

Ahli Bank SAOG

Investor Presentation
2023

Disclaimer

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Rounding

Rounding differences may appear throughout the presentation

Approvals

Financial Statements for the year ended 2023 are subject to CBO and AGM approval

Contents

- **Ahli Bank Overview**
- Operating Environment
- Financial Track Record
- Business Segments
- Digital Roadmap
- Financial Performance

Board of Directors and Management Team

Board of Directors

Chairman



**Hamdan Ali
Nasser Al Hinai**

Deputy Chairmen



**Anwar Hilal
Al Jabri**



**Rajeev
Gogia**



**Abdul Hameed
Ahmed Al
Bulushi**

Board of Directors



**Ibrahim Said
Badar Al Eisri**



**Salim Ali
Hamed Al Hasni**



**Wajid
Ali Khan**



**Qais Abdullah
Al Kharusi**



**Vivek
Kastwar**

Executive Management

Chief Executive Officer



**Said Abdullah
Al Hatmi**

Deputy CEO Business Group



Bilal Anwar

Deputy CEO Support Services



**Abdullah Salim
Al Jabri**

Senior General Manager Wholesale banking



**Hanaa Mohammed
Al Kharusi**

General Manager Risk Management



**Ghada Abdul Latif
Al Balushi**

General Manager Strategy, Transformation & Projects



**Taher Al Bakhsh
Al Balushi**

Corporate Governance Structure

Board Committees

1

Audit & Compliance Committee

2

Executive & Credit Committee

3

Executive Risk Committee

4

Nomination & Remuneration Committee

5

Digital Transformation Committee

Management Committees

1

Executive Management Committee

2

Credit & Investment Committee

3

Credit Risk Management Committee

4

Special Asset Committee

5

Asset & liability Committee

6

Operational Risk Committee

7

Product & Consumer Protection Committee

8

Technology & Digital Transformation Committee

9

Technology Delivery Committee

Vision, Mission & Values

Vision



To be a vibrant and innovative center of banking in Oman to drive the economic and social development

Mission



To be a trusted and preferred banking partner, dedicated to creating unique value for our employees, customers, shareholders, and society

Values

Innovation:

Consistently explore and implement creative and forward-thinking solutions to improve processes, products and services.

Integrity:

Upholding the highest ethical standards, transparency, and trustworthiness in everything we do.

Excellence:

Striving for excellence in all aspects of our work through delivering exceptional services, products and customer experience.

Responsibility:

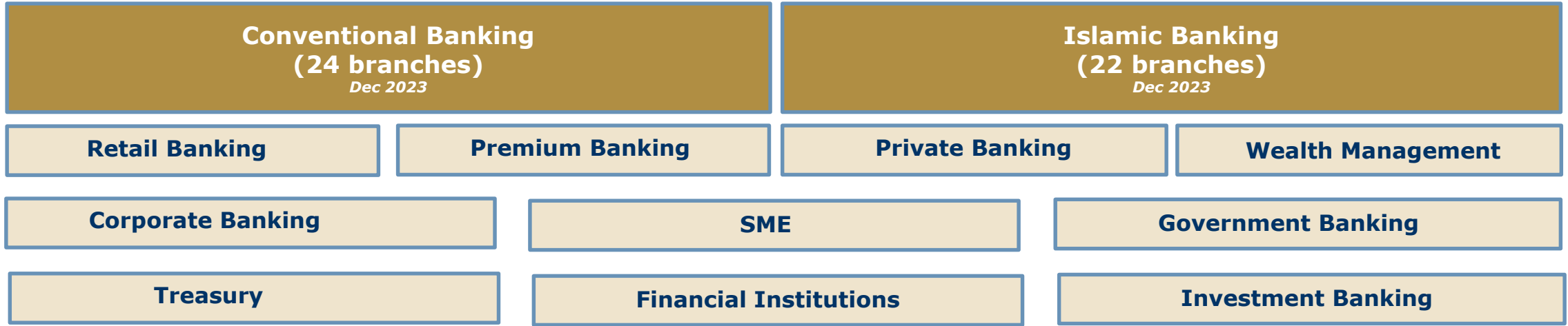
Unwavering commitment to being a socially responsible and ethical financial institution that places the prosperity of the community at the forefront of its operations and decision-making processes.

Sustainability:

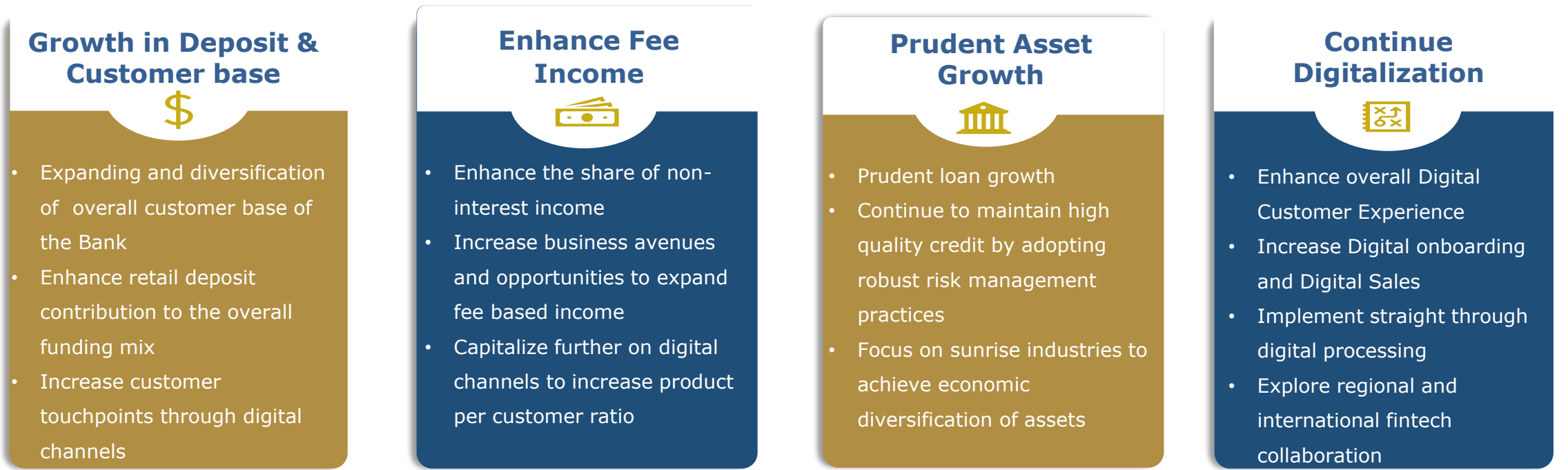
Ensuring that sustainability principles are embedded in our culture, practices, and decision-making processes.

Bank Business Model

Business Segments



Focus areas



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Macro Economic Overview

Oman Secures Ratings Upgrade from Fitch and S&P

- Oman registered a budget surplus of RO 0.913 Bn in 2023 (RO 1.15Bn in 2022). 2024 budgeted deficit at RO 0.640 Bn assuming an average price of \$60 per Bbl
- The Sultanate of Oman's Economy is estimated to have registered a real GDP growth of around 2.3% in 2023 compared to 4.3% in 2022. Forecasted 2024 GDP growth is around 2.7%
- Inflation averaged around 2.82% in 2022 and is expected to moderate below 2% in 2023-2024.

