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ahlibank SAOG

Investor Presentation
H1 2024

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Rounding

Rounding differences may appear throughout the presentation

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Macro Economic Overview

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Economic Overview

Oman GDP growth for 2024 is projected at 1.2% compared to the 2.5% growth of ME while the World GDP is expected to be constant @ 3.2%.

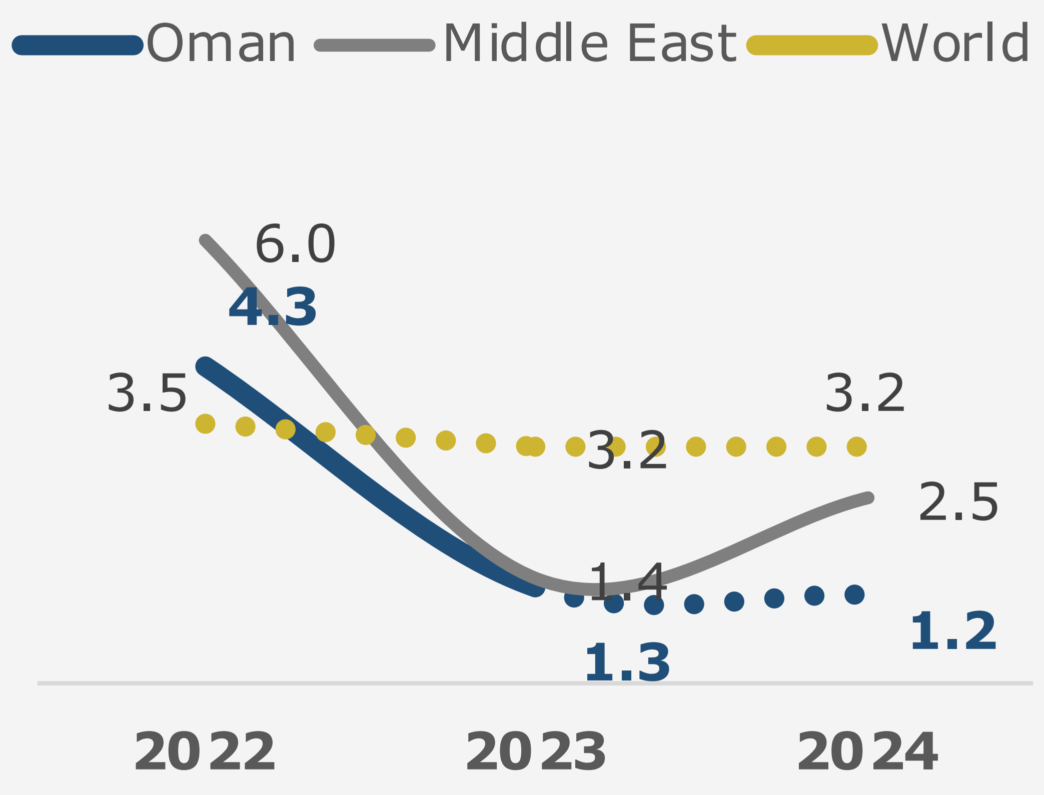
Oman Government continues to follow a prudent fiscal policy to reduce public debt and attract foreign direct investment.

- S&P upgraded the outlook of Oman to 'BB+ Positive' in March 2024 while Fitch Ratings affirmed the 'BB+ Stable in May 2024' and Moody's are maintaining the 'Ba1 Stable' rating. The rating is one notch lower than investment grade.

Sustainable growth and Diversification

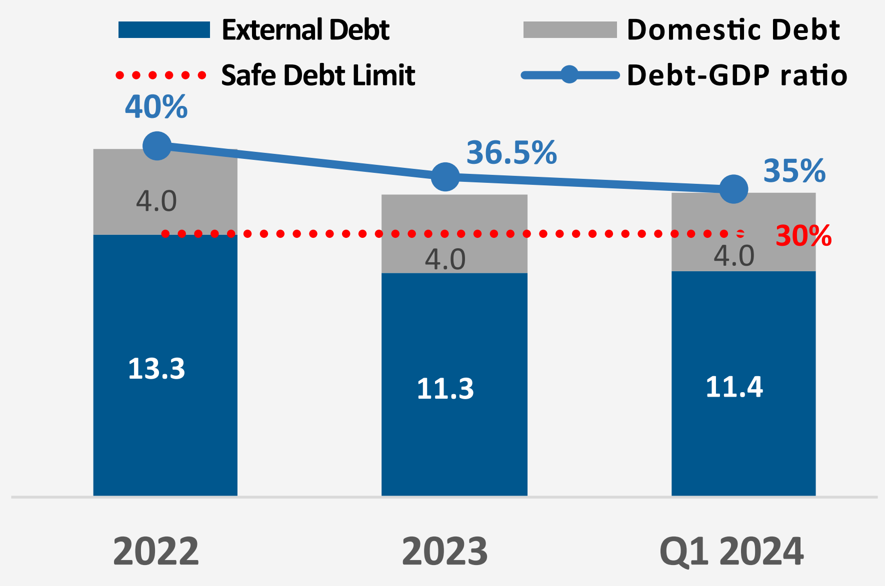
- The Medium Term Fiscal Plan for 2020-24 offers a clear path towards greater fiscal sustainability. Fiscal surplus as at June 2024 reduced to RO 391 Mn due to lower oil prices and production compared to 2023. Budget for 2024 is a deficit of RO 640 Mn.
- Oman is also advancing on several projects like the green hydrogen facility powered by wind and solar energy, aiming to raise the share of renewable energy to 30% by 2030, up from the current 5.5%.

GDP Growth



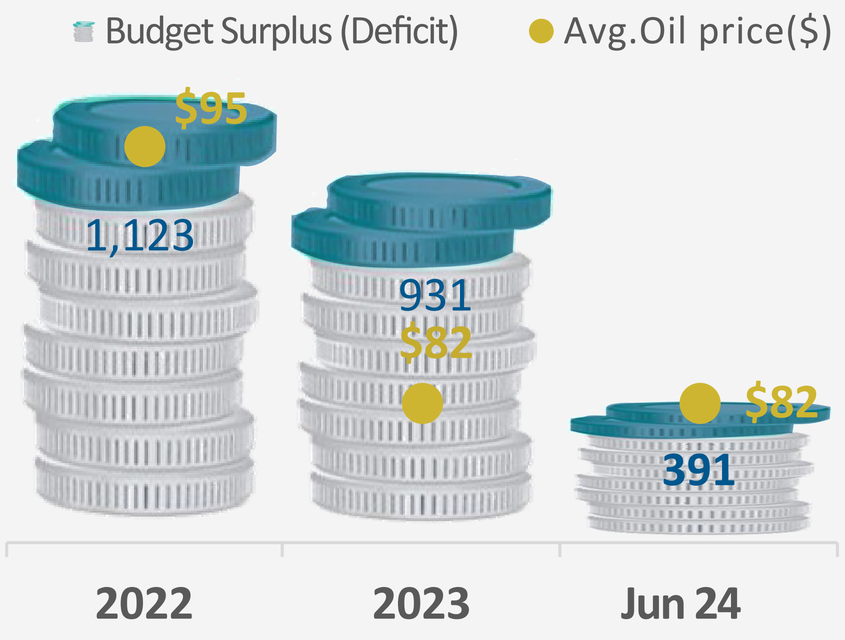
Source: IMF WEO

Public Debt



Source: MoF

Fiscal Surplus



Source: MoF

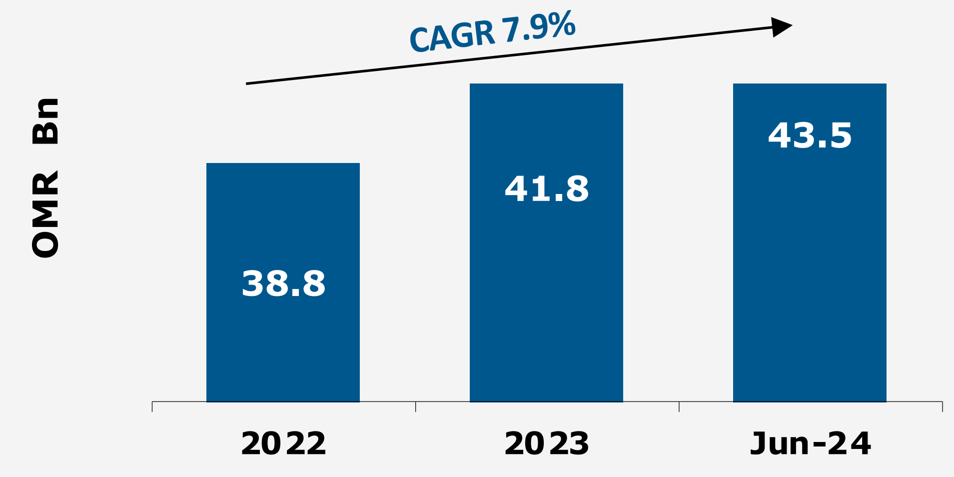
Credit Ratings

	2023	2024
S&P	BB+ (Stable)	BB+ (Positive)
FitchRatings	BB+ (Stable)	BB+ (Stable)
Moody's	Ba1 (Stable)	Ba1 (Stable)

