

Sohar
international

Investor Presentation
30 May 2023



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Non-IFRS measures

This presentation also contains non-IFRS financial detail.



Agenda

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Market
Context

About Sohar
International

Vision &
Strategy

Governance
Framework

Business
Overview

Financial
Review



1. Market Context





Oman Economic Overview



Moody's
Ba2
(Positive)

Fitch
BB
(Positive)

S&P
BB
(Positive)

GDP (Current Prices), RO

44.1B

GDP Growth

4.3%

Inflation

2.8%

141

Countries

Overall Rank

53

Innovation
Capability

57

Transparency

48

Future
Orientation

71

WEF Global Competitiveness Index

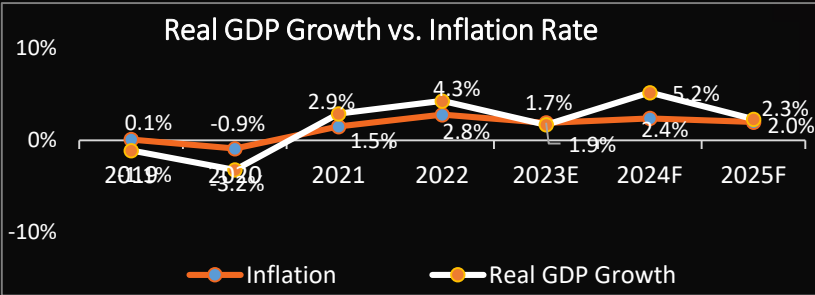
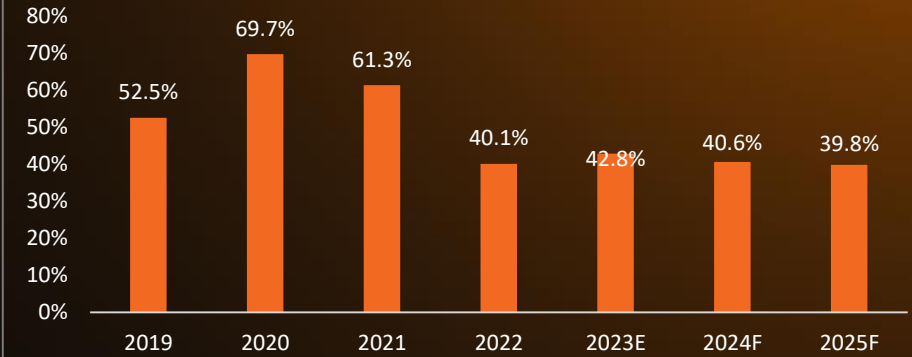
Debt

RO 17.7B

Debt/GDP

40.1%

Govt. Debt as a % of GDP



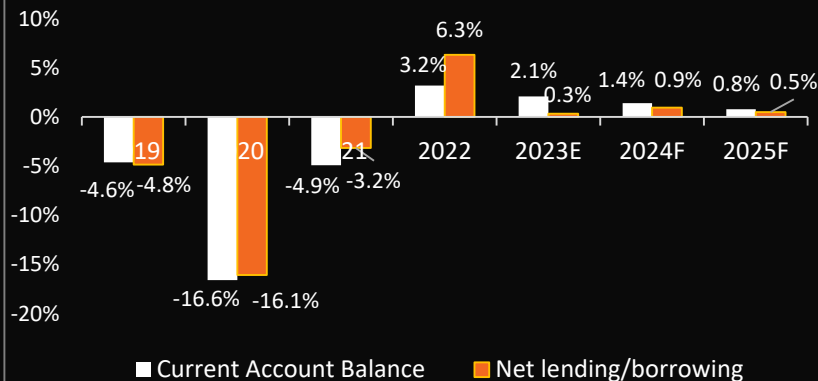
Overall Balance

6.3%

Current Account

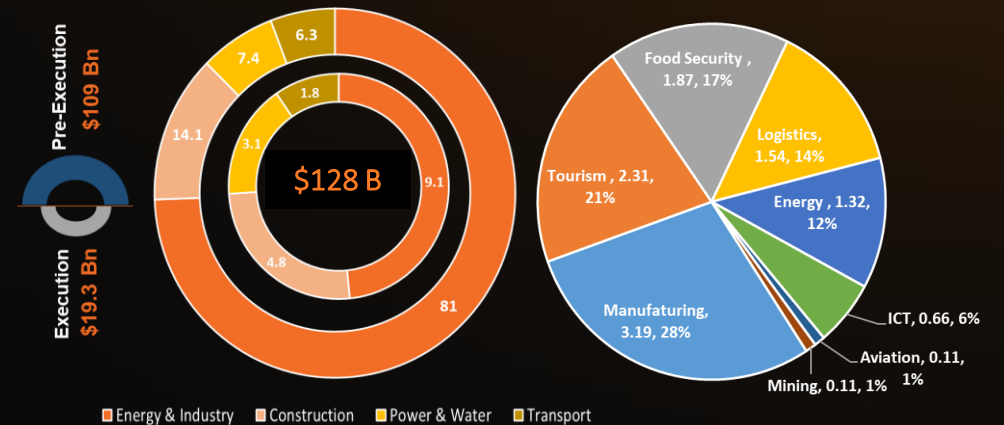
3.2%

Current Account Balance vs. Overall Balance



RO 11 Bn Investment over 2021 – 2025 in 175 Projects

Active Projects by Sector (\$ Bn, As of 2022 Dec)





“ The Sultanate of Oman has a long pipeline of green hydrogen projects and the clearest strategy in the GCC for the industry’s development ”

Oxford Analytica

Oman Plan

Massive Capacity Installation & Investments in the Green H2 Sector by 2050

~\$ 140 Bn

Cumulative investments by 2050 in Oman Green H2 Economy

Oman Green Energy Hub

Estimated investment of \$36b & electricity generation capacity of ~25 GW expected to commence initial production in 2028

Green Hydrogen & Green Ammonia Project

Renewable energy firm ACME Group announced in partnership with US-based KBR Technology for USD 3.5Bn

Oman’s Public Establishment for Industrial Estates (Madayn)

