






Investor Presentation March 2023



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Bank Dhofar at a glance as at March 2023



Total Income

OMR 38.0 Million ↑ 13% YoY

Net Profit

OMR 10.0 Million ↑ 41% YoY



Net Interest Margin 2.5%

↑ +5bps YOY

Return on Assets 0.9%

↑ +26bps YOY

Return on Sh. Equity 7.4%

↑ +26bps YOY

Bank Share price 160 Bzs



One of the leading Banks in Oman



GRE's/ Pension Funds Shareholding c.25%



Market Capitalization **Over OMR 479 M**



Net Loan, Advances and Financing to Customers

OMR 3.46 billion

Deposits

OMR 2.95 billion

Total Assets

OMR 4.62 billion

Social Impact



- 14 nationalities of full-time employees
- 43% of our employees are women



Cost to Income Ratio

45.1% ↓ -5.82% YOY

ECL Coverage Ratio

90.1% ↓ -3.11% YOY

Capital Adequacy Ratio

19.3% ↑ +1.49% YOY

Credit Rating



- Moody's – April 2023 Rated 'Ba3' with outlook positive.
- Fitch – December 2022 Rated 'BB-' with outlook stable.

Overall Financial Performance

(March 2023)

1

Balance Sheet

OMR million	Mar-22	Mar-23	Change
Net Loans, advances, and financing to customers	3,259	3,464	6%
Cash and balances with Central Bank of Oman	145	265	83%
Investment securities	499	494	-1%
Total Assets	4,377	4,622	6%
Customers' Deposit	2,976	2,892	-3%
Total Equity	699	717	3%
Total liabilities and equity	4,377	4,622	6%

3

Key Ratios

	Dec-21	Dec-22	Mar-23
Total Capital Adequacy	17.74%	17.61%	19.26%
CET1	12.89%	12.91%	14.28%
Non-Performing Loan Ratio	5.11%	5.87%	6.88%
ROSHE	4.64%	6.19%	7.27%
ROE (including AT1)	3.60%	4.83%	5.69%
ROA	0.58%	0.78%	0.91%
Net Interest Margin	2.01%	2.51%	2.45%
Cost to Income Ratio	57.21%	48.68%	45.08%
Net loan to customers Deposits	112.45%	118.63%	117.95%

2

Income Statement

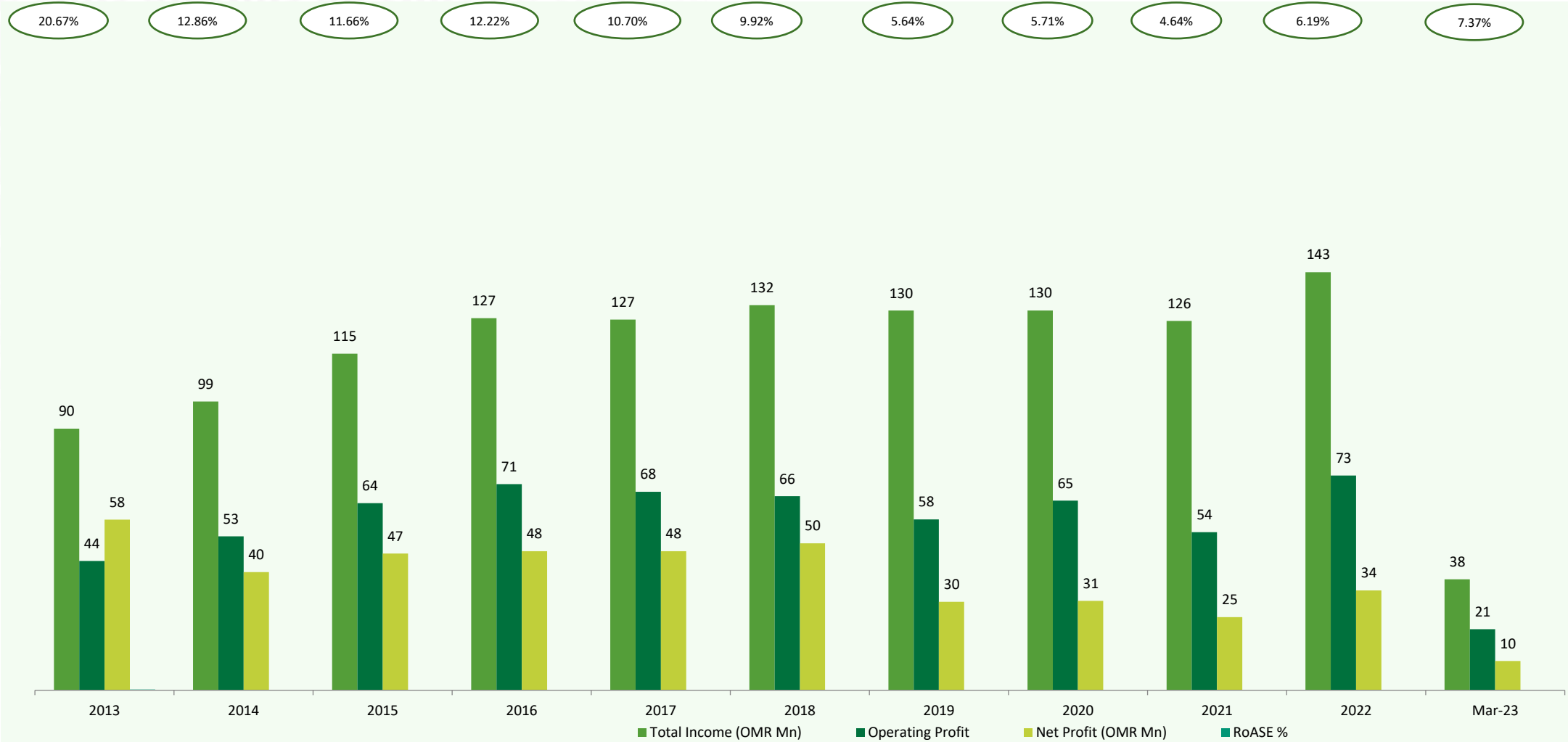
OMR million	Mar-22	Mar-23	Change
Operating Income	34	38	13%
Operating Expenses	(17)	(17)	0%
Profit before Impairment & Tax Charges	16	21	27%
Impairments	(8)	(9)	15%
Income Tax	(1)	(2)	41%
Net Profit	7	10	38%

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Highlights

- **One of the leading listed bank in Oman** by total assets of OMR 4.43 billion and 1,572 employees as of Q1 2023.
- **Market share in Oman** Assets (12%) Loans (12%) Deposits (11%)
- **Strong capital position** with CAR at 19.26% and CET1 at 14.28% as of March 2023, which are well above the minimum regulatory requirements (12.25% and 8.25% respectively)
- **Bank's Operating profits** increased from RO 16.47m [March-22] to RO 20.87m [March-23] an increase of 26.75%

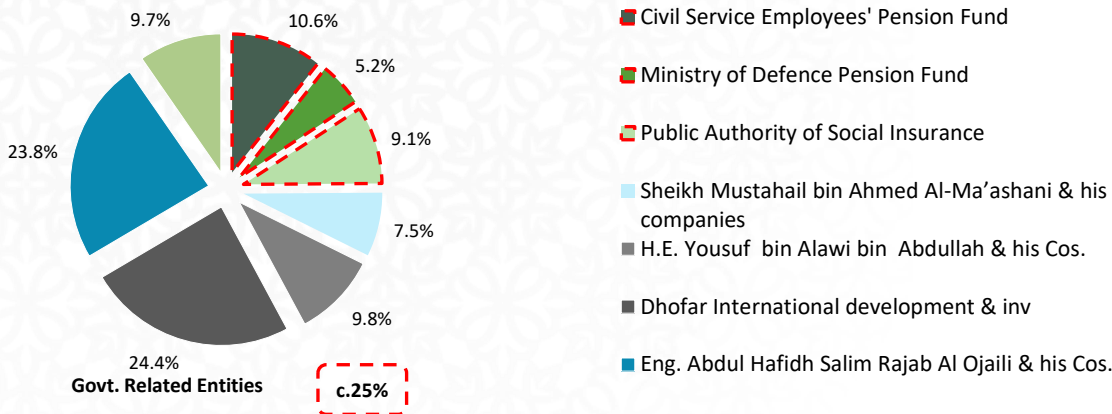
Consistently profitable due to diversified and resilient business model



Ownership Structure & Asset composition



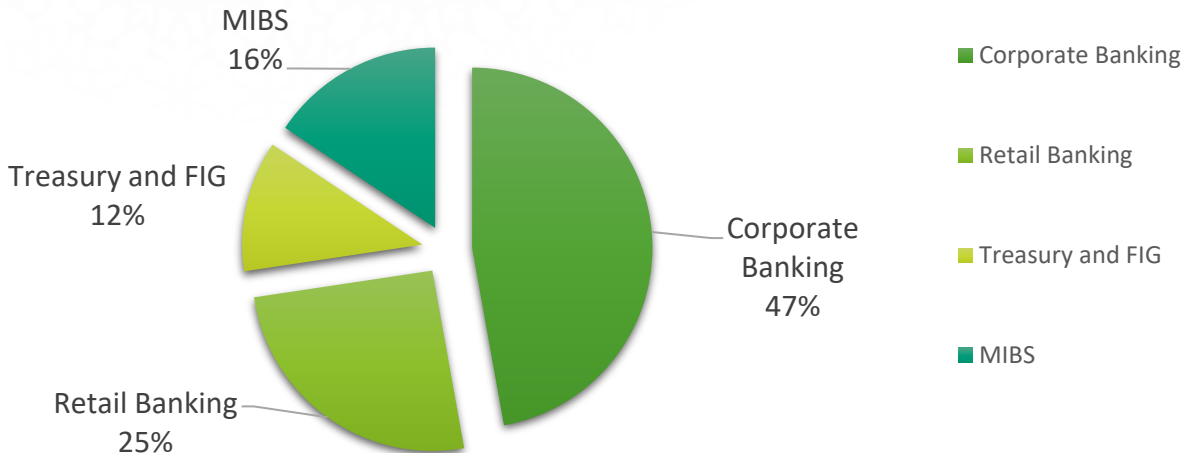
Ownership Structure (as on 31st March 2023)



