

# Ahli Bank SAOG

## Investor Presentation

H1 2023

## Important Information

The material contained in this presentation is a general background information about Ahli Bank SAOG's ('Ahlibank') current activities as at the date of this presentation. It is information given in summary form and does not purport to be complete. Further, it is also not intended to be relied upon as an advice to investors or potential investors and does not take in to account their investment objectives, financial situation or specific needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

The information contained here in has been prepared by Ahlibank. Some of the information relied on by Ahlibank is obtained from sources and third party reports believed to be reliable, but does not guarantee its accuracy or completeness. Further, this presentation and discussion are for information purposes only. Any recipients of this presentation and/or discussions, the media must not communicate, reproduce, distribute or disclose through any media (including social media), or refer to them publicly or privately, in whole or in parts anytime without a written consent from the Bank in this regard.

## Forward Looking Statements

It is possible that this presentation could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Bank's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions etc.

Ahlibank undertakes no obligation to revise or update any forward-looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.

## Rounding

Rounding differences may appear throughout the presentation

# Contents

- Economy Overview
- Operating Environment
- Ahli Bank Overview
- Financial Performance
- Key Digital Initiatives
- Key Focus Areas

# 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 1.15Bn 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.

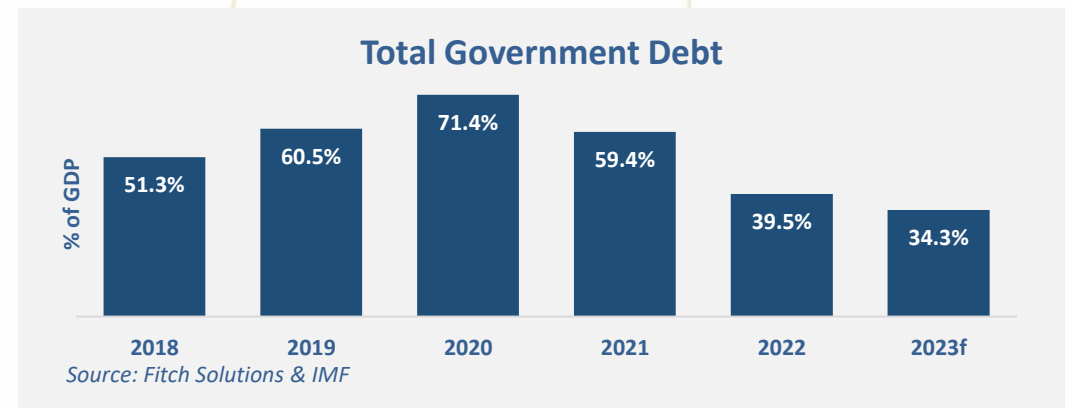
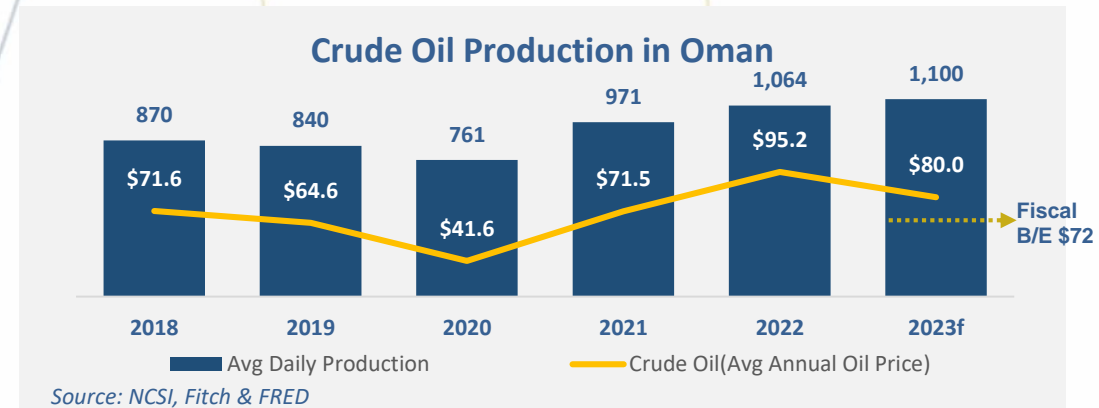
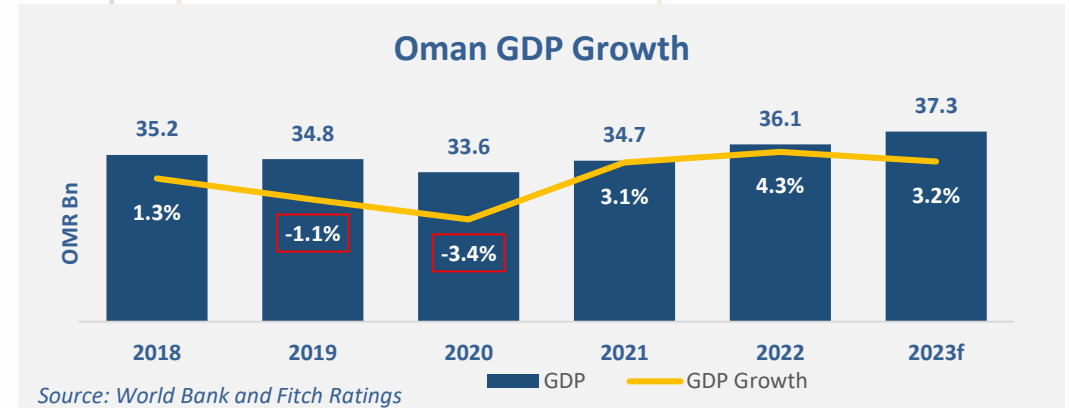
## Credit Rating Outlook