Sustainable growth and Diversification

- The Medium Term Fiscal Plan for 2020-24 offers a clear path towards greater fiscal sustainability. Fiscal position has significantly improved from the average deficit of 12.8% of GDP for 2015-20 to a surplus RO 1.12 Bn in 2022 and RO 913 Mn for the year 2023 (according to the preliminary results).
- Prudent fiscal management has reduced the country's debt burden, strengthening Oman's appeal as an investment destination.
- Oman is also advancing on several projects like the green hydrogen facility powered by wind and solar energy, aiming to raise the share of renewable energy to 30% by 2030, up from the current 5.5%.

Credit Rating

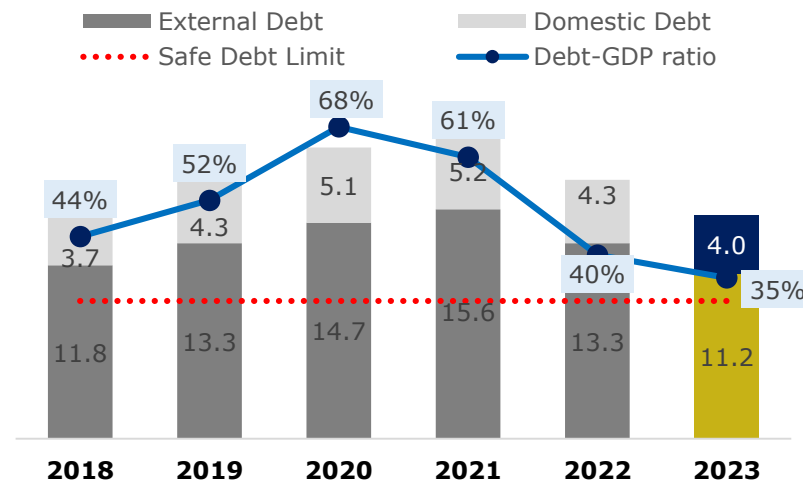
FitchRatings

S&P

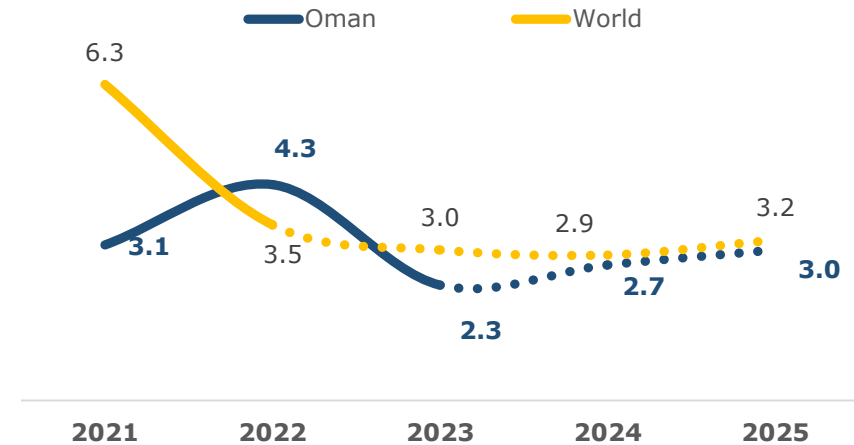
MOODY'S

2022	2023
BB (Stable)	BB+ (Stable)
BB (Positive)	BB+ (Stable)
Ba3 (Positive)	Ba1 (Stable)

Oman's Debt



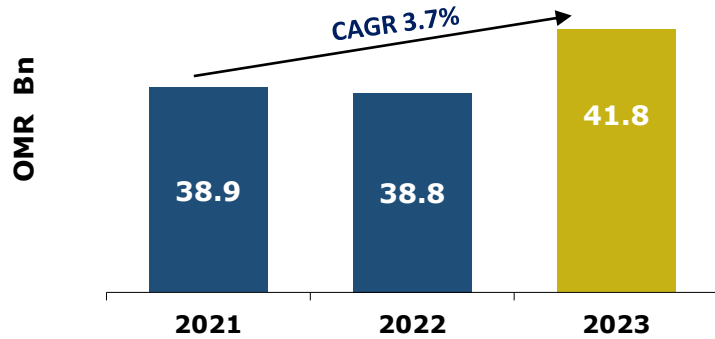
Economic Growth : GDP %



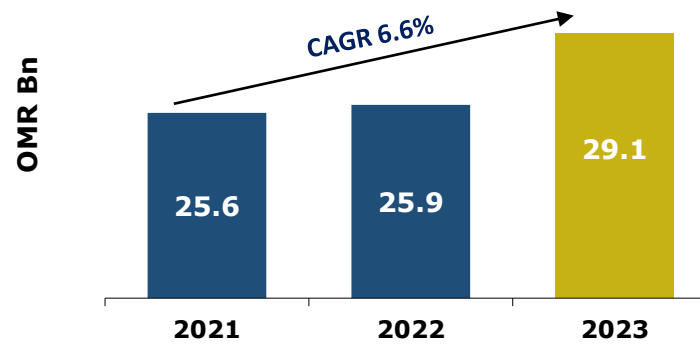
Source: IMF Oct-23 & MOF Jan 24

Operating Environment

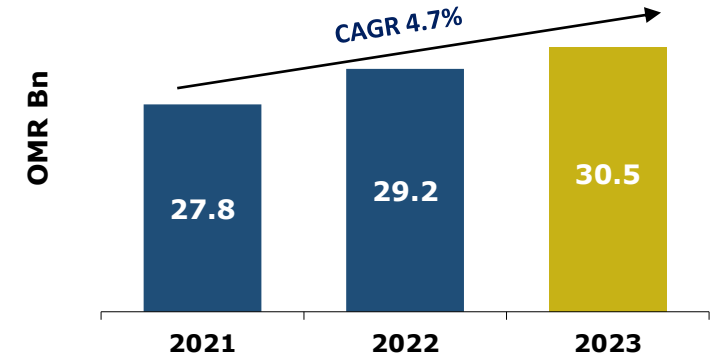
Banking Assets



Customer Deposits



Loans & Advances



Source: CBO Statistical Bulletin

	Banking Sector	<ul style="list-style-type: none"> Omani banks' fundamentals have improved as reflected in current financial results, returning to pre pandemic levels
	Asset Quality	<ul style="list-style-type: none"> Asset quality level is expected to improve, higher loan loss coverage and CBO measures provide buffer against any losses
	Capital	<ul style="list-style-type: none"> Recent Macro Stress testing undertaken by CBO revealed strong resilience of the Omani banking system Sound capitalization provides loan-loss absorption capacity, even under stress scenario.
	Funding & Liquidity	<ul style="list-style-type: none"> Funding and liquidity profile have eased, with higher oil prices Government capacity to support remains high driven by reduced Oman's debt burden and improved debt affordability
	Profitability & Efficiency	<ul style="list-style-type: none"> Profitability and performance metrics improved significantly in 2022 and 2023 Efficiency ratios are expected to remain higher than regional peers.
	Government Support	<ul style="list-style-type: none"> Authorities' willingness to provide support will remain high, due to elevated oil prices and importance of banking sector to the overall economic growth