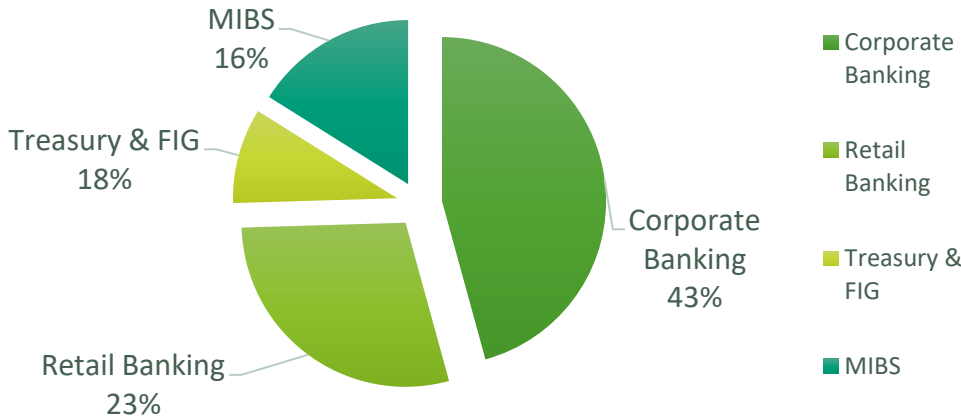
Strong Relations with the Omani Government and GREs

- ▶ 25% ownership by Government related entities /Pension Fund in the Bank enabling strong relations with GREs/PF
- ▶ Provider of banking services and products to the employees of the Ministry of Education, the Ministry of Health, the Ministry of Defense and Ministry of Finance
- ▶ The Bank anticipates that it will continue to strengthen its relationships with government institutions in Oman

Total Assets Segmental Split as of March 2023

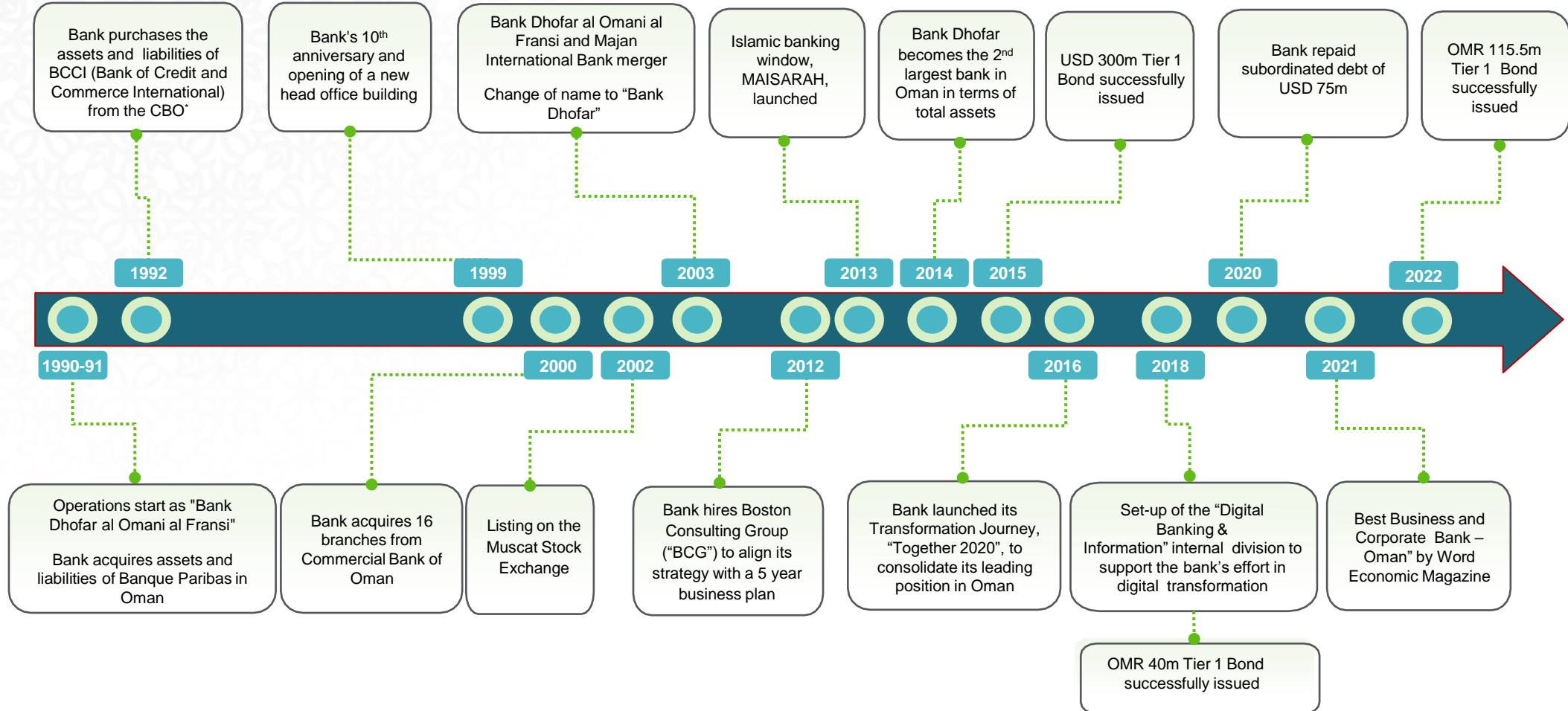


Operating Income Segmental Split as of March 2023



Bank Dhofar's Historic Evolvement

BANK DHOFAR HAS BEEN PROUDLY SERVING OMANI CUSTOMERS SINCE 1990



Bank Dhofar Key Credit Strengths

1. Leading Franchise in Oman

- » One of the leading listed bank in Oman by total assets, loans, and market capitalisation
- » Diversified product offering with a well-established retail banking franchise
- » Strong corporate banking platform supporting the Government of Oman and GREs
- » Award winning and one of the fastest growing Islamic banking windows in Oman

6. Experienced & Seasoned Management

- » Experienced and dedicated management team with vast regional and global experience with leading financial institutions in both conventional banking and Islamic finance

5. Diversified & Smart Distribution Channels

- » Strong distribution network with an optimal coverage of the Oman territory (95 branches (including 16 Islamic branches), 149 ATMs, 72 CCDMs¹, 16 FFMs² and 3 MFKs³ as of March 2023)
- » Continuous branches modernisation with introduction of multi-function kiosk machine for convenient banking 24/7
- » Market-edge internet banking and mobile banking in Oman

2. Government Ownership

- » The Government Related Entities owns c.25% of Bank Dhofar share capital
- » High probability of support from the government, if required, given Bank Dhofar's systemic importance for the country

3. Stable and Growing Operating Environment

- » Stable banking sector
- » Prudent regulatory environment
- » Stable political system in the Oman with excellent diplomatic relationship in the region and around the globe
- » Positioned to benefit from growth in Oman with economic diversification, favorable population demographics and clear policy measures.

4. Solid and Robust Capitalisation

- » Strong capital position with CAR at 19.26% and CET1 at 14.28% as of March 2023, which are well above the minimum regulatory requirements (12.25%⁴ and 8.25% respectively)
- » The Bank has been consistently paying dividends over the past 16 years
- » Strong shareholder base which has consistently supported the bank's capital position
- » Market value of Bank Dhofar share increased by OMR 64 bzs from OMR 96 bzs per share in 2020 to OMR 160 bzs per share in Mar-23.




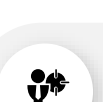

1. Cash and Cheque Deposit Machines ("CCDMs")

2. Full Function Machines ("FFMs")

3. Multi-Function Kiosk ("MFKs")

4. Including capital conservation buffers

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Overview of Sultanate of Oman

Overview

- **Oman - 2nd largest country in the GCC** with an area covering approximately 309,500 km². Strategically placed on the Arabian Gulf, Oman is divided into 11 main governorates and shares borders with Saudi Arabia and UAE.
- **Stable Political System** – Oman continues to follow peace-making foreign policy with focus on developing its economy
- **Population of ~4.9mn** - predominantly represented by Omani Nationals account for 65% of the total population
- **Resilient and Solid Economy** – focus on long-term planning with the implementation of a five-year economic development strategy plan.
- **Real GDP growth** is projected to reach 4.1% in 2023 (IMF)
- **“Vision 2040”** – government led programme, aimed at creating wealth through economic diversification and private sector partnership, building world-class infrastructure, and preserving environment sustainability
- **“Medium Term Fiscal Plan (MTFP) 2020-24”** MTFP has borrowed the four objectives from Vision 2040 to articulate the MTFP. These objectives included economic diversification, creating investment chain value, governance of state-owned entities and social well being.

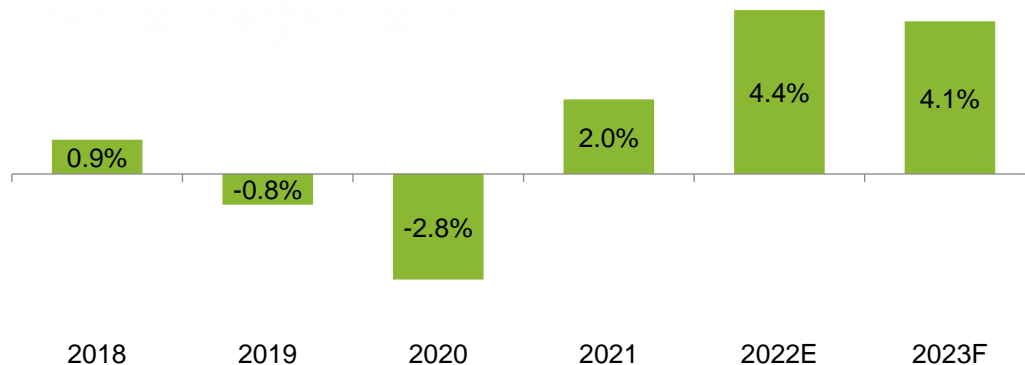
Key Figures



Key Indicators	Dec-22
Sovereign Ratings (Moody's / S&P / Fitch)	Ba2/BB/BB
Gross Domestic Product	USD 108.9bn ¹
Gross Domestic Product Per Capita	USD 23,541 ¹
Inflation	2.06%
Population	4.9 million

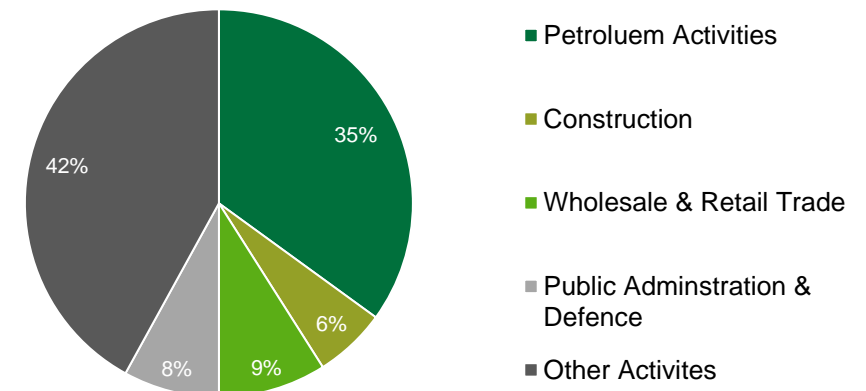
1. Source: 1. IMF World Economic Database 2. Trading Economics