- Rating Agencies have recently updated graded Oman's Long-Term Foreign Currency Issuer Default Rating with a Positive 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

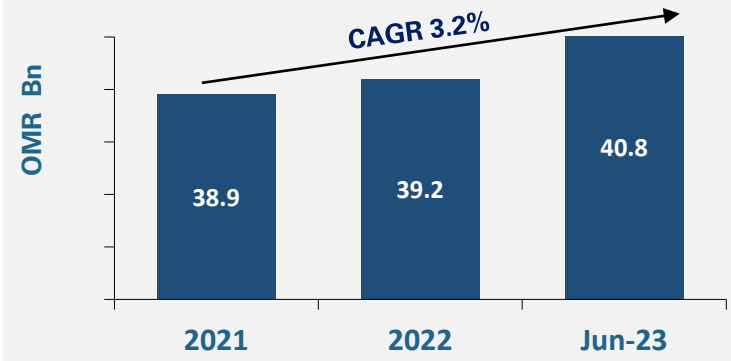
Fitch	S&P	CI	Moody's
BB Positive	BB Positive	BB Positive	Ba2 Positive

Source: Fitch Report & IMF Report

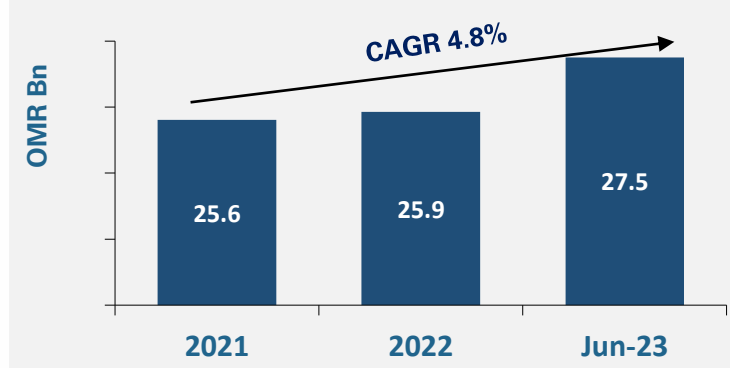


# Operating Environment

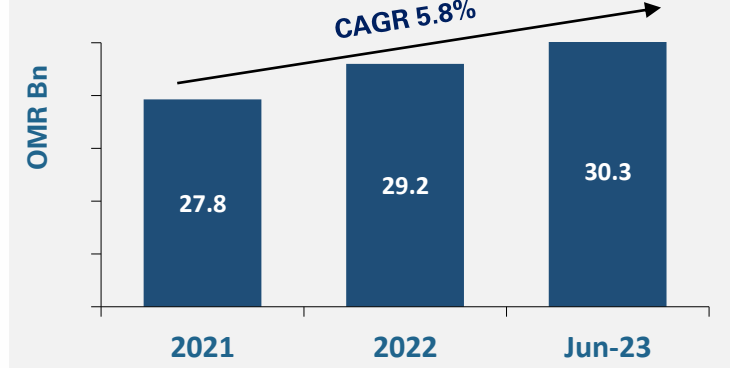
### Total Banking Assets



### Customer Deposits



### Loans & Advances



Source: CBO Statistical Bulletin

	<b>Banking Sector</b>	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Oman banking sector operating environment factor scores to stable from negative</li> </ul>
	<b>Asset Quality</b>	<ul style="list-style-type: none"> <li>▪ 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 &amp; 100 basis points in 2023), environment which could undermine borrowers' debt servicing capacities.</li> <li>▪ High levels of portfolio concentrations will continue to pose a downside risk to asset quality</li> </ul>
	<b>Capital</b>	<ul style="list-style-type: none"> <li>▪ Sound capital structure provides loan-loss absorption capacity, even under a stress scenario</li> <li>▪ Macro Stress Testing undertaken by CBO last year revealed strong resilience of the Omani banking system</li> </ul>
	<b>Funding &amp; Liquidity</b>	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>
	<b>Profitability &amp; Efficiency</b>	<ul style="list-style-type: none"> <li>▪ Performance metrics improved substantially in 2022 and this is expected to continue in 2023, subject to impact from interest rate hikes during the year</li> <li>▪ 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.</li> </ul>
	<b>Government Support</b>	<ul style="list-style-type: none"> <li>▪ Authorities' willingness to provide support will remain high, due to elevated oil prices and importance of banking sector to the overall economic growth</li> <li>▪ Oman reported a budget surplus of RO 1.15 Billion (US\$2.97Billion) for 2022</li> </ul>