Planned over RO 8 Bn of new investment into existing and new industrial cities



Dhofar Wind farm



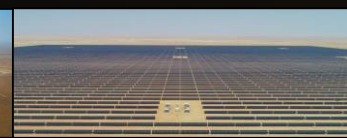
Manah 1 & 2 Solar Energy Project



Sahim Solar Energy Initiative



Ibri 2 Solar IPP



Amin Solar Power Plant



Gross Production (2021)
Wind Energy
118,909 MWh



Gross Production (2021)
Solar Energy
626,509 MWh

Solar Panels
~300M

Wind Turbines
~10K

Electrolyzers
~5,200

Renewable Capacity
~180GW

Electrolyzer Capacity
~100GW



Earnings & Profitability

ROE

10.9%

ROA

1.2%

CIR

43.5%

Funding & Liquidity

LCR

167%

NSFR

106%

CASA

56%

LTD

109%

Credit Quality

NPL

4.6%

NPL Coverage

98%

Capitalization

CET 1

14.3%

Tier 1

18.5%

CAR

19.2%



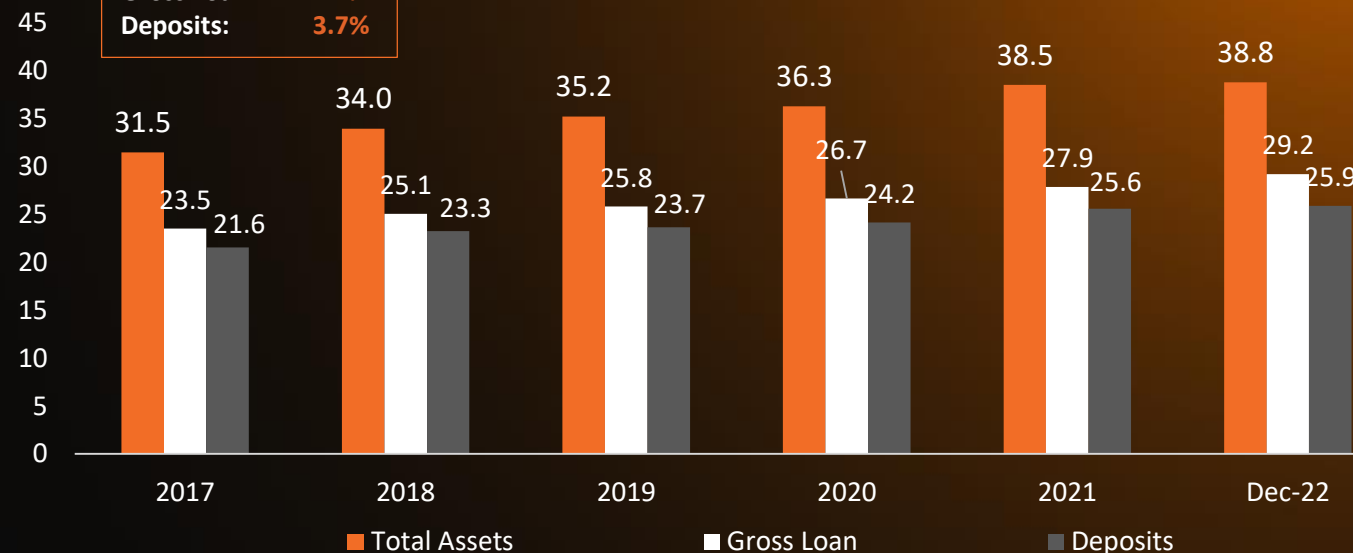
Oman Banking Sector



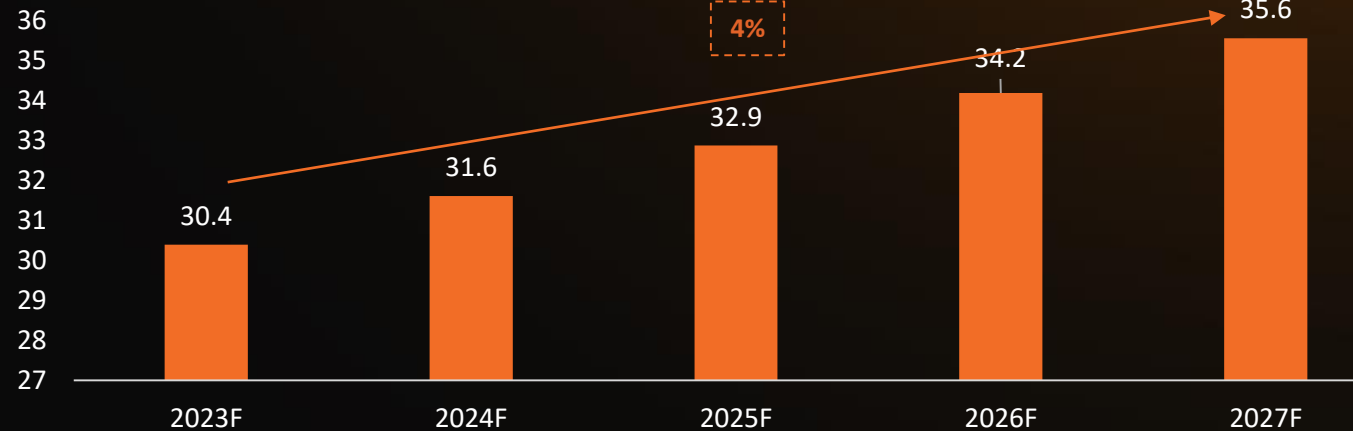
CAGR

Total Assets: 4.3%
Gross Loan: 4.4%
Deposits: 3.7%

Assets, Loans, and Deposit Growth (RO Bn)



Loans Growth Projection (RO Bn)





2. About Sohar International





Extensive Network 	
Branches 39	ATMs 85+
Customers 300,000 +	
Total Assets* USD 12b	Market Share* ~ 12 %
Business Lines 3	Employees 900+
Moody's Ba2 (Positive)	Fitch BB- (Positive)

Listed on the Muscat Stock Exchange (MSX)

Market capitalization: **USD 1.23 Billion**

(25 May 2023)

Solidify Our Domestic Presence

- a) Organic.
- b) In-Organic Growth - M&A.

Fastest Growing Bank in Oman



Internationalize Our Business

- a) Kingdom of Saudi Arabia (2023)

Government & Quasi Govt.

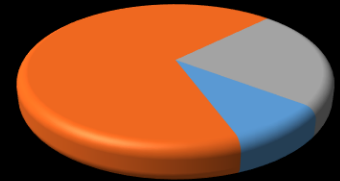
68%

Institutions

23%

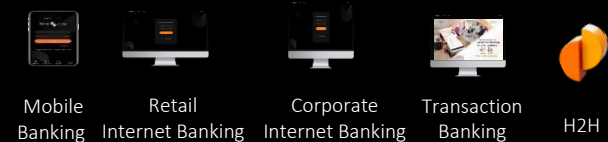
Other

9%



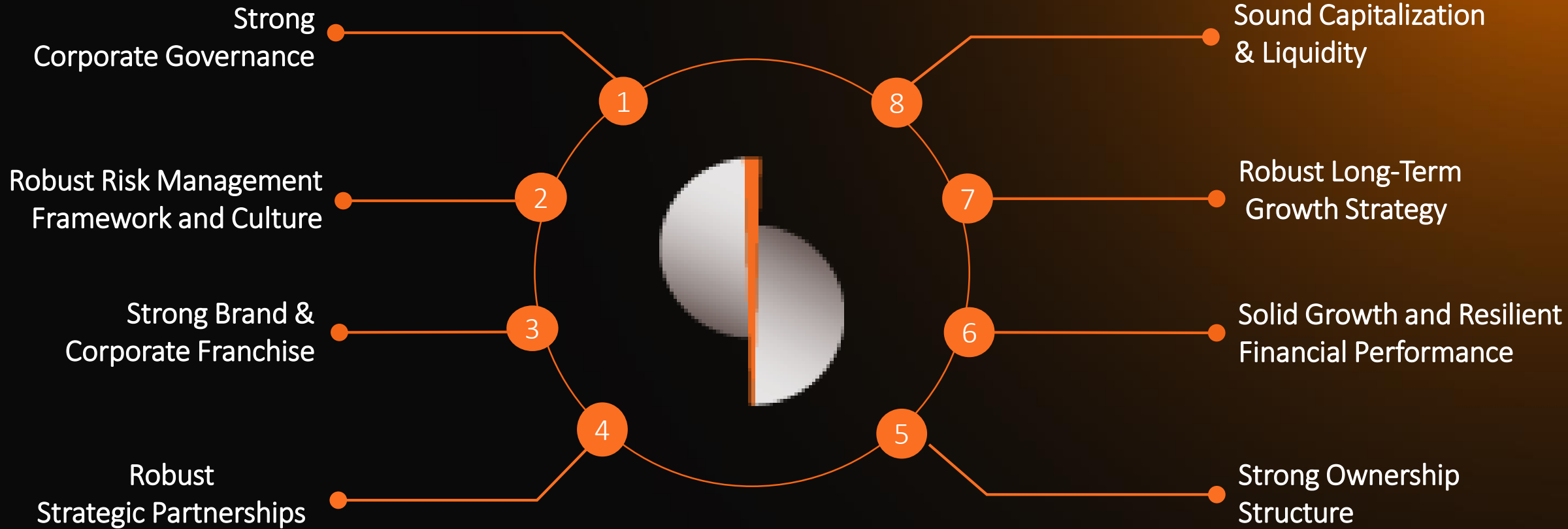
Extensive Digital Channels

- Mobile Banking
- Online Banking
- Corporate Internet Banking
- Transaction Banking
- Business to Business