Real GDP Growth²



2. Source: IMF Staff Report – November 2022

GDP Composition (June 2023)



3. Source: National Centre For Statistics & Information (NCSI)

Omani Banking Sector

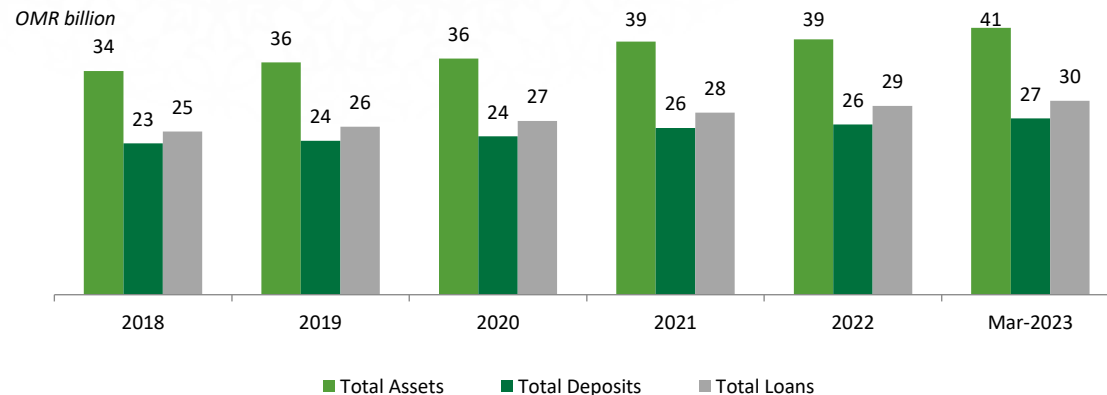
Overview of the Omani Banking Sector

- ▶ The Omani Banking Sector comprises 20 licensed banks, of which:
 - ▶ 16 conventional commercial banks: 7 locally incorporated and 9 branches of foreign banks
 - ▶ 2 state-owned specialised banks: Oman Housing Bank and Oman Development Bank
 - ▶ 2 full-fledged locally incorporated Islamic banks
- ▶ The Omani banking sector has been growing consistently in the past decade with banking assets reaching over OMR 41 billion in March 2023.
 - ▶ OMR 34 billion for conventional banks and OMR 7 billion for Islamic banks
 - ▶ Islamic banking sub-sector has been growing considerably in the past years
- ▶ The banking sector has limited reliance on foreign funding, mainly due to strong domestic deposit base

Regulatory Framework set by The Central Bank of Oman (“CBO”)

- ▶ Several regulatory and supervisory initiatives have been implemented by the CBO to develop a competitive and sound banking system
- ▶ Robust bank capitalization levels
 - ▶ Implementation of Basel III regulation
 - ▶ Introduction of a Prompt Corrective Action framework (the PCA) in 2005, which makes it mandatory for banks to take corrective actions if their total capital adequacy ratio falls below a certain level
- ▶ Credit quality and provisioning – implementation of IFRS 9 for measuring and booking credit related provisions
- ▶ Funding and liquidity - directing Omani banks towards a deposit-based funding and significant liquidity buffers
 - ▶ NSFR (minimum of 100%) and LCR (minimum of 100%): key reforms to maintain a stable funding profile and a sound liquidity level

Assets, Deposits and Loans of Omani Banks



Islamic Banking Assets of Omani Banks

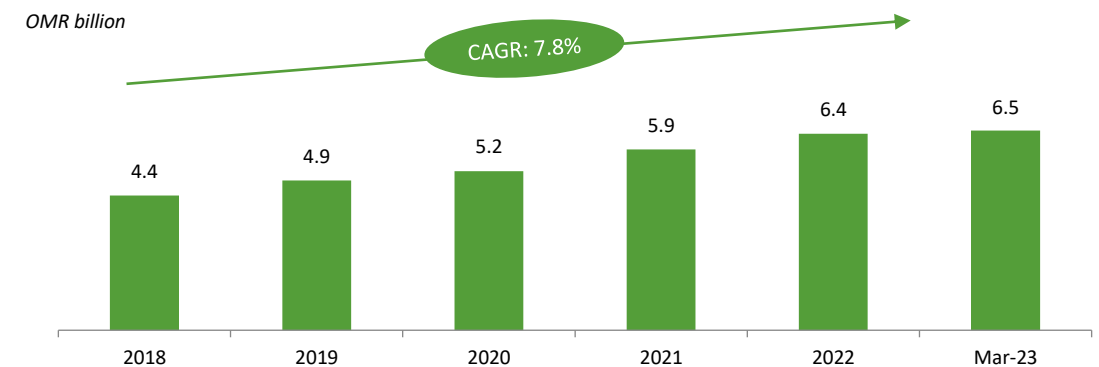





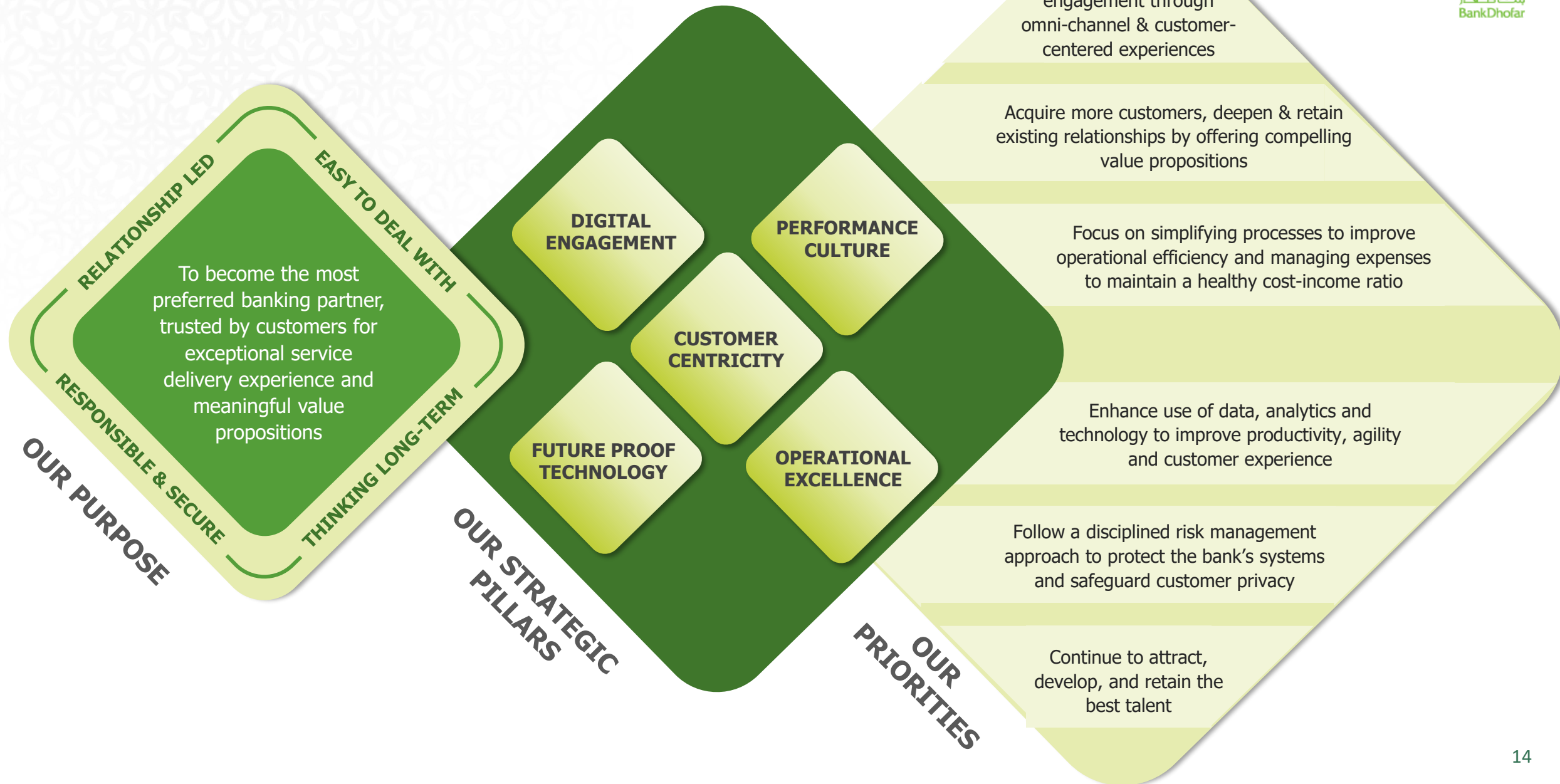


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Bank Dhofar Strategy



Business Segments

Retail Banking Group

- Provides banking services to over 313000 individual customers as of 31st March 2023
- Network of 95 branches (including 16 Islamic branches 95 branches (including 16 Islamic branches), 149 ATMs, 72 CCDMs, 16 FFMs and 3 MFks as of March 2023
- Wide range of products and services tailored to retail customers needs, including deposits, lending, education loans, debit and credit cards, priority banking, Hawa ladies banking, Youth and Student Banking, savings products and bancassurance
- In addition to branch and ATM expansion the Bank is actively strengthening its retail customer experience by strongly promoting alternatives to the traditional branch network including internet banking, mobile banking, ATMs, CCDMs and FFMs

Wholesale Government & Investment

Corporate Banking

- Solid client base with corporate banking products and services provided to approximately over 22800 wholesale and corporate banking customers
- The Corporate Banking department provides services and products tailored to attract large corporate customers and growing corporates in Oman and includes project finance and syndication for infrastructure projects
- The Bank's corporate customer base is spread out across a wide range of industries which include trading, manufacturing, services and contracting

Government and Investment Banking

- Government Banking (GB) Department is one of the key business units within the Bank, mainly focused on mobilization of deposits (liability products) from both Government and Quasi Government institutions.
- The Bank is strengthening its investment banking activities and recently established a propriety investment department.
- The horizon of services will be also expended to provide assets management, private banking and corporate advisory services.

Treasury & Financial Institutions (FI)

- The Treasury & FI department manages the funding and liquidity requirements of the Bank. The department also manages the interest rate risk, exchange rate risk, market risk and liquidity risk to which the Bank is exposed to.
- The operations of the Treasury & FI department are arranged by the following desks: Foreign Exchange and Derivatives Sales, Money Market and Interbank..
- The Bank is also engaged in commodity trading for its customers as per the CBO guidelines.

