



# RIGHTS ISSUE PROSPECTUS

Rights Issue of 400,000,000 shares at a price of Baizas 126 per share (including issue expense of Baiza 1 per share)

#### RIGHTS TRADING PERIOD

Opening Date: 10<sup>th</sup> August, 2023  
Closing Date: 23<sup>rd</sup> August, 2023

#### RIGHTS SUBSCRIPTION PERIOD

Opening Date: 16<sup>th</sup> August, 2023  
Closing Date: 30<sup>th</sup> August, 2023



#### AHLI BANK SAOG

P.O. Box 545, P.C. 116, Mina Al Fahal, Sultanate of Oman  
Tel: +968 24577000 Fax: +968 24568001  
www.ahlibank.om

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#### Issue Manager



#### AHLI BANK SAOG

P.O. Box 545, P.C. 116, Mina Al Fahal, Sultanate of Oman  
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#### Collecting Bank

Ahli Bank SAOG

P.O. Box 545, P.C. 116, Mina Al Fahal, Sultanate of Oman  
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#### Legal Advisor

Said Al Shahry & Partners (SASLO), Advocates and Legal Consultants  
P.O. Box 1288, P.C. 112, Ruwi, Sultanate of Oman  
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This Prospectus has been prepared in accordance with the applicable guidelines stipulated by the Capital Market Authority (CMA) of the Sultanate of Oman. This is an unofficial English version of the original Prospectus prepared in Arabic and approved by the Capital Market Authority vide its Administrative Decision No. E/62/2023 dated 25 July 2023. In the event of any conflict between the English and Arabic versions, the Arabic version will prevail. The Capital Market Authority assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor shall it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person.

## IMPORTANT NOTICE TO INVESTORS

All prospective subscribers/investors should read this notice.

The aim of this Prospectus is to present all material information that may assist investors to make an appropriate decision as to whether or not to invest in the shares of Ahli Bank SAOG (the “Bank”) that are the subject of the rights issue hereunder (the “Offer Shares”).

This Prospectus includes all material information and data and does not contain any misleading information or omit any material information that would have a positive or negative impact on an investor’s decision as to whether or not to invest in the Offer Shares.

The members of the Board of Directors of the Bank are jointly and severally responsible for the integrity and adequacy of the information contained in this Prospectus and confirm that, to their knowledge, appropriate due diligence had been observed in the preparation of this Prospectus and further confirm that no material information has been omitted, the omission of which would render this Prospectus misleading.

All investors should examine and carefully review this Prospectus in order to decide whether it would be appropriate to invest in the Offer Shares by taking into consideration all the information contained in this Prospectus in this context. Investors should not consider this Prospectus to be a recommendation by the Bank to subscribe for the Offer Shares. Each investor is responsible for obtaining their own independent professional advice on an investment in the Offer Shares, and should conduct an independent evaluation of the information and assumptions contained herein using whatsoever analysis or projections they see fit as to whether or not to invest in the Offer Shares.

No person has been authorized to make any statement or provide any information in relation to the Bank or the Offer Shares other than the Chief Executive Officer of the Bank, and no person has been authorized to make any such statement or provide any such information which is not contained in, or which is inconsistent with, this Prospectus. Where any person makes any such statement or provides any such information, it must not be relied upon as having been authorized by the Bank or the Issue Manager or the Legal Advisor.

### IMPORTANT POINTS

This Prospectus includes relevant information that is deemed important and neither includes any misleading information nor excludes any material information, the omission of which may materially influence any investor’s decision pertaining to the investment in the Offer Shares through this Prospectus.

All market investments carry various risks including market risks to varying degrees. The value of any security can fall as well as rise, depending on the market conditions.

## ADDITIONAL IMPORTANT POINTS TO BE NOTED

### References to documents

Summaries of documents, or of extracts or provisions thereof, contained in this Prospectus may not provide a complete summary thereof, and statements in this Prospectus relating to such documents or extracts or provisions may not be exact reproductions of such documents, extracts or provisions, and should not be relied upon as being comprehensive summaries/statements in respect of such documents, extracts or provisions.

### Scope of information

The information contained in this Prospectus is intended to provide a prospective Applicant with adequate information relating to the investment opportunity and background information on the rights issue contemplated hereby. However, this Prospectus does not necessarily contain all the information that a prospective Applicant may consider material. The content of this Prospectus is not to be construed as legal, business or tax advice. Each prospective Applicant should consult their own lawyer, financial advisor or tax advisor for legal, financial or tax advice in relation to any purchase of or proposed subscription for Offer Shares.

### Investor due diligence

Prior to making any decision as to whether to subscribe for Offer Shares or not, prospective Applicants should read this Prospectus in its entirety. In making an investment decision, prospective Applicants must rely upon their own examination of the terms of this Prospectus and the risks involved in making an investment.

### Restrictions on the distribution of this Prospectus

The distribution of this Prospectus and the issue of the Offer Shares may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. **This Prospectus does not constitute an offer or an invitation by or on behalf of the Bank to any person in any jurisdiction outside Oman to subscribe for any of the Offer Shares where such offer or invitation would be unlawful. The Bank and the Issue Manager require persons into whose possession this Prospectus comes to inform themselves of, and to observe, all such restrictions.** Neither the Bank nor the Issue Manager nor any of their respective directors, managers, accountants, advisers, lawyers or employees accepts any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for Offer Shares by any person, whether or not a prospective Applicant, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe, would be unlawful.

### Restrictions on the use of information contained in this Prospectus

The information contained in this Prospectus may not be published, duplicated, copied or disclosed in whole or in part or otherwise used for any purpose other than in connection with the issue of the Offer Shares, without the prior written approval of the Bank and the Issue Manager.

### Disclaimer of implied warranties

Save and except as required under applicable Omani law and regulations, no representation or warranty, express or implied, is given by the Bank or the Issue Manager, or any of their respective directors, managers, accountants, advisers, lawyers, employees or any other person as to the completeness of the contents of this Prospectus; or of any other document or information supplied at any time in connection with the Offer Shares; or that this Prospectus or any other such document or information has remained unchanged after the issue thereof.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that relate to intentions, future acts, and future events. These statements generally can be classified as forward-looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from the way in which they are presented in this Prospectus. The use of any of the words “aim”, “anticipate”, “continue”, “estimate”, “objective”, “plan”, “schedule”, “intend”, “expect”, “may”, “will”, “project”, “propose”, “should”, “believe”, “will continue”, “will pursue”, and other words of similar import, are intended to identify forward-looking statements. Similarly, statements that describe the Bank’s strategies, objectives, plans or goals are also forward-looking statements. These forward-looking statements are not historical facts but reflect current expectations regarding future results or events, and are based on various estimates, factors and assumptions. No assurance can be given that these expectations will prove to be correct. Moreover, forward-looking statements involve inherent risks, assumptions and uncertainties that could cause actual outcomes (including among other things, the Bank’s result of operations, financial condition, cash flows, liquidity, financial projects and growth) to differ materially from those contemplated by the relevant forward-looking statement. Forward-looking statements speak only as of the date they are made, and should not be relied upon as reflecting the Bank’s expectations as of any subsequent date.

The Bank draws the attention of investors to a number of important factors that could cause actual results to differ materially from the Bank’s expectations, including but not limited to:

- inability to estimate future performance;
- inability of the Bank to meet its debt service obligations;
- inability of the Bank to meet its payment obligations;
- certain financing and/or operational and maintenance risks;
- access to adequate insurance to cover all potential losses;
- change in monetary and/or interest policies of Oman, local and/or international inflation, local and/or international interest rates;
- fluctuations in foreign exchange rates, equity prices or other rates or prices;
- the performance of the financial markets and the economy of Oman;
- general political, economic and business conditions in Oman which may have an impact on the Bank’s business activities;
- changes in laws and/or regulation and/or conditions (including fiscal developments) that may have a bearing on the position of the Bank’s clients, and/or suppliers, or the banking sector in Oman;
- increased competition in the banking sector in Oman, changes in the economic and/or financial conditions of the Bank’s clients, suppliers and the banking sector;
- level of demand for the Bank’s products and services; and
- other factors described in Chapter 10 of this Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated.

The Bank offers no assurance that forward-looking statements will materialize. Neither the Bank nor the Issue Manager nor any of their respective affiliates intends to nor has any obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, unless required by applicable law.

The risk factors described above do not comprise all of the important factors that could cause actual results to differ materially from those presented in the forward-looking statements in this Prospectus. For examples of other risk factors, see Chapter 10 “Risk Factors and Mitigants” of this Prospectus. The Bank will adhere to the disclosure rules and regulations issued by the CMA, which includes making timely disclosure regarding the Bank’s results of operation. The Bank advises investors to track the information or announcements made by the CMA through the MSX website at [www.msx.gov.om](http://www.msx.gov.om).

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from the Bank's audited financial statements or its unaudited interim financial statements, in each case prepared in accordance with IFRS. Copies of the Bank's financial statements are available on the MSX website or on the Bank's website. The Bank's Financial Year commences on 1 January and ends on 31 December. In this Prospectus, any discrepancy in any table between the total and the sum of the relevant amounts listed is due to rounding.

### Currency of Presentation

In this Prospectus, all references to "RO", "OMR", and "Omani Rials" are to Omani Rials, the official currency of Oman.

### Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from third-party industry publications and/or websites. Although it is believed that industry data used in this Prospectus is reliable, it has not been independently verified; therefore, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Similarly, internal company reports, while believed to be reliable, have not been verified by any independent sources. The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

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## CHAPTER 1: ABBREVIATIONS AND DEFINITIONS

<b>Additional Shares</b>	Any Offer Shares applied for by an Applicant in addition to the Rights Entitlement of such Applicant in the Rights Issue.
<b>Allotment Date</b>	The date on which the CMA approves the allotment of Offer Shares to successful Applicants.
<b>Applicant</b>	An Eligible Shareholder, or a person who has purchased a Rights Entitlement through the MSX, in each case, who submits their completed Application Form to the Collecting Bank on or before the Subscription Closing Date.
<b>Application Form</b>	The application form required to be completed by an Applicant wishing to subscribe for Offer Shares.
<b>Articles of Association</b>	The Articles of Association of the Bank as registered with the MOCIIP and the CMA, as amended from time to time.
<b>Baizas</b>	One thousandth of an Omani Rial (1000 Baizas = 1 Omani Rial).
<b>Banking Law</b>	The Banking Law of Oman promulgated by Royal Decree 114/2000, as amended.
<b>Board / Board of Directors</b>	The Bank's Board of Directors elected from time to time in accordance with the Articles of Association, the CCL, the SAOG Regulations, and applicable rules and regulations issued by the CMA and the CBO.
<b>Business Day</b>	A day, other than a Friday, Saturday or a public holiday, on which banks and the MSX are open for general business in Muscat, Oman.
<b>CAGR</b>	Compound Annual Growth Rate.
<b>CAR</b>	The Capital Adequacy Ratio.
<b>CBO</b>	The Central Bank of Oman.
<b>CCL / Commercial Companies Law</b>	The Commercial Companies Law of Oman promulgated by Royal Decree 18/2019.
<b>CEO</b>	Chief Executive Officer.
<b>CMA</b>	The Capital Market Authority of Oman.
<b>Code</b>	The Corporate Governance Code for public listed companies issued vide CMA Circular No. E/4/2015 on 22 July 2015, as amended from time to time.
<b>Collecting Bank</b>	Ahli Bank SAOG.

<b>Director</b>	A member of the Board of Directors of the Bank.
<b>Eligible Shareholder</b>	A person registered with the MCD as a Shareholder on the Record Date.
<b>Executive Regulations</b>	The Executive Regulations to the Capital Market Law RD 80/98 issued by CMA Decision 1/2009, as amended.
<b>Issue Manager</b>	Ahli Bank SAOG.
<b>Financial Year</b>	The financial year of the Bank commencing on 1 January and ending on 31 December, as may be amended from time to time.
<b>FVOCI</b>	Fair Value through Other Comprehensive Income.
<b>FVTPL</b>	Fair Value through Profit & Loss.
<b>GCC</b>	The Gulf Cooperation Council.
<b>Government</b>	The Government of Oman.
<b>IFRS</b>	International Financial Reporting Standards.
<b>Issue / Rights Issue</b>	The rights issue of the Offer Shares made under this Prospectus.
<b>Issuer / Bank</b>	Ahli Bank SAOG.
<b>Laws of Oman</b>	The laws of Oman which are issued in the form of Royal Decrees, Ministerial Decisions, CBO regulations or CMA regulations, in each case as issued, enacted, re-enacted or amended from time to time.
<b>Legal Advisor</b>	Said Al Shahry & Partners (SASLO), Advocates and Legal Consultants.
<b>MCD</b>	Muscat Clearing and Depository SAOC.
<b>MOCIIP</b>	Oman's Ministry of Commerce, Industry, and Investment Promotion.
<b>MSX</b>	Muscat Stock Exchange.
<b>Offer Shares</b>	The Shares that are the subject of the Rights Issue.
<b>Oman / the Sultanate</b>	The Sultanate of Oman.
<b>Omani Rial / RO / OMR</b>	The lawful currency of Oman.
<b>Prospectus</b>	This Prospectus, as approved by the CMA.
<b>Record Date</b>	3rd August 2023. The Shareholders whose names are recorded in the register of the MCD on this date will be entitled to subscribe in the Rights Issue.

<b>Rights Entitlement</b>	<p>Each Eligible Shareholder is entitled to participate in the Rights Issue pro rata based on their percentage shareholding in the Bank as on the Record Date, rounded down in the case of fractional entitlements.</p> <p>Accordingly, each Eligible Shareholder is entitled to approximately 20.5164 Offer Shares for every 100 Shares held by them on the Record Date, duly rounded down, or to 1 Offer Share for approximately every 4.87415 Shares held by them on the Record Date, duly rounded down.</p>
<b>Rights Trading Opening Date</b>	10 <sup>th</sup> August, 2023
<b>Rights Trading Closing Date</b>	23 <sup>rd</sup> August, 2023
<b>Rights Trading Period</b>	The period commencing on the Rights Trading Opening Date and ending on the Rights Trading Closing Date.
<b>SAOG Regulations</b>	The Public Joint Stock Company Regulations to the CCL issued pursuant to CMA Decision 27/2021.
<b>Securities Law</b>	The Securities Law promulgated by Royal Decree 46/2022.
<b>Shares</b>	The ordinary shares of the Bank with a value of Baizas 100 per share.
<b>Shareholders</b>	The shareholders of the Bank from to time.
<b>Shareholding Limits</b>	Has the meaning given to it in Chapter 14 of this Prospectus
<b>Subscription Price / Issue Price</b>	The subscription price of 126 Baizas per Share for this subscription, to be paid by the shareholders in accordance with this Prospectus.
<b>SME</b>	Small and medium enterprises.
<b>Subscription Opening Date</b>	16 <sup>th</sup> August, 2023
<b>Subscription Closing Date</b>	30 <sup>th</sup> August, 2023
<b>Subscription Period</b>	The period commencing on the Subscription Opening Date and ending on the Subscription Closing Date.
<b>US\$ / USD / US Dollars</b>	United States Dollars, the lawful currency of the United States of America.
<b>VAT</b>	Value Added Tax

## CHAPTER 2: SUMMARY OF THE ISSUE

<b>Issuer</b>	Ahli Bank SAOG.
<b>Commercial Registration No.</b>	1558560 (established on 1 March 1997).
<b>Principal place of business</b>	Al Wattayah, Muscat Governorate. PO Box 545, PC 116, Mina Al Fahal, Oman.
<b>Bank's duration</b>	Unlimited.
<b>Authorised Share Capital</b>	RO 500,000,000 (Five hundred million Omani Rials) divided into 5,000,000,000 shares (Five billion shares).
<b>Issued Capital (pre-issue)</b>	RO 194,965,746.600 (One hundred ninety-four million nine hundred sixty-five thousand seven hundred forty-six Oman Rials and six hundred Baizas) divided into 1,949,657,466 shares (One billion nine hundred forty-nine million six hundred fifty-seven thousand four hundred and sixty-six shares).
<b>Issued Capital (post-issue)</b>	RO 244,965,746.600 (two hundred forty-four million nine hundred sixty-five thousand seven hundred forty-six and six hundred Baizas) divided into 2,349,657,466 (two billion three hundred forty-nine million six hundred fifty-seven thousand four hundred sixty-six) shares after issuance of the Offer Shares (assuming full subscription).
<b>Issue size</b>	400,000,000 (Four hundred million) Shares offered at Baizas 126 per Offer Share, consisting of Issue Price of Baizas 125 plus Baiza 1 towards issue expenses, aggregating to RO 50,400,000 (Fifty million Four hundred thousand Omani Rials).
<b>Issue Price</b>	Baizas 126 per Offer Share, consisting of issue price of Baizas 125 plus Baiza 1 towards issue expenses, payable in full on submission of the Application Form.
<b>Purpose of the issue</b>	The purpose of the Rights Issue is to increase the capital of the Bank by increasing its issued capital, so as to enable its business growth and capital adequacy compliance.
<b>Rights Subscription Period</b>	Opening Date: 16 <sup>th</sup> August, 2023 Closing Date: 30 <sup>th</sup> August, 2023
<b>Rights Trading Period</b>	Opening Date: 10 <sup>th</sup> August, 2023 Closing Date: 23 <sup>rd</sup> August, 2023

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**Rights Entitlement**

Each Eligible Shareholder is entitled to participate in the Rights Issue pro rata based on their percentage shareholding in the Bank as on the Record Date, rounded down in the case of fractional entitlements.

Accordingly, each Eligible Shareholder is entitled to approximately 20.5164 Offer Shares for every 100 Shares held by them on the Record Date, duly rounded down, or to 1 Offer Share for approximately every 4.87415 Shares held by them on the Record Date, duly rounded down.

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**Eligibility for Subscription**

Subscription for the Rights Issue is open to Shareholders whose names appear in the Bank's shareholder register with the MCD as on the Record Date. Persons who purchase the rights on the MSX within the Rights Trading Period are also eligible to subscribe for the Offer Shares before the Subscription Closing Date.

The 'rights' representing ownership rights of Shareholders to subscribe to the Rights Issue may be traded on the MSX during the Rights Trading Period. A Shareholder has the option to either subscribe to the Rights Issue or sell its Rights Entitlement on the MSX. The eligibility to subscribe for Offer Shares shall lapse in case the Shareholder neither subscribes to the Rights Issue nor sells their 'rights' on the MSX during the Rights Trading Period.

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**Application for Additional Shares**

An Eligible Shareholder wishing to apply for Additional Shares shall complete the required details in the Application Form and submit it during the Subscription Period to the Collecting Bank together with the requisite subscription amount.

A Shareholder who does not subscribe for their full Rights Entitlement during the Subscription Period or who sells their Rights Entitlement (either in part or in full) is not eligible to apply for Additional Shares.

An Applicant that is not a Shareholder on the Record Date but that has acquired a Rights Entitlement is not eligible to apply for Additional Shares.

The application and allotment of Additional Shares shall be subject to the terms and conditions stipulated in Chapter 14.

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**Record Date**

3<sup>rd</sup> August, 2023

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**Start of Trading of Rights Entitlement**

10<sup>th</sup> August, 2023

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**End of Trading of Rights Entitlement**

23<sup>rd</sup> August, 2023

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<b>Subscription Opening Date</b>	16 <sup>th</sup> August, 2023
<b>Subscription Closing Date</b>	30 <sup>th</sup> August, 2023
<b>Allotment</b>	<p>The Offer Shares shall be allotted against valid and approved Application Forms, subject to the provisions of Chapter 14.</p> <p>The Offer Shares shall be allotted and refunds will be made (if required) within three days after the Allotment Date. The Applicant, after the announcement of the allotment, shall ensure that the allotted shares are appearing in its account with MCD.</p>
<b>Refund of Application Money</b>	Refund of application money, if any, shall be made to the Applicant's bank account within three days after the Allotment Date.
<b>Listing</b>	As the shares of the Bank are already listed on the MSX, the Offer Shares shall also be listed on the MSX.
<b>Approvals for the Issue</b>	<p>Board approval vide its resolution at its meeting on 1st January, 2023</p> <p>CBO approval vide its letter no. LD/ AB/2023/671 dated 15th May2023</p> <p>CMA approval vide its Administrative Decision E/62/2023 dated 25 July 2023</p>
<b>Issue Manager</b>	<p>Ahli Bank SAOG- Investment Banking P.O. Box 545, P.C. 116, Mina Al Fahal, Oman Tel: +968 24577000, Fax: +968 24568001 Email: investment.banking@ahlibank.om</p>
<b>Legal Advisor to the Issue</b>	<p>Said Al Shahry &amp; Partners (SASLO), Advocates and Legal Consultants P.O. Box 1288, P.C. 112, Ruwi, Sultanate of Oman Tel: +968 24636 999, Fax +968 24636 900 Email: mail@saslo.com</p>
<b>Statutory Auditor</b>	<p>Deloitte &amp; Touche (ME) &amp; Co. LLC P.O. Box 258, Ruwi, P.C. 112, Sultanate of Oman Tel: +968 2235 4300, Fax:+968 2235 4333</p>
<b>Collecting Bank</b>	<p>Ahli Bank SAOG P.O. Box 545, P.C. 116, Mina Al Fahal, Oman Tel: +968 24577000, Fax: +968 24568001 Email: info@ahlibank.om</p>

## CHAPTER 3: USE OF PROCEEDS AND ISSUE EXPENSES

### Use of Proceeds

The purpose of the Rights Issue is to increase the capital of the Bank by increasing its issued capital, so as to enable its business growth and capital adequacy compliance.

### Estimated Issue Expenses

The issue expenses of the Rights Issue are estimated at RO 293,250, which is equal to approximately 0.5865% of the total gross proceeds of the Rights Issue, assuming full subscription. In case the actual issue expenses exceed the amount collected from successful Applicants towards issue expenses, the issue expenses of the Rights Issue will be partly met from the amounts collected from successful Applicants at 1 Baiza per Offer Share and the remainder will be borne by the Bank. Any surplus of the collection towards issue expenses over the actual expenses incurred will be retained by the Bank and credited to its legal reserve or a special reserve to be established pursuant to Article 126 of the CCL.