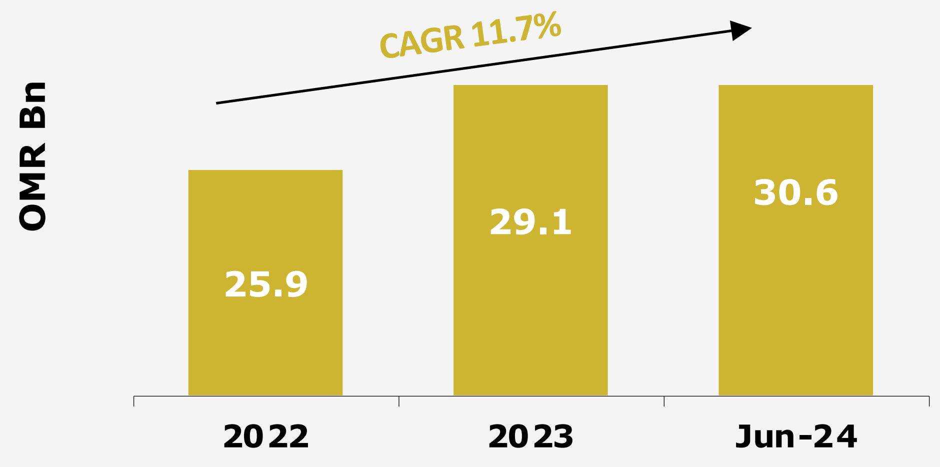
Source: MoF

Operating Environment

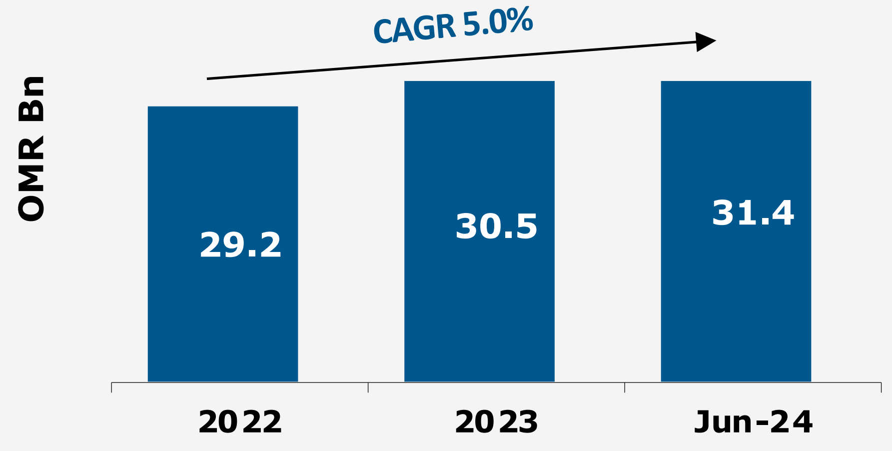
Banking Assets



Customer Deposits



Loans & Advances



Source: CBO Statistical Bulletin

Credit Growth

Moderate credit growth of 3.8% YoY and 3.1% for Jan-Jun 2024 with improved liquidity and stable interest rates during H1 2024 as the economic growth continues supported by oil price at the similar level as 2023.

Liquidity

Customer Deposits recorded a significant growth of 11.6% YoY until Jun-24 while the growth in Jan-Jun 2024 is 5.3% backed by a higher growth in Islamic banking deposits.

Interest Rate

Average OMR lending rate has increased marginally to 5.6% p.a. as of June-24 from around 5.4% p.a. in June-23 . Overnight interbank borrowing rates remained at 5.4% from c.5.3% level in Jun-23 , as the CBO repo rate remain at same level of 6% and expected to decline towards end of 2024 following Fed rates.

Capitalization

Capital Adequacy Ratio of all banks in Oman has moved down from 19.6% as at Dec-23 due to the credit growth but continues to be at a healthy level of 18% as at Q1 24 a higher growth in Islamic banking deposits.

Asset Quality

Banking industry NPL ratio remained at 4.5% as at Q1 24 similar to position as at Dec-23.

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Strategic objectives

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STRATEGIC OBJECTIVES

- ASSET GROWTH
- DEPOSIT DIVERSIFICATION
- ENHANCED FEE INCOME
- OPERATIONAL EFFICIENCY

STRATEGIC PRIORITIES

- DIGITAL TRANSFORMATION
- FOCUS ON ISLAMIC BANKING
- GROW INVESTMENT BANKING
- FOCUS ON PREMIUM / PRIVATE & WEALTH
- GREENFIELD FINANCING
- TIER 1 CAPITAL
- HUMAN CAPITAL

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ahlibank Overview

ahlibank – Evolution

- Commercial banking operations commenced in 2007
- 48 Branches, including 24 Islamic branches and 3 state of art Digital branches
- Strong institutional shareholding
- Market share of 9.5% in Loans and 8.7% in Deposits

Fitch ratings has assigned a credit rating of BB with a Stable Outlook

Key Performance Highlights

Total Assets
7.8 %CAGR
OMR 3.08 Bn 2022
OMR 3.44 Bn H1 24

Deposits
9.0%CAGR
OMR 2.30 Bn 2022
OMR 2.61 Bn H1 24

Net Loans
8.0 %CAGR
OMR 2.50 Bn 2022
OMR 2.81 Bn H1 24

Branch Network
42 Branches 2022
48 Branches H1 24

Key Highlights

- Total Assets over > RO 3.4Bn
- Gross Loans increased by RO 112.9 Mn, for the half year
- Customer deposits increased by RO 136.3 Mn, for the half year
- One of the Lowest NPL ratio in the industry
- Issuance of Mandatory Convertible Bonds of RO 10.4Mn.
- Exercise of call option of RO 20Mn AT1 Capital followed by fresh issuance of AT 1 capital of RO 40Mn
- Launched new funds – Islamic Money Market, Leverage fixed income, Balance Fund & Real Estate Fund
- Shariah compliant investment & financial solutions for Private Banking customers
- Participated in Green Field Loans & Financings
- Seamlessly navigating path of digital transformation, achieving milestones as per set timelines
- Omanization ratio of 94.2%; Female staff ratio of 40.5%

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Delivering Sustainable Growth

Solid track record of superior and sustainable shareholders returns

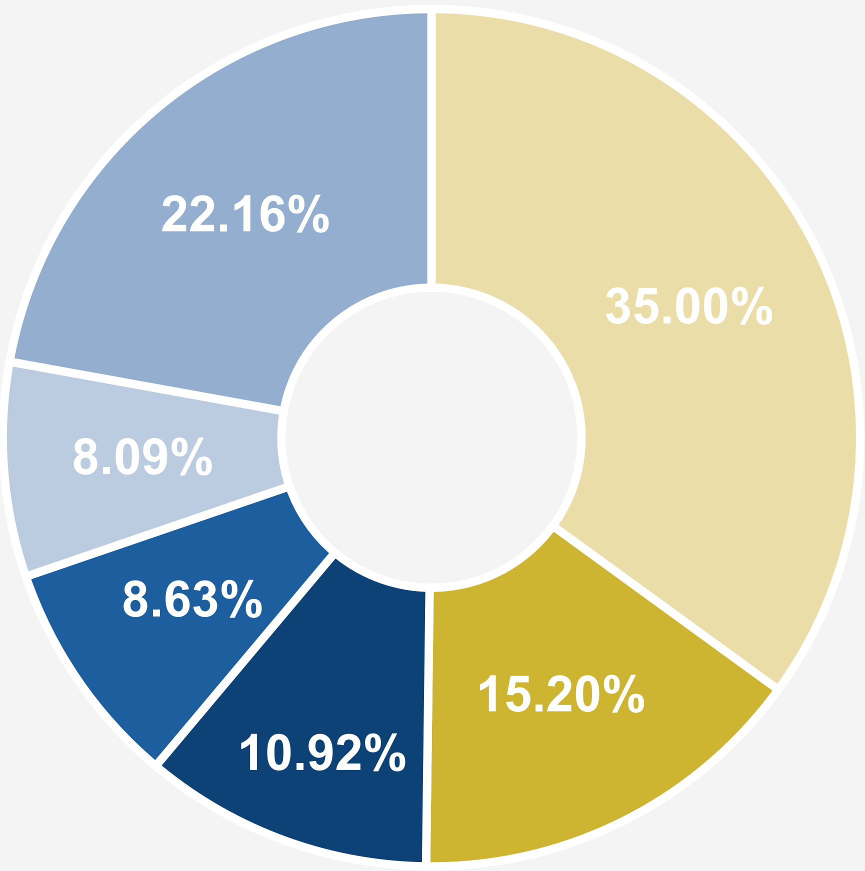
Shareholder's Return

Return on Average Equity	Consistent Dividend Payout ratio of over
11.0%	50%

Robust Business Model

Efficient operating model	Prudent approach to risk
c.42.4% Cost to income ratio	c. 4.1% One of the lowest NPL in the industry

Strong Institutional Shareholding



Consistent Dividend Payments

Total Dividend 2023 9bz share

2023 Cash Dividends	Mandatory Convertible Bonds issue (in lieu of dividends) 4.5 bz per share		
4.5 bz	OMR 10.4 MN	Coupon 6%	2 Years

ahlibank journey so far…

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2007 – 2013
INCEPTION & EXPANSION

- Commenced Commercial banking operations in 2007
- Launched Islamic Banking in 2013 with 7 branches
- Launched Brokerage and Asset Mgmt. in 2013
- Iconic Corporate Head Office in 2013
- Significant investment in resources, Branding, Systems, Products and Services
- Expanded branch Network

2014 – 2017
CONSOLIDATING FOR GROWTH

- Introduction of mobile banking & e-wallet
- Introduction of Wealth management, private and premium banking launch
- Introduced Signature and Infinite cards
- Introduction of Kiosks & CDM
- Expansion to 20 branches
- Raised RO 50Mn Tier 1 Capital
- Launched Graduate Development Program (Himam)
- Positioning for future expansion

2018 – 2020
DIVERSIFICATION & STRATEGIC GROWTH

- Balance sheet footing > RO 3 Bn
- Expansion of branch network to c.40 branches
- Transformation of Retail Banking Business
- Embarked on Digital Transformation Roadmap
- Launch of Investment Banking Business
- Scaling up Wealth Management Business
- Launch of All funds: access to > 40K global funds
- Rebranded Ahli Islamic

2021 – 2022
EXPANSION & TRANSFORMATION

- Launched Ahli Digital
- Enhanced focus in fee income
- Expansion in Retail Suite of products & services
- Phase II of Head office with service centers for Private and Corporate customers
- 5 Digital branches across oman
- first bank to provide 1:1 financing option through mobile app
- Launched Tamkeen crowd funding
- Launched Islami Net

2023 & BEYOND
YOUR PARTNER IN EXCELLENCE

- ahli islamic inaugurates its first “Al Shumookh Center” in Shatti Al Qurum
- Launch of SIP mobile Banking
- ahliB2B - An Enhanced Customer Experience!
- The Launch of the ahli Islamic Money Market Fund
- Enhanced Mobile Banking
- Mortgage loans for "The Sustainable City – Yiti" Project
- ahlibank Receives 3 Awards at the New Age Banking Summit 2024
- Launched Corporate Credit Cards
- Retail Banking deposits achieved above OMR 1 Billion threshold during 2023
- Launched new funds and Enhanced/leveraged fixed income
- Revamped the Digital Wealth platform
- New Corporate Islamic Internet Banking launched
- E-IPO: First Islamic Bank to digitally offer IPO financing
- Launch of Sharia Compliant Wealth Management services

