



Ahli Bank SAOG H1 - 2022

Investor Presentation



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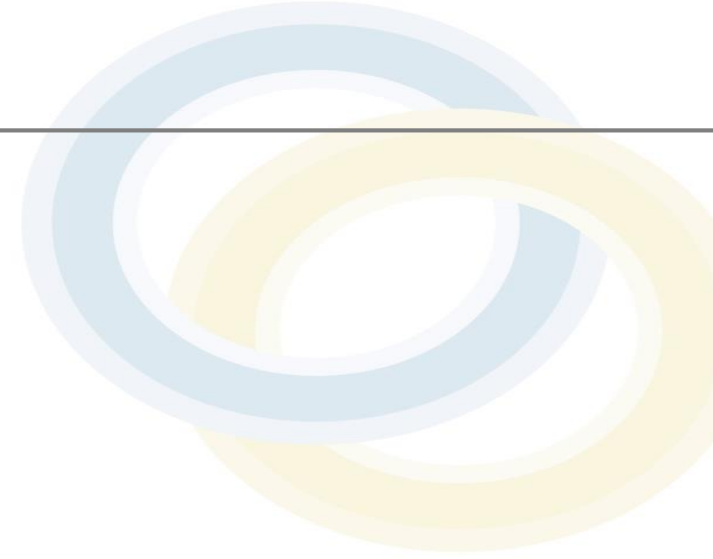
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Rounding

Rounding differences may appear throughout the presentation

Contents

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



Macro Economic Overview

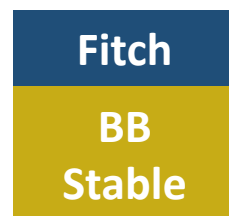
Economic Outlook

- The Sultanate of Oman's Economy is estimated to register a Real GDP growth of 4.4% 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's Economy was earlier impacted by the dual shock of the pandemic and collapse in the oil prices in 2020.
- According to credit rating agency Fitch's recent report Oman's Real GDP is projected to grow by 2.8% in 2023 and around 2% in 2024-2025.
- Inflation forecast to average around 3.5% in 2022 and is expected to moderate below 2% in 2023-2024.
- 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.

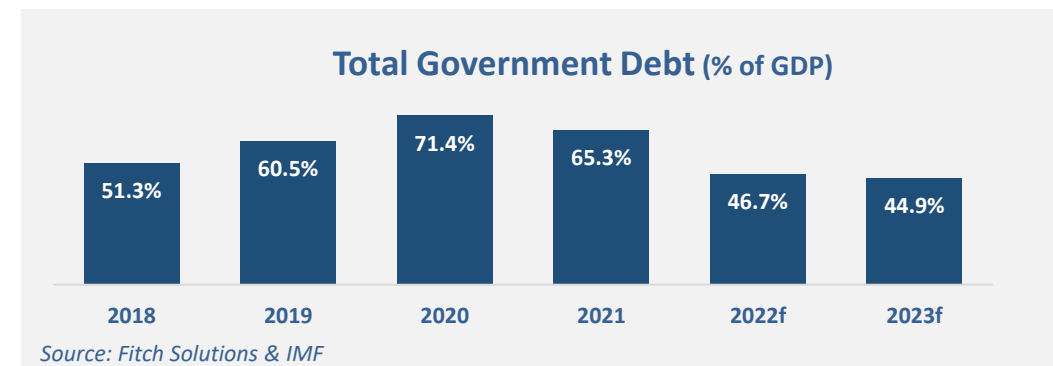
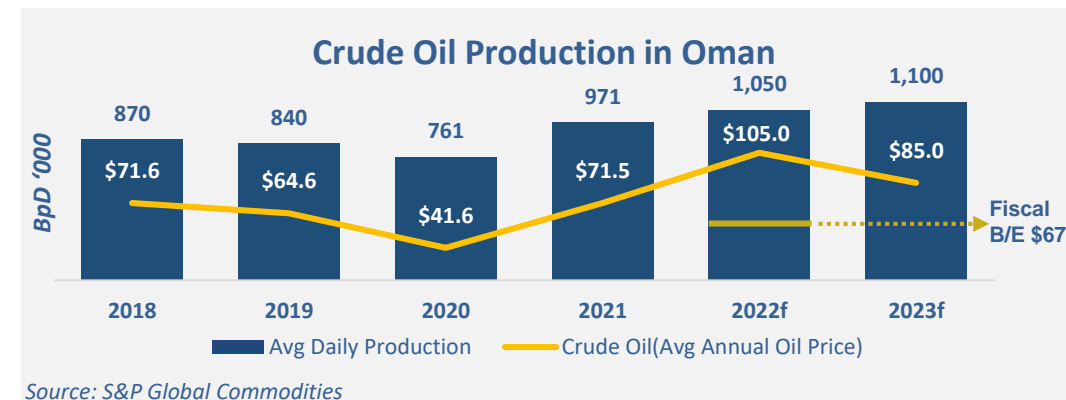
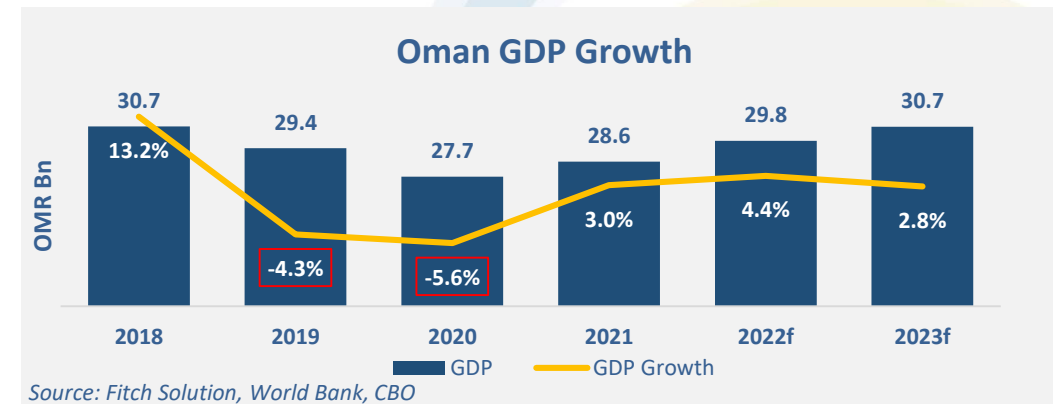
Credit Rating Outlook