Source: CBO, Fitch Ratings

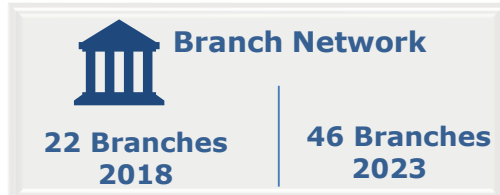
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Ahli Bank – Evolution

- Commercial banking operations commenced in 2007
- As of December 2023, the bank has **46** branches including **22** 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 Stable Outlook**

Key Performance Highlights



Key Highlights

- Total Assets over > RO 3.3Bn**
- Gross Loans** increased by **RO 212.5 Mn**, year on year basis
- Customer deposits** increased by **RO 179.4 Mn**, year on year basis
- One of the Lowest NPL ratio in the industry**
- Market share growth*** of **19%** in Loans and **13%** in Deposits
- Right issue of RO 50Mn over subscribed by 1.44x** and exercise of call option followed by fresh issuance of **AT 1 capital of RO 54Mn**

- Launched new funds** – Emerging Market Fund, Investment Grade and Sukuks under fixed income strategy
- Active Investment Banking Player** - Introduction to exclusive Corporate Finance Advisory for Top Tier clients
- Seamlessly navigating path of **digital transformation**, achieving milestones as per set timelines
- First Islamic Bank in Oman to offer IPO Leverage**
- Omanization ratio of 94.7%; female staffs 40.5%**

* Incremental market share from 2018-2023 on Listed Banks

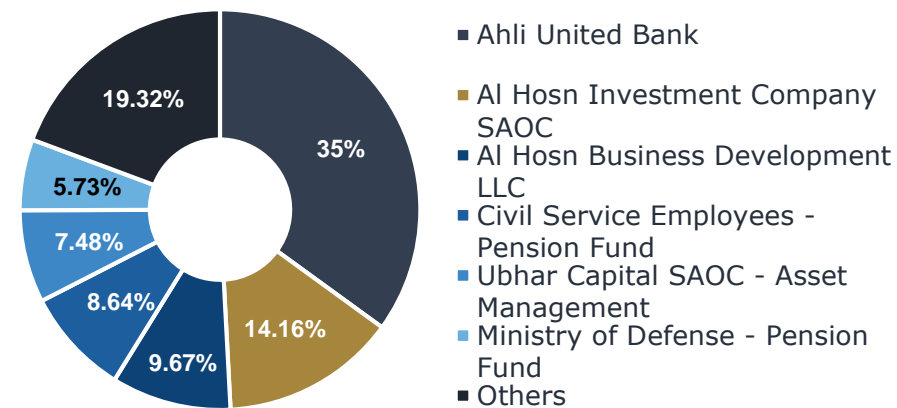


Growing & Diversifying Revenues

Strong Revenue momentum
>58%
 Operating income growth since 2018

Varied sources of income
>120%
 Other income growth since 2018

Strong Institutional Shareholding



Robust Business Model

Efficient operating model
c.43%
 Cost to income ratio

Prudent approach to risk
c. 3.9%
 One of the **lowest NPL** in the industry

Consistent Dividend Payments

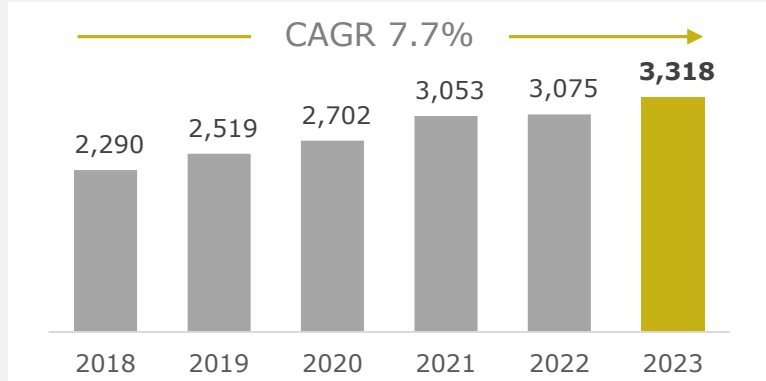
Years	Cash Dividend	Dividend Payout Ratio
2018	10%	52%
2019	10%	51%
2020	5%	41%
2021	7.5%	53%
2022	9%	53%

Building profitable growth

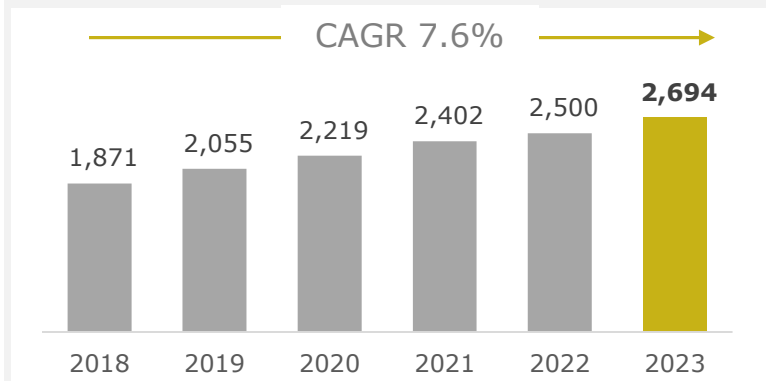
Strong returns
~11%
 Consistent return on equity

Strong Financial Track Record

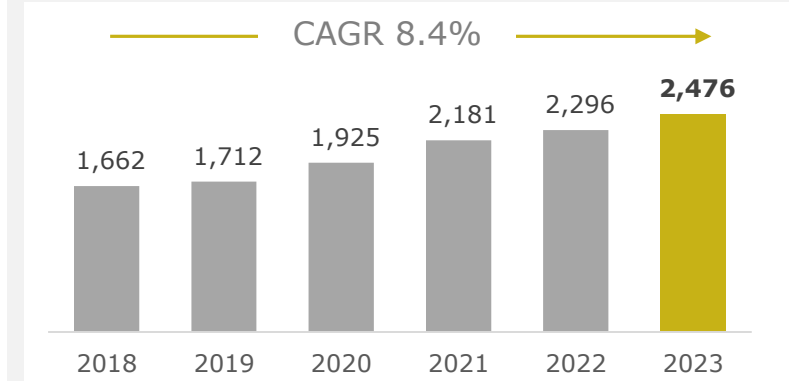
Total Assets (RO `Mn)



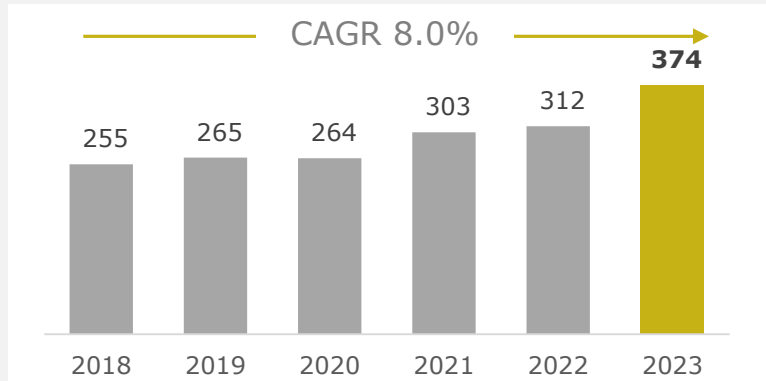
Loans & Advances, Net (RO `Mn)