The estimated issue expenses under various heads are given in the following table:

Particulars	Amount (RO)*
Issue Management & Collecting Bank Fee	100,000
Legal Advisor	7,000
CMA Fees	26,250
Marketing, Advertising, Printing, Postage and Publicity	135,000
Subscription for one year of MCD & Other Expenses	25,000
Total estimated issue expenses	293,250

\*These are estimates and may change as per actuals. The estimates exclude VAT.

## CHAPTER 4: ISSUER'S OBJECTIVES AND APPROVALS

### Overview

The Bank was established under the name of Alliance Housing Bank, and was registered on the Commercial Register maintained by the MOCIIP pursuant to the Commercial Registry Law (Royal Decree 3/74, as amended) in June 1997. It was reconstituted as a commercial bank and received its commercial banking license from the CBO in December 2007. In January 2008, Alliance Housing Bank changed its name to Ahli Bank SAOG and commenced its commercial banking operations.

As a full-fledged commercial bank, it is active in all banking segments including retail banking, corporate banking, investment banking and Islamic banking in Oman.

In addition to being regulated by the CBO, as a public joint stock company whose shares are listed and traded on the MSX, the Bank is also regulated by the CMA. Apart from this, the Bank's business operations are subject to compliance with the Bank's own policies and procedures and the laws and regulations of Oman.

### Objects of the Bank

Subject to applicable laws in Oman, especially banking authorized activities and restrictions as defined by the regulations and laws of the CBO and the provisions of the Banking Law, below are selected extracts from the objects of the Bank as stated in the Bank's Articles of Association:

#### Article (4): The objectives of the Bank are as follows:

1. To carry on the business of banking in all its fields, and to transact and to do all matters and things incidental thereto, which the Bank may, at any time or anywhere carry on business usually connected with the business of banking or dealing in money or financial securities.
2. To play the role of underwriter, originator or intermediary for the issue of shares and loan debentures, to play the role of custodian, manager and trustee of private trust agreements and funds related to investment and bonds and to participate in any other manner in capital and stock markets, especially in investment, trading, underwriting new issues of bonds in the Gulf, regional and international capital markets with main emphasis on capital debt markets.
3. To carry on business of banking through conventional banking activities and / or Islamic banking activities.
4. To act as executors and trustees of wills, settlements and trust deeds of all kinds made by customers and others and to undertake and execute trusts of all kinds.
5. To deal with all types of bank notes, coins, currencies, receive and deposit any monies in current accounts, term deposits, savings accounts and all such accounts permitted by the Central Bank of Oman under conventional and / or Islamic banking business, receive precious articles and financial documents for deposit in safe custody.
6. To issue and negotiate bank guarantees and letters of credit, cheque payments, money orders and all other negotiable documents and their collection.
7. To advance and lend money on real, personal and various mixed securities, on cash, credit or other accounts, on policies, bonds, debentures, bills of exchanges, promissory notes, letters of credit or other obligations, or on the deposit of title deeds, merchandise, bills of lading, delivery orders,



warehousemen's and certificates, notes, dock warrants, or other mercantile or tokens, bullion, stocks and shares.

8. To settle negotiable cheques and to lend funds and repay debts from any resources and with any other parties and using any financial instruments including but not limited to deposit certificates, loan debentures, loan bonds convertible into shares and bonds whether of medium term, limited term or floating term bonds with or without security.
9. To establish and distribute investment banking products as approved by the Central Bank of Oman including the following:
  - a. Investment funds.
  - b. Private banking products.
  - c. Property management funds products.
10. To sell and buy gold bullion and foreign currencies, to lend against them and to carry on all banking treasury business activities.
11. To establish and acquire companies of different status, to establish branches or acquire or establish banks and other companies or to participate in banks and other companies' capital inside or outside the Sultanate of Oman or to enter into partnership with companies and organizations transacting activities similar to those transacted by the Bank.
12. To play the role of financial consultant in respect of financial investment and generally to carry on all financial business transactions, brokerage deals, financial operations, agency business and to provide financial consultancy services to its customers inside or outside the Sultanate of Oman.
13. To subscribe for the shares of industrial projects, to invest the bank's funds in any investments, to own and sell such investments, to dispose thereof in any other manner and to carry on such business activities as an owner company or as an investor in accordance with the applicable laws in the Sultanate of Oman.
14. To lend monies and to extend credit and financial facilities of all kinds as authorized by the Central Bank of Oman which include, but are not limited to, the following:
  - a. To lend funds by participating in syndicated banks of lenders, to take part in or lead operations in international, Gulf, or local lending markets and trade finance operations.
  - b. To finance international assets directly or through lease finance operations using and developing the expertise currently available in all fields as permitted by the laws of the Sultanate of Oman and as approved by the Central Bank of Oman.
15. To encourage saving schemes and mobilize deposits and national savings to be employed by the Bank for the purposes of its objectives. This includes acceptance of deposits of all kinds, with or without interest, and the application of regulations seen fit by the Bank's Board of Directors for the encouragement of saving and mobilization of deposits, in compliance with licenses and permits issued by the Central Bank of Oman.
16. To attract local and foreign capital to contribute in financing projects in the Sultanate of Oman, arranging or obtaining local or international loans for the Bank and/ or projects and the acceptance of foreign deposits and obtaining of external loans, provided that such activities comply with the legislations and regulations stipulated by the Government of the Sultanate of Oman for this purpose.
17. To carry out all kinds of banking business as approved by the Central Bank of Oman and provide services to customers and others, provided that these be within the limits necessary for enabling the Bank to control the loans and credit facilities extended by it and to ensure that they are used for the purposes for which they were extended and are within the limits that enable the Bank to benefit from banking business and services.
18. To acquire, negotiate and receive public and private funds.

19. To lend funds in consideration of real, personal or mixed guarantees either in cash or by making credit to other accounts or in consideration of bills, debentures, promissory notes or any other obligations or in consideration of title deed deposits.
20. To issue bonds, certificates and all types of other securities after obtaining the approval of the Central Bank of Oman.
21. To acquire and discount instalment sales, any other agreements or any rights contained therein (whether proprietary or contractual) and to carry on business and to act as financiers, traders in securities, commission agents or in any other capacity in the Sultanate of Oman and to sell, barter, exchange, pledge, make advances or in any other manner deal in properties, houses, buildings and flats, subject to the Central Bank of Oman's prior approval being obtained.
22. To act as insurance agents, intermediaries or financial advisors for the benefit of the Bank's customers and to advise, sell and promote the sale of such services to them, provided that the same shall be subject to the approval of the Central Bank of Oman and the necessary approvals of other regulatory authorities.

For the purpose of reaching its objectives, the Bank has the right to do the following:

- A) Purchase, own or lease real estate and personal property necessary for the conduct of its banking business inside or outside the Sultanate as permitted by the Central Bank of Oman and relevant Omani laws.
- B) Acquire any share in any bank or other company whose activities are wholly or partly similar to those of the Bank or to carry out any business that may directly or indirectly benefit the Bank whether inside or outside the Sultanate and to participate in the formation of new companies subject to the laws, regulations and approval of the Central Bank of Oman.
- C) To communicate and enter into agreements with the various Government authorities for obtaining rights, concessions, licenses and benefits that enable the Bank to achieve its objectives with such terms as the Board of Directors may deem appropriate.
- D) Invest its surplus funds and dispose thereof in such manner as the Board of Directors may deem appropriate and beneficial for achieving the objectives of the Bank.
- E) Engage in technical co-operation and joint commercial investment with local and foreign banks and companies.
- F) Enter into any arrangements with any person, group of persons, company, corporation, governmental body, municipality or any local or public authority, that may be conducive to or assist in achieving the Bank's objects or any of them and to obtain from such person, group of persons, company, corporation, government body, municipality or local or public authority any rights or concessions as the Bank may deem fit or desirable and carry out, exercise, and comply with such arrangements, rights, and concessions provided that the same shall be subject to the approval of the appropriate authorities.
- G) Undertake, establish and/or execute any trusts, whose undertaking is deemed by the Bank to be desirable for or conducive to the achievement of all or any of the objectives of the Bank provided that the same shall be subject to compliance with all applicable rules, regulations and laws of the Sultanate of Oman.
- H) Subject to the provisions of the Oman Banking Law and the Central Bank of Oman regulations, to borrow or raise or secure the payment of money in such manner as the Bank may deem appropriate and to secure funds for the repayment or performance of any debt, obligation, contract, guarantee or other engagement entered into by the Bank in any way whatsoever, particularly by the issue of perpetual debentures or otherwise with preferential rights over all or any of the Bank's property (present and future) and to purchase, redeem or repay the value of any such securities.

- I) To mortgage or pledge all or any part of the property and rights of the Bank.
- J) Issue and deposit any securities which the Bank is authorized to issue and to secure by way of mortgage any sum less than the nominal amount of such securities and also to secure by way of guarantee the performance of any contracts or obligations of the Bank or of its customers or other persons or corporations having dealings with the Bank, or in whose business or projects the Bank has a direct or an indirect interest, provided that the prior approval of the Central Bank of Oman shall be obtained.
- K) Provide facilities and incentives to the employees of the Bank with a view to increasing their productivity.
- L) Draw, make, accept, endorse, negotiate, discount, execute and issue promissory notes, bills of exchange and other negotiable instruments in accordance with the banking business which the Bank is authorized to undertake.
- M) Invest and deal with the funds of the Bank not immediately required in such manner as it may, from time to time deem appropriate within the framework of the limits imposed by the Central Bank of Oman as set out in the Banking Law of Oman.
- N) Employ experts to examine and investigate the condition, prospects and circumstances of the financial position of commercial establishment, project, assets, property or rights.
- O) To perform all acts, enter into all contracts and transactions and do all things necessary, suitable, convenient and proper for the accomplishment of such objects in accordance with the laws in force in the Sultanate of Oman.
- P) In general, the Bank is entitled to undertake all banking businesses, perform all transactions as authorized by the Central Bank of Oman and conclude all such contracts as, it may deem necessary and appropriate for achieving its objects.
- Q) None of the aforementioned objects or enabling articles will become effective if they are inconsistent with the regulations and instructions issued from time to time by the Central Bank of Oman.

The Bank shall generally carry out all the necessary acts for achieving its objectives, and which are connected with and complementary thereto. The Bank's activities shall not be restrained except from acts prohibited by the laws in force in the Sultanate, or by a provision in its articles of association or a resolution of its general meeting.

### Licenses

The Bank is required to obtain and maintain certain licenses, permits and memberships which are renewable, where applicable, in accordance with their terms. The Bank presently holds the following material licenses:

Authority	Description	Expiry Date
MOCIIP	Commercial Registration No. 1558560	09/03/2027
Oman Chamber of Commerce and Industry	Membership Certificate No. 935	14/06/2024
CBO	Commercial Banking License Islamic Banking Licence	Ongoing as per Banking Law
CMA - registration number in the authority record is CM1032	Investment-related activities*	31/12/2023

\*Activities covered are Brokerage, Issue Management, Issuer of Structured Instruments, Margin Financing, Custodian, Managing Investment Funds, Portfolio Management, Investment Advice and Research, and Investment Manager.

## Approvals

The Issue has been approved by:

- Board of Directors – vide its resolution dated 1<sup>st</sup> January, 2023
- CBO - vide its letter no. LD/ AB/2023/671 dated 15<sup>th</sup> May, 2023.
- CMA - vide its Administrative Decision E/62/2023 dated 25<sup>th</sup> July 2023.

## Changes in Bank's Equity Capital

Year	Issued Capital Opening Balance (RO '000)	Bonus Shares (RO '000)	Shares Issuance (RO '000)	Rights Issue (RO '000)	Issued Capital End of the Year (RO '000)
2007	21,000	32,307	11,308*	-	64,615
2008	64,615	-	-	-	64,615
2009	64,615	3,231	-	-	67,846
2010	67,846	3,392	-	-	71,238
2011	71,238	8,905	-	-	80,143
2012	80,143	15,227	-	25,000	120,370
2013	120,370	6,019	-	-	126,389
2014	126,389	3,160	-	-	129,549
2015	129,549	12,955	-	-	142,504
2016	142,504	-	-	-	142,504
2017	142,504	-	-	-	142,504
2018	142,504	7,125	-	-	149,629
2019	149,629	7,481	-	-	157,110
2020	157,110	7,856	-	-	164,966
2021	164,966	-	-	30,000	194,966
2022	194,966	-	-	-	194,966**

\* Conversion of Alliance Housing Bank to Ahli Bank SAOG: share issued to Ahli United Bank and IFC

\*\* As on the date of this Prospectus, rounded to the nearest '000

## Bank's Major Shareholders as of 31 December 2022:

Name	Country Of Incorporation	Number Of Shares	%
Ahli United Bank B.S.C.	Bahrain	682,380,099	35.00%
Al Hosn Investment Company SAOC	Oman	276,065,080	14.16%
Al Hosn Business Development LLC	Oman	188,551,154	9.67%
Ubhar Capital SAOC – Asset Management	Oman	175,301,972	8.99%
Civil Service Employees – Pension Fund	Oman	167,139,447	8.57%
Ministry of Defense - Pension Fund	Oman	111,691,673	5.73%
Others		348,528,041	17.88%
Total		1,949,657,466	100%

## CHAPTER 5: OVERVIEW OF THE OMAN ECONOMY

The Sultanate of Oman has demonstrated a strong economic resilience and positive growth in the year 2022, post removal of pandemic restrictions, on the back of strong oil price and increased economic activity in the country. Oman's economy is estimated to have registered a real GDP growth of 4.3% in 2022 compared to 3.0% in 2021 and has achieved a budget surplus of RO 1.1 billion for the first time since 2013. This resulted in all the major rating agencies upgrading the sovereign credit rating of Oman. The upgrade reflects significant improvements in Oman's fiscal metrics, a lessening of external financing pressures and ongoing efforts to reform public finances. We expect the economic growth momentum in Oman will continue to be supported by oil prices in 2023, which are expected to average around USD85/bbl.

On the other hand, the authorities recently released an outline of the general budget for 2023, which aims to maintain financial and economic stability, continue economic diversification, encourage growth of private investment and increase non-oil revenues, which largely is in line with medium-term fiscal plan and Oman Vision 2040. In the 2023 budget, oil and gas revenues are forecasted at around OMR 6.7 billion, or 67% of overall receipts, down from OMR 7.2 billion from 2022. Oman's projected revenue figures are based on an assumed oil price of \$55 per barrel, up from an expectation of \$50 per barrel in the 2022 budget. Current budget also estimates that 67% oil & gas revenue and 33% non – oil & gas revenue. The budget is based on ensuring the sustainability of basic social services such as health, housing, education and social security. Further, the government will continue building the infrastructure required to spur economic growth, continue giving priority to critical projects that serve economic and social objectives.

For 2023, the Sultanate's hydrocarbon GDP is expected to grow by 9.5% and non-hydrocarbon GDP forecasted to grow by 2.6%. Oman's real GDP grew by 4.5% in the first nine months of 2022, reaching RO26.3bn compared with RO25.1bn in the same period of 2021, according to NCSI. The increase in GDP at constant prices is primarily due to an increase in oil activities by 12% and non-oil activities by 1.6% when compared to the first nine months of 2021.

The value added of oil activities increased to RO9.4bn during the first nine months of 2022 from RO8.4bn registered in the same period of 2021. The value added of non-oil activities amounted to RO17.7bn during January–September period of 2022 compared with RO17.4bn achieved during the same period in 2021.

The International Monetary Fund (IMF) recently said that Oman's economic recovery is gaining traction as higher oil prices, fiscal consolidation measures and progress on structural reforms are supporting a post-pandemic recovery. The IMF expect Oman's real GDP growth at 4.4% for 2023. Elevated oil prices and increased oil and gas production boosted Oman's economic recovery in 2022. The Sultanate sold its crude oil at an average price of US\$94 per barrel during 2022 against an assumed price of US\$50 per barrel in last year's budget.

## Key Economic and Social Indicators

The following table shows a selection of key economic and social statistics for Oman for the periods indicated:

All Amount In OMR Million Unless Specified	2016	2017	2018	2019	2020	2021
1. Petroleum Activities	6,714.80	8,072	11,031.1	10,095.6	7,377.6	10,547.7
Agriculture and Fishing	573.50	617.20	667.00	609.6	752.4	785.5
Industry	5,224.90	5,441.40	5,525.50	5,672.1	5,737.9	6,687.1
Services	13,593.6	14,131	14,456.0	14,128.0	15,394.5	16,571.4
2. Non-Petroleum Industrial Activities	19,392.0	20,189.60	20,648.5	20,490.7	21,884.8	24,044.0
3. Financial Intermediation Services	(741.10)	(768.60)	(833.05)	(810.7)	(799.5)	(829.0)
4. GDP at Producers Prices (1+2+3)	25,365.7	27,492.60	30,846.5	29,775.6	28,462.9	33,762.7
Taxes Less Subsidies on Products	(188.4)	(347.7)	(364.7)	(426.1)	(422.7)	(746.2)
5. GDP at Market Prices	25,177.2	27,144.90	30,481.8	29,349.5	28,040.2	33,016.5

Source: NCSI-Economic Review 2020 & 2021

## Oman Budget 2023

The Sultanate had good reason to be cautiously optimistic in preparing the 2023 budget, as 2022 afforded a number of positives that would have factored into the budget, such as:

- Due to a slowdown in global economies in the aftermath of the global pandemic, the IMF is projecting a medium-term global economic growth slowdown from 6% in 2021 to 3.2% and 2.7% in 2022 and 2023 respectively. Oman's GDP is forecasted to grow around 4.5% in 2022 from about 3% in 2021;
- Oman's actual 2022 revenues significantly exceeding budget due to higher oil prices which resulted in a surplus at the end of 2022, and therefore strengthening the Sultanate's efforts to meet its Medium-Term Fiscal Plan (2020-2024) of reducing its deficit;
- The Sultanate's credit outlook having improved across the three main agencies.

## 2023 Budget Objectives

The State's General Budget for 2023 is consistent with the objectives of the 10th Five Year Development Plan ("FDP"), as the general budget aims to achieve the following set of economic and social development goals:

- Financial and economic stability
- Economic growth of not less than 3% during 2023
- Maintaining inflation rates at no more than 3%
- Maintaining the level of spending on basic services
- Continuity of economic diversification policies

- Employment of jobseekers as per the National Employment Programme
- Improving Oman's credit rating
- Supporting Governorates Development Programmes, and development of income-generating sources for the governorates
- Digital Transformation

### 2023 Budget Overview

- Revenue estimate declined due to a projected decrease in gas revenue in 2023 following the establishment of Integrated Gas Company (IGC)
- IGC goals include the improvement of Oman's fiscal performance indicators by removing gas purchase and transport expenses from the state budget and transferring the net revenue from gas sales to the state treasury
- Higher oil prices boosted 2022 revenues to 14.234 billion rials (average oil price in 2022 was \$94 per barrel)
- Current budget estimates 66% oil & gas revenue and 34% non - oil & gas revenue.
- In the 2023 budget, the oil revenue has been estimated at about RO5.320bn, registering an increase of 18% compared to the budget of 2022
- Revenue from the distribution of dividends from the Oman Investment Authority (OIA) is expected to stand at about RO800mn
- State's general budget for the fiscal year 2022 recorded an increase in revenues by 34.5%, to reach about RO14.234 bn, compared to what was approved at the beginning of the same year
- Public spending in 2022 recorded an increase of 7.9% to reach about RO13.88 bn, compared to the approved expenditure in the budget of RO12.130 bn
- Budget assumes oil price of USD 55/bbl. for 2023 compared to USD 50/bbl. in 2022, with a daily production rate of 1,175 thousand barrels per day
- Aggregate revenue is estimated at OMR 10.1 billion in 2023 which is 5% less compared to the budgeted revenues in 2022
- Total expenditure in FY23 is estimated at OMR 11.4 billion, a decrease of OMR 0.8 billion (6.4% less) as compared to total expenditure projected in the 2022 budget
- Fiscal deficit is projected at OMR 1.3 billion in 2023 which is down by 16% on year-on-year basis
- 70% of the 2023 budget deficit is expected to be covered by external and domestic borrowing while the remaining 30% will be covered by drawing on the reserves
- Subsidies have been raised to OMR 1,430mn for 2023
- VAT and Excise Tax are expected to contribute OMR 500 million and OMR 90 million respectively and customs duty is expected to contribute OMR 220 million of these revenues in 2023
- Debt financing to cost OMR 1.2bn while debt repayment of OMR 150mn to be completed in 2021.
- The Oman Investment Authority plans to work on local projects in 6 sectors next year, namely the tourism sector, diverse sectors, aviation, energy sector, logistics, communications and information technology, food and fisheries, public services, and mining with a total planned investment expenditure of OMR 1.9 billion in 2023

### Medium Term Fiscal Plan (2021-25)

	2021e	2022e	2023e	2024e	2025e
Avg. Daily Oil Prod. (000 b/d)	960	1,107	1,133	1,140	1,140
Average Price (USD/bbl.)	45	45	50	50	50
Revenue (OMR mn)	8,640	9,490	10,815	11,315	11,500
Expenditure (OMR mn)	10,880	11,150	11,420	11,480	11,435
Surplus/Deficit (OMR mn)	(2,240)	(1,660)	(605)	(165)	65

(Source: U Capital Research and MTFP Document 2021-25)

### Foreign Direct Investment

Foreign direct investments (FDI) rose by 10.4% to RO18.14bn till Q3 of 2022, compared to the same period in 2021. Volume of trade exchanges between the Sultanate and the rest of the world till September 2022 increased 46.18% to reach RO30.421bn. Foreign direct investments in the manufacturing sector till Q3 of 2022 was RO1.717bn, compared to RO1.512bn over the corresponding period in 2021. The increase in the volume of FDI was due to several Royal Directives and updates in laws and regulations related to investment, leading to suitable environment for starting businesses in Oman. Government issued a fast track initiative under which out of the 39 targeted investment projects 27 were green lighted for implementation with a total value of US\$2.779bn.

