



Ahli Bank SAOG
Investor Presentation
2022



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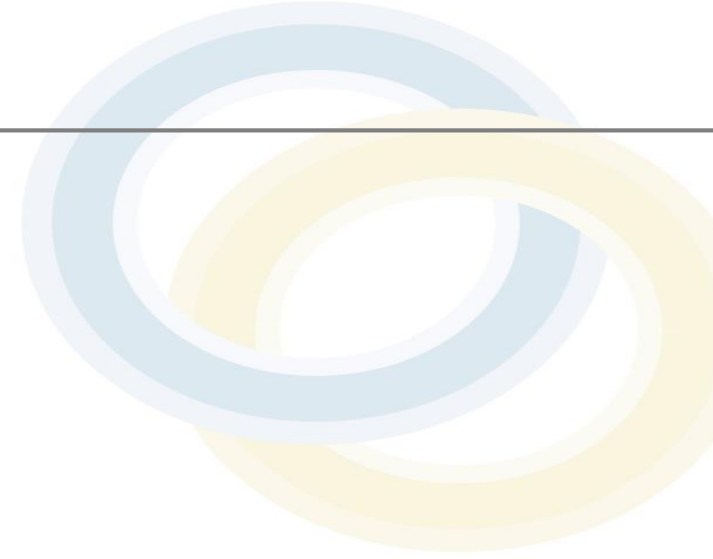
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Rounding

Rounding differences may appear throughout the presentation

Contents

- **Macro Economic Overview**
- **Operating Environment**
- **Ahli Bank Overview**
- **Financial Performance**
- **Key Digital Initiatives**
- **Key Focus Areas**
- **Way Forward**



Macro Economic Overview

Economic Outlook

- The Sultanate of Oman's Economy is estimated to have registered a real GDP growth of 4.9% in 2022 compared to 3.0% in 2021, supported by growth in the non-hydro carbon sector and improvement in the overall oil price.
- Oman registered a budget surplus of RO 1.146Bn for the first time since 2013, supported by higher oil prices in 2022,
- Inflation averaged around 2.82% in 2022 and is expected to moderate below 2% in 2023-2024.
- Oman's Economy was earlier impacted by the dual shock of the pandemic and collapse in the oil prices in 2020.
- Oman Government through its Medium Term Fiscal Plan (MTFP) has taken a number of measures to instill fiscal stability and reduce the overall debt burden of the country.

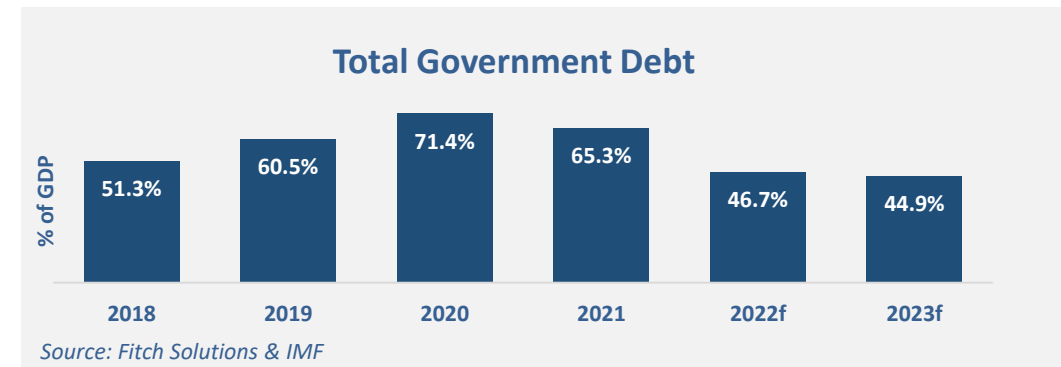
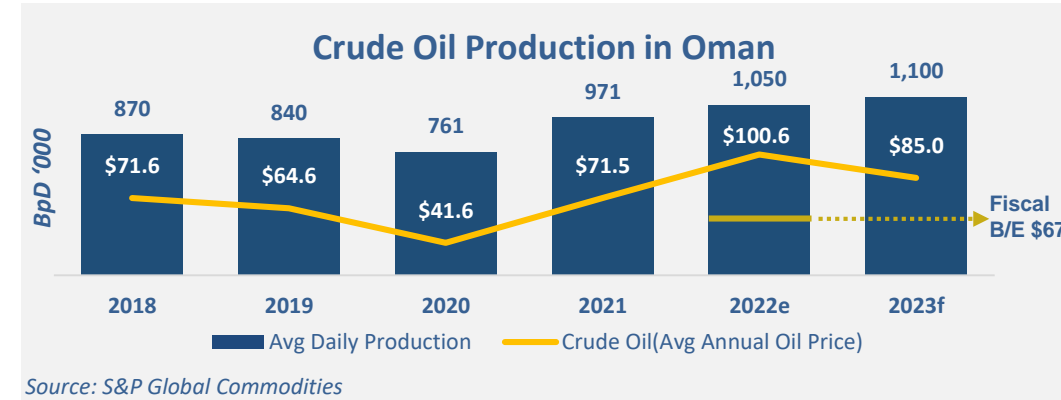
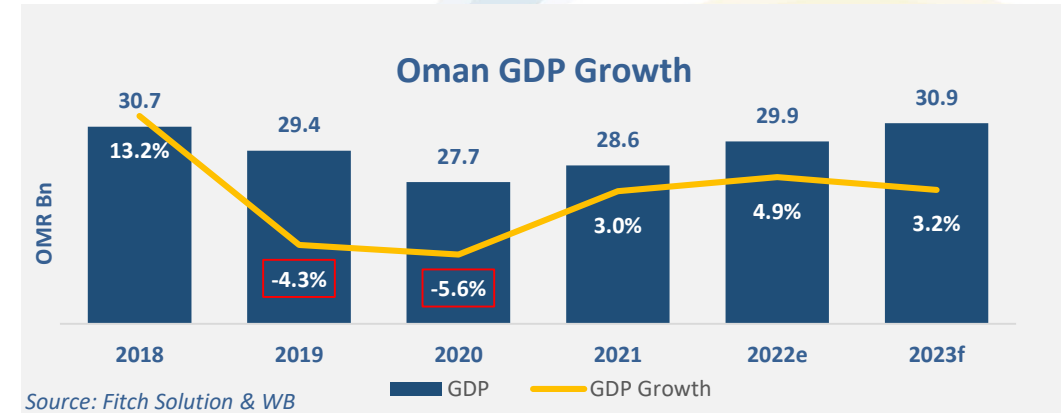
Credit Rating Outlook