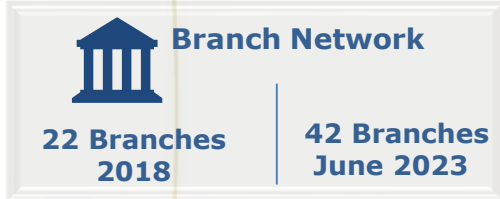
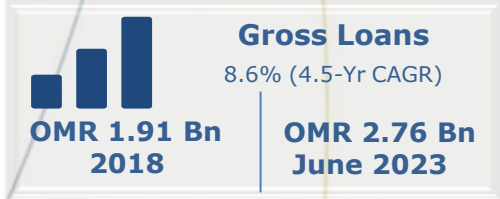
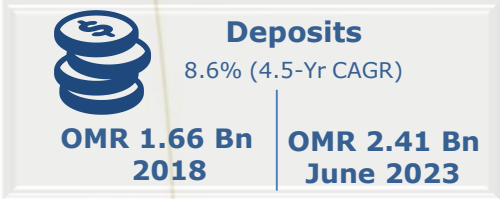
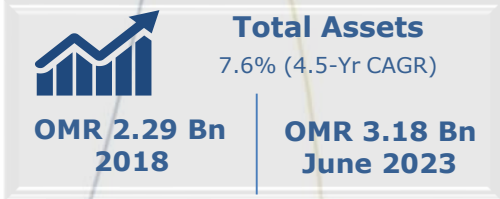
Source: CBO, Fitch Ratings

# Ahli Bank Overview

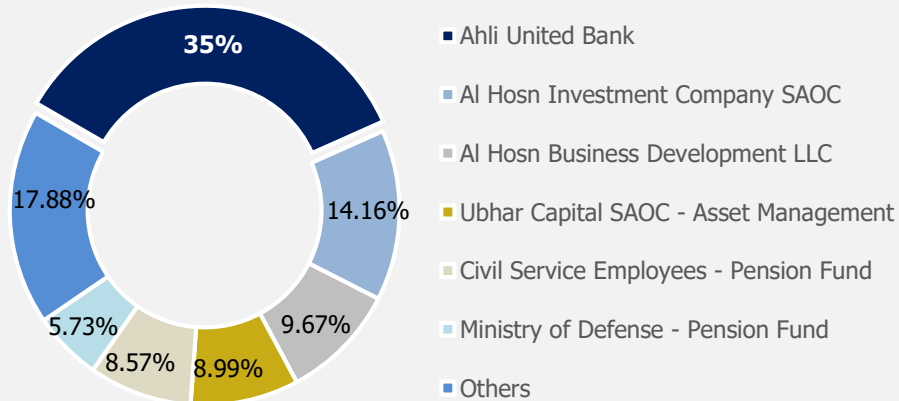
## Ahli Bank – Evolution

- Commercial banking operations commenced in 2007
- As of June 2023, 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
- Fitch ratings has assigned a credit rating of **BB- with a Positive Outlook**

## Key Performance Highlights



## Shareholding Structure



## Key Achievements

- Total Assets over > RO 3Bn
- One of the highest ROAE in the industry
- One of the Lowest NPL ratio in the industry without any technical write-offs
- Market share growth\* of **17%** in Loans and **17%** in Deposits
- First Bank in Oman to launch Tamkeen, a **Crowd funding platform for SMEs** through Fintech collaboration