- Fitch Rating Agency recently updated graded Oman's Long-Term Foreign Currency Issuer Default Rating from 'BB-' to 'BB' with a Stable outlook.
- Oman registered budget surplus of RO784Mn first time since 2013, supported by higher oil prices in 2022,
- Budget surplus is forecast at 5.5% and 3.4% of the GDP in 2022 and 2023.

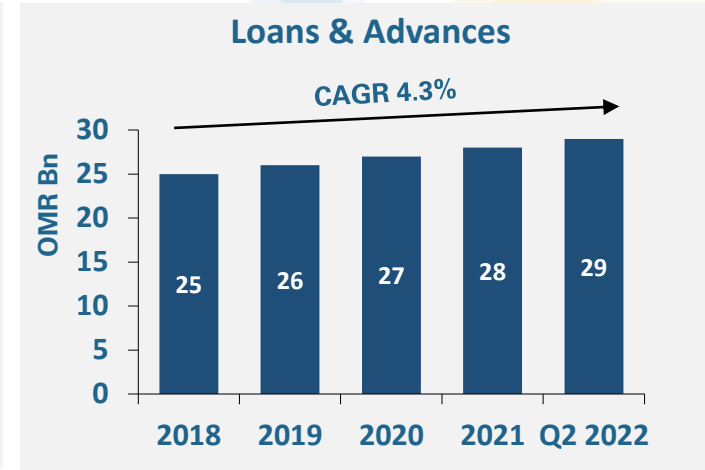
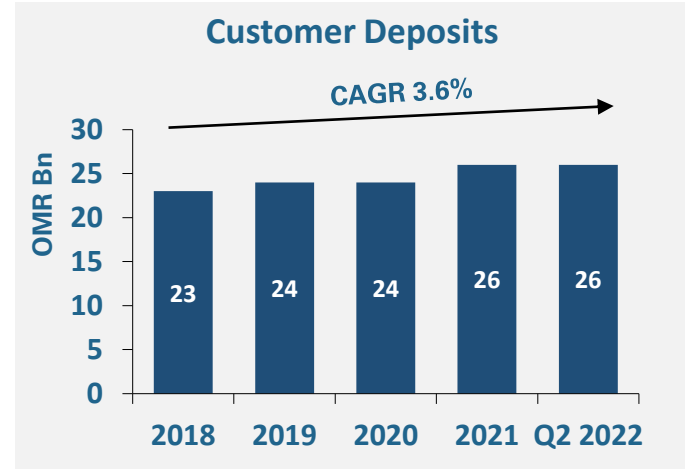
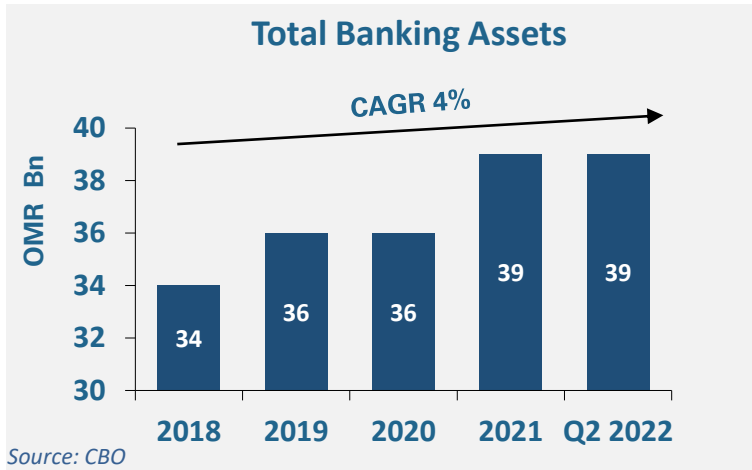
Oman's Credit Ratings



Source: Fitch Report – Aug'22



Banking Sector & Operating Environment



- **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 will remain a key risk in 2022 with the run-off of payment holidays and a rising interest rate** (recent increase of 75 basis points) environment which could undermine borrowers' debt servicing capacities.
- High quality concentrations will continue to pose downside Risk to asset quality
- Sound capital provide loan-loss absorption capacity, even under stress scenario
- Recent **Macro Stress Testing undertaken by CBO revealed strong resilience** of the Omani banking system
- **Pressures on banks' funding and liquidity profiles have eased in the recent past**, underpinned by government support measures combined with the recent rebound in oil prices.
- Performance metrics recovered substantially in 2021 and this is expected to continue in 2022
- **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.
- **Authorities' willingness to provide support will remain high**
- Oman reported a budget surplus of RO784Milion (US\$2Billion) at the end of first half of 2022