- Rating Agencies have recently updated graded Oman's Long-Term Foreign Currency Issuer Default Rating with a Stable outlook.
- Fitch Ratings has forecast Oman's real GDP to grow by 3.2% in 2023e vs. 4.9% in 2022e and 3.0% in 2021 due to declining oil price and higher interest rates.
- 2023 revenue is estimated at RO 11.65Bn vs RO 14.2Bn estimated revenue achieved in 2022.
- Expenditure is budgeted at RO 12.95Bn, 6.7% higher compared with the budgeted figures of 2022
- Budget for 2023 assumes oil price of \$55/bbl against closing price of c.\$82.6 as of Feb 2023.

Oman's Credit Ratings

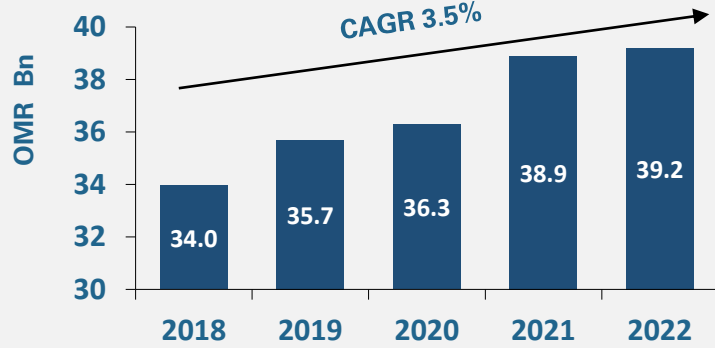
Fitch	S&P	CI	Moody's
BB Stable	BB Stable	BB Stable	Ba3 Positive

Source: Fitch Report – Aug'22 & IMF Report – Oct'22

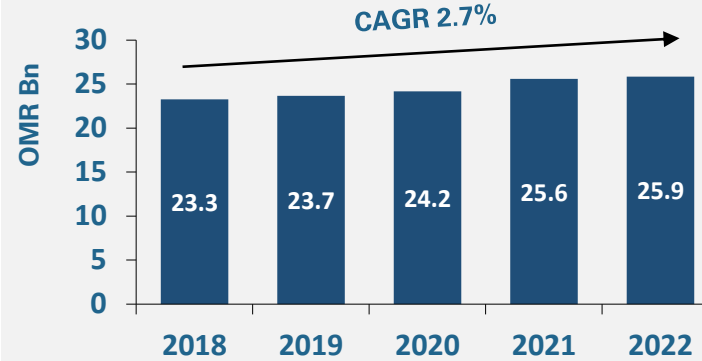


Operating Environment

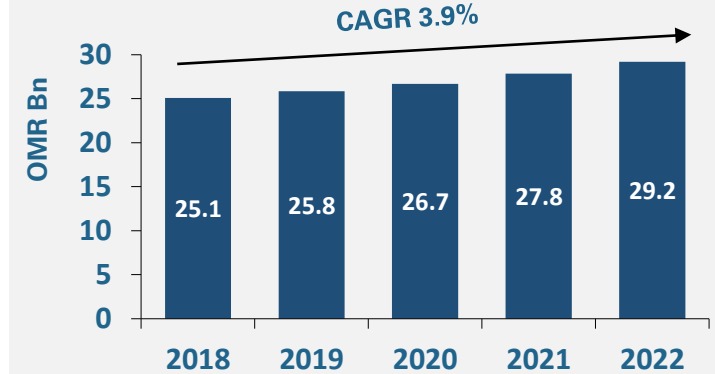
Total Banking Assets



Customer Deposits



Loans & Advances



Source: CBO Statistical Bulletin



Banking Sector

- 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.
- Oman banking sector operating environment factor scores to stable from negative



Asset Quality

- Asset quality will remain a key risk 2023 with the run-off of payment holidays and a rising interest rate (US FED interest rate increased 425 basis points in 2022 & 25 basis points in 2023), environment which could undermine borrowers' debt servicing capacities.
- High levels of portfolio concentrations will continue to pose a downside risk to asset quality



Capital

- Sound capital structure provides loan-loss absorption capacity, even under a stress scenario
- Macro Stress Testing undertaken by CBO last year revealed strong resilience of the Omani banking system



Funding & Liquidity

- Pressures on banks' overall funding and liquidity profiles have eased in the recent past, underpinned by government support measures combined with the recent rebound in oil prices.



Profitability & Efficiency

- Performance metrics improved substantially in 2022 and this is expected to continue in 2023, subject to impact from interest rate hikes during the year
- Loan loss provisions will continue to remain high in the short to medium term, owing to post covid-19 impacts and conservative provisioning policy adopted by banks.