SI Key Strengths





3. Vision & Strategy



Vision

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

Pillars of Vision

We Help People 'WIN'. Purpose	More Vision More Value More Velocity Principles
Responsive Services to reach your Goal. Promise	Sharp Human Unstoppable Personality

Pillars of Strategy

Re-Imagine Banking Business	Re-Evaluate Value Chains
Reconnect with Our Customers	Rebuild the Organization

Values

- Be Open Minded.
- Do the Right Thing.
- Be Straight Up.
- Make it Better.

1 2 3 4

The Winning Formula

Creating an Ecosystem of Services

Growth 2023 - 2028

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

Solidify Our Domestic Presence
a) Organic.
b) In-Organic Growth - M&A.

Fastest Growing Bank in Oman

STRIVING TO HELP YOU WIN

Build Strong Deep Rooted Foundation

Brand	People
Process	Technology

Built Strong Financial Position (2017-22)

45 % ↑ Asset Growth	39 % ↑ Net Loans
56 % ↑ Deposits	133 % ↑ CASA Growth
87 % ↑ Operating Profit	Weathered impacts of COVID

Relevance & Resilience

- Commit to A Customer Orientated Approach.
- Commit to Excellence.
- Put Competitive Advantage First.
- Make the Trend our Friend.
- Stay Ahead & Turbo Charge our Core.

5 Year Strategy

- 2022**
Setting Foundation for Growth & Change & Staying Ahead.
- 2021**
Building Market Differentiating capabilities.
- 2020**
Building Strategic Capabilities People, Process, Technology.
- 2019**
Started 5 Year Strategy. Rewire Functions, Build Organizational Capabilities & Brand Position.
- 2018**
Started with a 1 Year Strategy to manage the Legacy Issues, Balance Sheet Management. Defined a 5 year Strategy.



4. Corporate Governance & Risk Management Frameworks



Robust Governance Structure & Risk Management Framework



Our Risk Management Framework's objective is to proactively safeguard the Bank from various risk exposures in line with regulatory requirements and best practice.

Guiding Principles for Risk Management Activities

- i - **Source of Internal Policies** - These guiding principles are dictated by the policies and guidelines from CBO and CMA
- ii - **Approval** - All commercial activities which commit the bank to deliver risk sensitive products require approval by appropriate authorities.
- iii - **Independence** - Clear speciation between commercial (the business) and risk management functions
- iv - **Transparency** - Risk policies and procedures are transparent and are based on comprehensive principles and clearly communicated form
- v - **One Obligor** - Decision authority is determined by total amt of facilities extended to coherent group based on shareholding's and /or management
- vi - **Committees** - Decisions regarding policy, products or or high risk) exposures are taken by committees empowered by board
- vii - **Conflict of interest** - Members of committees disclose their business relations to ensure that there is no conflict of interest
- viii - **Approval Authority** - Board delegates authority to the board sub committees and management committees

- The Board of Directors are responsible for the overall risk oversight
- Authorities are delegated by the board to the board sub-committees, executive management and various management committees responsible for risk management





5. Business Overview





Key Business Lines



Asset Share

Income Share

69%

81%



Wholesale Banking

Offers Project Finance, Working Capital facilities, Transaction Banking (cash management, trade solutions & supply-chain finance), Global Markets (treasury), Investment Banking (corporate finance & advisory and asset management) and digital services to Government Institutions & Agencies, Financial Institutions, Large Business Groups and SMEs.

Asset Share

Income Share

19%

11%



Retail Banking

Offers personal loans, housing loans to deposit products, credit cards, and fund transfer facilities through physical and digital touchpoints. Offers value propositions across Bancassurance, cards, Fx services, digital payments, and wealth management services

Asset Share

Income Share

12%

8%



Islamic Banking

Offers Shariah compliant customer deposits and provides Shariah compliant financing. Provides commercial banking services, investment and other activities permitted under Islamic Banking Regulatory Framework. Offers an integrated set of value propositions, including digital banking to HNI customers



6. Financial Review



Outgrown the Market on Key Metrics.