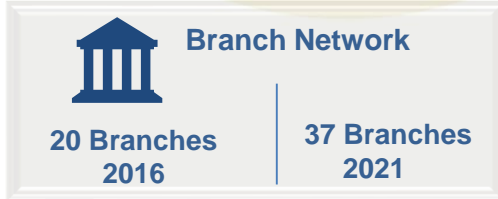
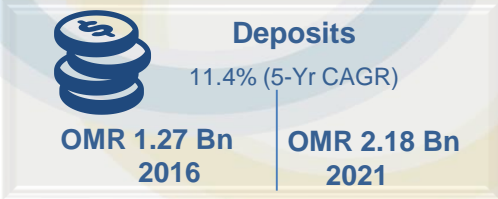
Source: CBO, Fitch Ratings

Ahli Bank Overview

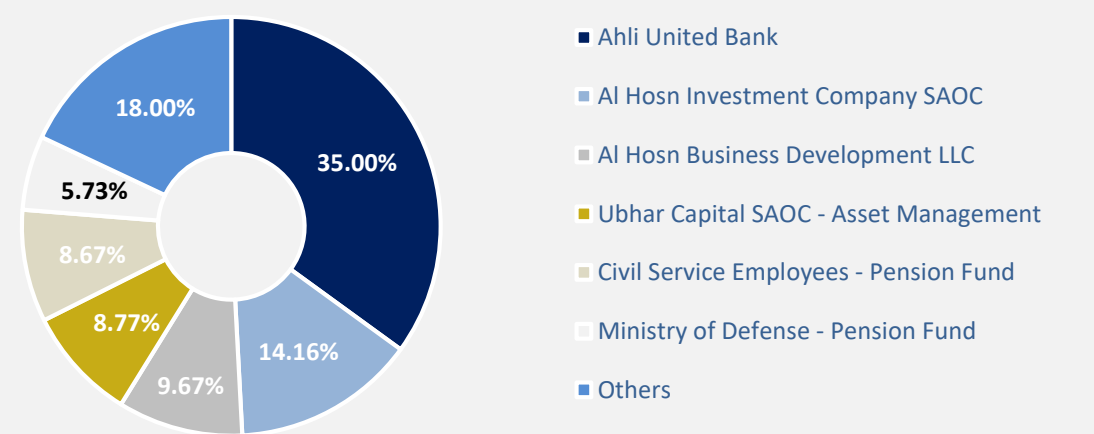
Ahli Bank – Evolution

- Commercial banking operations commenced in 2007
- As of June 2022, the bank has **39** branches including **17** 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 share capital.
- As of June 2022, the bank had a market share of **9.3%** in terms of Gross Loans and **8.6%** in terms of Customer Deposits
- Fitch rating has assigned a credit rating of **B+ with a stable outlook**

Key Performance Highlights



Shareholding Structure



Key Achievements

- Total Assets over > RO 3Bn
- Incremental market share last 3-Yrs at c.26% in Gross loans and c.25% in deposits
- Highest ROAE in the industry
- Lowest NPL ratio in the industry without any technical write-offs
- Second lowest cost to income ratio in the industry
- 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 2018-21 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 **39 branches** across the Sultanate of Oman (including **17 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.

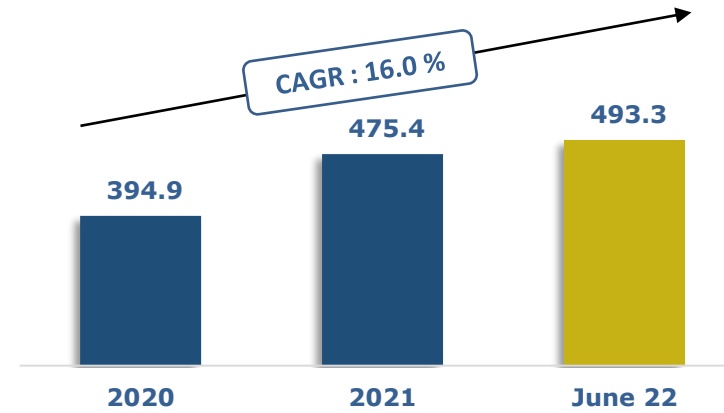
OMR Mn	Retail Banking			Wholesale Banking		
	2020	2021	June 2022	2020	2021	June 2022
Total Assets	739	730	730	1,965	2,323	2,317
Net Operating Income	22.7	28.2	14.6	48.8	54.2	30.1

Islamic Banking

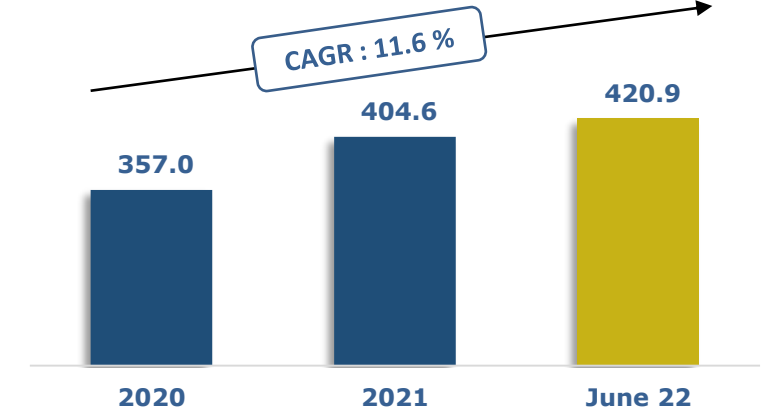
Islamic Banking

- ✓ ahli Islamic has shown robust growth since its **launch in 2013**
- ✓ The Sharia-compliant products and services offered by ahli Islamic cater to all customer segments including **institutional, corporate, SME and retail**, through 17 dedicated branches
- ✓ Customer Deposit grew by 5-Yr **CAGR of 18.2%** compared to Ind.Avg of 15.2%
- ✓ Retail deposit grew by 55.7% by 5-Yr **CAGR of 55.7%** compared to Ind.Avg of 30.1%
- ✓ 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.