Islamic Banking (Maisarah)

- In 2013, the Bank launched Maisarah, under which offers retail, corporate, treasury and investment banking Shari'ah-compliant financial services and products to its customers
- All activities conducted by Maisarah are independent and separate from the Bank's conventional banking operations. To date, the Bank has established an Islamic finance banking team at its head office and has opened 10 dedicated Islamic banking branches (which are exclusively available to its Islamic banking customers)
- Maisarah named Best Islamic Bank in Oman in 2019 (by Middle East Banking Awards, EMEA Finance)






March-23 - Retail	OMR mn	% of Total
Net Profit	0.434	4%
Operating Income	8.812	23%

March-23- Wholesale Government & Investment	OMR mn	% of Total
Net Profit	3.018	30%
Operating Income	16.379	43%

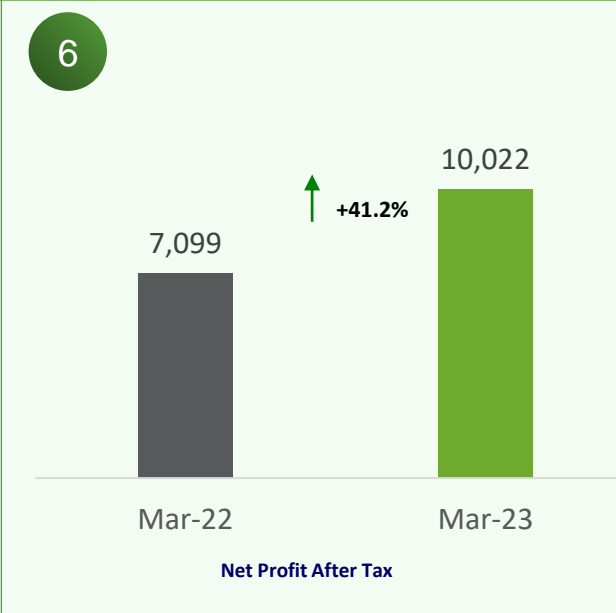
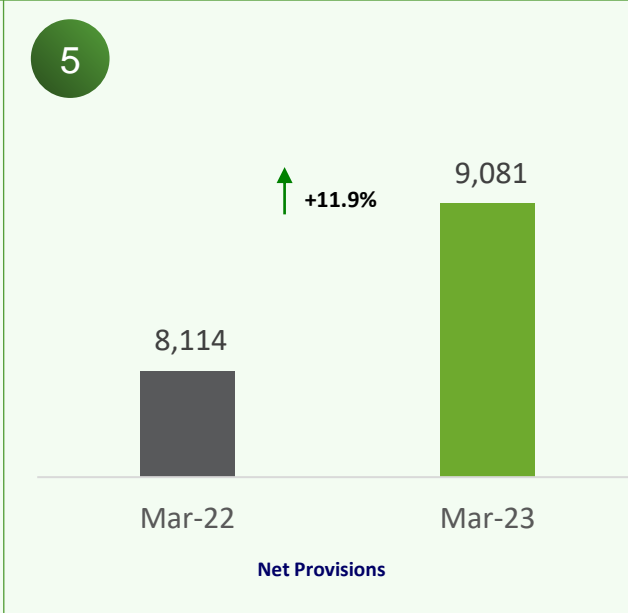
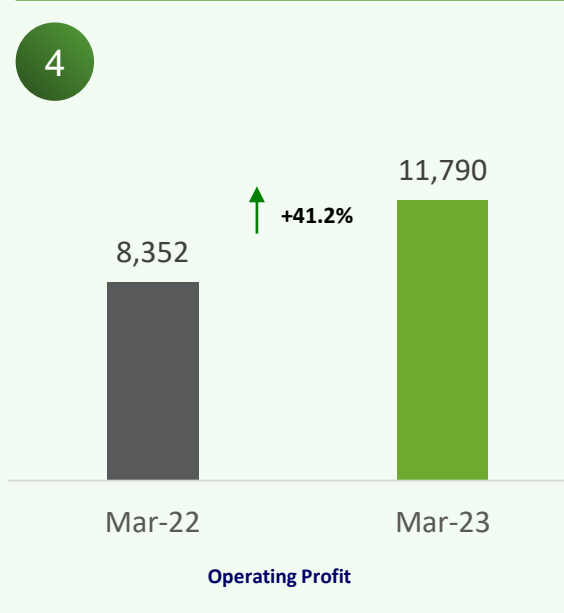
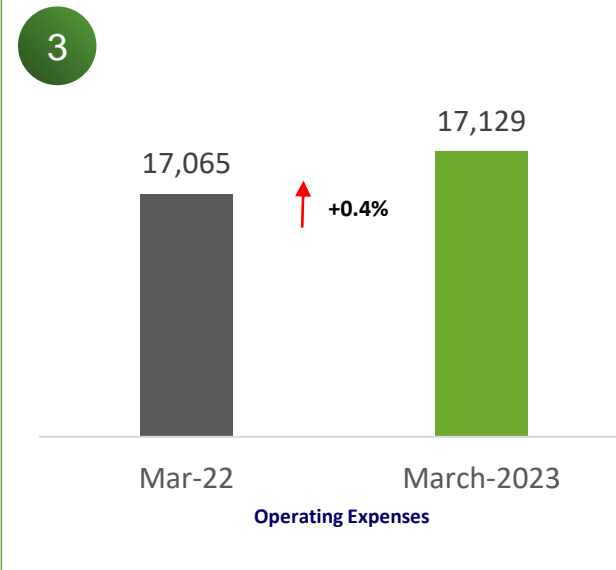
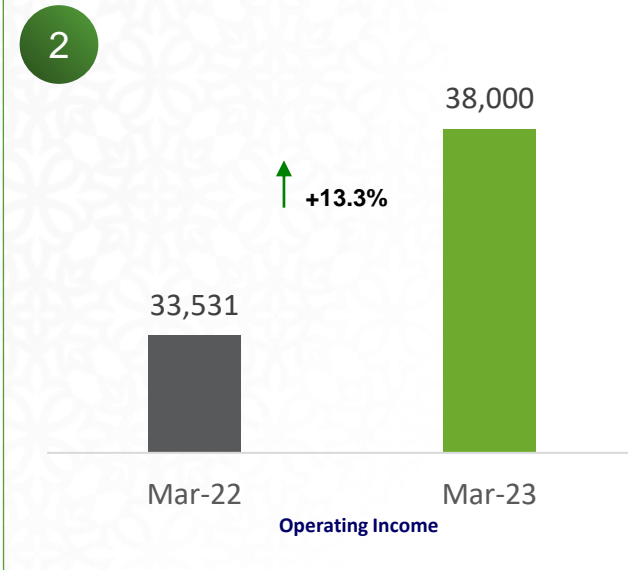
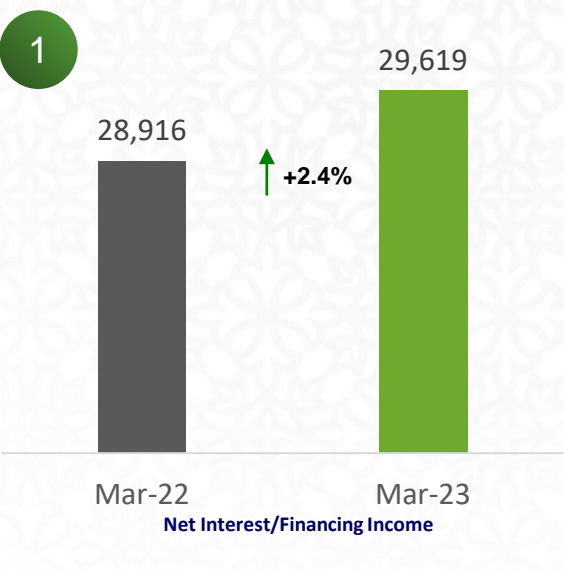
March-23 – Treasury & FI	OMR mn	% of Total
Net Profit	4.010	40%
Operating Income	6.043	16%

March -23 – Islamic Banking	OMR mn	% of Total
Net Profit	2.560	26%
Operating Income	6.766	18%

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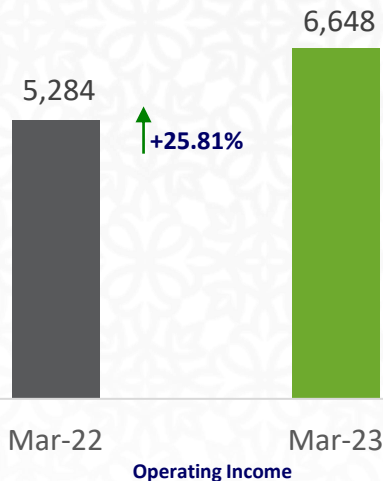
Consolidated Profit and Loss Statement at a Glance.



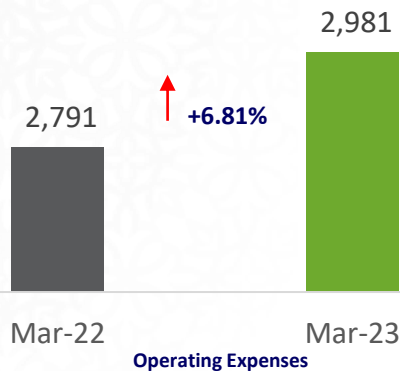
- Total operating income YTD Mar-23 is OMR 38 Million, which increased by 13.3% as compared to OMR 33.5 Million recorded during YTD March-22.
- Total operating profit YTD Mar-23 is higher than YTD Mar-22 by 41.2%
- The YTD net profit is higher by 40% when compared with OMR 7.1 million achieved YTD Mar-22.
- There has been an increase of 11.9% of net provision for impairment made during Mar-23 compared to Mar-22.

Islamic Window at a Glance.

