



SCALING UP
GROWTH
WITH EXCELLENCE

ISHRAAQ

Investor Presentation

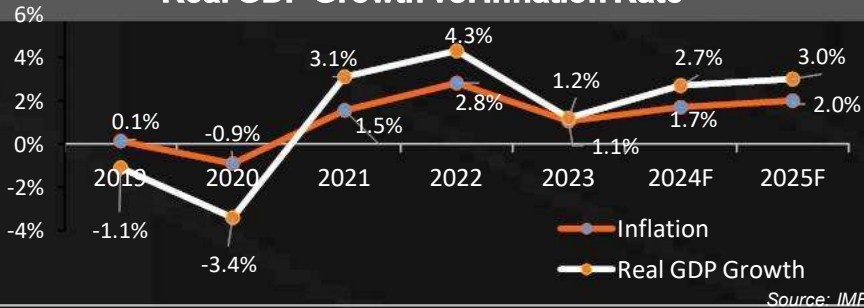
April 3rd 2024

Oman Economic Overview

GDP (Current Prices) **RO 41.7 bn** **GDP Growth** **1.2%** **Inflation** **1.1%**

2023, Source: IMF

Real GDP Growth vs. Inflation Rate



Overall Balance

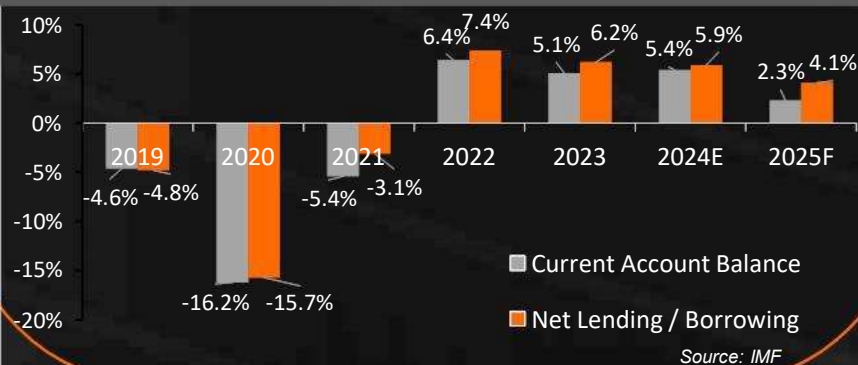
6.2%

Current Account

5.1%

2023, Source: IMF

Current Account Balance vs. Overall Balance



Inflation

2nd GCC
9th Globally

Oct'23, Source: IMF

GDP / Capita (current US\$)

\$13,330 World Average **\$21,270** Oman

2023, Source: IMF

FDI Net Inflow (% to GDP)

1.7% World Average **3.2%** Oman

2022, Source: The World Bank

Budget Surplus / (Deficit)

\$2.42 bn 2023 Preliminary **(\$1.66 bn)** 2024 Projected

Source: MoF

Moody's
Ba1
(Stable)
(Dec'23)

Fitch
BB+
(Stable)
(Sep'23)

S&P
BB+
(Positive)
(Mar'24)



Debt

RO 15.2 bn

Debt/GDP

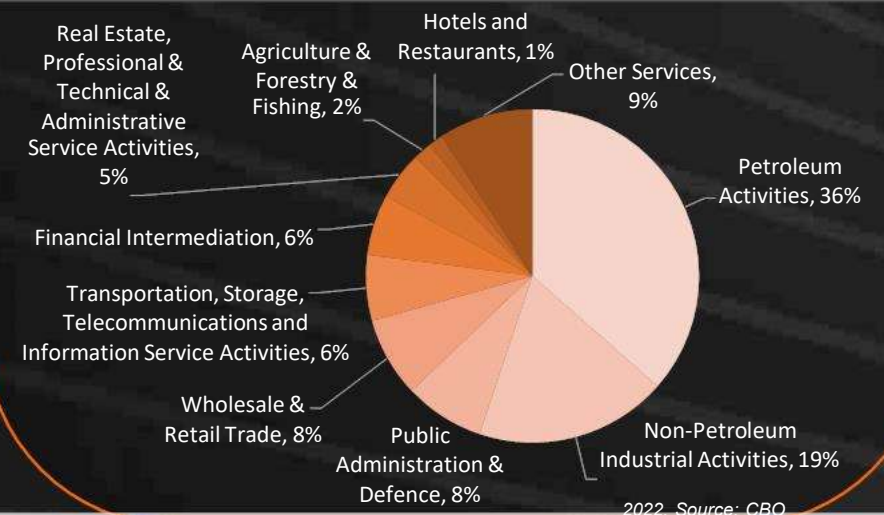
35%

2023, Source: MoF

Govt. Debt as a % of GDP



GDP Composition by Sector*



* Excluded: Financial Intermediation Services Indirectly Measured & Taxes Less Subsidies on Products