### Ease of Doing Business

Oman advanced 10 positions in the Ease of Doing Business 2020 report by the World Bank. The Sultanate has jumped 10 places in the 'Doing Business 2020' report, ranking 68th in the world for 2019, while in 2018 it was 78th. According to the World Bank, the Sultanate ranks at the top among the GCC countries in the cross-border trade index as a result of continuous improvement in legislative and executive measures. Other fields in which Oman achieved recognition globally are: Building Permits (47th), Access to Electricity (35th), Property Registration (52nd), Investor Protection (88th), Payment of Taxes (11th) and Enforcing Contracts (69th).

### Macroeconomic Outlook

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7% in 2021 to 8.8% in 2022 but to decline to 6.5% in 2023 and to 4.1% by 2024. Monetary policy should stay the course to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures while maintaining a sufficiently tight stance aligned with monetary policy. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition and preventing fragmentation.

Over the past few years, the national economy passed through a succession of financial hurdles such as the recession of international oil prices due to the decline of global demand, the rise of general debt to record levels, and the hike in the cost of borrowing which all caused a collective negative impact on the Sultanate of Oman's creditworthiness. Despite this, Oman's economic good-news stories



throughout 2022 demonstrate that the country is on track to achieving the 10th FDP deficit reduction objective. The 10th FDP's budget objective is to achieve a budget surplus by 2025. As it stands, the preliminary results of 2022 budget have come in ahead of the 10th FDP budget projection and show a surplus of OMR 1.1 billion against a deficit of 1.7 billion budgeted in the plan. This is the first surplus the country has witnessed in a decade as a result of continued fiscal consolidation and higher oil prices.

	2021	2022e	2023e	2024e	2025e	2026e
Real GDP Growth%	3%	4.3%	4.1%	1.9%	2.3%	2.5%
Nominal GDP Growth (%)	16.20%	26.96%	1.91%	(0.23%)	0.47%	1.87%

(Source: IMF Economic Update – October 2022)

### Oman Credit Rating

Agency	Rating	Outlook	Date
S&P	BB	Positive	31 March 2023
Moody's	Ba2	Positive	15 May 2023
Fitch	BB	Positive	11 April 2023

Source: <https://tradingeconomics.com/oman/rating>

Some key factors that prompted the credit rating agencies to positively adjust their outlook for Oman:

- Improvement in the financial position
- Decrease in public debt risks
- Reduction in external maturities as part of Oman's liability management
- Improvement in Oil price
- Expectations of non-oil sectors growth
- Decrease in the public debt-to-GDP ratio

## CHAPTER 6: BANKING SECTOR OVERVIEW

Omani banks' credit fundamentals are recovering as pressures on the operating environment have eased and economic activity is gradually picking up amid higher oil prices. Omani bank's preliminary financial statements indicated that the total assets of the banks increased to RO 38.9 billion as of December 31, 2022, registering an increase of about RO 298.0 million over the levels recorded at the end of 2021. On the other hand, the total net profits of Omani banks listed on the Muscat Stock Exchange jumped by 20.6 per cent to RO 409.0 million for the full year 2022 as compared to RO 338.9 million net profits reported in 2021.

The sharp rise in banking sector profits reflects the state of recovery of the Omani economy from the Covid-19 pandemic as well as the government's efforts to mitigate the effects of the pandemic on various economic activities. The banks' improved financial results also reflect the efforts made by banks to diversify their lending and financing portfolios and their contributions to financing projects implemented by the government and the private sector. However, rising interest rates continue to be a cause of concern for the banks, which could have potential impact on the net interest margin and credit recovery process in 2023.

The MSX Index at the end of this year 2022 stood at 4,857 points compared to 4,129 points at end of 2021, recording an annual growth of 728 points, representing an increase of 17.6 percent compared to last year. The value of traded securities during this year reached RO 940.0 million with an increase of 14.9 per cent as compared to last year. The market capitalization increased this year by 7.5 per cent and reached RO 23.74 billion, compared to RO 22.09 billion last year.

Total net profits of Omani banks listed on the Muscat Stock Exchange (MSX) jumped by 20.6 per cent to RO409mn for the full year 2022 as compared to RO338.9mn net profits reported in 2021. Preliminary financial results recently announced by the listed banks on the Muscat Stock Exchange showed an increase in profits of all the banks and the rise of their various financial indicators. The sharp rise in banking sector profits reflects the state of recovery of the Omani economy from the Covid-19 pandemic as well as the government's efforts to mitigate the effects of the pandemic on various economic activities. The banks' improved financial results also reflect the efforts made by banks to diversify their lending and financing portfolios and their contributions to financing projects implemented by the government and the private sector.

### **Rebound in GDP Growth- has a 1:1 direct effect on Banking sector**

Post the blip caused by the pandemic in 2020, the outlook for Oman economy is positive. The GDP growth has rebounded from -3.2% in 2020 to 3.0% in 2021 and as per International Monetary Fund (IMF) estimates, it projected to grow at 4.3% in 2022. We believe the buoyancy in the GDP will be on account of increased hydrocarbon production as well as recovery of the diversified nonhydrocarbon economic activities. There has not been any major spill over from the war in Ukraine on the Oman economy. It is pertinent to note that despite the GDP growth, the CPI inflation has been contained due to measures like administered price on sensitive products, especially cap on fuel prices.

The National debt to GDP after touching a peak in 2020 has shown a declining trend. The drop in the national Debt to GDP is an early indicator of changes in the trend and improvement in state finances that will be witnessed going forward. With the foundation in place in terms of broader growth of GDP and increasing contribution of non-petroleum products, the impetus in the Banking Sector is visible.

Oman continues to remain an oil dependent economy with 78% of the revenue from Oil and Gas, there have been significant measures taken in the past to diversify. The composition of GDP in terms of contribution from non-petroleum and petroleum related activities has been in the ratio of 70:30. Government of Oman, through its Vision 2040, intends to achieve significant diversification away from Oil. Vision 2040 is a 20 year nationwide multi-sector document that lays the road map for the key areas of strategic focus. The primary aim of the road map is to build a country that is inclusive, productive and diversified. It has chosen 5 sectors as core for development- Tourism, logistics, manufacturing, fisheries and mining. The plan also involves increasing the rate of Omanis in private sector to 42% and enhancing foreign investment into the country to 10% of the GDP. This approach, on one side improves the economy from bottom up while on the other side it increases the confidence of investors both local and foreign leading to higher private capital investment.

### **Healthy Credit and Deposit Growth**

According to statistics from the CBO, the Sultanate's banking sector consolidated in 2021 with a healthy credit growth of about 5.0% year-on-year, touching the OMR 29.2 billion mark as at the end of December 2022. Total deposits registered a moderate growth of 1.2% year-on-year to OMR 25.9 billion as at the end of December 2022

### **Loans to Deposit Ratio Continues to stabilize**

The loan to deposit ratio in Oman has also continued to stabilize over the years. As of Dec -2022, the loan to deposit ratio stood at 112.7% compared to 109.2% in 2019 and 109% five years ago in 2017.

### **CBO Repo Rate**

The Sultanate follows the fixed rate regime, and consequently interest rate is closely aligned with US Fed's policy rates. During the year 2022, CBO has increased its repo rate in line with the increase in Fed rate. Following the lead of the US Fed, during February 2023, CBO has raised its key policy rate to 5.25 per cent in eight successive rate revisions in 2022 and 2023. The CBO in its statement said that its monetary policy target is to sustain and maintain its fixed exchange rate. This policy is aligned with the structure and nature of the Omani economy.

### **Banking Sector Profitability Continues to Improve**

The rapid increase in banking sector earnings indicates both the economy's recovery from the Covid-19 epidemic and the government's measures to lessen the pandemic's effects on different economic activity. The banks' better financial performance also reflects their attempts to diversify their lending and financing portfolios and their financial support of public and private sector projects.

## Monetary and Financial Indicators

Monetary Indicators	2017	2018	2019	2020	2021
Currency with Public (OMR million)	1,266	1,242	1,611	1,379	1,307
Narrow Money - M1 (OMR million)	4,941	4,930	5,344	5,562	5,747
Broad Money - M2 (OMR million)	16,069	17,400	17,752	19,337	20,220
CBO's Foreign Assets (OMR million)	6,186	6,686	6,407	5,770	7,586
Total Assets (OMR million)	31.4	33.9	35.2	35.8	38.5
Total Credits (OMR billion)	23.6	25.1	25.8	26.7	27.8
Total Deposits (OMR billion)	21.6	23.3	23.7	24.2	25.6

Monetary and Financial Indicators	2015	2016	2017	2018	2019	2020	2021
Banking Indicators							
Number of Conventional Banks	16	16	16	16	16	16	16
Number of Branches of Conv. Banks	468	470	436	449	451	453	438
Number of Islamic Bank's Branches	60	70	76	81	84	91	93
Financial Deepening Indicators							
Bank Credit to GDP	75.8%	87.3%	86.5%	82.2%	88.1%	93.7%	84.4%
Bank Credit to Non-Oil GDP	104.5%	112.9%	116.3%	120.2%	126.1%	120.2%	115.9%
Bank Deposit to GDP	73.3%	806.0%	79.3%	76.3%	80.6%	84.9%	77.5%
Bank Deposit to Non-Oil GDP	101.0%	104.2%	106.5%	111.6%	115.3%	108.9%	106.5%
Broad Money to GDP	57.2%	60.0%	57.5%	57.1%	60.6%	68.0%	61.2%
Broad Money to Non-Oil GDP	78.8%	78.7%	79.4%	83.5%	86.8%	87.2%	84.1%

Source: CBO, U CAPITAL

## CHAPTER 7: BUSINESS OVERVIEW

Ahli Bank SAOG is a public joint stock company incorporated in the Sultanate of Oman and is engaged in commercial and investment banking activities through a network of 42 branches as of 31 December 2022 with 23 conventional branches and 19 Islamic branches. The registered address of the Bank is P.O. Box 545, Mina Al Fahal, P.C. 116, Sultanate of Oman.

The Bank was incorporated in 1997 as a specialized housing bank focusing on the extension of residential mortgages and listed on the Muscat Securities Market (now the MSX). In January 2007 the Bank obtained in-principle approval from the Central Bank of Oman to operate as a full-fledged commercial bank.

In January 2008, Alliance Housing Bank changed its name to Ahli Bank SAOG and commenced its commercial banking operations. Since then, the Bank has diversified into corporate banking, SME financing, trade finance, treasury services, retail banking, premium and private banking.

In 2013, the Bank launched its Islamic Banking services through Al Hilal Islamic Banking Services (the Islamic Window). Al Hilal Islamic Banking Services was licensed by Central Bank of Oman (CBO) to operate as an Islamic Banking Window of the Bank. During the Board of Directors meeting held on 6 December 2018, the changing of the name “Al Hilal Islamic Banking Services” to “Ahli Islamic” (herein referred to as “Islamic Window”) was approved. The change of name was registered on 1 May 2019. The Islamic Window offers a full range of Islamic banking services and products. The principal activities of the Islamic Window include accepting Sharia-compliant customer deposits, providing Sharia-compliant financing based on Murabaha, Mudaraba, Musharaka Ijarah, undertaking investment activities and providing commercial banking services and other investment activities permitted under the Islamic Banking Regulatory Framework (IBRF) issued by the CBO.

### Business Units

The Bank is focused to constantly augment its effective governance policies, prudent risk assessment procedures, cost-efficiency strategy and the introduction of new products and services to promote the interests of its stakeholders and ensure its long-term sustainability. Its employees are encouraged to aim high, enabled with a sense of empowerment to achieve their tasks. Coupled with continued training and development, the management aims to continuously build a talent pool that is able to achieve high-quality performance and innovation. Furthermore, the Bank strives to provide its customers with optimal banking propositions through convenient channels in a timely manner with the highest levels of accuracy and reliability. In line with the latest trends in digital banking, it is continuously investing in new and secure technologies in order to provide world-class customer service and experience through a multiple choice of platforms.

### Corporate Banking:

ahlibank’s corporate banking brand continues to grow in stature. Its industry-specific teams boast a deep understanding of their respective local and regional market segments, working to ensure the delivery of insightful relationship management with fast turnaround times across its product spectrum. These divisions comprise:

- Project Finance, Syndications & Energy,
- Food and general trading;
- Manufacturing, Real Estate & Contracting,

- Financial services, Travel, Tourism and Transport
- Sharia-compliant Islamic banking services through Ahli Islamic counters

The Bank has aligned the teams in way that will allow them to focus on the sectors that form part of the Sultanate’s diversification strategy and Vision 2040, thereby creating wealth through economic diversification and private sector partnerships. It continues to contribute towards the economic development of these sectors through the funding of various projects and providing a comprehensive range of competitively priced funded and non-funded financial products and advisory services. ahlibank is fully committed towards the Sultanate’s vision towards diversification of energy sources through green energy financing and other sustainable biofuels. As part of our long-term strategy, the bank plans to strengthen its procedures to help fund ESG projects.

#### **SME Banking:**

SMEs continue to play a vital role in the economic development of Oman. The development of the sector contributes towards employment generation, exports, facilitation of equitable distribution of income as well as reducing the dependency on oil and contribution to the country’s GDP. With Oman reviving and refocusing its interest and energy in small and medium enterprises, the country has developed various programs to set up new units that will be given support, while counting on the banks to continue to play an imperative role in the development of this sector. Ahli Bank Launched “Tamkeen” Crowd funding initiative during FY 2022 in collaboration with Beehive, as first of its kind initiative in Oman.

#### **Corporate Liabilities:**

A dedicated team is tasked to focus on increasing the liabilities of the Bank, offering its corporate clients a range of liability products from operative accounts, call accounts, fixed as well as structured deposits. Its customer-centric team recognizes the importance of relationship building, ensuring that a comprehensive range of products is provided to the client as well as to their employees. With a focus on low-cost deposit to diversify the funding base of the Bank, the team continues to grow to complement the Corporate Banking lending and retail banking team.

#### **Government Banking:**

The Government Banking unit was established to cater to the needs of government bodies and institutions. This includes Ministries and other offices under the purview of the government, including pension funds. The unit ensures customized products and services that will cater to the needs of the government’s diverse banking requirements. The Unit collaborates with other departments within the Bank, such as Corporate Banking, to cater to the funding needs of the government; Retail, Premium and Private Banking to address the needs of their employees and are able to provide attractive customized packages that align with their requirements.

#### **Transaction Banking (Corporate E-channels):**

To complement the business and create new revenue stream lines, the Bank continues to invest and advance its technological and digital infrastructure through its e-channels, a significant move necessitated by the pandemic. The business-to-business platform (B2B) and corporate internet banking (CIB) continue to be enhanced with state-of-the-art features that give the users an unmatched experience in terms of managing their accounts (payables and receivables) and liquidity to further streamline services for its corporate clients, SMEs and government institutions, focusing on driving efficiencies, enabling clients to focus on their core businesses while ensuring safe cybersecurity measures to guarantee utmost confidentiality.

### **Retail Banking:**

Ahlibank continues to focus on designing and offering innovative products and services for its customers in order to increase its foothold and market presence, apart from offering seamless engagements and enriching customer experience. As part of its retail network expansion and digitalization strategy, it has opened its first digital branch, Ahli Express, in 2022, with more network enhancement in the pipeline for 2023. This strategy aims to increase touch points with customers, provide convenient services, on a larger scale, contribute to the development of local communities and widen geographical coverage along with strategic sales plans that will maximize stakeholders' equity in an efficient manner over the medium term

### **Private Banking “Exclusive”:**

Ahlibank aims to help its clients manage their wealth effectively in order to maximize returns and minimize risk. It provides personalized services through a dedicated relationship manager to its clients by understanding their financial requirements and providing world-class, tailor-made investment solutions. It is able to provide its clients with financial solutions that benefit from continuing on-going research in investment opportunities with one-to-one personalized service that promises complete confidentiality in its service centres and lounges.

#### **Benefits:**

- Free Infinite credit card and Signature debit card
- Unlimited complimentary lounge access to over 750 international airports
- Preferential pricing on deposits and loans
- Special discounted tariffs on bank charges
- Discounts and offers from selected exclusive merchants
- Personalized concierge service, free travel insurance, purchase protection and extended warranty

### **Al Nukhba Premium Banking:**

The Bank's clients benefit from the extensive service and financial and non-financial privilege range designed by its pool of experienced experts. All the dedicated RM's offer personalized services to clients through its various branches and Premium service centres.

#### **Benefits:**

- Free credit card and debit card
- Preferential pricing on deposits and loans
- Special discounted tariffs on bank charges
- Discounts and offers from selected premium merchants
- Personalized concierge service, free travel insurance, purchase protection and extended warranty

### **Imtiyaz:**

Ahlibank customers can now join ahlibank's banking services dedicated to the Imtiyaz segment where they have the opportunity to enjoy a seamless banking experience in line with the demands of their modern lifestyle, with a minimum salary transfer requirement of OMR 1,000 or a deposit of OMR 10,000 and above.

### **MyChoice:**

Ahlibank presents an opportunity to its youth customers to start their steps towards being financially independent, managing their own budget and start saving with MyChoice youth account. Youth customers enjoy the perks and offers specially designed for them such as a welcome gift, free mobile data, special offers and discounts with ahli rewards app and VOX cinema, and many more.

### **Istqrar:**

Is a special bank account with attractive facilities specially designed for retiree customers. The Istqrar account is designed to meet all the basic banking needs, while enjoying higher returns on fixed deposits, low interest rates on personal, mortgage and auto loans and many more benefits.

### **Cards:**

Ahlibank offers a range of credit and debit cards, across various customer segments: Classic, Gold, Platinum, Signature and Infinite under the credit card category and Platinum and Signature under the debit card category. The credit cards are equipped with exciting features that include redemption against travel miles, travel protection insurance, extended warranty on appliances, airport lounge access, purchase protection, concierge services, etc. The Bank has in also offers 'ahli rewards', a card-rewarding system for its customers.

### **Personal Loans:**

Ahlibank's personal loan facility branded as "MyLoan" offers ready cash with high loan amounts, easy and suitable repayment options, along with competitive interest rates. With simple documentation requirements coupled with a hassle-free experience, MyLoan fulfils all dreams in one go; cash for expanding a business, providing children with the best education, taking dream vacations with loved ones, and much more.

### **Home Loans:**

With the most experienced and highly trained staff in home loans, ahlibank offers this service under the brand "MyHome," offering convenient plans to suit everyone's needs. With a host of attractive features including long tenor, standard documentation and attractive interest rates, owning a home is no longer a distant dream. Customers can now build or purchase their dream home, financed by ahlibank's MyHome facility.

### **Car Loans:**

Ahlibank offers car loans to customers for purchasing new and used cars, with competitive interest rates, long repayment tenors up to ten years, and high loan amounts.

### **MySmart:**

MySmart from Ahlibank is a unique interest-bearing savings account that offers a high interest along with the flexibility of a transactional account. The account calculates interest based on monthly average balances and pays out on a monthly basis. This is coupled with the use of a chequebook to transact freely. Customers are free to use their funds anytime without any notice period, while enjoying high interest rates on the balance available in their account.



#### **Wafra Plus:**

This is a daily growth account that offers interest on the daily balance maintained by the customers. Interest is compounded and credited to customer account on daily basis at the end of each day.

#### **MySaver:**

With My Saver Plan, customers can invest small amounts on a monthly basis, which multiplies with regular bonuses over a period. Attractive interest is paid monthly to the account based on the daily available balance. Free life insurance coverage up to RO 50,000 is also bundled with the account.

#### **Exclusive Plus Account:**

Is an interest bearing saving account that offers customers high interest rates on their deposits along with the flexibility of a transactional account. Interest is calculated on the quarterly average balances of each calendar quarter. Interest is paid to customers on quarterly basis after the end of each calendar quarter.

#### **Bancassurance:**

Ahlibank offers a wide range of insurance products to protect its customer's assets and property. The insurance products cover unexpected events, protecting customers from collateral damage that could otherwise erode savings or investments.

#### **Alternative Channels:**

In order to meet the growing demand for efficient ATM and online services, ahlibank continues to enhance customer experience by providing convenient and seamless banking services and offering secure and reliable banking technologies.

The Bank has recently launched its first digital branch, Ahli Express, where customers can enjoy bouquet of services through Multi-Functional Kiosk.

ahlibank's free e-channel service offers 24-hour access to banking services that provides a welcome alternative to visiting a branch. With its conventional and Islamic branches network across the Sultanate, coupled with a host of e-channel services including Internet banking, mobile banking, SMS banking, 24x7 call centre, ATMs, CDMs, service centres and kiosks, the Bank remains accessible to customers whenever and wherever they require.

By subscribing to ahlibank's Internet banking service, customers can enjoy easy access to services such as viewing transactions of accounts and credit cards, making fund transfers locally and internationally, bill payments and issuance of cheque books without having to visit a branch. All these services come with the assurance of the highest standards of online security. For further convenience, all these services are also accessible on smartphones through ahlibank's mobile banking and SMS banking services. Additionally, ahlibank's e-statement service allows customers to receive bank account statements and view the summary of every transaction via e-mail. Statements can be received on a daily, weekly or monthly basis.

Apart from its wide range of innovative product and services, ahlibank also has an accessible network of ATMs, CDMs and kiosks across Oman that offer cash deposits, cheque deposits, utility bill payments, credit card payments, mobile top ups, among other services.

## Treasury and Financial Institutions

### Treasury

ahlibank's professional and experienced Treasury team provides a comprehensive package of services in both treasury and investment products to individuals, corporate, commercial and government institutions. The Treasury prides itself on being one of the most proficient dealing rooms in Oman, providing corporate and individual clients with a wide selection of foreign exchange, money market and derivative products ranging from the traditional to the customized.