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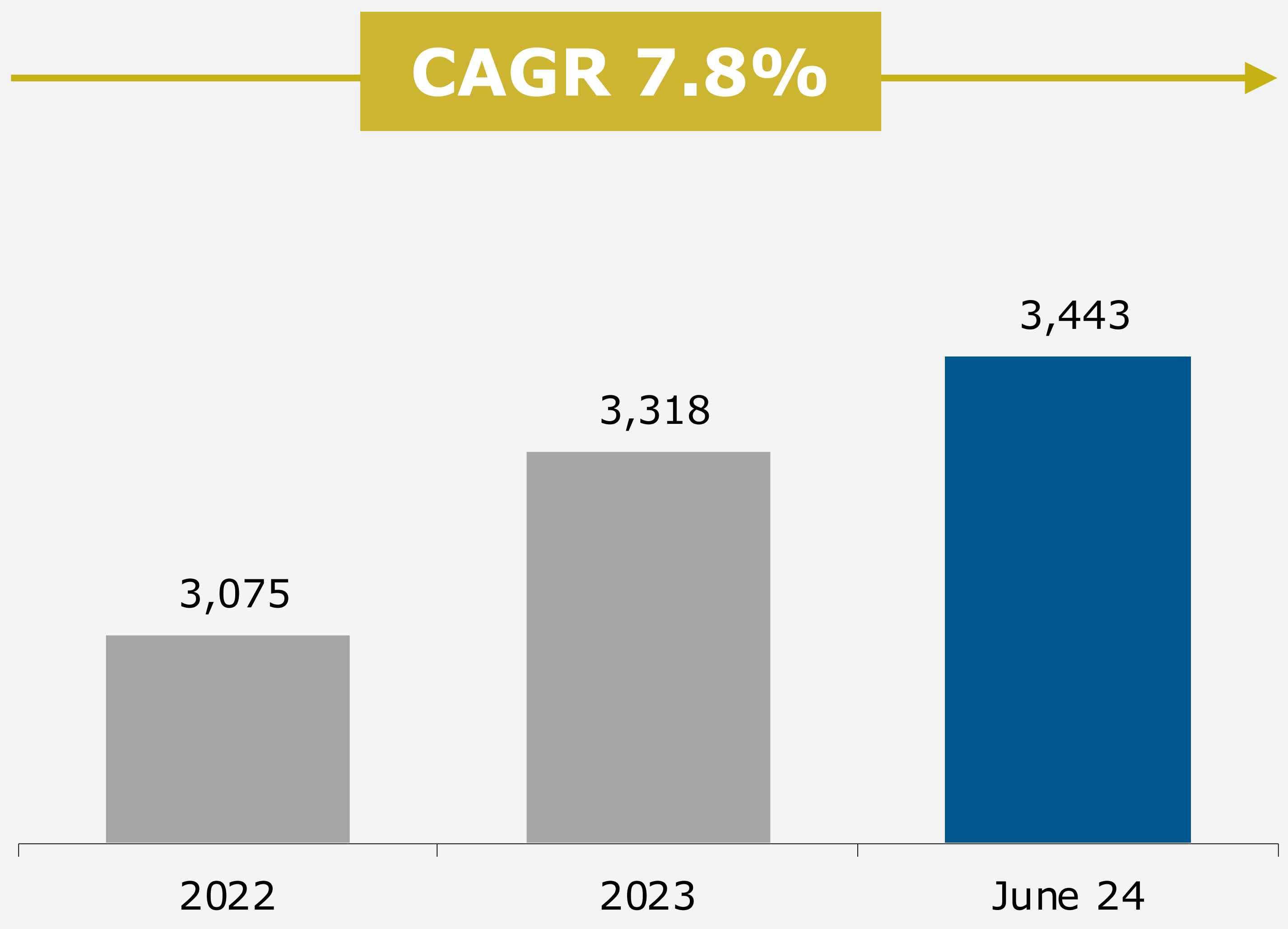
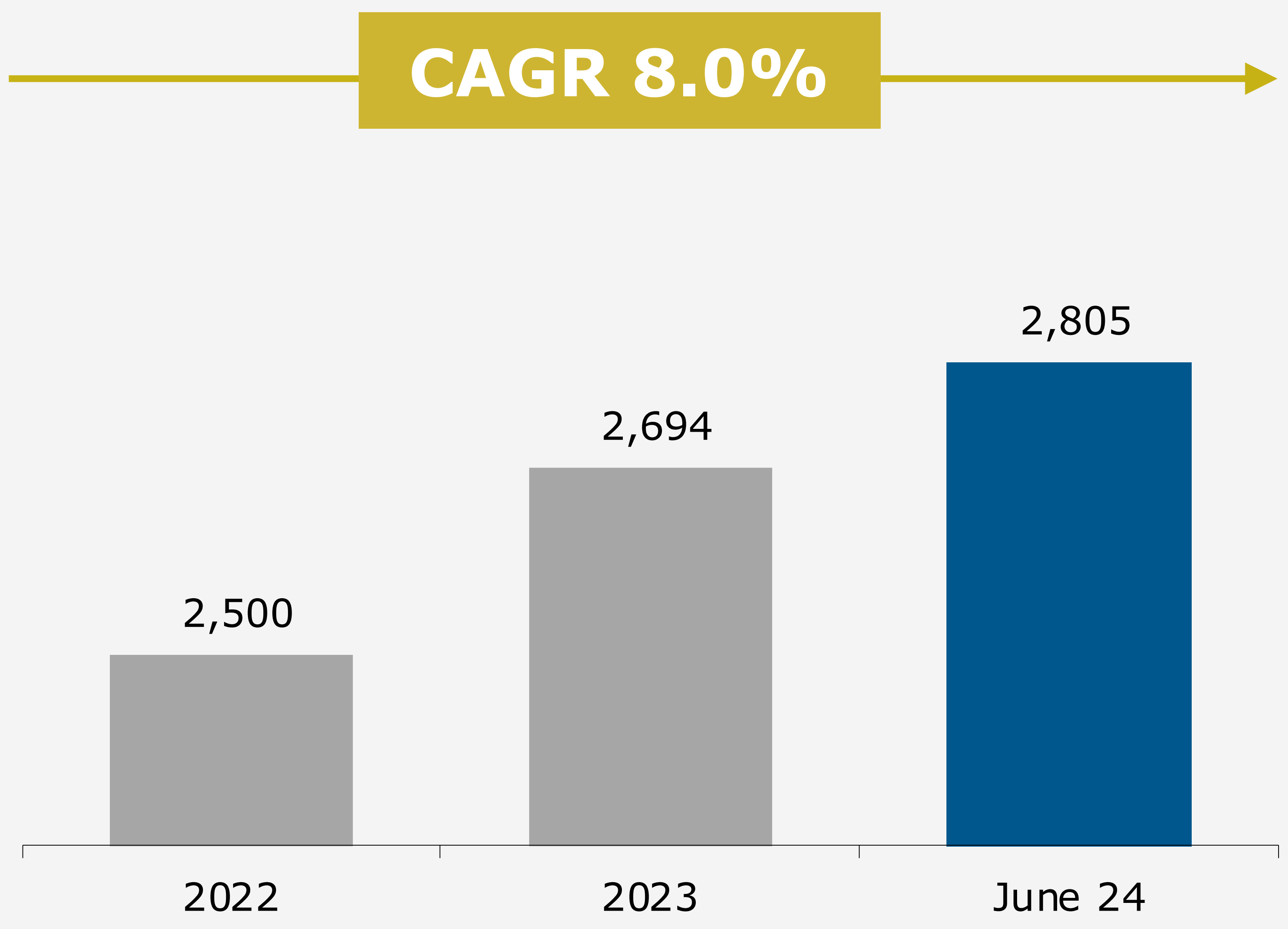
Financial Track Record

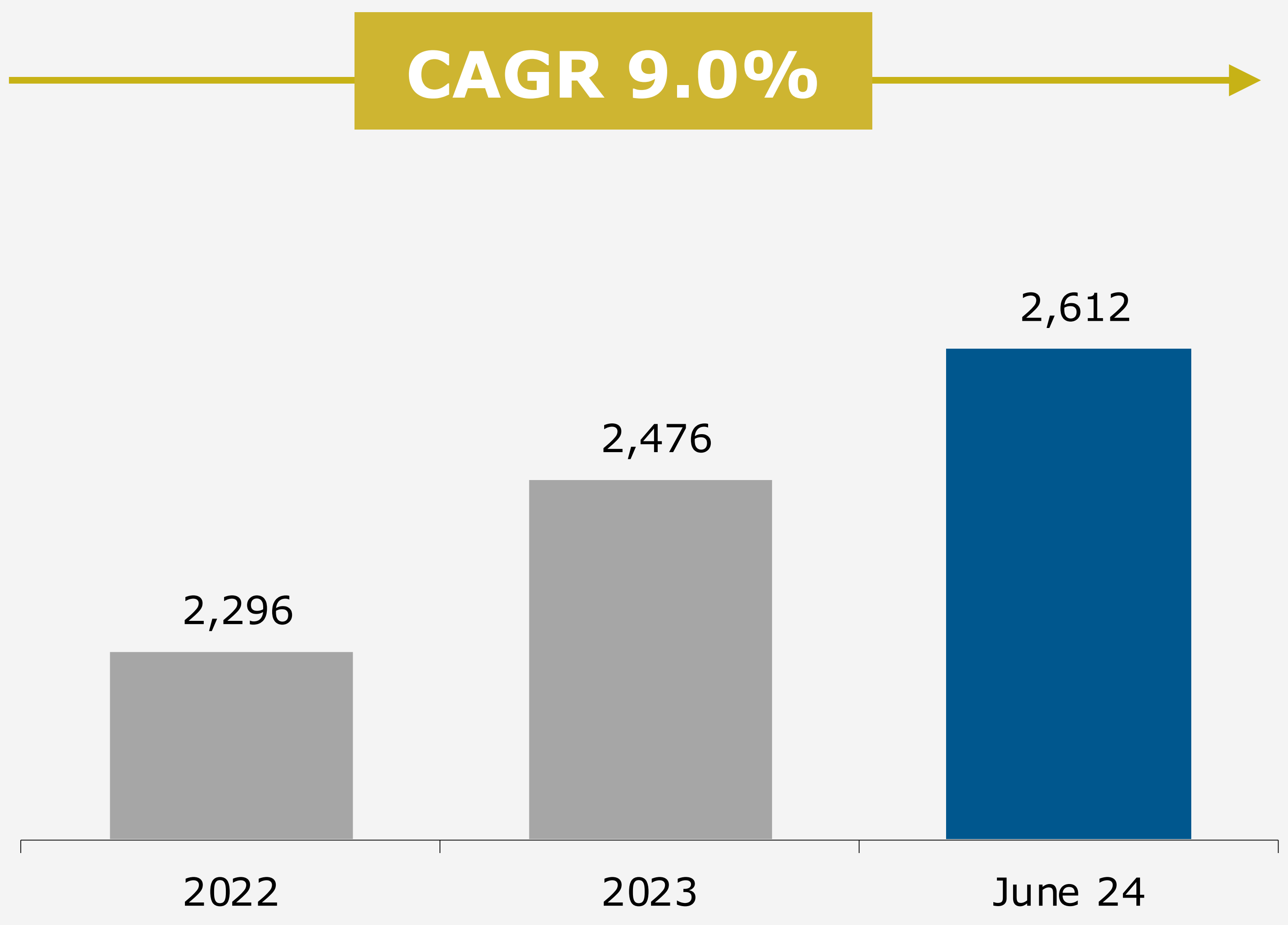
Total Assets (RO ‘Mn)



