
Economic Review

Since the beginning of 2021, positive effects of the government’s continuous economic activity likely gained considerable steam in sequential terms in second half of 2021, as the non-oil sector benefited from the easing of Covid-19-related restrictions, while a stimulus package introduced in late November also supported domestic demand. Meanwhile, crude oil production and natural gas output growth accelerated from the first half average in July–November, pointing to a stronger hydrocarbon sector. Furthermore, progress on structural reforms and higher oil and gas revenues continued to support the economy. Consequently, preliminary estimates suggest that the fiscal deficit narrowed by over 70% by the end of 2021 relative to 2020. Meanwhile, authorities recently released an outline of the general budget for 2022, which aims to maintain fiscal prudence, encourage private investment and increase non-oil revenues—largely sticking to initiatives under the medium-term fiscal plan.

The 2022 budget was the second budget for the Tenth Five-Year Plan (2021-2025), paving the way for implementing Oman “Vision 2040.” It incorporates the objectives of the Medium-Term Fiscal Plan (2020-2024) - MTFP. Through the MTFP, the government aims to implement a number of measures and initiatives with the goal of saving the credit rating from deteriorating and reducing the deficit.

The Budget 2022 sets a prudent and measured tone in both revenue and expenditure projections based on the assumed average price of \$50 per barrel. The budget is based on guaranteeing the sustainability of basic social services such as health, housing, education and social security.

The government will continue building the infrastructure required to spur economic growth, and continue giving priority to highly needed projects that serve economic and social objectives. This is in addition to expanding the participation of the private sector by fortifying its role in implementing and managing critical projects and services.

Financial Sector

The financial information for the banking sector issued by the Central Bank of Oman (CBO) showed a rise in foreign exchange reserves by 28 per cent, reaching RO 6.9 billion by the end of 2021 as compared to RO 5.4 billion during the same period in 2020. The loans and deposits increased by 5.3 per cent, reaching RO 27.8 billion, and 5.0 per cent reaching RO 25.2 billion, respectively, by the end of October 2021 as compared with the same period of 2020. The banking sector continued to support the economy by providing relief to borrowers in the form of deferment of loans apart from granting them additional credit. Despite the considerable deterioration in the global and domestic conditions, e.g., massive contraction in economic activities, loss of employment, and a significant rise in bankruptcies, the financial outlook remains positive.

The MSM Index closed at the end of this year 2021, which stood at 4,129 points, recording an annual growth of 470 points, representing an increase of 12.87 per cent compared to last year’s numbers. The value of traded securities during this year reached RO 818 million with an increase of 85.49 per cent as compared to last year, which recorded RO 441 million. The market capitalization increased this year by 9.1 per cent and reached approximately RO 22.09 billion, compared to last year, which reached approximately RO 20.2 billion.

The Bank’s Performance

The Bank has completed 14 successful years since its conversion to a full-fledged commercial bank and has continued to deepen its commitment to provide beneficial financial services that go beyond the conventional mode and espouse sustainable business practices going forward. ahlibank’s total assets grew by 13.0 per cent in 2021, reaching RO 3.05 billion, compared to RO 2.70 billion in 2020. Customer deposits went up by 13.3 per cent to reach RO 2.18 billion compared to RO 1.92 billion. Loans & advances and financing grew by 8.3 per cent, reaching RO 2.40 billion. The Bank’s operating income increased by 15.3 per cent, reaching RO 82.4 million in 2021. The operating expenses increased by 18.3 per cent, while the profit for the period grew by 15.2 per cent.

Capital and Reserves: The capital and reserves of the Bank as of 31 December 2021 stood at RO 427.0 million compared to RO 388.3 million as of 31 December 2020. The Bank maintained sufficient capital buffers and remained highly capitalized. The capital adequacy ratio of the bank stood at 16.71 per cent, comfortably above the regulatory requirement of 12.25 per cent (including capital conversion buffer).

Loans and Financing: The increase in gross loans and financing in 2021 reflects the Bank’s strategy of active balance sheet management, to position the Bank for sustainable profitable growth in the coming years. The Bank’s gross loan and financing increased by RO 201.358 million to RO 2.479 billion as of 31 December 2021 from RO 2.277 billion as of 31 December 2020. The focus in 2021 was to maintain high-asset quality, which reflected in the low non-performing loans to gross loans ratio of 3.16 per cent, comparably the lowest amongst its industry peers.

Customer Deposits: Customer deposits of RO 2.181 billion at year-end 2021 reflected an increase of 13.3 per cent compared to 2020, which is mainly on account of the increase in low-cost deposits. The Bank maintains its strategy to focus on expanding a lower cost-funding base through new product launches and retail branch expansions.

Profitability: The net profit after tax increased by 15.2 per cent to RO 27.61 million as compared to 2020, mainly due to the increase net fees and commission income and other operating income in 2021 as compared to 2020. The Bank was able to maintain the cost-to-income ratio at 43.2 per cent, notably one of the best amongst its industry peers.

