

Management Discussion and Analysis

**Economic Review**

Oman's economy continued its recent positive growth in 2024, achieving real Gross Domestic Product (GDP) growth of 1.9% during first three quarters of 2024 compared to 1.3% during 2023. This positive economic performance contributed to a budget surplus of RO 540 million for the financial year 2024, as per preliminary data. The average price of Oman crude oil was USD 82/bbl during 2024, contributing to higher revenues which has supported the government in being able to reduce the public debt by RO 0.8 billion bringing it down to RO 14.4 billion, which is 34% of GDP. The recent credit rating upgrades for Oman are a positive signal for its economic stability and fiscal health. S&P raised Oman's rating to BBB- with a stable outlook; this classification places Oman into the investment-grade category, with the stable outlook indicating that S&P's expectation for sustainable economic improvements. Fitch also raised its rating to BB+ with a positive outlook, with the potential for further upgrades if Oman continues its path of fiscal reform and debt reduction. Finally, Moody's raised Oman's rating to Ba1 with a positive outlook, which aligns with the upward trend seen by the other agencies. These upgrades evidence the confidence in Oman's economic trajectory, particularly the management of public finances and debt. In 2024, Oman continued to focus on economic diversification, with major investments in tourism, manufacturing, renewable energy, logistics, and digital transformation.

Oman's 2025 budget maintains financial, economic and social stability in line with the Financial Framework of the 10th Five-Year Development Plan (2021-2025) and Oman Vision 2040. It has several key initiatives in the form of developmental projects in education, health, transport, infrastructure and urban planning. The budget includes a focus on social protection through the Social Protection Fund and supporting target sectors through the Oman Future Fund and Estidamah. Oil and gas revenues, representing 68% of the total revenues, are budgeted at OMR 7.61 billion for 2025, 1.6% higher than the 2024 budget of OMR 7.49 billion. The 2025 budget assumes an average oil price of USD 60/ bbl and an average oil production of 1.001 million barrels per day. Non-oil and gas revenues are budgeted at OMR 3.57 billion based on the expected higher tax and fee revenues resulting from the recovery of economic activities. A budget deficit of OMR 620 million is estimated at 1.4% of GDP, compared to a surplus of OMR 540 million as per the 2024 preliminary results.

**Financial Sector**

Oman banks have continued to record healthy growth in 2024, supported by higher oil prices and improved liquidity due to stable fiscal conditions. The preliminary financial statements of commercial banks show total assets have increased to RO 44.6 billion as of December 31, 2024, 6.7 percent higher than December 2023.

The banks have achieved this increase in profits with a 7% growth in loans and financing. The improvement in the banks' financial results also reflects their efforts to diversify their lending and financing portfolios, coupled with their contributions to financing government and private sector projects.

The MSX 30 Index closed at 4,577 points for 2024, an increase of 1.4% from 2023. The value of traded securities during this year reached RO 1.26 billion which is 11.5% higher compared to last year (RO 1.13 billion), driven by equity trades, IPOs. The total yearly traded volume has increased by 45% during 2024, reaching 6.6 billion shares in 2024 compared to 4.5 billion in 2023. The market capitalization increased by 16% which was in part driven by the IPOs of OQGN, OQBI and OQEP, and reached RO 27.6 billion compared to RO 23.8 billion last year.

**The Bank's Performance**

The Bank has completed 17 successful years since its conversion to a full-fledged commercial bank and has enhanced its commitment to provide financial services that go beyond the conventional mode and espouse sustainable business practices going forward. ahlibank's total assets grew by 13.2% in 2024, reaching RO 3.75 billion, compared to RO 3.32 billion in 2023. Customer deposits went up by 11.6% to reach RO 2.76 billion compared to RO 2.48 billion. Net Loans & advances and financing grew by 12.2% reaching RO 3.02 billion. The Bank's operating income increased by 9.9% reaching RO 108.3 million in 2024. The profit after tax for the period grew by 14.3%.

**Capital and Reserves:** The capital and reserves of the Bank as of 31 December 2024 stood at RO 558.0 million compared to RO 521.4 million as of 31 December 2023. The Bank maintained sufficient capital buffers and the capital adequacy ratio of the bank stood at 15.38% above the regulatory requirement. The Bank also raised AT1 capital of RO 40 million on 27 June 2024 after exercising the first call option on AT1 Capital of RO 20 million, issued in June 2019.

**Loans and Financing:** The increase in gross loans and financing in 2024 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 322.7 million to RO 3.124 billion as of 31 December 2024 from RO 2.802 billion as of 31 December 2023. The focus in 2024 was to maintain high-asset quality, which reflected in the low non-performing loans to gross loans ratio of 4.14% one of the lowest amongst its industry peers.

**Customer Deposits:** Customer deposits of RO 2.762 billion at year-end 2024 reflected an increase of 11.6% compared to 2023. The Bank continues 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 14.3% to RO 41.66 million as compared to RO 36.45 in 2023. The return on equity of the Bank as at December 31, 2024 stood at 11.1%.

## Business Units

The Bank is dedicated to constantly enhancing 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 long-term sustainability. Its employees are encouraged to aim high, enabled with a sense of empowerment to achieve their tasks. Coupled with continuous training and development, the management aims to constantly 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, the Bank continuously invests in new and secure technologies in order to provide world-class customer service and experience through multiple 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:

- Project Finance, Syndications & Energy,
- Food and general trading,
- Manufacturing, Real Estate & Contracting,
- Financial services, Travel, Tourism and Transport
- Sharia-compliant Islamic banking services through ahli Islamic counters

The Bank has strategically aligned its teams to concentrate on sectors key to 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 by providing a comprehensive range of competitively priced, funded and non-funded financial products and advisory services. ahlibank is fully committed to 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 ESG projects.

## SME Banking

Small and Medium Enterprises (SMEs) continue to play a vital role in the economic development of Oman. The empowerment of this sector contributes to the generation of job opportunities, enhancement of exports, facilitation of equitable income distribution, reduction of oil dependency, and an increased contribution to the country's GDP. With Oman reviving and redirecting its focus and resources towards SMEs, the country has developed various programs to establish and support new business units. Concurrently, there is a reliance on banks to continue playing a crucial role in the development of this sector. ahlibank Launched the "Tamkeen" crowdfunding initiative during FY 2022 in collaboration with Beehive, marking it as the first of its kind in Oman. The programme provided Financial aid to 100 locally established firms with total funding exceeding RO 5 million until end of 2024. Ahlibank also launched a new finance product against point of Sales (POS) in FY 2024, the new product is designed to support MSMEs in the country and operators of Ahlibank POS machines, the programme is designed to support both; Capital, and operating Expenditures of companies, with flexible repayment plans reaching to 36 months. Ahlibank have also successfully launched "AhliExpo" as a first SME Convention in the country, it exhibited 40 promising SME companies which have potential to grow in the country, the exhibition showcased their potentials and presented them to the business society as possible business partners. The convention also included several seminars and workshops along with panel discussions with several experts and influencers in the business community.

## 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 recognises the importance of relationship building, ensuring that a comprehensive range of products is available 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, catering to the needs of government bodies and institutions, including Ministries and other governmental offices, such as pension funds. The unit provides products and services tailored to the government's diverse banking requirements. It collaborates with other departments within the Bank, such as Corporate Banking for funding needs, and Retail, Premium, and Private Banking for employee-related services, offering attractive, customised packages.