Total Assets

Net Loans

Customers Deposits

CASA Growth

Operating Profit

Equity Growth

↑ 45%

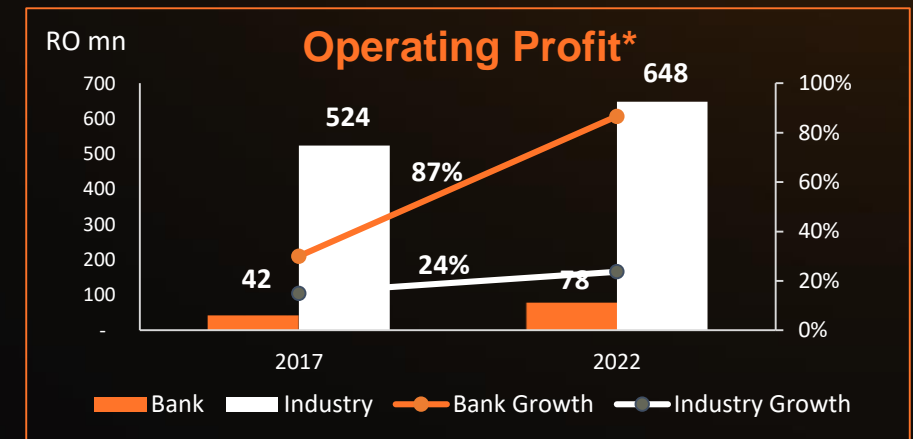
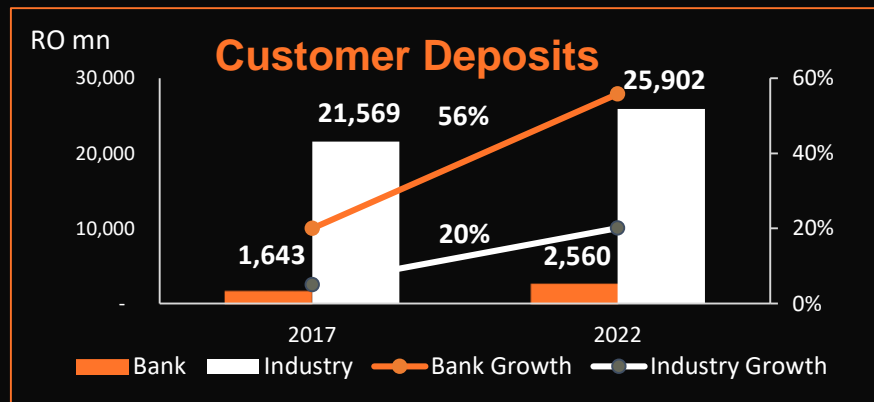
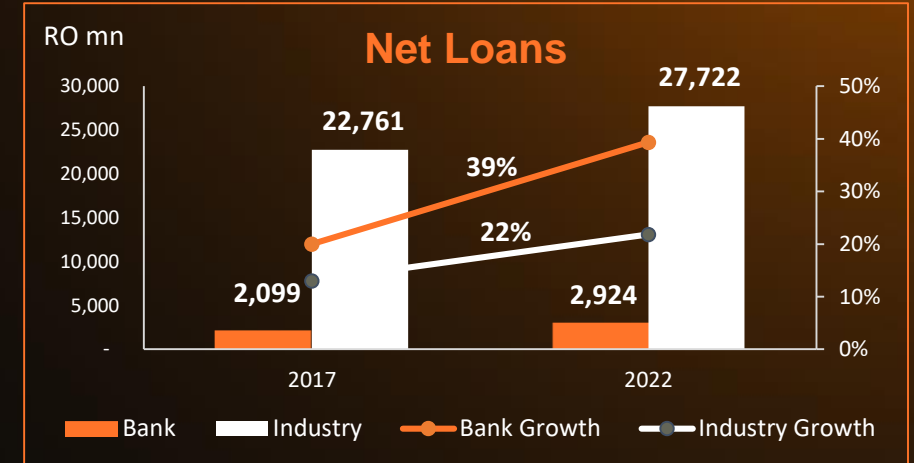
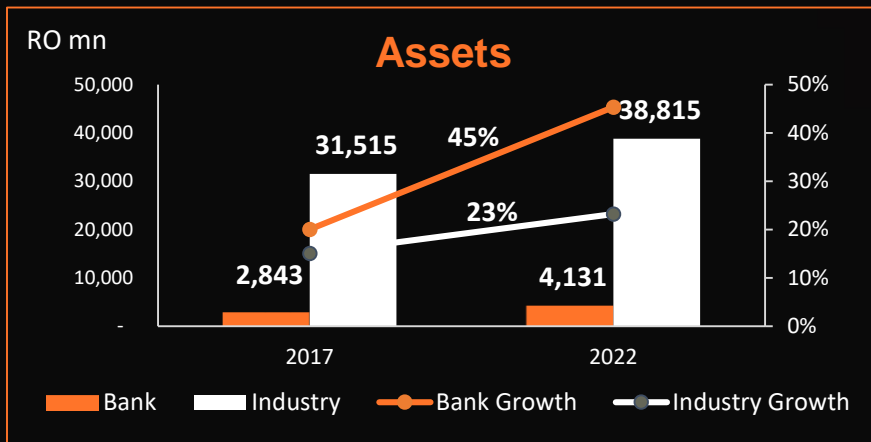
↑ 39%

↑ 56%

↑ 133%

↑ 87%

↑ 93%

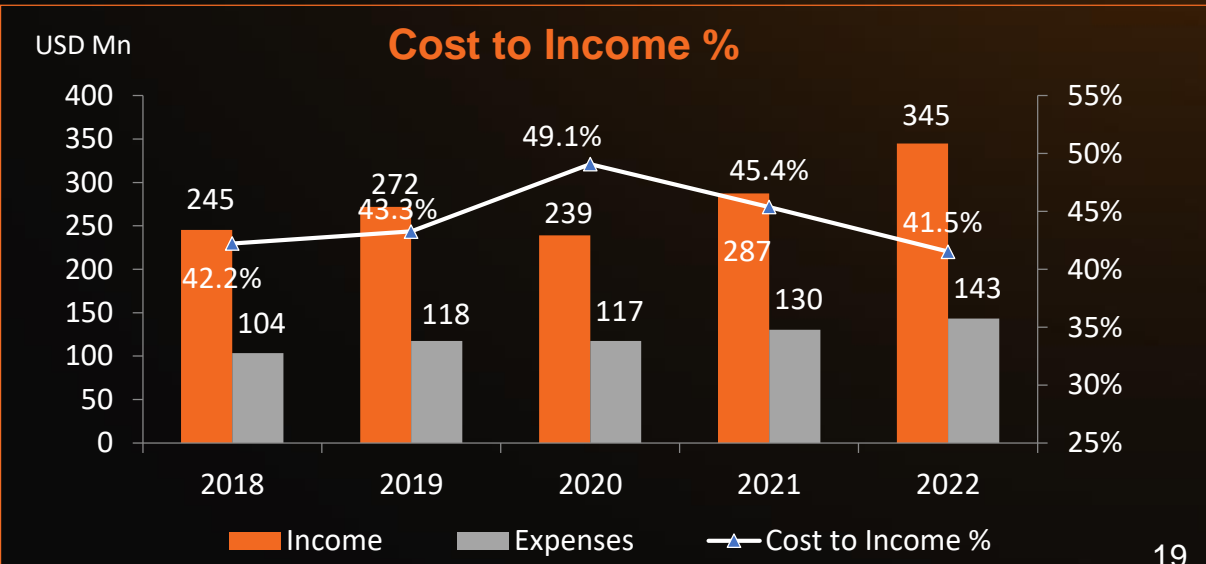
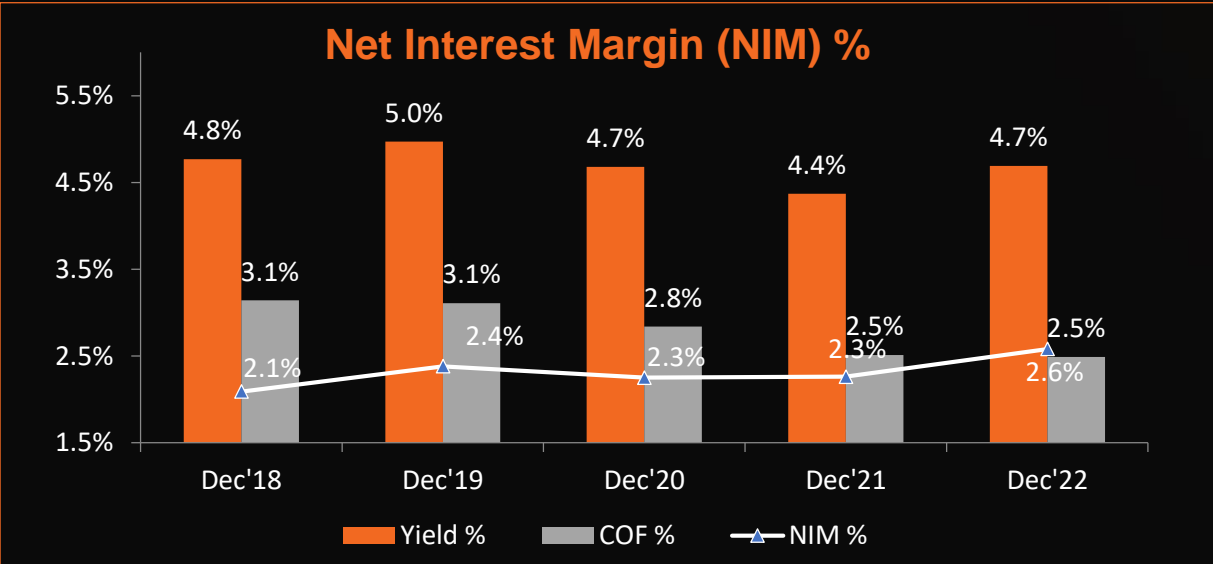
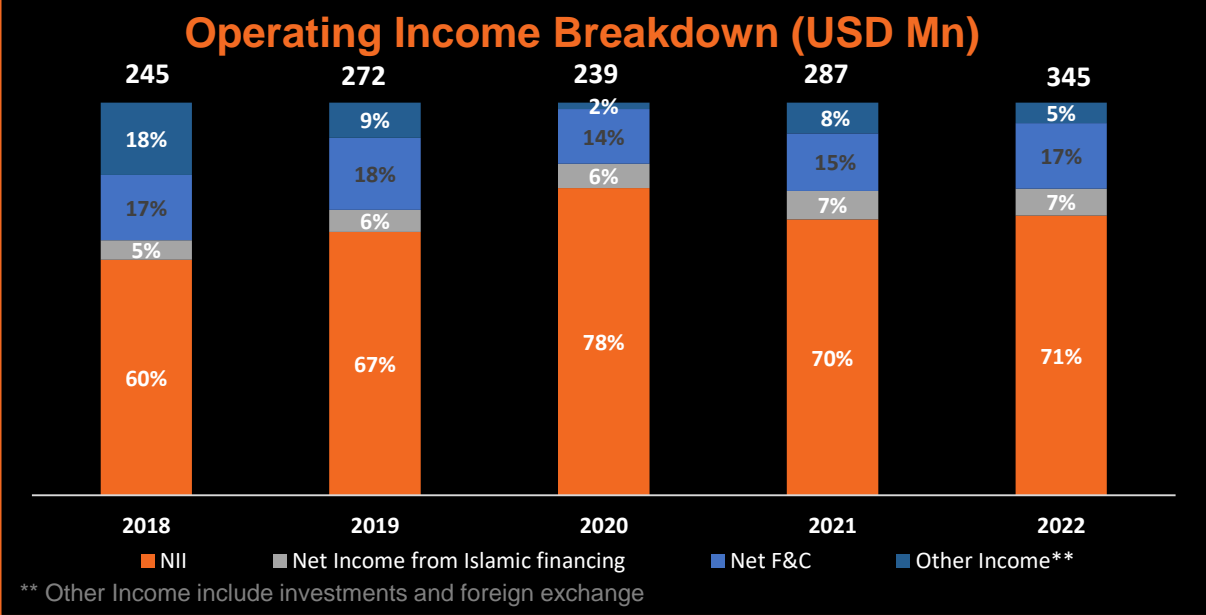