Loans & Advances, Net (RO ‘Mn)



Customer Deposits (RO ‘Mn)



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Business Segments – Wholesale Banking

Corporate Banking & SME

- Offering full array of services through sector specific teams.
- Includes Government Banking, Corporate Liabilities & E-channels team.
- Continuous focus on the sectors that form part of the Sultanate’s diversification strategy and Vision 2040.
- Supporting SMEs through crowd funding platform Tamkeen.
- As part of long-term strategy, the Bank plans to strengthen its procedures to help fund ESG projects.

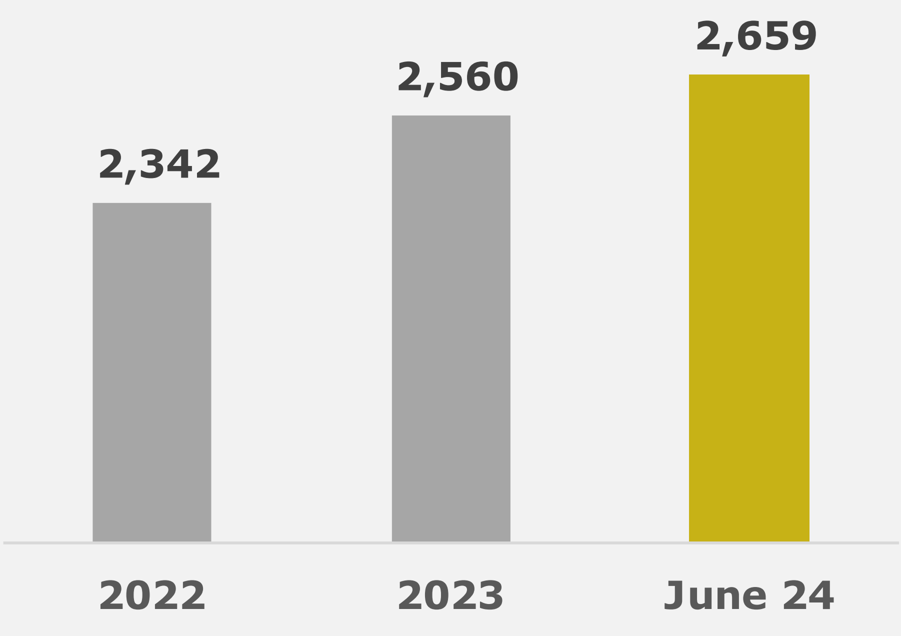
Treasury & FI

- Provides a comprehensive package of services to corporate, commercial and government institutions.
- Financial Institutions Group covers global relationships with other financial institutions.

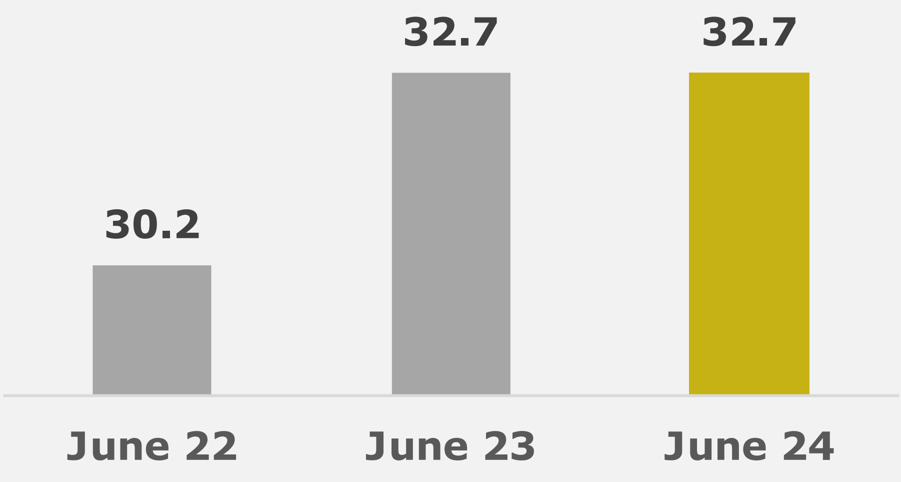
Investment Banking

- A full-service financial advisory and fundraising platform with proven track record across products categories.
- Acted as issue manager for one of the biggest IPOs in Sultanate.
- Cross border transactions and regional origination and placement capabilities.
- Asset management division offers a diverse range of investment solutions for its institutional and high net worth clients including mutual funds and investment advisory services across asset classes.
- Brokerage division is a leading player in the Muscat Stock Exchange servicing broad range of institutional and retail clients.

Total Assets – RO ‘Mn



Operating Income – RO ‘Mn

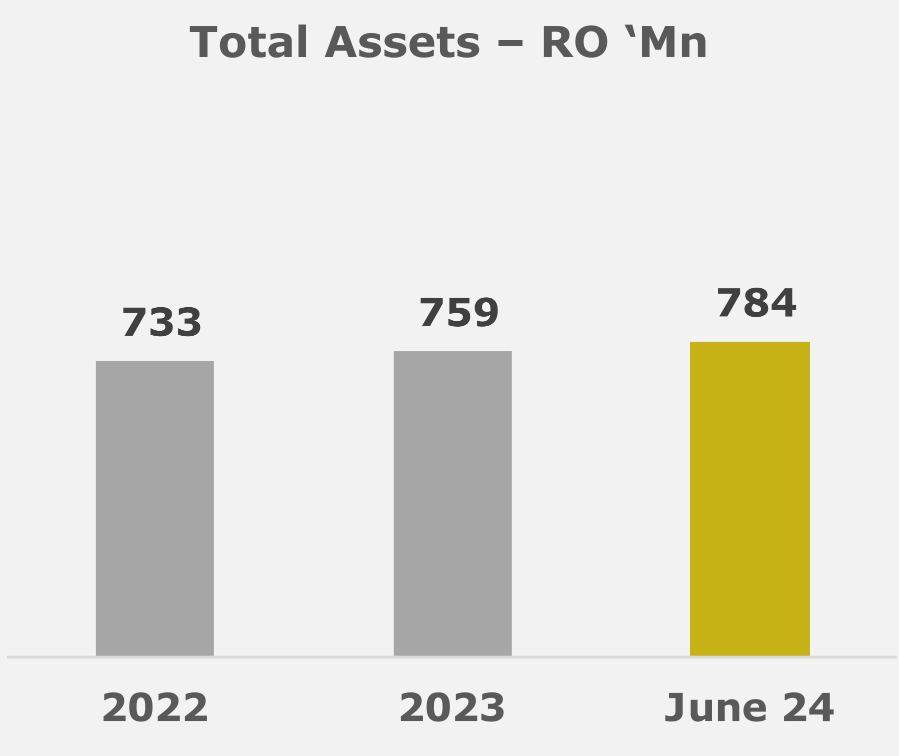


Business Segments – Retail Banking

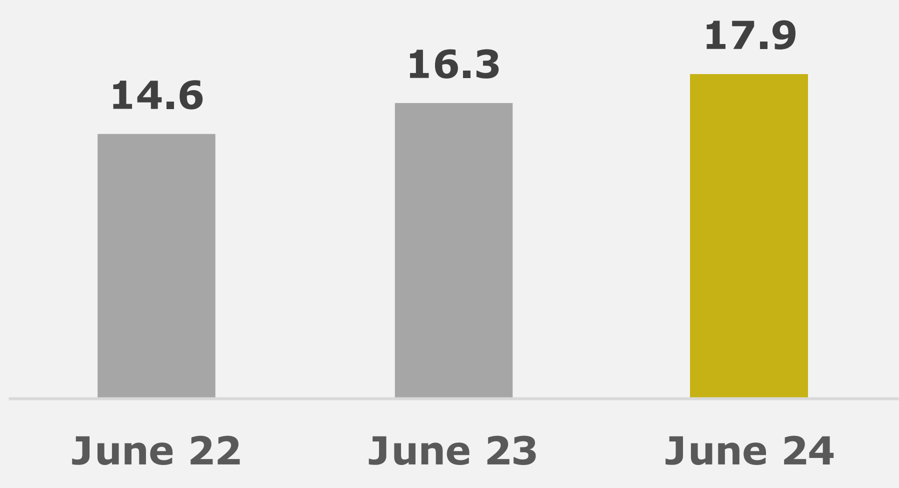
Retail, Premium, Private Banking & Wealth Management Services

- Strong emphasis on designing and offering innovative products and services
- Consists of specialized teams dedicated for Retail, Premium, Private Banking, Wealth management and Islamic Banking customers.
- Offering services through multiple distribution channels including 48 branches across the Sultanate of Oman (including 24 Islamic branches)
- Bank opened its first digital branch in 2022, “ahli express”, and by end of June 24, 12 Multi-Functional Kiosk were operational.
- Bank continues to focus on expansion of retail network including digital branches.
- Widen customer base of target segment both under conventional and Islamic banking business.
- Wealth Management Services offer a comprehensive and integrated approach to financial stewardship for HNWI, through app based Wealth Management Portal

