



OMAN ARAB BANK SAOG

Investor Presentation

1H 2022 Results

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Agenda

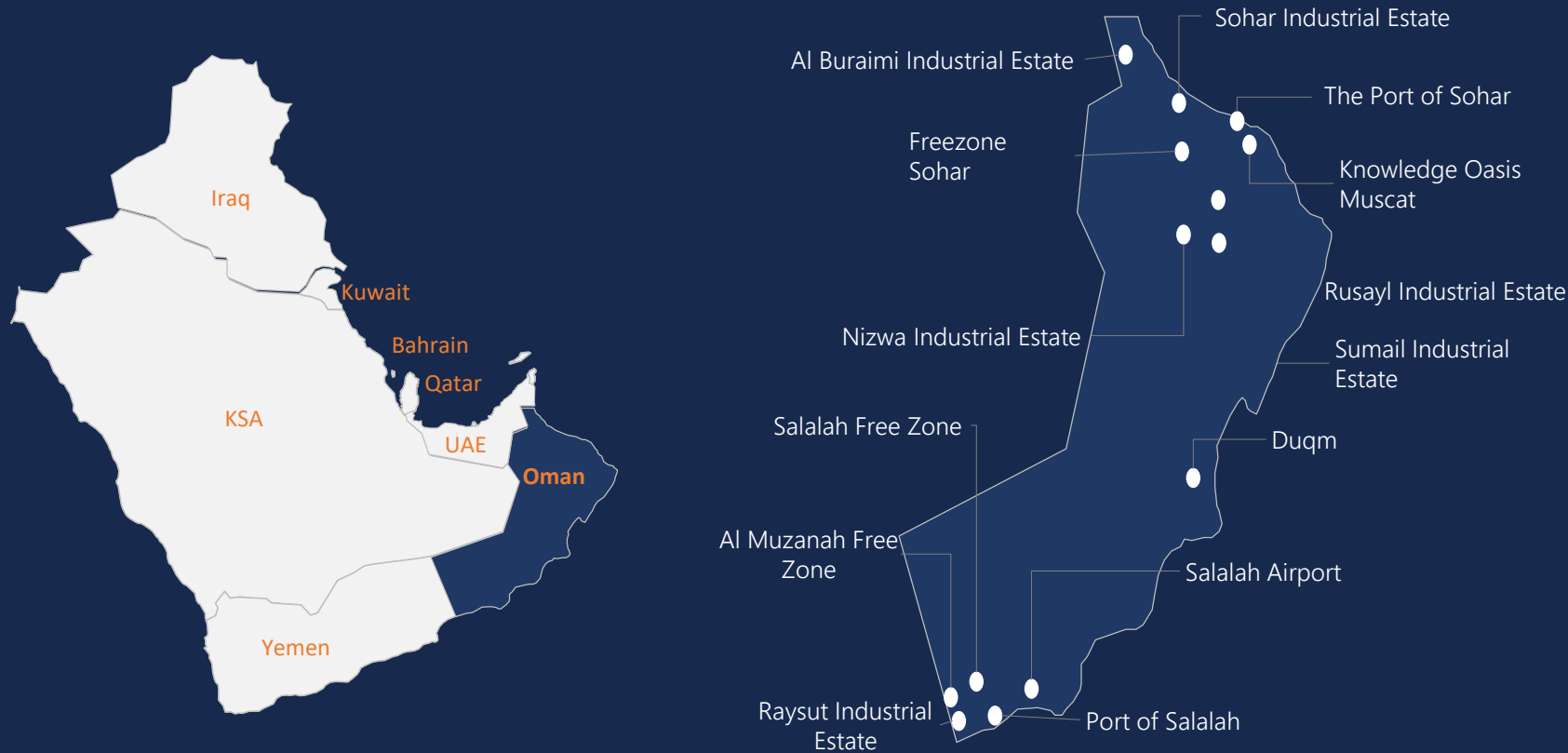
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Sultanate of Oman - Overview



- 2nd largest country by area in the GCC.
- Strategically placed at the mouth of the Arabian Gulf
- Stable political system
- Independent, pragmatic foreign policy, good relations with Oman's neighbours and globally

Oman Economy

Population

4.8 Mn

- 60% Omani
- 40% Expats

Inflation

2.9%



1H22 Budget Surplus

+783 Mn

- Vs. deficit of OMR 1,109 Mn in 1H21.
- Vs. deficit of OMR 1.5 Bn in FY 2022 Budget.

1H22 AVG Oil Price

\$ 87

- Vs. 53 \$/bbl in 1H21.
- Vs. 50 \$/bbl in FY 2022 Budget.

2022 GDP Growth Estimate

4%

- Estimate by IMF as of Jun 2022.
- Vs. 3% Real GDP Growth in 2021.
- 2.2% expected over next years

Repo rate

3%

Foreign reserves

\$16.6 Bn

S&P

- BB -
- Stable

Fitch

- BB
- Stable

Moody's

- Ba3
- Stable

Oman Banking Sector

Local Banks

7

Islamic Windows

5

Islamic Banks

2

9

Foreign Branches

2

Specialized Banks

Total Assets

OMR 39Bn

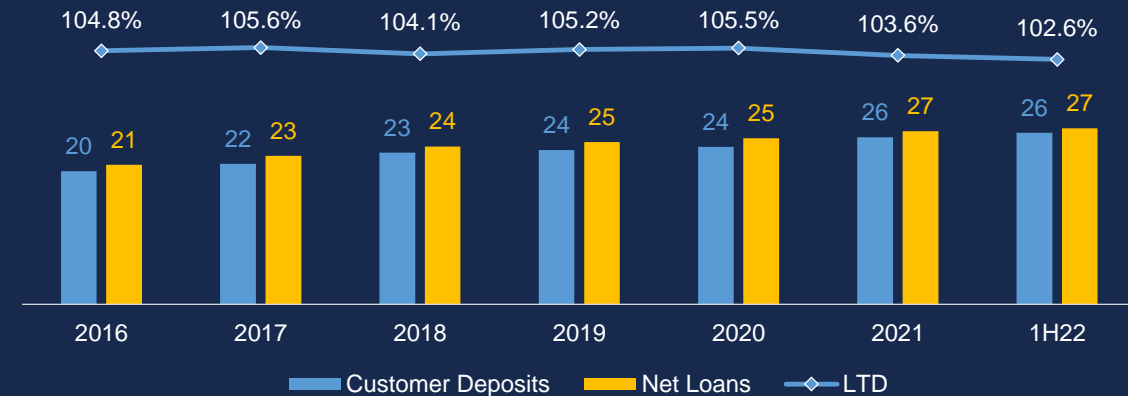
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Conventional