Total Assets	RO- Million	Gross Loans & Advances and Financing
		RO Million
2017	<u>2,014.6</u>	2017 <u>1,658.6</u>
2018	<u>2,290.4</u>	2018 <u>1,905.1</u>
2019	<u>2,518.5</u>	2019 <u>2,096.5</u>
-		-

2020	<u>2,702.5</u>	2020	<u>2,277.5</u>
-		-	
2021	<u>3,052.6</u>	2021	<u>2,478.9</u>
-			
-			
Customer Deposits		Operating Income	
RO Million		RO Million	
-			
2017	<u>1,450.9</u>	2017	<u>56.2</u>
2018	<u>1,661.6</u>	2018	<u>62.2</u>
2019	<u>1,711.7</u>	2019	<u>69.7</u>
-			
2020	<u>1,924.7</u>	-	
-		2020	<u>71.5</u>
-			
2021	<u>2,181.4</u>	-	
-		2021	<u>82.4</u>
Cost-to-Income Ratio		Capital Adequacy Ratio	
Per Cent		Per Cent	
2017	<u>35.3%</u>	2017	<u>16.7%</u>
2018	<u>37.4%</u>	2018	<u>17.5%</u>

2019	<u>39.6%</u>	2019	<u>16.9%</u>
-		-	
2020	<u>42.1%</u>	2020	<u>15.7%</u>
-		-	
2021	<u>43.2%</u>	2021	<u>16.7%</u>
		-	

Business Units

The Bank is focused to constantly augment its effective governance policies, prudent risk assessment procedures, cost-efficiency strategy and the introduction of new products and services to promote the interests of its stakeholders and ensure its long-term sustainability. Its employees are encouraged to aim high, enabled with a sense of empowerment to achieve their tasks. Coupled with continued training and development, the management aims to continuously build a talent pool that is able to achieve high-quality performance and innovation. Furthermore, the Bank strives to provide its customers with optimal banking propositions through convenient channels in a timely manner with the highest levels of accuracy and reliability. In line with the latest trends in digital banking, it is continuously investing in new and secure technologies in order to provide world-class customer service and experience through a multiple choice of platforms.

Corporate Banking:

ahlibank’s corporate banking brand continues to grow in stature. Its industry-specific teams boast a deep understanding of their respective local and regional market segments, working to ensure the delivery of insightful relationship management with fast turnaround times across its product spectrum. These divisions comprise:

- Food and general trading;
- Real estate,and Contracting Financial services,
- Manufacturing, Energy and Utilities
- Financial services, Travel, Tourism and Transport
- Sharia-compliant Islamic banking services through Ahli Islamic counters

The Bank has aligned the teams in way that will allow them to focus on the sectors that form part of the Sultanate’s diversification strategy and Vision 2040, thereby creating

wealth through economic diversification and private sector partnerships. It continues to contribute towards the economic development of these sectors through the funding of various projects and providing a comprehensive range of competitively priced funded and non-funded financial products and advisory services. ahlibank is fully committed towards the Sultanate's vision towards diversification of energy sources through green energy financing and other sustainable biofuels. As part of our long-term strategy, the bank plans to strengthen its procedures to help fund sustainable projects.

SME Banking:

SMEs continue to play a vital role in the economic development of Oman. The development of the sector contributes towards employment generation, exports, facilitation of equitable distribution of income as well as reducing the dependency on oil and contribution to the country's GDP. With Oman reviving and refocusing its interest and energy in small and medium enterprises, the country has developed various programs to set up new units that will be given support, while counting on the banks to continue to play an imperative role in the development of this sector.

Corporate Liabilities:

A dedicated team is tasked to focus on increasing the liabilities of the Bank, offering its corporate clients a range of liability products from operative accounts, call accounts, fixed as well as structured deposits. Its customer-centric team recognizes the importance of relationship building, ensuring that a comprehensive range of products is provided to the client as well as to their employees. With a focus on low-cost deposit to diversify the funding base of the Bank, the team continues to grow to complement the Corporate Banking lending and retail banking team.

Government Banking:

The Government Banking unit was established to cater to the needs of government bodies and institutions. This includes Ministries and other offices under the purview of the government, including pension funds. The unit ensures customized products and services that will cater to the needs of the government's diverse banking requirements. The Unit collaborates with other departments within the Bank, such as Corporate Banking, to cater to the funding needs of the government; Retail, Premium and Private Banking to address the needs of their employees and are able to provide attractive customized packages that align with their requirements.

Corporate E-Channels:

To complement the business, the Bank continues to invest and advance its technological and digital infrastructure through its e-channels, a significant move necessitated by the pandemic. The business-to-business platform and corporate internet banking continue to be enhanced with state-of-the-art features to further streamline services for its corporate clients, SMEs and government institutions, focusing on driving efficiencies, enabling clients to focus on their core businesses while ensuring safe cybersecurity measures to guarantee utmost confidentiality.