Total Assets – RO ‘Mn



Operating Income – RO ‘Mn



Islamic Banking – ahli Islamic

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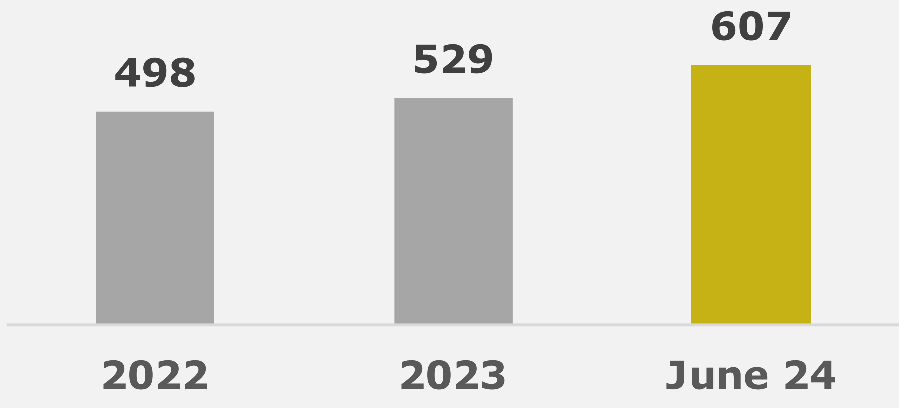
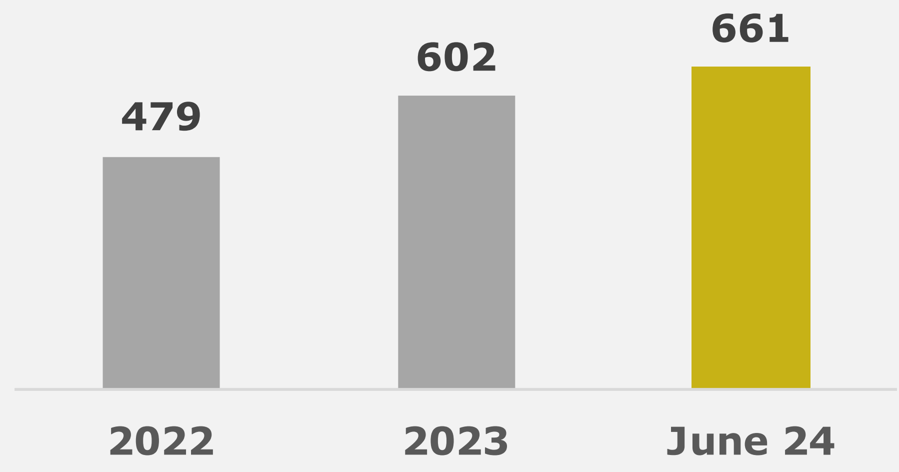
Wide array of Sharia Compliant products and Services

- ahli Islamic has posted a robust growth since its launch in 2013
- Sharia-compliant products and services offered through 24 dedicated branches caters to all customer segments - institutional, corporate, SME and retail
- First Islamic Bank in Oman to digitally onboard customers through Mobile Banking platform
- First Islamic Bank in Oman to offer IPO leverage
- Continued expansion of retail business including digital branches with focus of deposit mobilization
- ahli Islamic offers unmatched unique Sharia compliant products to customers under all categories – Deposits, Financing, Cards, FX, Transfers etc.
- Contributed 17% in overall operating income of the Bank

Gross Financing – RO 'Mn



Total Deposits – RO 'Mn



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Key Metrics

Balance Sheet

RO 'Mn	June 24	Dec 23	Var
Total Assets	3,443	3,318	3.8%
Loans and advances, net	2,805	2,694	4.1%
Customer Deposits	2,612	2,476	5.5%
Equity	544	521	4.4%

Profit & Loss

RO 'Mn	June 24	June 23	Var
Total Operating Income	50.63	49.06	3.2%
Impairment Charge	5.67	6.70	15.4%
Operating Expenses	21.47	19.58	(9.7%)
Net Profit after Tax	20.20	19.91	1.5%

Key Ratios

RO 'Mn	June 24	Dec 23	Var
ROAE	11.0%	10.7%	0.3%
ROAA	1.2%	1.1%	0.1%
Cost to Income ratio	42.4%	43.8%	1.4%
NPL	4.1%	4.1%	-
CAR	16.6%	17.7%	(1.1)%

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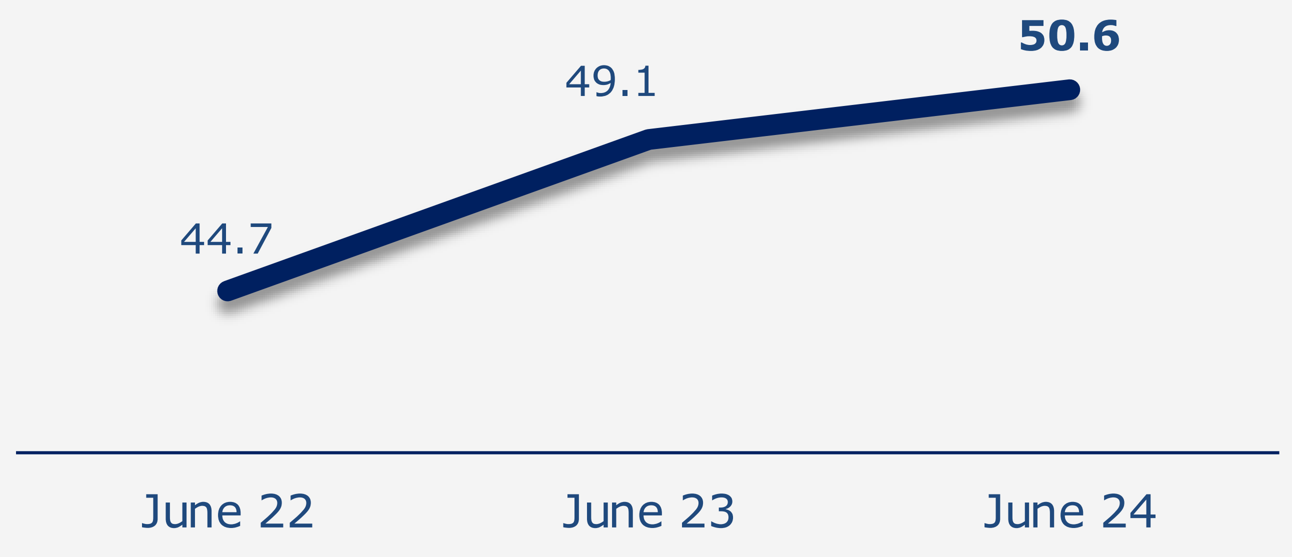
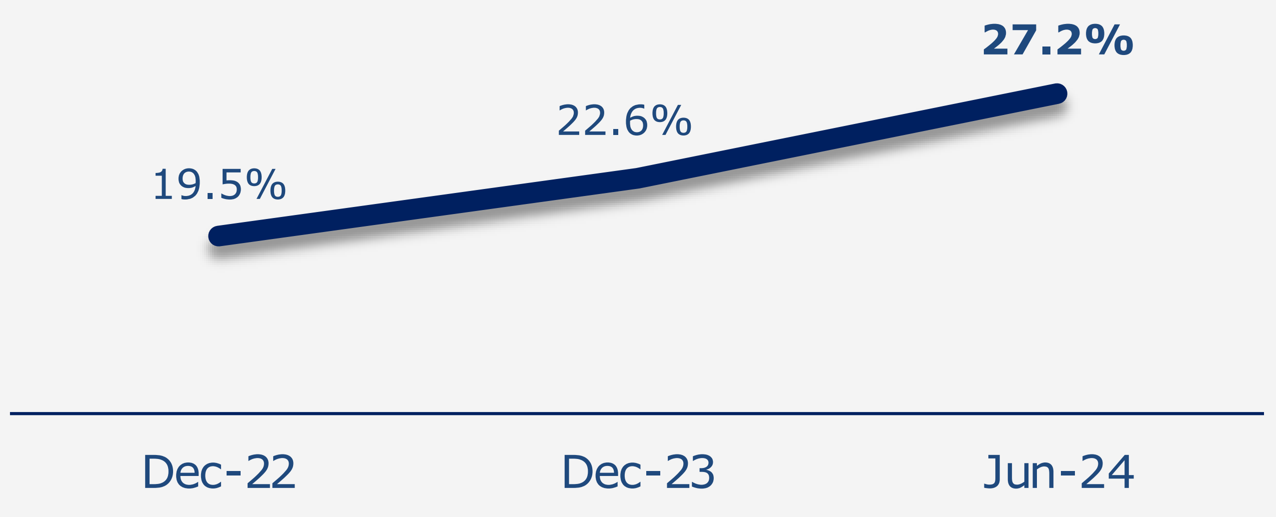
Operating performance and Profitability