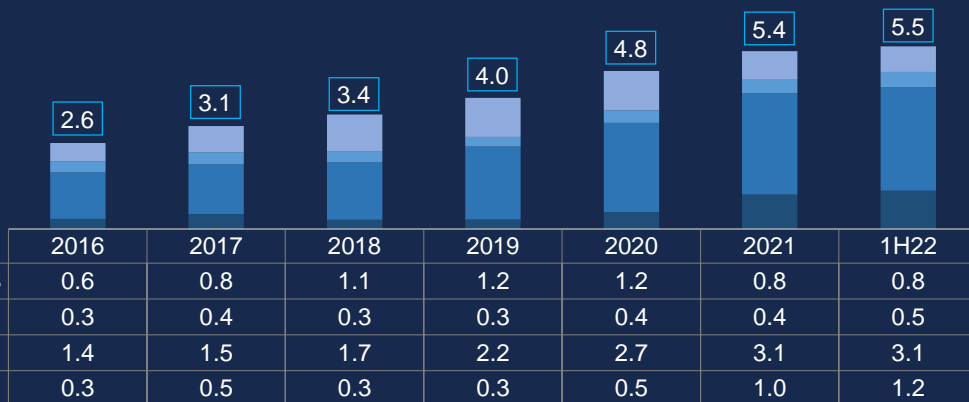
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Islamic

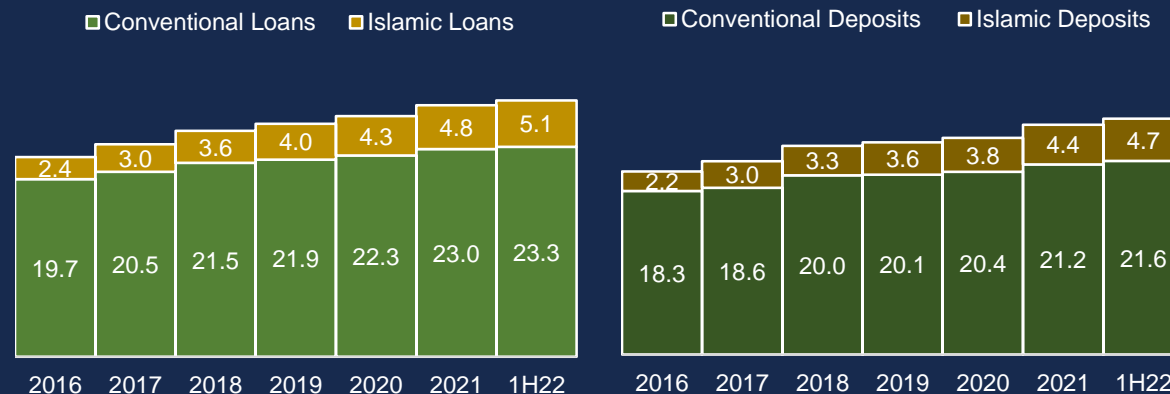
Loans and Deposits (OMRBn)



Securities and Debt Market (OMRBn)



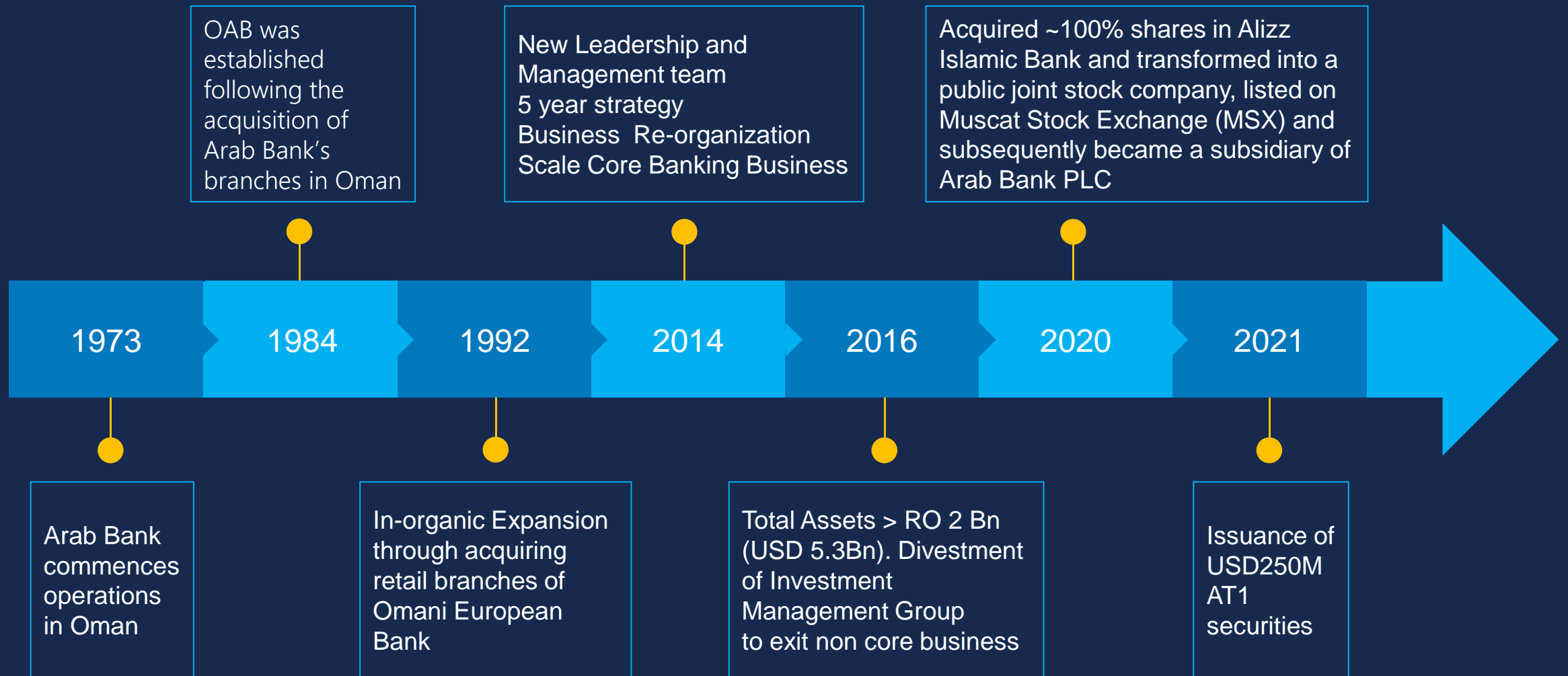
Conventional and Islamic Growth (OMRBn)



Agenda

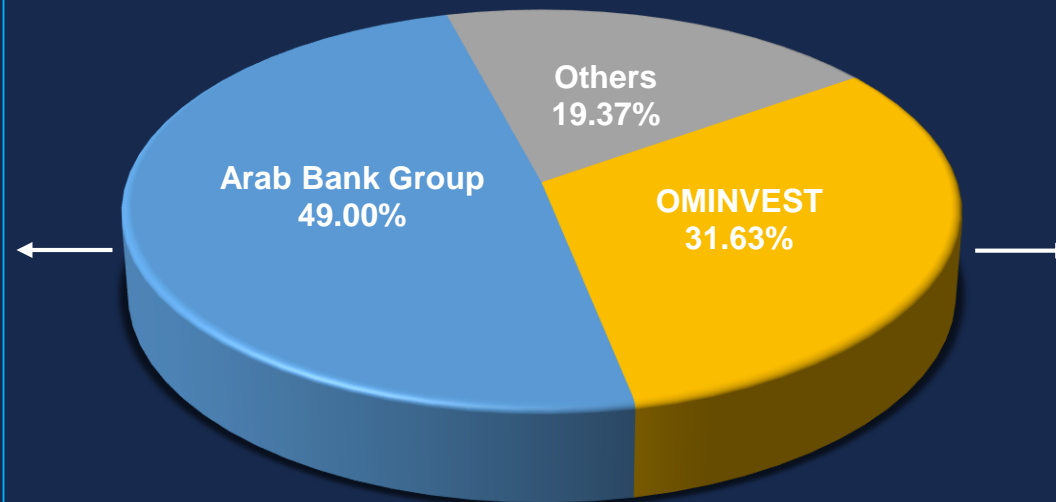
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Evolution Footsteps