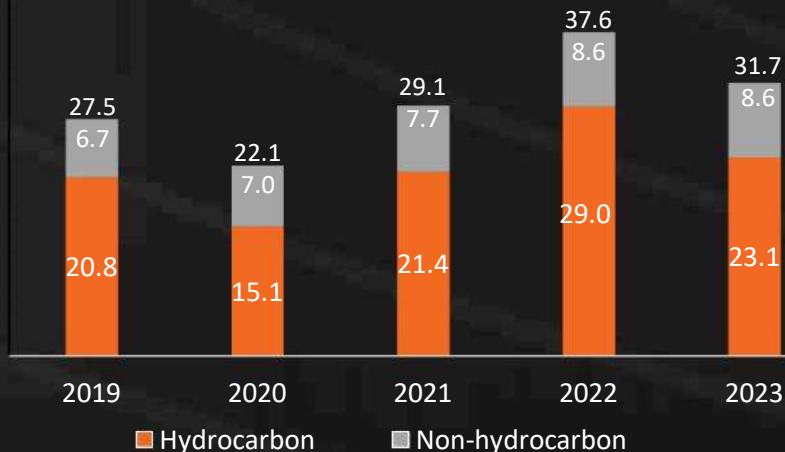
Oman Economic Overview



Financial Performance Trend (USD bn)



Revenue Breakup (USD bn)



2024 Budgets

Projected Revenue
OMR 11.0 bn

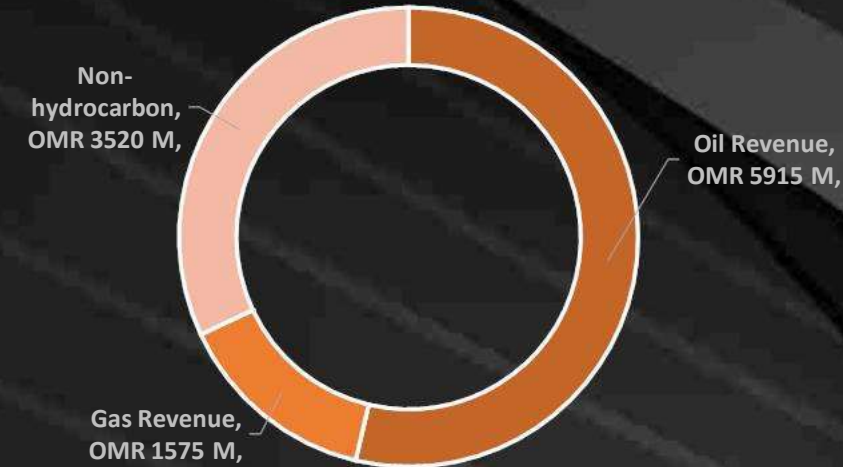
Projected Expenditure
OMR 11.7 bn

Projected Deficit
OMR 0.6 bn

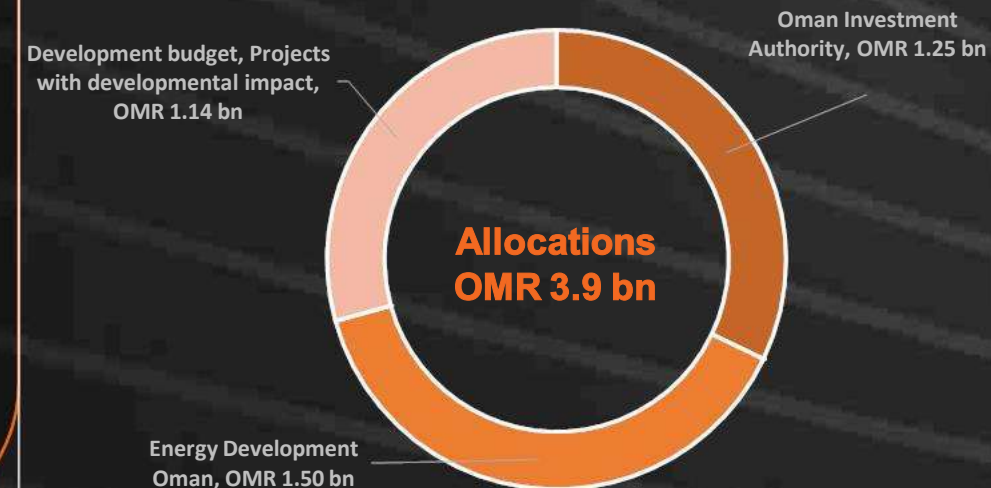
Projected average oil price
\$60

Projected average oil production
1,031
(thousand barrels per day)

2024 Revenues Breakup



2024 Investment Spending



Sohar International



To be a World Leading Omani Service Company
that helps customers, communities and people to prosper and grow



Purpose

We Help
People
'WIN'.



Principles

- More Vision
- More Value
- More Velocity



Personality

- Sharp
- Human
- Unstoppable



Values

- Be Straight Up
- Be Open Minded
- Do The Right Thing
- Make It Better

Re-Imagine Banking Business

- Scope – beyond banking
- Ecosystem
- Business Model



Re-Evaluate Value Chains

- BI, Analytics & Product Development
- Operations Management
- Distributions & networks



Re-connect with Our Customers

- Journeys / customer experience
- Engaging & communicating
- Managing & leveraging relationships



Re-build the Organization

- Structure & Alignment
- Capabilities – People, Systems & Processes
- Learning & development



Sohar International

Oman's
Vision
2040



Strong Brand
Presence &
Loyalty



Extensive Network



Fastest Growing Bank
in Oman



2nd Largest Bank in
Oman



Oman's
Vision 2040

Listed on Muscat Stock Exchange (MSX) - Market Cap: ~ USD 1.7 bn
Top Ranked Bank in ROE in GCC

Strong domestic presence
a) Organic
b) In-Organic Growth -
M&A



Internationalization of Our Business
a) Kingdom of Saudi Arabia (2023)