\* Incremental market share from 2018-2023 H1 based on 8 Listed Banks

## 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

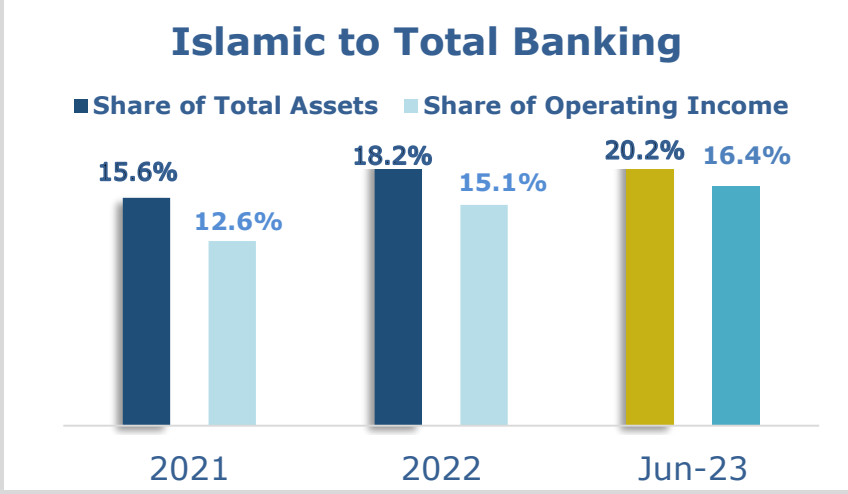
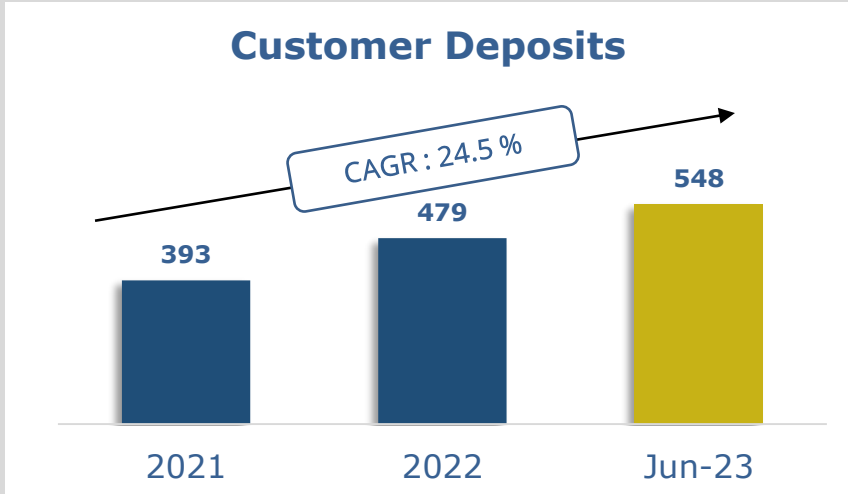
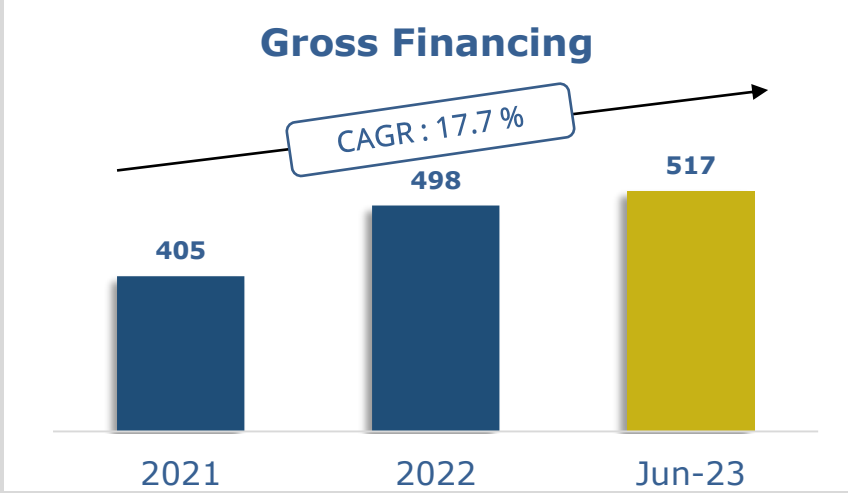
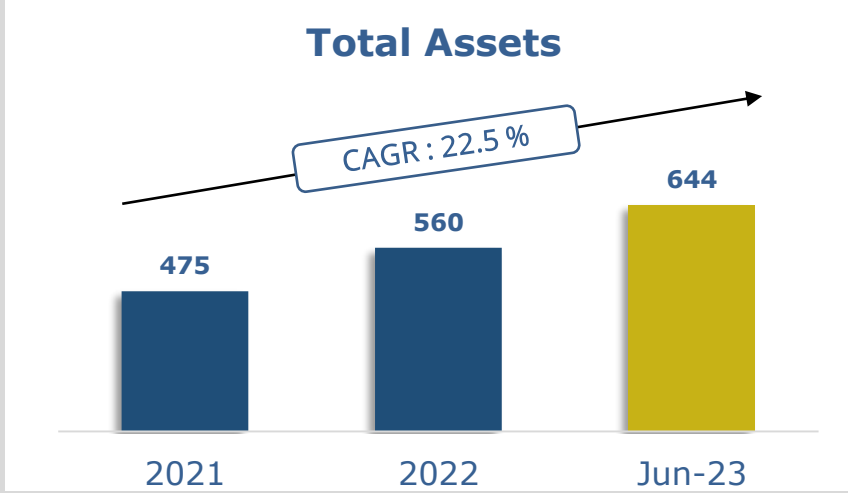
- ✓ The Corporate Finance Advisory division is a **full-service financial advisory** and fundraising platform with proven track record across products categories.
- ✓ Continued focus on building **cross border transactions and regional** origination and placement capabilities.
- ✓ Asset management division 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		
	2021	2022	June 23	2021	2022	June 23
<b>Total Assets</b>	<b>730</b>	<b>733</b>	<b>733</b>	<b>2,323</b>	<b>2,342</b>	<b>2,451</b>
<b>Net Operating Income</b>	<b>28.2</b>	<b>29.9</b>	<b>16.3</b>	<b>54.2</b>	<b>61.8</b>	<b>32.8</b>



## 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 **CAGR of 24.5%**
- ✓ 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.





# Key Metrics (June 2023)

## Balance Sheet

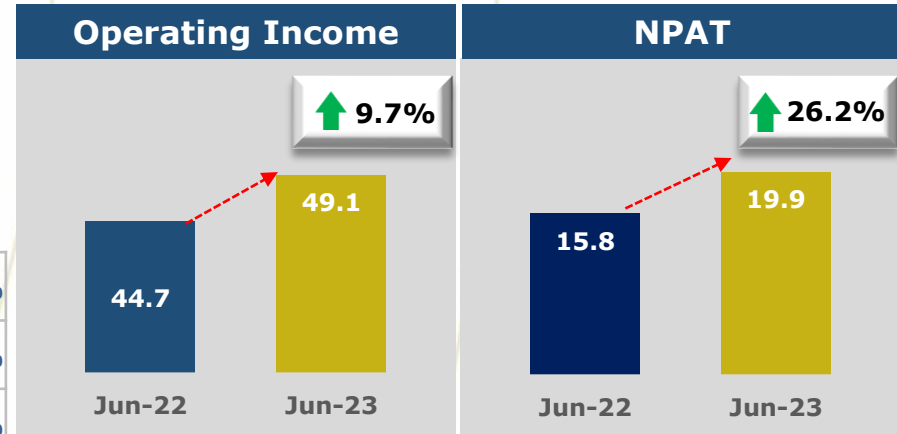
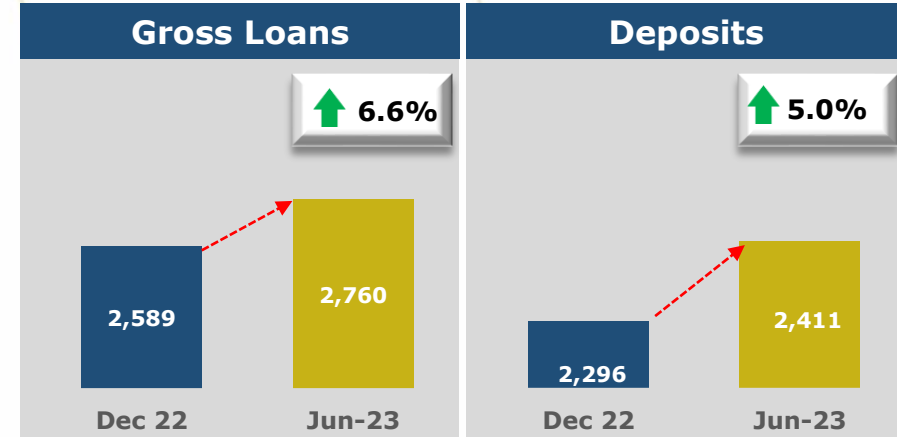
RO `Mn	June 23	Dec 22	Var
Total Assets	3,183.7	3,075.5	3.5%
Loans and advances, net	2,662.6	2,500.4	6.5%
Customer Deposits	2,411.3	2,296.3	5.0%
Equity	459.4	460.9	(0.3%)