## **Transaction Banking**

### **(Corporate E- Channels)**

Our transaction banking platform caters to the needs of businesses, corporations and institutions in terms of seamlessly managing their routine financial transactions, which encompass financing of international trade, cash management and liquidity management.

The difficulties companies encounter in securing short-term liquidity and their search for efficiency and financial optimisation have led to the rise of transaction banking, consolidating its position within corporate banking.

Transaction banking comprises three major verticals: Trade Finance sales, cash and liquidity management and the corporate products that complement the business lines, such as the payment gateway and the array of corporate cards. Together, these elements cater to the complete corporate digital ecosystem and enable seamless and convenient transaction solutions, providing our clients with state-of-the-art features that create an unmatched experience in managing their busy business lives. This focuses on driving efficiencies and ensuring robust cybersecurity measures and guaranteed confidentiality.

## **Retail Banking (has this been updated by Yousuf Mustafa team)**

ahlibank remains steadfast in its commitment to innovation, customer-centricity, and market leadership. By designing and delivering cutting-edge products and services, the bank strengthens its foothold in the market while ensuring seamless and enriching experiences for its customers. As part of its strategic retail network expansion and digital transformation journey, ahlibank launched its first digital branch, "ahli express", in 2022, setting a new benchmark for convenience and efficiency. Building on this success, the bank has operationalised 17 Multi-Functional Kiosks by the end of 2024, significantly enhancing its service delivery capabilities.

This strategic initiative is designed to expand customer touchpoints, provide scalable and convenient banking solutions, and contribute to the growth and development of local communities. By broadening its geographical reach and implementing targeted sales strategies, ahlibank aims to maximize stakeholder value over the medium term. The bank's focus on innovation, technology, and customer satisfaction underscores its vision to redefine the future of banking.

## **Private Banking Services (has this been updated by Najla)**

ahlibank's Private Banking Services are tailored exclusively for High-Net-Worth Individuals (HNWIs), offering a bespoke and privileged financial experience. Our team of dedicated Relationship Managers and wealth management experts collaborates closely with clients to deliver customized solutions for deposits, transactional needs, and exclusive credit card offerings.

Beyond traditional banking, ahlibank's Private Banking extends to comprehensive financial planning, estate management, and concierge-level services, designed to address the unique needs of our discerning clientele. With one-to-one personalized service, we ensure the highest levels of confidentiality in our exclusive service centers and lounges, enabling clients to explore unique opportunities with unparalleled privacy and exclusivity.

ahlibank's Private Banking is built on a foundation of trust, innovation, and partnership. We are committed to evolving alongside our clients, offering sophisticated solutions that align with their dynamic financial goals and aspirations. Our focus remains on delivering exceptional value, fostering long-term relationships, and providing a banking experience that is as unique as our clients.

**Al Nukhba Premium Banking:** The Bank's premium customers benefit from the extensive range of services including financial and non-financial privileges. All the dedicated Relationship Managers (RMs) offer personalised services to clients through its various branches and Premium Service Centres. The segment offers below high level benefits to customers:

- Free credit and debit card
- Preferential pricing on deposits and loans
- Special discounted tariffs on bank charges

- Discounts and offers from selected premium merchants
- Personalised concierge service, free travel insurance, purchase protection and extended warranty

**Imtiyaz:** ahlibank customers can now access our dedicated banking services for the Imtiyaz segment, offering a seamless banking experience tailored to the demands of a modern lifestyle. Eligibility for this segment requires a minimum salary transfer of OR 1,000 or a deposit of OR 10,000 and above.

**MyChoice:** ahlibank presents an opportunity for its young customers to embark on the path to financial independence. By managing their own budget and starting to save with the MyChoice Youth Account, young customers can enjoy an array of specially designed perks and offers. These include a welcome gift, free mobile data, exclusive offers and discounts through the ahli rewards app and at VOX cinema, among many other benefits.

**Istqrar:** The Istqrar account, specifically designed for retirees, offers an array of attractive facilities. This special bank account caters to all basic banking needs, while providing added value through higher returns on fixed deposits, lower interest rates on personal, mortgage, and auto loans, among many other benefits.

**Loyalty Platform (Pearl Points):** Retail Banking is rewarding its customers via state-of-the-art loyalty platform. For customers, every day banking is not just about managing finances but unlocking a world of exclusive rewards and benefits. Customers earn points on joining the loyalty program, debit and credit card transactions, deposit balances and usage of internet and mobile banking. Points earned can then be redeemed through the loyalty platform to purchase airline tickets, booking of hotels, payment of utility bills, merchants vouchers etc.

**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, including redemption against travel miles, travel protection insurance, extended appliance warranty, airport lounge access, purchase protection, concierge services, etc.

**Personal Loans:** ahlibank's personal loan facility, branded as "MyLoan" offers ready cash with high loan amounts, easy and suitable repayment options, and competitive interest rates. With simple documentation requirements and a hassle-free experience, MyLoan fulfils all dreams in one go: cash for fulfilling family requirements, 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 many 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 of 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 monthly. This is coupled with the use of a chequebook to transact freely. Customers can use their funds anytime without notice while enjoying high interest rates on the balance available in their accounts.

**Wafra Plus:** This is a daily growth account that offers interest on the daily balance maintained by the customers. Interest is compounded and credited to the customer account at the end of each day.

**MySaver:** With My Saver Plan, customers can invest small amounts every month, multiplied with regular bonuses over time. The account pays Attractive interest monthly based on the daily available balance. Free life insurance coverage up to is also bundled with the account.

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

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

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

To enhance and offer state-of-the-art digital banking services, the Bank has made further expansion in more locations where customers can enjoy a seamless and efficient banking experience 24 x 7 through Multi-Functional Kiosks. This digital platform offers 12 banking services such as Instant saving account opening for new customers, additional account opening for existing customers, Cheque book printing, Debit card printing for multiple segments, Statement printing, Civil ID update, Personal video assistance and other such debit card services like Card activation, PIN change, Limit update etc.

ahlibank's free e-channel service offers 24-hour access to banking services that provide 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, 24x7 call centre (Ahli connect), ATMs, CDMs, service centres and kiosks, the Bank remains accessible to customers whenever and wherever they require.

In line with its intuitive efforts to empower Small and Medium Enterprises (SMEs) through well-articulated solutions, ahlibank has launched its Point of Sale (POS) Financing Program for SMEs in 2024. The new program is geared towards SMEs who are willing to use, or are already using, ahlibank's POS machines, granting short/medium term loans against POS receivables for operating and capital expenditures.

By subscribing to ahlibank's Mobile Banking service, customers can enjoy easy access to services such as viewing transactions of accounts, debit and credit cards specific services such as change in PIN number, activate and disable card, plan travel, enable and disable international and e-commerce transactions and more, making fund transfers locally and internationally, bill payments, viewing and downloading bank statements, instant account opening for new customers through e-kyc, additional saving account opening for existing customers, instant account opening for minors for only conventional banking, view loan details and download loan statement, open fixed deposit, update Civil ID, real time video calling for private and premium customers etc. All these services are complemented by an exclusive Personal Financial Management (PFM) facility, uniquely offered by Ahlibank, and are backed by the assurance of the highest online security standards.

As part of its ongoing efforts to lead digital transformation in the Sultanate of Oman, ahlibank aims to continuously improve operations and drive innovation with advanced technologies that enhance customer experiences. By using unique digital solutions, ahlibank has revamped its mobile banking application with added new Ui/UX features, exceeding traditional banking standards and offering an impressive range of products and services.