Retail Banking:

ahlibank continues to focus on designing and offering innovative products and services for its customers in order to increase its foothold and market presence, apart from offering seamless engagements and enriching customer experience. As part of its retail branch expansion strategy, it has opened three new branches in 2021, with new branches in the pipeline for 2022. This expansion aims to increase touch points with customers, provide convenient services, on a larger scale, contribute to the development of local communities and widen geographical coverage along with strategic sales plans that will maximize stakeholders' equity in an efficient manner over the medium term.

Al Nukhba Premium Banking: The Bank’s clients benefit from the extensive service and financial and non-financial privilege range designed by its pool of experienced experts. Its dedicated relationship managers offer personalized services to clients through its various branches and Premium service centres.

Benefits:

- Free credit card and debit card
- Preferential pricing on deposits and loans
- Special discounted tariffs on bank charges
- Discounts and offers from selected premium merchants
- Personalized concierge service, free travel insurance, purchase protection and extended warranty

Private Banking “Exclusiv”:

ahlibank aims to help its clients manage their wealth effectively in order to maximize returns and minimize risk. It provides personalized services through a dedicated relationship manager to its clients by understanding their financial requirements and providing world-class, tailor-made investment solutions. It is able to provide its clients with financial solutions that benefit from continuing on-going research in investment opportunities with one-to-one personalized service that promises complete confidentiality in it’s service centres and lounges.

Benefits:

- Free Infinite credit card and Signature debit card
- Unlimited complimentary lounge access to over 750 international airports
- Preferential pricing on deposits and loans
- Special discounted tariffs on bank charges
- Discounts and offers from selected exclusive merchants
- Personalized concierge service, free travel insurance, purchase protection and extended warranty

Wealth Management

Imtiyaz: ahlibank customers can now join ahlibank's banking services dedicated to the Imtiyaz segment where they have the opportunity to enjoy a seamless banking experience in line with the demands of their modern lifestyle, with a minimum salary transfer requirement of OMR 1,000 or a deposit of OMR 10,000 and above.

MyChoice: ahlibank presents an opportunity to it’s youth customers to start their steps towards being financially independent, managing their own budget and start saving with MyChoice youth account. Youth customers enjoy the perks and offers specially designed for them such as a welcome gift, free mobile data, special offers and discounts with ahli rewards app and VOX cinema, and many more.

Istqrar: is a special bank account with attractive facilities specially designed for retiree customers. The Istqrar account is designed to meet all the basic banking needs, while enjoying higher returns on fixed deposits, low interest rates on personal, mortgage and auto loans and many more benefits.

Cards: ahlibank offers a range of credit and debit cards, across various customer segments: Classic, Gold, Platinum, Signature and Infinite under the credit card category and Platinum and Signature under the debit card category. The credit cards are equipped with exciting features that include redemption against travel miles, travel protection insurance, extended warranty on appliances, airport lounge access, purchase protection, concierge services, etc. The Bank has in also offers ‘ahlirewards’, a card-rewarding system for its customers.

Personal Loans: ahlibank’s personal loan facility branded as ”MyLoan” offers ready cash with high loan amounts, easy and suitable repayment options, along with competitive interest rates. With simple documentation requirements coupled with a hassle-free experience, MyLoan fulfils all dreams in one go; cash for expanding a business, providing children with the best education, taking dream vacations with loved ones, and much more.

Home Loans: With the most experienced and highly trained staff in home loans, ahlibank offers this service under the brand “MyHome,” offering convenient plans to suit everyone’s needs. With a host of attractive features including long tenor, standard documentation and attractive interest rates, owning a home is no longer a distant dream. Customers can now build or purchase their dream home, financed by ahlibank’s MyHome facility.

Car Loans: ahlibank offers car loans to customers for purchasing new and used cars, with competitive interest rates, long repayment tenors up to ten years, and high loan amounts.

MySmart: MySmart from Ahlibank is a unique interest bearing savings account that offers a high interest along with the flexibility of a transactional account. The account calculates interest based on monthly average balances and pays out on a monthly basis. This is coupled with the use of a chequebook to transact freely. Customers are free to use their funds anytime without any notice period, while enjoying high interest rates on the balance available in their account.

Wafra: The Wafra prize draw saving scheme from ahlibank is a savings product that offers cash prizes to lucky customers based on an automated draw system. Customers keeping high balances with the bank are entitled to higher chances to win prizes. With Wafra, customers can simply open an account today and win tomorrow. Cash prizes as high as RO 250,000 could be won in the “Salary for Life” draw, RO 1000 of which is paid monthly for 250 months. In 2021, there were four draws for “Salary for Life” at the end of each quarter. As per the regulatory guidelines, prize scheme has been discontinued with effect from 1st January 2022. In order to provide value addition and cater the needs of Wafra customers, the Bank will be coming up with innovative products and services in the year 2022 and beyond

MySaver: With My Saver Plan, customers can invest small amounts on a monthly basis, which multiplies with regular bonuses over a period. An interest rate of 2% p.a. is paid monthly to the account based on the daily available balance. Free life insurance coverage up to RO 50,000 is bundled with the account.