Ownership Structure

Government &
Quasi Govt. 67%
Institutions 23%
Other 10%



Extensive Digital Channels



The winning Formula



Creating an
Ecosystem of
Services



Branches	ATMs
85	168
Customers	
520,000 +	
Total Assets	Market Share
6.7B	~ 18
Business Lines	Employees
6	1,582+
Moody's Ba1 (Stable)	Fitch BB (Stable)

Robust Governance Structure & Risk Management Framework



Board of Directors



Key Management Committees

Asset & Liability Committee (ALCO)	Executive Credit Committee (ECC)	Management Risk Committee (MRC)	Investment Committee	
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Sohar International Key Strengths

Five Years Growth

2023

CASA Growth

344%

2022

Customer Deposits

181%

2021

Total Assets

120%

2020

Net Loans

74%

2019

Net Operating Income

59%

2018

Profit

140%

Strong Corporate Governance & Risk Management Frameworks

Strong Ownership Structure, BoD & Management Team

Strong Brand & Corporate Franchise

Cutting-Edge Digital Capabilities & Robust Technological Platforms

Well Recapitalized to support growth

Strong Liquidity Buffers and Funding base

Solid Growth and Resilient Financial Performance

Robust Growth Strategy



ESG Commitment to enable a positive social, environmental and economic impact and change, supporting our stakeholders to prosper and grow



Striving to Achieve **Excellence** In Sustainability

1. Strategic ESG Focus

- Conducted ESG benchmarking and materiality assessment
- Developed final ESG framework
- ESG framework approved by Sohar International Board 29 October 2023
- Official launch of ESG framework scheduled for Q1 2024

2. Sustainable Financing Activities

- Signed mandate with World Bank IFC for USD200 million of climate-related financing
- Pipeline of over RO 450 million sustainable finance opportunities identified to-date

3. Thought Leadership & Engagement

- Exclusive Bank sponsor for the Green Hydrogen Summit Oman 2023
- Arab Federation of Capital Markets
- Future Sustainability Futures Forum Dubai
- Solar Week Oman 2023
- 3rd Sustainability Conference Oman
- One of two banks in attendance at Estidamah's Sustainable Finance Workshop
- MSX ESG Metrics ESG Data Platform Workshop



Powered by ESG Framework



Powered by ESG Framework

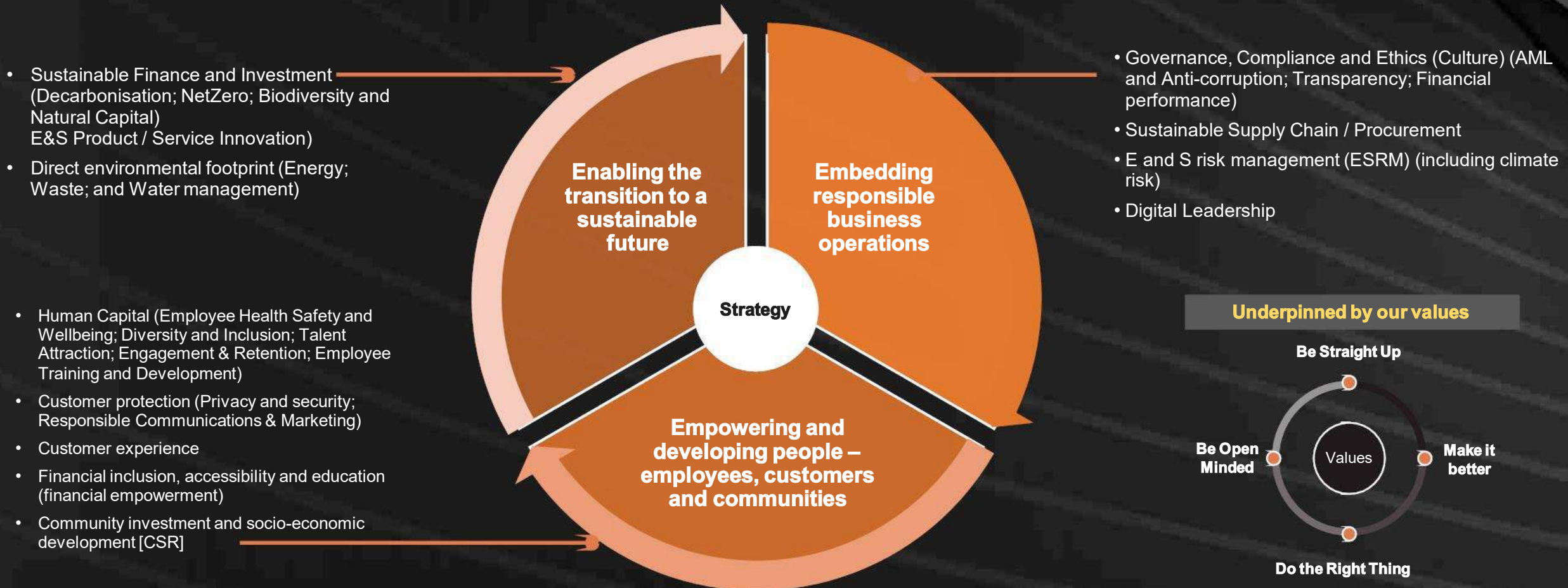


Powered by ESG Framework

Our ESG Framework



Striving to Achieve **Excellence** In Sustainability





Financial Review

Our Results (as at 31st December 2023)



Earnings (RO M)