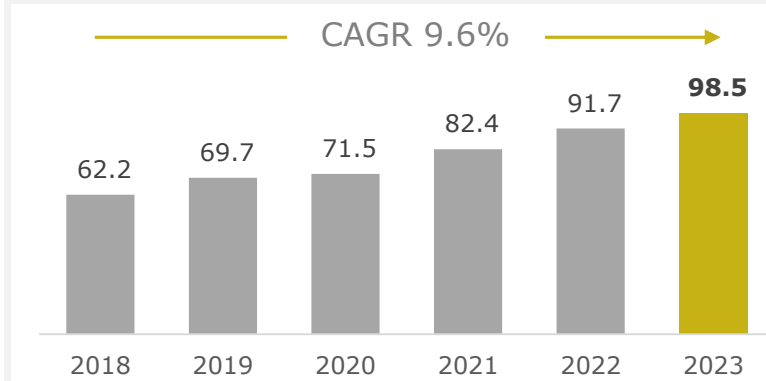
Customer Deposits (RO `Mn)



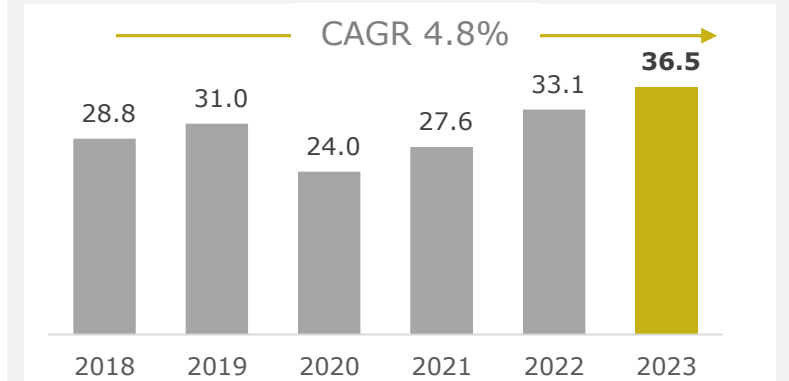
Shareholder's Equity (RO `Mn)



Operating Income (RO `Mn)

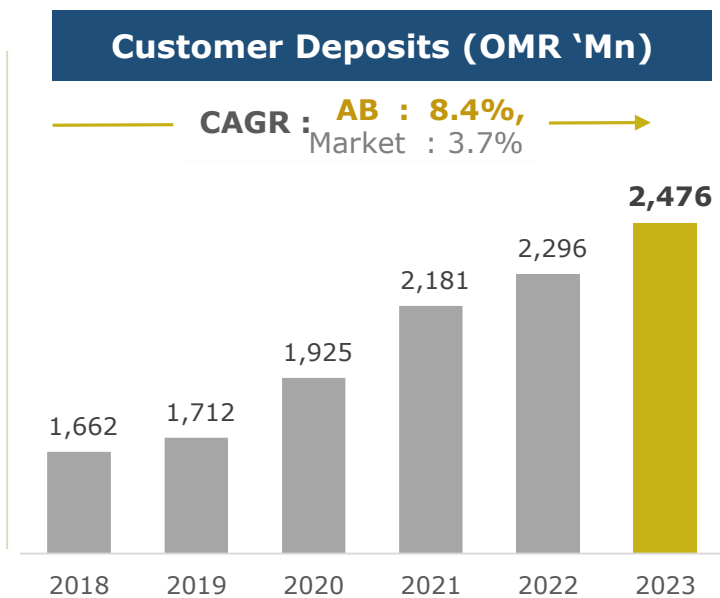
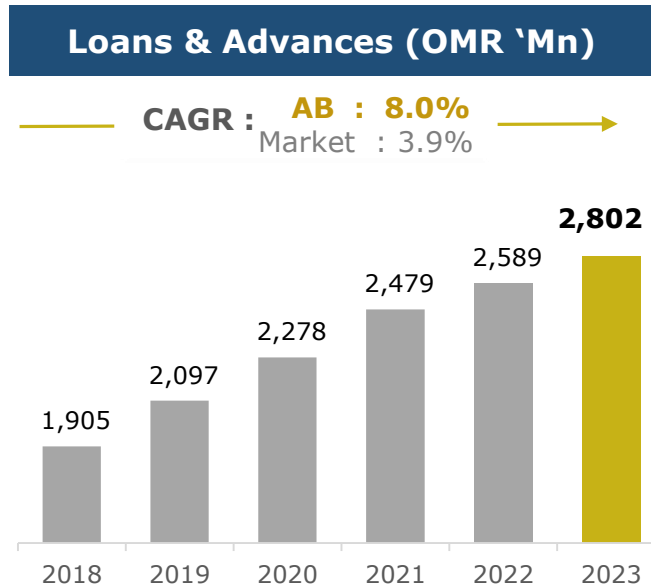
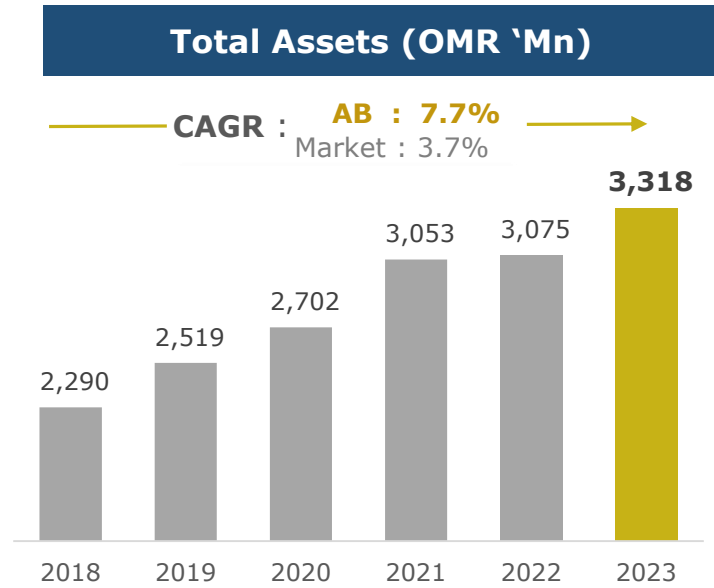


NPAT (RO `Mn)