* Operating Profit = Net Operating Income Before Impairment Provisions

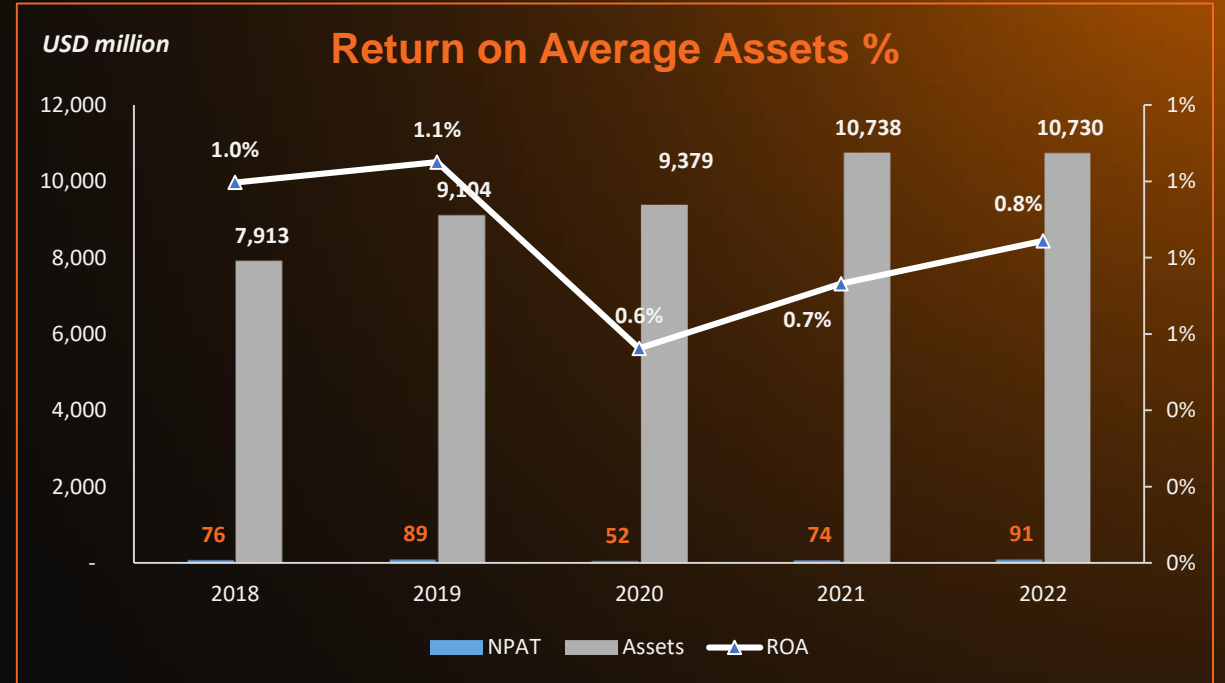
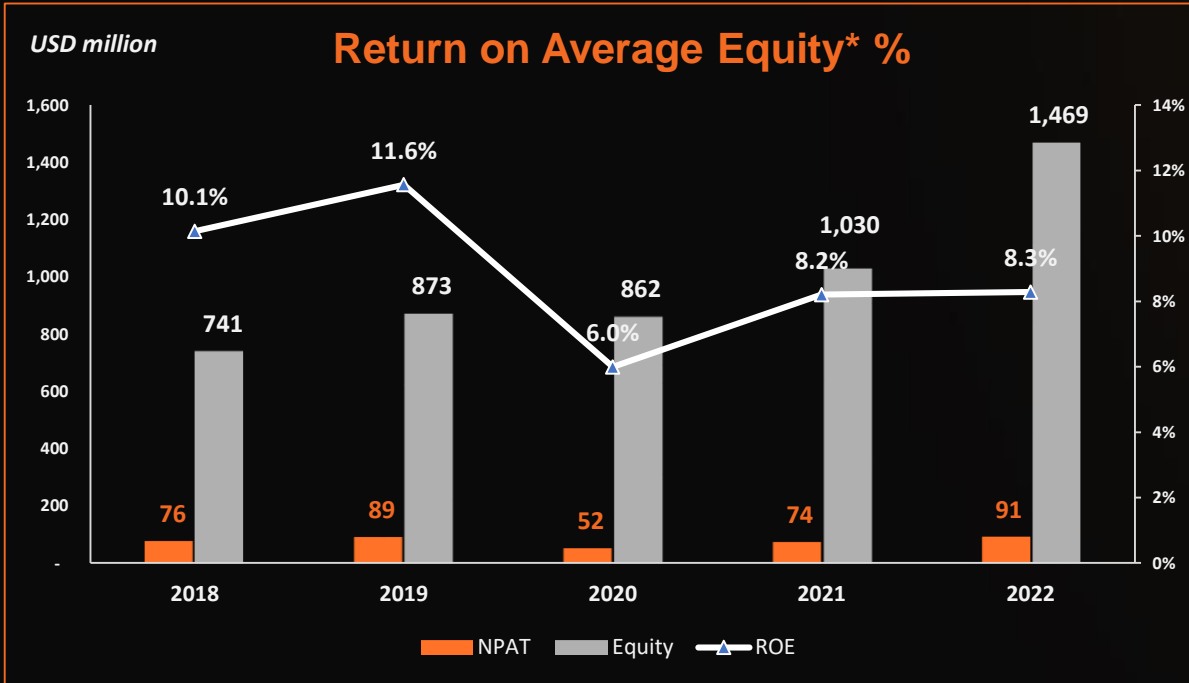
Earnings & Profitability