Ownership Structure

- One of the largest financial institutions in the Middle East
- **+600** branches across five continents and **28** countries
- Covering key financial markets including London, Dubai, Singapore, Geneva, Paris, Frankfurt, Sydney and Bahrain.
- **USD4.4Bn** market cap
- **USD10.2Bn** total equity



- One of the largest publicly listed investment companies in the MENA region
- Diversified portfolio into Banking, Insurance, Leasing, Real Estate, Education, Private Equity and Investment Banking
- **USD0.6Bn** market cap

The Board of Directors



Mr. Rashad Al Zubair - Chairman

Current:

Chairman - Zubair Corporation, Deputy Chairman - Barr Al Jissah Resorts Co, Deputy Chairman and Founder Member of Muscat University, Member - Oman Centre for Governance and Sustainability

Previous:

President, Zubair Automotive Group, Deputy Chairman - Oman Business Council, Chairman - Oman German Friendship Association, Director - Capital Market Authority



Mr. Abdulaziz Al Balushi – Director

Current:

Chief Executive Officer – OMINVEST, Chairman - Oman Electricity Transmission Company

Previous:

CEO, Ahli bank SAOG, Deputy CEO - National Bank of Oman
Board Member in ONIC Holding and Al Ahlia Insurance Company
“Second Best CEO in the Arab Banking World” - Forbes Magazine, November 2012
“Chief Executive Office of the Year” - Oman Economic Review, 2019



Mr. Nasri Malhame – Director

Current:

Board member in Banque Du Crédit National-Lebanon, Arab Tunisian Bank, AB Fund Managers-Guernsey, Ubhar Capital SAOC, Oman, and Chambre de commerce Arabo-Suisse, Geneva.

Previous:

Chief Executive Officer, Arab Bank (Switzerland) and Executive Director - Private Banking and Trade Finance, BNP Paribas-Geneva



Mr. Wahbe Tamari - Deputy Chairman

Current:

Chairman - Arab Bank Switzerland, Chairman - Arabia Insurance Company
Chairman - Watmar & Partners SA., Board Member in Arab Bank Plc, Sucafina SA, Solidere International, LIFE (Lebanese International Finance Executives and Tamari Foundation



Mr. Imad Sultan - Director

Current:

Vice Chairman & Deputy Managing Director - W. J. Towell & Co. LLC, Chairman - Towell Engineering Services Co. LLC, Chairman - Enhance Operating Company, Board Member in Towell Auto Centre LLC, General Electric & Trading Company LLC, Nestle Oman LLC and Towell Properties

Previous:

Board Member in National Bank of Oman, OMINVEST and Oman Tennis Association



Mr. Yasir Aqil Badri - Director

Current:

Vice President, Financial Services Unit, Mubadala Investment Company

Previous:

Corporate M&A - Mubadala Investment Company and Financial Risk Management, Corporate Treasury - Mubadala Investment Company



Ms. Randa Sadik - Director

Current:

Chief Executive Officer - Arab Bank, Chairperson - Arab Tunisian Bank
Vice Chairman - Arab Bank Australia, Board Member - Arab Investment Bank S.A.L.-Lebanon, Chairman - Al Arabi for Finance Holding co. S.A.L.-Lebanon, Chairman of the Management Committee - Al-Arabi Investment Group

Previous:

Group General Manager, National Bank of Kuwait



Mr. Walid Samhuri – Director

Current:

Executive Vice President, Jordan Country Head, Arab Bank, Chairman - Arab Sudanese Bank, Board Member - Arab Tunisian Bank

Previous:

SVP, Credit Group – Gulf, Egypt, Subsidiaries & Associates, Arab Bank, Board Member, Arab Bank Syria and Al Wehda Bank Libya



Mr. Mohammed Al Ghanma - Director

Current:

Executive Vice President and Head of Credit Division – Arab Bank

Previous:

Global Head of Corporate and Investment Banking – Arab Bank, various roles in Saudi American Bank, United Saudi Bank, Banque Saudi Fransi, Gulf International Bank and Cairo Amman Bank

Business Segments

Retail Banking

- Primarily positioned as the bank of choice for retail customers with a strong customer centric approach through physical and digital channels
- Wide range of products and services including deposits, credit cards, bancassurance, various types of loans
- Focused on developing a consolidated market position; imparting quality service to “ELITE” high net worth clients and affluent segment “Advantage” providing exclusive and unique value and services
- Significant investments in technology with 92% of transactions are executed through digital channels

Corporate Banking

- Seeks to deliver financial solutions and corporate credit facilities tailored to meet the needs of every type of business and industry
- Highly experienced account relationship managers serve the Bank's corporate customers
- Offers a wide range of diversified products including but not limited to Project Finance, Small and Medium Enterprises Loans, Working Capital Facilities, Term Loans, Contracts and Equipment Finance, Import and Export Finance, Cash Management

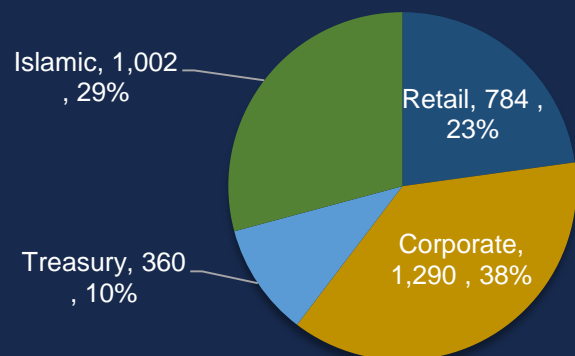
Treasury & FIs

- Manages the Bank's liquidity, market, FX and interest rates risk. Custodian of the cash/liquid assets and manages its investments in securities and market instruments
- Has an experienced sales team which structures and sells Treasury, foreign exchange and interest rate hedging instruments to cater to the evolving needs of the Bank's customers.
- Financial Institutions division manages the correspondent relationships with local and international banks.