The Treasury division is able to offer best-in-class service with unparalleled access to the local and regional markets. Delivering everyday banking needs effectively and efficiently is critical to the Bank's success. With a Treasury team that understands business needs and ambitions, with its award-winning service and solutions, it is committed to helping clients succeed.

### Financial Institutions

Financial Institutions Group (FIG) covers global relationships with other financial institutions and acts as an international arm of Ahli Bank. Leveraging Ahli Bank's regional knowledge and banking expertise, the Financial Institutions Group seeks to build strategic and long-term relationships with other financial institutions in order to deliver seamless customer experience to its corporate and retail clients. This is achieved through dedicated and experienced relationship managers who work closely with internal stakeholders to ensure its clients' needs are met in most efficient manner. In doing so, Financial Institutions Group ensures Ahli Bank's Brand recognition is enhanced not only in existing but also in new geographical markets and regions.

The Bank also provides "Nostro service" in major currencies and "Vostro service" for Omani Rial accounts. Through Nostro Accounts in different currencies, Ahli Bank facilitates Funds Transfer/Trade/Treasury/Foreign Currency Drafts, Import/Export Letters of Credit, Collection of Documents and issuance of Local and Overseas Guarantees for its clients such as Bid/ Tender Guarantee, Advance Payment Guarantee, Performance Guarantee & Financial Guarantee.

Vostro accounts, allow Ahli Bank to make efficient settlements via book transfers for other financial institutions.

The Financial Institutions Group actively explores opportunities to arrange funding requirements of Ahli Bank both locally and internationally in order to meet regulatory and liquidity requirements at the most competitive Terms & Conditions.

### Trade Finance:

The Trade Finance Department is a full-fledged specialized department of ahlbank, handling all trade finance requirements of corporate and consumer banking customers. The department is aligned with the Bank's Wholesale & Retail Banking in providing various fund-based credit facilities such as export finance, bill discounting, receivables/invoice finance, loans against Imports and non-fund based credit facilities such as the issuance of letters of credit, standby letters of credit, guarantees, export and import bills for collection, avalization of import bills for collection, advising and handling of documents under export letters of credit and risk participation for local and overseas transactions covering both conventional and Islamic products. The Bank's Trade Finance team is well experienced, trained and updated with the requisite skill set, latest developments in the local and international markets, the rules governing international trade with a focus on customer service.

### **Asset Management:**

Ahlibank continues to grow its Asset Management capabilities and build track record to realize its strategic vision to be one of the leading investment management firms in the Oman. It offers a diverse range of investment solutions for our institutional and high net worth clients including mutual funds and investment advisory services, which cater to specific needs to each of our customers.

During the year, ahlibank launched its Fixed Income Solutions offering the clients the ability to take advantage of attractive bond yields offered by the markets today. The Fixed Income Solutions offered by Ahli Bank cater to clients across the risk spectrum including Investment Grade, High Yield and Sukuk Strategies. The flagship, Ahli Global Equity Fund, also continues to gain traction with clients and offers investors' international diversification. The Asset Management team also manages several discretionary strategies including thematic and regional equities.

The investment team at ahlibank has significant experience across markets and asset classes. At ahlibank, we adhere to a proven investment process based on in-depth fundamentals to ensure superior risk-adjusted returns for all our clients. We also have a disciplined Risk Management Framework in place to manage volatility.

### **Corporate Finance Advisory:**

The Corporate Finance Advisory division is a full-service financial advisory and fundraising platform with proven track record across products including Equity/Debt capital markets, debt syndications, refinancing/restructurings, M&A, private equity, Islamic finance and structured finance. It develops innovative, customized solutions for its clients backed by deep understanding and specialized domain knowledge of major industry sectors through a team of dedicated experts. It continues to build its reputation as an advisor of choice and has executed quality equity and debt transactions in FY 2022 across marquee corporate and GRE clients. During FY 2022, the division successfully lead managed the Additional Tier I offering for the Bank which was oversubscribed, private placement of unsecured non-convertible subordinated bonds of Taageer Finance Co. SAOG for the second year in a row which was oversubscribed. It was also mandated for the IPO of Abraj Energy Services which is part of the privatization initiative by Oman Investment Authority (OIA), mandated for the financial advisory services for Sohar Titanium and Be'ah and continues to offer bespoke advisory and fund-raising services for its clients.

The division continues to have rich pipeline, and is constantly engaging on a wide cross-section of mandated transactions across capital markets and advisory. It is mandated for financial advisory and fundraising transactions for over US\$ 600mn across sectors covering manufacturing, logistics, Oil & Gas, financial services, hospitality and Real Estate, among others. It follows an expertise-led approach focusing on specific segments of strength, where it has relationships and track record. The division also strengthened its transactional partnerships with local, regional and international banks thereby actively generating ideas and opportunities for its clients. The division has ambitious plans in the coming years to expand and grow into a leading and trusted 'Go to' advisory practice in Oman, offering bespoke, relevant and timely financial solutions to its clients.

### **Brokerage:**

The brokerage division generated a turnover of c. OMR 131 million representing c.8% of the market. It is ranked 5th in Oman (7th in 2021) in terms of the market share. It acted as the buy & sell side broker for the divestment of Octal Petrochemicals. It has launched sell-side research initiative in 2022 which is well-received by the clients. The brokerage services covers both Oman and other GCC regions by providing differentiated and focused services through dedicated professional brokers.

## Wealth Management

Ahli Bank Wealth Management provides financial solutions to its High Net Worth Individuals (“HNWI”) to manage and grow their wealth. It aspires to be a one stop shop for clients when it comes to investment options, hence always strives to continuously bring new opportunities and stories to the Wealth clients. It provides access to International Fixed Income Securities Bonds & Sukuk, listed in major global exchanges and denominated in currencies like USD, GBP and EUR. It also provides access to diversified asset classes including Equities, Bonds and other alternative investments through investments in Global Mutual Funds and ETFs. The Bank also provides the option for “Systematic Investment Plans – SIPs” for clients looking to invest in regular amounts. Investing in Mutual Funds through ahlibank’s online banking channel has been made available . The Bank through the wealth management arm also provides Income Protection solution in life insurance space as a Wealth Management tool. The Wealth business has been scaling up to new levels and look forward for continuous evolvement.

### ahli Islamic

Ahli Islamic has demonstrated a remarkable growth trajectory since its inception in 2013, and has established itself as a prominent player in the domain of Islamic banking in the Sultanate of Oman. Over the years, ahli Islamic has significantly contributed towards the development of the market by offering superior financial services and fostering financial inclusion amongst prospective customers. The Bank has earned the confidence of all its stakeholders by virtue of its unwavering commitment to Sharia-compliant practices.

Ahli Islamic offers a diverse range of Sharia-compliant products and services that cater to a wide spectrum of customer segments including institutional, corporate, SME, and retail customers. The Bank’s network of nineteen dedicated branches, located in strategically important locations such as AlKhoudh, Wattaya, AlGhubra, AlKhuwair, AlAmerat, AlHail, AlMabaillah, Saham, Rustaq, Barka, Sohar, Samail, Bahla, Nizwa, Sinaw, Jalaan Bani Bu Ali, Sur, Salalah, and Ibri, enables it to serve its customers effectively and efficiently.

In order to further extend its reach and cater to its premium, private, and wealth management customers, ahli islamic launched the Al Shumookh segment. The segment offers a suite of new services and benefits that are exclusively designed for its esteemed customers, including a dedicated relationship manager, specialized service centers, handpicked offers from select merchants, 1% cashback on credit cards, and other exciting perks. ahli Islamic offers a range of innovative Shari’a-compliant products in their deposits and liabilities portfolio. Further details regarding these products are given below.

### Products & Services:

1. Current Account - Non-profit paying, transactional account for individuals, corporates and institutions
2. Savings Account - Profit paying account for regular savers who want to get the benefit of receiving Sharia-compliant profit on their savings
3. Al Namaa Savings Account - High profit paying, transactional account for individuals who want high profit earning based on their balances, without binding the funds for any tenor
4. Term Investment Account - Term deposits under Wakala mode for customers who want to earn higher profit, at easy terms of 12 months, 24 months, 36 months, etc.
5. Qitaf Savings Account – Profit paying account, transaction account for individuals receiving Sharia-compliant profit on their savings. This account features 10% cash back offer from the bank on salary transfer.

6. Al Qimmah Wakala Account – Profit paying, non-transactional account based on Wakala mode allowing customers to earn high profit on monthly basis.
7. Special Offers: Many attractive offers on different accounts are also offered on regular basis to attract new customers.
8. Branchless Banking
9. Priority Banking
10. Cash Management Services
11. Alternate Distribution Channels (ahli Islamic net, SMS alerts, SMS banking, ahli Islamic debit & credit cards).

### **Financing Products:**

#### **Corporate Banking**

Ahli Islamic offers a comprehensive array of Shariah-compliant financing solutions cater to the working capital finance, commodity operations financing, long term finance, and project-based financing needs of a large number of corporate clientele comprising private and public sector entities.

A focused business strategy to diligently build a high quality and well-diversified portfolio has enabled the Bank to grow its Corporate Banking portfolio from RO 260.6 million in 2021 to RO 345.6 million in 2022, a substantial growth of 32.6%.

#### **Shariah Advisory Services:**

Ahli Islamic regularly facilitates corporate entities by providing Shariah advisory and Shariah technical services and support for development of Shariah-compliant products for their business needs.

### **Corporate Islamic financing and related assets:**

#### **Murabaha Finance**

Murabaha is a sale contract, wherein the first party (bank) sells a Shari'a-compliant asset/good to the customer at cost, along with a pre-agreed profit.

#### **Diminishing Musharka**

Diminishing Musharaka (DM) is a form of co-ownership, in which two or more parties take ownership of a tangible asset in an agreed proportion; one of the co-owners undertakes to buy in periodic instalments the proportionate share of the other co-owner, until the title of asset is completely transferred to the purchasing co-owner. Furthermore, during the entire tenor of facility, one of the co-owners can rent out its undivided share in the asset to the other co-owner.

#### **Ijarah MBT:**

Ijara MBT or financial lease is a rental arrangement, whereby the owner of the asset allows use of the asset against specified rentals. It includes a promise from the lessor to transfer to the lessee the title of the leased asset, at the end of the lease term, through a sale for an agreed price. During the entire tenor of financial lease, the Bank must retain ownership of the asset, along with relevant risks and rewards.

#### **Wakalah Bil Istithmar (WBI)**

In Wakalah Bil Istithmar financing, the Bank enters into investment agency transaction with customer

acting as an agent of the Bank. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Bank and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the profit.

#### **Retail Islamic financing and related assets:**

**Personal (Goods) Finance** - High financing amount with a repayment period of 10 years at a very competitive profit rate in order to meet personal financing requirements of Islamic Banking customers.

**Auto Finance** - Easy repayment tenors at very affordable profit rates with higher amount limit for new and used car buyers, with the option of salary and non-salary transfer, Ahli Islamic's Auto Financing is the most attractive product in the market. Ahli Islamic also offers mortgage-free auto financing for salaries customers to add more convenience and freedom in owning their vehicles.

**Home Finance** - Up to 80 per cent of the property value for both, ready property buying and for construction for a period of up to 25 years for people who are looking to buy or construct their houses.

**Service Ijarah Personal Finance** - Service agreements with various service providers (Education Financing, Membership Financing, Travel Financing, Hajj and Umrah Services Transportation, Medical Expenses Financing, Marriage Expenses Financing, Construction /Developer Expenses Financing), where Ahli Islamic purchases the customers' desired services and extends the service through Ijarah.

**Retail Commercial Finance** - As part of our comprehensive customer experience offering and in order to tap the segment of customers that request financing of commercial assets under Retail banking, Ahli Islamic extends the existing approved set of Retail financing products to finance retail customers for commercial purposes.

**Credit Cards** - Visa Gold, Platinum, Signature and infinite, socially responsible Islamic credit cards, bundled with the benefits of global airport lounge access, Chauffeur service, 1% cash back, Takaful insurance protection, travel and lifestyle deals. Many discounts and offers are available for credit card customers.

#### **Risk Management**

The Risk Management Division closely monitors the core risk areas and reports to the Board Risk Committee. The primary goal of risk management is to ensure that the Bank's asset and liability profile, its trading positions and its credit and operational activities are not exposed to losses that could threaten its survival. Risk Management assists in ensuring that risk exposures do not become excessive, nor concentrated, relative to the Bank's capital and financial standing.

The Bank manages the risks effectively and efficiently by monitoring and approving all retail and commercial credit applications. This emphasizes a clear understanding of business requirements in terms of products, clients, delivery capabilities, competition, regulatory environment, shareholder values and the global economic environment leading to identifying the various associated risks. The Bank complies with Basel III Norms as well as other international standards and guidelines issued by the Central Bank of Oman. The Bank has implemented systems for calculating liquidity ratios, capital adequacy ratio, expected credit losses and for determining credit ratings of counterparties.

The Risk Management Division formulates policies and procedures, taking into account regulatory requirements and best international practices, to monitor and control exposures within pre-determined acceptable limits.

The following Board and Management Committees manage and control material risks to the Bank:

#### Board Committees:

- Audit and Compliance Committee
- Executive & Credit Committee
- Executive Risk Committee
- Nomination and Remuneration Committee
- Digital Transformation Committee
- Head Office Project Committee

#### Management Committees:

- Executive Management Committee
- Credit & Investment Committee
- Assets and Liabilities Committee
- Credit Risk Management Committee
- Operational Risk Committee
- Products and Consumer Protection Committee
- Special Assets Committee
- Technology Delivery Committee
- Technology and Digital Transformation Steering Committee

The Bank has set up policies and measures to assess capital adequacy in terms of CBO regulations, which have been approved by the Board of Directors. Under these, the Bank assesses its capital against its risk profile, to ensure its capital is sufficient to support all material risks to which it is exposed.

#### Policies and Procedures

The Board of Directors approve the Bank's risk appetite, risk management strategies, policies and the framework for their effective implementation and control, including delegated authorities to the Executive Committee and Management to approve all risk exposures. In this context, the Board of Directors has approved the following policies:

- Anti-Money Laundering Manual
- Personal Account Dealing Policy
- New Product Policy and Procedures
- Voice Recording Policy
- Compliance Policy
- Corporate Communication, Marketing and CSR policy
- Corporate Governance Policy
- Corporate Social Responsibility Policy
- Dividend Policy
- Expenses Policy
- Capital Management Policy
- Disclosure Policy
- Board Remuneration Policy

- Financial Institutions Policy
- Human Resources Policy
- Outsourcing Policy
- Code of Business Conduct
- Information Security Policy
- Business Continuity Management Policy
- Credit and Investment Policy
- Operational Risk Management Framework
- Operational Risk Management Policy
- Fraud Risk Management Policy
- Fraud Risk Management Framework
- Liquidity and Funding Policy
- Market Risk Policy
- Risk Management-Approach & Framework
- Social and Environment Management System Policy
- Security and Safety Policy and Plan
- Asset Management Policy
- Brokerage Policy
- FATCA Policy
- Customer Complaints Redressal Policy
- Social Media Policy
- Electronic Banking Policy
- Classification and Measurement Financial Assets and Liabilities
- Sanctions Policy
- Wealth Management Policy
- Treasury & Investment Policy
- Whistle Blowing Policy
- Cloud Policy

#### **Islamic Banking related policies**

- Profit Distribution Policy
- Charity Policy
- Zakah Policy
- Cost-Sharing Policy
- Segregation of Funds Policy
- Shari'a Governance Manual

All policies are subject to annual reviews. Any change in law or regulation is automatically adopted and implemented immediately upon its issuance (i.e., prior to the final amendment of the underlying policy or procedure).



### Internal Audit

The Internal Audit function reviews and provides an independent assurance to the Board of Directors and Executive Management on the effectiveness of the Bank's internal control, risk management and governance systems and processes. The Internal Audit function at Ahlibank has adopted an audit methodology and standard, which is in line with globally accepted methodology and standards propounded by the Institute of Internal Auditors (IIA), USA. It is an integral part of the control environment of the Bank and provides independent assessment and reviews through the audits based on a risk-based annual plan. It shares the findings with the senior management and submits the same to the Audit & Compliance Committee. All issues are followed up for timely corrective actions and their logical conclusions.

### Information Technology

Technology is the enabler for how we transform our operations, revamp systems and services to meet the needs of customers. The launch of Multi-Functional Kiosks, new gen ATMs and FFMs, instant card issuance, the rich and growing features on mobile and internet banking just to name a few of the digital initiatives is a testimony to the bank's commitment to provide best-in-class digital offerings to its customers translating from the bank's digital first agenda.

The Bank's application landscape has been modernized with major upgrades involving core banking systems for conventional and Islamic banking, middleware migration to a more stable platform, BPM application upgrade, payment systems enhancements, data warehouse upgrade to deliver superior customer experience across the various customer touch points. The number of processes that have been automated in BPM, Core Banking, Trade Systems, Payment systems makes business processes simpler and effective aligning operational processes with business objectives and strategy. The bank's payment offerings have been further enhanced by re-engineering of services in ACH, B2B, call centre systems.

To realize value from data, a data-driven culture has been adopted by the bank to better tailor our offerings to our customers. With the help of data analytics, Bank has been monetizing data assets for key business decisions and risk management. With the launch of business dashboard's up-to-date information and context is provided to help the management make more informed business decisions.

The infrastructure landscape is getting future ready while we are re-architecting our applications in line with business growth plans, giving us greater efficiency and nimbleness at the same time ensuring secure operations. The existing infrastructure has been upgraded to a hyper convergent infrastructure along with investments in critical layers within this domain like network, servers, database and IT operations. A strategy for cloud migration is in place and its execution is planned with local partners to migrate services to cloud for improved efficiency.

The investments into our security architecture by upgrading existing technologies and engaging with consultants and vendors to implement a secure and at the same time a seamless interface for the end user reflects the bank's commitment to simple and easy banking. Continuous improvements in the bank's IT policies, control processes, DR and BCP management, risk mitigation programmes help to improve IT governance, ensuring regulatory compliance and increases value of the technology investments.

People are at the core of the organization and the bank's culture encourage deep dives and knowledge-share to create space and time for innovation and research. In doing so, broader ideas, creativity, and innovation will naturally surface creating a shared, enduring and positive environment for the team which operates 24/7. Technical and soft skills training, team off-sites, staff representation at

international seminars and conferences are just a few of the initiatives towards building a unique and engaged workforce that reflects the bank values and the communities we serve.

### Digital Transformation

Digital transformation marks a radical rethinking of how an organization uses technology, people and processes to fundamentally change the business performance. Such sweeping changes are typically undertaken in pursuit of adopting new business models, enhancing additional revenue streams, driven by changes in customer behaviours and expectations around products and services. In particular, Digital transformation in the banking sector has fundamentally changed how banks operate and how they service their customers, including active collaboration with Fintechs to introduce innovative products and services.

As an integral part of its digital transformation strategy, ahlbank continually strives to improve its product offerings and services to differentiate itself from rest of the market players. To this effect, the Bank has in recent years introduced sustainable alternative delivery channels like internet banking, mobile banking, multi-functional kiosks, SMS banking, phone banking and B2B solutions to satisfy the needs of its customers. An example of this are the bank's multi-function kiosks, enabling customers to open accounts instantly including the provision of debit cards, cheque books, together with a virtual teller accessible from the kiosk – demonstrating how the bank is leading the innovation in the Oman's banking sector.

With more than 48% of Oman's population being less than 24 years and further, customer preference shifting towards digital channels post COVID pandemic, bank will continue to enhance and invests in its digital channels by adopting a mobile first strategy, which includes significant enhancement to our mobile application.

Apart from offering innovative digital products and channels, the bank aims to maximise straight through processing by increasing adoption of digital and robotic process automation in most of its key processes to offer instant customer servicing and thereby reducing the turnaround time. Bank's introduction of digital on boarding of new to bank customers both on Islamic and Conventional banking is just one of many such digital initiatives implemented by the bank. Further during the year, the bank launched Tamkeen, the first of its kind crowd funding platform in Oman focused on SMEs, in partnership with a leading Fintech in UAE, which exemplifies the bank's approach to pioneering new products.

Like any progressive organization, the bank is keen to capitalize and adopt the 4th industrial revolution driven by digital transformation to further strength its market position and enhance its overall market share by providing best-in-class digital offerings leading to instant digital fulfilment, improved TAT, enhanced customer experience, improved customer stickiness.

As part of the bank's focus on creating a sustainable long-term workforce to enable and support its digital transformation, it has designed the iGeneration program to attract fresh and tech savvy entry level graduates, who will be equipped with the emerging technology skills and knowledge to build on our digital credentials. This focus demonstrates banks commitment to the objectives of Oman Vision 2040.

### Human Resources

Ever since its inception, ahlbank has put concerted focus on training and developing human resources as one of the key elements of its operational strategies, and as an important pillar of its growth. It has always emphasized on a nurturing and a motivating work culture for developing a strong human capital. The very premise behind the bank's human resource development strategy has been the manifestation

of endless possibilities for career growth, alongside a much-needed flexibility to change and offer opportunities to learn.

Employees are constantly supported and encouraged by the management's unique approach and the focus has always been on ensuring that they attract creative, responsible and entrepreneurial employees who take pride in being a part of the organization. This has led to better employee retention rate as well as a growth sphere that is marked with constant training and upgrades to stay on par with the market trends.

The Bank believes in effectively contributing to the national agenda as outlined in Oman Vision 2040, of meeting the needs of the labor market, through job creation and skill development of the local population, especially the young national workforce. In line with the same, the Graduate Development Program 'Himam', an annual initiative, is designed to accelerate the participant's career growth and prepares them to take up leadership roles at the Bank. Since its launch in 2015, the program has trained and employed 79 candidates in different departments at the Bank. ahlibank is at the forefront of enhancing the capabilities and competencies of Oman's youth and its commitment to the 'Himam' program ensures the preparation of a generation of young people who will continue to build a brighter and more prosperous future for the Sultanate and support the government's economic development vision.