Operating Income
163.4 (+23%) ↑

Net Profit
70.3 (+102%) ↑

Operating Profit
86.5 (+11%) ↑

Balance Sheet (RO M)

Total Assets
6,689 (62%) ↑

Total Equity
702 (24%) ↑

Net Loans
3,921 (34%) ↑

Total Deposits
5,103 (99%) ↑

Earnings & Profitability

Credit Quality

Capitalization

Funding & Liquidity

ROE
11.1%

ROA
1.3%

CIR
47.1%

NPL Ratio
4.8%

NPL Coverage
143%

CET 1
14.3%

Tier 1
16.6%

CAR
17.9%

LCR
205%

NSFR
137%

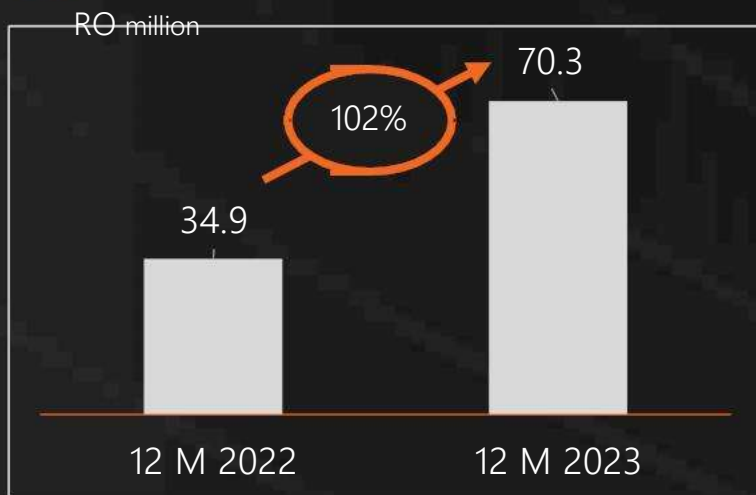
CASA %
70%

LTD %
77%

Our Results: Key Highlights (December 2023)