Exclusive Plus Account: is an interest bearing saving account that offers customers high interest rates on their deposits along with the flexibility of a transactional account. Interest is calculated on the quarterly average balances of each calendar quarter. Interest is paid to customers on quarterly basis after the end of each calendar quarter.

Bancassurance: ahlibank offers a wide range of insurance products to protect its customer’s assets and property. The insurance products cover unexpected events, protecting customers from collateral damage that could otherwise erode savings or investments.

Alternative Channels: In order to meet the growing demand for efficient ATM and online services, ahlibank continues to enhance customer experience by providing convenient and seamless banking services and offering secure and reliable banking technologies.

The Bank has recently launched the Central Bank of Oman’s Mobile Payments System to its mobile banking and wallet app that enables users to receive and transfer money. This upgrade was in line with the Bank’s objective of offering innovative and top-class banking solutions to the Bank’s customers in Oman, implementing new technologies in banking and state-of-the-art Internet and mobile banking platforms that will meaningfully benefit its customers and stakeholders.

ahlibank’s free e-channel service offers 24-hour access to banking services that provides a welcome alternative to visiting a branch. With its conventional and Islamic branches network across the Sultanate, coupled with a host of e-channel services including Internet banking, mobile banking, SMS banking, 24×7 call center, ATMs, CDMs, service centers and kiosks, the Bank remains accessible to customers whenever and wherever they require.

By subscribing to ahlibank’s Internet banking service, customers can enjoy easy access to services such as viewing transactions of accounts and credit cards, making fund transfers locally and internationally, bill payments and issuance of cheque books without having to visit a branch. All these services come with the assurance of the highest standards of online security. For further convenience, all these services are also accessible on smartphones through ahlibank’s mobile banking and SMS banking services. Additionally, ahlibank’s e-statement service allows customers to receive bank account statements and view the summary of every transaction via e-mail. Statements can be received on a daily, weekly or monthly basis.

Apart from its wide range of innovative product and services, ahlibank also has an accessible network of ATMs, CDMs and kiosks across Oman that offer cash deposits, cheque deposits, utility bill payments, credit card payments, mobile top ups, among other services.

Treasury

ahlibank’s professional and experienced Treasury team provides a comprehensive package of services in both treasury and investment products to individuals, corporate, commercial and government institutions. The Treasury prides itself on being one of the most proficient dealing rooms in Oman, providing corporate and individual clients with a wide selection of foreign exchange, money market and derivative products ranging from the traditional to the customized.

The Treasury and Investment division is able to offer best-in-class service with unparalleled access to the local and regional markets. Delivering everyday banking needs effectively and efficiently is critical to the Bank’s success. With a Treasury team that understands business needs and ambitions, with its award-winning service and solutions, it is committed to helping clients succeed.

Financial Institutions

Financial Institutions Group (FIG) covers global relationships with other financial institutions and acts as an international arm of ahlibank. Leveraging ahlibank’s regional knowledge and banking expertise, the Financial Institutions Group seeks to build strategic and long-term relationships with other financial institutions in order to deliver seamless customer experience to its corporate and retail clients. This is achieved through dedicated and experienced relationship managers who work closely with internal

stakeholders to ensure its clients’ needs are met in most efficient manner. In doing so, Financial Institutions Group ensures ahlibank’s Brand recognition is enhanced not only in existing but also in new geographical markets and regions.

The Bank also provides “Nostro service” in major currencies and “Vostro service” for Omani Rial accounts. Through Nostro Accounts in different currencies, ahlibank facilitates Funds Transfer/Trade/Treasury/Foreign Currency Drafts, Import/Export Letters of Credit, Collection of Documents and issuance of Local and Overseas Guarantees for its clients such as Bid/ Tender Guarantee, Advance Payment Guarantee, Performance Guarantee & Financial Guarantee.

Vostro accounts, allow ahlibank to make efficient settlements via book transfers for other financial institutions.

The Financial Institutions Group actively explores opportunities to arrange local and cross-border funding requirements of ahlibank in order to meet regulatory and liquidity requirements at the most competitive terms.

Trade Finance

The Trade Finance Department is a full-fledged specialized department of ahlibank, handling all trade finance requirements of corporate and consumer banking customers. The department is aligned with the Bank’s Wholesale & Retail Banking in providing various fund-based credit facilities such as export finance, bill discounting, receivables/invoice finance, loans against Imports and non-fund based credit facilities such as the issuance of letters of credit, standby letters of credit, guarantees, export and import bills for collection, avalization of import bills for collection, advising and handling of documents under export letters of credit and risk participation for local and overseas transactions covering both conventional and Islamic products. The Bank’s Trade Finance team is well experienced, trained and updated with the requisite skill set, latest developments in the local and international markets, the rules governing international trade with a focus on customer service.