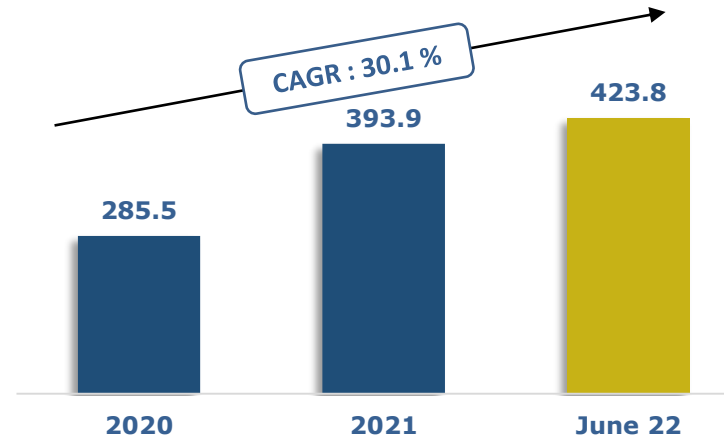
Total Assets



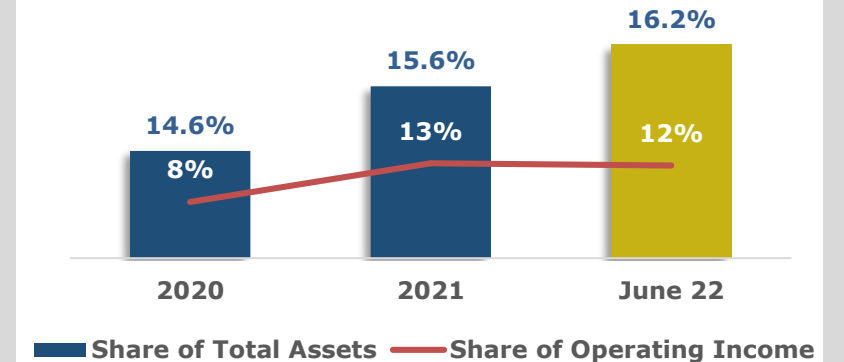
Gross Financing



Customer Deposits



Islamic Contribution to Total Banking



Key Metrics (As of June 2022)

Balance Sheet

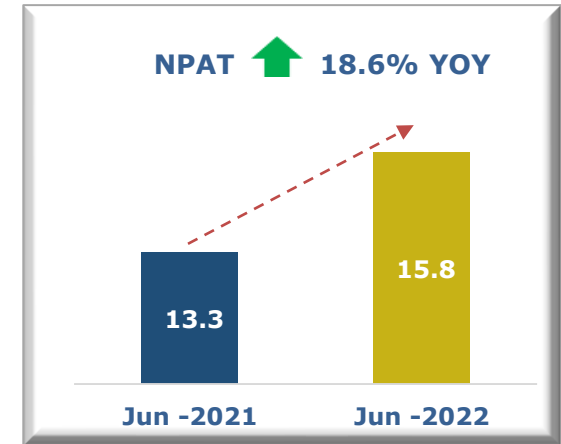
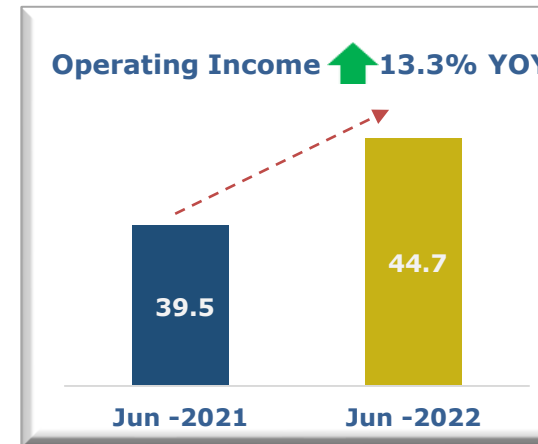
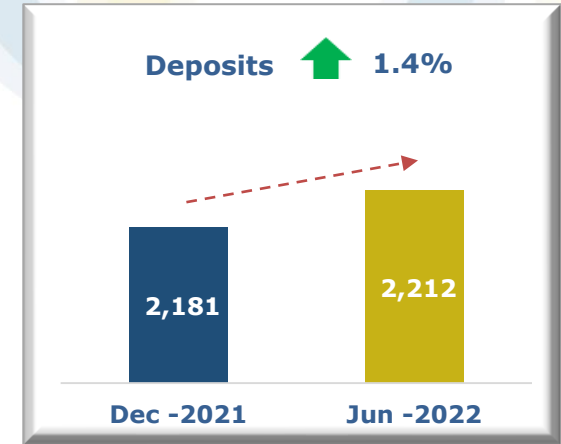
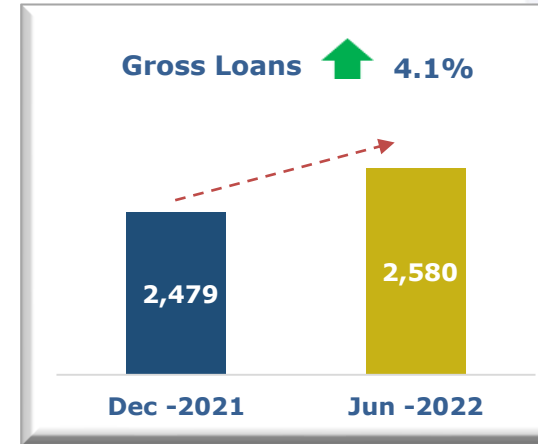
RO `Mn	Jun 22	Dec 21	Dec 20
Total Assets	3,046.3	3,052.6	2,702.5
Loans and advances, net	2,494.2	2,402.0	2,218.9
Customer Deposits	2,212.2	2,181.4	1,924.7
Equity *	421.4	427.0	388.3