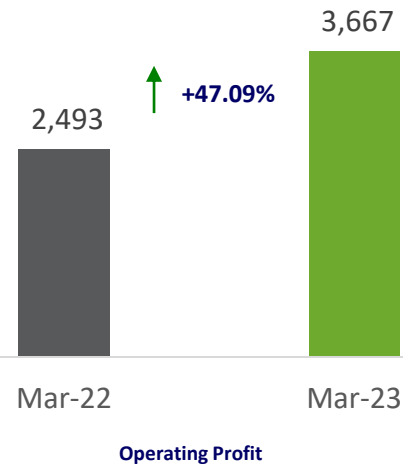
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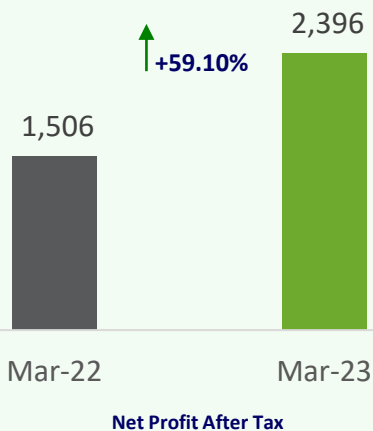
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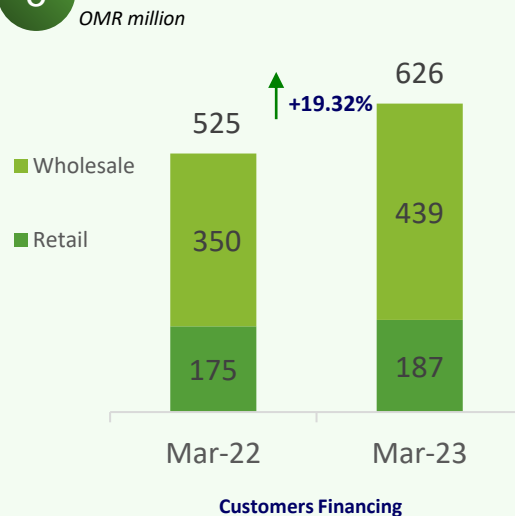
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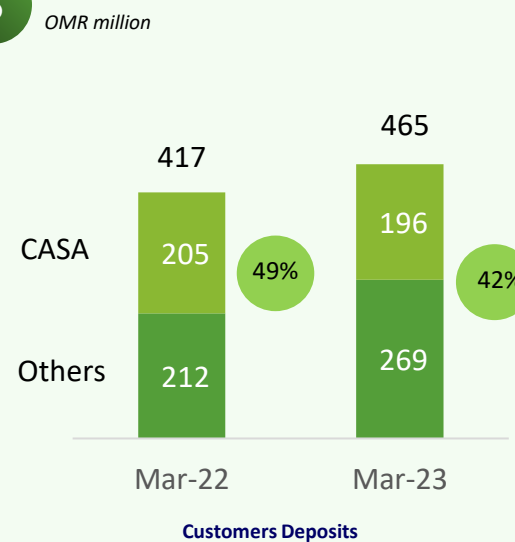
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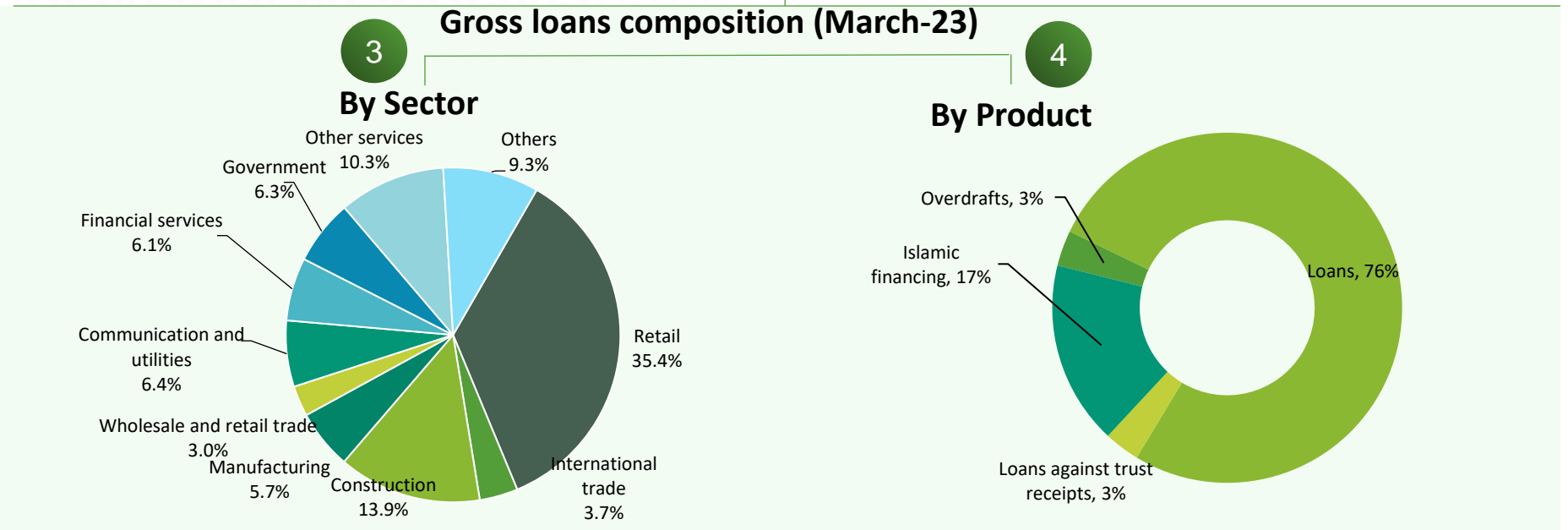
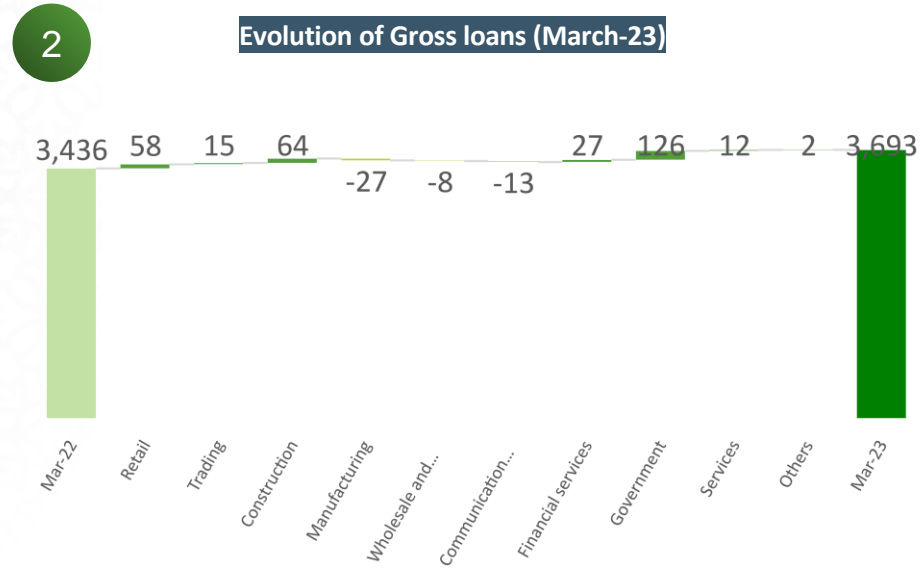
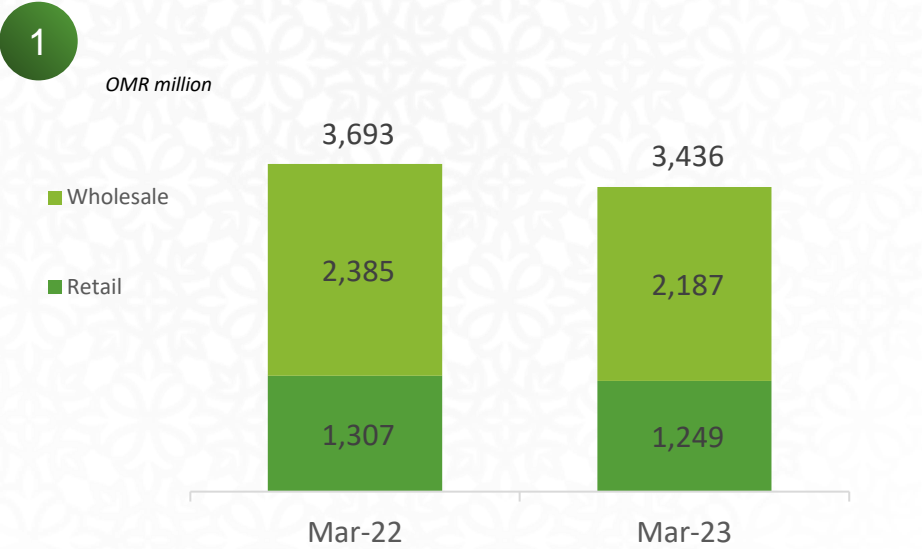


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- Gross Financing OMR 626 M.**
↑ +11.5% YOY
- Total Deposit OMR 465 M.**
↑ +10.73%
- Cost to Income Ratio**
44.8%
- Return on average equity**
9.8% ↑ +286bps YOY
- NPL Coverage Ratio%**
239.5%
- Net Interest Margin**
2.5%
- Market Share**
Assets (11%); Loans (10%); Deposits (10%)

Gross Loans and Advances



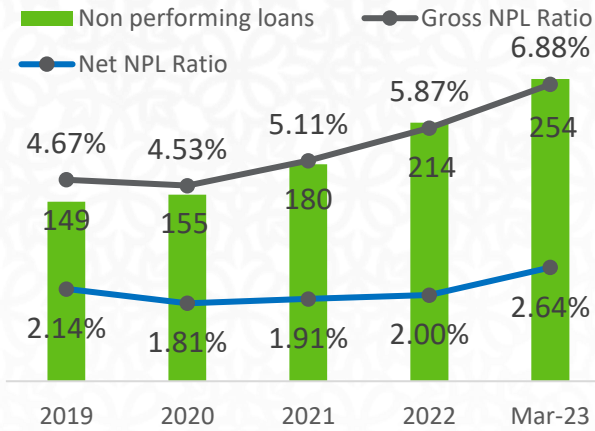
- The Bank is adopting a more conservative lending approach with a focus on credit quality.
- Diversified loan portfolio across sectors with a strong franchise in retail.
- The Bank witnessed a growth in loan book of 8% from OMR 3.436 Billion as at Mar-22 to OMR 3.693 as at Mar-23.

Credit Quality

1

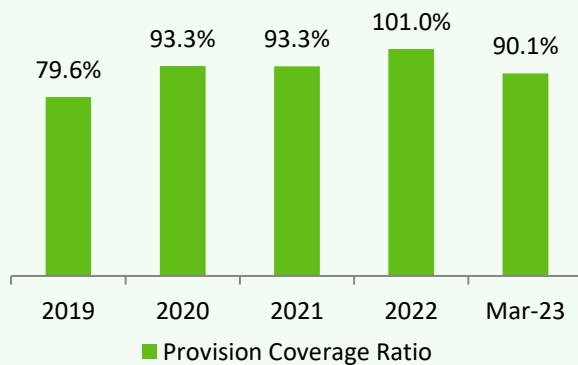
Non-performing loans and Gross NPL Ratio