Apart from its wide range of innovative products and services, ahlibank also has an accessible network of ATMs, CDMs and kiosks across Oman that offer Cash withdrawals, cash deposits, cheque deposits, credit card payments, among other services. To enhance the cash deposit service experience and maximise CDM utilisation, the Bank launched the 'Cross cash deposit' service on CDM in 2023, which will allow customers to make cash deposits to any of Ahlibank or ahli Islamic accounts using any of the bank CDMs regardless of banking type. This innovative online service enables customers to deposit cash into any Ahlibank or ahli Islamic beneficiary account using any CDM across the Bank's network, with the deposited amount credited instantly.

## Treasury

ahlibank's professional and experienced treasury team provides a comprehensive package of services in both treasury and investment products to individuals, corporations, commercial entities, 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 customised.

The Treasury and Investment division can 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 Ahli Bank. Leveraging Ahli Bank's regional knowledge and banking expertise, the Financial Institutions Group seeks to build strategic and long-term relationships with other financial institutions to deliver seamless customer experience to its corporate, institutional and retail clients. This is achieved through dedicated and experienced relationship managers who work closely with internal stakeholders to ensure their clients' needs are met in the most efficient manner. In doing so, the Financial Institutions Group ensures that ahlibank's Brand recognition is enhanced in existing and 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, Ahli Bank 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 Ahli Bank to make efficient settlements via book transfers for other financial institutions.

The Financial Institutions Group actively explores opportunities to arrange funding requirements of Ahli Bank both locally and internationally in order to meet regulatory and liquidity requirements at the most competitive Terms and conditions.

## **Trade Finance**

The Trade Finance Department is a full-fledged specialised department of ahlibank, handling all trade finance requirements of corporate and consumer banking customers. The department is aligned with the Bank's Wholesale and 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 imports letters of credit, standby letters of credit, guarantees, handling export and import bills onfor collection basis, validation of import bills for collection, advising and handling of export letter of credits and documents under them and risk participation with other Banks 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, abreast of the latest developments in the local and international markets, and the rules governing international trade, with specific focus on customer service.

Bank is in the phase of digitizing trade finance with a front-end trade portal being implemented for customers and easing the end-to-end trade finance requirements of the customers. This will support the customer's growing needs and efficiently process trade finance transactions.

## **Asset Management**

ahlibank continues to grow its Asset Management capabilities and build a track record to realise its strategic vision of becoming one of the leading investment management firms in Oman. It offers a diverse range of investment solutions for institutional and high-net-worth clients, including mutual funds and investment advisory services that cater to each customer's specific needs.

During the year, ahlibank expanded its product suite by launching the Ahli Islamic Money Market Fund, the first Islamic Money Market Fund in Oman, setting a benchmark in the market. The Fund provides a Sharia-compliant liquidity management solution through a diversified portfolio of short-term Murabahah, Wakalah, and sukuk placements, meeting Islamic investors' needs. Ahli Bank also introduced a new Islamic Balanced Strategy, a multi-asset strategy offering a well-balanced approach to income generation and capital growth. This strategy aims to deliver consistent, attractive payouts while maintaining a prudent investment focus. These solutions build on the fixed-income range launched last year, which attracted substantial investment flows. The flagship Ahli Global Equity Fund continues gaining traction with clients, providing international diversification and closing the year with a remarkable performance. The Asset Management team also manages several discretionary strategies, including thematic and regional equities.

We remain committed to advancing our product suite, with plans to introduce more innovative offerings in 2025. These additions will empower clients with access to distinctive and compelling investment products, filling gaps in the current market landscape.

The dedicated investment team at ahlibank remains unwavering in pursuing our long-term vision. With considerable expertise across various markets and asset classes, we are well-positioned to deliver capabilities and instill confidence in our clients. Our approach revolves around a robust investment process grounded in thorough fundamentals, ensuring superior risk-adjusted returns. Complementing this, we have implemented a disciplined Risk Management Framework to navigate and mitigate volatility effectively, safeguarding client interests.

## **Corporate Finance Advisory**

The Corporate Finance Advisory division is a full-service financial advisory and fundraising platform with a proven track record across products, including equity/debt capital markets, debt syndications, refinancing/restructurings, M&A, private equity, Islamic finance, strategic financial advisory and structured finance. It develops innovative, customised solutions for its clients backed by deep understanding and specialised domain knowledge of major industry sectors through a team of dedicated experts. It continues to build its reputation as an advisor of choice and has executed quality equity and debt transactions in FY 2024 across marquee corporate and GRE clients. During FY 2024, it managed marquee capital market issuances, including the Additional Tier I Offering (RO40 million) for ahlibank and also managed the mandatory convertible bond offering for ahlibank (RO 10 million). It also acted as the collecting bank for the IPO of OQ Exploration and Production and OQ Base Industries.

The division has closed multiple loan syndications for clients including RO 50 million Islamic financing for Hazardous Waste Management SPC for an Industrial Waste Management Project in Sohar and RO 40.6 million financing for Sustainable Development Investment Company for construction of 300 villas in Sustainable City, Yiti. The division also has existing mandates in mining, real estate, and port services to raise over RO 250 million. It continues to have a strong pipeline and is constantly engaging in a wide cross-section of mandated transactions across capital markets, loan markets and advisory.

The division continues to focus on building strong relationships and track record and delivering innovative solutions for its clients. It is increasing its focus on its platinum client as well as increasing the share of wallets. It is also working to strengthen its relationships with regional banks and investors.

## **Brokerage**

The brokerage services continue to provide its clients with direct market access to both Oman and other GCC markets, our focused efforts to launch an international trading desk further exemplify our commitment to providing tailored and innovative solutions that address the diverse needs of our clients. During the year, it achieved a turnover of approximately RO 102 million, capturing about 4% of the market share and maintaining its position as the 7th in ranking in Oman, consistent with its ranking in 2023. Additionally, the division played a vital role in several high-profile transactions, acting as a trusted intermediary for both buy & Sell side engagements.

The brokerage strengthened its research capabilities by expanding coverage of local equities and sector reports while broadening its focus to include regional listed equities. This initiative received positive feedback from the market, reinforcing our reputation as a trusted source of in-depth and comprehensive insights. These advancements highlight our commitment to delivering value-driven research and sustaining a strong market presence.

## **Wealth Management Services**

ahlibank's Wealth Management Services continue to deliver a comprehensive and integrated approach to financial stewardship for High-Net-Worth Individuals (HNWIs). Designed for discerning clients, our wealth management professionals craft bespoke investment strategies that align with individual financial goals, adapting to an ever-evolving global financial landscape.

Our services deliver diversified asset allocation across Equities, Bonds, and an expanded spectrum of alternative investments. These include International Fixed Income Securities, Bonds and Sukuk listed on major global exchanges, Global Mutual Funds, Exchange-Traded Funds (ETFs), and Private Debt Funds, offering access to high-yield private credit markets, delivering robust portfolios designed to weather market uncertainties. We offer a complete range of solutions, from money market funds for short-term liquidity management to medium- and long-term investments focused on growth and income. Additionally, we have expanded into newer geographies with Sharia-compliant funds across income and growth strategies, providing ethical and regionally relevant options for our clients.

Our Systematic Investment Plans (SIPs) remain a cornerstone of our commitment to financial inclusivity. This disciplined investment approach enables clients to systematically grow their wealth over time, making our wealth management services accessible to a broader audience beyond traditional HNWI clients.