Government Support

- Authorities' willingness to provide support will remain high, due to elevated oil prices and importance of banking sector to the overall economic growth
- Oman reported a budget surplus of RO 1.146Billionn (US\$2.97Billion) for 2022

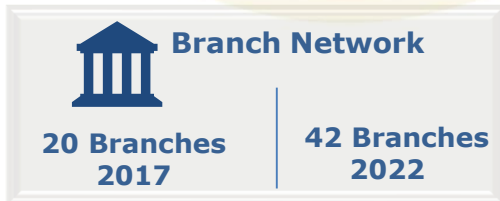
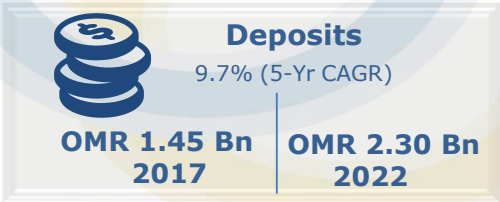
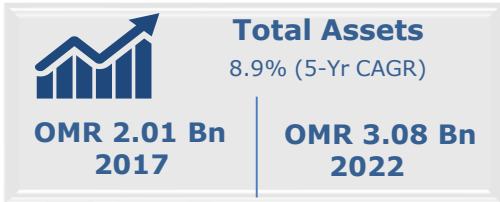
Source: CBO, Fitch Ratings

Ahli Bank Overview

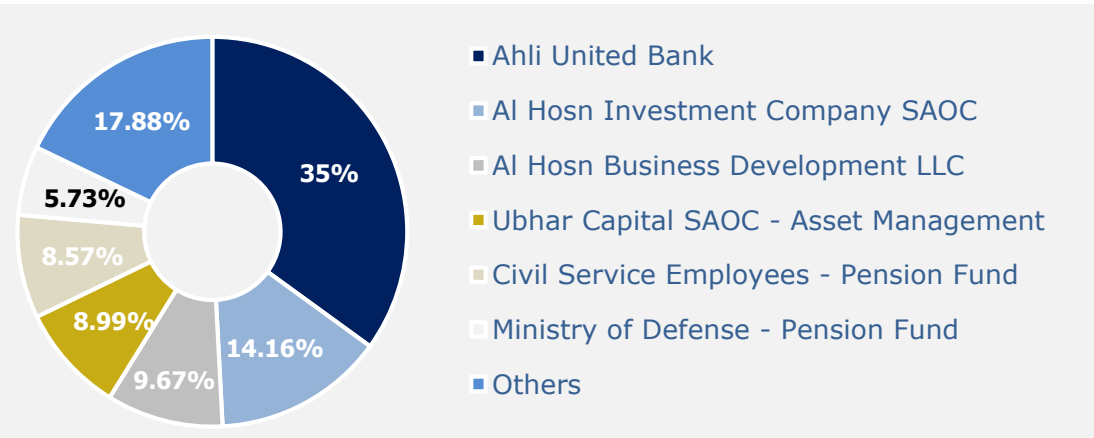
Ahli Bank – Evolution

- Commercial banking operations commenced in 2007
- As of Dec 2022, the bank has **42** branches including **19** Islamic branches
- Bank has 5 main business segments viz., retail banking, commercial banking, investment banking, treasury & financial institutions, and Islamic banking
- Bank has a strong institutional shareholding in its share capital.
- As of Dec 2022, the bank had a market share of **9.2%** in terms of Gross Loans and **9.1%** in terms of Customer Deposits
- Fitch ratings has assigned a credit rating of **BB- with a Stable Outlook**

Key Performance Highlights



Shareholding Structure



Key Achievements

- Total Assets over > RO 3Bn**
- Incremental market share last 3-Yrs at c.20% in Loans & Advances and c.25% in Customer Deposits
- Highest ROAE in the industry**
- One of the Lowest NPL ratio in the industry** without any technical write-offs
- First Islamic Bank in Oman to launch digital NTB onboarding with c.80% of onboarding done
- First Bank in Oman to launch Tamkeen, a Crowd funding platform for SMEs** through Fintech collaboration

Incremental market share from 2018-22 based on 7 Listed Local Banks

Business Segments

Retail Banking

Retail Banking

- ✓ Strong emphasis on **designing and offering innovative products** and services
- ✓ Consists of **specialized teams** dedicated for Retail, Premium, Private Banking, Wealth management and Islamic Banking customers.
- ✓ Offering services through multiple distribution channels including **42 branches** across the Sultanate of Oman (including **19 Islamic branches**)
- ✓ Bank continues to focus on expansion of retail network including **digital branches**.
- ✓ **Widen customer base** of target segment both under conventional and Islamic banking business.

Wholesale Banking

Corporate Banking & SME

- ✓ Offering **full array of services** through sector specific teams
- ✓ Continuous focus on the sectors that form part of the Sultanate's **diversification strategy and Vision 2040**
- ✓ Includes Government Banking, Corporate Liabilities & E-channels team.

Treasury & FI

- ✓ Provides a comprehensive package of services to **corporate, commercial and government institutions**.
- ✓ Financial Institutions Group covers **global relationships with other financial institutions** and acts as an international arm of ahlibank

Investment Banking

- ✓ The Corporate Finance Advisory division is a **full-service financial advisory** and fundraising platform with proven track record across products categories.
- ✓ Continued focus on building **cross border transactions and regional** origination and placement capabilities.
- ✓ Asset management division offers a **diverse range of investment solutions** for its institutional and high net worth clients including mutual funds and investment advisory services across asset classes.
- ✓ The brokerage division is a **leading player in the Muscat Stock Exchange** servicing broad range of institutional and retail clients.