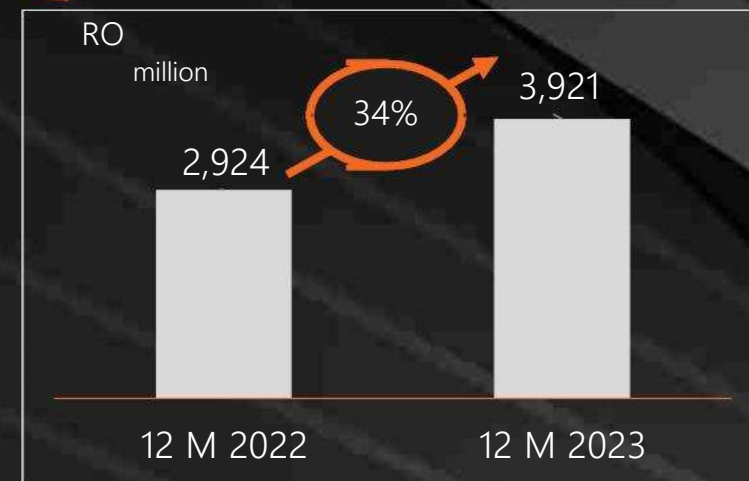
1 Profit for the year



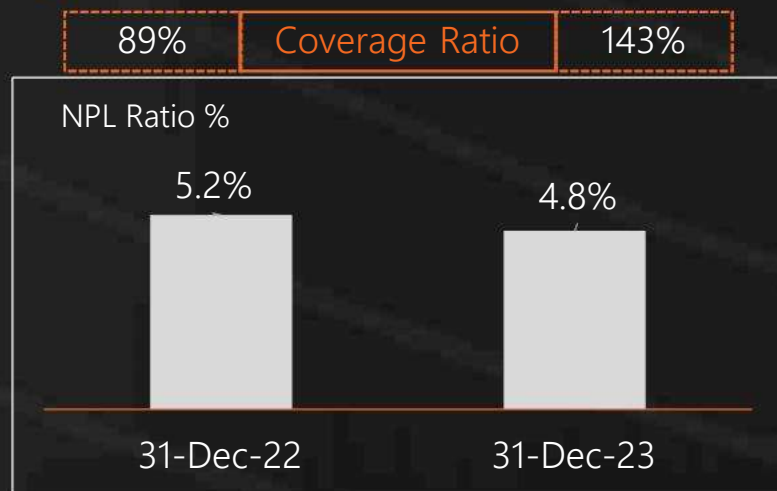
2 Return on Equity*



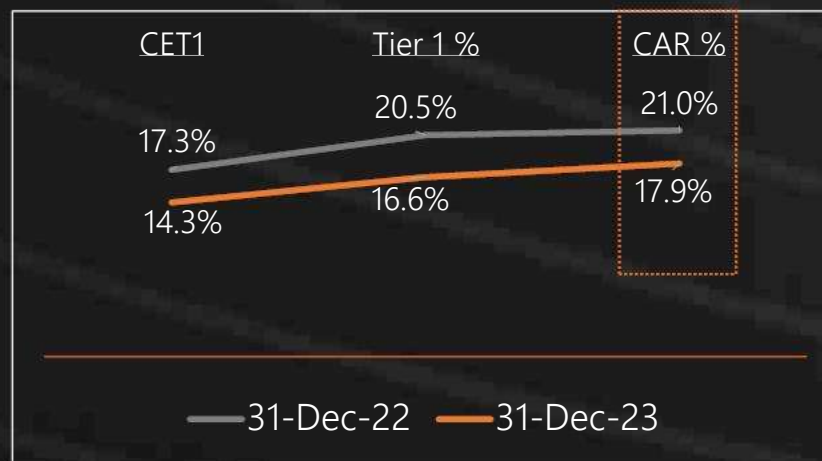
3 Net Loans and Advances



4 Asset Quality



5 Capital Ratios



6 Credit Ratings

Credit Rating Outlook



* 2022 adjusted for right issues

Profit for the 12 months year ended 31 December 2023



RO Million	12 months	12 months	Variance Dec 2023 v Dec 2022	
	<u>2023</u>	<u>2022</u>	Amount	%
Interest income	240.1	167.3	72.8	43.5 %
Interest expense	(121.7)	(72.7)	(48.9)	(67.3) %
Net interest income	118.5	94.6	23.8	25.2 %
Net income from Islamic financing and investing activities	7.4	9.1	(1.7)	(18.2) %
Other operating income	37.5	29.2	8.4	28.7 %
Total operating income	163.4	132.8	30.6	23.0 %
Total operating expenses	(76.9)	(55.2)	(21.8)	(39.4) %
Net operating income before impairment provisions	86.5	77.7	8.8	11.3 %
Gain on bargain purchase	91.8	0.0	91.8	n/a
Loan impairment charges and other credit risk provisions (net)	(105.1)	(39.7)	(65.4)	(164.9) %
Profit before tax	73.2	38.0	35.1	92.4 %
Tax expense	(2.8)	(3.1)	0.3	9.9 %
Profit for the year	70.3	34.9	35.5	101.7 %
<i>Return on assets (ROA) %</i>	<i>1.3%</i>	<i>0.8%</i>		<i>0.5 %</i>
<i>Return on equity (ROE) %*</i>	<i>11.1%</i>	<i>8.3%</i>		<i>2.8 %</i>
<i>Cost to income ratio (CIR) %</i>	<i>47.1%</i>	<i>41.5%</i>		<i>(5.5) %</i>
<i>Cost of risk**</i>	<i>2.7%</i>	<i>1.4%</i>		<i>(1.3) %</i>

* 2022 adjusted for right issues

** Net loans considered in calculation

Balance Sheet as at 31 December 2023

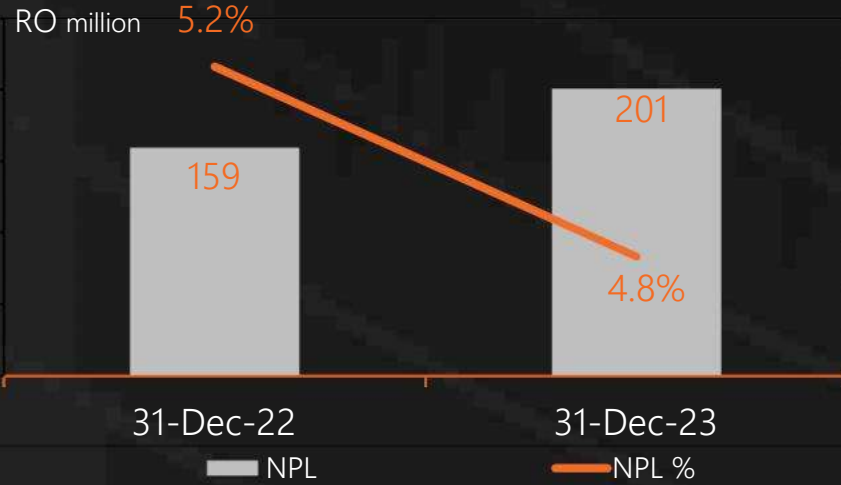


RO Million	31-Dec-23	% of Total	31-Dec-22	% of Total	Variance Dec 23 vs Dec 22	
					Amount	%
ASSETS						
Cash and balances with Central Bank	205.7	3.1%	125.9	3.0%	79.8	63.4%
Due from banks	652.0	9.7%	103.9	2.5%	548.1	527.3%
Investment securities	1,711.2	25.6%	853.8	20.7%	857.3	100.4%
Loans, advances and Islamic financings (net)	3,921.2	58.6%	2,924.3	70.8%	996.9	34.1%
Other assets	53.6	0.8%	66.7	1.6%	(13.1)	(19.6)%
Investment properties	2.9	0.0%	2.9	0.1%	-	0.0%
Property and equipment	75.6	1.1%	53.4	1.3%	22.1	41.4%
Intangible assets	66.6	1.0%	-	0.0%	66.6	100%
TOTAL ASSETS	6,688.7	100.0%	4,131.0	100.0%	2,557.7	61.9%
LIABILITIES						
Due to banks	676.1	10.1%	806.0	19.5%	(129.9)	(16.1)%
Customer deposits	5,103.0	76.3%	2,560.1	62.0%	2,542.9	99.3%
Other liabilities	107.5	1.6%	99.4	2.4%	8.1	8.1%
Totalliabilities	5,886.6	88.0%	3,465.5	83.9%	2,421.1	69.9%
Total shareholders’ equity	702.1	10.5%	565.5	13.7%	136.6	24.2%
Perpetual tier 1 capital securities	100.0	1.5%	100.0	2.4%	-	0.0%
Total equity	802.1	12.0%	665.5	16.1%	136.6	20.5%
TOTAL LIABILITIES AND EQUITY	6,688.7	100.0%	4,131.0	100.0%	2,557.7	61.9%
Net loans / deposits	76.8%		114.2%			
CASA ratio	70.0%		63.8%			