OMR million



2

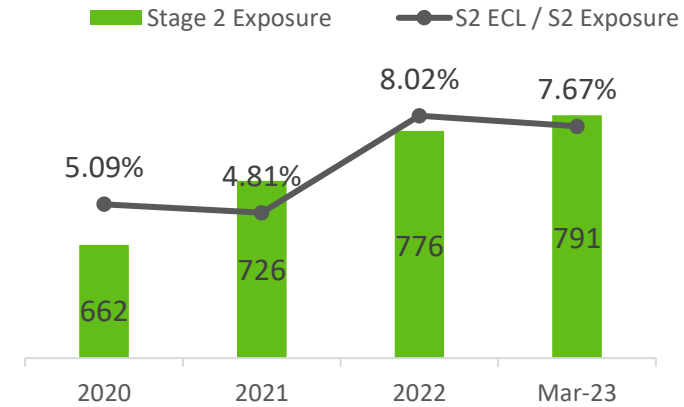
Non-Performing Loans Coverage Ratio



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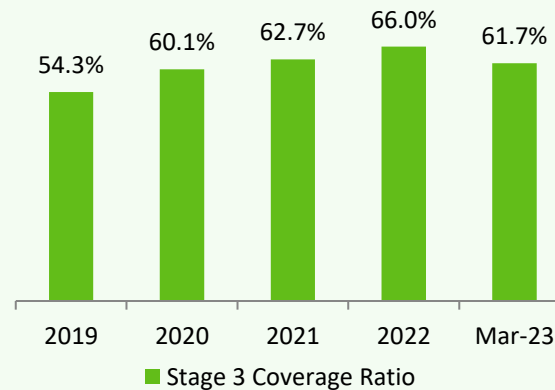
Stage 2 Exposure & ECL

OMR million



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Stage 3 Coverage Ratio *

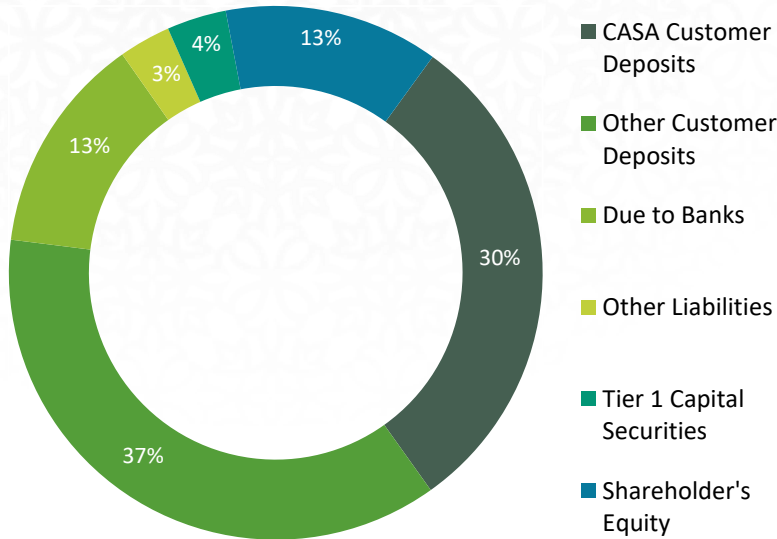


* Total funded ECL stage 3 against funded stage 3 Exposure

- Gross NPL ratio stood at 6.88%
- Net NPL (net of interest reserve & ECL) has increased to 2.64% from 2.00% in the previous year
- NPL coverage ratio (total funded ECL stage 1,2&3 against funded stage 3 NPL) at 90.1% as at March 2023.
- Stage 2 ECL to Exposure ratio has slightly reduced by 0.35 from 8.02% in Dec-22 to 7.67% in Mar-23
- Stage 3 coverage ratio up to 61.7%.

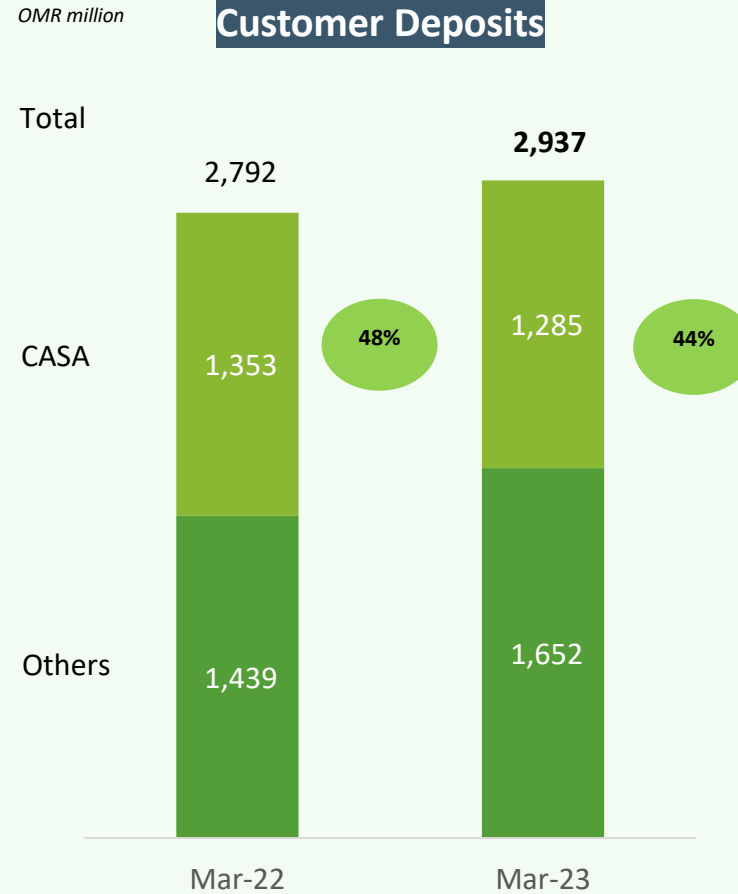
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Funding Mix



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Customer Deposits



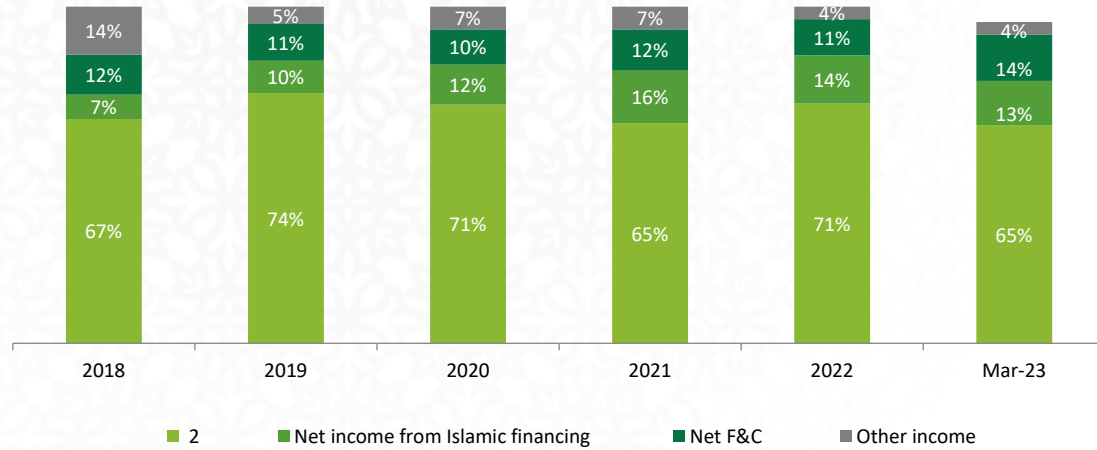
- Customer deposits marginally skewed towards term deposits with CASA's constituting 45% of the total deposits.
- Stable funding with access to diversified sources of funding
- The Bank is primarily customer deposit-funded with a broadly stable deposit base, including sticky deposits from GREs
- The Bank holds a portfolio of highly liquid investment securities mainly Omani sovereign instruments, available for repo, if needed

Profitability and Performance

1

OMR million

Net Revenue Breakdown



- Operating income has remained relatively stable in previous years. The income has started improving in the year 2022 mainly due to higher yields & lower COF as compared to previous years.
- The consolidated net profit for the year ended 2022 recorded growth of 36% to reach RO 34 million compared to RO 25 million for the financial year 2021.
- Increase in net provisions as the Bank continues to prudently make provisions to improve coverage ratios.

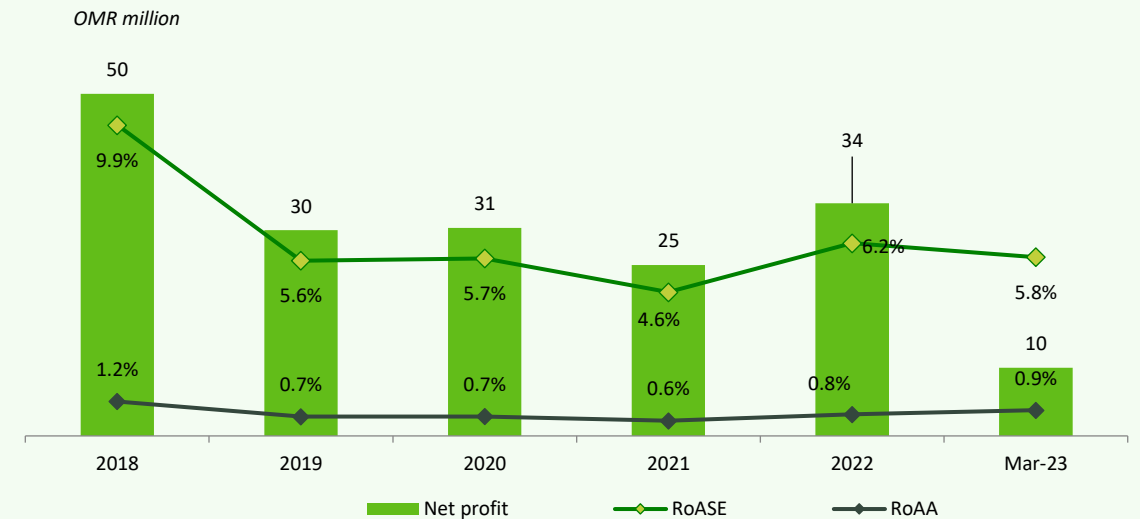
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Non-Funded Income

Non-funded income (OMR'000)

	Dec-18	Dec-19	Dec-20	Dec-21	Mar-23
Net fees & commission income	15,604	14,227	13,589	15,447	14,892
Miscellaneous income	2,945	1,967	1,587	1,291	2,693
Total fees & commission	18,549	16,194	15,176	16,738	17,585
FX & Investment income	4,549	4,712	7,177	7,285	3,151