Asset Management:

ahlibank continues to grow it’s Asset Management capabilities and build track record to realize its strategic vision to be one of the leading investment management firms in the Oman. It offers a diverse range of investment solutions for our institutional and high net worth clients including mutual funds and investment advisory services, which cater to specific needs to each of our customers.

During the year, ahlibank launched the Ahli Global Equity Fund, the first fund of its kind regulated by the Capital Market Authority, in Oman, in response to clients’ need for international diversification. Several discretionary portfolio management mandates were also signed to cater to customized needs of our clients. A few popular strategies that generated high interest include thematic, balanced income and growth and high yield portfolios.

The investment team at ahlibank has significant experience across markets and asset classes. At ahlibank, we adhere to a proven investment process based on in-depth fundamentals to ensure superior risk-adjusted returns for all our clients. We also have a disciplined Risk Management Framework in place to manage volatility.

Corporate Finance Advisory:

The Corporate Finance Advisory division is a full-service financial advisory and fundraising platform with proven track record across products including Equity/Debt capital markets, debt syndications, refinancing/restructurings, M&A, private equity, Islamic finance and structured finance. It continues to build its reputation as an advisor of choice and has executed quality equity and debt transactions in FY 2021 across marquee corporate and GRE clients. During FY 2021, the division closed the private placement of

unsecured non-convertible subordinated bonds of Taageer Finance Co. SAOG which was oversubscribed. It also completed the financial advisory transaction for a GRE, the rights issue for Ahlibank, rights issue of Dhofar International Development & Investment Holding SAOG (DIDIHC) among others.

The division continues to have rich pipeline, and is constantly engaging on a wide cross-section of mandated transactions across capital markets and advisory. It is mandated for financial advisory and fundraising transactions for over US\$ 700mn across sectors covering manufacturing, logistics, Oil & Gas, telecommunications, financial services, hospitality and Real Estate, among others. It follows an expertise-led approach focusing on specific segments of strength, where it has relationships and track record. The division also established transactional partnerships with local, regional and international banks thereby actively generating ideas and opportunities for its clients. The division has ambitious plans in the coming years to expand and grow into a leading and trusted ‘Go to’ advisory practice in Oman, offering bespoke, relevant and timely financial solutions to its clients

Brokerage:

Brokerage services covers both Oman and other GCC regions by providing differentiated and focused services through dedicated professional brokers.

ahli Islamic

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 fifteen dedicated branches located in AlKhoudh, Wattaya, AlGhubra, AlKhuwair, AlAmerat, Saham, Rustaq, Barka, Sohar, Samail, Bahla, Sinaw, Jalaan Bani Bu Ali, Salalah & Ibri. In addition to the branches in strategic places, customers are served through ATMs, CDMs, e-banking and mobile banking services across the Sultanate. With the launch of revamped E-banking and mobile banking services, ahli Islamic has achieved yet another milestone in offering seamless, round-the-clock banking services to its customers. With this state-of-the-art system, customers can now view their balances and statements, transfer funds between bank accounts, to other banks in Oman, and internationally, open linked accounts and term deposits, get cheque books issued anytime at their convenience.

Deposit Products

Current Account - Non-profit paying, transactional account for individuals, corporates and institutions

Savings Account - Profit paying account for regular savers who want to get the benefit of receiving Sharia-compliant profit on their savings

Al Namaa Islamic Savings Account - High profit paying, transactional account for individuals who want high profit earning based on their balances, without binding the funds for any tenor

Term Investment Account - Term deposits under Wakala mode for customers who want to earn higher profit, at easy terms of 12 months, 24 months, 36 months, etc.

Qitaf Savings Account – Profit paying account, transaction account for individuals receiving Sharia-compliant profit on their savings

AlQimmah Wakala Account – Profit paying, non-transactional account based on Wakala mode allowing customers to earn high profit on monthly basis.

Financing Products

Personal (Goods) Finance - High financing amount with a repayment period of 10 years at a very competitive profit rate in order to meet personal financing requirements of Islamic Banking customers.

Auto Finance - Easy repayment tenors at very affordable profit rates with higher amount limit for new and used car buyers, with the option of salary and non-salary transfer, Ahli Islamic's Auto Financing is the most attractive product in the market. Ahli Islamic offers

Home Finance - Up to 80 per cent of the property value for both, ready property buying and for construction for a period of up to 25 years for people who are looking to buy or construct their houses.

Service Ijarah Personal Finance - Service agreements with various service providers (Education Financing, Membership Financing, Travel Financing, Hajj and Umrah Services Transportation, Medical Expenses Financing, Marriage Expenses Financing, Construction /Developer Expenses Financing), where Ahli Islamic purchases the customers' desired services and extends the service through Ijara.