Profit & Loss

RO `Mn	Jun 22	Jun 21	Jun 20
Total Operating Income	44.7	39.5	36.3
Impairment Charge	(6.7)	(7.7)	(7.6)
Operating Expenses	(19.3)	(16.5)	(15.3)
Net Profit after Tax	15.8	13.3	12.5

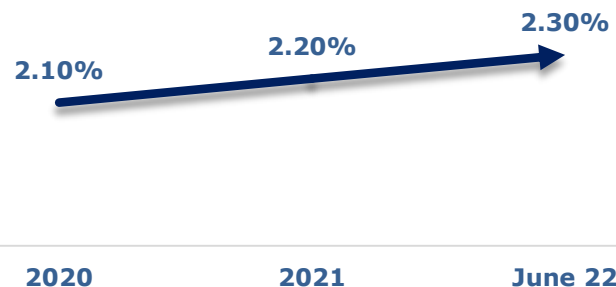
Key Ratios

%	Jun 22	Dec 21	Dec 20
ROE	10.6%	9.7%	9.1%
ROA	1.0%	1.0%	0.9%
Cost to Income	43.2%	43.2%	42.1%
NPA	3.4%	3.2%	2.9%
CAR	15.6%	16.7%	15.7%

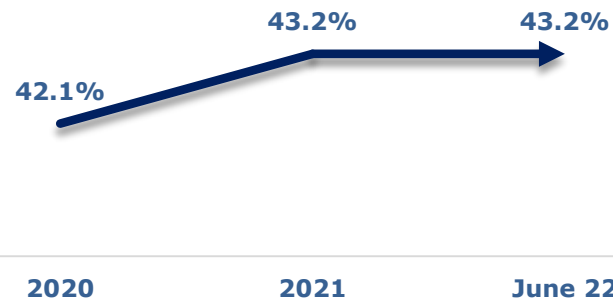


Operating performance and Profitability

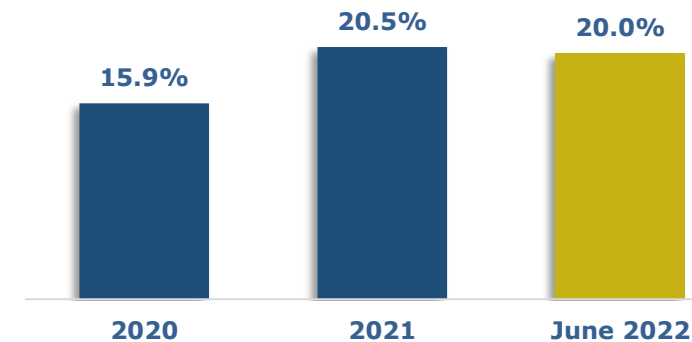
NIM



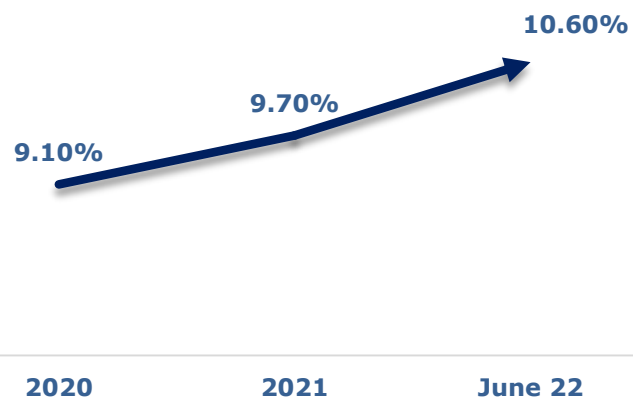
Cost to Income Ratio