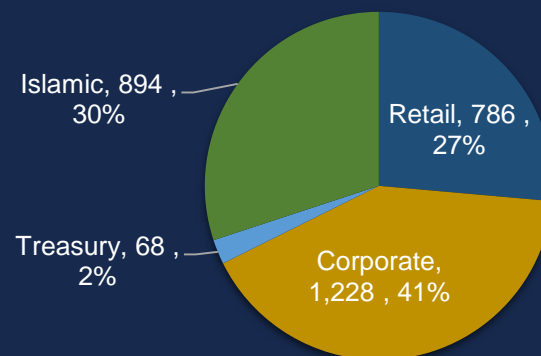
Islamic Banking

- Offer a full suite of Islamic Products and services through Alizz Islamic Bank (AIB), a full fledge Islamic bank, following the acquisition in 2020.
- AIB aims to be the leader in Islamic financing solutions in Oman, providing corporate and retail banking solutions to its customer base.
- AIB has its own Board of Directors, independent Sharia Supervisory Board, separate business infrastructure, employees and systems

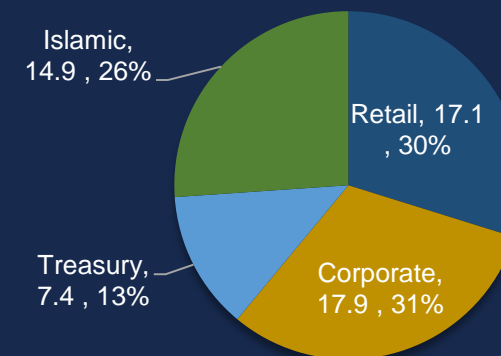
Assets (OMR M)



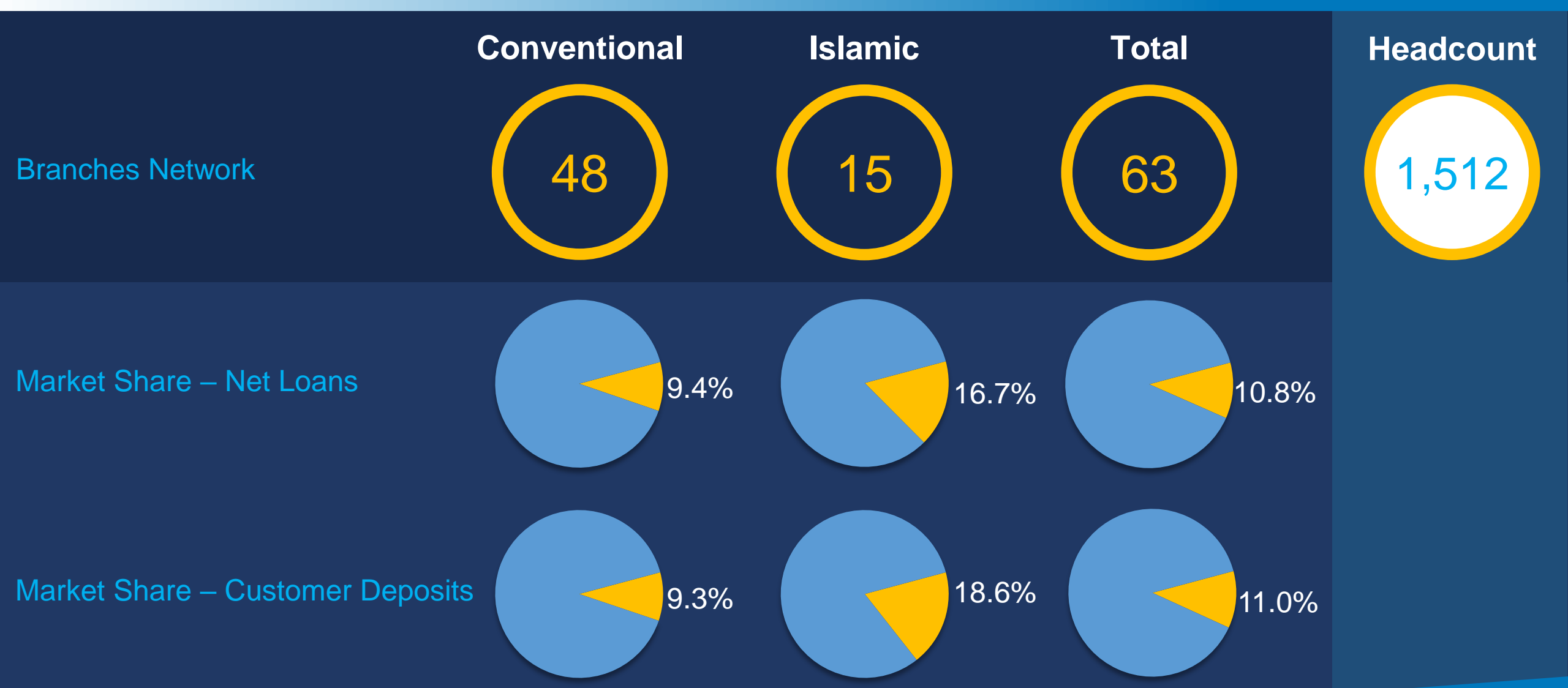
Liabilities (OMR M)



Income (OMR M)



Footprint



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Financial Highlights (1H22 vs. 1H21)

OMR M

Loans

2,907

10%



Deposits

2,889

7%



Operating Income

61.4

0%



10%¹



Operating Profit

24.8

8%



19%¹



Net Profit

7.0

33%



29%¹



Cost / Income

59.6%

311 bps



290 bps¹



ROE

2.8%

156 bps



52 bps¹



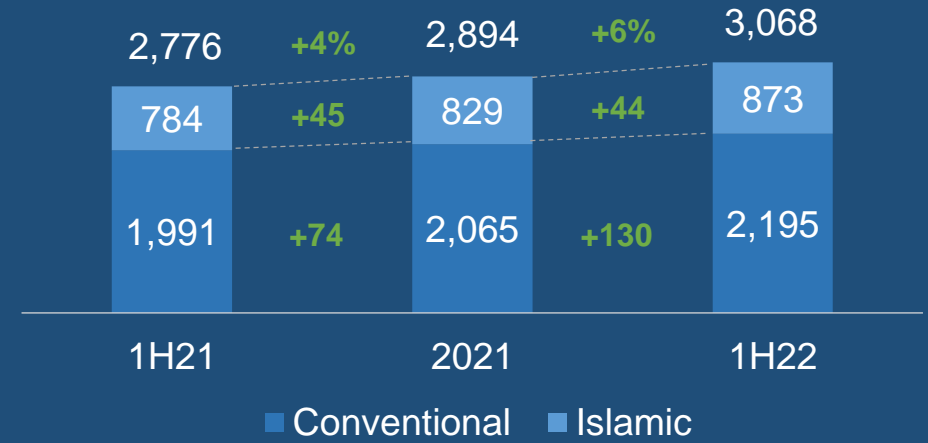
1. Excluding the insurance claim of OMR5.9M