Ahli Bank outperforms the market in Total Assets, Deposits and Financing by c.2x



19%
Incremental
market share of
loans

13%
Incremental
market share of
deposits

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Corporate Banking & SME

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

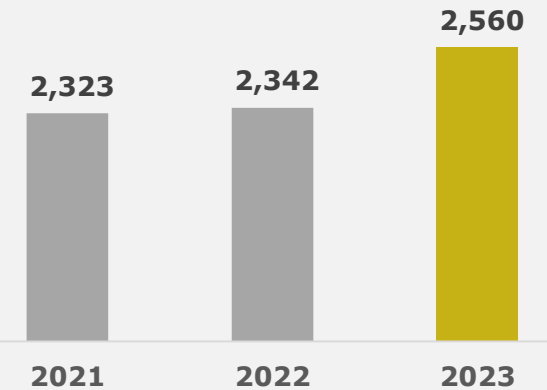
Treasury & FI

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

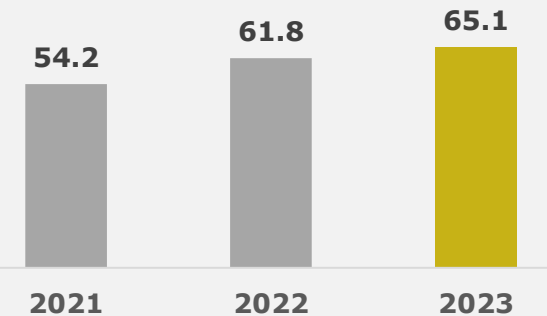
Investment Banking

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

Total Assets – RO `Mn



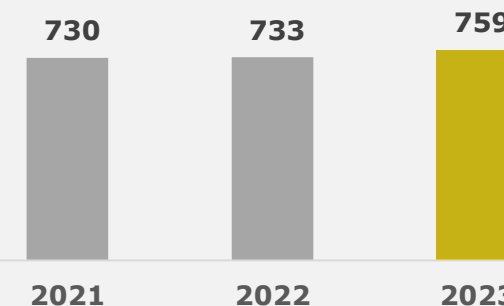
Operating Income – RO `Mn



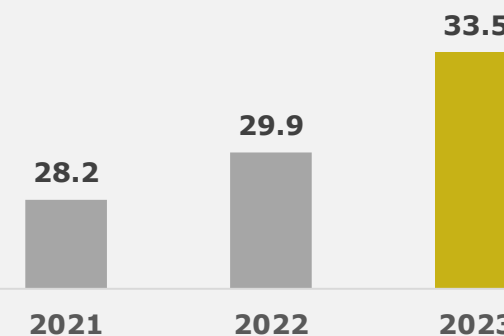
Retail, Premium, Private Banking & Wealth Management Services

- Strong emphasis on **designing and offering innovative products and services**
- Consists of **specialized teams** dedicated for **Retail, Premium, Private Banking, Wealth management** and **Islamic Banking** customers.
- Offering services through multiple distribution channels including **46 branches across the Sultanate of Oman (including 22 Islamic branches)**
- Bank opened its first digital branch in 2022, "**ahli express**", and by end of 2023, **9 Multi-Functional Kiosk** were operational.
- Bank continues to **focus on expansion of retail network including digital branches.**
- **Widen customer base of target segment** both under conventional and Islamic banking business.
- **Wealth Management Services** offer a comprehensive and integrated approach to financial stewardship for HNWI, through app based **Wealth Management Portal**

Total Assets – RO `Mn



Operating Income – RO `Mn



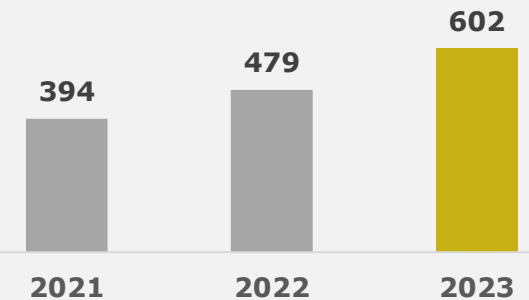
Wide array of Sharia Compliant products and Services

- ahli Islamic has posted a robust growth since its launch in 2013
- **Sharia-compliant products and services** offered through 22 dedicated branches caters to all customer segments - institutional, corporate, SME and retail
- **First Islamic Bank in Oman to digitally onboard customers through Mobile Banking platform**
- **First Islamic Bank in Oman to offer IPO leverage**
- Continued expansion of retail business **including digital branches** with focus of deposit mobilization
- ahli Islamic offers unmatched unique Sharia compliant products to customers under all categories – Deposits, Financing, Cards, FX, Transfers etc.
- **Contributed 18.3% in overall operating income of the Bank**

Gross Financing – RO `Mn



Total Deposits– RO `Mn



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Making Ahli Bank THE Digital First Bank in Oman by providing best in class digital offerings leading to improved TAT, enhanced customer experience & improved customer stickiness



ENHANCED experience

Offer best in class customer experience across all digital touchpoints



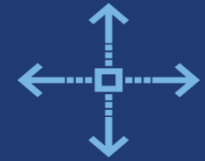
INSTANT services

Instant customer servicing reducing Turn around time



INNOVATIVE solutions

Offer innovative products & services through collaboration with Fintechs



AGILE operations

Agile organization culture to meet changing customer needs

Digital & Innovation

People

Technology

Risk Management

Brand & Marketing

Bank has focused on enhancing its overall digital offering, reflecting on its current and desired state