By incorporating holistic financial planning into our approach, we ensure every client enjoys a comprehensive view of their financial landscape, with solutions tailored to meet their unique aspirations. Our dedicated wealth advisors work closely with clients, ensuring a seamless and personalized experience at every step.

At ahlibank, we are committed to fostering long-term partnerships that adapt to changing financial needs and aspirations, empowering our clients to achieve enduring prosperity.

## **ahli Islamic**

ahli Islamic has demonstrated a remarkable growth trajectory since its inception in 2013, and has established itself as a prominent player in the domain of Islamic banking in the Sultanate of Oman. Over the years, ahli Islamic has significantly contributed towards the development of the market by offering superior financial services and fostering financial inclusion amongst prospective customers. The Bank has earned the confidence of all its stakeholders by virtue of its unwavering commitment to Sharia-compliant practices.

ahli Islamic offers a diverse range of Sharia-compliant products and services that cater to a wide spectrum of customer segments, including institutional, corporate, SME, and retail customers. ahli islamic's network of twenty-five dedicated branches, located in strategically important locations enables it to serve its customers effectively and efficiently.

In order to further extend its reach and cater to its premium, private, and wealth management customers, ahli islamic launched the Al Shumookh segment in 2022. The segment offers a suite of new services and benefits exclusively designed for its esteemed customers, including a dedicated relationship manager, specialised service centres, handpicked offers from select merchants, and other exciting perks. ahli islamic offers a range of innovative Shari'a-compliant products in their deposits and liabilities portfolio. Further details regarding these products are given below.

## **Products and services**

1. Current Account - Non-profit bearing, transactional account for individuals, corporates and institutions
2. Savings Account - Profit-bearing account for regular savers who want to get the benefit of receiving Sharia-compliant profit on their savings
3. Al Namaa Savings Account - High-profit bearing, transactional account for individuals who want high-profit earning based on their balances, without binding the funds for any tenor
4. Term Investment Account - Term deposits under Wakala mode are for customers who wish to earn higher profits at easy terms of 12 months, 24 months, 36 months, etc.
5. Qitaf Savings Account – Profit- bearing account and transaction account for individuals receiving Sharia-compliant profit on their savings.
6. Al Qimmah Wakala Account – A profit- bearing, non-transactional account based on Wakala mode, allowing customers to earn a high monthly profit.

7. Youth Saving Account – A profit bearing account dedicated to the Youth customers of ahli islamic ranging between the ages of 18 – 25 years old. The account offers different features and benefits dedicated to the Youth of Oman.

8. Special Offers: Many attractive offers on different accounts are also offered regularly to attract new customers.

9. Branchless Banking

10. Priority Banking

11. Cash Management Services

12. Alternate Distribution Channels (ahli Islamic net, SMS alerts, SMS banking, ahli Islamic debit & credit cards).

### **Privileged banking:**

1. AlShumookh Private Banking by ahli islamic offers personalized wealth management and investment solutions, providing high-net-worth individuals with expert advice and exclusive, tailored services.

2. AlShumookh Premium Banking by Ahli Islamic provides exclusive financial services designed for high-net-worth individuals, offering personalized banking, tailored investment solutions, and priority support to deliver a seamless and sophisticated banking experience. AlShumookh branch in Qurum, dedicated to serving the needs of its premium & private customers.

3. The launch of our Al Majd upper mass segment reflects on the banks effort to facilitate to one of the biggest segments in the Sultanate. Moreover, it further demonstrates our commitment to serving the discerning needs of upper-mass customers, while our focus on digital technology ensures seamless and efficient banking experiences for all.

### **Wealth Management:**

1. Asset Management has launched the "Ahli Islamic Money Market Fund," The Ahli Islamic MMF aims to optimize liquidity and generate short-term income by strategically investing in a diversified portfolio of Islamic money market instruments denominated in OMR and USD. These instruments encompass a range of Shariah-compliant options, including Sukuks with residual maturity of less than 1 year, Murabaha, Wakala, Ijara, and various other short-term liquidity instruments. Our approach offers investors a compelling alternative to conventional call accounts, emphasizing liquidity preservation, capital protection, and the potential for attractive returns aligned with prevailing short-term profit rates.

2. The ahli Global Sukuk Fund will invest in a diversified portfolio of Sukuk both in the MENA region and globally The Fund aims to achieve regular income as well as capital growth, with certain share classes making income distributions on a monthly basis. The Fund will achieve diversification by investing in a basket of eligible asset based Sukuk with various maturities, from a variety of issuers.

3. ahli Islamic Income & Growth Strategy Ahli Islamic Income and Growth Fund Open Ended IC Plc is an actively managed Shari'a compliant fund that aims to deliver a total return through investing in funds or securities to achieve long-term capital growth. The Fund will indirectly take a balanced approach to equity markets, with such exposure to Shari'a compliant equity or equity-linked securities typically ranging between 40% and 75% exposure, of its assets with a neutral position of 60%. The remainder of the Fund assets will be invested in funds or securities which invest in other asset classes such as Sukuk, alternatives and cash. There is no guarantee that the Fund will meet its investment objective or deliver a positive return and capital is at risk. The Fund will typically access markets through direct single security exposure but it may gain exposure to certain markets and assets through collective investment schemes.

4. ahli Islamic's Systematic Investment Plan (SIP) is a Sharia-compliant investment option that allows investors to regularly invest a minimum of OMR 100 fixed amount in Islamic financial products, such as mutual funds. The plan offers a disciplined approach to investing, helping individuals build wealth over time by contributing small amounts periodically, instead of making a large lump sum investment. This method reduces the impact of market fluctuations and allows investors to benefit from cost averaging. It's designed for those who want to invest steadily while adhering to Islamic principles.

5. ahli Islamic E-IPO is a Sharia-compliant online platform that allows investors to participate in IPOs of companies. It offers both normal subscription and financing options. The fully digital service is convenient, transparent, and secure, enabling easy application for shares in new public companies. The platform adheres to Islamic finance principles, ensuring ethical and Sharia-compliant investments. It's ideal for those looking to invest in IPOs while following Islamic guidelines.

### **Financing Products**

#### **Corporate Banking**

ahli Islamic offers a comprehensive array of Shariah-compliant financing solutions catering to the working capital finance, commodity operations financing, long-term finance, and project-based financing needs of a large number of corporate clientele comprising private and public sector entities.

A focused business strategy to diligently build a high-quality and well-diversified portfolio has enabled the Bank to grow its Corporate Banking portfolio.

#### **Shariah Advisory Services:**

Ahli Islamic regularly facilitates corporate entities by providing Shariah advisory and Shariah technical services and support for the development of Shariah-compliant products for their business needs.

### **Corporate Islamic Financing and Related Assets**

#### **Murabaha Finance**

Murabaha is a sale contract wherein the first party (Bank) sells a Shari'a-compliant asset/goods to the customer at cost, along with a pre-agreed profit.

#### **Diminishing Musharaka (DM) for Existing Asset:**

It is a form of co-ownership in which Ahli Islamic Banking Services and its Customer (s) take ownership of a tangible asset in an agreed proportion and the Customer undertakes to buy in periodically the proportionate share of the Bank until the title of the asset is completely transferred to the purchasing customer. Further during the entire tenor of the facility, the Bank leases out its undivided share in the asset to the Customer for agreed rentals.