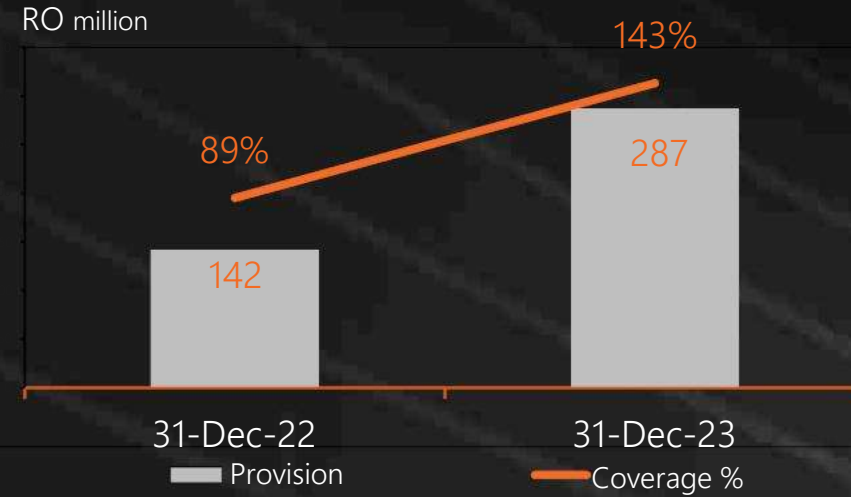
Credit Quality



1 Non Performing Loans (NPL)



2 NPL Coverage

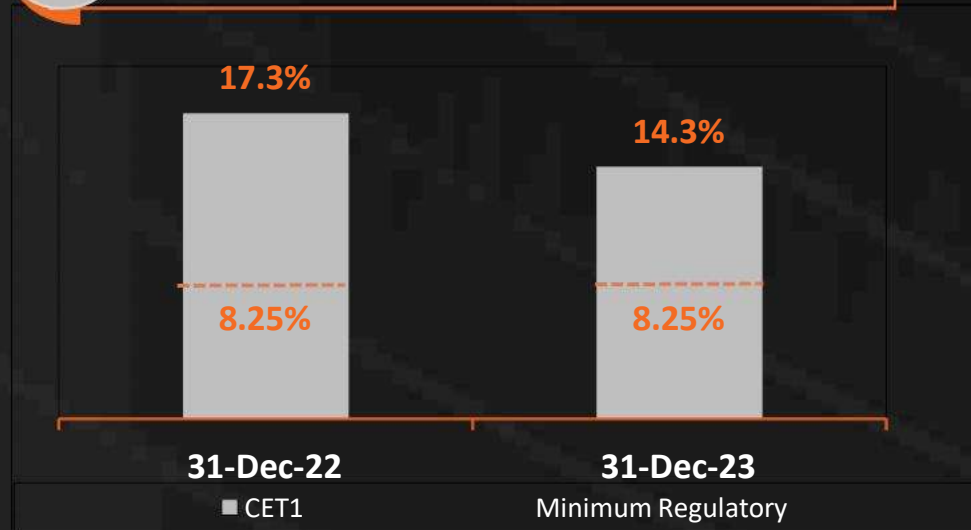


3 Cost of Risk

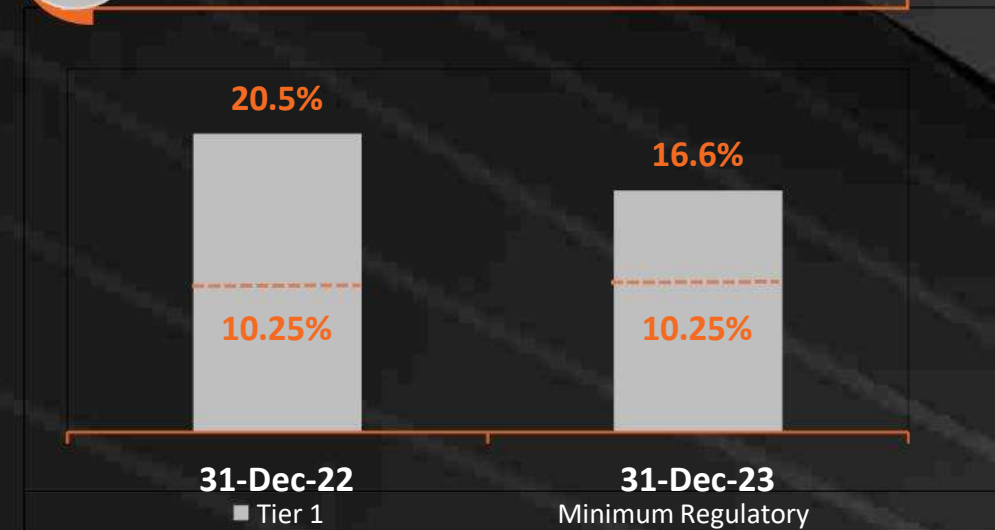


Capital & Leverage

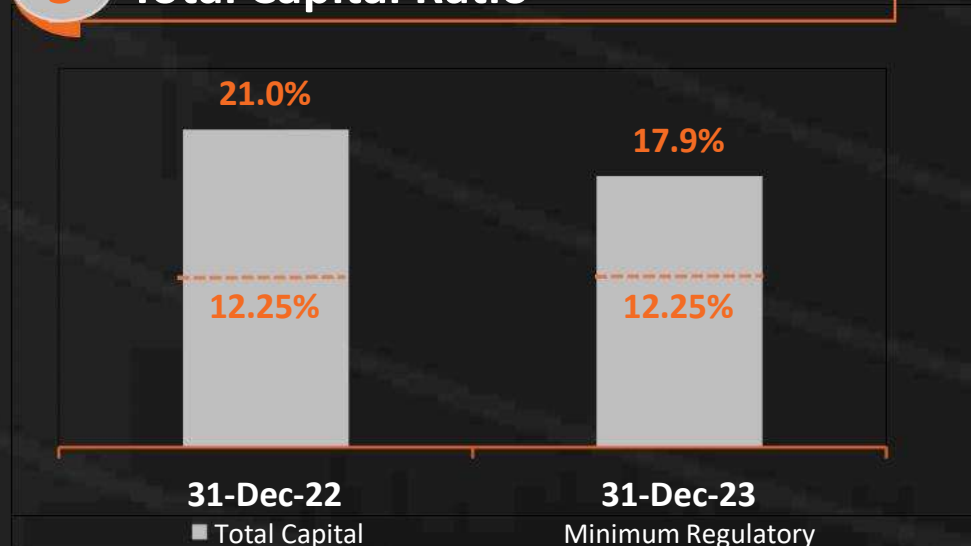
