

Ahli Bank (ABOB) - 3Q23 Result Review

Analyst: **Neetika Gupta**
+968 2494 9036 neetika@u-capital.net

Recommendation

Hold

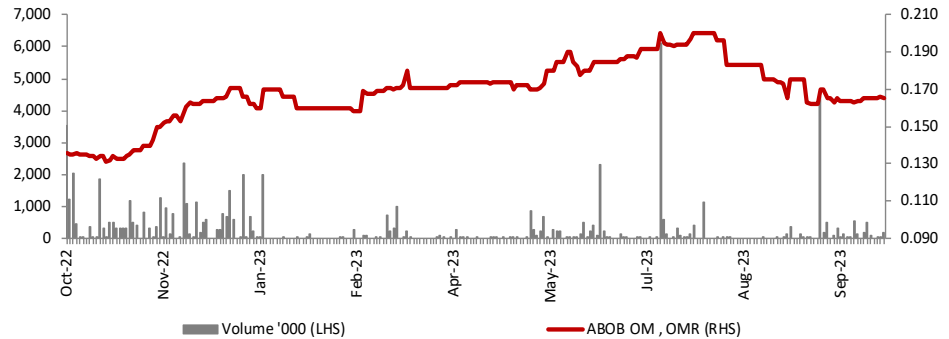
Target Price (TP), OMR: **0.184**

Reco Date: 25-Jul-23 (Rating issued)

Upside / (Downside): **12.9%**

Date: **15-Oct-23**

Bloomberg Ticker	ABOB OM
Closing Price (OMR)	0.163
52wk High / Low (OMR)	0.2/0.131
12m Average Vol. (000)	248.7
Mkt. Cap. (USD/OMR mn)	995 / 383
Shares Outstanding (mn)	2,349.7
Free Float (%)	64%
3m Avg Daily Turnover	28.0
6m Avg Daily Turnover	36.1
P/E'23e (x)	11.1
P/B'23e (x)	1.2
Dividend Yield '22e (%)	4.5%
Price Perf. (1m/3m) (%)	-4.1 / -16



Net profit for 3Q23 lower than our estimate by 7%

ABOB has posted 1%YoY increase and 19% QoQ decrease in its net profit for 3Q23 at OMR 9.4mn, below our estimate by 7%.

Operating income and expenses in line with our estimates

ABOB posted a 6% YoY growth and 4% QoQ decline in its operating income for 3Q23 while posting a 4%YoY and a 12% QoQ increase in its operating expenses, 1% better than our estimate. Operating profit increased 8% YoY although declined 14% sequentially QoQ, landing 3% below our estimate. Cost-to-income ratio was 42.8% vs. 36.6% a quarter ago.

Net loan & Islamic financing and customer deposits are broadly in line with our estimates

The bank's net loans & Islamic financing portfolio expanded by 5%YoY (flat QoQ), in line with U Capital estimates. Customer deposits grew by 6%YoY and declined 2%QoQ. Loan to deposit ratio expanded sequentially to 112.5% in 3Q23 vs. 110.4% in 2Q23, although below 113.9% recorded a year

U Capital view

Ahlibank is currently trading at a P/B of 1.2x on our 2023 estimates, compared to its peer average P/B, 2023e of 0.96x. We note the 16% decline in Ahli Bank's share price over the last three months. We place Ahli Bank 'Under Review' post the Rights Issue by the bank in the quarter.

Income Statement

(OMR mn)	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	Q (%)	Var (%)	9M22	9M23	YoY (%)
Operating Income	23.2	23.8	23.3	25.7	24.6	24.9	6%	-4%	-1%	67.9	73.7	8%
Operating Expenses	(10.2)	(10.7)	(10.2)	(9.4)	(10.5)	(10.4)	4%	12%	1%	(29.5)	(30.1)	2%
Operating Profit	13.0	13.0	13.2	16.3	14.1	14.5	8%	-14%	-3%	38.4	43.6	13%
Net ECL charge	(2.7)	(3.6)	(3.3)	(3.4)	(3.0)	(3.0)	11%	-9%	3%	(9.4)	(9.8)	3%
PBT	10.3	9.4	9.8	13.0	11.0	11.6	7%	-15%	-5%	29.0	33.8	17%
Taxes	(1.0)	(1.4)	(1.5)	(1.4)	(1.7)	(1.5)	62%	19%	9%	(4.0)	(4.5)	14%
Net Profit	9.3	8.0	8.4	11.6	9.4	10.0	1%	-19%	-7%	25.1	29.3	17%

Balance Sheet

(OMR mn)	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	Q (%)	Var (%)
Assets	3,013	3,075	3,070	3,234	3,154	3,338	5%	-2%	-6%
Shareholders' Equity	305	312	300	360	318	310	4%	-12%	2%
Net Loans & Islamic Financing	2,538	2,500	2,572	2,663	2,667	2,747	5%	0%	-3%
Customers' Deposits & Islami	2,228	2,296	2,340	2,411	2,371	2,503	6%	-2%	-5%

Key Ratios

	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e
Cost to Income	43.8%	45.2%	43.5%	36.6%	42.8%	41.8%
Loans to Customer Deposits	113.9%	108.9%	109.9%	110.4%	112.5%	109.7%
ROaE	12.3%	10.4%	10.9%	14.0%	12.4%	12.0%
Annualized EPS (OMR)	0.019	0.016	0.017	0.019	0.004	0.021
BVPS (OMR)	0.156	0.160	0.154	0.147	0.135	0.159
TTM P/E (x)					8.4	
P/BV (x)					1.2	

Source: Financials, MSX Disclosure, Bloomberg, U Capital Research


For our sector report, click [here](#).