In 2022, ahlibank has created 126 jobs consistently exceeding its Omanization targets (as of December 2022 reached 94.56%). Apart from exceeding the Omanization targets, it has successfully inducted management trainees into its workforce through local and international programs. The bank continues its commitment to promote young talent and provide them a platform to embark on a career in the banking sector.

#### **Internal Audit unresolved observation**

There were no major adverse unresolved observations arising from the internal audit of the Bank during the period ending 31 December 2022

#### **Regulatory Actions**

There were no instances of material non-compliances by the Bank of its regulatory requirements except for those mentioned in Code of Corporate Governance Report for the year ending 31 December 2022.

#### **Legal Proceedings**

As of the date of this Prospectus, the Bank does not have any major/material legal proceedings pending in a court of law in Oman or outside, either instituted by, or against the Bank, other than normal cases filed by clients and/or the Bank in the normal course of business.

#### **Corporate Social Responsibility**

Ahlibank is committed to social responsibility as an important part of its overall operation, and strives to provide a framework that helps create added value to the community it operates in. Under its 'Ahli Cares' CSR initiative, it continues to support the great charitable and voluntary efforts of associations and charitable groups in the Sultanate, which play a leading role in the development of various sections of the society and its members through philanthropic activities and initiatives.

The Bank's CSR efforts support Oman's Vision 2040, which is aimed at the socio-economic development of the country's people and communities. CSR is at the heart of ahlibank's overall

strategy, demonstrated through the implementation of programs aimed at enriching the lives of many across the Sultanate. The Bank's support to diverse social, educational, cultural, health, and sporting activities in Oman is ongoing and fundamental to its corporate values. This is of utmost importance to both the Bank's staff and leadership. Through its various CSR activities, it demonstrates its dedication to people's welfare at multiple levels.

During the year 2022, the Bank contributed to various CSR activities and sponsorships amounting to RO 163,237 (which included an amount of RO 51,500 paid to Oman Charity Association)

### **Investing in Local Communities:**

Over the past few years ahlbank has demonstrated great support towards local societal events that have affected various segments of the community. In 2022 ahlbank has visited the Oncology ward at the Royal Hospital to show moral support to oncology patient and their families, the visit also involved a contribution from employees under the ahli care's initiative. ahlbank has also continued its annual support to the Oman Cancer Association by taking part in the 18th Cancer Walkathon. The walk was attended by a large number of volunteers from the Bank's employees and Senior Management who believe in the importance of raising awareness on the cause.

Furthermore, ahlbank has participated in supporting seasonal events such Ramadan food items distribution and "Kiswat Eid" Eid celebration initiative. Both initiatives fall under the ahli cares umbrella, which is lead by the bank's employee volunteers. Such initiatives not only add value to the community, but also demonstrate the employees' awareness on social work and involvement in their local community.

In addition to its CSR initiatives, ahlbank has also financially supported various sectors contributing to the overall social and economic development of the country and working towards achieving the Oman Vision 2040. For example, it has sponsored a number of Education development projects and school renovations that contribute to the betterment of the education system in different Governorates. Moreover, the bank has also supported the Health sector in various Governorates by financing a number of healthcare conferences and other projects that involve the development of the Health sector in the country.

Moreover, ahlbank has provided support to multiple charitable organisations throughout year as part of its annual practice.

### **Channels of Contact with Shareholders and Investors**

The Bank is committed to ensure timely disclosure and communication of all material information to the shareholders and the market. The Bank prepares, publishes and sends investor-related information in the quarterly, half-yearly reports and the annual report based on the statutory guidelines.

Under full supervision of the Board of Directors, the management takes responsibility for the preparation, integrity and fair presentation of the financial statements and other information in the annual report.

The financials of the Bank are available on MSX website viz, [www.msx.gov.om](http://www.msx.gov.om) and also on the website of the Bank at [www.ahlibank.om](http://www.ahlibank.om). The Bank also makes timely disclosures of any and all material information on MSX website strictly in line with the regulations.

### Previous Fund Raising

<b>Instrument</b>	<b>5.55% Non-guaranteed Bonds</b>
Issued and Subscribed	6,000,000 Bonds
Nominal Value	RO 1.000
Date of issue	20 April 2004
Maturity Date	15 May 2011
<b>Instrument</b>	<b>5.50% subordinated bonds</b>
Issued and Subscribed	35,000,000 Bonds
Nominal Value	RO 1.000
Date of issue	16 December 2010
Called on	6 February 2017
<b>Instrument</b>	<b>7.50% Additional Subordinated Perpetual Bonds</b>
Issued and Subscribed	50,000,000 Bonds
Nominal Value	RO 1.000
Date of issue	11 October 2017
Maturity Date	Perpetual with a call option (Bank has exercised its call option on these bonds on 11 October 2022)
<b>Instrument</b>	<b>7.50% Additional Subordinated Perpetual Bonds</b>
Issued and Subscribed	54,000,000 Bonds
Nominal Value	RO 1.000
Date of issue	17 December,2018
Maturity Date	Perpetual with a call option (First call date is on 17 December 2023)
<b>Instrument</b>	<b>7.50% Additional Subordinated Perpetual Bonds</b>
Issued and Subscribed	20,000,000 Bonds
Nominal Value	RO 1.000
Date of issue	13 June 2019
Maturity Date	Perpetual with a call option (First call date is on 13 June 2024)
<b>Instrument</b>	<b>7.50% Additional Subordinated Perpetual Bonds</b>
Issued and Subscribed	75,000,000 Bonds
Nominal Value	RO 1.000
Date of issue	11 August 2022
Maturity Date	Perpetual with a call option (First call date is on 11 August 2027)

### Credit Rating

Agency	Long Term	Short Term	Outlook	Date of Rating
Fitch	BB-	B	Positive	May 2023
Capital Intelligence	BB	B	Positive	March 2023

### Select Financials and Ratios

Select Ratios	31 Dec 22	31 Dec 21	31 Dec 20
<b>1. Profitability Ratios</b>			
Return on Average Assets	1.1%	1%	0.9%
Return on Average Equity	10.8%	9.7%	9.1%
<b>2. Capital</b>			
Capital Adequacy Ratio (Basel III)	16.31%	16.71%	15.67%
<b>3. Asset Quality</b>			
Non-Performing Loans/Gross Loans	3.8%	3.2%	2.9%
Provision Coverage	93.32%	99.9%	90.66%

\*Source: Bank's annual audited financial statements for 2020 and 2021 and audited financial statements for 2022

Concentration of Gross Loans and Advances by Sector (RO '000)	31 Dec 2022	31 Dec 2021	31 Dec 2020
Personal loans	742,389	739,645	749,488
Construction	406,711	380,097	403,260
Wholesale and retail trade & other trade	234,318	235,195	237,342
Manufacturing	241,829	243,045	117,315
Financial institutions	168,185	173,485	157,970
Services	341,998	274,357	271,639
Mining and quarrying	10,741	32,350	117,018
Transport and communication	207,571	174,351	80,831
Electricity, gas and water	73,966	80,514	104,195
Non-resident lending	1,270	7,117	7,117
Government	76,888	46,351	9,651
Other	83,199	92,348	1,671
<b>Total</b>	<b>2,589,065</b>	<b>2,478,855</b>	<b>2,257,497</b>

<b>Investment Portfolio (RO '000)</b>	<b>31 Dec 22</b>	<b>31 Dec 21</b>	<b>31 Dec 20</b>
FVTPL Equity	8,782	872	97
FVOCI Equity	18,525	4,775	4,509
FVOCI Debt	265,856	422,730	301,162
<b>Total</b>	<b>293,163</b>	<b>428,377</b>	<b>06,368</b>

### Asset Quality and Provisioning

The Bank evaluates the asset quality of its loan portfolio using two primary measures- the provisioning ratio and the non-performing loans ratio. The provisioning ratio is the annual charge for provisions as a percentage of total loans. The non-performing loans ratio is the ratio of non-performing loans as a percentage of total loans. Further, the risk movement is tracked through portfolio analysis with focus on concentrations. The Bank adheres to the extant regulatory guidelines of assigning risk weights to its credit exposures based on counterparties involved and risk weights for non-funded exposures after application of credit conversion factors. It has adopted standardized approach in computing capital adequacy. The classification of credit exposures is considered by the Bank for identifying impaired credit facilities, as per CBO circular number BM 977 dated 25 September 2004.

<b>Loans and Advances (RO '000)</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Corporate loans	1,846,676	1,739,210	1,528,009
Retail loans	742,389	739,645	749,488
Al Ahli Islamic Financing	498,380	404,614	356,972
Less: Allowance for impairment	(88,630)	(76,876)	(58,600)
<b>Net loans and advances<sup>1</sup></b>	<b>2,500,435</b>	<b>2,401,979</b>	<b>2,218,897</b>

Sources of Financing and Debt Equity Ratio (Based on audited financials of 31 December 2022)

<b>(in RO '000)</b>	<b>Pre-issue</b>	<b>Post-issue</b>
Debt		
Due to banks and other money market borrowings	223,353	223,353
Customers' deposits	2,296,231	2,296,231
Borrowed funds	-	-
Deferred tax liability	11,444	11,444
Other liabilities	83,499	83,499
Subordinated liabilities	-	-
<b>Total Liabilities</b>	<b>2,614,527</b>	<b>2,614,527</b>
<b>Shareholders' Equity</b>		
Share capital	194,966	244,966
Legal reserve	40,213	40,213
Subordinated debt reserve	-	-
Share premium	-	-
Fair value reserve	(2,463)	(2,463)

(in RO '000)	Pre-issue	Post-issue
Special reserve	998	998
Impairment reserve	10,127	10,127
Retained earnings	68,098	68,098
<b>Total Shareholders' Equity</b>	<b>311,939</b>	<b>361,939</b>
Perpetual Tier 1 subordinated bonds	149,000	149,000
<b>Total Equity</b>	<b>460,939</b>	<b>510,939</b>
<b>Total financing sources</b>	<b>3,075,466</b>	<b>3,125,466</b>
Total debt/Total equity ratio	5.67	5.12



## CHAPTER 8: SUMMARY FINANCIALS

The following information has been extracted from the audited financial statements of 2020, 2021 and 2022. For full financial statements, please visit MSX website at <https://www.msx.om> or Bank's website at [www.ahlibank.om](http://www.ahlibank.om).

### Balance Sheet

In RO '000	31 Dec 22	31 Dec 21	31 Dec 20
<b>Assets</b>			
Cash and balances with the Central Bank	132,212	114,703	79,020
Due from banks	75,147	44,694	46,174
Loans and advances and financing net	2,500,435	2,401,979	2,218,897
Investment securities	293,163	428,377	306,368
Property, equipment and software and other assets	74,509	62,803	52,018
<b>Total assets</b>	<b>3,075,466</b>	<b>3,052,556</b>	<b>2,702,477</b>
<b>Liabilities</b>			
Due to banks	223,353	262,340	135,244
Customer deposits	2,296,231	2,181,391	1,924,654
Subordinated loans	-	3,000	12,000
Borrowed funds	-	92,400	159,775
Other liabilities	94,943	86,428	82,454
Total liabilities	2,614,527	2,625,559	2,314,127
Share capital	194,966	194,966	164,966
<b>Other reserves</b>	<b>48,875</b>	<b>48,477</b>	<b>52,487</b>
<b>Retained earnings</b>	<b>68,098</b>	<b>59,554</b>	<b>46,897</b>
<b>Total shareholders' funds (Including Tier 1 capital)</b>	<b>460,939</b>	<b>426,997</b>	<b>388,350</b>
<b>Total liabilities</b>	<b>2,614,527</b>	<b>2,625,559</b>	<b>2,314,127</b>
<b>Total liabilities and shareholders' funds</b>	<b>3,075,466</b>	<b>3,052,556</b>	<b>2,702,477</b>
Book value per share (Baizas)	160	155	160

## Income Statement

In RO '000	For the financial period ended		
	31 Dec 22	31 Dec 21	31 Dec 20
Net interest income	62,454	53,750	48,850
Net income from Islamic Financing and investments	11,390	11,427	11,244
Other operating income	4,395	6,520	3,781
Operating income	91,698	82,438	71,496
Net impairment on financial assets	13,064	14,680	14,402
Operating expenses	40,232	35,598	30,095
Profit before tax	38,402	32,160	26,999
Tax expense	5,312	4,554	3,031
Net profit for the period	33,090	27,606	23,968
Earnings per share (Baizas)	12	10	9

## Audited results for the year 2022

The Bank's Net Loans, Advances & Financing witnessed a 4.1% growth, reaching to RO 2,500.4 million at end of 31st December 2022, over the corresponding period in 2021. Customer deposits increased by 5.3% to reach RO 2,296.2 million, compared to the corresponding period last year; Total Assets increased marginally by 0.8%, reaching to RO 3,075.5 million. Operating Income increased by 11.2% to reach RO 91.7 million. Operating Expenses, increased by 13.0% to reach RO 40.2 million due to digitalization initiatives and branch expansion. Profit for the period grew by 19.9% to reach RO 33.1 million, demonstrating the Bank's sustained growth strategy.

In RO '000	31 Dec 22	31 Dec 21	Growth %
Total assets	3,075,466	3,052,556	0.75%
Loans & advances and financing, net	2,500,435	2,401,979	4.1%
Customers' deposits	2,296,231	2,181,391	5.26%
Equity	460,939	426,997	7.94%
Operating income	91,698	82,438	11.2%
Operating expenses	40,232	35,598	13.02%
Profit for the period	33,090	27,606	19.87%

## CHAPTER 9: RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank enters into transactions with certain of its directors, shareholders, senior management, Shari'a supervisory board, Shari'a reviewer and companies in which they have a significant interest. These transactions are conducted on an arm's length basis and are approved by persons with appropriate authority under the supervision of the Board of Directors and in accordance with applicable laws and regulations.

The aggregate amount of balances and the income and expenses generated with such related parties are as follows:

(RO'000)	2022	2021	2020
Directors and senior management			
Loans and advances and financing, net	1,022	950	938
Customers' deposits	1,522	1,542	1,258
Major shareholders and others			
Due from banks	1,883	1,499	1,573
Investments securities	154	135	192
Other assets			
• Fair value of forward contracts	-	-	223
• Fair value of swaps	1,416	-	-
Due to banks	4,731	3,940	4,585
Customers' deposits	21	22	26
Other liabilities			
• Fair value of forward contracts	25	-	1
• Fair value of swaps	-	1,707	3,350
• Accrued expenses	-	-	-
Contingent liabilities and commitments	-	342	342

As at 31 December 2022, no loans to related parties are impaired (31 December 2021: Nil; 31 December 2020: nil).

## CHAPTER 10: RISK FACTORS AND MITIGANTS

An investment in the Offer Shares is subject to a number of risks. Before deciding whether to invest in the Offer Shares, Applicants should carefully consider and evaluate the risks inherent in the Bank's proposed business, including the risks described below, together with the information contained in this Prospectus. Such risks could have an impact on the Bank's proposed business and anticipated financial conditions or results. In such case, Applicants could lose all or part of their investment. Additional risks and uncertainties may also have an adverse effect on the Bank's proposed business.

The following risk factors are not comprehensive or exhaustive, as additional risks and uncertainties not presently known or that the Bank currently believes not to be of significance may also have an impact on the Bank and its proposed operations. The actual risks and the impact of such risks could be materially different from those mentioned herein. If any of these uncertainties develop into an actual event, the Bank's proposed operations and results could be adversely impacted. It should also be noted that the Bank intends to undertake steps and/or measures necessary in order to mitigate the risks referred to below apart from those that may be caused by factors that are beyond the Bank's control, including, in particular, factors of political and economic nature.

It is to be noted that past performance is not indicative of future results.

Shareholders should consider carefully whether subscribing to the Offer Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

### Risks Relating to the Bank

#### Competition

The Bank operates in a competitive business environment where it faces competition from other commercial banks, specialized banks and financing companies. This could result in increased pressure on the level of business which could have a negative impact on margins and profitability.

The Bank has been performing satisfactorily over the past in an increasingly competitive market and is confident of doing so in the future.

#### Regulatory Risk

The suspension, cancellation or restrictions on the Bank's banking license would result in the Bank becoming incapable of carrying on its activities, which would have a material adverse effect on the Bank's business and operating results.

The Bank's policies and procedures are aimed at complying with the banking rules and regulations so that there is no cause for any punitive regulatory action.

#### Banking Risks

Banks, including the Issuer, are faced with a number of risks arising from the nature of their business which includes Credit risk (default by borrowers/ counter parties), Interest rate risk (adverse movement in market rates), Liquidity risk (inability to obtain required amount of funding at economical rates), Currency risk (adverse movement in forex rates), Price risk (adverse changes in market prices of securities/ investments/ assets), Operations risk (risk of fraud, errors, improper documentation, etc.), Technology risk (data loss, interruptions, obsolescence) and reputation risk (risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will

harm its reputation which may adversely affect its financial position, business and profitability). Any of these risks could affect the Bank causing it to incur financial loss and loss of business.

The Bank has put in place various risk management policies and procedures to manage these risks and conduct its operations in a prudent manner.

### **Business Continuity Risks**

The Bank's business may be affected by natural disasters and accidents such as fire and other risks outside its control, which may result in interruption of business, loss of property, records and information. Any interruption or threat, real or perceived, to the Information Technology (IT) system of the Bank could significantly impact its operations. These could have substantial adverse impact on the financial position of the Bank.

The Bank has put in place suitable Business Continuity Plans to mitigate potential business interruptions or loss of information.

### **Critical Accounting Estimates**

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Provisions for Non-Performing Loans**

The Bank establishes an allowance for credit losses as prescribed by IFRS and the CBO guidelines that represent its estimate of credit losses in its financing portfolio. Additionally, the Bank has applied IFRS 9, which came into effect from 1 January 2018. IFRS 9 imposes more stringent requirements on the Bank for the recognition of impairments.

As at 31 December 2022, the Bank had gross NPLs amounting to RO 97.8 million and carried allowance for credit losses, impairment reserve and contractual interest not recognized of RO 58.80 million to cover potential identified and unidentified impairment losses (compared with NPLs amounting to RO 78.6 million and carried allowance for credit losses, impairment reserve and contractual interest not recognized of RO 46.3 million to cover potential identified and unidentified impairment losses as of 31 December 2021). As of 31 December 2022, the total allowance for credit losses, impairment reserve and contractual interest not recognized covered 93.3 per cent of the Bank's NPLs (compared to 99.9 per cent as of 31 December 2021). In accordance with IFRS, the Bank is required to reflect the impairment calculated as a charge to the income statement.

The Bank's management believes that the levels of allowance for credit losses and contractual interest not recognised for NPLs under stress as of 31 December 2022 are sufficient to cover the Bank's estimated impairment losses as of that date. The actual impairment losses however, could be materially different from the allowance for credit losses and contractual interest not recognized and if

such allowances are insufficient to cover impairment losses, this could have an adverse impact on the Bank's business, results of operations, financial condition, liquidity and prospects.

### **Asset Liability Mismatch Risk**

Since the Bank is in the business of borrowing and lending money, it is exposed to the risk of mismatch in the tenors and other key terms of its assets and liabilities, e.g., short-term funding used for funding long-term advances.

The Bank's asset and liability mismatch risk is monitored and managed by the Assets and Liabilities Committee (ALCO) with the objective of limiting the potential adverse effects on the Bank's profitability.

### **Contingent Liabilities**

As per the Bank's financial statements, as of 31 December 2022, the Bank had contingent liabilities and commitments of RO 236.3 million, comprising financial guarantees (RO 136.7 million), letters of credit (RO 42.3 million), loan commitments (RO 52.8 million) and capital commitments (RO 4.6 million). While these are in the normal course of business, it exposes the Bank to credit and liquidity risks. In case these contingent liabilities materialize sooner or later than scheduled, the Bank may need to raise additional funding, which may be at short notice. Such developments may adversely impact the Bank's business.

The Bank monitors these liabilities on a regular basis to minimize such risks.

### **Non-Performing Loans Risk**

The Bank's non-performing loans have increased since 2019, mainly due to the unfavourable macroeconomic environment, with a gross NPL ratio of 1.7 per cent as of 31 December 2019 and 3.8 per cent as of 31 December 2022. The Bank's net NPL (CBO) ratio was 0.35 per cent as of 31 December 2019 and 1.02 per cent as of 31 December 2022. The Bank's Net NPL (IFRS 9) ratio was 0.75 per cent as of 31 December 2019 and 1.50 per cent as of 31 December 2022. Whilst the Bank will continue to deal with the emerging risks to manage and maintain the quality of its loan portfolio, the persistence of the stressed and un-favourable macroenvironment might lead to a further increase in non-performing loans ratio, and this could have an adverse impact on the Bank's business, results of operations, financial condition, liquidity and prospects.

In addition, the CBO may, at any time, amend or supplement its guidelines and require additional provisions to be made in respect of the Bank's loan portfolio if it determines (acting in its role as the prudential regulator for the Omani banking sector) that it is appropriate to do so. If any additional provisions were required to be made, then depending on the exact quantum and timing, such provisions could have an adverse impact on the Bank's business, results of operations, financial condition, liquidity and prospects.

The Bank follows prudent credit policies and processes through which it reviews the creditworthiness of customers and manages its risk exposure. To mitigate the risk of unforeseen eventualities, adequate security cover is maintained over the assets of borrowers. Furthermore, despite decrease in provision coverage, the Bank maintains adequate provision coverage as required by the CBO.

### **Credit Rating**

A downgrade of any of the Bank's credit ratings, or a change in outlook to negative, may increase the Bank's cost of borrowing, which could adversely affect its business, financial condition, results of operations and prospects. A downgrade of either of the Bank's credit ratings (or announcement of a negative ratings outlook) may also limit the Bank's ability to raise capital. Moreover, actual or

anticipated changes in the Bank's credit rating may affect the market value of the Offer Shares.

The last change in the Bank's credit rating was in May 2023 and no rating downgrade has happened since then. The rating outlook is, positive.