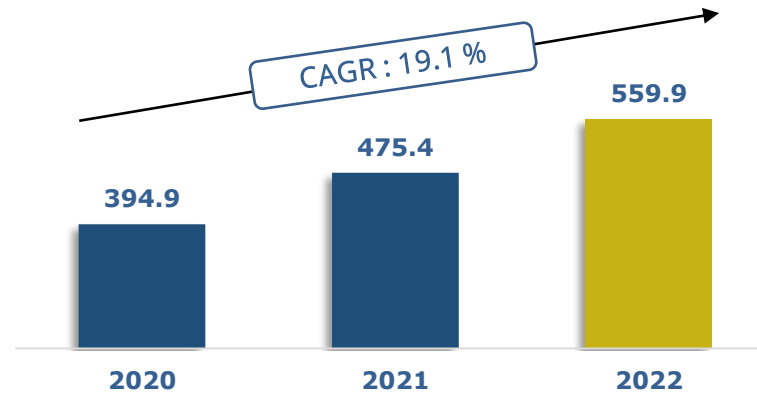
OMR Mn	Retail Banking			Wholesale Banking		
	2022	2021	2020	2022	2021	2020
Total Assets	733 (24%)	730	739	2,342 (76%)	2,323	1,965
Net Operating Income	29.9 (33%)	28.2	22.7	61.8 (67%)	54.2	48.8

Islamic Banking

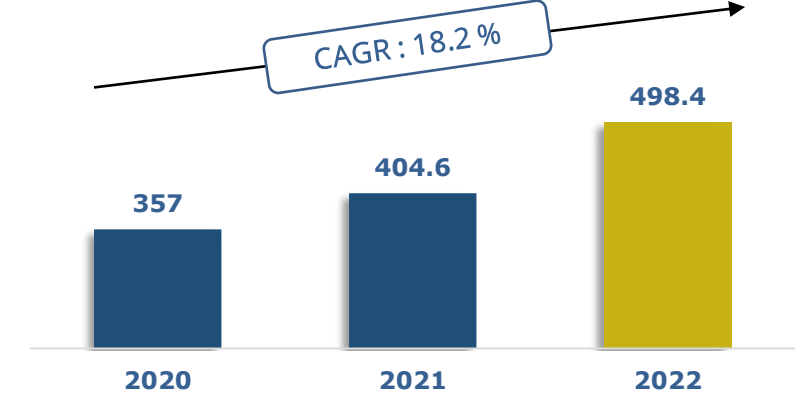
Islamic Banking

- ✓ ahli Islamic has shown robust growth since its **launch in 2013**
- ✓ The Sharia-compliant products and services offered by ahli Islamic caters to all customer segments including **institutional, corporate, SME and retail**, through 19 dedicated branches
- ✓ Customer Deposit grew by 5-Yr **CAGR of 16.5%** compared to Ind.Avg of 10.0%
- ✓ Retail deposit grew by 5-Yr **CAGR of 55.7%** compared to Ind.Avg of 20.1% [as of Sep 22]
- ✓ Continued focus on **low cost deposits and retail expansion** plans.
- ✓ ahli Islamic offers unmatched Sharia compliant products to customers under all categories – **Deposits, Financing, Cards, FX, Transfers** etc.
- ✓ First Islamic Bank in Oman to **digitally board customers** through Mobile Banking platform.