- FY 2022 results reflected a strong rebound in performance following the challenges of 2020 and 2021 with operating income up by 20% and net profit by 23%.
- Cost to Income ratio has reached unprecedented levels, now marginally behind Bank Muscat, noting the bank's continued investment in technology and people.
- Net Interest margins improved due to enhanced asset yields which recovered post COVID economic crisis and lower cost of funds, noting however downward pressure on NIM in current interest rate and liquidity environment.
- Customer deposits grew at a rate of 7% in FY 2022 with CASA seeing growth of 19% thereby supporting the Banks' cost of funding. Short term interbank funding opportunities also supported the COF.



Earnings & Profitability



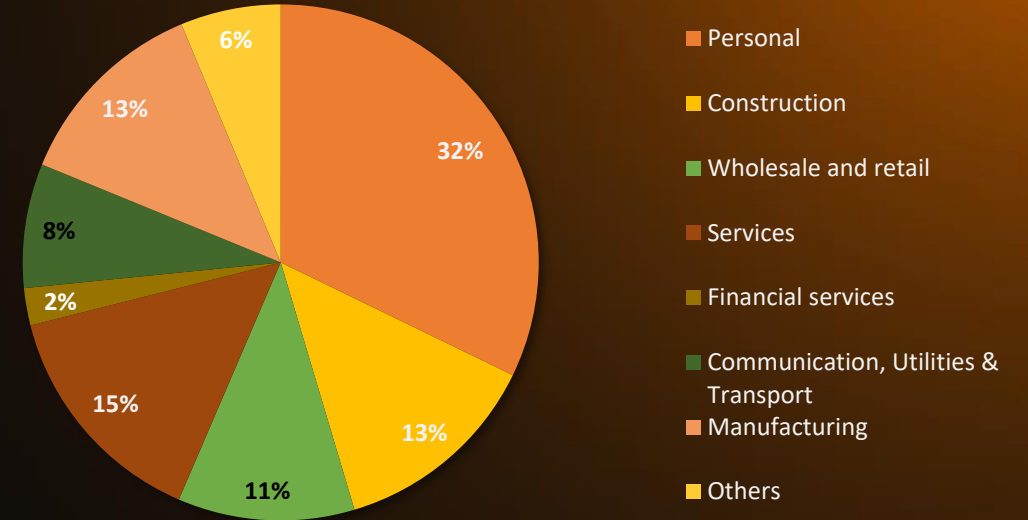
* Avg. Equity reflects movement of opening-closing adjusted for timing of capital issuances for respective years.

Asset Quality

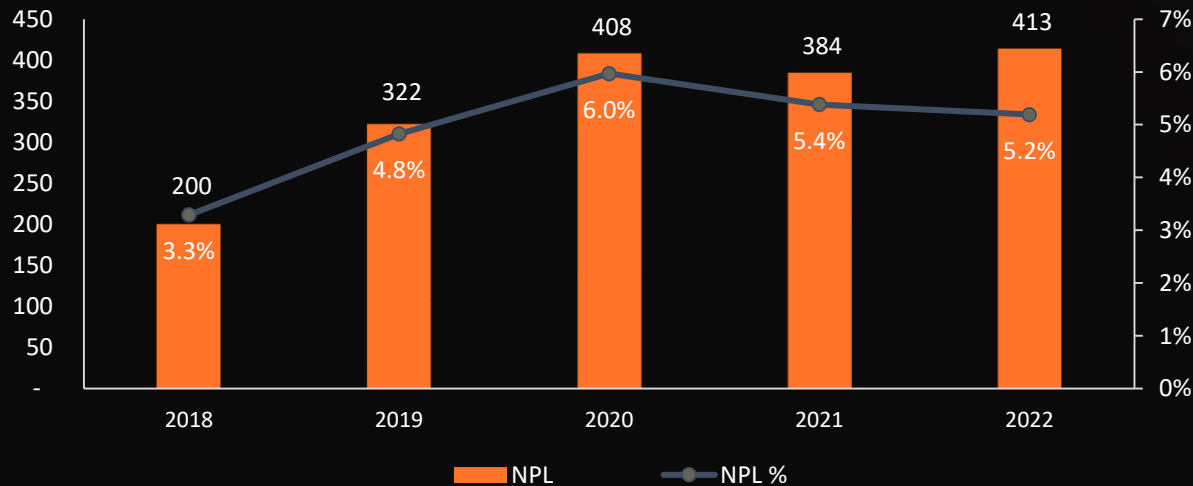


- Diversified portfolio across the sectors with continued focus on improving asset quality and re-balancing sector exposures as opportunities arise. Reduction in construction since 2018 of 5% with 5% increase in manufacturing.
- Non-performing loans to gross loans improved since 2020 peak reflecting bank's prudent approach to managing problem loans including remediation and recovery plans and technical write-offs
- Increasing NPL coverage ratio also reflects managements prudent approach.

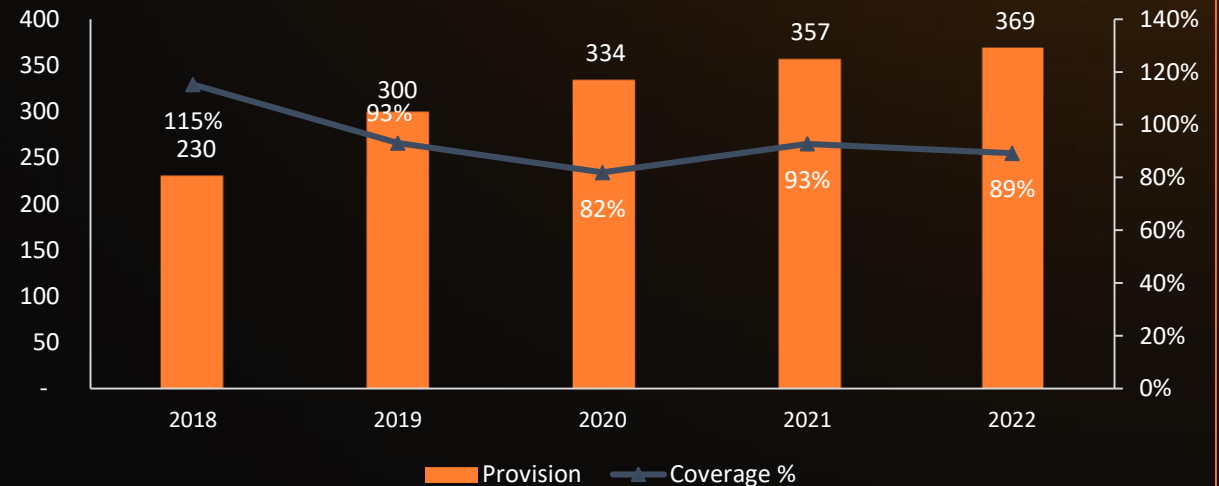
Breakdown of Gross Loans by Sector (December 2022)