1 CET 1 Ratio



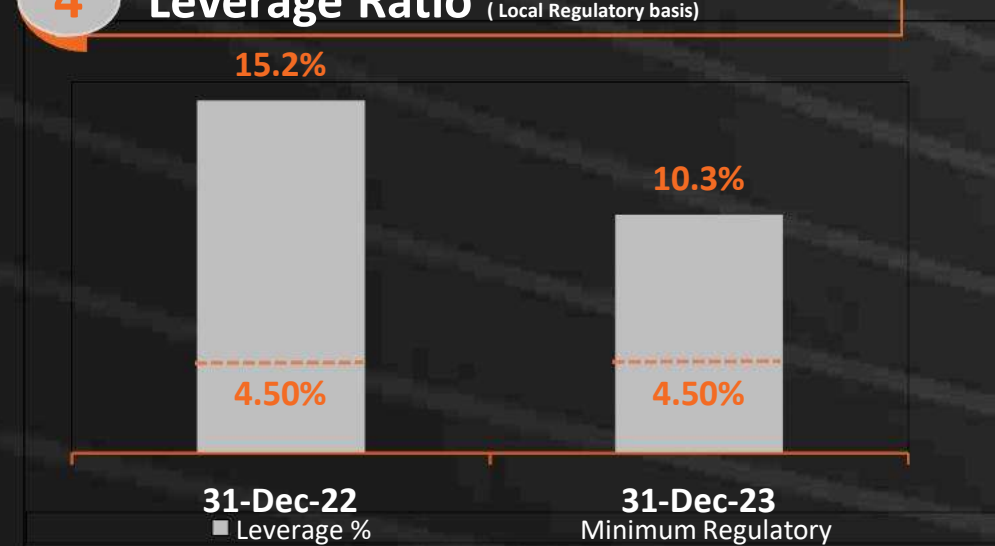
2 Tier 1 Ratio



3 Total Capital Ratio

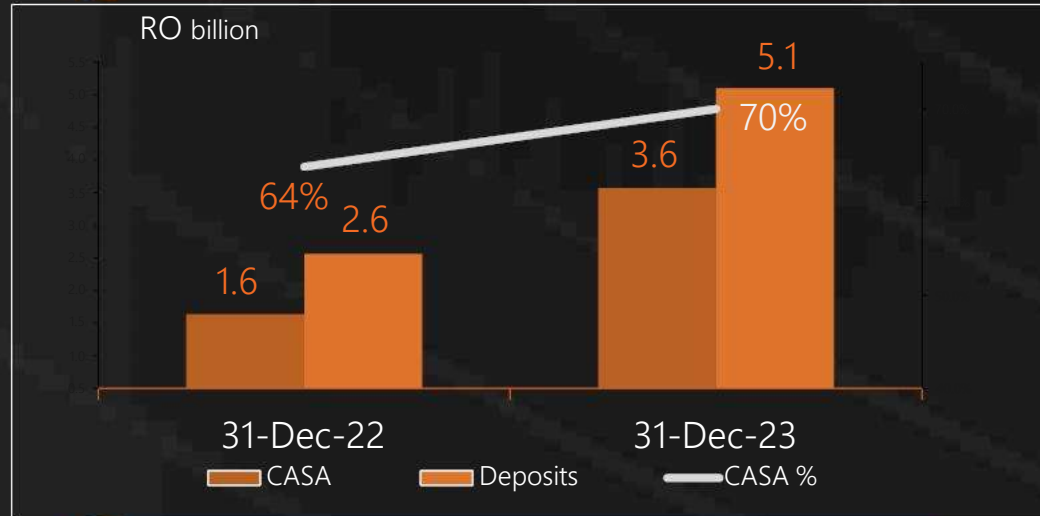


4 Leverage Ratio (Local Regulatory basis)

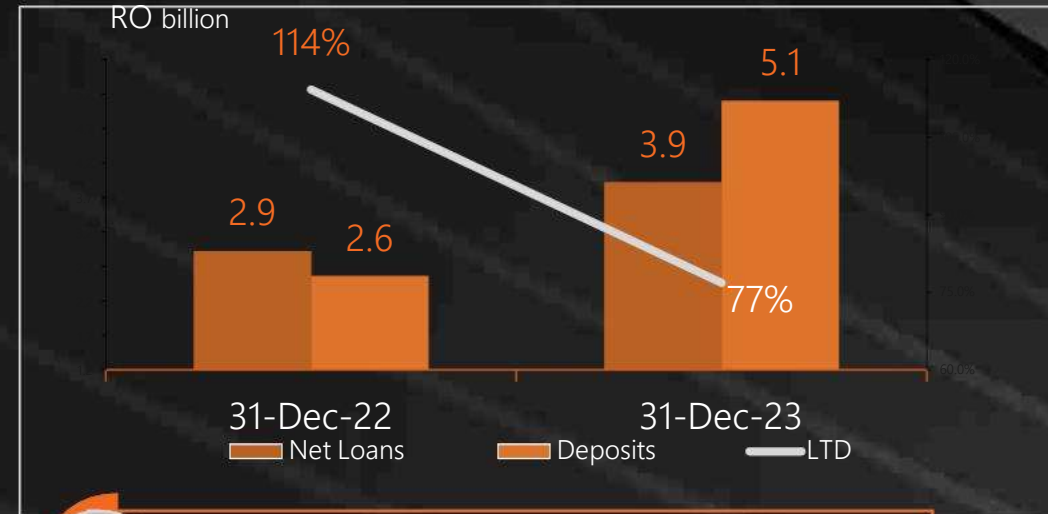


Funding & Liquidity