### **Risk of Dependence on Key Personnel**

The success of the Bank depends, in part, on the Bank's ability to continue to attract, retain and motivate qualified and skilled personnel. The Bank relies on its senior management for the implementation of its strategy and its day-to-day operations. If the Bank were unable to retain key members of its senior management and/or hire new qualified personnel in a timely manner, this could have an adverse effect on the operations of the Bank, its business and profits.

The Bank places high importance on developing conducive human resource policies aimed at achieving employee satisfaction and motivation which help employee retention as well as attracting new talent. The Bank also develops senior management succession plans to achieve a smooth transition.

### **Dependence on short-term funding and liquidity**

As with most banks, a substantial portion of the Bank's funding requirements is met through low-cost, short-term funding sources, primarily in the form of customer deposits. As of 31 December 2022, approximately 55.1 per cent of the Bank's customer's deposits had remaining maturities of one year or less or were payable on demand.

Disruptions, uncertainty or volatility in the capital and credit markets may limit the Bank's ability to refinance maturing liabilities and increase the cost of such funding. The availability to the Bank of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Bank's financial condition, credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Bank's financial prospects.

The Bank's deposit base has grown steadily over the years increasing from RO 632.178 million at the end of 2010 to RO 2,296.231 million at the end of December 2022, which indicates the Bank's ability to renew as well as mobilize new deposits over the period.

In 2018, the Bank issued perpetual subordinated bonds AT1 capital instruments amounting to RO 54 million. They are redeemable by the Bank at its sole discretion on 17 December 2023 or on any interest payment date thereafter subject to the prior consent of CBO.

In June 2019, the Bank had further issued perpetual subordinated bonds AT1 capital instruments amounting to RO 20 million. They are redeemable by the Bank at its sole discretion on 13 June 2024 or on any interest payment date thereafter subject to the prior consent of CBO.

In August 2022, the Bank issued perpetual subordinated bonds AT1 capital instruments amounting to RO 75 million. They are redeemable by the Bank at its sole discretion on 11 August 2027 or on any interest payment date thereafter subject to prior consent of CBO.

The Bank has redeemed the Tier-1 Capital of RO 50 million issued in October 2017 in line with terms and conditions.

### **Deposit and Borrower Concentrations**

Although the Bank considers that it has adequate access to sources of funding, the withdrawal of a significant portion of large deposits could have a material adverse effect on its business, results

of operation and financial condition, as well as their ability to meet the CBO regulations relating to liquidity. Any such withdrawal may require the Bank to seek additional sources of funding (whether in the form of deposits or wholesale funding), which may not be available to the Bank on commercially acceptable terms or at all. Any failure to obtain any replacement funding may negatively impact the Bank's ability to maintain or grow its loan portfolio or otherwise increase its overall cost of funding, any of which could have a material adverse effect on its business, results of operation and financial condition.

A significant default by one or more of the Bank's large corporate borrowers could have an adverse effect on the Bank's business, financial condition, results of operations or prospects. Retail customer portfolios are strongly linked to the economic conditions in Oman, with changes in employment levels and interest rates among the factors that may impact retail credit exposures.

A downturn in the financial position of any of the Bank's depositors or borrowers could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects, and thereby affect its ability to perform its obligations in respect of the Bonds.

The Bank has put in place various risk management policies and procedures to manage such risks and conduct its operations in a prudent manner.

### **Foreign Exchange Risk**

Foreign exchange risk is the risk that the foreign currency positions taken by the Bank may be adversely affected due to volatility in foreign exchange rates.

The responsibility for management of foreign exchange risk rests with the Treasury department of the Bank. Foreign exchange risk management is ensured through regular measurement and monitoring of open foreign exchange positions. Treasury takes every possible measure to cover open positions created by customer transactions.

Instruments used to mitigate this risk are foreign exchange spot, forwards, deposits, etc. These instruments help to insulate the Bank against losses that may arise due to significant movements in foreign exchange rates. All foreign exchange exposures are centrally managed by the Bank's Treasury and are daily marked to market. Limits have been assigned with respect to overnight open exposures, stop loss and authorized currencies to monitor and control foreign exchange exposures.

### **Dividend Restriction Risk**

The Bank has issued various perpetual subordinated bonds- AT1 capital instruments ("Securities"). If interest on the Securities is not paid as a consequence of a "Non-Payment Event" or a "Non-Payment Election", then from the date of such Non-Payment Event or Non-Payment Election (the "Dividend Stopper Date"), the Bank will not, so long as any of the Securities are outstanding, declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on the Shares.

The Securities rank in priority to the Shares (and accordingly will rank in priority to the Offer Shares).

Dividend payments recommended by the Board of Directors are subject to approval by the CBO and CBO may at its discretion, advise the Bank to amend any proposed dividend.

The Bank has met the interest payments to date on the Securities and expects to continue servicing these as scheduled.



## Risk Factors Relating to the Market in which the Bank Operates

### Economic Risk

The global as well as Oman's economic performance has a direct impact on the Bank's performance. Any change in the economic environment could have an impact on the Bank's operations and performance. Furthermore, any future credit rating downgrade of Oman may result in increased cost of borrowing or may limit the Issuer's ability to raise further capital at low costs, which, in turn, could have a material adverse effect on its business, financial condition, results of operations or prospects.

The Bank considers the economic outlook and its implications while drawing up its business plan. Furthermore, the Board and its management monitors the functioning of the Bank and adopts suitable actions in the event of any unanticipated developments.

### Change in Laws, Regulations and Rules

The Bank's functioning is supervised by the CBO, CMA and MOCIIP. Any change in the prevailing policies and regulations and/or the Laws of Oman could impact the Bank's performance. Further, any changes to the applicable laws or regulations including the regulations relating to capital adequacy, Basel regulatory framework and perpetual subordinated bond instruments could impact the value of the Bonds.

The Bank does not currently anticipate any radical changes in the regulations; therefore, the impact of such changes remains limited. Furthermore, the Bank has a well-experienced management team to appropriately respond to any such developments.

### Default by Bank's Clients and Counterparties

Any potential or actual default by the Bank's clients and counterparties on account of country, regional and political risks, economic risks, currency crises, etc. may adversely affect the Bank's business and operations.

The Bank has appropriate risk management policies and procedures to address these issues so that these do not have a material adverse impact on the Bank's long-term prospects.

### Effect of M&A transactions on the Bank

Any takeover offer for the Bank would be subject to the offeror obtaining all necessary regulatory approvals. If any takeover offer were to proceed, all or some of the following consequences could arise: (a) the takeover could have a material effect on the Bank's business, results of operations, financial condition, liquidity and prospects; (b) the takeover could result in a change of control of the Bank; (c) the Shares, including the Offer Shares, would become subject to a cash offer and/or an offer to exchange shares in the Bank for shares in the offeror or its concert parties on and subject to the terms of the relevant takeover offer; and (d) if the offeror were to obtain a percentage of acceptances of 90% in respect of the Shares that are subject to the takeover offer (excluding Shares held by the offeror and its concert parties), then the offeror may be able to compulsorily acquire the remaining 10% of the Shares on terms and for consideration approved by the CMA.

Any merger, including a merger in the context of a takeover offer, would be subject to obtaining various approvals (including regulatory and shareholder approvals). If such approvals were obtained and the Bank is not the surviving entity under the terms of the merger, then any shareholders holding Shares, including the Offer Shares, at the time of the merger would receive cash, and/or shares in the surviving entity, in accordance with the terms of the relevant merger agreement, and the Bank would be liquidated upon completion of the merger.

Certain takeover offers have been made in respect of the Bank in recent months. If no takeover or merger were to proceed, then it is possible that certain of the shareholders of the Bank may still seek to sell their Shares, and a sale of their Shares may result in a reduction in the Bank's share price.

#### **Risk Factors Related to the Offer Shares Following the Listing**

**Share price fluctuation:** After the listing of the Offer Shares on the MSX, the price of the Shares may fluctuate for various reasons and may go below the Issue Price.

**Liquidity:** There are no guarantees that an active market will exist in the Shares on the MSX. To that extent, the Shareholders face the risk of holding shares that may not be actively traded.

**Future increase of equity capital or capital securities:** The Bank, may, in the future, increase its equity capital through further issues of shares and/or may issue other capital securities. Such capital increase may be required to sustain the Bank's business growth as also to meet the Capital Adequacy Ratio (CAR) as per regulatory requirements. Details of the Bank's capital adequacy position are set out in Note 36 to the Bank's notes to the financial statements for the year ended 31 December 2022. Such capital increases could impact the price of the Shares on the MSX and/or potential dividends.

**Market fluctuations:** Market fluctuations and other factors may adversely affect the trading price of the Shares regardless of the actual operating performance of the Bank. All equity investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on market conditions.

## CHAPTER 11: SHAREHOLDING DETAILS AND CORPORATE GOVERNANCE

### Shareholders

The table below shows the Bank's six largest shareholders as of 31 December 2022:

Name	Country Of Incorporation	Number Of Shares	%
Ahli United Bank B.S.C.	Bahrain	682,380,099	35.00%
Al Hosn Investment Company SAOC	Oman	276,065,080	14.16%
Al Hosn Business Development LLC	Oman	188,551,154	9.67%
Ubhar Capital SAOC – Asset Management	Oman	175,301,972	8.99%
Civil Service Employees – Pension Fund	Oman	167,139,447	8.57%
Ministry of Defense - Pension Fund	Oman	111,691,673	5.73%
Others		348,528,041	17.88%
<b>Total</b>		<b>1,949,657,466</b>	<b>100.00%</b>

### Corporate Governance Framework

The Bank's corporate governance philosophy has been developed within the directives and guidelines of the CBO, the CMA (including the Code) and the CCL and requires that the Board and management shall:

- maintain the highest standard of corporate governance and regulatory compliance;
- promote transparency, accountability, responsiveness and social responsibility;
- conduct their affairs with stakeholders, customers, employees, investors, vendors, government and society at large both fairly and in an open manner; and
- create an image of the Bank as a legally and ethically compliant entity.

### Board

The Board is the highest governing authority within the Bank's structure. The Bank believes that its Board is broad-based and that the predominance of independent directors (as defined in the Code) enables the Board to have meaningful discussions and take an unbiased and qualitative view on matters placed before it.

The Board has overall responsibility for the Bank, including overseeing the implementation of its strategic objectives, risk strategy, corporate governance and corporate values. The Board also appoints the Bank's Chief Executive Officer and certain other members of the executive management team. It also monitors and oversees the actions of the executive management team, including their performance against the performance targets set by the Board.

The roles of the Board Chairman and the Chief Executive Officer are separate and independent of one another and there is a clear segregation of duties and responsibilities. The Chairman's responsibilities include ensuring that Board decisions are taken on a sound and well-informed basis, building a

constructive relationship between the Board and executive management and ensuring high levels of corporate governance within the Bank.

There is a clear segregation between the ownership of the Bank and the management.

### **Powers of the Board**

The Board has full authority to perform all acts required for the management of the Bank for achievement of the Bank's objectives and for the implementation of the resolutions of the general meeting. Such authority shall not be limited or restricted except as provided by law and regulations in force in the Sultanate or by the Articles of Association or by a resolution of the Shareholders. Some of the principal functions of the Board include:

- A. To approve the commercial and financial policies and the estimated budget of the Bank with a view to achieving the objectives of the Bank and to the maintenance and promotion of the rights of its shareholders.
- B. To draw up, review and update the necessary plans from time to time for implementation of the Bank's objectives and carrying out its activities in the light of the objective for which it has been established.
- C. To adopt the Bank's disclosure procedures and follow up of the implementation thereof in accordance with the rules and conditions of disclosure issued by the CMA.
- D. To supervise the performance of the executive management and ascertain the good performance of the business in a manner which achieves the objectives for which the Bank has been established.
- E. To provide accurate information to the shareholders at the times specified pursuant to the Disclosure Guidelines issued by the CMA.
- F. To appraise the performance of the Bank's employees referred to in the preceding paragraph and to assess the works performed by the related committees of the Board formed pursuant to Article 183 of the CCL.
- G. To approve the financial statements related to the Bank's activities and the results of its business as submitted to it by the executive management every three months, which should reflect the exact financial position of the Bank.
- H. To include in the annual report presented to the General Meeting the reasons, which justify the ability of the Bank to continue pursuing its specified activities and achievement of its objectives.
- I. To appoint a secretary to the Board of Directors in its first meeting who shall not be a member of the Board of Directors and convene four meetings annually in accordance with the requirement of the CCL.
- J. To include in the financial statements a full statement of all amounts which might have been received by any director from the Bank during the year including the amounts paid to Directors.
- K. To specify remuneration of the Shari'a Supervisory Board which is appointed and whose terms of reference are specified by the General Meeting, pursuant to the requirements of the Central Bank of Oman.

The CBO has also outlined the responsibilities of the Board of Directors of a licensed bank and some of the key aspects of these responsibilities include:

- a. The Board shall exercise its collective mind independently on all policy matters and shall not be limited by the submissions or presentations made to it.
- b. The Board shall ensure that it has an organizational structure in place to provide adequate checks and balances and functionality for guarding licensed banks from the undue influence of any internal and external sources having a bearing on corporate governance.

- c. The Board shall recruit and develop talented and capable senior management who will enjoy the Board's confidence. It is of crucial importance for the Board to have in place a well-thought out management succession plan.
- d. It is the responsibility of the Board to approve and monitor a risk management framework that reflects best practices and implements the risk management strategies approved by the Board, across all business activities and operations.
- e. While the Board depends on the management's expertise to run the Banks' daily operations, it remains ultimately responsible for the monitoring thereof. The Board is expected to exercise utmost caution to ensure that, while bearing of ultimate responsibility for monitoring operations, it does not overstep into the jurisdiction of the management (constricting their freedom of operation).

The Board of Directors shall not perform the following acts unless expressly authorized to do so by a General Meeting of the Bank's shareholders:

- Make donations, other than donations of small value and customary, which are in the interest of the business.
- Sell all or a substantial part of the Bank's assets.
- Guarantee debts of third parties, with the exception of contracted guarantees made in the ordinary course of business or as authorized by the CBO.

Subject to the aforementioned, the Board of Directors is authorized to mortgage or pledge the assets of the Bank in the ordinary course of business or as authorized by the CBO. The Board of the Bank abides by and complies with all these legal and regulatory requirements. The Bank shall be bound by all acts performed by its Board of Directors, its Chairman, Chief Executive Officer and all other executives, (if any) as long as they act in the name of the Bank and within the scope of their powers.

### Composition of the Board

The Board of Directors consists of nine non-executive Directors. The term of office of the Board of Directors is three years, which will expire in March 2026.

Name of Director	Position	Capacity
Hamdan Ali Nasser Al Hinai	Chairman	Independent
Anwar Hilal Hamdoon Al Jabri	Deputy Chairman	Independent
Rajeev Gogia	Director	Non-Independent
Abdul Hameed Ahmed Mohamed Al Bulushi	Director	Independent
Ibrahim Said Badar Al Eisri	Director	Independent
Salim Ali Hamed Al Hasni	Director	Independent
Wajid Ali Khan	Director	Non-Independent
Qais Abdullah Moosa Al Kharusi	Director	Independent
Vivek Kastwar	Director	Non-Independent

## Brief Profile of Directors

The profile of the Board members is provided below:

### 1. Hamdan Ali Nasser Al Hinai

Holds Master in Development and project management, Bachelors in Business Management & Economics and Diploma in international Development Management; Former Director General, Purchasing and Contracts, Ministry of Defense.

### 2. Anwar Hilal Hamdoon Al Jabri

Certified Public Accountant (CPA), USA, Masters of Business Administration (MBA), University of Hull, UK and Bachelors of Science in Accounting (BS.A), University of Akron, Ohio, USA; Chief Executive Officer of Jabreen Capital; Chairman, Ubhar Capital SAOC; Previous experience as Investment Director of Oman Investment Fund (A Sovereign Wealth Fund) and CEO of OIF's subsidiary National Pioneer Investment & Development Company. Having more than 23 years of industry experience and various leadership positions.

### 3. Rajeev Gogia

Member of the Institute of Chartered Accountant, India and Bachelor in Commerce, India; Deputy Group CEO – Finance & Strategy, Ahli United Bank BSC, Bahrain; Board Member of Ahli Bank SAOG; Previously served as Board member of Ahli United Bank (Egypt) SAE; Ahli United Bank KSCP (Kuwait), Al Hilal Life (Bahrain) and Al Hilal Takaful (Bahrain). Mr. Rajeev has Over 24 years of industry and advisory experience in the Financial Services Sector.

### 4. Abdul Hameed Ahmed Mohammed Al Bulushi

Hold High Diploma in Development, United Kingdom; Bachelor degree in Law, Egypt; former Legal Expert in Civil Service Employees Pension Fund. Director, Oman Hospitality Company and Director, Al Nama Poultry Company. Having more than 31 years of experience in Ministry of Civil Service & Civil Service Employees Pension Fund in different senior positions.

### 5. Ibrahim Said Badar Al Eisri

Member of the Association of Chartered Certified Accountants (ACCA), Masters in Finance, Oxford Brookes University, UK and Bachelor's Degree in Commerce Major Accounting & Finance, Curtin University of Technology, Perth, Australia; Senior Manager Financial Controller & Investment Operations of State General Reserve Fund (SGRF); Vice-Chairman, Rakiza Infrastructure Fund; Al Hosn Investment Company; Director, Oman Energy Development; Member of the Income Tax Committee, Ministry of Finance. Having over 19 years of experience in different sectors including, Telecommunication, Oil & Gas and Financial & Investments; Held different leadership roles in Finance & Investment Operations.

### 6. Salim Ali Hamed Al Hasni

Holds Master of Science in Commercial Project Management from the University of Manchester – College of Mechanical, Aerospace & Civil Engineering and Bachelor of Science (Commerce & Economics) from Sultan Qaboos University. Director of Contracts - Ministry of Defense. Chairman of the Board of Directors of Reem Batteries & Power Appliances SAOC; Vice Chairman of Sohar Power Company SAOG. Having more than 20 years of experience in Ministry of Defense in different positions.

## 7. Wajid Ali Khan

Holds M.P.A (Finance) from Quaid-e-Azam University, Islamabad. Group Head of Corporate Banking, Ahli United Bank, Bahrain. Board Member of Ahli Real Estate Co, Member of Islamic Banking Committee of Bahrain Association of Banks and Board of trustee of the Waqf Fund (for 12 years till 2021). Has diversified banking experience of 29 years.

## 8. Qais Abdullah Moosa Al Kharusi

Certified Chartered Financial Analyst (CFA), Financial Risk Manager (FRM) and Chartered Alternative Investment Analyst (CAIA); Holds an MBA degree in Value Investing & Finance from Columbia Business School, New York, USA and a BSE degree in Industrial and Operation Engineering from the University of Michigan, USA; Chief Executive Officer of Al Hosn Investment Company; Board Member of A'Saffa Foods SAOG and Asyad National Logistics Group; Having more than 13 years of diversified investment experience.

## 9. Vivek Kastwar

Holds a Master's in Business Administration (MBA) from Prestige Institute of Management and Research in India, Bachelor's degree in commerce (accounting) from university of Delhi, India and GMPE from Indian Institute of Management. Chief Executive Officer – Ahli United Bank B.S.C. (DIFC Branch - UAE). Former Head of Corporate Banking, AUB B.S.C. (DIFC Branch - UAE). Has diversified banking experience of 25 years.

## Board Committees

Article 4 of CBO Circular BM 932 permits the Board of Directors of licensed banks to set up sub-committees of its members with “comprehensive terms of reference, specifying purpose, membership, delegation, powers, frequency of meetings, tenure, duties, responsibility, authority, accountability etc.” CBO Regulation “BM/REG/42/11/97” (Article 3 (c)) also provides that the Board of Directors may delegate part of its functions either to a committee comprising some of its members and/or that of executive management who are required to submit their decisions to the Board of Directors for ratification. The final responsibility shall rest with the Board of Directors.

The Board has created various subcommittees for specific purposes with clearly defined terms of reference and responsibilities. The committees' mandate is to ensure focused and specialized attention to specific issues related to the Bank's governance.

## SUB-COMMITTEES

Ahli Bank has Six Board sub-committees to ensure the smooth functioning of the Bank:

- A. Audit and Compliance Committee
- B. Executive and Credit Committee
- C. Executive Risk Committee
- D. Nomination and Remuneration Committee
- E. Digital Transformation Committee

### A. Audit and Compliance Committee

The role of the Audit and Compliance Committee includes:

- Reviewing the scope of external and internal audits and oversee the adequacy of the Bank's internal control systems through the reports of the internal and external auditors.

- Reviewing the quarterly and annual financial reports before submission to the Board for approval.
- Assist in discharging Board's oversight responsibilities relating to the Bank's accounting, corporate governance, risk management systems and compliance procedures.

Composition of Audit and Compliance Committee:

Composition of Audit and Compliance Committee	
Director's Name	Position
Qais Abdullah Moosa Al Kharusi	Chairman
Abdul Hameed Ahmed Mohamed Al Bulushi	Member
Mr. Vivek Kastwar	Member

#### Internal Audit External Quality Assurance review:

The IIA Standards requires internal audit division to have a Quality Assessment Review conducted at least once every five years by a qualified, independent reviewer. The external Assessments will appraise and express an opinion about the Internal Audit Department's conformance with the IIA Standards, Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate. Ahli Bank appointed one of the Big Four Audit firm to perform the External Quality Assurance Review of the Internal Audit Department during December 2022. The assessment of the Internal Audit Department was carried out in line with IIA standards and leading practices. Overall, based on the Quality Assurance Review (QAR), Ahli Bank SAOG's IAD has been rated as generally conforms to the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) standards and Code of Ethics.

#### B. Executive and Credit Committee

The role of the Executive and Credit Committee includes:

- Providing the Board with a mechanism for considering in depth, any issue that the Board considers to be that requiring detailed attention.
- Allowing the Management to obtain input for the development of proposals prior to Board submission.
- Approving matters beyond the Management's delegated authority but which do not need full Board approval.
- Focusing on strategic reviews and proposals, investments, treasury and liquidity management, business plans and other such matters.

