%** H1 growth

THE READ

The key distinction is that the engine is organic. Profit and core income are compounding without a new deal driving the headline. The Egypt exit matters strategically, but it is not the source of H1 performance.

COUNTERWEIGHT

Egypt exit is strategic context, not an H1 earnings source.

WATCH NEXT

Asset quality

Capital efficiency as financing grows

BASIS FOR THE CALL · STRONG / IMPROVING

~14.9% H1 profit growth, ~11.7% core-income growth and ~39% cost-to-income support a Strong / Improving call. The next test is whether that efficiency holds as the balance sheet expands.

MID-SIZED / FOCUSED

Ahli Bank

POSITION STRONG

DIRECTION ↗ IMPROVING

Growth is broad. Deposits now have to keep pace.

Organic balance-sheet expansion is translating into earnings, but funding discipline is the next test.

Financing

+18.3%

YoY

Deposits	**+16.0%** YoY
H1 profit	**RO 25.1m** +12.3% YoY
Operating income	**RO 62.6m** +9.3% YoY

THE READ

The growth is real and broad. Financing, deposits, operating income and profit are all moving up. The issue is pace: funding must stay close enough to financing to preserve balance-sheet discipline.

COUNTERWEIGHT

Funding growth must keep pace with financing growth.

WATCH NEXT

- Deposit growth vs loans / financing
- Funding mix discipline

BASIS FOR THE CALL · STRONG / IMPROVING

Net loans, advances and financing +18.3% versus customer deposits +16.0%; operating income +9.3%; H1 profit +12.3%. That supports Strong / Improving, with deposit pace as the main watch.

MID-SIZED / FOCUSED

Oman Arab Bank

POSITION **SOUND** DIRECTION **↗ IMPROVING**

Earnings are outpacing balance-sheet repair.

The earnings engine is stronger; funding and capital metrics still need to catch up.

H1 profit

+21%

YoY

Q2 net interest income	**+41.9%** Derived
Net loans / deposits	**101.1%** Balance-sheet ratio
New AT1	**USD 400m** Tier 1 / total capital

THE READ

Earnings have accelerated faster than the balance sheet has de-risked. AT1 improves Tier 1 and total capital, but does not mechanically lift CET1. That distinction matters.

COUNTERWEIGHT

AT1 supports Tier 1 / total capital; it does not mechanically raise CET1.

WATCH NEXT

- Deposit funding
- NPL / allowance coverage
- CET1

BASIS FOR THE CALL · SOUND / IMPROVING

H1 profit +21% and derived Q2 net interest income +41.9% point to a stronger earnings engine. A 101.1% net loans-to-deposits ratio and mixed asset-quality / capital signals keep the position at Sound.

LARGE FULL-SERVICE

BankDhofar

POSITION **SOUND** | DIRECTION **→ REPOSITION**

Profit is improving; risk and capital still lag.

The operating engine is stronger, while asset-quality and capital normalisation remain incomplete.

Operating profit

+17.3%

H1 growth

H1 profit	**RO 27.3m** +15.2% YoY
Gross NPL	**5.26%** Risk
Capital	**16.72% / 11.19%** Total CAR / CET1

THE READ

The operating recovery is visible. The balance-sheet repair is not finished. Stronger profit does not yet erase elevated NPLs or the capital context.

COUNTERWEIGHT

Risk and capital normalisation remain incomplete.

WATCH NEXT

- NPL migration and coverage
- CET1 / total capital
- Financing growth vs capital

BASIS FOR THE CALL · SOUND / REPOSITIONING

Operating profit +17.3% and H1 profit +15.2% show a stronger engine. Gross NPLs at 5.26%, total CAR at 16.72% and CET1 at 11.19% explain why Direction remains Repositioning.

FULL ISLAMIC

Bank Nizwa

بنك نزوى
Bank Nizwa

POSITION	SOUND	DIRECTION	↘ SOFTENING

One number flipped the direction.

The franchise remains Sound; the impairment shock changed the H1 direction.

Impairment charge

+108%

YoY

Operating income	+5% YoY
Financing	+2% YoY
H1 profit	-39% YoY

THE READ

The franchise did not collapse; credit cost changed the direction. Operating income and financing still grew, but the impairment charge more than doubled and overwhelmed that progress. The proposed Alizz transaction is post-period.

COUNTERWEIGHT

The impairment charge is the single biggest directional break.

WATCH NEXT

- Credit cost
- Stage 2 / 3 migration
- Deposit momentum

BASIS FOR THE CALL · SOUND / SOFTENING

Operating income +5% and financing +2% remain positive. Impairment +108% YoY drove H1 profit down 39%. That is enough to move Direction to Softening while Position remains Sound.

NEXT QUARTER

What would change our mind?

01	**BANK MUSCAT**	Core spread income
02	**SOHAR**	Impairment / liquidity
03	**NBO**	Sustainability
04	**AHLI**	Funding pace
05	**OAB**	Funding / asset quality
06	**BANKDHOFAR**	NPL / capital
07	**BANK NIZWA**	Credit cost

The Compass does not predict the next quarter. It makes the current quarter harder to misread.

IMPORTANT NOTICE

Legal & methodology note

Use boundaries, analytical status and information reliance.

01

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02

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03

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04

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