Loans and Advances

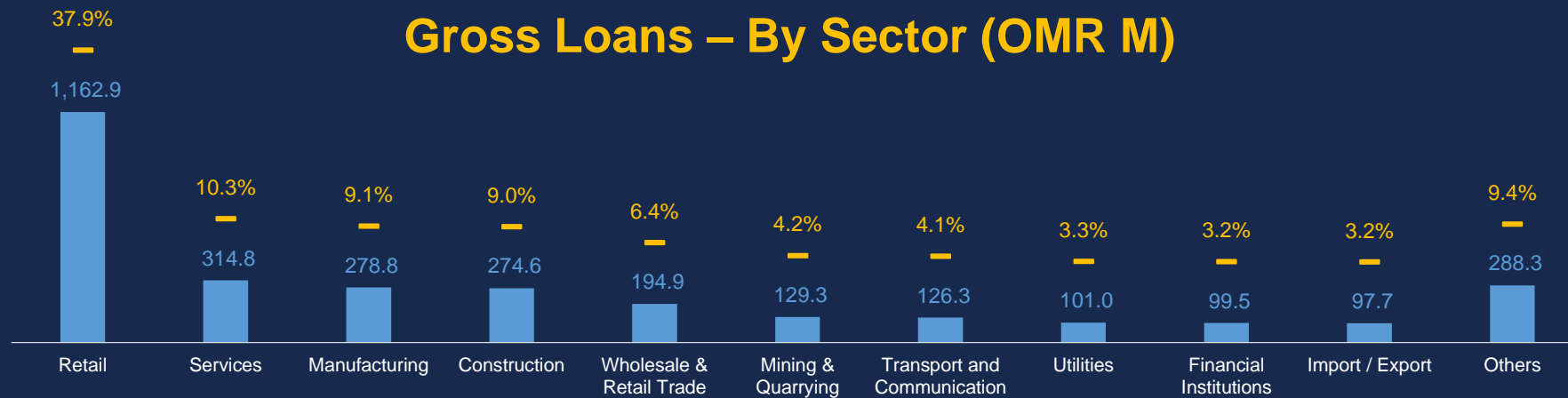
Gross Loans – By Segment (OMR M)



Gross Loans – By Type (OMR M)

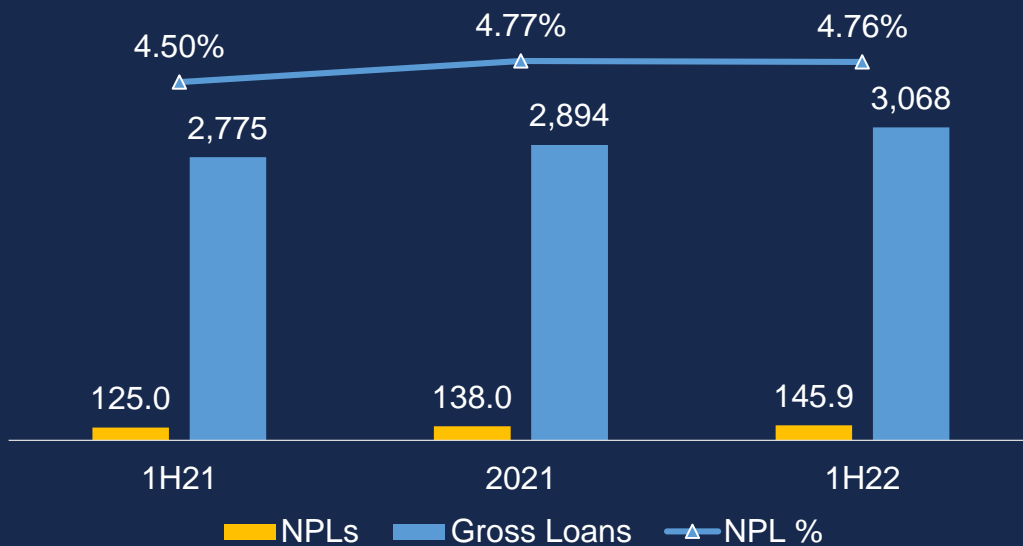


Gross Loans – By Sector (OMR M)

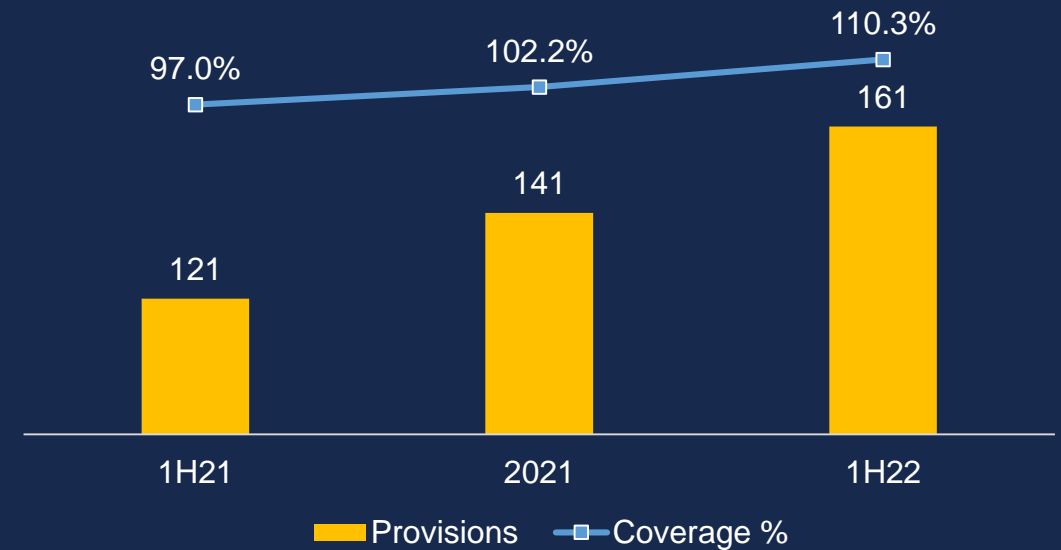


Assets Quality

Non-Performing Loans (OMR M)