Retail Banking

- Mobile Capabilities
- Omnichannel Customer Experience

1

Wholesale Banking

- Digital Capabilities
- Operational Efficiency
- Customer 360

2

Wealth & Private Banking

- Business Expansion
- Digital Capabilities

3

Operations & Technology

- Operational Efficiency
- Connectivity & Scalability

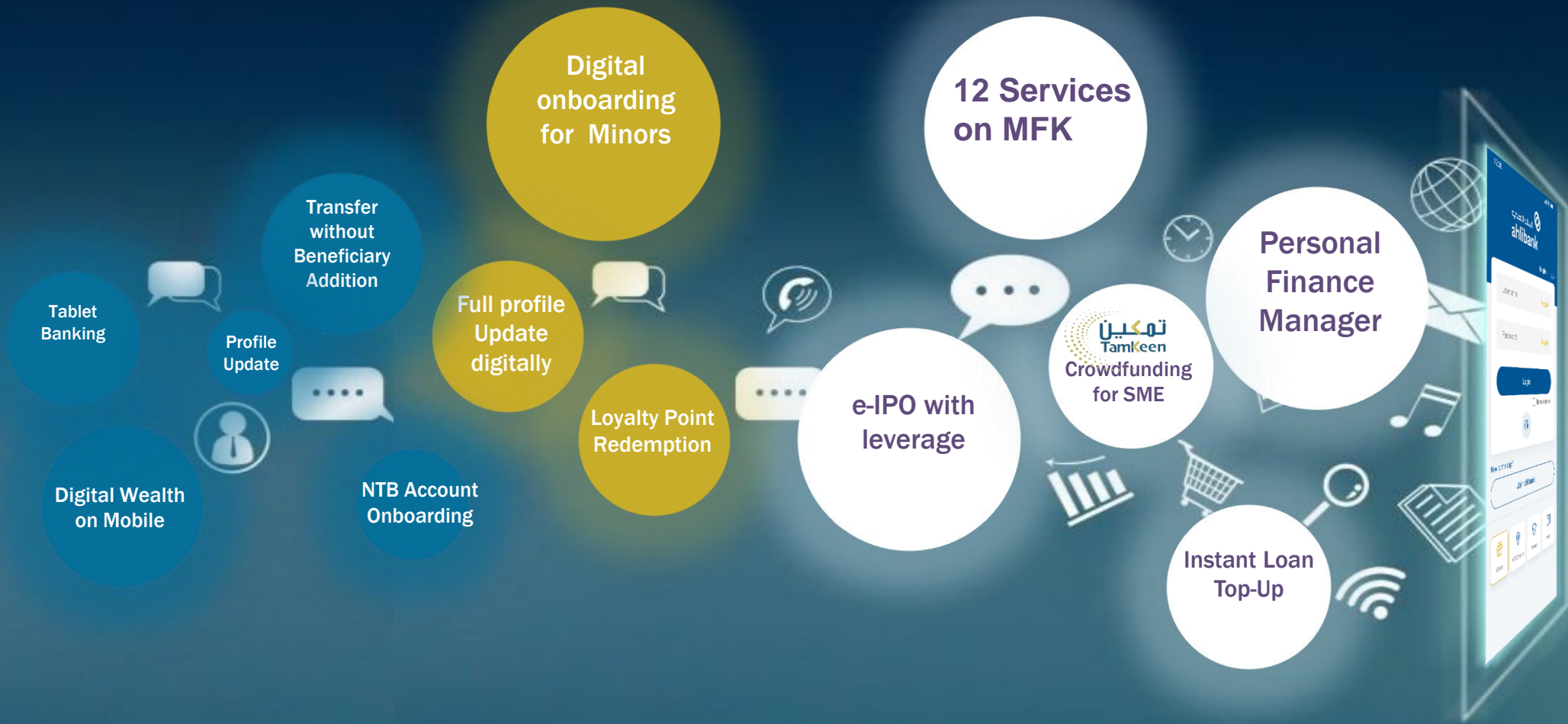
4



Business Unit Focus

Digital Pillars





Innovative Customer touch points

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Key Financial Highlights

Financial Position

- Gross loans increased by RO 212.5 Mn during the year
- Customer deposits increased by RO 179.4 Mn during the year
- Right issue of RO 50Mn and exercise of call option followed by fresh issuance of AT 1 capital of RO 54Mn

Profitability

- Operating income was higher by 7.5%
- CI ratio was 43.8% (Dec 22: 43.9%)
- NPAT was RO 36.5 Mn, 10.2% higher than 2022

Diversification of Deposits

- Retail deposits contribution continued to increase, 43% as of 2023
- Continuous reduction in volatile deposits

Digital Banking

- First Bank in Oman to give IPO leverage through mobile banking
- First Islamic Bank in Oman to digitally onboard customers through Mobile Banking platform
- "ahli express" : 3 full fledged digital branches & 9 Multi-Functional Kiosk

Key Metrics

Balance Sheet

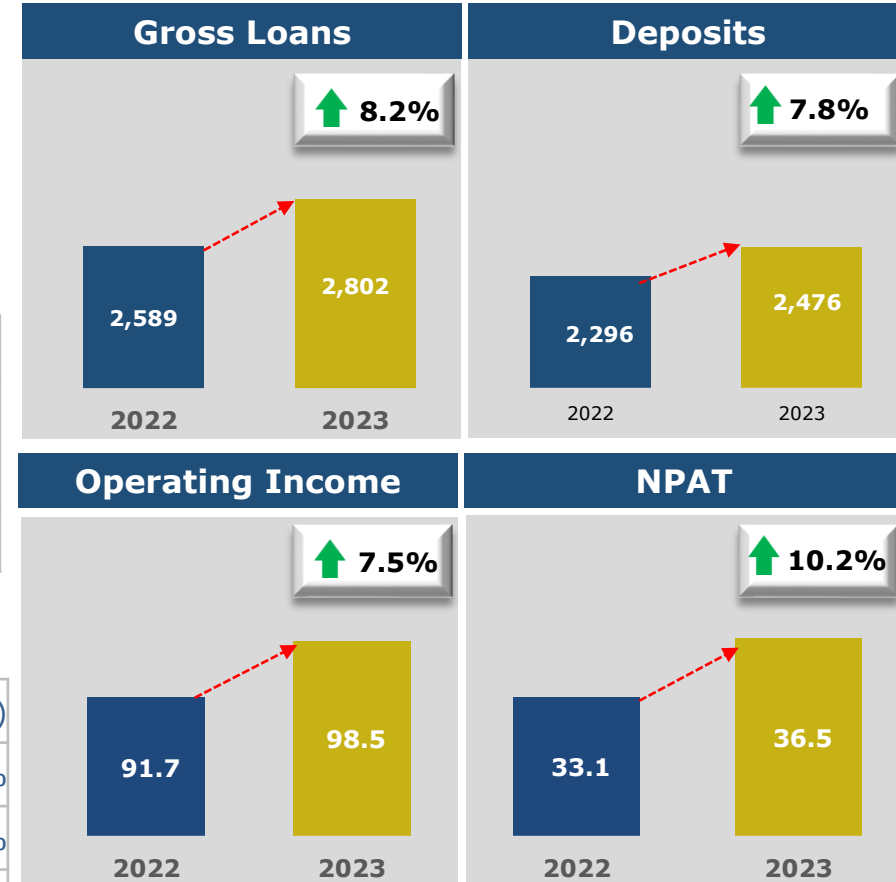
RO `Mn	2023	2022	Var
Total Assets	3,318.5	3,075.5	7.9%
Loans and advances, net	2,694.2	2,500.4	7.8%
Customer Deposits	2,475.7	2,296.3	7.8%
Equity	521.4	460.9	13.1%

Profit & Loss

RO `Mn	2022	2022	Var
Total Operating Income	98.54	91.70	7.5%
Impairment Charge	13.09	13.06	0.2%
Operating Expenses	43.13	40.23	7.2%
Net Profit after Tax	36.45	33.09	10.2%

Key Ratios

RO `Mn	2023	2022	Var
ROE	10.7%	10.8%	(0.1%)
ROA	1.1%	1.1%	0%
Cost to Income	43.8%	43.9%	0.1%
NPL	3.9%	3.8%	(0.1%)
CAR	17.7%	16.3%	1.4%