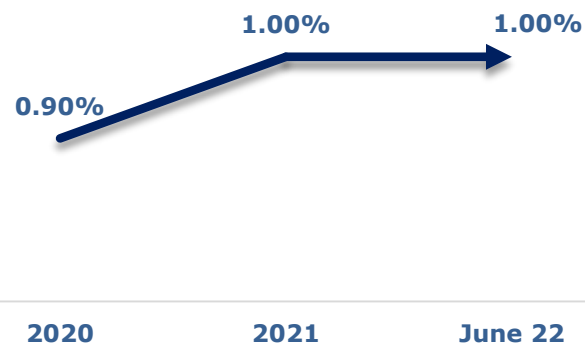
Other Income to Total Income



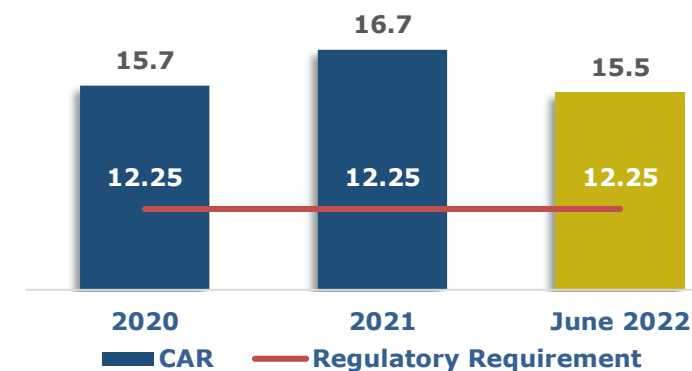
ROAE



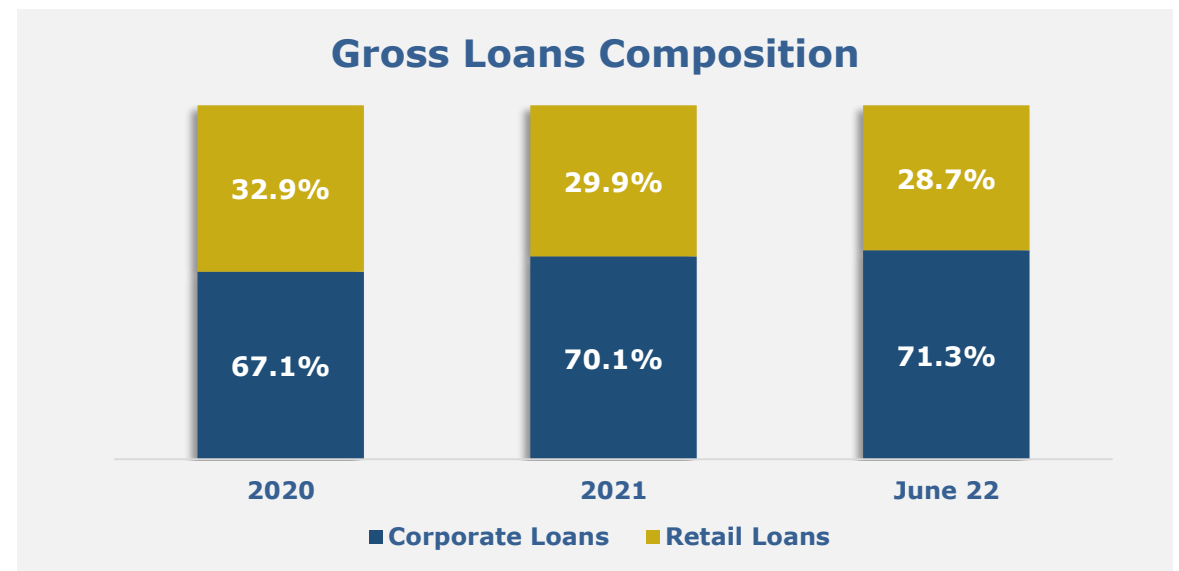
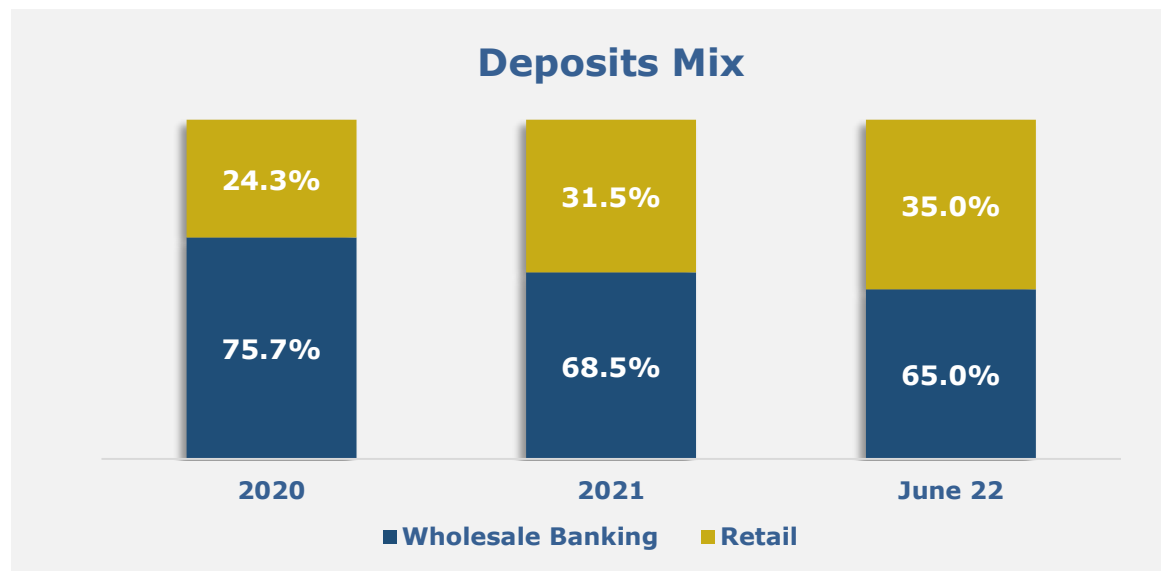
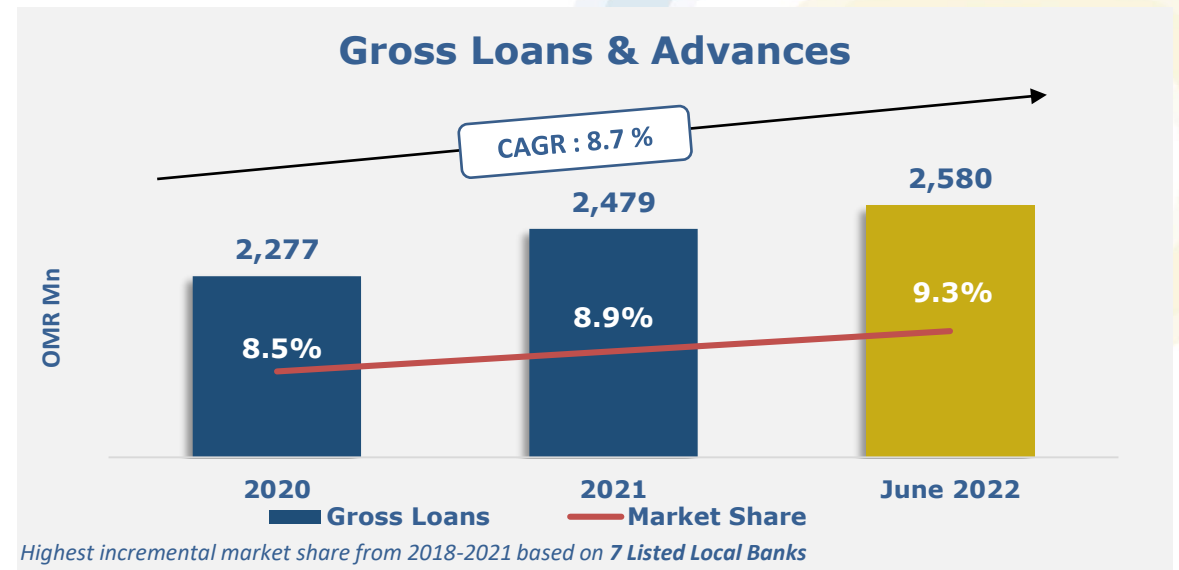
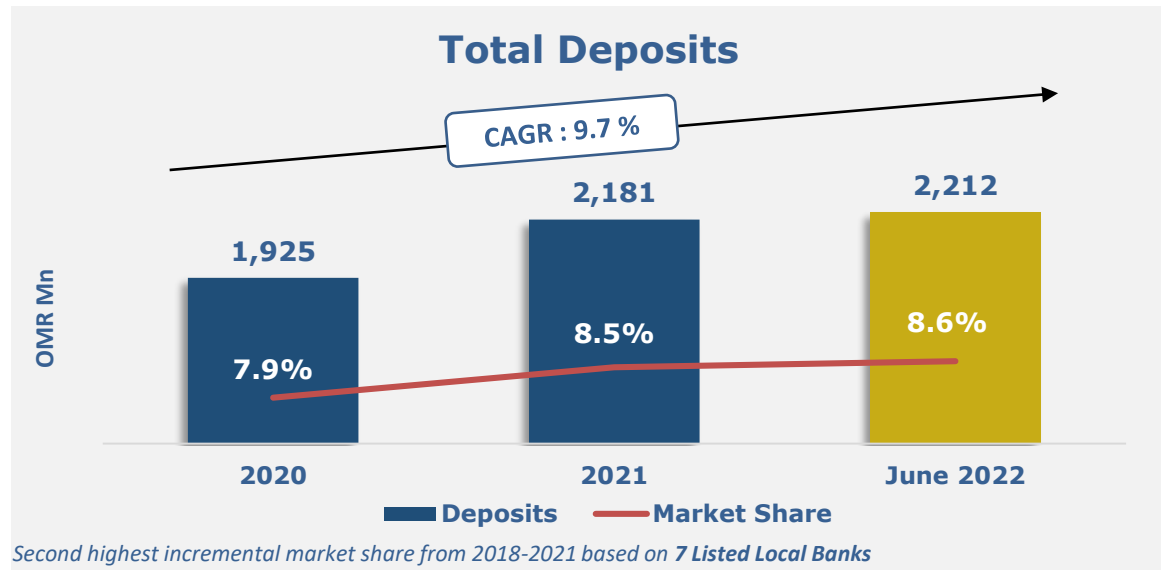
ROAA