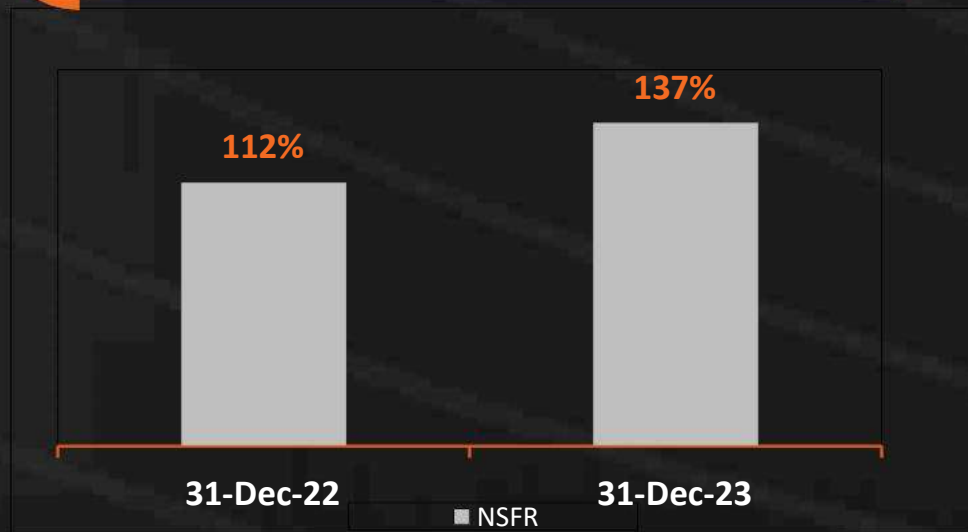
1 CASA / Customer Deposits %



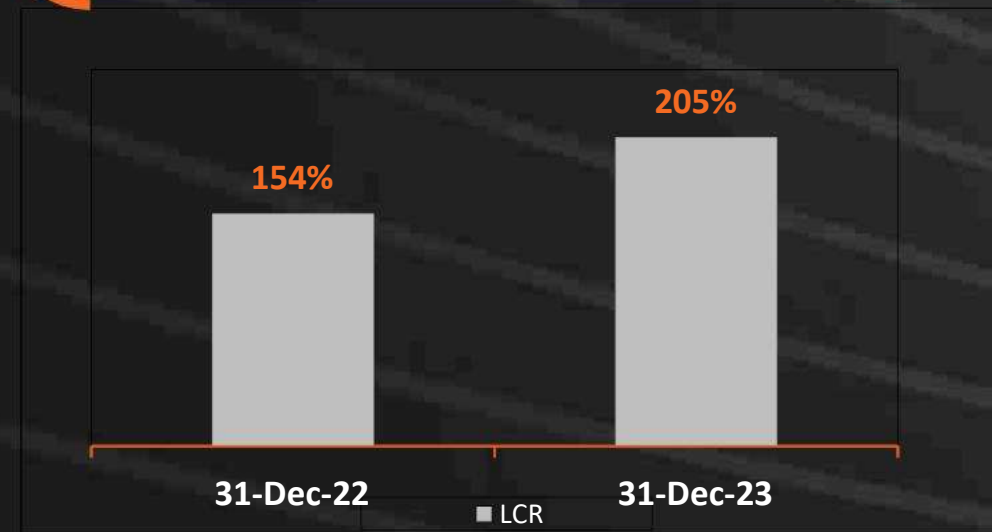
2 Net Loans to Deposits %



3 Net Stable Funding Ratio (NSFR)



4 Liquidity Coverage Ratio (LCR)



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Q & A