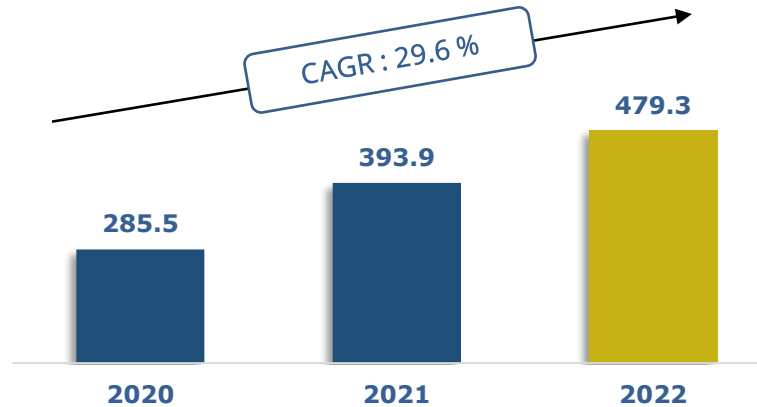
Total Assets



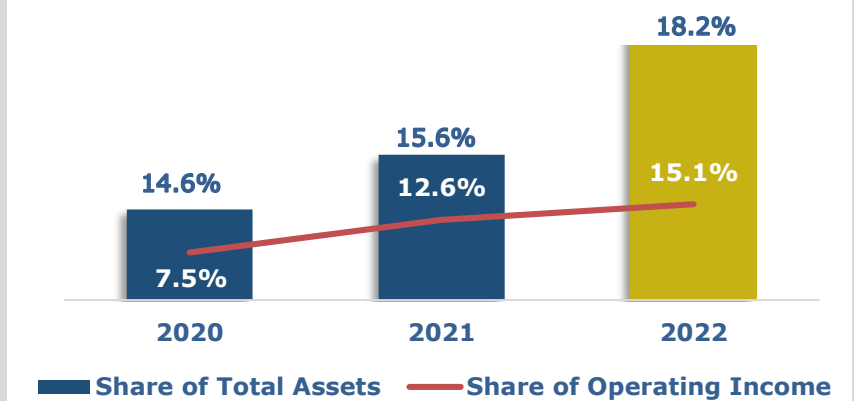
Gross Financing



Customer Deposits



Islamic to Total Banking

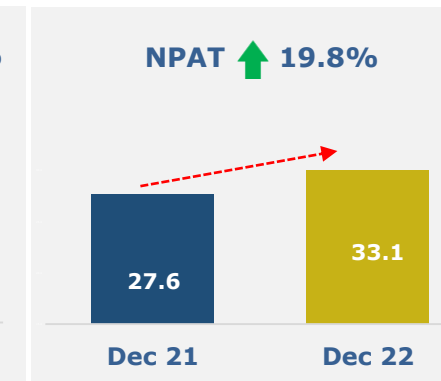
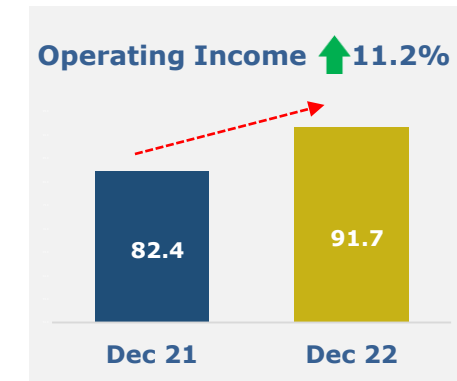
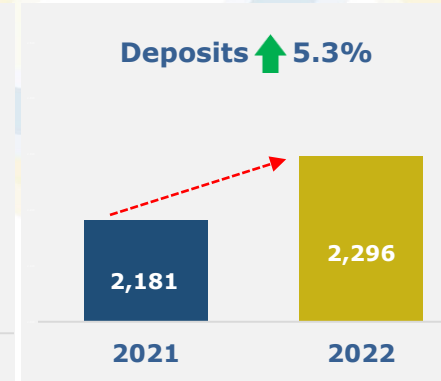
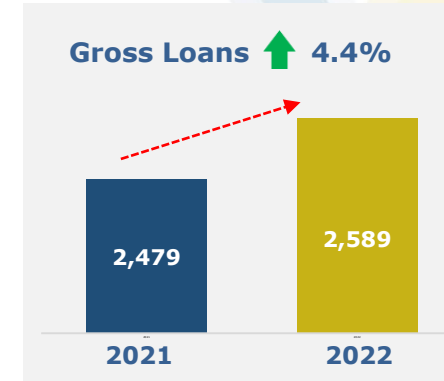


Key Metrics (December 2022)

RO `Mn		2022	2021	Var
Balance Sheet	Total Assets	3,075.5	3,052.6	0.8%
	Loans and advances, net	2,500.4	2,402.0	4.1%
	Customer Deposits	2,296.2	2,181.4	5.3%
	Equity	460.9	427.0	7.9%

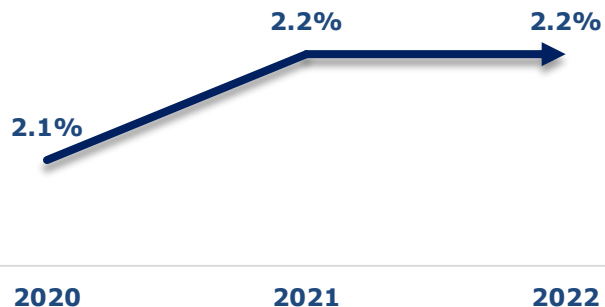
RO `Mn		2022	2021	Var
Profit & Loss	Total Operating Income	91.70	82.44	11.2%
	Impairment Charge	(13.06)	(14.68)	11.0%
	Operating Expenses	(40.23)	(35.60)	(13.0%)
	Net Profit after Tax	33.09	27.61	19.8%

RO `Mn		2022	2021	Var
Key Ratios	ROE	10.8%	9.7%	1.1%
	ROA	1.1%	1.0%	0.1%
	Cost to Income	43.9%	43.2%	0.7%
	NPA	3.8%	3.2%	0.6%
	CAR	17.0%	16.7%	0.3%