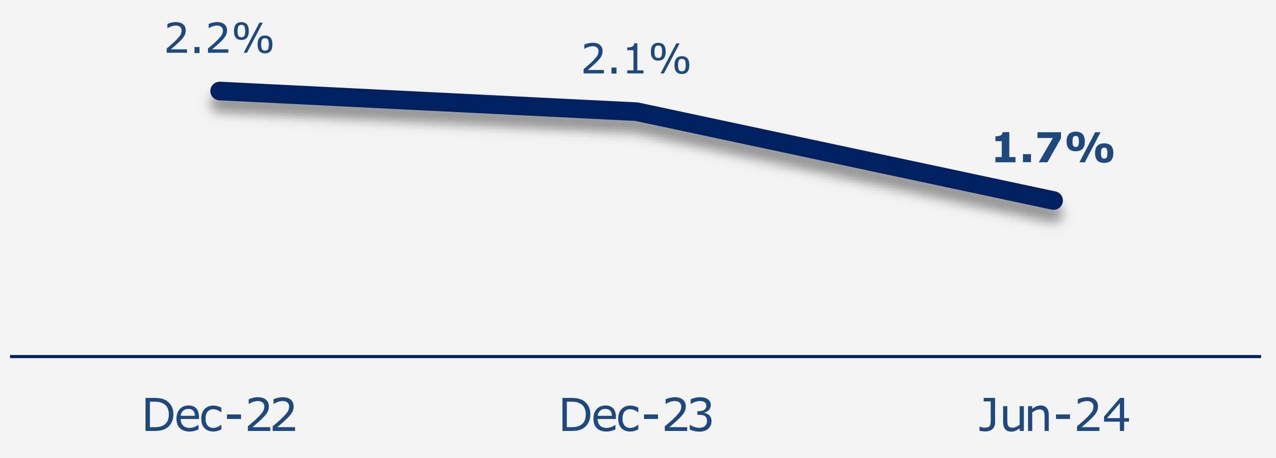
Operating Income – RO ‘Mn



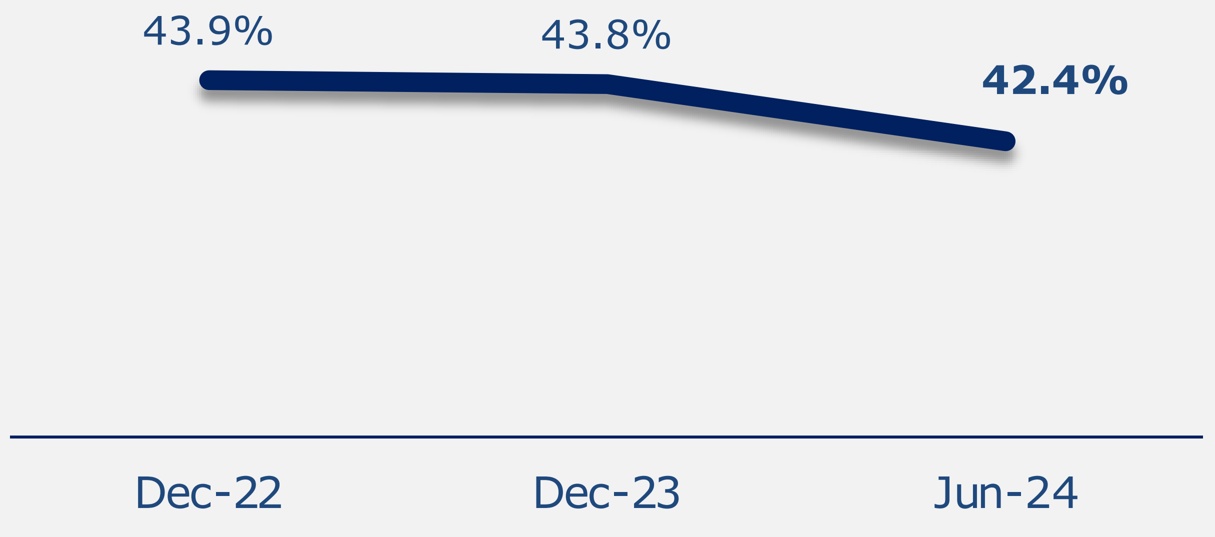
Other Income to Total Income



Net Interest Spread



Cost to Income



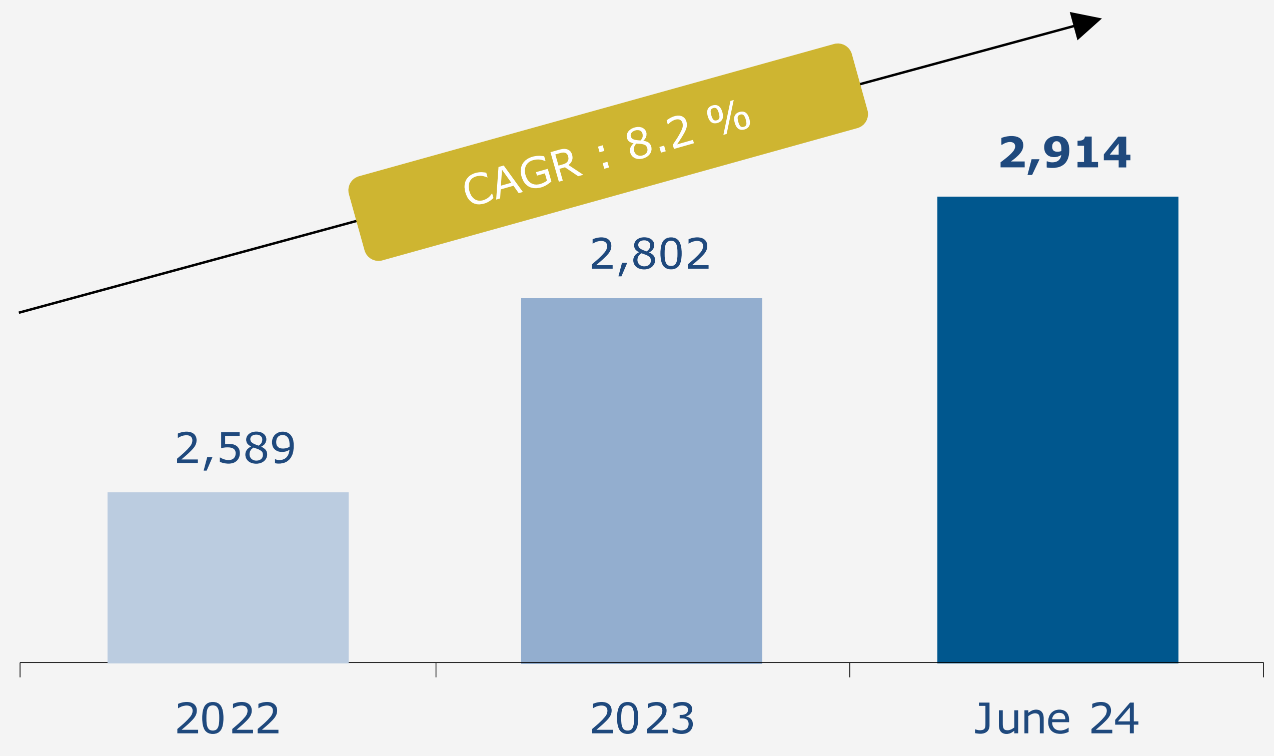
ROAE

ROAA

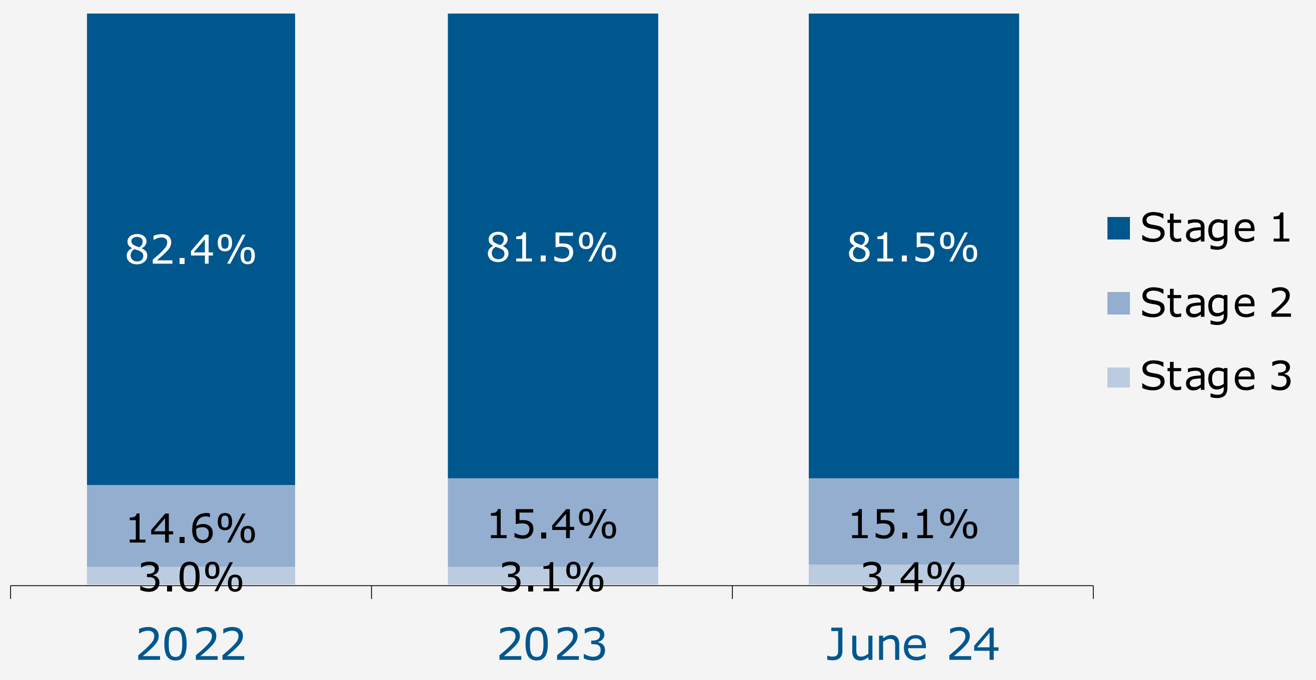
Loans and Financing

Focused on asset quality, one of the lowest NPLs in the industry