## Profit & Loss

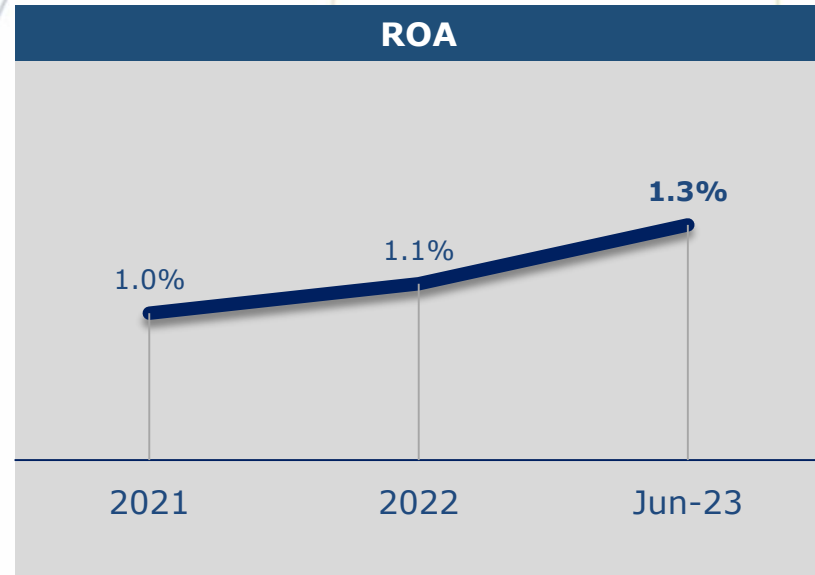
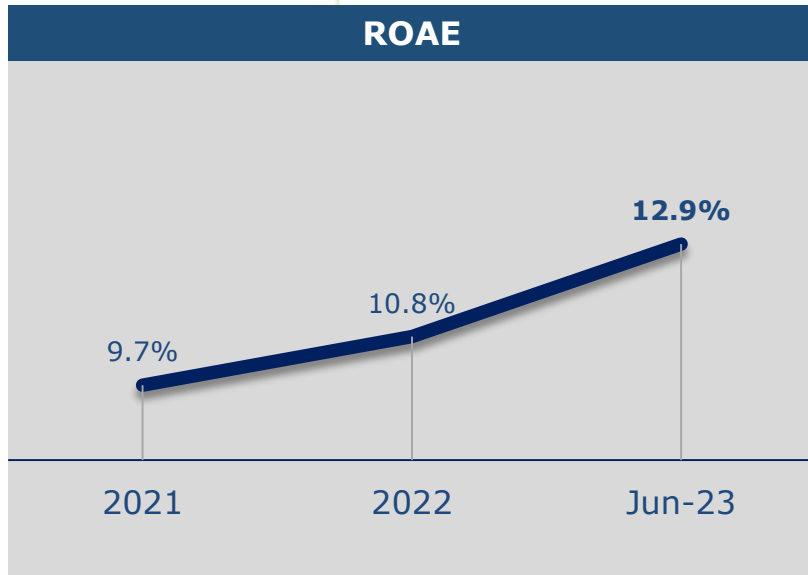
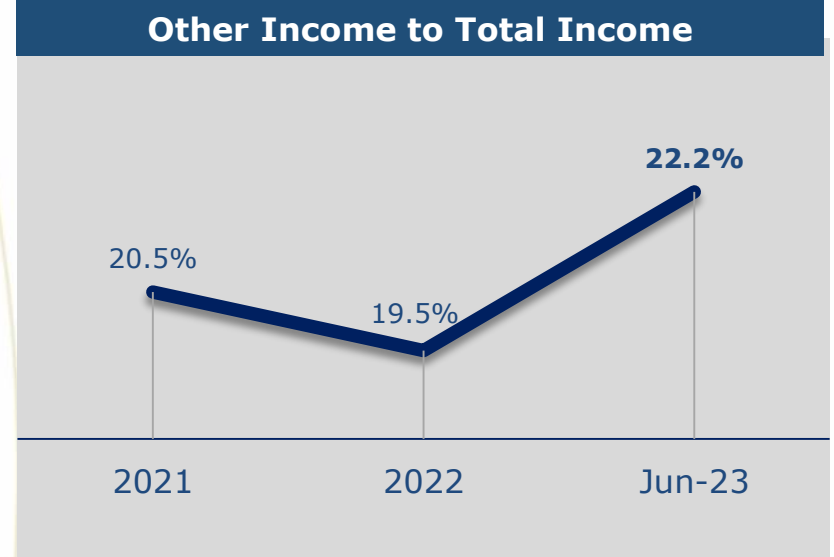
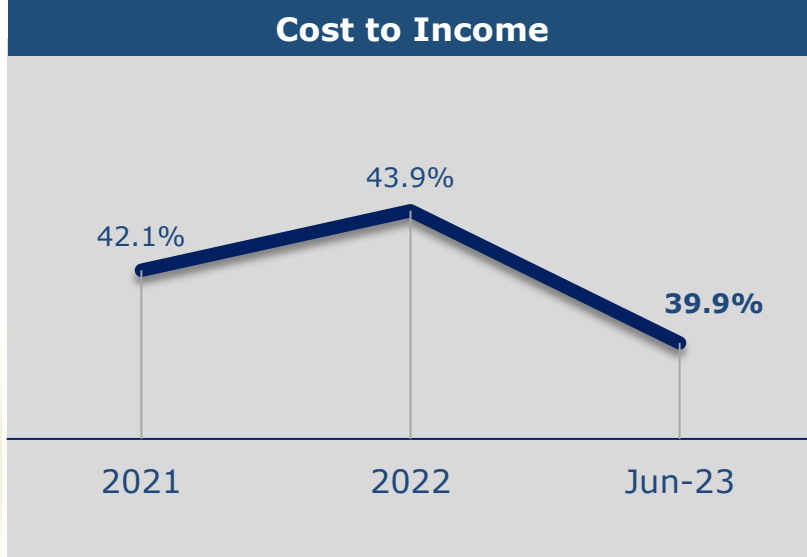
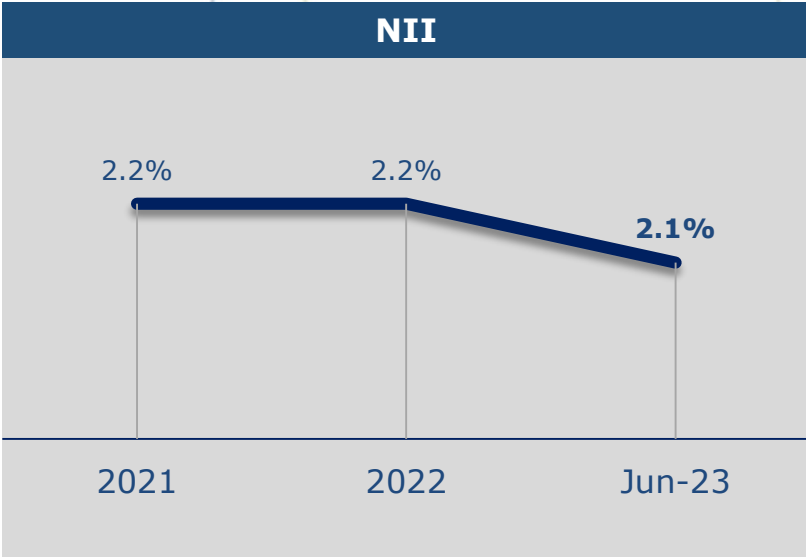
RO `Mn	June 23	June 22	Var
Total Operating Income	49.06	44.72	9.7%
Impairment Charge	6.70	6.69	(0.1%)
Operating Expenses	19.58	19.31	(1.5%)
Net Profit after Tax	19.91	15.78	26.2%