#### **Diminishing Musharaka (DM) for Under Construction Asset:**

It is a form partnership whereby Ahli Islamic Banking Services and its Customer contribute, with an agreed proportion, for development of an asset (real estate property/project). Here the Customer undertakes to buy periodically the proportionate share of the Bank in the asset in agreed number of units. The customer can contribute by an asset (such as plot) as well as construction cost, and the Bank can finance plot and/or construction cost. Furthermore, during the facility, the Bank leases out its share in the asset to the other customer through Forward Lease Agreement.

#### **Ijarah MBT:**

Ijarah MBT or financial lease is a rental arrangement, whereby the asset owner allows use of the asset against specified rentals. It includes a promise from the lessor to transfer the title of the leased asset to the lessee at the end of the lease term through a sale for an agreed price. During the entire tenor of the financial lease, the Bank must retain asset ownership, along with relevant risks and rewards.

#### **Wakalah Bil Istithmar (WBI)**

In Wakalah Bil Istithmar financing, the Bank enters into an investment agency transaction with the customer acting as an agent of the Bank. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Bank and are recorded as financing upon their investment in the business. By the end of each quarter, half year, or any other defined period, the customer pays the profit.

#### **Istisna Finance**

Istisna Finance is an Islamic financial product used to finance the production or construction of goods, properties, or projects. It is a contract between a financier and a manufacturer or builder, where the financier agrees to buy a specific asset or project which is yet to be constructed or manufactured at an agreed price and on a predetermined future date.

#### **Running Musharka (RM)**

Running Musharakah is an Islamic financing product based on the principles of partnership and profit-sharing. It is a form of Musharakah, a joint enterprise where all partners share the profits and losses of a business venture. Running Musharakah is specifically designed to cater to the working capital needs of businesses.

#### **Wakla Bil Bai (WBB)**

Wakala Bil Bai is an Islamic financial product that combines the concepts of Wakala (agency) and Bai (sale). It is a Shar'iah-compliant financing structure where one party (the Muwakkil or principal) appoints another party (the Wakil or agent) to carry out a sale transaction on their behalf. This arrangement is commonly used in trade financing and other commercial transactions.

#### **Musharaka:**

A partnership agreement between Ahli Islamic Banking Services and a customer to contribute to a certain investment enterprise, whether existing or new, or the ownership of a certain property. Once Musharaka is developed Ahli Islamic Banking Services as co-owner in the property leases its part to its partner in the asset on agreed rental basis.

#### **Service Ijarah**

Services Ijarah is a lease contract, whereby the Bank (lessor) leases to a customer (the lessee) a specific service for a specific period of time, in exchange for an agreed rental. As per the procedure Ahli Islamic Banking Services purchases the services on request of the customer and after purchase of the service, it leases the services to the customer.

### **Retail Islamic Financing and Related Assets**

**Personal (Goods) Finance** - Offers a high financing amount with a repayment period of up to 10 years at a highly competitive profit rate, designed 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 also offers mortgage-free auto financing for salary customers to add more convenience and freedom in owning their vehicles.

**Home Finance** – Offering up to 80% of the property value for both ready property purchases and construction projects, with flexible financing options available for up to 25 years. This product is designed for individuals looking to buy or build their homes, providing competitive profit rates, personalized payment plans, and the convenience of a streamlined approval process.

**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 Ijarah.

**Retail Commercial Finance** - As part of our comprehensive customer experience offering and 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.

**Qard Hassan Finance** - A profit-free facility, Qard Hassan, will be offered to new employees from select entities. The new employees can avail up to RO 1,500 repayable in one year with a grace period of three months, during which the Bank will bear the life takaful during the said period. Qard is offered to new employees to help them settle through the displacement at the start of their roles with the government entity.

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

## **Risk Management**

The Bank strives to balance risk and returns while operating within the Risk Management Framework. The Risk Management Division closely monitors the core risk areas and reports to the Board Risk Committee. The primary goal of the Risk Management Division is to ensure that the Bank's asset and liability profile, trading positions and credit and operational activities are not exposed to losses that could threaten its stability and continuity.

Risk Management ensures that risk exposures do not become excessive, nor concentrated, relative to the Bank's capital and financial standing in line with the Bank's approved Risk Appetite Statement, which is cascaded to the business unit level and monitored regularly. The Risk Management Practices, Policies and Risk Appetite Statement are also regularly updated in line with the evolving business and regulatory environment.

The Bank manages the risks effectively and efficiently by monitoring and approving all retail and commercial credit applications. This emphasises 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 the identification of the various associated risks.

The Bank complies with Basel III Norms and 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. Regular reviews of portfolios and corrective measures are taken, where essential, to maintain high asset quality and support business growth. For cyber risks, the Bank has various procedures to ensure its readiness to respond to imminent cyber threats.

The Risk Management Function will continue to invest in new projects to adapt to the changing regulatory landscape, further enhancing risk management practices. It will also maintain adherence to international best practices and persist in monitoring and controlling exposures within the predetermined acceptable limits.

## **Board Committees:**

Audit and Compliance Committee  
Executive and Credit Committee  
Executive Risk Committee  
Nomination and Remuneration Committee

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Digital Transformation Committee

**Management Committees:**

Executive Management Committee  
Credit and Investment Committee  
Assets and Liabilities Committee  
Credit Risk Management Committee  
Operational Risk Committee  
Products and Consumer Protection Committee  
Special Assets Committee  
Technology Delivery Committee  
Technology and Digital Transformation Steering Committee

The Bank has established policies and measures to assess capital adequacy in accordance with Central Bank of Oman (CBO) regulations, which have been approved by the Board of Directors. Under these policies, the Bank assesses its capital against its risk profile to ensure it sufficiently supports all material risks to which it is exposed.

**Policies and Procedures**

1. Anti-Money Laundering Policy and Sanctions Policy
2. Asset Management Policy
3. Board Remuneration Policy
4. Brokerage Policy
5. Business Continuity Management
6. Capital Management Policy
7. Classification and Measurement Financial Assets and Liabilities
8. Cloud Policy
9. Code of Business Conduct
10. Compliance Policy
11. Corporate Communication and Marketing Policy
12. Corporate Governance Policy
13. Corporate Social Responsibility Policy
14. Credit and Investment Policy
15. Customer Complaints Redressal Policy
16. Disclosure Policy
17. Dividend Policy
18. Electronic Banking Policy
19. Expense Policy
20. Financial Institutions Policy
  
21. Fraud Risk Management Framework
22. Fraud Risk Management Policy
23. Human Resources Policy
  
24. Information Security Policy
25. Liquidity and Funding Policy
26. Market Risk Policy
27. Operational Risk Management Framework
28. Operational Risk Management Policy
29. Outsourcing Policy
30. Personal Account Dealing Policy
31. Products and Consumer Protection Policy
32. Risk Management - Approach and Framework

**Islamic Banking Related policies**

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

**Consumer Protection**

The consumer protection framework implemented by ahlibank reinforces its foundation of integrity, responsibility and excellence in our customer relationships. Consumer protection is not only part of ahlibank's mission but also embedded in the core values of the Bank. ahlibank's ongoing efforts to ensure continuous adherence with Financial Consumer Protection Regulatory Framework (FCPRF) are reiterated below;

**A. Disclosure and Transparency**

1. ahlibank's customer services-related documentation (Terms & Conditions, Account Opening Forms, Agreements, Contracts, etc.) has been comprehensively reviewed by respective product team, legal department and external legal firm for improvements in terms of transparency and clarity in adherence to the consumer protection framework requirements.
2. T&Cs of Retail & SME products are adequately developed and published on bank's websites.
3. Written communications to customers, sales and advertisement materials of the bank are in line with FCPRF regulations whereby it contains and highlight key features of a given product or service.