Retail Commercial Finance - As part of our comprehensive customer experience offering and in order to tap the segment of customers that request financing of commercial assets under Retail banking, Ahli Islamic extends the existing approved set of Retail financing products to finance retail customers for commercial purposes.

Credit Cards - Visa Platinum and Signature, socially responsible Islamic credit cards, bundled with the benefits of global airport lounge access, Takaful insurance protection, travel and lifestyle deals. Many discounts and offers are available for credit card customers.

In addition to the aforementioned services, Ahli Islamic Banking also offers customized products to corporate and SME entities:

Working capital finance

Term and fixed asset financing

Project financing

Trade services - import murabaha

Vehicle and machinery leasing

Ahli Islamic, with thorough expertise in Islamic Banking, can also design customized products for its clients.

Risk Management

The Risk Management Division closely monitors the core risk areas and reports to the Board Risk Committee. The primary goal of risk management is to ensure that the Bank's asset and liability profile, its trading positions and its credit and operational activities are not exposed to losses that could threaten its survival. Risk Management assists in ensuring that risk exposures do not become excessive, nor concentrated, relative to the Bank's capital and financial standing.

The Bank manages the risks effectively and efficiently by monitoring and approving all retail and commercial credit applications. This emphasizes a clear understanding of business requirements in terms of products, clients, delivery capabilities, competition, regulatory environment, shareholder values and the global economic environment leading to identifying the various associated risks. The Bank complies with Basel III Norms as well as other international standards and guidelines issued by the Central Bank of Oman. The Bank has implemented systems for calculating liquidity ratios, capital adequacy ratio, expected credit losses and for determining credit ratings of counterparties.

The Risk Management Division formulates policies and procedures, taking into account regulatory requirements and best international practices, to monitor and control exposures within pre-determined acceptable limits.

The following Board and Management Committees manage and control material risks to the Bank:

Board Committees:

- Audit and Compliance Committee
- Executive & Credit Committee
- Executive Risk Committee
- Nomination and Remuneration Committee
- Digital Transformation Committee
- Head Office Project Committee

Executive Management Committees:

- Credit & Investment Committee
- Assets and Liabilities Committee
- Credit Risk Management Committee
- Operational Risk Committee
- New Product Committee
- Special Assets Committee
- Technology Delivery Committee
- Technology & Digital Transformation Steering Committee

The Bank has set up policies and measures to assess capital adequacy in terms of CBO regulations, which have been approved by the Board of Directors. Under these, the Bank assesses its capital against its risk profile, to ensure its capital is sufficient to support all material risks to which it is exposed.

Policies and Procedures:

The Board of Directors approve the Bank’s risk appetite, risk management strategies, policies and the framework for their effective implementation and control, including delegated authorities to the Executive Committee and Management to approve all risk exposures. In this context, the Board of Directors has approved the following policies:

1. Anti-Money Laundering Manual
2. Personal Account Dealing Policy
3. New Product Policy and Procedures
4. Voice Recording Policy
5. Compliance Policy
6. Corporate Communication, Marketing and CSR policy
7. Corporate Governance Policy
8. Corporate Social Responsibility Policy
9. Dividend Policy
10. Expenses Policy
11. Capital Management Policy
12. Disclosure Policy
13. Board Remuneration Policy
14. Financial Institutions Policy
15. Human Resources Policy
16. Outsourcing Policy
17. Code of Business Conduct

Islamic Banking Related Policies

1. Profit Distribution Policy
2. Charity Policy
3. Zakah Policy
4. Cost-Sharing Policy
5. Segregation of Funds Policy
6. Shari’a Governance Manual

All policies are subject to annual reviews. Any change in law or regulation is automatically adopted and implemented immediately upon its issuance (i.e., prior to the final amendment of the underlying policy or procedure).