## Key Ratios

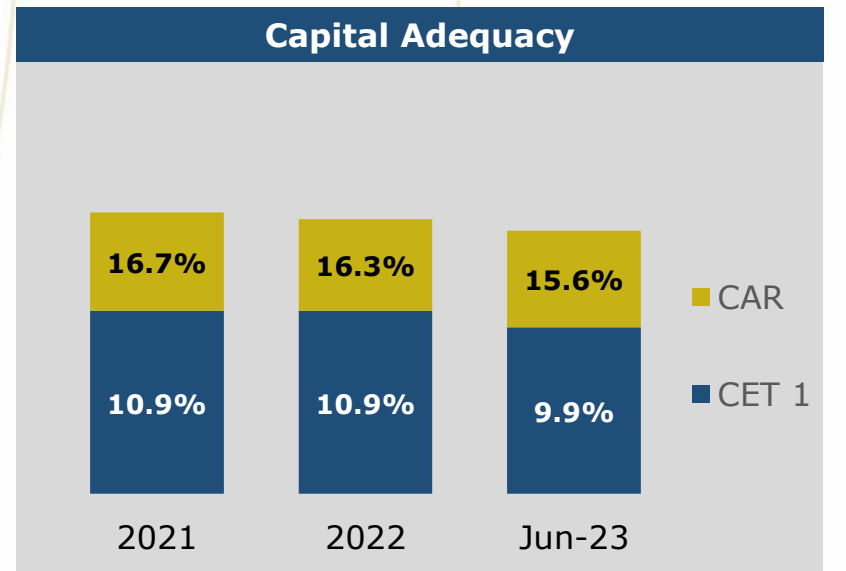
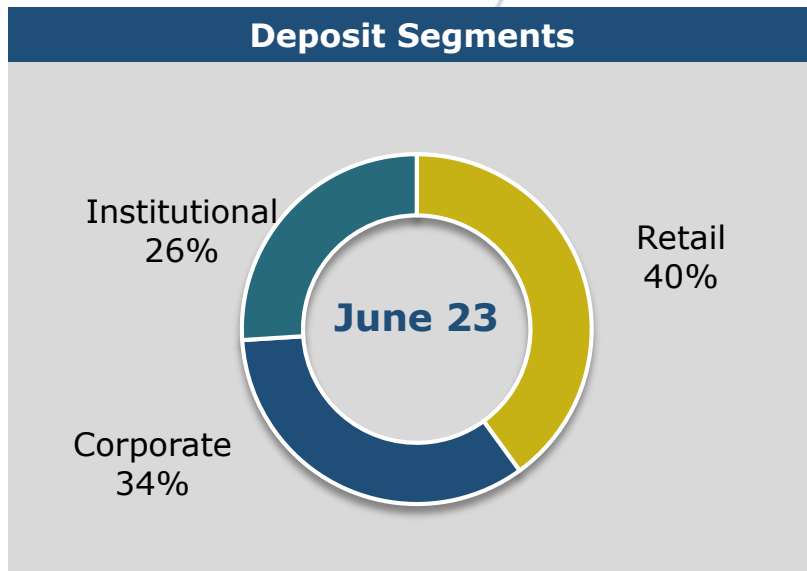
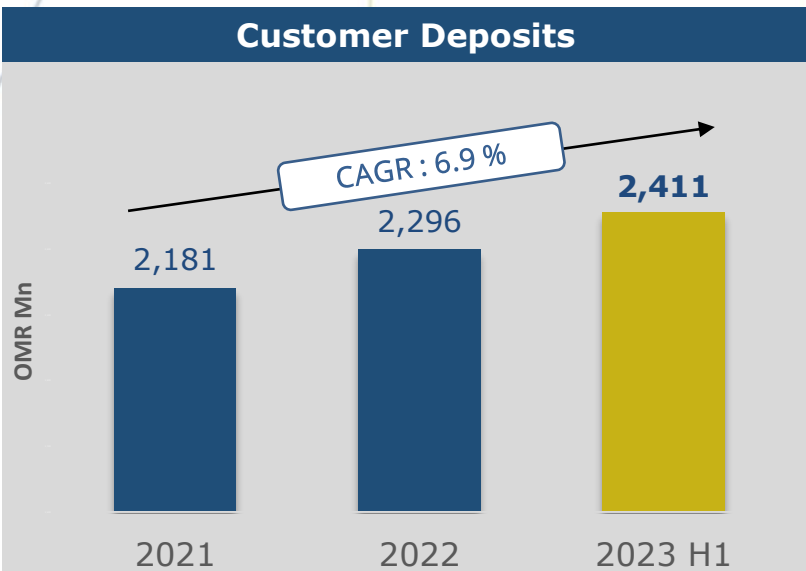
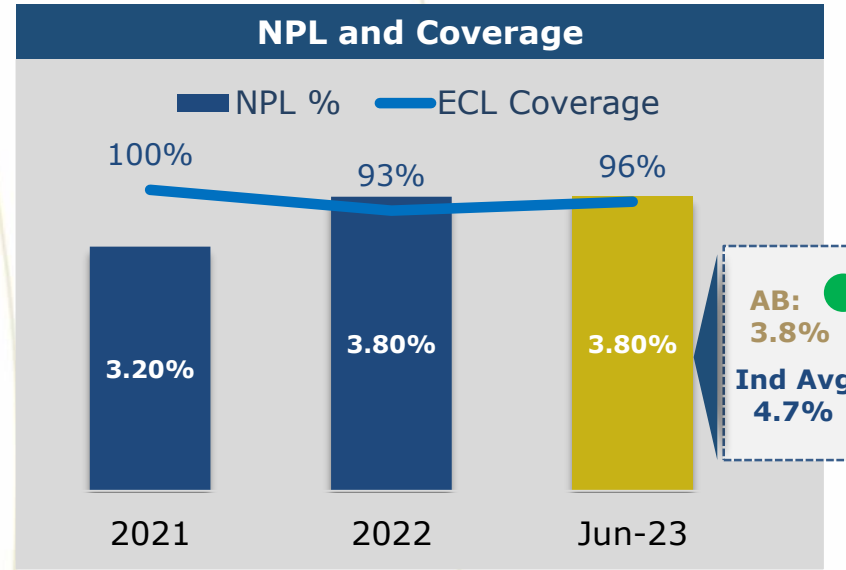
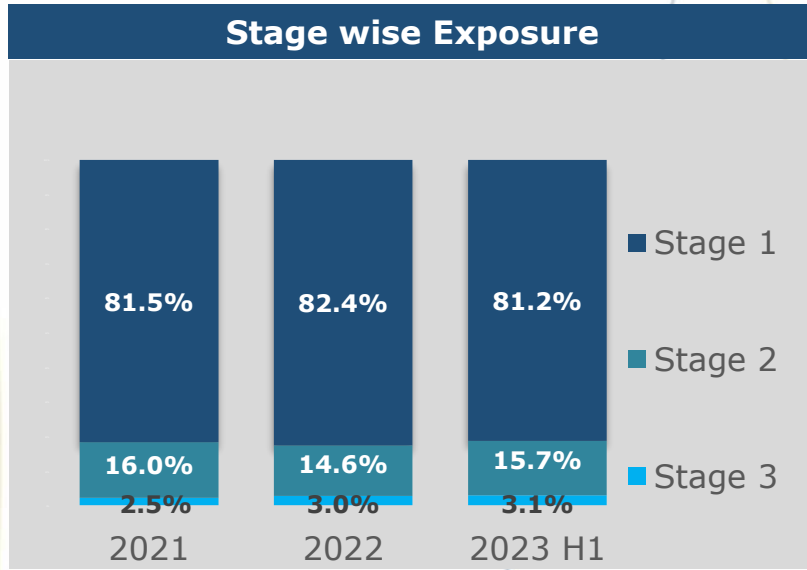