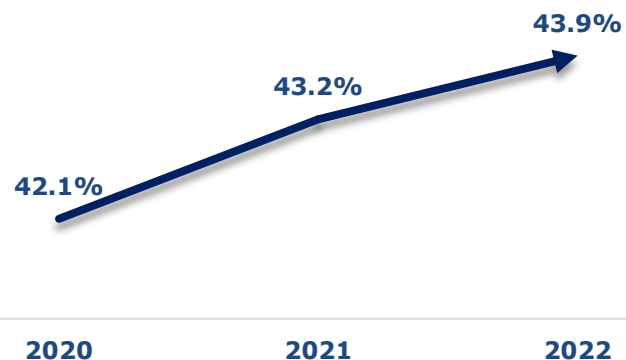


Operating performance and Profitability

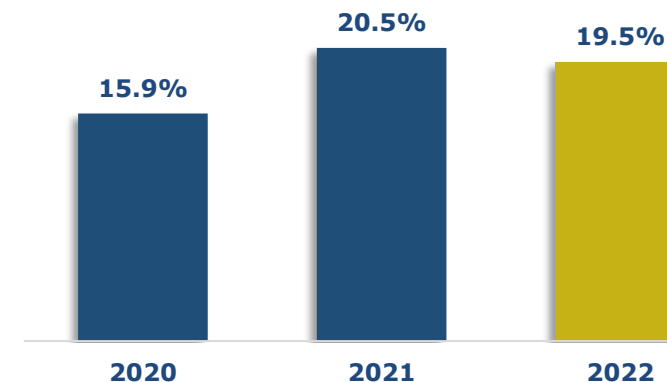
NIM



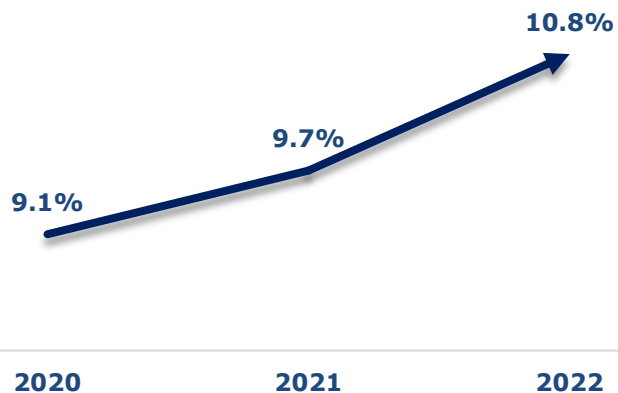
Cost to Income



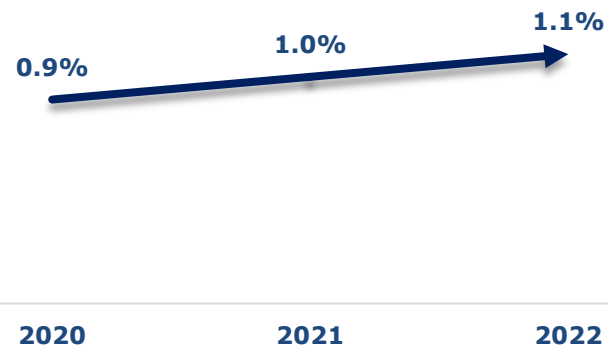
Other Income to Total Income



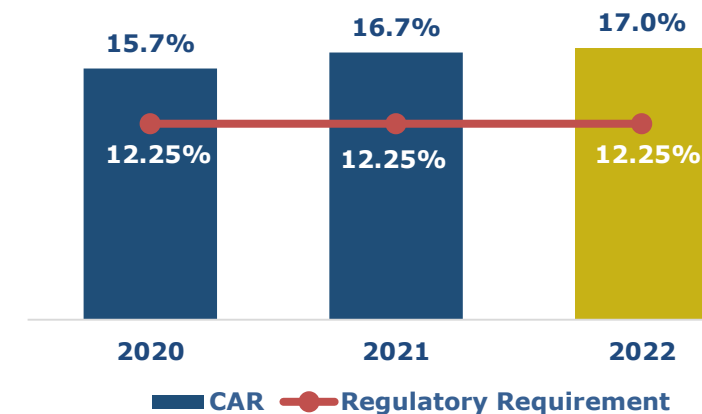
ROAE



ROA

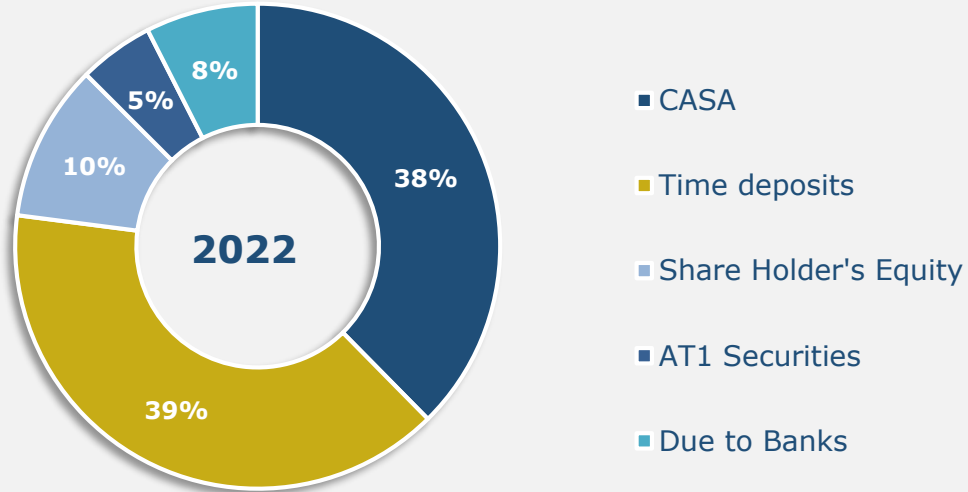


CAR vs Regulatory Requirement