- 33. Security and Safety Policy and Plan
- 34. Social and Environment Management System Policy
- 35. Social Media Policy

- 36. Treasury and Investment Policy
- 37. Voice Recording Policy

- 38. Wealth Management Policy

- 39. Whistle Blowing Policy

Statements (KFS) and its uses in particular.

8. Managing conflict of interest is adequately covered in bank's Compliance Policy and Code of Business Conduct policy

9. Bank ensures disclosure of conflicts of interest to customers in relation to investment products

10. ahlibank continues to ensure that written product-related agreement copies are provided to customers where needed (Credit facilities, Loans, etc.).

11. Bank issues periodic statements to customers for their transactional accounts, cards, etc which are also available through its channels and branches.

4. Key customer related documents such as consumer agreements, forms, receipts and statements are provided to customers in a written form.

5. ahlibank has developed key facts statements (KFS) documents covering all its Retail and SME products and published the KFS documents on bank's websites.

6. Investment products KFS documents contain required disclosures as stipulated in FCPRF guidelines

7. Awareness created across the bank about FCPRF in general and Key Facts

#### **B. Fair Treatment and Business Conduct**

1. ahlibank has internal policies and procedures (including credit policies and Fraud Risk management framework), where needed in relation to compliance with the Consumer Protection Framework.

2. The Bank's promotional and advertisement materials include appropriate warnings to customers on various risks.

3. Bank's Retail & SME products terms and conditions have been thoroughly and independently reviewed by bank's Legal team and a third-party legal consultancy firm to ensure they are adequate, fair, and clear.

4. The bank has organized various awareness training sessions to enhance the skills of the front-line staff/functions and sales team for ensuring fairness in treatment of customer services

5. Bank has in place a well-developed Asset Management Operations Manual & Procedures covering all relevant regulatory requirements

6. Bank has in place dedicated product development teams under various business lines, well-defined policies and procedures for launching new products and services to customers, and a dedicated senior management committee (PCPC) who is responsible for ensuring adherence to regulatory guidelines on bank's products and services

7. Bank has in place a dedicated Insurance unit and established a suitable Insurance Management Procedure Manual that defines the controls and methodology of handling customer-related insurance matters

8. Bank's credit and investment policy covers customer repayment capacity as well as maturity and currency profile of the loan book, keeping in view the market risks inherent in the balance sheet, risk management capability, liquidity, etc

9. Bank's Retail Credit procedures cover issuance of NOCs for customers who are interested in transferring a product/service to another bank.

10. The tariff of charges schedules is uploaded on bank's websites

11. The Terms of Reference for Board of Directors and Management Committee have been reviewed and modified to oversee matters related to Consumer Protection

#### **C. Data Protection and Privacy**

The Bank's privacy policy is in line with the new Data Protection Law of Oman and covers customers data rights protection.

Bank has the following controls in place to address regulatory requirements of data protection:

1. Adequate responsibility and authority related to data protection are assigned to Board of Directors and Senior Management of the bank in their respective terms of reference (TORs)

2. Internal policies for launching or amending Products & services.

3. Management Committees overseeing the bank's products & services and systems

4. Product Development teams and Information Security teams ensure protection of data, while developing or launching products
5. Retention Procedure defining minimum period of records retention to be 10 years as stipulated by regulatory guidelines
6. Charges for retrieval of customers records/data as defined in the bank's schedule of charges
7. A dedicated ISO team under Risk Management department to control & monitor data confidentiality & security
8. T&Cs of third-party products (Cards/Insurance) cover adequate disclosure clauses

#### **D. Dispute Resolution Mechanisms**

The Bank has a Board approved Customers Complaints Redressal Policy. It has a dedicated Quality Assurance and Complaints Management team. The Bank continuously creates awareness on its social media and websites about consumer rights and manner of submitting complaints to the bank. It has a defined escalation and turnaround time for handling customer complaints. The customer may submit complaints through various banking channels and the following mechanism is adopted

1. Customers receive auto notifications of their complaints received by the bank with a reference number for the case registered.
2. Call back service from the bank's Quality Assurance unit to inform the customer that his/her case is under investigation.
3. On resolution, the customer is informed by the bank through an SMS sent confirming closure of the case.
4. Bank maintain written records of all complaints through a Complaints Management System

#### **E. Financial Education and Financial Capability**

Bank has developed a financial education and financial capability plan which includes the major initiatives related to consumer education, namely i). Product awareness ii) financial tips iii) financial awareness events. Bank use its various channels to improve customers' education and capability, the methods used for this purpose include the following:

1. Publishing posts and videos discussing various product awareness topics through Social Media & SMS
2. Organising regular awareness events, such as gatherings or seminars through Face-to-Face & virtual.
3. Facilitating financial tips through social media platforms.

Bank has submitted the Financial Awareness Initiatives Annual Report and plan to the Central Bank of Oman (CBO) for 2024.

#### **F. Role of the Board and Senior Management**

At the Board level, the Executive Risk committee oversees matter relating to the implementation of the framework. At the Management level, the Product committee was also revamped to Product and Consumer Protection Committee (PCPC) to oversee the implementation of the Consumer protection framework. The PCPC monitored the FCPRF implementation within the Bank. The Executive Management Committee and Board were periodically updated on the progress of the implementation.

Bank has submitted the annual report of reviews on financial consumer protection to the Board of Directors and made other required disclosures, where necessary.

#### **G. Other action Required by Licensed Entities**

1. The Bank's Charter of consumer rights and responsibilities are published in both Ahlibank & Ahli Islamic websites
2. Bank's Retail banking services conducts mystery shopping, at periodic intervals to perform qualitative monitoring of financial consumer protection.

#### **Complaints Management**

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The Bank has a dedicated Complaint Management unit responsible for addressing customer feedback and managing customers complaints. The unit ensures compliance with all requirements related to Complaints Management and redressal. As per requirements of the Financial Consumer Protection Regulatory Framework, the following table details complaints data for 2024, and the comparative date for 2023.

Disclosure on customer Complaint

Complaints Received by the bank for its customers		31 <sup>st</sup> Dec 2023	31 <sup>st</sup> Dec 2024
1.	Number of complaints pending at beginning of the year	4	6
2	Number of complaints received during the year	925	1519
3.	Number of complaints Disposed during the year	919	1501
3.1	Number of complaints rejected by the bank	Nil	Nil
4.	Number of complaints pending at the end of the year	6	24*
4.1	Number of complaints pending beyond 30 days	-	-

\*All complaints are within the compliant resolution timeframe

During the year 2024, there were no cases on which any enforcement actions were on Bank for violations of consumer protection laws or Financial Consumer Protection Regulatory Framework (FCPRF).

The Bank’s website (both ahlibank.om and ahliislamic.om) provides customers with easy access to information they need on their rights and responsibilities. The pages can be found under knowledge center:

Key Facts Statements <https://ahlibank.om/key-facts-statements/>

For feedback and complaints, please call 24577177. The complaint will be acknowledged with a reference number and addressed in a reasonable time. For any escalation, customers may contact Mr. Ibrahim AlMaamari on phones number 24653015/24653093, WhatsApp 72400111 or email us on [complaints@ahlibank.om](mailto:complaints@ahlibank.om).