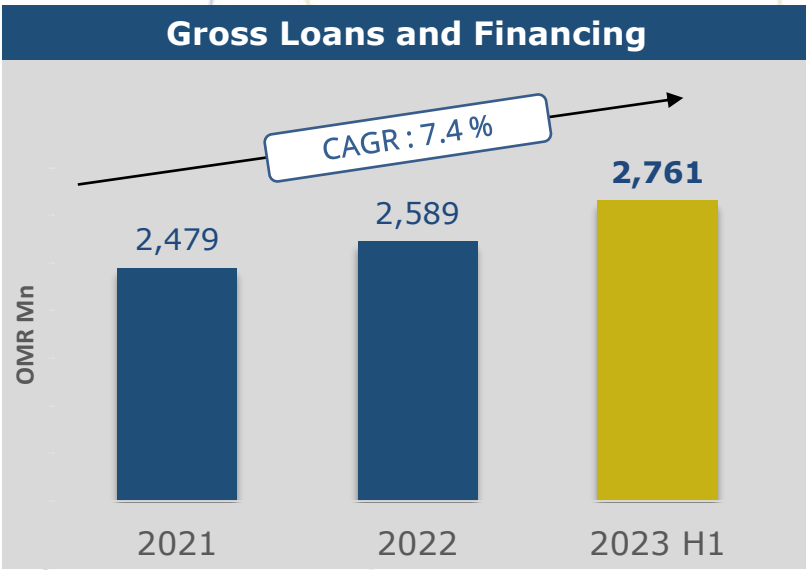
RO `Mn	June 23	Dec 22	Var
ROE	12.9%	10.8%	2.1%
ROA	1.3%	1.1%	0.2%
Cost to Income	39.9%	43.9%	4.0%
NPL	3.8%	3.8%	-
CAR	15.6%	17.0%	(1.4%)