CAR Vs Regulatory Requirements

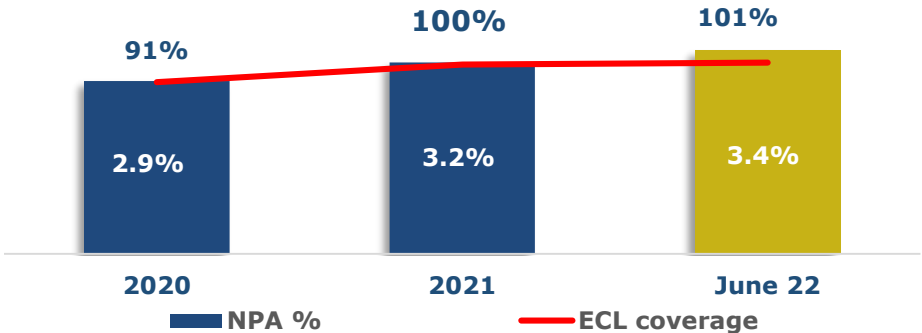


Deposits and Loans



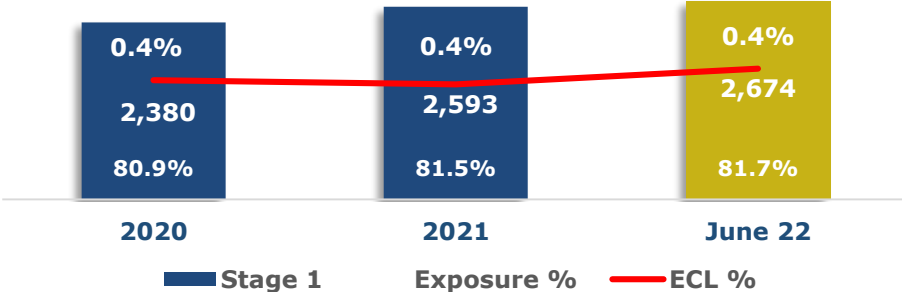
Credit Performance : Stage wise Exposure

Loans & Advances – NPA% & Coverage



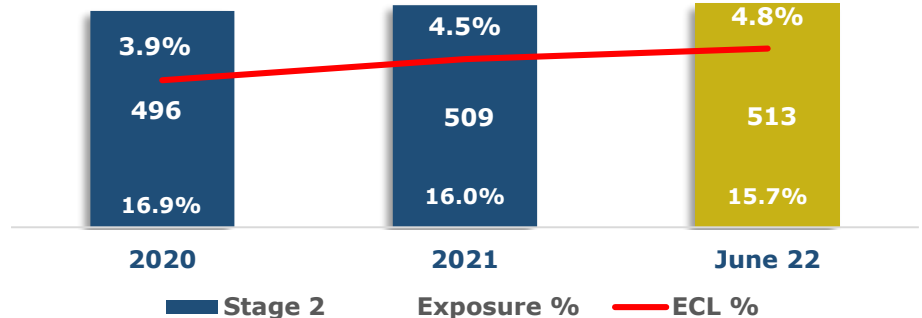
ABO : 3.4%
Ind Avg : 4.4%

Stage 1



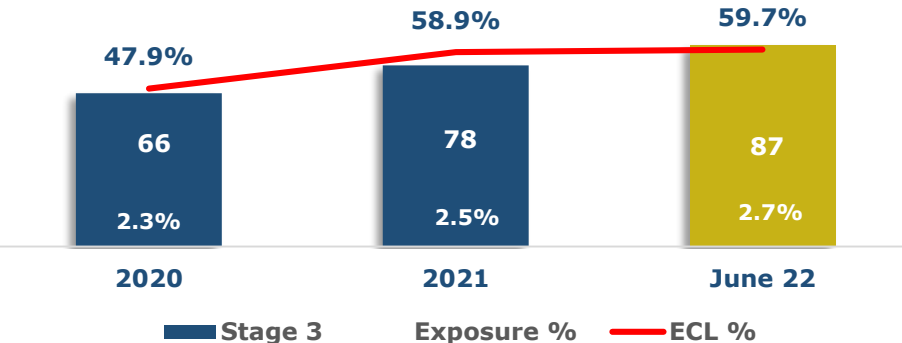
ABO : 81.7% ↑
Ind Avg : 80.7%

Stage 2



ABO : 15.7% ↓
Ind Avg : 16.3%

Stage 3



ABO : 2.7% ↓
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 Sales
- Focus on analytics driven channel offering for customers
- Implement straight through digital processing
- Explore fintech collaboration

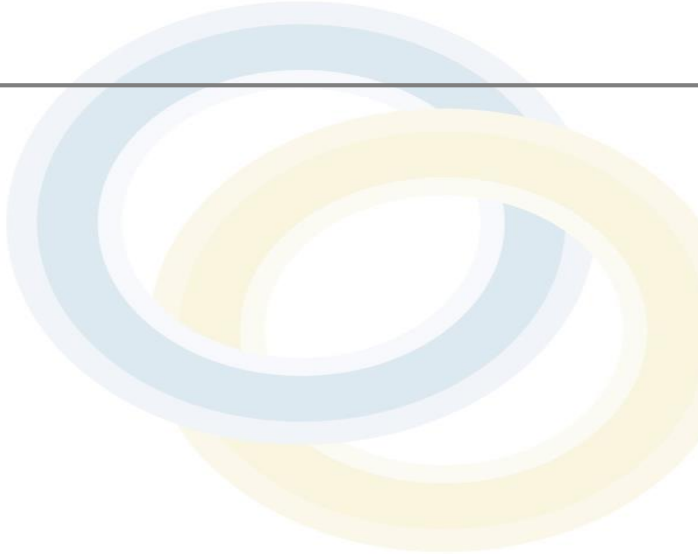
Continued focus on increasing Bank's market share

Conclusion

Way Forward



- 1 Asset Growth:** Continue to adopt prudent approach in loan growth
- 2 Expand Deposit Base:** Expanding and diversification of overall customer base of the Bank
- 3 Enhance Fee Income:** Increase share of Other Income to Total Income
- 4 Digital Transformation:** Offering innovative digital products & services through active fintech collaboration
- 5 Improve Operational Efficiency:** Maximizing STP through adoption of digital and robotic process automation



Q & A