Composition of Executive and Credit Committee

Composition of Executive and Credit Committee	
Director's Name	Position
Anwar Hilal Al Jabri	Chairman
Ibrahim Said Badar Al Eisri	Member
Wajid Ali Khan	Member



### C. Executive Risk Committee

The role of the Executive Risk Committee includes:

- An integrated approach to managing the risks inherent in various aspects of our business.
- Monitoring risk levels according to various parameters and the Management is responsible for ensuring mitigation measures.
- Focusing on reviewing all policies governing Bank's risk and funding exposure.
- Ensuring the consistent adherence and implementation of the Board-approved policies and treasury strategies in monitoring market and other risks.

Composition of Executive Risk Committee

Composition of Executive Risk Committee	
Director's Name	Position
Rajeev Gogia	Chairman
Abdul Hameed Ahmed Mohamed Al Bulushi	Member
Salim Ali Hamed Al Hasni	Member

### D. Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee includes:

- Reviewing the performance of all directors and the Management.
- Advising the Bank's Board and Chairman on the remuneration of Board Members, appointment of senior management personnel and remuneration of senior management personnel.
- Helping in the nomination of competent Board members.
- Annual assessment of the Board's/Sub-Committees overall performance

Composition of Nomination and Remuneration Committee

Composition of Nomination and Remuneration Committee	
Director's Name	Position
Hamdan Ali Nasser Al Hinai	Chairman
Anwar Hilal Hamdoon Al Jabri	Member
Rajeev Gogia	Member

### E. Digital Transformation Committee

The role of the Digital Transformation Committee includes:

- Oversee the implementation of all the digital transformation initiatives and deliverables in a timely and efficient manner within Board-approved parameters.

The creation of a dedicated committee provides a framework for an effective and detailed review, assessment, consultation, decision-making and approval process on behalf of the Board.

### Composition of Digital Transformation Committee:

Composition of Digital Transformation Committee	
Director's Name	Position
Ibrahim Said Al Eisri	Chairman
Abdul Hameed Ahmed Mohamed Al Bulushi	Member
Wajid Ali Khan	Member

### Procedure for standing as a candidate for the Board:

Anyone who wishes to stand as a candidate for the Board and is eligible for the same as per the CCL, SAOG Regulations and the Articles of Association, is required to submit an application form (as prescribed by the Capital Market Authority) at least five days before the fixed date for the General Meeting for election of the Board members. The application shall be reviewed by the Nomination and Remuneration Committee of the Bank to ensure eligibility of the candidate and further recommendation to the Annual General Meeting. The Bank shall lodge the application form with the Capital Market Authority after the date of the General Meeting.

The director shall be elected through direct secret ballot by the shareholders. Each shareholder is entitled to the number of votes equal to that of his/her shares.

### Sharia Supervisory Board

The Sharia Supervisory Board (SSB) is an independent body of specialized jurists in fiqh al-muamalat (Islamic commercial jurisprudence), appointed with the responsibilities of giving Sharia directives, advice and approvals from the formation stage to the operations stage of the Bank, ensuring Sharia compliance of the Bank by giving decisions on Sharia Audit reports and producing a statement about Sharia compliance of the Bank. The SSB complies with the regulatory requirements of the Central Bank of Oman in respect of their supervision and advisory role of the Bank. The Fatawa and rulings of the SSB are binding on the Bank's Islamic Banking Services. The SSB of the Ahli Islamic is comprised of three members.

### Profile of SSB Members:

#### 1. Dr. Mohammed Taher Al-Ibrahim, Chairman

Dr. Mohammed Taher is a leading scholar in the field of Islamic finance, and holds a doctorate degree in Constitutional Jurisprudence from Edinburgh University, U.K.; he has extensive research and teaching experience in Islamic law and its application. Dr. Mohammed held several senior positions in academics and judiciary, including the post of Assistant Professor at Sultan Qaboos University (SQU) and that of a judge and lawyer at High Court Oman.

#### 2. Dr. Mustaien Ali Abdulhamid, Deputy Chairman

Dr. Mustaien Ali Abdulhamid has previously worked as Shari'a Supervisor at Al Rajhi Bank and as Shari'a Senior Adviser at Bank Albilad, Riyadh, Kingdom of Saudi Arabia – a position he held continuously for approximately twenty years, between summer 1995 and late spring 2016. He holds PhD in Islamic Economics from Um Al-Qura University in Mecca, Kingdom of Saudi Arabia. During the course of his respective duties in several Islamic financial institutions in the region, a key part of his job was to ensure compliance with Shari'a requirements. Dr. Mustaien is well known for his detailed knowledge

and understanding of Islamic banking, and has been instrumental in elucidating various Islamic based decisions handled down by banks' Shari'a scholars in a number of professional institutions and consultancy firms in Saudi Arabia and Sudan. He has also contributed and supervised various Shari'a auditing programs.

### 3. Dr. Abdulraouf Abdullah Hamood Al-Tobi, Member

Dr. Abdulraouf Al Tobi has a PhD in Law from International Islamic University Malaysia, Master of Law (LLM) from UK, and a Bachelor Degree in Shari'a Judicial Science. Dr. Abdulraouf has conducted extensive research and has practical experience in the legal and Shari'a departments.

#### Composition of Sharia Supervisory Board:

Composition of the Sharia Supervisory Board	
Member Name	Position
Dr. Mohammed Taher Al-Ibrahim	Chairman
Dr. Mustaien Ali Abdulhamid	Deputy Chairman
Dr. Abdulraouf Abdullah Hamood Al-Tobi	Member

#### Senior Management

The Bank's senior management team is responsible for the day-to-day supervision and control of the Bank's business, particularly with respect to ensuring the functionality of compliance and risk control, independence of functions, and separation of duties. Business policies, accounting policies and operations procedures and controls are documented and communicated through policies and standard operating procedures manuals which cover all areas and activities of the Bank. All significant policies are reviewed and approved by the Board.

#### EXECUTIVE MANAGEMENT COMMITTEE MEMBERS OF AHLIBANK:

##### 1. Said Abdullah Al Hatmi, Chief Executive Officer

Holds a Bachelor Degree in Finance from Sultan Qaboos University and a Master's Degree in Business Administration from The University of Strathclyde, UK. He is a Certified Management Accountant from the Institute of Management Accountant, USA and has completed the Oxford Advanced Management and Leadership Program, Executive Management Programs from Harvard Business School and University of Virginia. Deputy Chairman, OQ SAOC; Board Member & Treasurer, Oman Bank Association; Member of the Advisory Board, College of Economic and Political Studies at SQU. Board member and Chairman-Audit Committee, CBFS. He has over 22 years of diverse commercial banking experience in the areas of corporate banking, retail banking, risk management, finance and banking operations. He has previously held various senior positions at HSBC Bank Middle East, Oman.

##### 2. Bilal Anwar, DCEO – Business Group

Hold Bachelor of Commerce from University of Allahabad, India; Certified Associate of Indian Institute of Bankers (CAIIB) from Indian Institute of Bankers, Mumbai, India; Chartered Financial Analyst (CFA-ICFAI) from Institute of Chartered Financial Analyst of India; Post Graduate Diploma in Business Administration from ICFAI Business School, Hyderabad, India. Having more than 24 years of experience in banking with various banks including, Ahli United Bank BSC, Bahrain; IDBI Bank Limited, Mumbai, India; Abu Dhabi Commercial Bank, Mumbai, India.

### **3. Abdullah Salim Al Jabri, DCEO – Support Services**

Having over 26 years of banking experience in conventional and Islamic Banking with ahlibank. Started his career with National Training Institute and then joined Alliance Housing Bank in 1997, where held various positions including Manager Retail Banking and Head of Central Operations. Lead the operations team in centralization of operations after the conversion to full-fledged commercial bank. With the start of Islamic Banking in Oman in 2013, became General Manager of Ahli Islamic (erstwhile Al Hilal Islamic Banking Services) and contributed in the success of Islamic Banking. Certified Islamic Banker from General Council for Islamic Banks and Financial Institution, Bahrain. Hold National Diploma in Engineering from Business & Technology Education Council, UK. Hold Leadership and Management certificate from Darden School of Business, University of Virginia, USA. Hold advance Leadership and management certificate from University of Cambridge Judge Business School, UK.

### **4. Hanaa Mohammed Al Kharusi, Senior General Manager - Wholesale banking**

Holds a Bachelor's degree in Science from Indiana University, USA and has attended Executive Programs at the London Business School, UK and IMD, Switzerland as well as Said Business School, Oxford, UK. A Graduate member of the National CEO Program (NCP) sponsored by the Diwan of Royal Court. Chairperson; Ahli Global Equity Fund , Director; Oman Tourism Development Company (OMRAN). Having over 22 years of banking experience in leading Omani banks and has successfully led high performing teams in Corporate banking, Corporate E-channels and liabilities, successfully leading major strategic financial transactions and advisory projects in Oman Bilaterally and on syndicated basis. Hanaa is the chairperson of the Talent Management Committee responsible for recruiting, developing and grooming high potential graduates for future leading positions within ahlibank.

### **5. Ghada Abdul Latif Al Balushi, General Manager – Chief Risk Officer**

Holds Master degree in Business Administration from University of Hull; UK, Bachelor of Science degree in Economics from Sultan Qaboos University and has completed the Cambridge's flagship "Advanced Leadership Program". Board Member and Chairperson-Audit Committee and Risk Management Committee of Credit Oman SAOC. Chairperson of the Chief Risk Officers Committee under Oman Bank Association. Having more than 23 years of Banking experience in the areas of Corporate Banking and Risk Management Departments in leading Omani Banks. Previously worked in several banks in various senior positions including National Bank of Oman and Oman Development Bank. During 2020 was awarded Al Mara'a Excellence Award for "Leadership and Innovation in Risk Management".

### **6. Taher Al Bakhsh Al Balushi, General Manager – Strategy & Transformation**

Holds Master in Business Administration from University of Strathclyde and Bachelors with Honors in Accounting from the University of Bedfordshire, UK; Certified Fraud Examiners from the Association of Certified Fraud Examiners, USA and Certified Islamic Professional Accountant from AAOIFI, Bahrain. Successfully completed 'High Performance Leadership Program' at Said Business School at Oxford University and 'Advanced Leadership Program' at Judge Business School at Cambridge University. Taher has over 19 years of banking experience across strategy, finance, risk, operations and transformation functions in leading Omani Banks.

## **Employees**

The Bank's human resources policies are designed to attract, retain and motivate high-calibre, professional, skilled and knowledgeable employees. The Bank protects and abides by the rights provided to employees which include, but are not limited to: a transparent working environment; employee talent-management schemes; a transparent remuneration and compensation structure and

access to a direct communication policy with the Board of Directors (which enables employees to raise concerns in good faith and confidence directly up to the level of the Chairman).

**As of 31 December 2022, the Bank has employed 864 fulltime staff.**

The Bank is committed to identifying, attracting and developing Omani nationals in its workforce. The Omani government's recommended policy is that 90% of a bank's total personnel should consist of Omani nationals. The Bank's Omanization level as at 31 December 2022 was 94.56 percent and it is currently in compliance with all other applicable employment regulations.

## CHAPTER 12: SHARE PRICE MOVEMENT, DIVIDEND POLICY AND PRICE JUSTIFICATION

### Share Price Movement (value in RO)

The movement in share price of the Bank is as under:

Period	Opening Price	High Price	Low Price	Closing Price
<b>2018</b>				
Q1	0.173	0.166	0.150	0.158
Q2	0.158	0.163	0.163	0.163
Q3	0.163	0.160	0.150	0.156
Q4	0.156	0.150	0.145	0.146
<b>2019</b>				
Q1	0.146	0.145	0.120	0.123
Q2	0.123	0.120	0.114	0.114
Q3	0.114	0.124	0.110	0.124
Q4	0.124	0.130	0.125	0.130
<b>2020</b>				
Q1	0.130	0.145	0.137	0.138
Q2	0.138	0.127	0.120	0.125
Q3	0.125	0.140	0.130	0.135
Q4	0.135	0.131	0.125	0.127
<b>2021</b>				
Q1	0.110	0.110	0.109	0.109
Q2	0.109	0.109	0.108	0.108
Q3	0.110	0.110	0.109	0.110
Q4	0.112	0.113	0.112	0.112
<b>2022</b>				
Q1	0.121	0.121	0.120	0.121
Q2	0.119	0.119	0.118	0.119
Q3	0.131	0.131	0.130	0.131
Q4	0.145	0.145	0.144	0.145

Source - MSX

## Dividend Policy

The Bank's dividends policy complies with the CBO and CMA guidelines. The Board of Directors follows a conservative dividend policy and provides recommendations on the distribution of the dividends to the shareholders after due consideration of the regulatory guidelines, the future growth expectations, and other factors.

The historical dividend details of the Bank are given below:

For Year	Cash dividend	Stock dividend
2017	10%	5%
2018	10%	5%
2019	10%	5%
2020	5%	-
2021	7.5%	-
2022	9%	-

Source - MSX

## Issue Price Justification

### Average Share Price

Period Ending 31 March 2023	Average Closing Price (RO)	Discount of Issue Price to Average Closing Price
1-month average closing price	0.171	27%
3-month average closing price	0.167	25%
6-month average closing price	0.153	18%
1-year average closing price	0.137	8.8%

Source: MSX

Note: Above calculations based on 31 March 2023

## Peer Comparison

Name	Mkt Cap (OMR)	Last Price (OMR)	P/B (FY22)	PE (FY22)	ROE (FY22)	Dividend Yield (FY22)
AHLI BANK	327,542,454	0.180	1.08	9.81	10.45 %	4.39 %
BANK MUSCAT	2,191,867,942	0.288	1.27	13.46	10.33 %	5.19 %
NATIONAL BANK OMAN	432,501,731	0.275	0.91	11.59	8.53 %	1.28 %
BANK SOHAR	459,006,229	0.104	-	11.75	-	3.71 %
BANK NIZWA	223,695,303	0.100	0.93	16.85	5.93 %	3.44 %
BANK DHOFAR	455,445,418	0.155	0.82	17.48	2.46 %	1.14 %
OMAN ARAB BANK	188,643,330	0.116	0.53	35.65	1.53 %	3.33 %
HSBC	324,050,672	0.165	0.91	11.42	8.01 %	3.25 %
Average		0.173	0.92	16.00	6.75 %	3.22 %

Source: Bloomberg

Note: Above calculations based on 28 Feb 2023

Based on the aforesaid factors and considering the Issue Price of Baizas 126 per share, the Bank believes that the Issue Price compares favorably with the peer average, and is at a discount of more than 8.8% as compared to the pre-issue one-year average closing price.



## CHAPTER 13: RIGHTS AND LIABILITIES OF SHAREHOLDERS

This Chapter summarizes the rights and liabilities of shareholders in an Omani public joint stock company, effective as of the date of this Prospectus. The description provided hereafter is only a summary and neither purports to give a complete overview of the rights and liabilities of Shareholders nor of relevant provisions of the Laws of Oman/any applicable CMA circular. Additionally, this Chapter should not be considered as legal advice regarding these matters. A copy of the Articles of Association is available with the corporate office of the Bank.

### Shareholders' Liability

The liability of a Shareholder is limited to the payment of the value of the Shares for which such Shareholder subscribes, and a Shareholder is not responsible for the debts of the Bank except to the extent of the value of the Shares for which such Shareholder subscribes.

### Shareholders' Rights

In accordance with the CCL, all Shares enjoy equal and inherent (attached) rights in the ownership thereof, which include:

- i. the right to receive dividends declared by the general meeting;
- ii. the preferential right of subscription for new Shares;
- iii. disposal of the Shares;
- iv. obtaining a copy of the financial statements;
- v. inspection of the shareholders' register;
- vi. attending general meetings and voting on the items of their agendas and perusal of their minutes;
- vii. the right to apply for suspension or annulment of any resolution adopted by the general meetings or the Board of Directors which is contrary to law, the Articles of Association or other internal regulations of the Bank;
- viii. the right to institute actions against the Directors and auditors of the Bank on behalf of the shareholders or on behalf of the Bank; and
- ix. the right to participate in the distribution of the Bank's assets upon its liquidation.

In addition, in accordance with Article 207 of the CCL, if one or more shareholder holding at least 5% of the Bank's shares are of the opinion that the management of the Bank's affairs has been performed, or is being performed, in a manner that is detrimental to the interests of its shareholders or some of them, or that the Bank intends to act or omit to act in such a way that would be prejudicial to them, they shall have the right to submit an application to the CMA accompanied by the supporting documents to issue the decisions it deems appropriate in this respect. If the CMA rejects the application or does not issue its decision within thirty (30) days, the shareholder or shareholders shall have the right to take legal proceedings before the competent court within ten (10) days from the date of rejection of the application or the lapse of the aforementioned period, as the case may be. The CMA shall have the right to take legal proceedings before the competent court if it is of the opinion that the affairs of the Bank have been performed, or are being performed, in a manner detrimental to the interests of its shareholders or some of them, or that the Bank intends to act or omit to act in such a way that would be prejudicial to them. The competent court shall hear the case filed by the shareholder or the CMA on

an urgent basis. The court may also rule an act or omission to act to be invalid or order an act omitted to be performed by the Bank to be so performed.

### **Ownership and Transfer of Shares**

Ownership and transfer of Shares shall be entered in the registers of the MCD. The transfer of ownership must also be entered in the shareholder register maintained by the Bank, which includes the name and nationality of each Shareholder in addition to their place of residence and the number of Shares they own.

In case of the death of a Shareholder the person whose name stands next in the register, where the deceased was a joint holder, shall be deemed by the Bank to be the representative of the joint owners of the Shares. If the deceased was a sole holder, their legal personal representatives shall be the only persons recognized by the Bank as having any title to their Shares, but nothing herein contained shall release the estate of a deceased holder from any liability in respect of any share which had been held by him with other persons.

### **Reports and Statements to be Sent to the Shareholders**

Within 60 days from the end of the Financial Year, the Board of Directors is required to prepare a report containing the Bank's position and performance. Such report must particularly contain the financial position of Bank and its subsidiaries, any net profits proposed to be distributed to Shareholders, any changes to the business of the Bank or of its subsidiaries, and anything that has affected the Bank's position or its ability to continue to practice all of its activities and achieve its objectives, as well as any other data specified by any executive regulations pertaining to the CCL from time to time (including the SOAG Regulations). The report shall also address the Bank's compliance with governance and sustainability requirements.

The report must be signed by the Chairman or Vice Chairman of the Board of Directors, a member of the Board of Directors and the Chief Executive Officer or General Manager of the Bank.

The Bank's auditor shall prepare a report, in accordance with IRFS, showing the true financial position of the Bank. Such report shall include, in addition to the data specified by the regulations to the CCL, a statement on whether the financial statements reflect the true financial position of the Bank.

The financial statements and the reports provided for above must be submitted to the annual ordinary general meeting, and a copy of such financial statements and reports must be sent to the CMA prior to the approval of the agenda of the general meeting. If the financial statements and the aforementioned reports are not submitted to the general meeting, the resolution approving the accounts submitted thereto will be null and void.

The Board of Directors must send to each Shareholder and anyone who is entitled to attend the annual ordinary general meeting, along with the invitation for attendance, a summary of the audited financial statements, and copies of the reports of the Board of Directors and the auditor related thereto, at least fifteen (15) days prior to the general meeting. Copies of the aforementioned statements and reports, and the resolution of the general meeting in respect thereof, must be filed with the registrar within seven (7) days of the date of convening the general meeting.

If it appears to the Board of Directors prior to the convening of the annual general meeting that there are errors in the financial statements, it shall correct such errors and send a notice thereof to the Shareholders and the persons entitled to attend the general meeting, prior to the convening of the general meeting. If the Board of Directors are unable to make the correction prior to convening of

the general meeting, the general meeting shall postpone the consideration of the report to another meeting, unless the error is not material. The Board of Directors shall send a copy of the report after it has been corrected to the CMA and file a copy thereof with the registrar within seven (7) days of the date of sending it to the CMA.

The Board of Directors will also prepare unaudited quarterly financial statements for the first, second and third quarter of each Financial Year. These statements will also be disclosed through the MSX website. The Bank will also publish the unaudited quarterly financial statements as directed by the CMA.

## CHAPTER 14: SUBSCRIPTION CONDITIONS AND PROCEDURES

### Eligibility for Subscription

The Rights Issue is open to all Eligible Shareholders and to each person who purchases all or part of the Rights Entitlement of an Eligible Shareholder through the MSX.

Each Eligible Shareholder is entitled to approximately 20.5164 Offer Shares for every 100 Shares held by them on the Record Date, duly rounded down, or to 1 Offer Share for approximately every 4.87415 Shares held by them on the Record Date, duly rounded down.

The Rights Entitlement will be listed on the MSX and can be sold or purchased during the Rights Trading Period through the MSX.

### Rights Subscription Period and Issue Price

Issue opens on – 16th August 2023 Issue closes on – 30th August 2023

The Collecting Bank will reject any Application Form that reaches it after its official working hours on the Subscription Closing Date.

The Rights Entitlement, and any right to participate in the Rights Issue, will lapse if a valid application is not made during the Subscription Period. A failure to validly apply for Offer Shares during the Subscription Period will constitute a waiver of rights of participation in the Rights Issue.

Issue Price – Baizas 126 per Offer Share (with a share price of Baizas 125 per Offer Share plus issue expenses of Baiza 1 per Offer Share).

### Trading of Rights

The Rights Entitlement is tradable on the MSX in accordance with applicable laws/regulations of the CMA and the MSX. Such rights can be traded i.e. bought and sold during the Rights Trading Period. The purchaser of a Rights Entitlement shall contact and coordinate with the Issue Manager to collect the requisite Application Form, complete and submit the Application Form to the Collecting Bank, together with application money and required documents, in each case on or before the Subscription Closing Date in accordance with the terms contained in this Prospectus. An unexercised Rights Entitlement shall lapse at the end of the Subscription Period.