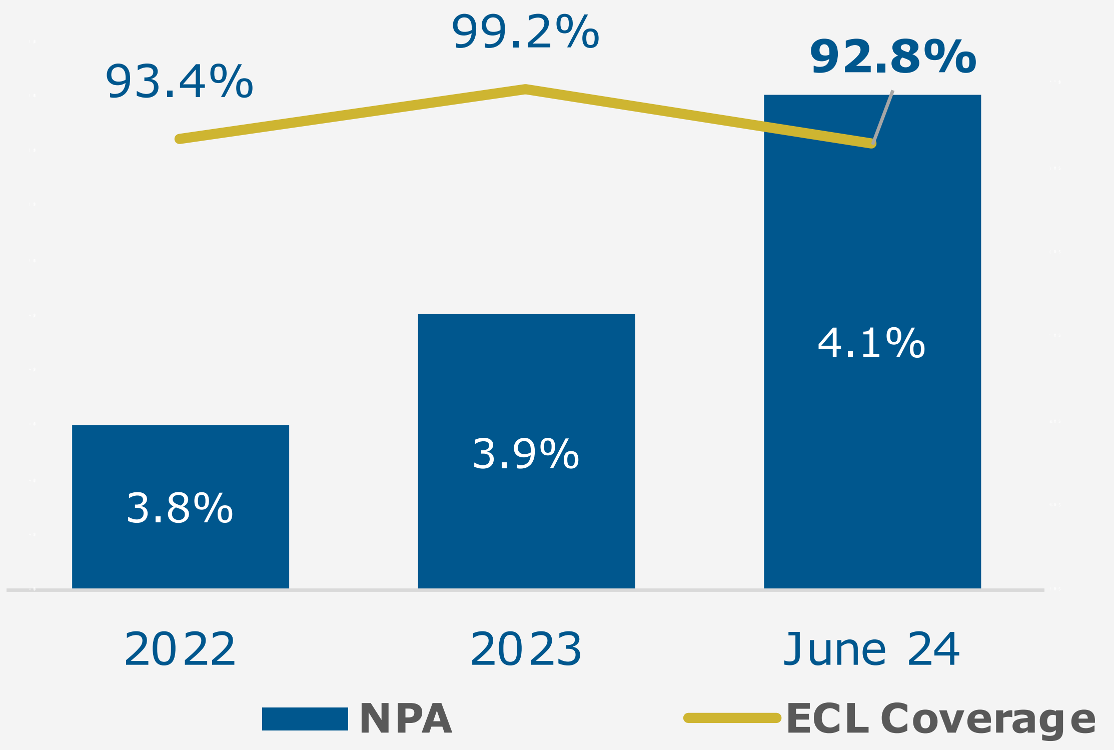
Gross Loans and Financing



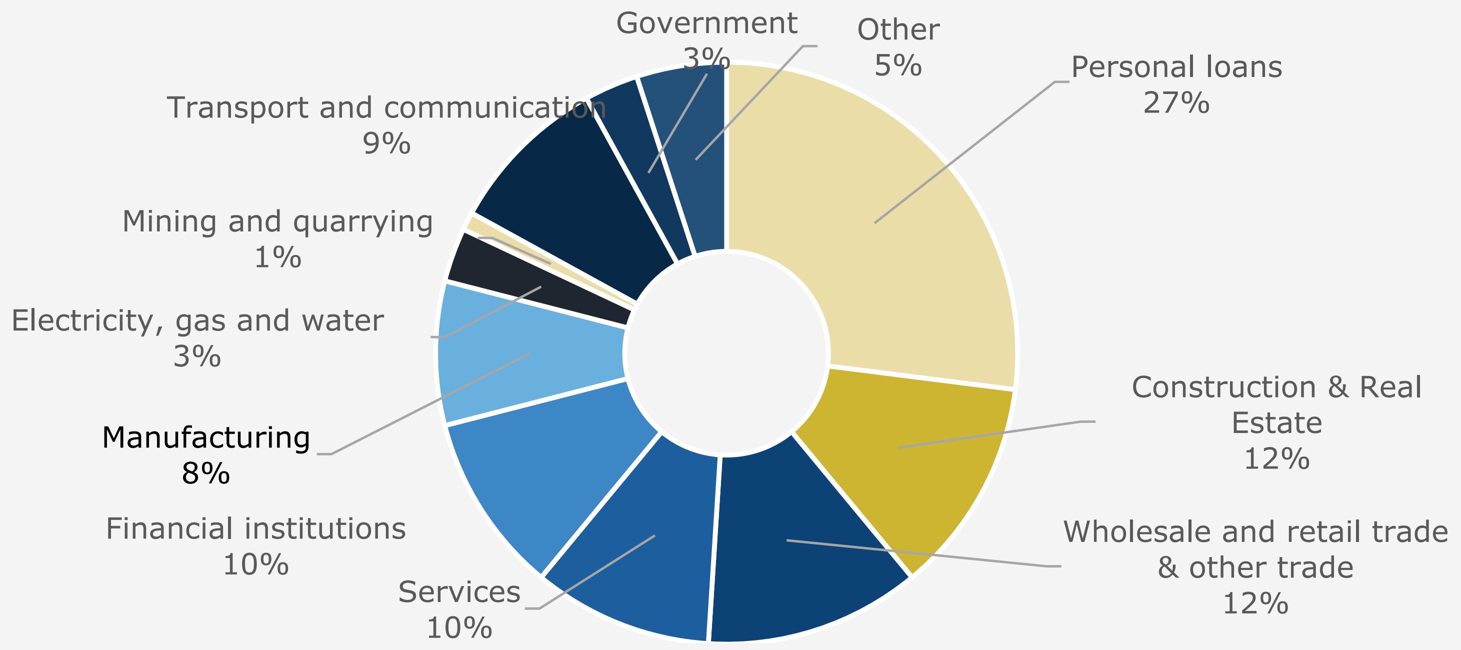
Stage wise Exposure



NPL and Coverage



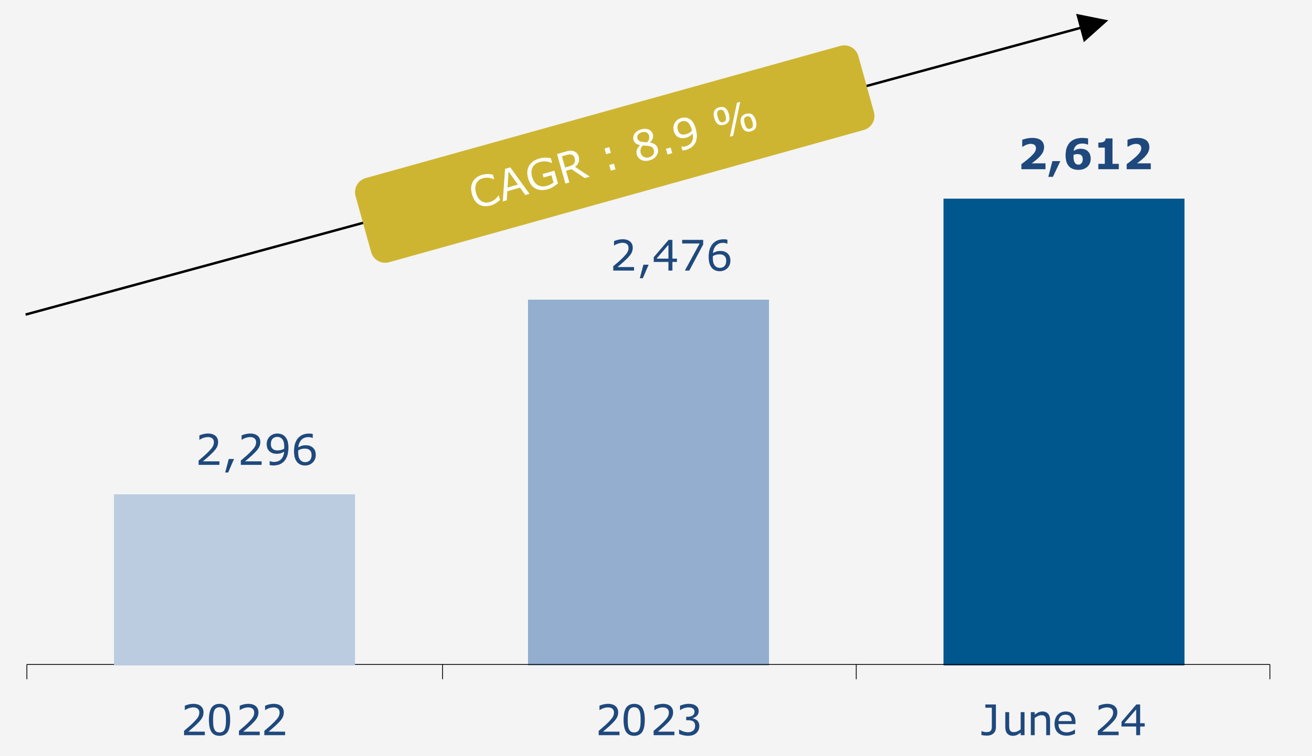
Sector wise distribution of Loans



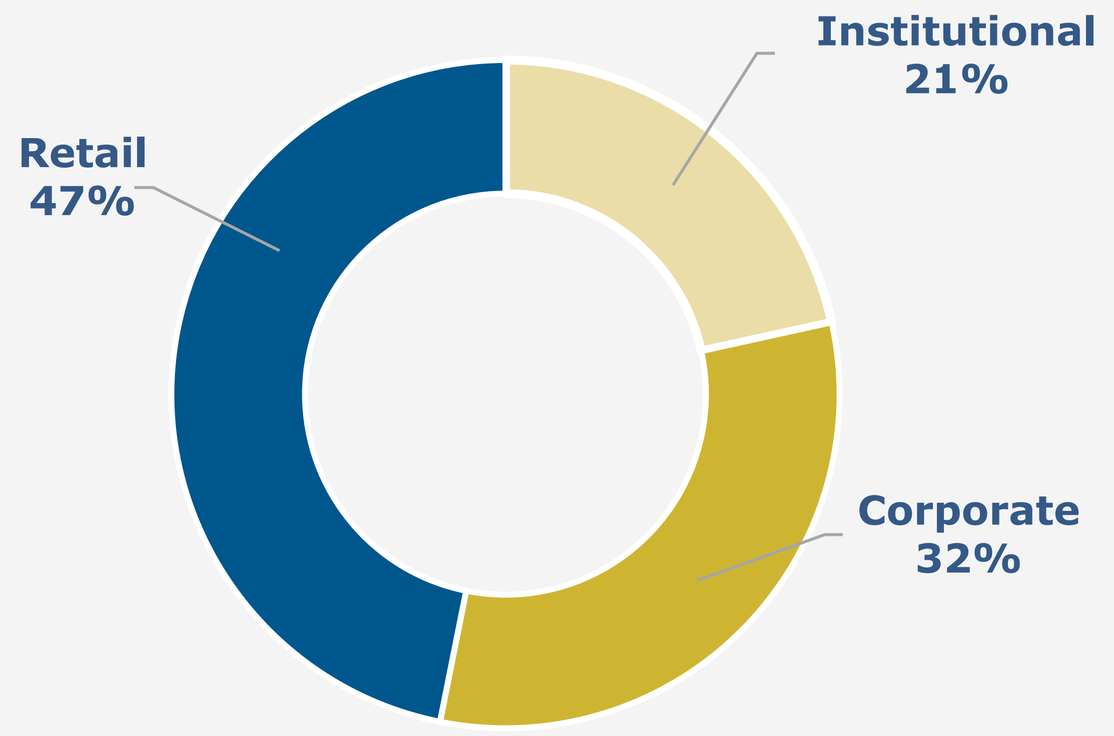
Funding

Significant increase in the retail contribution; less dependency on volatile deposits