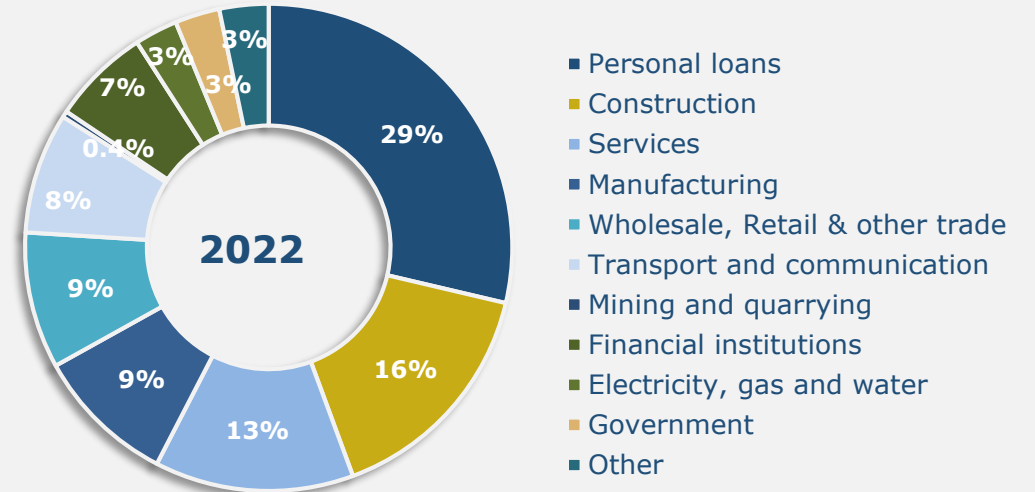


Funding & Lending Profile

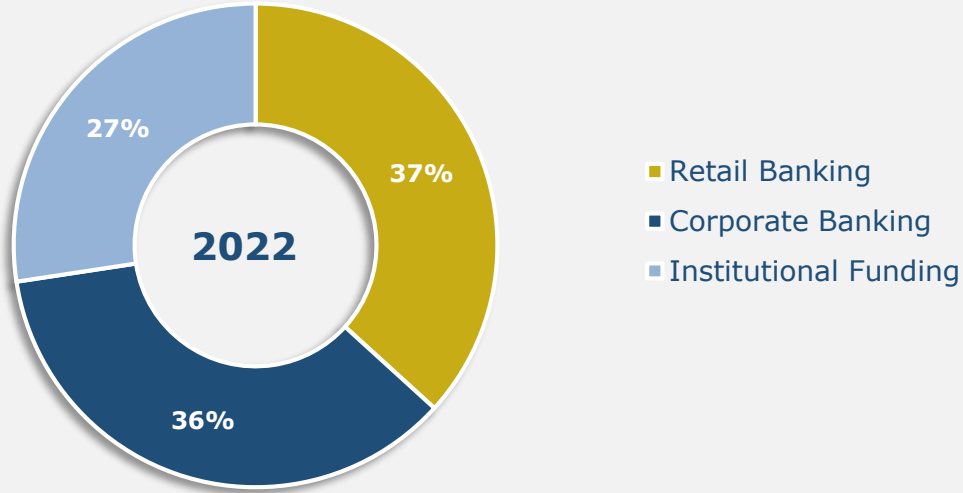
Funding | Deposit Sourcing



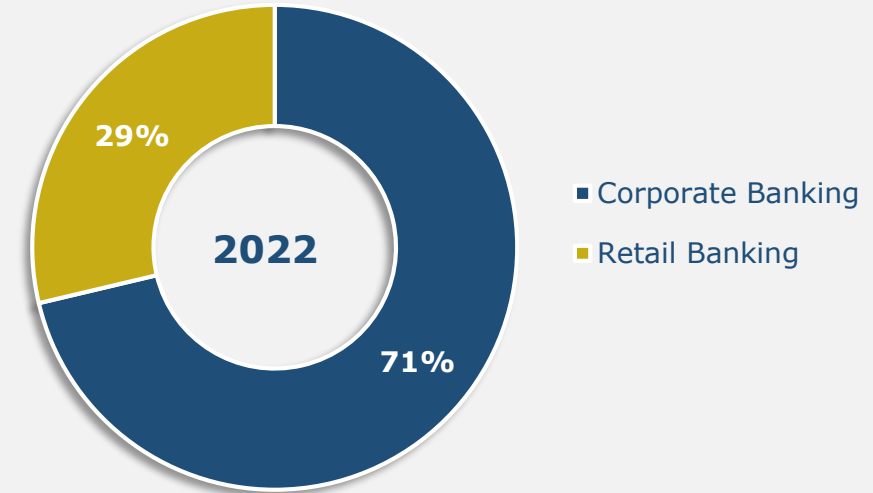
Gross Loans | Sectoral Allocation



Funding | Segment Participation

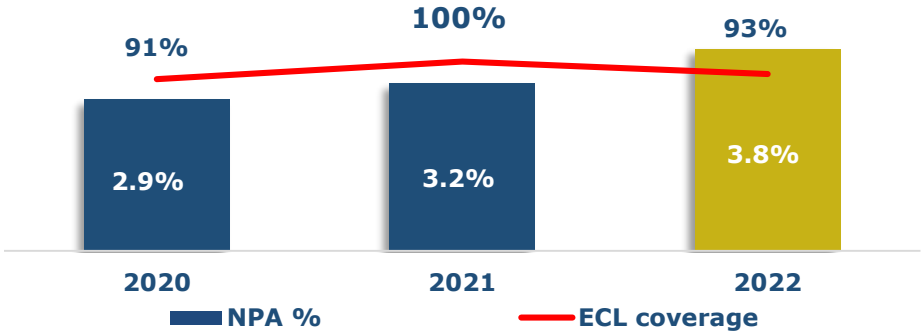


Gross Loans | Segment Participation



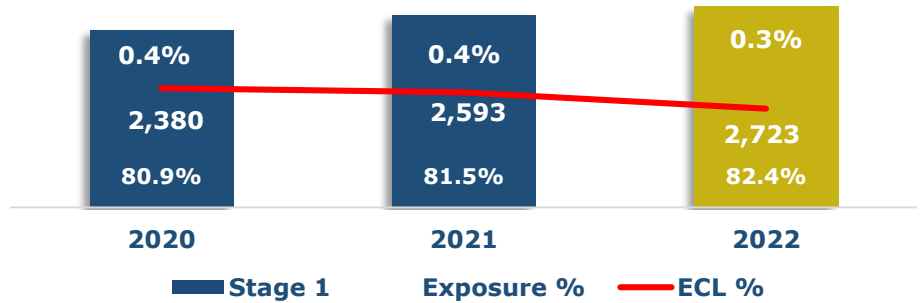
Credit Performance : Stage wise Exposure