Investment Research

Ubhar-Research@u-capital.net

Head of Research


Neetika Gupta


 +968 2494 9036

 neetika@u-capital.net


Research Team


Ahlam Al-Harathi

 +968 2494 9024


 ahlam.harathi@u-capital.net

Said Ghawas

 +968 2494 9034

 said.ghawas@u-capital.net


Amira Al Alawi


 +968 2494 9112

 amira.alalawi@u-capital.net

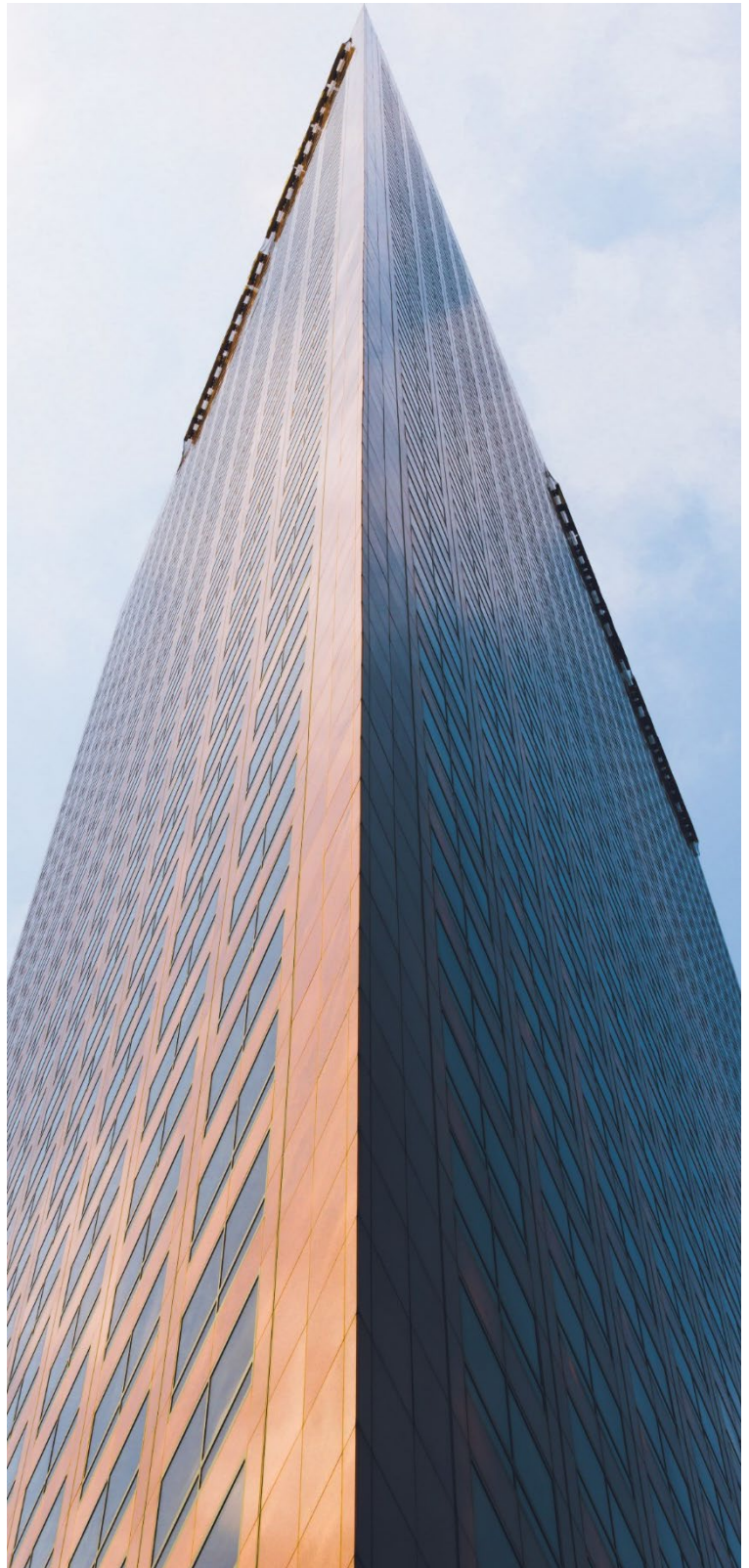
Head of Brokerage

Talal Al Balushi

 +968 2494 9051

 talal@u-capital.net

Visit us at: www.u-capital.net



Disclaimer

Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

Ubhar Capital SAOC (U Capital)

Website: www.u-capital.net
PO Box 1137
PC 111, Sultanate of Oman
Tel: +968 2494 9036
Fax: +968 2494 9099
Email: research@u-capital.net

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