The above information is available in the website @ <https://ahlibank.om/ahliconnect/>

**Internal Audit**

The Internal Audit Function reviews and provides 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 aligned with globally accepted methodologies and standards as propounded by the Institute of Internal Auditors (IIA), USA. This Function is an integral part of the Bank's control environment, providing independent assessments and reviews through audits based on a risk-based annual plan. It shares the findings with senior management and submits them to the Audit & Compliance Committee. All issues are diligently followed up for timely corrective actions and brought to their logical conclusions.

**Information Technology**

The Bank’s IT strategy is underpinned by three key themes—Technology, Process, and People—that define our roadmap for success. With a forward-thinking approach, aligning with the bank’s strategic objectives, we prioritize investment in advancing our IT infrastructure and maturing our IT landscape. This allows us to craft differentiated digital products and services that enable a superior customer experience across various banking channels—be it retail banking, corporate banking, lending, payments, cards, or customer experience in general. In an era where technology is the driving force behind the banking sector's evolution, we remain focused on ensuring that our IT systems and platforms are not only robust but also scalable and future-ready, fostering high levels of digital engagement and adoption.

Our infrastructure modernization efforts have been specifically focused on ensuring the long-term stability and scalability of the Bank's IT operations, enabling us to meet current demands and support future growth. The successful establishment and seamless migration to the Bank's new state-of-the-art data center is a pivotal achievement in our technology transformation journey. With meticulous planning, we ensured minimal downtime and maintained data integrity throughout the transition. The new data center lays the groundwork for future innovations, including advanced cloud solutions and Artificial Intelligence (AI), enabling us to meet the growing demands of digital banking and positioning the Bank to stay ahead in an increasingly competitive financial landscape.

Mobile Workplace Modernization, another key initiative, has revolutionized how we work by providing flexible, on-demand access to our staff from anywhere. This not only boosts productivity but ensures a consistent, high-level employee experience across all locations. Similarly, with desktop virtualization, we have empowered our teams to work seamlessly in a hybrid environment, driving greater flexibility and efficiency.

High Availability has been enabled for critical customer-facing services, ensuring that essential services achieve scalability by remaining available and accessible to customers at all times. We have created a resilient IT architecture that minimizes downtime and guarantees the continuity of services for our customers.

The technology team has been instrumental in advancing the Bank's Enterprise Transformation strategy, driving a significant leap in operational efficiency and customer experience through the digitization and automation of core processes. This strategic shift has not only streamlined operations but has also drastically cut processing times and minimized errors resulting in a more agile and responsive organization. Furthermore, automating critical compliance functions, such as Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) procedures, as well as National Customer Financial Information (NCFI) reporting, has freed up our teams to focus on high-value, strategic initiatives that drive business growth. This shift has strengthened our ability to innovate while ensuring we remain at the forefront of regulatory compliance, meeting and exceeding the rigorous standards that govern our industry.

In the aspect of data, we recognize the opportunities and the risks, and have proactively embarked on a journey to position the bank to fully leverage the transformative potential of data for both our business and our customers. By implementing a comprehensive Data Governance Framework, we established a critical prerequisite for the successful implementation of our Data Management Program. This governance structure not only ensures compliance with regulatory requirements but also serves as a catalyst for the strategic integration of advanced technologies such as Artificial Intelligence (AI) and Machine Learning (ML). These technologies are enhancing our ability to unlock valuable insights, drive data-driven decision-making, and manage data as a critical asset that supports the bank's long-term strategic objectives.

To fortify the protection of our data and critical information assets, we have strategically implemented Next-Generation Cloud Security, extending our security framework far beyond the traditional boundaries of the bank's network. This forward-thinking solution provides comprehensive protection against data leakage, while enabling advanced monitoring and real-time analytics. By ensuring that sensitive information remains secure both within and beyond the bank's infrastructure, we are positioning ourselves to effectively mitigate emerging threats and safeguard the trust of our customers.

Innovation is at the heart of our approach, driving us to continuously explore new possibilities and improve our internal processes. We foster a culture of intrapreneurship, empowering our employees to think creatively and take ownership of internal innovation initiatives. By utilizing the Ideation Incubation Board, we manage and streamline the innovation process, from the initial idea phase through to development and execution. This structured approach has resulted in several successful internal launches that have significantly enhanced our operations.

People and capacity development remain a cornerstone of our organizational strategy, with a strong focus on equipping our staff with the expertise and skills needed to excel in an ever-evolving technological landscape. Team members actively engage in specialized fintech and other technology-focused training programs, further enhancing their leadership capabilities and technical acumen. In addition, we foster a culture of continuous learning through internal knowledge-sharing sessions, where employees share insights and best practices. This commitment to both individual and collective growth not only empowers our staff but also drives the innovation and efficiency that are essential to our continued success.

## **Digital Transformation**

Ahli Bank completed its first phase of its digital transformation in 2024, firmly establishing the foundational elements and readiness for its Digital Transformation 2.0. Our unwavering commitment to continuously enhance the bank's digital capabilities, prioritizing customer-centric innovation, and aligning with Oman Vision 2040, has enabled us to redefine the banking experience. By leveraging advanced technologies, we continue to meet the dynamic and ever evolving needs of our customers, while setting new benchmarks in operational excellence and innovation.

Over the past year, Ahli Bank has completed key significant milestones in its digital transformation journey. A cornerstone of this progress has been the strengthening of our mobile-first strategy, demonstrated by the enhancement of innovative features such as e-IPO mobile capability, which allows customers to apply for 1:1 leveraging seamlessly to instant digital onboarding. These enhancements have improved accessibility together with catering to the growing preference for seamless digital banking experiences.

Our collaborations with FinTech partners have played a crucial role in driving innovation, enabling us to introduce cutting-edge products and services that enhance our competitiveness in the banking sector. Simultaneously, the adoption of robotic process automation across critical processes has accelerated service delivery, reduced turnaround times, and elevated customer satisfaction.

Cloud computing has been another key area of focus, continuing with projects like Customer Loyalty, otherwise known as Pearl Points, which is a digital customer rewards program, and International Remittances through the mobile banking, that demonstrates our commitment to delivering scalable and cost-efficient solutions. Meanwhile, the iGeneration program has introduced its second cohort with an increased number of graduates being employed and equipped with emerging technology skills, ensuring that our workforce is prepared to support the Bank's ambitious digital goals.

Building on the successes of 2024, Digital Transformation 2.0 will be central to our strategic priorities in 2025. This initiative is defined by a commitment to customer-centric innovation, operational efficiency, and alignment with national objectives. A critical component is the adoption of artificial intelligence and machine learning to personalize customer experiences, deliver predictive insights and automating these interactions. By expanding our mobile-first approach through the introduction of advanced digital interfaces that offer seamless and intuitive experiences, we ensure that customers remain at the heart of our innovation efforts.

Deepening our ongoing FinTech collaborations with partners will continue enabling us to co-create innovative solutions, enhancing our service offerings and maintaining our competitive edge. The implementation of intelligent automation through advanced RPA and AI-driven workflows will further streamline operations, delivering faster service and improving customer satisfaction. With the increased reliance on digital solutions, we remain dedicated to safeguarding customer data and transactions through AI-enabled threat detection, advanced encryption protocols, and continuous monitoring.