Loans & Advances – NPA% & Coverage



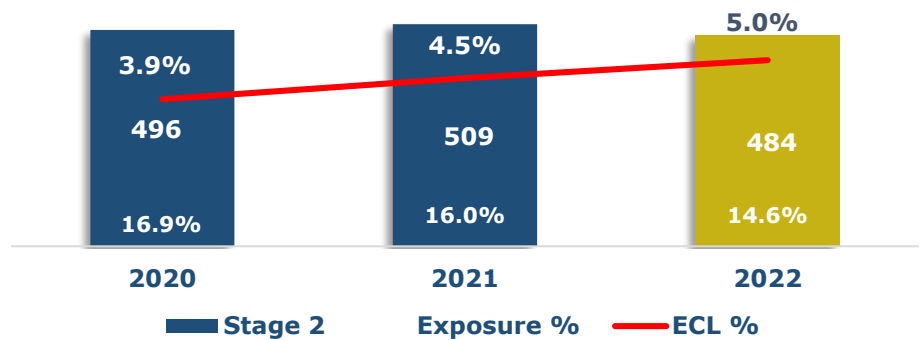
AB: 3.8% ↓
Ind Avg: 4.5%

Stage 1



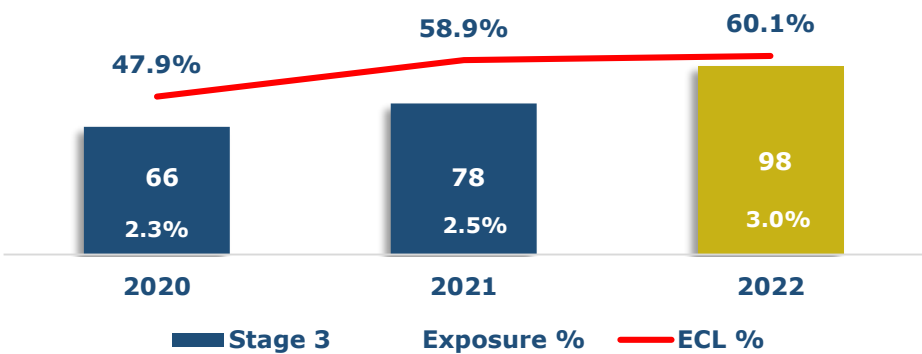
AB: 82.4% ↑
Ind Avg: 81.2%

Stage 2



AB: 14.6% ↓
Ind Avg: 15.8%

Stage 3



AB: 3.0% ↑
Ind Avg: 3.0%

Stage wise exposure and ECL % (includes all financial assets, commitments, LCs & LGS) of 7 Listed Local Banks

Key Focus Areas

Growth in Deposit & Customer base



- Expanding and diversification of overall customer base of the Bank
- Enhance retail deposit contribution to the overall funding mix
- Increase customer touchpoints through digital channels including digital branches

Enhance Fee Income



- Enhance the share of non-interest income in line with the industry standards
- Increase business avenues and opportunities to expand fee based income
- Capitalize further on digital channels to increase product per customer ratio

Prudent Asset Growth



- Prudent loan growth in line with Oman's key focus sectors, including SME financing, as per Vision 2040
- Continue to maintain high quality credit by adopting robust risk management practices
- Focus on sunrise industries to achieve economic diversification of assets

Continue Digitalization



- Enhance overall Digital Customer Experience across channels
- Increase Digital onboarding and Digital Sales
- Focus on analytics driven channel offering for customers
- Implement straight through digital processing
- Explore regional and international fintech collaboration

Continued focus on increasing Bank's market share

Key Digital Initiatives in 2022

Tamkeen



The definition of Crowd Funding



Enhanced Mobile Banking



Digital Process Automation



Instant Card Issuance



ahliexpress



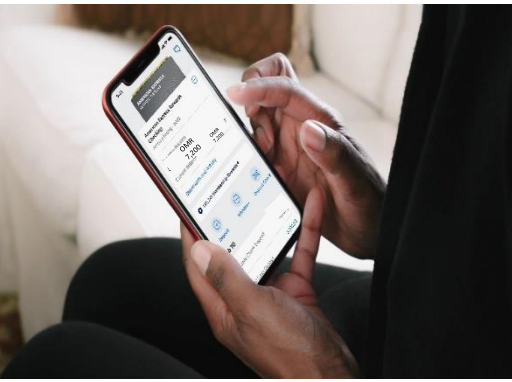
Digital Wealth App



Robotic Process Automation



Paperless PIN



Conclusion

Way Forward



Key Accolades received in 2022

Best Bank – Mid Size



Banker of the Year 2022



Leadership in Youth Development

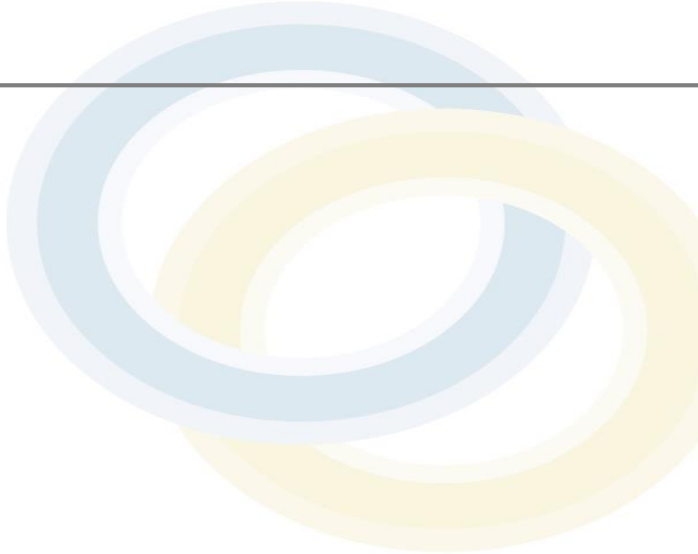


Talent Management Initiative



Top Omani Brand





Q & A