Non Performing Loans %



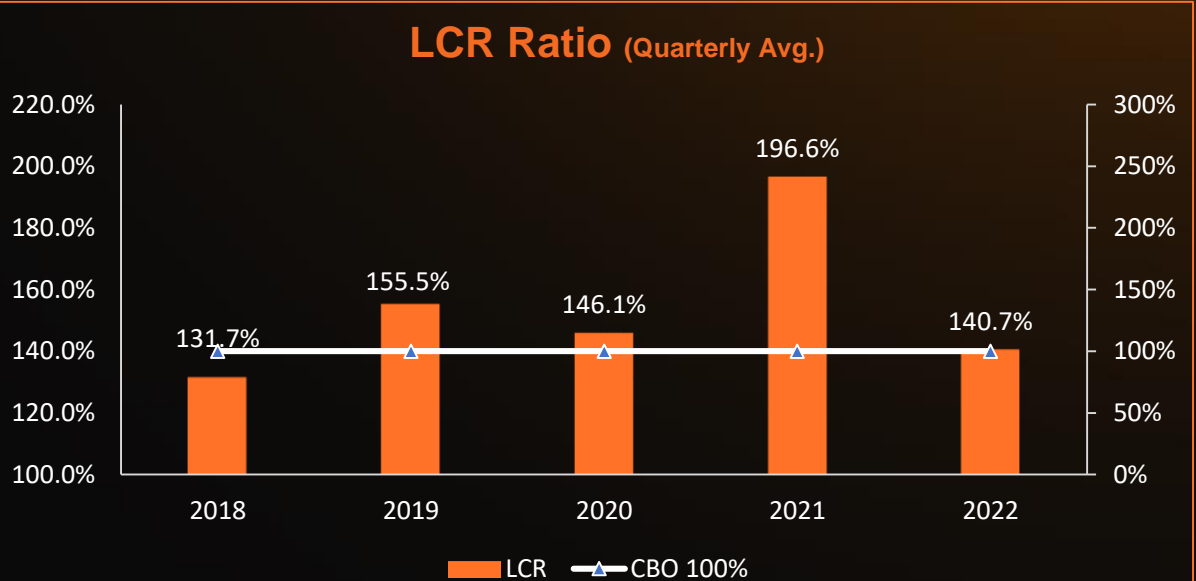
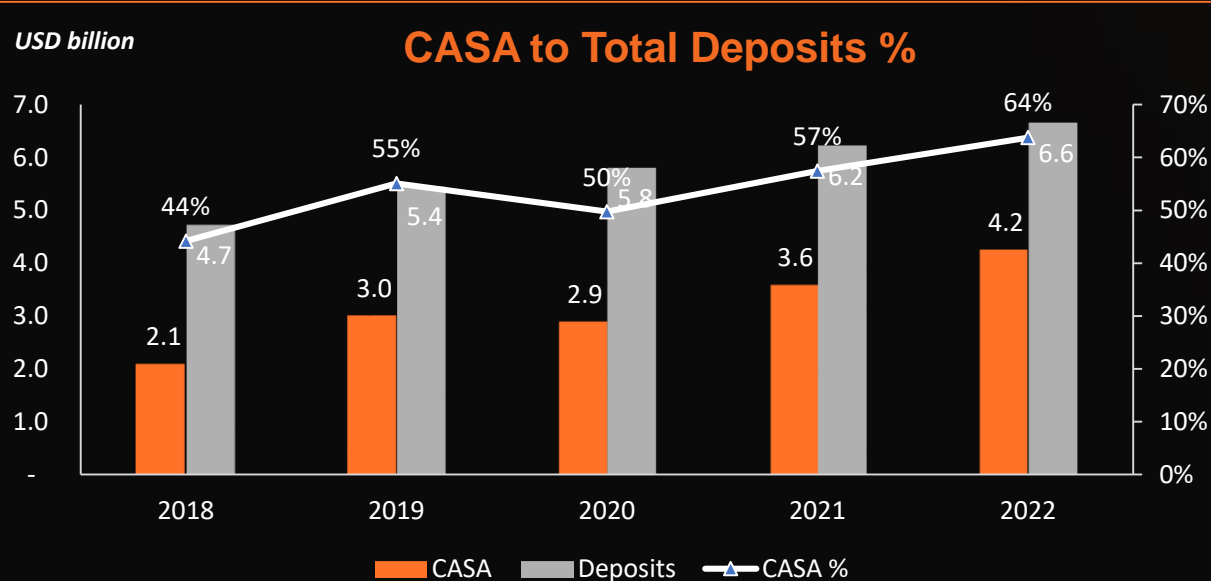
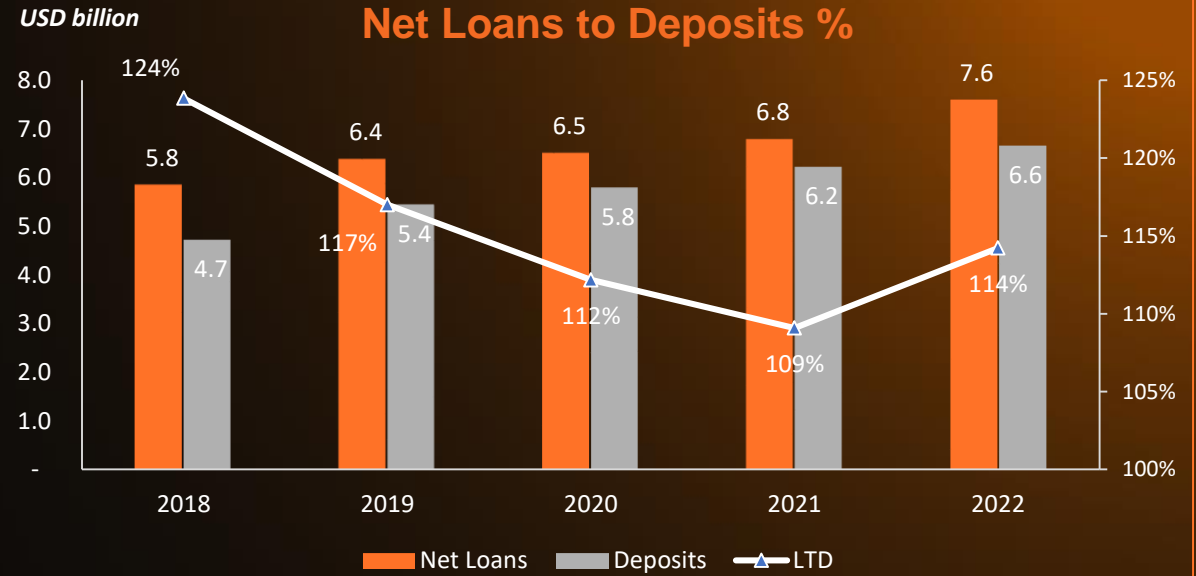
Coverage Ratio



Funding & Liquidity



- Net loans to deposits ratio reflects management focus on building strong funding and liquidity platform, positioning the bank for further growth.
- Focus on building a stable, low cost deposit base has seen continued improvement in the Bank's CASA ratio; from 44% in 2018 to 64% in FY 2022.
- Current holdings of high quality liquid assets including Oman Government Bonds support Bank's overall liquidity management.