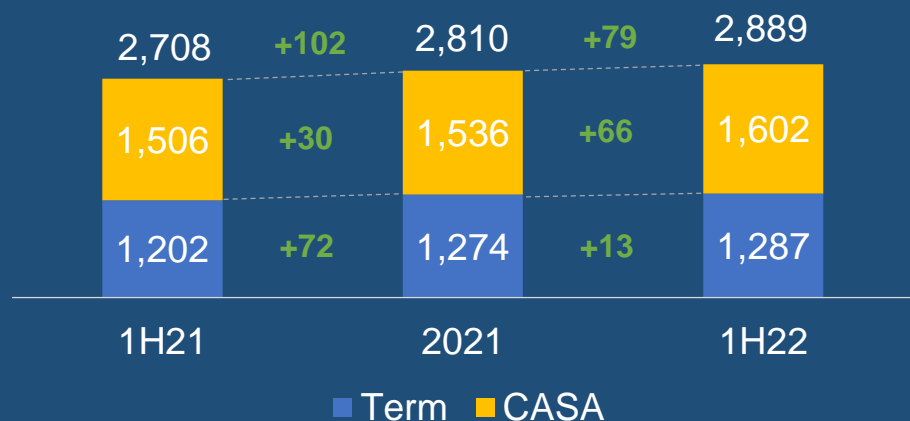
Provisions (OMR M) & Coverage Ratio



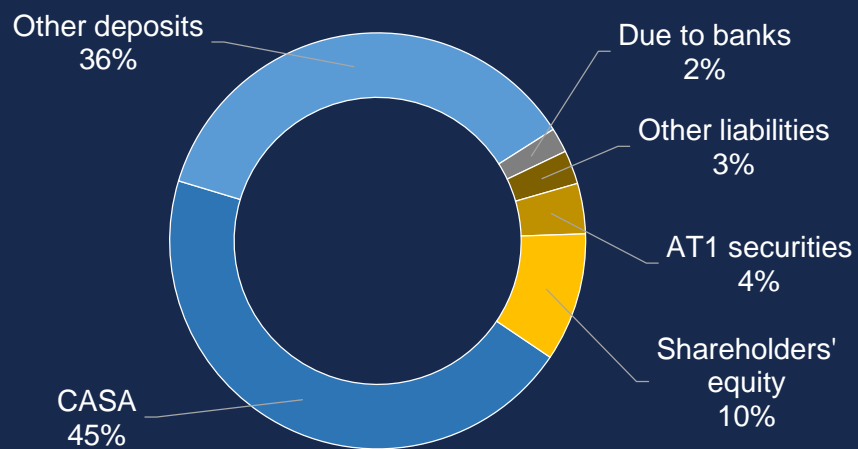
- Prudent approach in recognizing the problematic facilities following the pandemic
- Focus on high quality assets while growing the credit book
- Provisions have been proactively managed to ensure adequate coverage ratio for the delinquent facilities

Funding and Liquidity

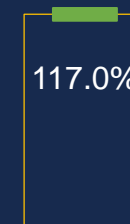
Customer Deposits – By Product (OMR M)



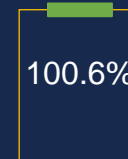
Customer Deposits – By Type (OMR M)



LCR



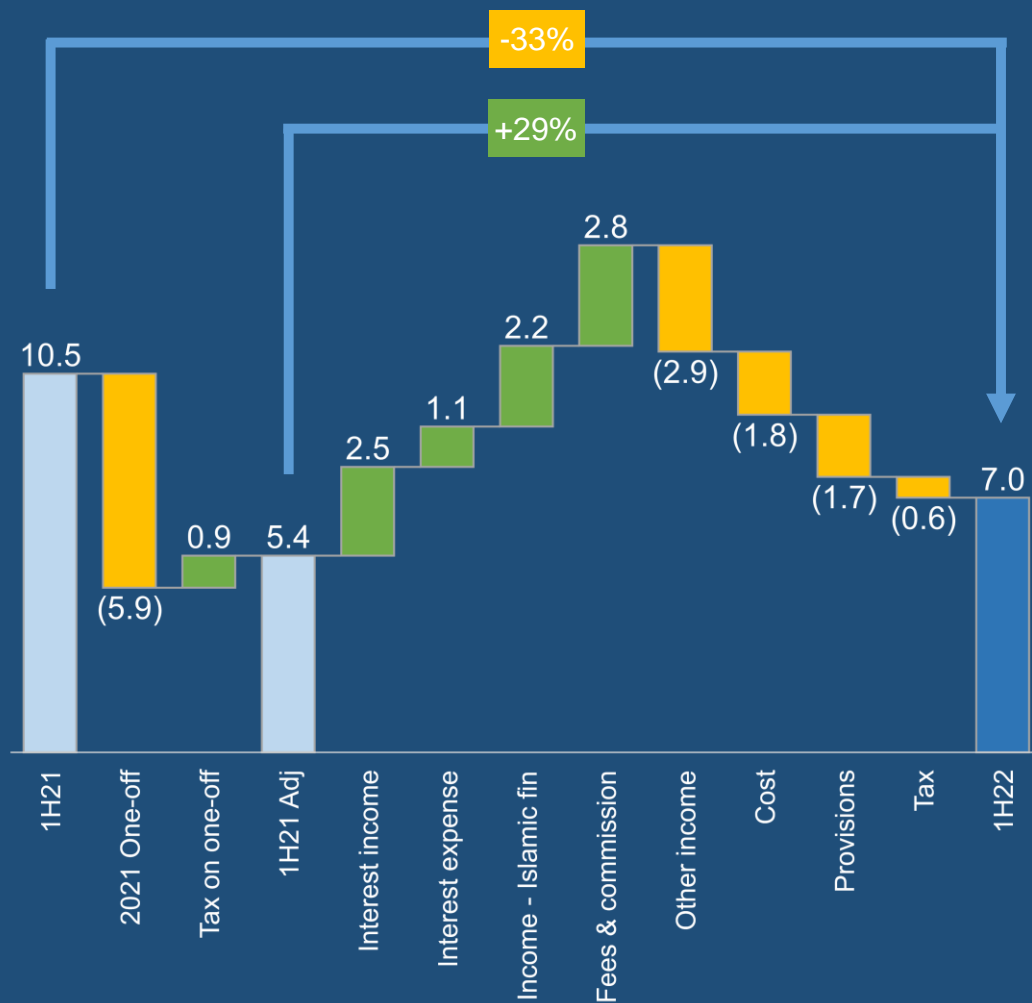
NSFR



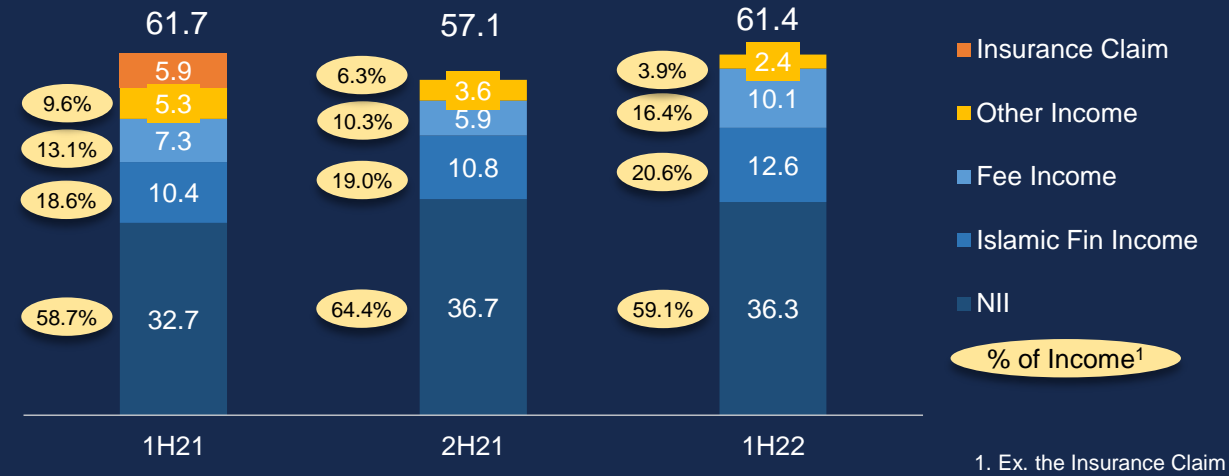
LTD

Earning and Profitability

Profits Walk (OMR M)