18. Information Security Policy	Response to COVID-19 The Bank continues to take various counter measures in response to the persisting situation posed by the current pandemic to ensure that people, systems, processes and businesses continues to be safeguarded at all times, along with management of credit, liquidity and operational risk. These countermeasures included the following: ▪ Intensified and continuous credit monitoring, especially in relation to most affected sectors; ▪ Continue to estimate and account for expected credit losses; ▪ Development of internal IFRS 9 staging guidelines to ensure credit risk is monitored and reflected in the estimate of expected credit losses; ▪ Continued to carry out various stress testing/ scenario analysis to ensure estimates of expected credit losses are adequate; ▪ Deferrals were provided to all affected customers up to 31 December 2021; ▪ Restructuring facilities of affected borrowers to align repayments with revised cash flows of the borrowers;	
19. Business Continuity Management Policy		
20. Credit and Investment Policy		
21. Operational Risk Management Framework		
22. Operational Risk Management Policy		
23. Fraud Risk Management Policy		
24. Fraud Risk Management Framework		
25. Liquidity and Funding Policy		
26. Market Risk Policy		
27. Risk Management-Approach & Framework		
28. Social and Environment Management System Policy		
29. Security and Safety Policy and Plan		
30. Asset Management Policy		
31. Brokerage Policy		
32. FATCA Policy		
33. Customer Complaints Redressal Policy		
34. Social Media Policy		
35. Electronic Banking Policy		
36. Classification and Measurement Financial Assets and Liabilities		
37. Sanctions Policy		
38. Wealth Management Policy		
▪ Rigorous monitoring of key liquidity metrics and forecasts; ▪ Working from home and splitting teams amongst many other measures were unrelently applied to ensure business continuity; ▪ Taken various preventive measures to mitigate cyber security risk; ▪ Keeping employees and customers aware of potential fraud risk and cyber threats resulting from the current pandemic situation; ▪ Ensured that the Bank continues to be adequately covered against any unforeseen cyber-related frauds; and ▪ Continuous monitoring of the impacts of the pandemic on the financial position and capital of the Bank.		

Internal Audit

The Internal Audit function reviews and provides an independent assurance to the Board of Directors and Executive Management on the effectiveness of the Bank’s internal control, risk management and governance systems and processes. The Internal Audit function at Ahlibank has adopted an audit methodology and standard, which is in line with globally accepted methodology and standards propounded by the Institute of Internal Auditors (IIA), USA. It is an integral part of the control environment of the Bank and provides independent assessment and reviews through the audits based on a risk-based annual plan. It shares the findings with the senior management and submits the same to the Audit & Compliance Committee. All issues are followed up for timely corrective actions and their logical conclusions.

Information Technology (IT)

In line with 2040 vision, Ahlibank is fully committed to support countrywide initiatives carried out by the Central Bank of Oman (CBO) and Telecommunication Regulatory Authority (TRA) to push the digital transformation journey in the financial industry. In this respect, IT has successfully implemented FCRM (AML), RTGS, SWIFT upgrade and Value-Added Tax (VAT) application. IT has successfully implemented IPv6 to cater the future needs by ensuring Scalability, Performance, and Security.

IT has started the focus on self-sufficient programs by recognizing in-house technical talent to develop applications on a low-code platform and successfully completed the upgrade of Outsystems E-Channels Platform. Additionally, as part of the bank digital transformation strategy, IT has successfully completed the development of Internet and mobile application for Islamic Banking, New To Bank (NTB) for Conventional and Islamic and upgrade of Corporate Internet Banking for Conventional. The focus on self-sufficiency will continue to address the Bank’s future requirements.

Knowing current cyber security threat, Ahlibank has upgraded IT Security infrastructure to the latest platform which will protect banks Customer Data. To minimize other security threats, Ahlibank has upgraded ATM and PCs to latest technology. Ahlibank invested and implemented Password Management System (PAM) for control access of IT environment.

Keeping the business continuity as one of the key focus, Ahlibank has provided secure remote access to employees during the pandemic to ensure smooth operations to customers.

Ahlibank has enhanced the connectivity between the Head Office (HO) and Branch Office (BO) to serve the customer with better service levels. Upgraded the Call Centre functionalities to provide faster service to VIP customers. Other IT transformation achievements, IT has successfully upgraded conventional core banking and successfully implemented Branch Teller System across the branches.

IT is exploring emerging technology trends, along with several other aspects of delivery methodologies, to ensure time to market products and services.

Digital Transformation

Digital transformation marks a radical rethinking of how an organization uses technology, people and processes to fundamentally change the business performance. Such sweeping changes are typically undertaken in pursuit of adopting new business models, enhancing additional revenue streams, driven by changes in customer expectations around products and services. In particular, Digital transformation in the banking sector has fundamentally changed how banks operate and how they service their customers, including active collaboration with Fintechs to introduce innovative products and services.

ahlibank continually strives to improve its product offerings and services to differentiate itself from rest of the market players. To this effect, the Bank has in the last few years introduced sustainable alternative delivery channels like internet banking, mobile banking, SMS banking, phone banking and B2B solutions to satisfy the needs of its customers. With more than 48% of Oman’s population being less than 24 years and further, customer preference shifting towards digital channels post Covid pandemic, bank will continue to enhance and invests in its digital channels by adopting a mobile first strategy.

Apart from offering innovative digital products and channels, the bank aims to maximise straight through processing by increasing adoption of digital and robotic process automation in most of its key processes to offer instant customer servicing and thereby reducing the turnaround time. Bank’s recent introduction of digital on boarding of new to bank customers both on islamic and conventional banking is just one of many such digital initiatives planned by the bank.

Like any progressive organization, the bank is keen to capitalize and adopt the 4th industrial revolution driven by digital transformation to further strength its market position and enhance its overall market share by providing best-in-class digital offerings leading to improved TAT, enhanced customer experience & improved customer stickiness.

