

Welcome Remarks

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**CBO, Moody's, and OBA
ISLAMIC FINANCE ROUNDTABLE**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Excellencies, Distinguished Participants, Ladies and Gentlemen,
And good morning to all of you!

I would like to welcome all of you to the "Islamic Finance Roundtable", which is a collaborative effort between the Central Bank of Oman (CBO), Moody's Investors Service, and the Oman Banking Association (OBA).

First and foremost, I would like to express our sincere gratitude to our esteemed co-organizers, Moody's Rating Services. Moody's has played a pivotal role in planning for this joint event and bringing together a panel of its experts, who will provide invaluable insights into the dynamic developments within various segments of the Islamic financial system, including Islamic banking, takaful, and Islamic capital markets in Oman and around the region.

Similarly, I would like to express our appreciation to the Oman Banking Association for hosting this event and overseeing the logistical arrangements. Furthermore, I extend my thanks to my colleagues in CBO who were part of planning, coordinating, and communicating on the event program and logistical arrangements.

Ladies and Gentlemen,

Today, we convene to delve into the developments in the Islamic financial system, both within Oman and across the broader GCC region and the global landscape. Our aim is to explore the multifaceted aspects of Islamic financial services industry, with a specific focus on the issuance of Additional Tier 1 (AT1) and Tier 2 (T2) Sukuk. It is noteworthy that thus far, no Islamic bank in Oman has ventured into this domain. We are here to learn from regional experiences, identify challenges, and unearth recommendations that can facilitate increased Sukuk issuances. Such endeavors are crucial as they enable Islamic banks to bolster their capital base and further contribute to Oman's economic growth.

The recent upgrade of Oman's long-term foreign and local currency sovereign credit ratings by Moody's from Ba3 to Ba2 [*S&P: from "BB" to "BB+"*], with a positive (+) outlook is indeed a significant milestone. This optimistic development opens new avenues for both conventional and Islamic banks in Oman to tap into local and international capital markets more efficiently, presenting an opportunity for further growth and expansion.

I understand that distinguished panelists will today engage in discussions encompassing rating considerations for AT1 and T2 Sukuk, potential areas for innovation in these structures, and an assessment of the market's appetite for these instruments. This will allow all of you to identify future opportunities and trends in this rapidly evolving segment.

Ladies and Gentlemen,

Before, I close my remarks, let me shortly brief you on Islamic banking sector in Oman. Over the past three and half years alone, the share of Islamic Banking assets in total banking sector assets in Oman has increased from 13.9 percent in December 2019 to 17.2 percent in June 2023, surpassing the significant benchmark of 15 percent market share.

As of July 2023, total assets of Islamic Banks and Windows increased by 13.0 percent on a Year-on-Year basis to OMR 7.0 billion. Islamic banking entities provided financing of OMR 5.8 billion at the end of July 2023, recording a growth of 12.3 percent from a year ago. Similarly, total deposits held with Islamic banks and windows increased by 12.9 percent to OMR 5.3 billion.

Currently Islamic banking services are available in over 70 countries around the world. You will be pleased to know that as per IFSB Stability Report 2023, Islamic banking sector in Oman is already 14th largest market globally in terms of its asset size and market share.

Despite global economic challenges such as inflationary trends, increased benchmark rates, and liquidity tightening, Islamic Banking Entities (IBEs) in Oman have not only demonstrated resilience but a consistent double-digit growth. This resilience is attributed to strong market demand, recovery in oil prices, and the improved financial soundness and performance of IBEs post-COVID-19. With the strong support of CBO, I am confident that this pace of growth will continue.

Due to limited time for the Welcome Session, I will stop here. Further updates on CBO's ongoing initiatives to support and strengthen this sector will be shared by my colleague Dr. Abeer Al Yaqoobi in session 1 of this Roundtable.

Ladies and gentlemen, I encourage all of you to actively engage in this dialogue as we collectively work towards advancing the field of Islamic banking and finance in Oman and beyond.

Thank you and **والسلام عليكم ورحمة الله وبركاته**