Operating performance and Profitability

Strong revenue momentum with varied source of income; consistent returns

NII

2.2% 2.2% **2.1%**

2021 2022 2023

Operating Income – RO `Mn

82.4 91.7 **98.5**

2021 2022 2023

Other Income to Total Income

20.5% 19.5% **22.6%**

2021 2022 2023

Cost to Income

43.2% 43.9% **43.8%**

2021 2022 2023

ROAE

9.7% 10.8% **10.7%**

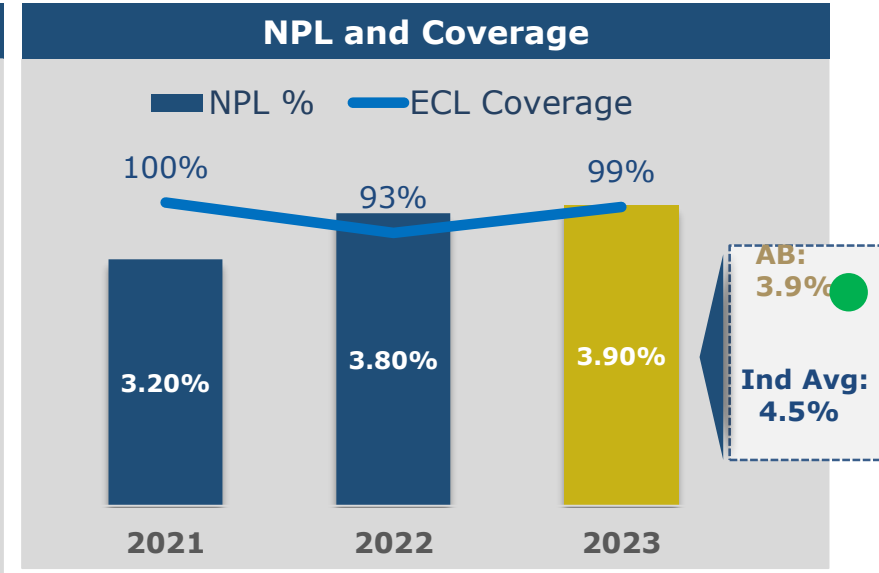
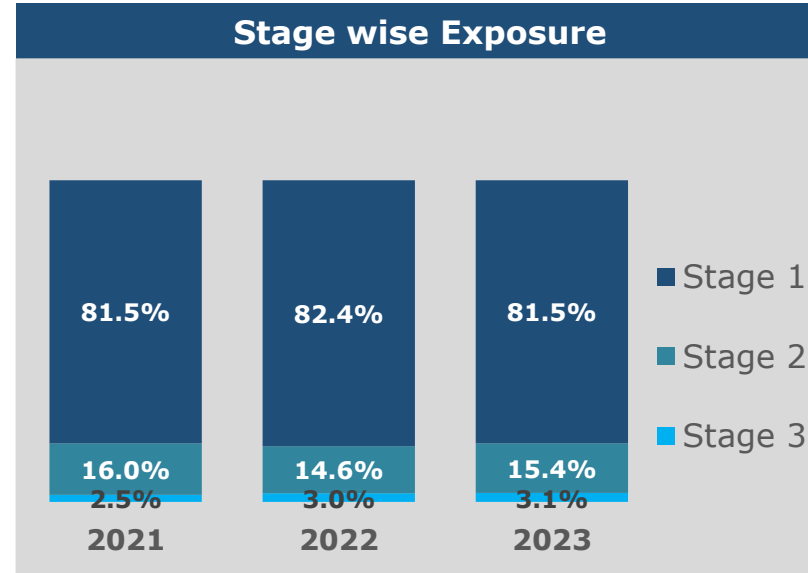
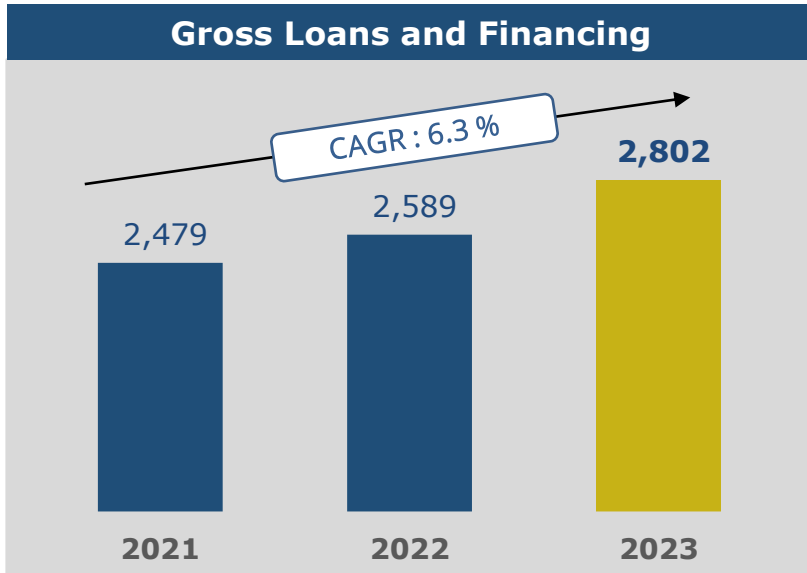
2021 2022 2023