Human Resources

Ever since its inception, ahlibank has put concerted focus on training and developing human resources as one of the key elements of its operational strategies, and as an important pillar of its growth. It has always emphasized on a nurturing and a motivating work culture for developing a strong human capital. The very premise behind the bank's human resource development strategy has been the manifestation of endless possibilities for career growth, alongside a much needed flexibility to change and offer opportunities to learn.

Employees are constantly supported and encouraged by the management’s unique approach and the focus has always been on ensuring that they attract creative, responsible and entrepreneurial employees who take pride in being a part of the organization. This has led to better employee retention rate as well as a growth sphere that is marked with constant training and upgrades to stay on par with the market trends.

The Bank believes in effectively contributing to the national agenda as outlined in Oman Vision 2040, of meeting the needs of the labor market, through job creation and skill development of the local population, especially the young national workforce. In line with the same, the Graduate Development Program ‘Himam’, an annual initiative, is designed to accelerate the participant’s career growth and prepares them to take up leadership roles at the Bank. Since its launch in 2015, the program has trained and employed 64 candidates in different departments at the Bank. ahlibank is at the forefront of enhancing the capabilities and competencies of Oman’s youth and its commitment to the ‘Himam’ program ensures the preparation of a generation of young people who will continue to build a brighter and more prosperous future for the Sultanate and support the government’s economic development vision.

In 2021, ahlibank has created 115 jobs consistently exceeding its Omanization targets (as of December 2021 reached 94.34%). Apart from exceeding the Omanization targets, it has successfully inducted management trainees into its workforce through local and international programs. The bank continues its commitment to promote young talent and provide them a platform to embark on a career in the banking sector.

Corporate Social Responsibility

Ahlibank is committed to social responsibility as an important part of its overall operation, and strives to provide a framework that helps create added value to the community it operates in. Under its ‘Ahli Cares’ CSR initiative, it continues to support the great charitable and voluntary efforts of associations and charitable groups in the Sultanate, which play a leading role in the development of various sections of the society and its members through philanthropic activities and initiatives.

The Bank’s CSR efforts support Oman’s Vision 2040, which is aimed at the socio-economic development of the country’s people and communities. CSR is at the heart of ahlibank’s overall strategy, demonstrated through the implementation of programs aimed at enriching the lives of many across the Sultanate. The Bank’s support to diverse social, educational, cultural, health, and sporting activities in Oman is ongoing and fundamental to its corporate values. This is of utmost importance to both the Bank’s staff and leadership. Through its various CSR activities, it demonstrates its dedication to people’s welfare at multiple levels.

Investing in Local Communities: Over the last few years, ahlibank has been able to implement and launch several initiatives that have benefited broad and diverse segments of society. This included supporting the national efforts in minimizing the impact of cyclone “Shaheen” through several initiatives: allocating OMR 10 million in interest-free loans to affect customers residing in the North and South Al Batinah regions. Furthermore, the bank offered assistance by way of 3-month deferment on personal and housing loans especially to those who severely impacted in areas affected by the cyclone, as well as donating OMR 100 thousand for disaster relief through the Oman Charitable Organization.

Through its CSR initiative ‘Ahli Cares’, the Bank also organized a voluntary campaign where more than 100 employees participated to assist in the distribution of basic necessities to the people in the affected wilayats by the cyclone, and help them clean their houses and surrounding areas.

Furthermore, the Bank has taken the initiative to support the insolvent through charities and charitable teams and pioneer initiatives for their benefit. As part of Ahli Cares, the bank supported Dar Al Atta’s “Back to School” campaign for the academic year 2021, which reflects the bank’s keenness to support various community initiatives in the Sultanate that contribute to enhancing the values of charitable, voluntary and social work, throughout the year.

Besides, ahlibank provides support to a number of charity associations during the holy month of Ramadan.

Partnership to Support other Sectors: ahlibank's social responsibility policy is particularly important and receives special attention and care from Bank officials as a result of the impact it has on various segments of society.

Looking Forward

The year 2022 has started on a positive note for the Omani economy with high oil prices and renewed confidence in the markets. The Bank is keen to support Oman Vision

2040's objectives through implementing the Nationalisation strategy, and contributing to the joint efforts of the government in empowering the national workforce. In order to build competencies of individuals and prepare them to meet the requirements of the work environment, ahlibank will continue to provide learning and skill enhancement opportunities for existing employees, through its development programs. The Bank also will continue to invest in its leadership and training Business Graduate Program aiming at building a robust pipeline of future leaders in the Banking sector.

ahlibank will continue to implement its medium and long-term prospects and plan, emphasizing its key objective of maintaining its steady growth, which is further supported by its ambitious project of expanding its headquarters and promoting it as a smart and innovative hub. With its outstanding achievements and a proven track-record of consistent growth, the Bank is on its way to become the leading banking institution in Oman.