### Subscription for Additional Shares

- Only Eligible Shareholders are eligible to apply for Additional Shares.
- An Eligible Shareholder who does not subscribe to their full Rights Entitlement or sells their Rights Entitlement (either partially or in full) is not eligible to apply for Additional Shares.
- A non-Shareholder as on Record Date who purchases a Rights Entitlement, is not eligible to apply for Additional Shares.
- Eligible Shareholders validly subscribing for their full entitlement of Offer Shares may apply for Additional Shares.

- Eligible Shareholders who wish to apply for Additional Shares should indicate this by writing the desired number of Additional Shares in their Application Form and making the required payment with submission of the Application Form to the Collecting Bank.
- The minimum Additional Shares that can be applied for is one Offer Share with the maximum up to a number such that the total application (including such Eligible Shareholder’s Rights Entitlement, any Rights Entitlement purchased from another Eligible Shareholder, and Additional Shares) does not exceed the entire Rights Issue size.
- Additional Shares will be allotted simultaneously with the Offer Shares, subject to CMA approval.
- If the total Additional Shares applied for by Applicants exceeds the under-subscription (before considering Additional Shares) in the Rights Issue, all eligible Applicants will be allotted Additional Shares on a pro-rata basis proportionate to the number of Additional Shares applied for, and the balance will be refunded.
- If the total Additional Shares applied for by Applicants is less than the under-subscription (before considering Additional Shares) in the Rights Issue, all eligible Applicants will be allotted all of the Additional Shares applied for by them.
- If the Applicants do not subscribe for all of the Additional Shares within the specified period, then the Board of Directors may offer such shares for public or private subscription pursuant to the provisions of the Securities Law and other applicable laws and regulations, or reduce the amount of the increase of the share capital to the level of the total received subscription amount, i.e. reduced by an amount equal to the value of the shares that have not been subscribed for, as per Article 140 of CCL.
- The decision of the Issue Manager, in consultation with the CMA, shall be final and binding in respect of the allotment of Offer Shares, including Additional Shares.

Note: Applicants should ensure that their post-rights issue shareholding is within the shareholding limits prescribed in the Bank’s Articles of Association, Laws of Oman and applicable regulatory requirements.

The following is a worked example using illustrative numbers to show the methodology for allotting Additional Shares:

Particulars	Shares
Rights Issue Offer	100,000,000
Subscription	90,000,000
Unsubscribed	10,000,000
Additional Shares applications received from Eligible Shareholders	15,000,000
Allotment of unsubscribed shares on pro-rata basis based on applications received for Additional Shares	
Percentage allotment of Additional Shares (10,000,000/15,000,000=66.67%)	10,000,000
Refund of amount to Shareholders applying for Additional Shares equivalent to	5,000,000

Based on this example, a person applying for 3,000 Additional Shares will be allotted 2,000 Shares.

#### Subscription on Behalf of Minor Children

- An individual of age less than 18 years as on the Record Date will be considered a minor.
- Only a father may subscribe on behalf of his minor child(ren).

- If a subscription is made on behalf of a minor by any person other than the minor's father, the person submitting the subscription shall be required to attach a valid Sharia (Legal) Power of Attorney issued by the competent authorities authorizing him to deal in the funds of the minor through sale, purchase and investment.

### Minimum and Maximum Application

The minimum application can be for one Share and the maximum application cannot exceed the Rights Issue size (including original Rights Entitlement, any Rights Entitlement purchased from an Eligible Shareholder, and Additional Shares).

### Particulars of the Bank Account

- Each Applicant shall be required to furnish the particulars of their bank account (registered in the name of the Applicant). The Applicant shall not use the bank account number of any other person except in case of minor children only.
- If the bank account of the Applicant is registered with a bank other than the one receiving the Application Form, they shall be required to submit a document in evidence of correctness of the bank account particulars as provided for in the Application Form. This can be done by submitting any document from the Applicant's bank which clearly shows the account number and name of the account holder (Applicant), such as an account statement issued by the bank or a letter / document issued by the Applicant's bank, containing the aforesaid information. The Applicant shall ensure that such evidence submitted is readable in a clear manner. The Applicant is not obliged to submit evidence of their bank account if they are subscribing through the bank wherein they maintain their account. In this case, the bank receiving the subscription shall verify and confirm the Applicant's account details in its specific system and procedure.
- The bank account provided in the Application Form would be used only for refunds.
- The Application Form containing the bank account number of a person other than the Applicant shall be rejected except with respect to applications made on behalf of minor children that contain the bank account particulars of their father.

### Documentation Required

- A copy of Applicant's Civil ID / Passport / Commercial Registration certificate, as applicable.
- Submission of a document confirming correctness of the bank account details written in the Application Form, only if the application is made through a bank other than the one with whom the Applicant has their bank account.
- A copy of a valid Power of Attorney duly endorsed by the competent legal authorities in the event the subscription is on behalf of another person.
- In case of applications made by juristic persons (non-individuals), which are signed by a person in their capacity as an authorized signatory, a copy of adequate and valid documentation should be attached.

### Mode of Subscription

- The Collecting Bank has been instructed to only accept applications for subscriptions that comply with all the requirements as provided for in the Application Form and this Prospectus. It is the responsibility of the Applicant however, to ensure that the particulars and information contained in the Application Form are true, accurate and complete.

- The Applicant shall be required, before submitting the Application Form, to peruse this Prospectus and read the conditions and procedures governing the subscription with care and importance.
- Only the original Application Form (with preprinted details) sent to Eligible Shareholders should be used. Photocopies of Application Forms will not be accepted. If any Eligible Shareholder does not receive the Application Form, such person must contact the Issue Manager sufficiently in advance of the Subscription Closing Date to obtain a duplicate Application Form duly stamped by the Issue Manager.
- Those who validly purchase a Rights Entitlement in the MSX during the Rights Trading Period should contact the Issue Manager and submit a copy of their purchase invoice issued by their broker or statement of account issued by MCD showing their holding of the Rights Entitlement. The Issue Manager will issue the Application Form to such Applicants. Only the Application Form issued by the Issue Manager should be used by such Applicants.
- The Applicants are required to complete the Application Form for the subscription and furnish all their particulars including the shareholder number available with MCD, civil number/passport number, commercial registration number or other prescribed details (including the date of birth in case of minor children).
- Applicants are required to sign the Application Form to confirm that the particulars and information contained therein are true, accurate and complete. In case of minor children, only the father or legal guardian may sign the Application Form, on behalf of his minor children.
- The Applicant shall submit the Application Form to the Collecting Bank and make payment at the Issue Price for all Offer Shares (including any Additional Shares) that are the subject of such application. The Applicant shall make such application in accordance with this Prospectus and shall ensure that all documents in support of the information furnished (referred to above) are enclosed.
- If any overseas investor or Shareholder wishes to subscribe to the Rights Issue, they must pay in the currency of the Sultanate of Oman, i.e., Omani Rial. Payment shall be made by cheque or bank transfer.
- In case of payment of the value of the subscription by cheque, it shall be in favor of 'Ahli Bank Rights Issue'.
- In case of payment through bank transfer, the Applicant is responsible for ensuring the successful transfer of the subscription amount to the Collecting Bank within the subscription period and must attach a copy of the transfer acknowledgement copy to the Application Form. The transfers should be made to:

Ahli Bank Rights Issue a/c  
A/c no. **9800-920908-519**  
Ahli Bank SAOG  
Swift Code: AUBOOMRUXXX

#### Availability of Duplicate Application Forms

Only the original Application Form (with pre-printed details) sent to Eligible Shareholders should be used. A photocopy of Application Forms will not be accepted. If any Eligible Shareholder does not receive the original Application Form, such person must contact the Issue Manager or the Collecting Bank sufficiently in advance of the Subscription Closing Date to obtain a duplicate Application Form. Applicants submitting a duplicate Application Form should not use the original Application Form, even if it is received/found subsequently. In case of violation of this requirement, both the Application Forms may be rejected.

### Collecting Bank

Application Forms may only be submitted to the Collecting Bank - Ahli Bank SAOG during its official working hours.

The Collecting Bank will only accept receipt of an Application Form if the Applicant has complied with the procedure and subject matter in line with the requirements as provided for in this Prospectus; hence, the Collecting Bank must instruct the Applicants to comply and fulfil all requirements stated in the Application Form and this Prospectus.

An Applicant shall be responsible for the submission of their Application Form, together with full payment, to the Collecting Bank before closing of the Subscription Period. In this regard, the Collecting Bank has the right not to accept any Application Form that reaches it after its official working hours on the Subscription Closing Date.

### Acceptance of the Applications

Applications will be invalid in the following circumstances:

- If the Application Form does not bear the signature and stamp (if applicable) of the Applicant with the exception of fathers who subscribe and sign on behalf of their minor children.
- Failure to pay the full subscription amount (including, for the avoidance of doubt, related issue expenses) in accordance with the conditions provided for in this Prospectus.
- If the value of the Offer Shares subscribed is paid through cheque and it is dishonored for whatever reason.
- If the Application Form does not bear the Applicant's investor number available with MCD.
- If the Applicant's account number stated in the Application Form is incorrect.
- If there is more than one Application Form with same Applicant name (in which case, all of them shall be rejected).
- If the supporting documents referred to in this Prospectus are not enclosed along with the Application Form.
- If the Application Form does not contain all particulars of the bank account of the Applicant.
- If the bank account details of the Applicant in the Application Form are found to be incorrect.
- If the bank account details provided in the Application Form are found to not be those of the Applicant with the exception of applications submitted in the name of minor children, which may include the particulars of bank accounts held by their father.
- In the case of a failure to attach the Power of Attorney with the Application Form as provided for in this Prospectus in respect of a person who subscribes and signs on behalf of another person (with the exception of a father who subscribes on behalf of his minor children).
- If the application is incomplete and/or has not complied with the legal and other requirements as provided for in this Prospectus.
- If the Application Form is not the original form sent by the Bank or a form which is not duly issued by the Issue Manager or the Collecting Bank.
- If the Application Form is not complete or any information provided in it is found to be incorrect.

If the Collecting Bank observes, after receipt of the Application Form and before expiry of the time schedule prescribed for handing over the Application Forms in final form to the Issue Manager, that the application has not complied with the legal or other requirements as provided in this Prospectus, then the Collecting Bank shall take due efforts to contact the Applicant so as to correct the detected



mistake. In case of failure to have the mistake corrected within the period referred to, the Collecting Bank shall return the Application Form to such Applicant together with the subscription amount.

### Refusal / Rejection of Applications

The Issue Manager may reject a subscription application under any of the conditions referred to above, after securing the approval of the CMA and the submission of a report furnishing the details of the applications that are required to be rejected and reasons behind such rejection. If it is observed, from the register of the final subscribers submitted by the Collecting Bank, that there are applications which bear the same shareholder number or same civil number or same bank account number (with the exception of minor children), all such application shall be rejected for belonging to the same Applicant.

Refunds of excess funds shall be made net of bank charges, and for refunds in foreign currency as per the foreign exchange rate between RO and the currency of the other country.

### Enquiries and Complaints

Applicants seeking clarification or filing complaints about allotment or rejected applications or refunds may contact the branch of the Collecting Bank where the Application Form was submitted.

In case of absence of response from the branch, the Applicant may contact the person concerned as hereunder:

#### Mr. Amin Al Balushi

Ahli Bank SAOG

P.O. Box 545, P.C. 116, Mina Al Fahal, Oman

Tel: +968 24577830, Fax: +968 24568001

Email: amin.albalushi@ahlibank.om

If the Collecting Bank fails to arrive at a solution or settlement with the Applicant, it shall refer the matter to the Issue Manager, and keep the Applicant updated. The Applicant shall also keep in touch with the Collecting Bank to know the outcome.

### Issue Manager's Contact Details:

<p>Ms. Hanin Al Balushi Ahli Bank SAOG P.O. Box 545, P.C. 116, Mina Al Fahal, Oman Tel: +968 24653732, Fax: +968 24568001 E-mail: Hanin.AIBalushi@ahlibank.om</p>	<p>Mr. Amin Al Balushi Ahli Bank SAOG P.O. Box 545, P.C. 116, Mina Al Fahal, Oman Tel: +968 24577830, Fax: +968 24568001 Email: amin.albalushi@ahlibank.om</p>
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### Restrictions on Shareholding

Applicants are required to comply with any shareholding limits prescribed by the Bank's Articles of Association, the Laws of Oman, any regulations/circulars issued by the CBO, and/or any other applicable legal and regulatory requirements (together the "Shareholding Limits"). Without limiting the generality of the foregoing, Applicants are required to comply with the following Shareholding Limits prescribed by CBO regulation BM/REG/40/96:

- The aggregate holding by an individual and his related parties shall not exceed 15% of the voting shares in a locally incorporated bank;

- The aggregate holding by an incorporated body and its related parties shall not exceed 25% of the voting shares in a locally incorporated bank;
- The aggregate holding by a Joint Stock Company or a Holding Company and its related parties shall not exceed 35% of the voting shares in a locally incorporated bank; and
- No individual, incorporated body or a Joint Stock Company or a Holding Company who, together with any related party already owns 10% or more of the voting shares of a locally incorporated bank shall own by way of investment, more than 15% of the outstanding voting shares of another locally incorporated bank.

If an Applicant's shareholding is likely to exceed any Shareholding Limits, such Applicant must obtain all requisite approvals for such potential excess shareholding before they submit their Application Form. The Applicant must attach to their Application Form a copy of the relevant approval for such excess shareholding.

Notwithstanding anything to the contrary in this Prospectus, the allotment of Offer Shares under the Rights Issue will be restricted in accordance with the foregoing, and the rights of Eligible Shareholders (and of any purchaser of their Rights Entitlement) in this Prospectus shall be construed accordingly.

#### **Payments for Additional Shares**

The payment for Additional Shares shall be made at the time of submission of Application Form to the Collecting Bank. If the Applicant fails to pay for any Additional Shares pursuant to the Application Form, the application will be rejected.

#### **Allotment and Refund**

The Offer Shares shall be allotted, and refunds will be made (if required) within three days after the Allotment Date. The Applicant, after the announcement of the allotment, shall ensure that the allotted shares are appearing in its account with MCD.

Refund of excess funds (if any) must be made to the Applicant's bank account as provided in the Application Form, and in case of any discrepancy, the Collecting Bank / Issue Manager should be contacted immediately.

#### **Responsibilities of Shareholders/ Applicants in Rights Issue**

An Eligible Shareholder who sells their Rights Entitlement through the MSX will lose their right to subscribe to the Offer Shares to that extent. Furthermore, such Shareholders cannot apply for Additional Shares.

An investor who buys the Rights Entitlement through the MSX should exercise their right to subscribe to the Offer Shares by submitting their Application Form (which can be obtained from the Issue Manager) to the Collecting Bank before the end of the Subscription Period. Such investors are not eligible to apply for Additional Shares unless they are also Eligible Shareholders.

#### **Bank's Right**

The Bank reserves the right to withdraw / cancel the Rights Issue prior to the listing date for any reason including in the event of any unforeseen development adversely affecting the economic and regulatory environment, any force majeure condition including any change in applicable law, etc. If the Rights Issue is withdrawn / cancelled, the received subscription amounts will be refunded in full, without any interest or further liability.

## Proposed Timetable

The following is only an indicative proposed timetable for the Rights Issue:

ACTIVITY	DATE*
Approval of this Prospectus by CMA	25 <sup>th</sup> July,2023
Date of Publication of Announcement: After approval of this Prospectus by the CMA, and at least five (5) working days before the Record Date, the Issuer must publish an announcement approved by the CMA through the electronic publication system and in one (1) Arabic daily newspaper at least, notifying the Shareholders and other investors of the Rights Issue. The advertisement must include a summary of this Prospectus including the amount and percentage of the increase in the capital, Issue Price, the Record Date, the persons entitled to subscribe, Collecting Bank, Subscription Period and the Rights Trading Period.	26 <sup>th</sup> July 2023
Record Date: Shareholders registered in MCD records as at this date are eligible for subscription to the Rights Issue as holders of the Rights Entitlements.	3 <sup>rd</sup> August2023
Service of Notices on the Shareholders: At least three (3) days before the Subscription Opening Date, and not more than 15 days from the publication of the announcement, the Issue Manager shall send written notices to each Eligible Shareholder at its address or to its email or through any other means written in the shareholders' register advising of the Rights Issue together with a summary of this Prospectus and an Application Form. The notice must specify the number of Offer Shares that may be subscribed, the Subscription Period and the Rights Trading Period.	6 <sup>th</sup> August 2023
Listing of the Rights Entitlement (Rights Trading Opening Date): The Issuer and the Issue Manager, in collaboration with MCD and MSX, will carry out the procedures for listing of the rights for trading on MSX within five working days from the Record Date. A record of holders of the rights shall be prepared for the purposes of the trading of the rights within the specified period. The rights shall be separated from the shares and shall be traded separately.	10 <sup>th</sup> August 2023
Date of Commencement of Subscription (Subscription Opening Date): Application Forms will be issued directly to the Shareholders, but duplicate Application Forms may be obtained from the Collecting Bank or Issue Manager.	16 <sup>th</sup> August 2023
End of Trading of the Rights (Rights Trading Closing Date)	23 <sup>rd</sup> August 2023
End of Subscription Period (Subscription Closing Date): After this date, the Issue Manager shall collect the list of subscription from the Collecting Bank, verify the subscription list, match it with the rights holders' record and process the allotment of shares.	30 <sup>th</sup> August 2023
CMA approval on the allotment	3 <sup>rd</sup> September 2023
Listing New Offer Shares on the MSX	4 <sup>th</sup> September 2023
Refund of excess amounts	6 <sup>th</sup> September 2023

\*The actual dates may vary.

### Responsibilities and Obligations

The Issuer, Issue Manager, Legal Advisor, Collecting Bank and the MCD shall abide by the responsibilities and duties specified under the Regulations issued by the CMA and shall comply with any other responsibilities and obligations set out in the agreements entered into between them. The parties concerned shall be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. In such event the Issue Manager shall liaise with relevant authorities such as CMA and MSX for taking suitable steps and measures for repairing such damages.

## CHAPTER 15: UNDERTAKINGS

### Ahli Bank SAOG

The Board of Directors of the Bank jointly and severally undertake that:

1. The information provided in this Prospectus is true and complete.
2. Due diligence was done to ensure that no material information has been omitted, the omission of which would render this Prospectus misleading.
3. All provisions of the Securities Law promulgated by Royal Decree 46/2022, the Executive Regulations to the Capital Market Law issued pursuant to CMA Decision 1/2009 (as amended), the Commercial Companies Law promulgated by Royal Decree 18/2019 and the Public Joint Stock Company Regulations to the Commercial Companies Law issued pursuant to CMA Decision 27/2021 and the rules and regulations issued thereunder have been complied with.

### Signed on behalf of the Board of Directors:

#### Name

#### Signature

Mr. Hamdan Ali Nasser Al Hinai, Board Chairman

Sd/-

Mr. Abdul Hameed Ahmed Mohamed Al Bulushi, Board Member

Sd/-

## Issue Manager

Pursuant to our responsibilities under Article 13 of the Executive Regulations to the Capital Market Law issued pursuant to CMA Decision 1/2009 and the directives issued by CMA, we have reviewed all relevant documents and other material required for the preparation of this Prospectus pertaining to the Rights Issue.

The Board of Directors of Ahli Bank SAOG shall bear the responsibility for the validity and correctness of the information provided in this Prospectus, and they have confirmed that no material information has been omitted from it, the omission of which would render this Prospectus misleading.

We do confirm that we have taken necessary due care as required by our profession with regard to this Prospectus that has been prepared under our supervision. On the basis of the review work referred to above and discussions held with the Issuer, its Directors, officials and other related parties with regard to the subject matter of the Issue and contents of the documents submitted to us, we confirm as under:

1. We have taken necessary and reasonable care to ensure that the information given to us by the Issuer and that contained in this Prospectus are consistent with the facts available in the documents and other material pertaining to the Issue.
2. To the best of our knowledge and on the basis of our perusal and information given to us by the Issuer, the Issuer has not omitted any material information, the omission of which would render this Prospectus misleading.
3. This Prospectus and the Issue to which it relates is consistent with all the rules and terms of disclosure stipulated for in the Securities Law promulgated by Royal Decree 46/2022, the Executive Regulations to the Capital Market Law issued pursuant to CMA Decision 1/2009 (as amended) and prospectus models applied by CMA, and is in conformity with the Commercial Companies Law promulgated by Royal Decree 18/2019 and the Public Joint Stock Company Regulations to the Commercial Companies Law issued pursuant to CMA Decision 27/2021 and decisions issued in this regard.
4. The information contained in this Prospectus in Arabic (with its unofficial translation in English) is correct, reasonable and adequate as per our perusal to assist the investor in taking an appropriate decision whether or not to invest in the securities offered.

Sd/-

Ahli Bank SAOG

No.	Name	Designation	Signature
1	Hanaa Mohammed Al Kharusi	Senior General Manager – Wholesale Banking	
2	Khurram Ghufuran	Head of Asset Management	

### Legal Advisor to the Issue

The Legal Advisor, whose name appears below, hereby confirms that all the procedures undertaken with regard to the offering of the securities that are the subject matter of this Prospectus pertaining to the Rights Issue, are in line with the laws and legislations related to the Issuer's business, the Securities Law promulgated by Royal Decree 46/2022, the Executive Regulations to the Capital Market Law issued pursuant to CMA Decision 1/2009 (as amended), the Commercial Companies Law promulgated by Royal Decree 18/2019, the Public Joint Stock Company Regulations to the Commercial Companies Law issued pursuant to CMA Decision 27/2021, and the regulations and directives issued pursuant to them, the requirement and rules for the issue of securities issued by the CMA, the Articles of Association of the Issuer and the resolutions of the General Meeting and Board of Directors of the Issuer. The Issuer has secured all the consents and approvals of the official authorities required to carry out the activities which is the subject matter of this Prospectus.

Sd/-

Said Al Shahry & Partners (SASLO), Advocates and Legal Consultants