ROA

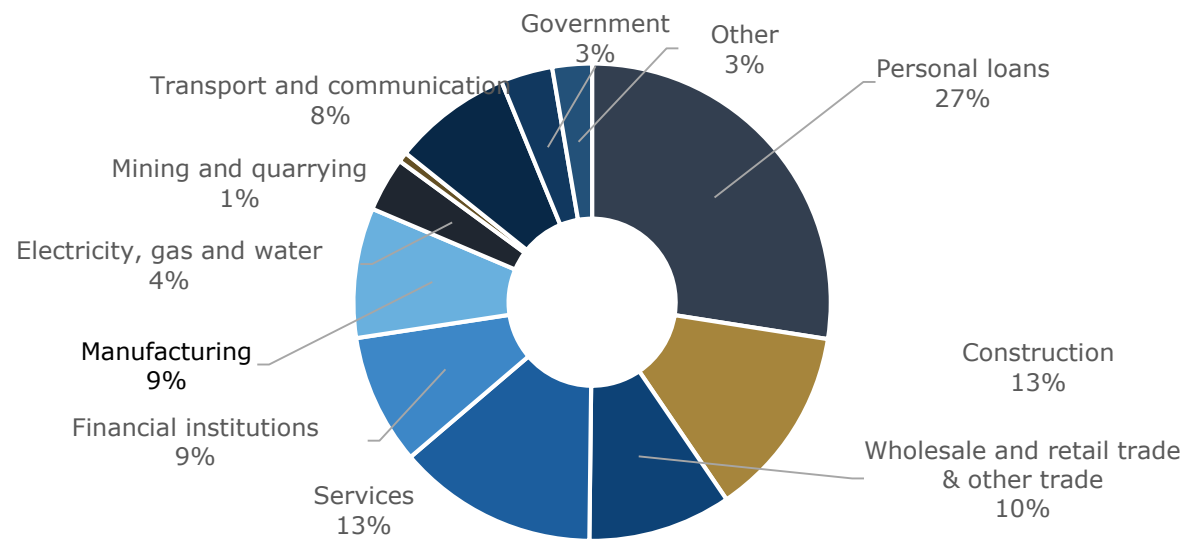
1.0% 1.1% **1.1%**

2021 2022 2023

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

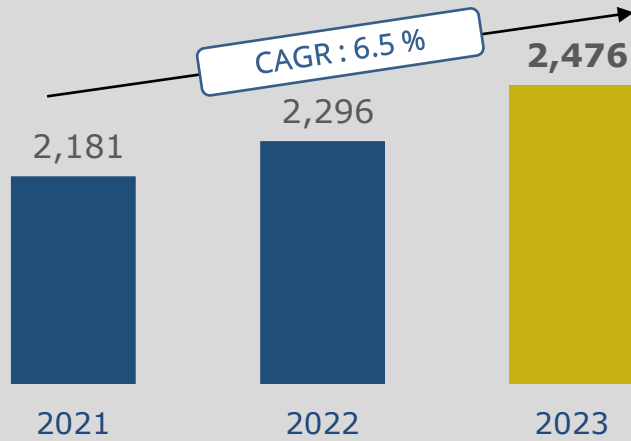


Sector wise distribution of Loans

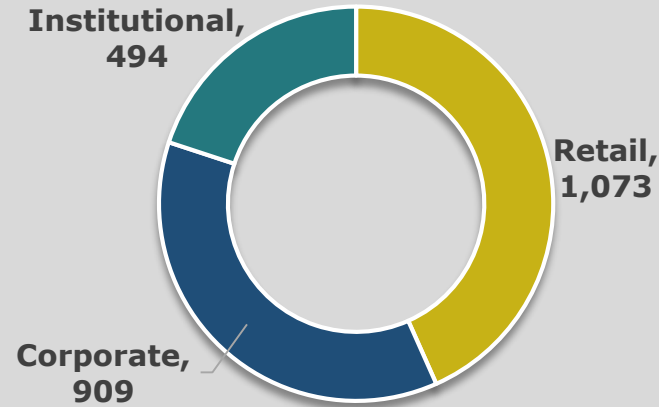


Significant increase in the retail contribution; less dependency on volatile deposits

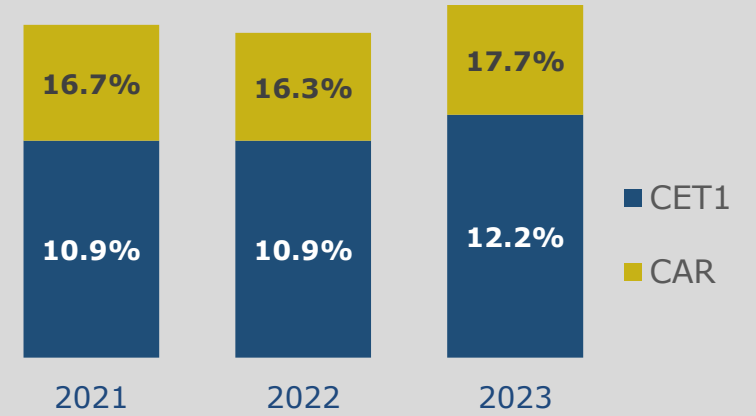
Customer Deposits



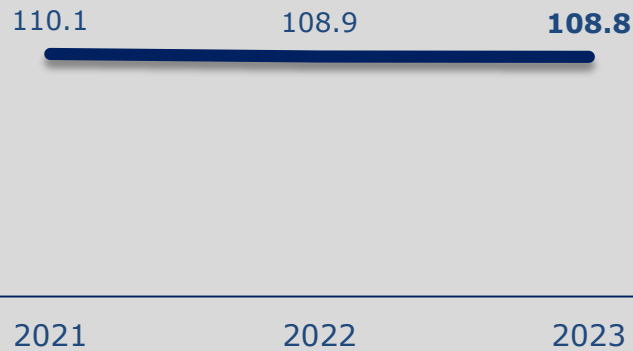
Deposit Segments



Capital Adequacy



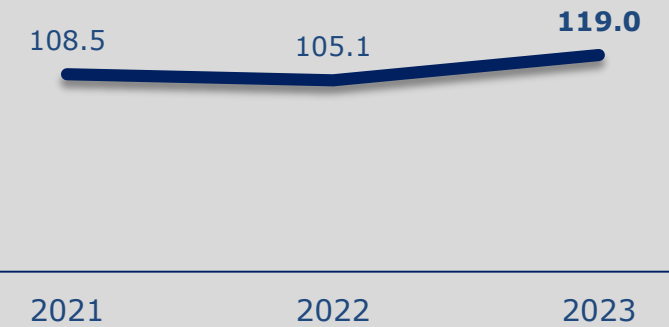
Net Loans to Deposits Ratio %



Liquidity Coverage Ratio %



Net Stable Funding Ratio %



Human Capital



Himam

- **2-Yr Graduate Development Program**
- Intensive courses to develop leadership and professional skills of Omani youth
- On-the-job training and skill refinement to prepare them to succeed in the banking sector.



Business Graduate Program

- **2-3 months structured training program** on functional and soft skills for young Omani graduates to prepare them for challenging roles across the organization



Ahli Academy

- Special scholarships for young Omani's to complete their undergrad and post grad studies
- **State-of-the-art facilities, training classrooms and a library**
- Special functional programs in collaboration with international organisations



- New program supporting **Digital Transformation journey**
- **Bank's Innovation Lab**, leading to better idea generation, **enhanced Cx** and **foster Fintech collaboration** initiatives

Key Accolades



Best Private Bank Oman Award

Middle East and Africa Awards



Excellence in Corporate Banking Award

Alam Al-Iktisaad



The Best Performing Company Award

Alam Al-Iktisaad



Leading Financial Institution Award

International Business Magazine



CEO of the Year Award

Alam Al-Iktisaad



Leaders in Tech-Driven Digital Banking Award

Alam Al-Iktisaad



Best Bank for SMEs Award

Euromoney Awards for Excellence



Excellence in Digital Transformation Award

Alam Al-Iktisaad



Excellence in Retail Banking Award

Alam Al-Iktisaad



Best Islamic Bank- Oman

Euromoney Islamic Finance Awards



Bank of the Year Award

The Banker (2022)(2023)



Top Omani Brand Award

Alam Al-Iktisaad



Leadership in Youth Development Award

Sustainability Leadership Awards

Annexures

Annexures : Balance Sheet

RO `Mn	2023	2022	Var
ASSETS			
Cash and balances with CBO	171.9	132.2	30.0%
Due from banks	88.2	75.2	17.3%
Loans and advances, net	2,694.2	2,500.4	7.8%
Investment securities	303.3	293.2	3.4%
Property and equipment	41.1	35.1	17.1%
Other assets	19.8	39.4	(49.7%)
Total Assets	3,318.5	3,075.5	7.9%
LIABILITIES			
Due to banks	185.8	223.4	(16.8%)
Customers' deposits	2,475.7	2,296.3	7.8%
Borrowed funds	38.5	-	-
Other liabilities	97.1	94.9	2.3%
Total Liabilities	2,797.1	2,614.6	6.9%
EQUITY			
Share capital	245.0	195.0	25.6%
Reserves and Retained earning	127.4	116.9	9.0%
Total Shareholders' Equity	372.4	311.9	19.4%
Additional Tier 1 Capital	149.0	149.0	0.0%
Total Equity	521.4	460.9	13.1%
Total Liabilities & Equity	3,318.5	3,075.5	7.9%

Annexures : Income Statement

RO `Mn	2023	2022	Var
Net Interest Income	76.30	73.84	3.3%
Other operating income	22.24	17.86	24.5%
Total Operating Income	98.54	91.70	7.5%
Net impairment on financial assets	13.09	13.06	0.2%
Operating income after impairment	85.45	78.64	8.7%
Total Operating expenses	43.13	40.23	7.2%
Profit before taxation	42.32	38.41	10.2%
Tax expense	5.87	5.32	10.3%
Net Profit after taxation	36.45	33.09	10.2%