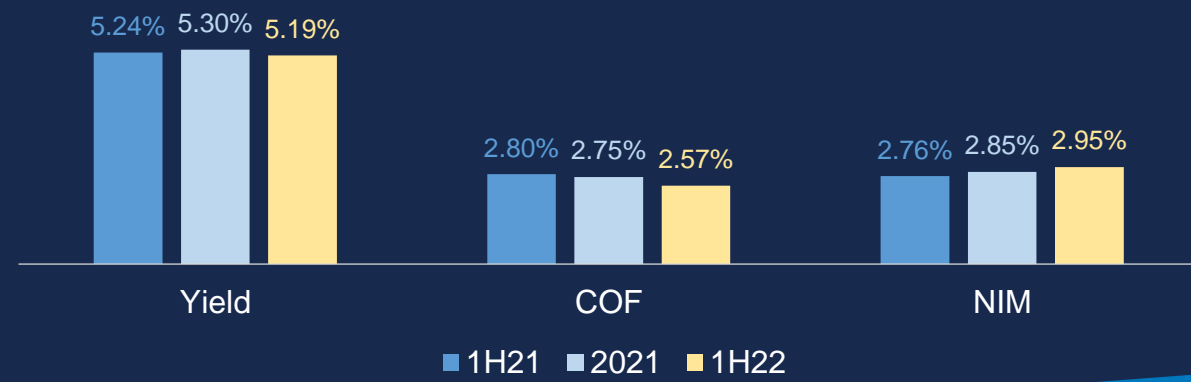


Operating Income (OMR M)



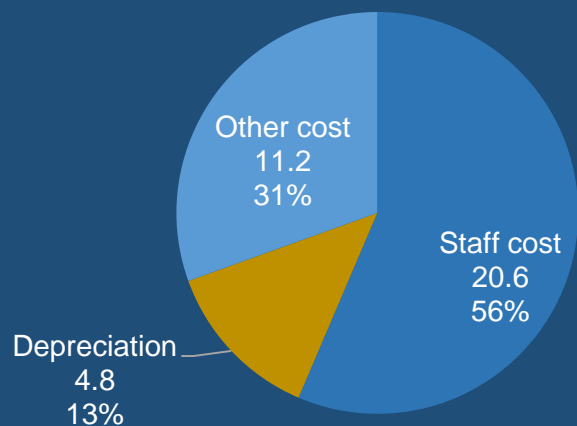
1. Ex. the Insurance Claim

Net Interest Margin (%)

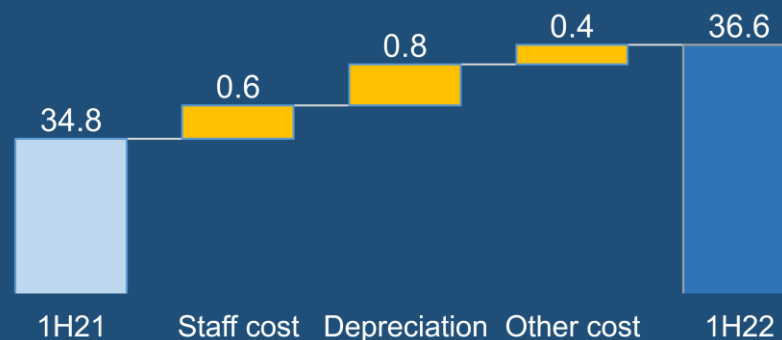


Earning and Profitability

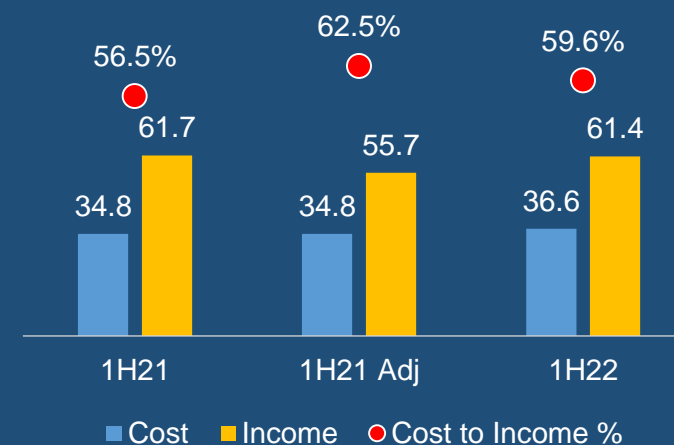
Cost Base



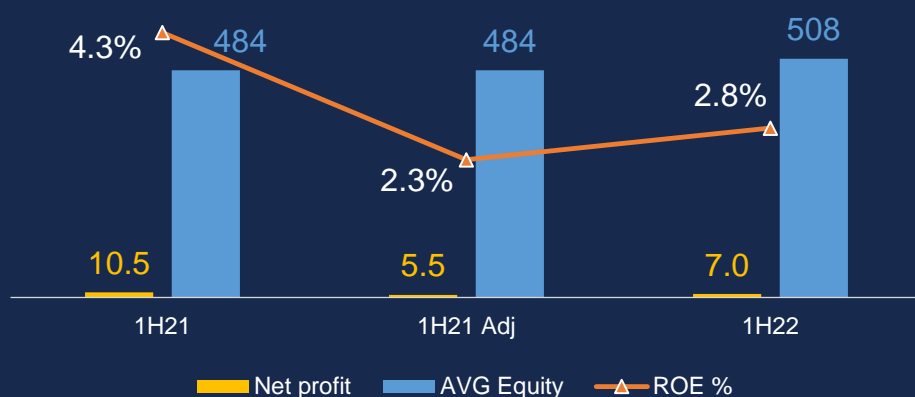
Cost Movement



Cost / Income



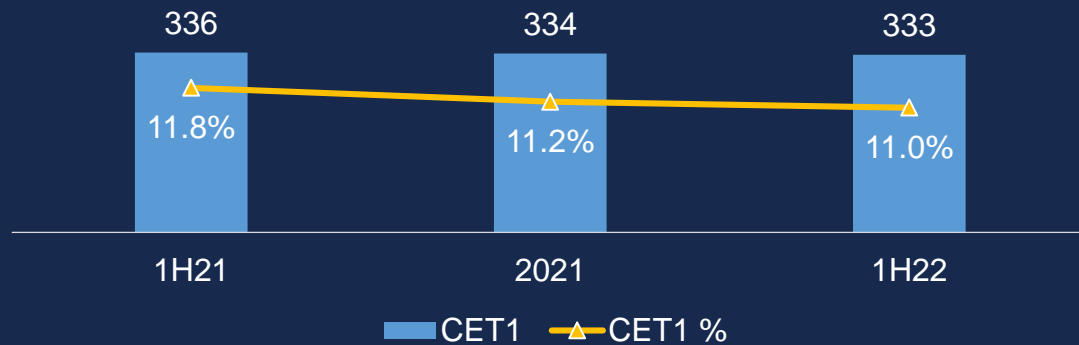
Return on Equity (%)