Firmly aligned with Oman Vision 2040, our Digital Transformation 2.0 initiatives contribute to national economic growth, embracing innovation and a steadfast focus on customer-centric transformation, all of which underscores our commitment to leveraging cutting-edge technologies, fostering a skilled and sustainable workforce, and driving value for our customers and stakeholders.

## **Our Most Valuable Asset**

Human capital development continues to play a vital role in ahlilbank's pursuit of excellence. Providing employees with a positive working environment is a key element of the Bank's responsibility, enhancing their level of engagement, commitment, loyalty, and overall satisfaction. The Bank links competencies to performance management at all levels to support employee development and align them with personalised training needs. This sustains highly skilled staff capabilities, enhancing ahlilbank's path to excellence and maintaining its leading position within the Omani Market.

ahlilbank is at the forefront of enhancing the capabilities and competencies of Oman's youth, contributing effectively to the national agenda outlined in Oman Vision 2040 through job creation and skill development. In this vein, the Bank has continued its intake of the Himam Programme for the 10<sup>th</sup> batch. This annual initiative accelerates participants' career growth and prepares them for leadership roles at the Bank. Since its establishment in 2015, the Himam programme has employed 128 candidates across various departments. Additionally, the Bank launched the iGeneration Programme by employing 26 candidates over two batches. In 2024, this program serves as a cornerstone in shaping a dynamic workforce by equipping young professionals with cutting-edge skills in areas like emerging technologies, project management, data, and innovation. A third programme, the Business Programme, was established in 2018, with 153 individuals employed to date. These programmes are pillars of the Bank's strategy to prepare a generation of young Omanis who will build a brighter, more prosperous future for the Sultanate and support the government's economic development vision.

Overall, ahlilbank has consistently exceeded its Omanisation targets, creating around 101 jobs and achieving a workforce Omanisation rate of 94.10% as at December 2024 (92.60% in Middle Management). The Bank takes pride in having a 40.38% female workforce.

## **Learning and Development**

This serves as one of the cornerstones of our HR strategy, with our Learning and Development (L&D) team ensuring that employees are equipped with the necessary skills and knowledge to achieve success. We have successfully expanded the range of personalised courses available to our staff, designed to empower them to excel further by building skills applicable to both their current roles and potential future positions within the bank. In 2024, a total of 1,943 employees were trained, including 654 unique participants.

57 employees completed Middle Management Programme

65 employees attended Interviewing Refresher Programme

41 employees attended FCPR-Key Facts Statement

51 employees participated in First Aid Program

36 employees attended Customer Service Programme

22 employees participated in Preparatory Training for CIMA Certification

49 employees participated in Sharia Awareness Training

16 employees participated in Etiquette Program

The bank has extended its learning partnership with one of learning and development digital platforms "Udemy" and provided access to all its employees; the platform provides more than 10,000 online courses focused in several areas including banking focused training and Leadership.

34 of the bank staff has obtained Professional Certificates in regard of credit analysis, ACI Operation, Fintech Professional Certification, International Certificate in Wealth & Investment Management (ICWIM)

In addition, the bank has successfully certified 154 staff, empowering them on emerging technologies, data analytics and AI to support the organization's ongoing digital evolution. By focusing on a culture of innovation, fostering continuous learning, and integrating emerging technologies, the bank not only invests in its workforce but also positions itself as a leader in shaping the future of banking.

### **Corporate Social Responsibility**

AhliBank remains deeply committed to social responsibility, embedding it as a core aspect of its operations to deliver meaningful value to the local community. Through its 'Ahli Cares' initiative, supported by over 100 dedicated employee volunteers, the bank actively engages in charitable and voluntary efforts, significantly contributing to the development of various societal sectors in the Sultanate.

In alignment with Oman Vision 2040, AhliBank's CSR initiatives prioritize advancing the nation's socio-economic growth. These efforts are integral to the bank's broader strategy, demonstrated through programs designed to uplift communities across the Sultanate. By consistently supporting a range of social, educational, cultural, health, and sports activities, AhliBank underscores its unwavering commitment to its corporate values and to the progress of Oman.

### **Engaging with the community:**

In 2024, AhliBank donated to Oman Charitable Organization to support community services. The bank offered aid to multiple charitable organizations as part of its CSR endeavors.

In a heartfelt collaboration, AhliBank provided ardent support to people with disabilities through programs provided by the Ministry of Social Development. This initiative will set the pace for assisting those with disabilities, building stronger relations between them and the authorities capable of further assistance, all the while raising awareness within the community on partaking in meaningful endeavours that encapsulate all members of society.

During the holy month of Ramadan, AhliBank gave cash donations for charitable organizations through the bank's vast network of branches. Additionally, the bank made charitable Kaswat Eid donations for charitable organizations through the Ahli Islamic branches located all around the country.

Moreover, AhliBank held its Ramadan Souq initiative in collaboration with the SMEs Development Authority (Riyada), an event aimed at supporting local SMEs by allowing them to showcase their Omani home-made items. The Souq was held at AhliBank's Headquarters in Wattayah and was met with resounding success.

In keeping with its support to SMEs, the bank provided a platform for SMEs to connect, collaborate and showcase their services. The successful B2B event is called Ahli Expo 2024, and its aim is to empower SMEs to thrive. The event was met with resounding affirmation from entrepreneurs and industry experts alike.

### **2024 Ahli Cares initiatives:**

**In 2024, AhliBank significantly contributed to various initiatives and sponsorships totaling RO 188,905.952 (including RO 11,000 paid to Oman Charitable Organization)**

Under its "AhliCares" wing, AhliBank distributed Iftar meal boxes in collaboration with Oman Food Bank to the students residing in university and college hostels and individuals from different regions during the month of Ramadan. The initiative targeted the Wilaya of Bowshar, and the process was carried out by AhliCares volunteers; ardent supporters of AhliBank's vision and CSR initiatives.

The ahlicares team conducted a visit to the Social Welfare Home for the elderly in Al Rustaq, participating in a day of community service and engagement with the senior residents of the home, with the aim of providing an avenue for meaningful participation and making a positive difference in the lives of the residents.

The ahlicares team organized a day out for the children residing in the (Child Care Center - Seeb) of the ages 4-14 years. The day out consists of an entertainment day at SNOW OMAN – Mall of Oman, with the children accompanied by their supervisors and ahlicares team.

ahlibank lent its support to the ‘Back to School’ initiative which provided essential school supplies to 2,000 orphaned and low-income students across 30 regions in the Sultanate. The initiative was organized by Al Rahma Charitable Association and fully sponsored and supported by the bank. ahlibank is dedicated to enriching the lives of individuals and families within local communities. The ‘ahli Cares’ team remains unwavering in its support for charitable initiatives, consistently addressing the needs of diverse societal segments. Through these initiatives, the team has significantly impacted countless lives, reflecting the bank's commitment to enhancing well-being and fostering positive change in the community.

Furthering its efforts in CSR, ahlibank, in accordance with its ‘ahli Cares’ team, hosted a blood donation drive at its headquarters in Wattaya. The event was conducted in collaboration with the Central Blood Bank in Bousher. The mindful campaign comes in line with the bank's strategic goals to achieve sustainability and raise awareness of the importance of donating blood and helping those in need.

These are the CSR initiatives carried out by ahlibank and the ‘ahli Cares’ team during 2024. The response to such mindful endeavours was praiseworthy, as it helped strangers come together during a time of meaningful cooperation.