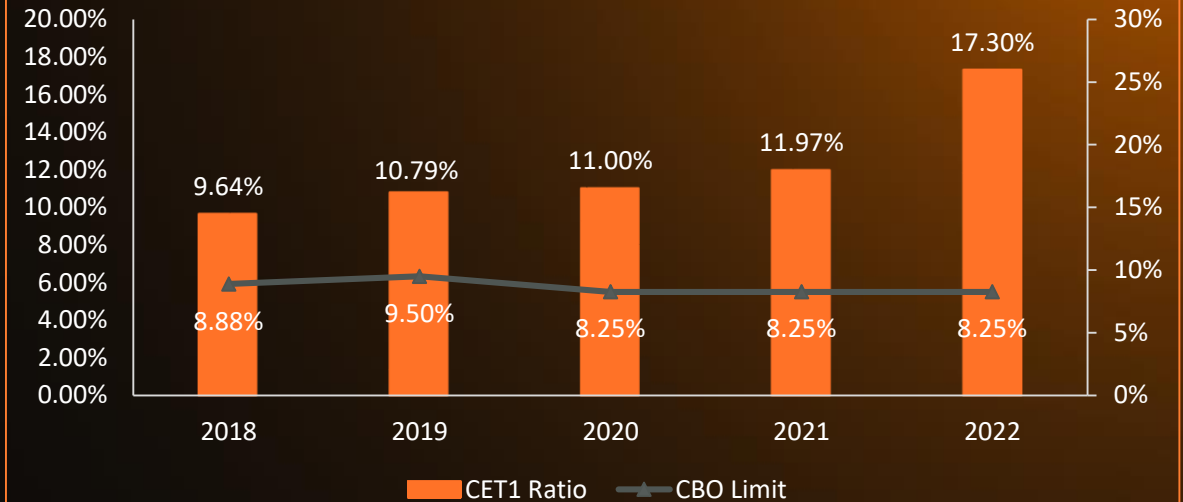


Capitalization

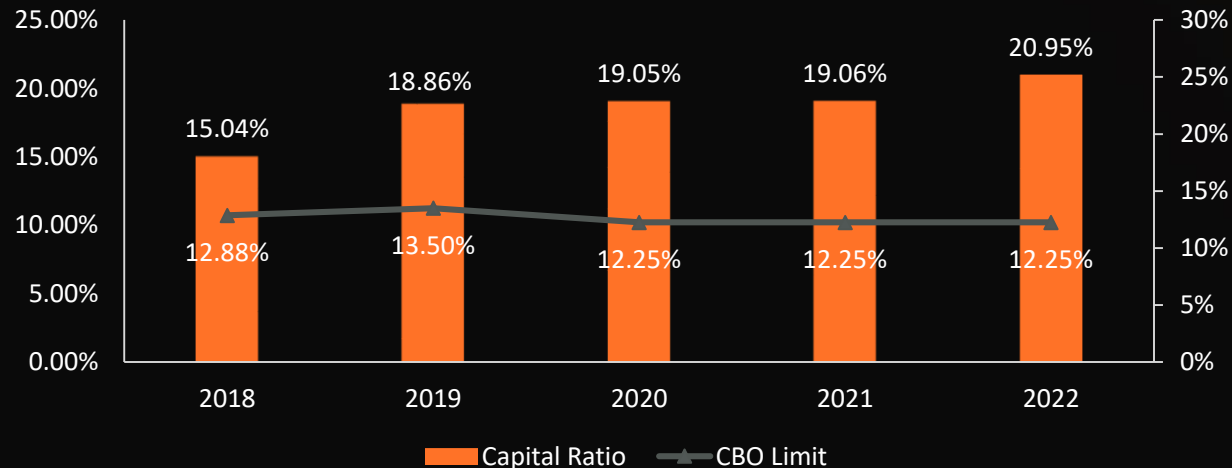


- Capital ratios are all above minimum regulatory requirements.
- CET1 capital ratio of 17.3% reflects rights issuance of RO 160m in Sep-22.
- Strong and committed shareholders.
- Early repayment of subordinated Tier 2 borrowings.
- Capital planning included execution of call option on maturing Tier 1 securities (RO 100m).

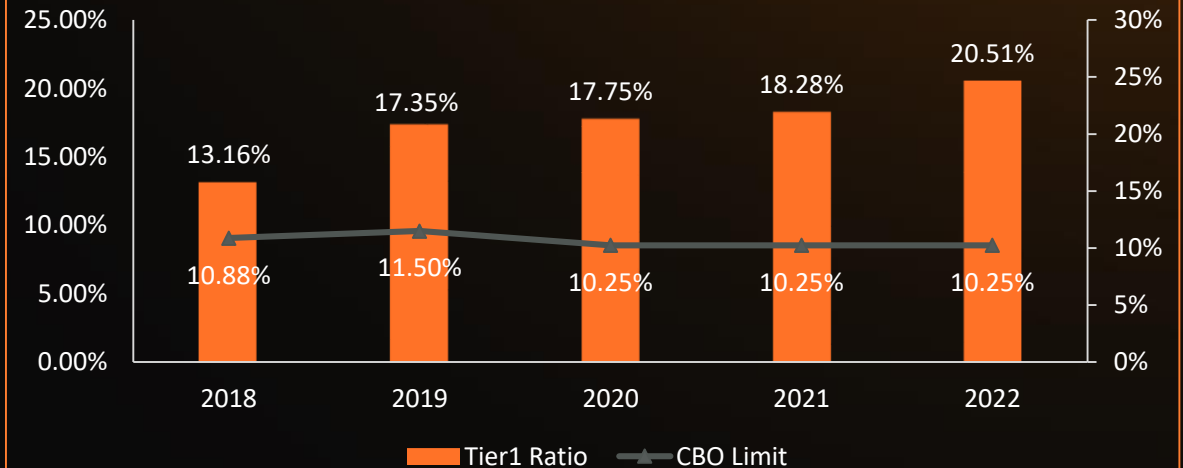
CET1 Capital Ratio



Total Capital Ratio



Tier 1 Capital Ratio



Financial Results (March 2023 vs March 2022)



Earnings (RO Mn)

Operating Income
36.0 (+18.4%) ↑

Net Profit
13.3 (+55.9%) ↑

Fastest
 Growing
 Bank in Oman



Balance Sheet (RO Mn)

Total Assets
4,632 (10.4%) ↑

Total Equity
555 (43.9%) ↑

Net Loans
3,069 (14.9%) ↑

Total Deposits
2,775 (15.1%) ↑

Earnings & Profitability

Credit Quality

Capitalization

Funding & Liquidity

ROE
9.5%

ROA
1.2%

CIR
41.5%

NPL Ratio
4.86%

NPL Coverage
91%

CET 1
15.8%

Tier 1
18.7%

CAR
19.2%

LCR
167%

NSFR
115%

CASA %
56%

LTD %
111%

*Topline: Operating Income



Q&A

Thank You.