# Operating performance and Profitability



# Financing and Funding



# 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

## Tamkeen



**The definition of Crowd Funding**



Request submission → Investing

SMEs in need of funding → Crowd Funding Platform → Investors

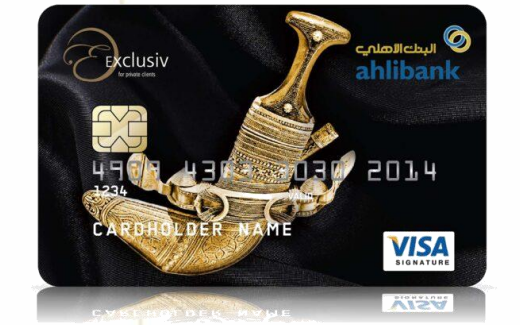
## Enhanced Mobile Banking



## Digital Process Automation



## Instant Card Issuance



## ahliexpress



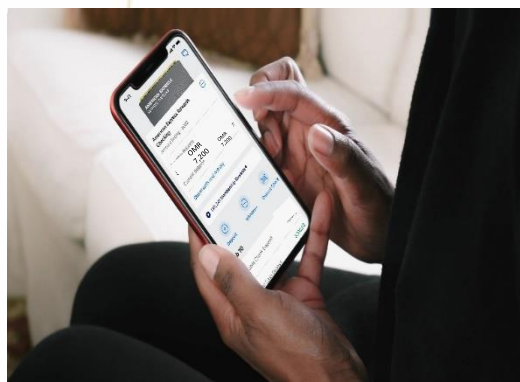
## Digital Wealth App



## Robotic Process Automation



## Paperless PIN





# Key Accolades received



## 2023

**Excellence in Corporate Banking Award**

Alam Al-Iktisaad

**Excellence in Digital Transformation Award**

Alam Al-Iktisaad

**CEO of the Year Award**

Alam Al-Iktisaad

**Best Islamic Bank in Oman**

Euromoney Islamic Finance Awards

**Best Private Bank Oman**

Middle East and Africa Awards

## 2022

**Bank of the Year Award**

The Banker

**Elite Quality Recognition Award**

JP Morgan & Chase

**Top Omani Brand Award**

Alam Al-Iktisaad

**Highest Trading Broker At  
Muscat Stock Exchange**

Arabian Federation of Capital Markets

**Best in Retail Banking in Oman**

Arabian Federation of Capital Markets

**Excellence in Private Banking Award**

Oman Banking & Finance Awards

**Leadership in Youth Development Award**

Sustainability Leadership Awards