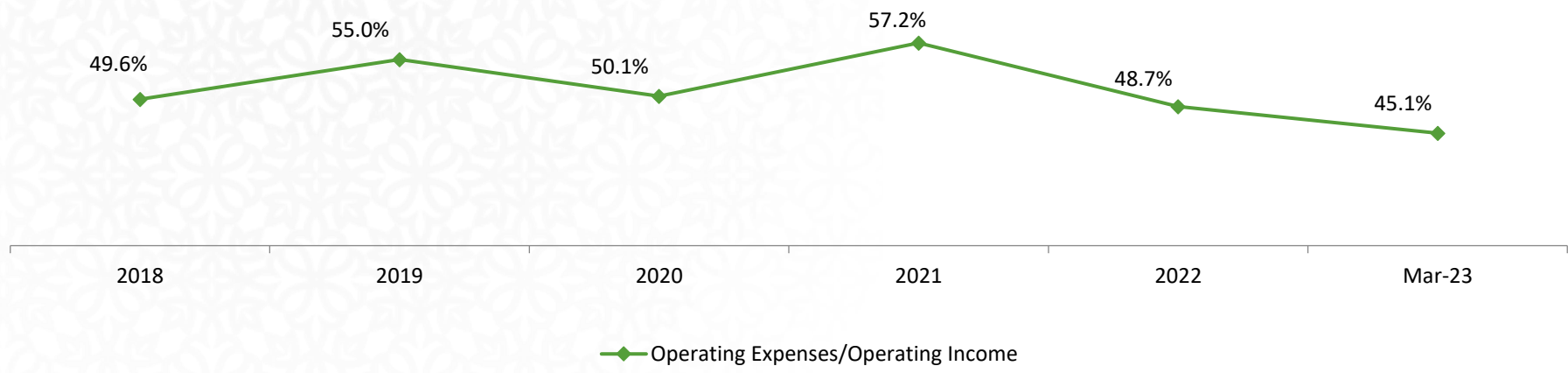
Net Profit and Annualised Return on Average Assets & Equity



Operating Expenses

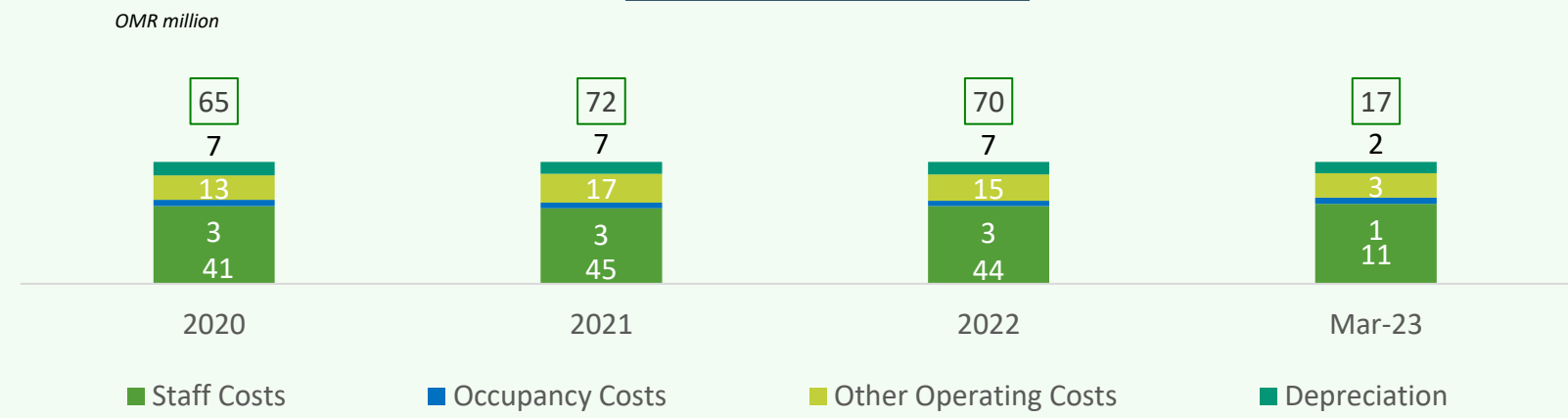
1

Cost to Income Ratio



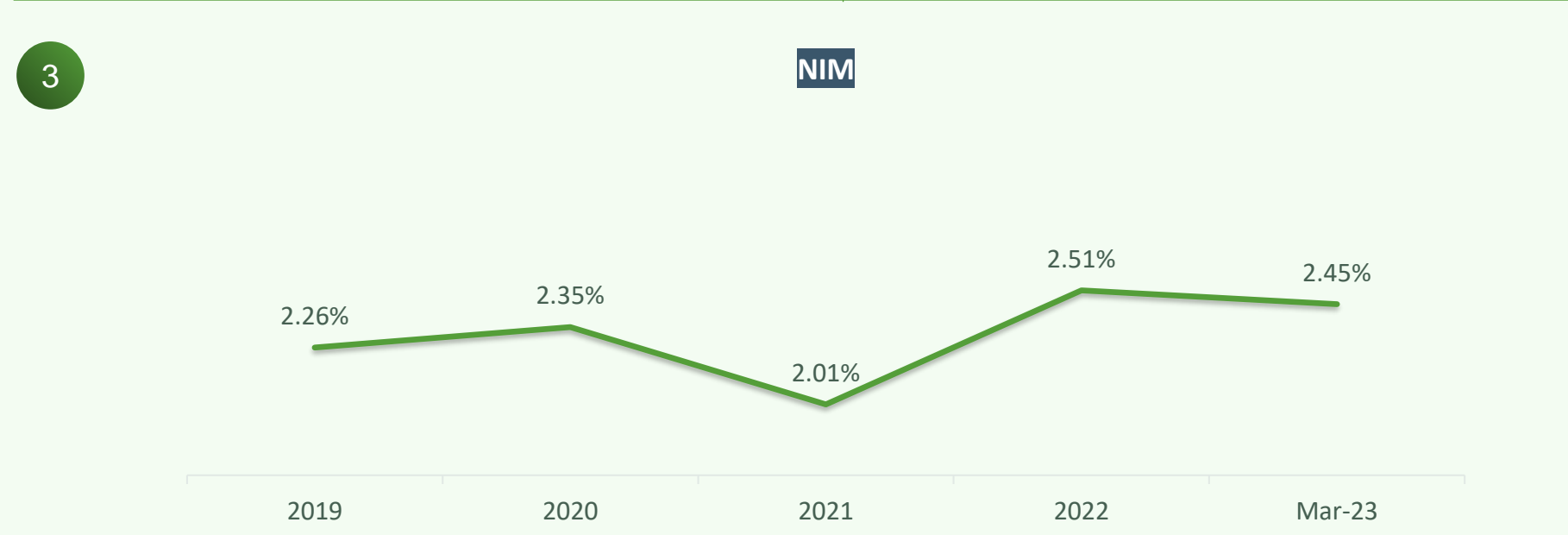
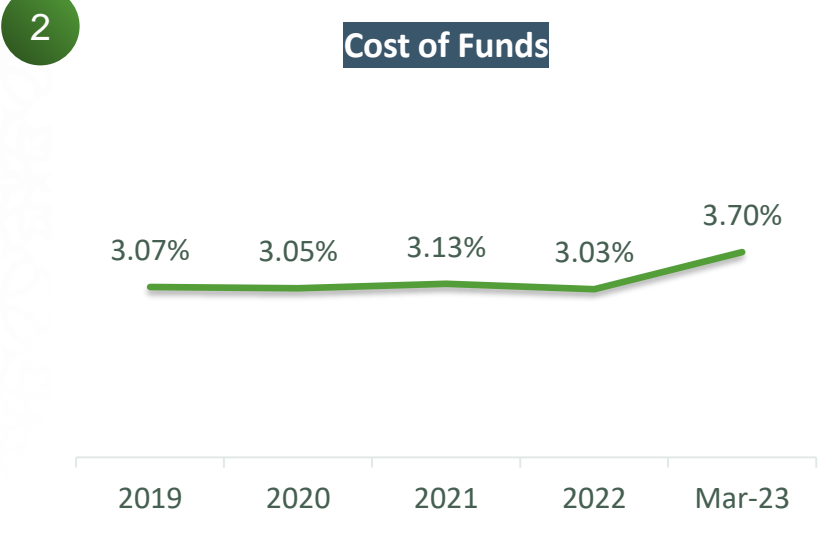
2

Operating Expenses Breakdown



- Bank's operating expenses for March 2023 are lower by 3.6% at RO 17.1 million from RO 17.06 million in march 2023.
- The improvement in cost to income ratio due to increased operating income and active cost management.
- The bank has made significant investments in technology and streamlining operations to improve controls and efficiency.
- The benefit of these investments will accrue in the coming years and is expected to further improve the cost to income ratio.

Yield, COF & NIM Analysis



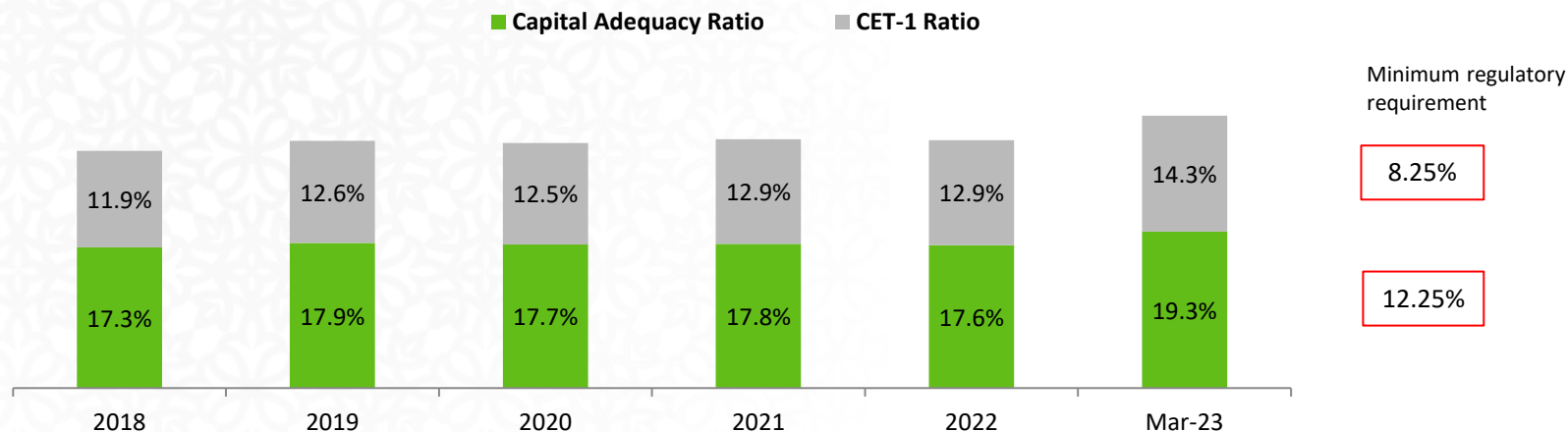
- The Yield has increased by 0.61%;
- Cost of Funds increased by 0.67%
- NIM's decreased YTD by 0.06%.

- The Bank has initiated steps to monitor and improve the Bank's interest yield and is also closely monitoring the cost of funds.