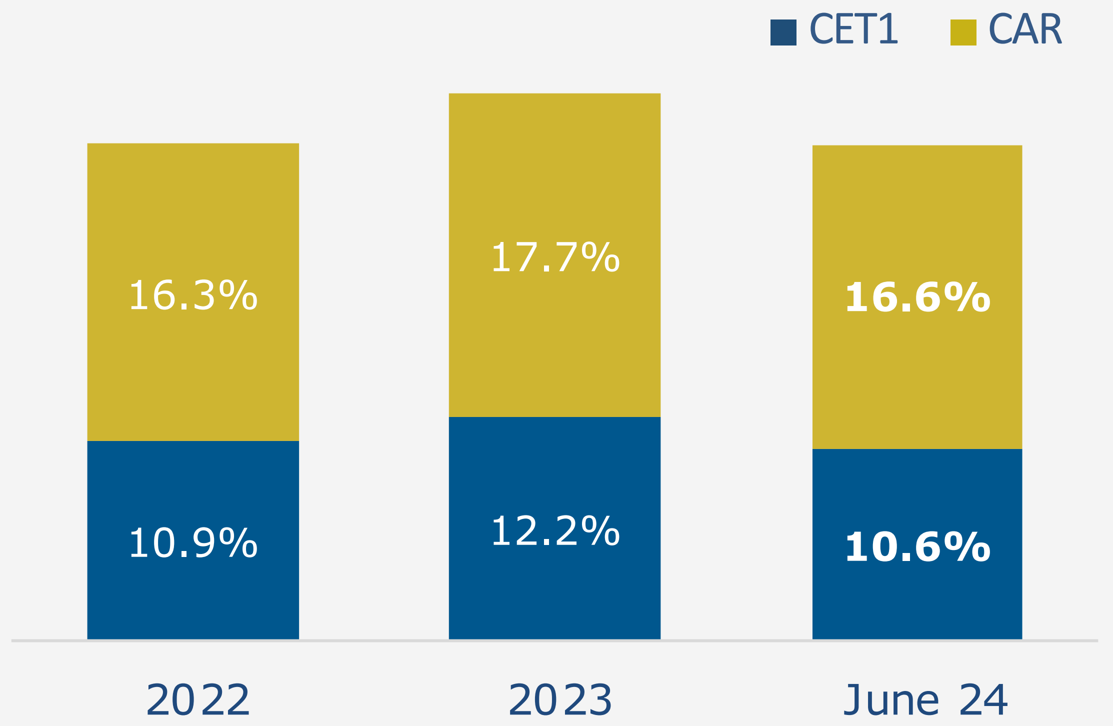
Customer Deposits



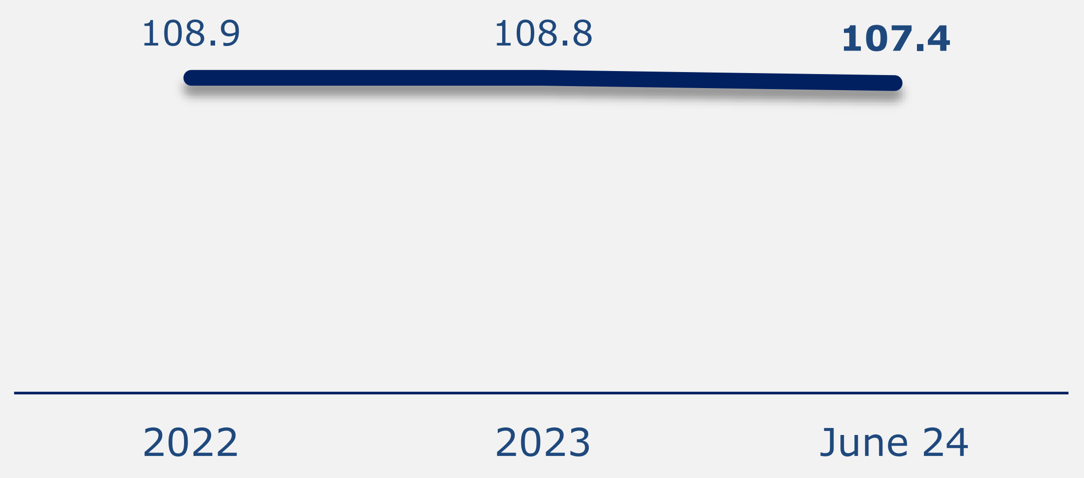
Deposit Segments



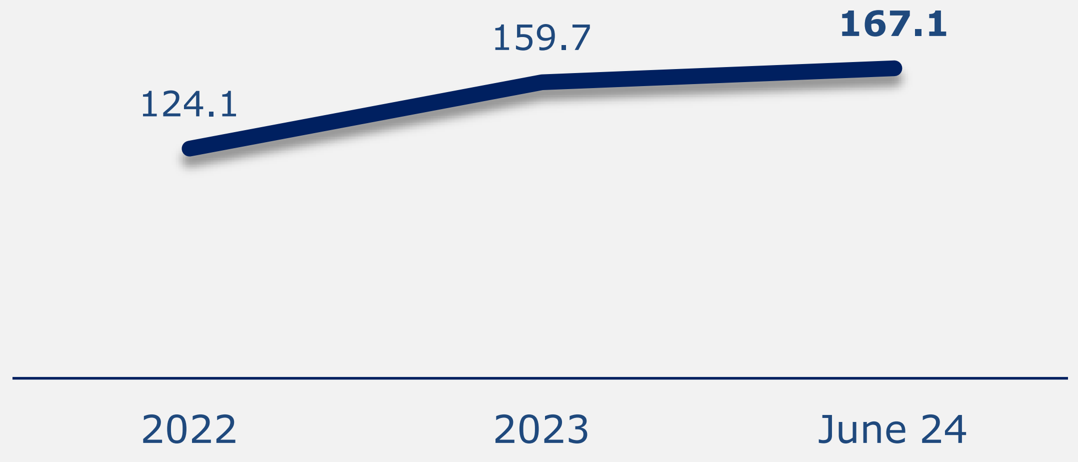
Capital Adequacy



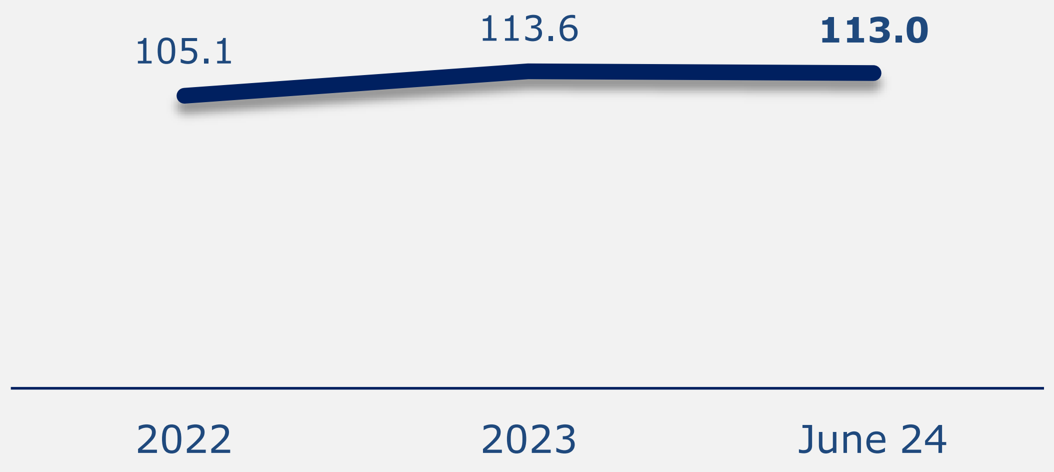
Net Loans to Deposits Ratio %



Liquidity Coverage Ratio %



Net Stable Funding Ratio %



Key Accolades

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2021

- EXCELLENCE IN ISLAMIC RETAIL BANKING - AHLI ISLAMIC
  OMAN BANKING & FINANCING AWARDS
- BEST RETAIL BANKING - OMAN
  GLOBAL BUSINESS OUTLOOK
- EXCELLENCE IN PRIVATE BANKING
  OMAN BANKING & FINANCING AWARDS
- ELITE QUALITY RECOGNITION AWARD
  JP MORGAN & CHASE

2022

- TOP OMANI BRAND IN BANKING SECTOR
  ALAM AL IKTISAD
- BANK OF THE YEAR
  THE BANKER
- HIGHEST TRADING BROKER AT MUSCAT STOCK EXCHANGE
  ARABIAN FEDERATION OF CAPITAL MARKETS
- LEADERSHIP IN YOUTH DEVELOPMENT AWARD
  SUSTAINABILITY LEADERSHIP AWARD

2023

- EXCELLENCE IN DIGITAL TRANSFORMATION
  OMAN BANKING AND FINANCE AWARDS
- CEO OF THE YEAR
  OMAN BANKING AND FINANCE AWARDS
- LEADING FINANCIAL INSTITUTION
  INTERNATIONAL BUSINESS MAGAZINE
- BEST BANK FOR SMES- OMAN
  EUROMONEY
- THE BEST PERFORMING COMPANY
  ALAM AL-IKTISAD AWARDS 2023
- EXCELLENCE IN RETAIL BANKING
  ALAM AL- IKTISAD AWARDS 2023
- EXCELLENCE IN CORPORATE BANKING
  OMAN BANKING AND FINANCE AWARDS
- BEST PRIVATE BANK- OMAN
  MENA BANKING EXCELLENCE AWARDS - A MEED PRODUCT

2024

- EXCELLENCE IN PRIVATE BANKING
  AGE BANKING SUMMIT 2024
- EXCELLENCE IN CORPORATE BANKING
  AGE BANKING SUMMIT 2024
- EXCELLENCE IN DIGITAL TRANSFORMATION
  AGE BANKING SUMMIT 2024
- MENA CORPORATE BANK OF THE YEAR
  BY MEED MENA BANKING EXCELLENCE AWARD