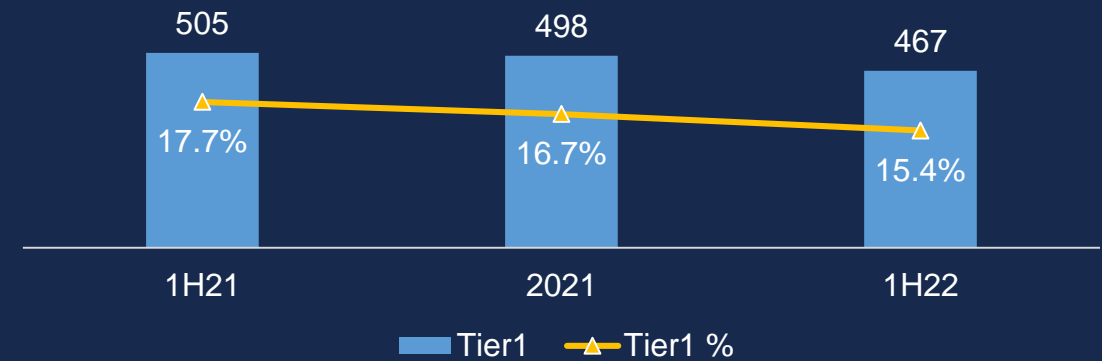
- Return on Equity excluding the insurance claim of OMR5.9M increased from 2.3% in 1H21 to 2.8% in 1H22
- Returns are impacted by the increase in cost of risk

Capitalization

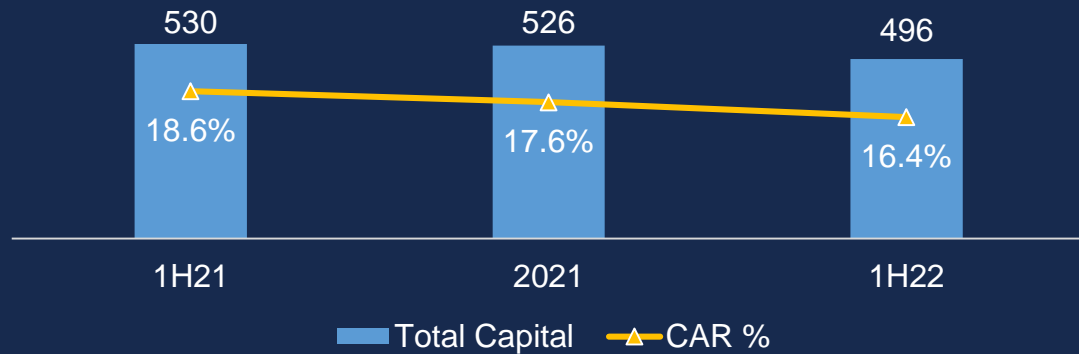
CET1 Capital (OMR M)



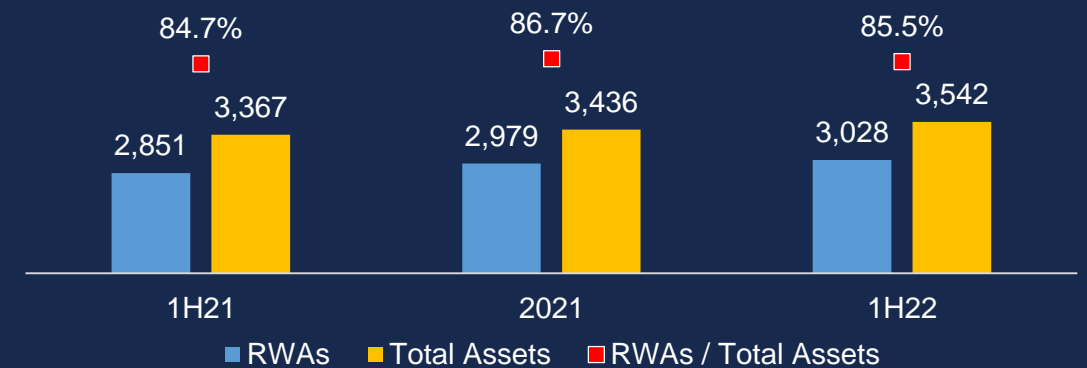
Tier1 Capital (OMR M)



Total Capital (OMR M)



Risk Weighted Assets (OMR M)



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Profit and Loss Summary

OMR M	1H21	1H22	VAR	Growth
Interest income	58.6	61.1	2.5	4%
Interest expense	(25.9)	(24.8)	1.1	-4%
Net interest income	32.7	36.3	3.6	11%
Net income from Islamic financing	10.4	12.6	2.2	22%
Net fee and commission income	7.3	10.1	2.8	38%
Net income from investment securities	3.3	0.1	(3.1)	-95%
Other operating income	8.0	2.3	(5.7)	-72%
OPERATING INCOME	61.7	61.4	(0.3)	0%
OPERATING EXPENSES	(34.8)	(36.6)	(1.8)	5%
OPERATING PROFIT	26.8	24.8	(2.0)	-8%
Net allowance for credit losses	(14.6)	(16.4)	(1.7)	12%
PROFIT BEFORE TAX	12.2	8.4	(3.8)	-31%
Income tax expense	(1.7)	(1.4)	0.3	-19%
NET PROFIT	10.5	7.0	(3.4)	-33%

Balance Sheet Summary

OMR M	2021	1H22	VAR	Growth
ASSETS				
Cash and balances with Central Bank	188.9	132.7	(56.3)	-30%
Due from banks	51.0	57.1	6.1	12%
Loans, advances and financing to customers - net	2,753.4	2,907.1	153.7	6%
Investment securities	302.5	305.7	3.2	1%
Intangibles	7.2	7.1	(0.2)	-2%
Property and equipment	43.3	41.2	(2.1)	-5%
Other assets	89.3	91.2	1.8	2%
TOTAL ASSETS	3,435.7	3,542.0	106.3	3%
LIABILITIES				
Due to banks	13.4	68.1	54.8	410%
Customer deposits	2,810.4	2,888.5	78.1	3%
Other liabilities	87.5	92.9	5.3	6%
TOTAL LIABILITIES	2,911.3	3,049.5	138.2	5%
EQUITY				
Share capital	166.9	166.9	0.0	0%
Share premium	36.6	36.6	0.0	0%
Legal reserve	46.9	46.9	0.0	0%
General reserve	25.6	25.6	0.0	0%
Special reserve	3.8	3.8	0.0	0%
Fair value reserve	(1.1)	(4.4)	(3.3)	307%
Impairment reserve	9.1	9.1	0.0	0%
Retained earnings	67.7	69.1	1.5	2%
Total Shareholders' Equity	355.5	353.7	(1.8)	-1%
Perpetual Tier 1 capital securities	168.8	138.8	(30.0)	-18%
TOTAL EQUITY	524.3	492.5	(31.8)	-6%
TOAL EQUITY AND LIABILITIES	3,435.7	3,542.0	106.3	3%

Thank You