- Bank is actively managing NIM's and COF that has led to an increase in Net interest Margins

Capitalization Overview

1



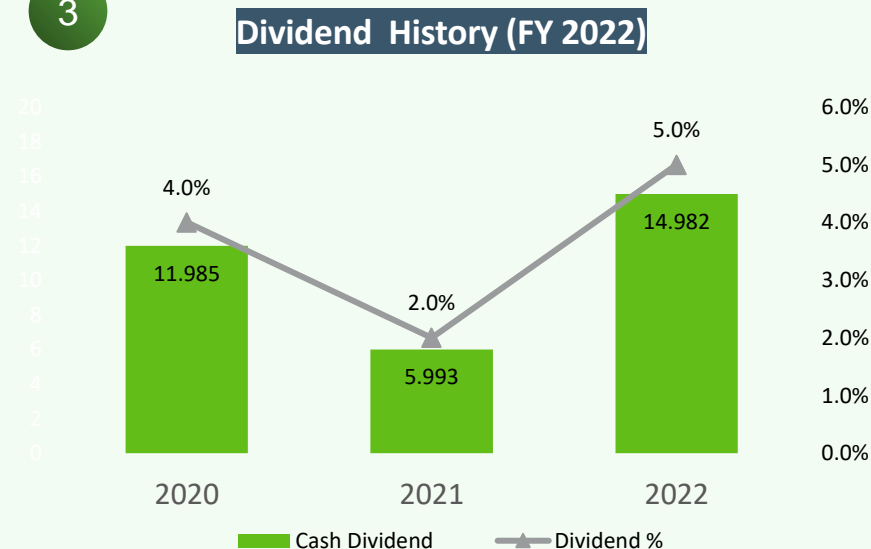
➤ Robust CAR and a comfortable capital position thanks to a combination of shareholder's equity, retained earnings and balance sheet optimization.

➤ The Bank reported capital ratio that is comfortably above the minimum regulatory limit.

2








3



➤ The Bank has consistently distributed dividends during the past few years.

➤ Dividend for year ended 2022 proposed at 5% subject to Shareholders approvals.

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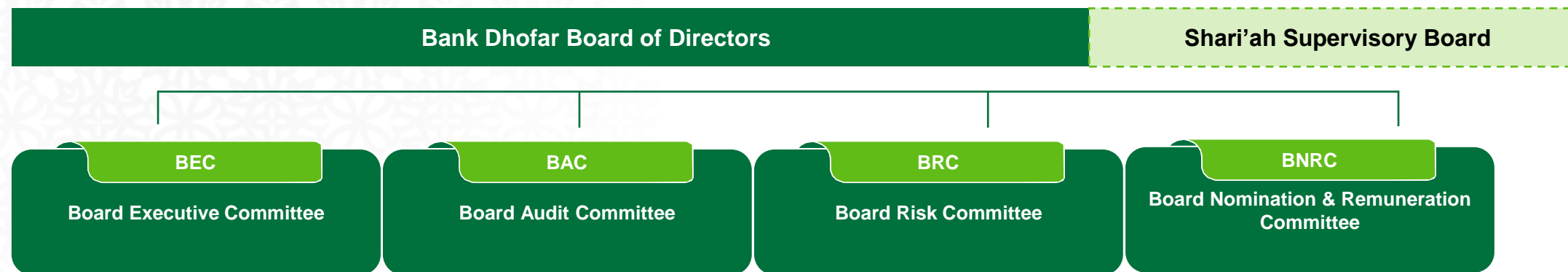
	01	Bank Dhofar Overview
	02	Operating Environment
	03	Business Strategy & Segmental Overview
	04	Financial Performance
	05	Conclusion

Conclusion

- 1 ● Operating Profit increased by 26.8% % in March 2023
- 2 ● Cost to Income ratio stood at 45.1% as at March 2023
- 3 ● Focus on increasing footprint
- 4 ● Focus on improving asset quality and prudent provision management
- 5 ● Experienced Management team focused on driving performance

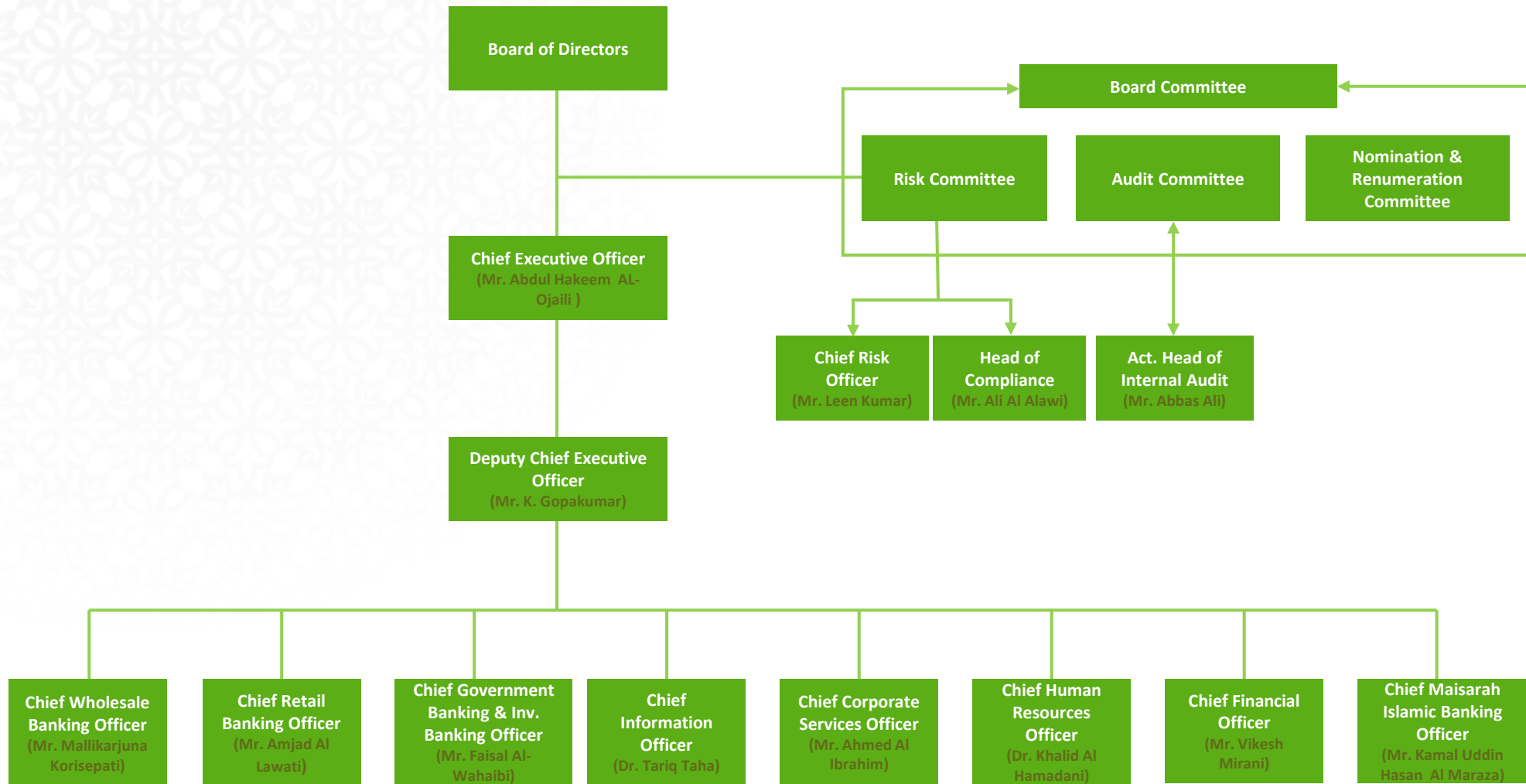
Annexures:

Board Members & Board Committees



Name of Director	Position	Year of Appointment	Appointment Expiration	Basis of Membership
H.E. Eng. Abdul Hafidh Salim Rajab Al Ojaili	Chairman	2022	2025	Non-independent
Mr. Ahmed bin Said Al Mahrezi	Vice-Chairman	2022	2025	Independent
Sheikh Tariq Salim Mustahail Al Mashani	Director	2022	2025	Independent
Mr. Mohammed Yousuf Alawi Al Ibrahim	Director	2022	2025	Independent
Mr. Tariq Abdul Hafidh Al Aujaili	Director	2022	2025	Non-independent
Sheikh Khalid Said Al Wahaibi	Director	2022	2025	Independent
Sheikh Ahmed Sultan Rashid Al Yaqoubi	Director	2022	2025	Non-Independent
Dr. Hamdan Abdul Hafidh Hamdan Al Farsi	Director	2022	2025	Independent
Mr. Faisal Mohammed Moosa Al Yousef	Director	2022	2025	Independent

Organizational Structure



Balance Sheet

OMR millions	2018	2019	2020	2021	2022	Mar-23
ASSETS						
Cash and balances with Central Bank of Oman	302	300	209	251	177	265
Loans, advances and financing to banks	329	471	122	125	148	292
Loans, advances and financing to customers	3,159	3,063	3,265	3,346	3,430	3,464
Investment Securities	304	379	458	446	469	494
Intangible asset	1	0	12	13	11	11
Property and equipment	15	19	10	8	8	8
Other assets	104	93	182	249	73	88
Total Assets	4,213	4,326	4,257	4,439	4,317	4,622
LIABILITIES						
Due to banks	369	490	452	461	573	829
Deposits to customers	2,925	2,943	2,861	2,976	2,892	2,937
Subordinated loans	64	64	35	35	-	-
Other liabilities	158	142	213	269	136	144
Total liabilities	3,515	3,640	3,561	3,740	3,600	3,910
SHAREHOLDERS' EQUITY						
Share capital	280	300	300	300	300	300
Share premium	96	96	96	96	96	96
Retained earnings	59	10	34	29	72	67
Other reserves	108	125	111	119	94	94
Total shareholders' equity	543	531	540	543	562	557
Perpetual Tier 1 Capital Securities	156	156	156	156	156	156
Total Equity	698	686	696	699	717	712
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,213	4,326	4,257	4,439	4,317	4,622

Income Statement

OMR millions	2018	2019	2020	2021	2022	Mar-23
Interest income	175	182	175	173	185	52
Interest expense	(87)	(85)	(83)	(90)	(84)	(28)
Net interest income	88	97	92	83	101	24
Net Income from Islamic Financing and Investment Activities	10	12	15	20	22	5
Fees and Commission Income	21	18	16	18	19	8
Fees and Commission Expense	(5)	(4)	(3)	(2)	(4)	(1)
Net Fees and Commission Income	16	14	14	15	15	7
Other Income	19	7	9	9	6	2
Operating Income	132	130	130	126	143	38
Operating Expenses	(65)	(71)	(65)	(72)	(70)	(17)
Profit from Operations	66	58	65	54	73	21
Provisions for impairments, recoveries and write-backs	(7)	(22)	(29)	(25)	(33)	(9)
Profit from Operations after Provisions	60	36	36	29	40	12
Income Tax Expense	(9)	(6)	(5)	(4)	(6)	(2)
NET PROFIT FOR THE YEAR	50	30	31	25	34	10

THANK YOU!

Our latest financial information and events
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www.bankdhofar.com



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