

January 8, 2024

Oman Banking Statistics Monthly Update – October 2023

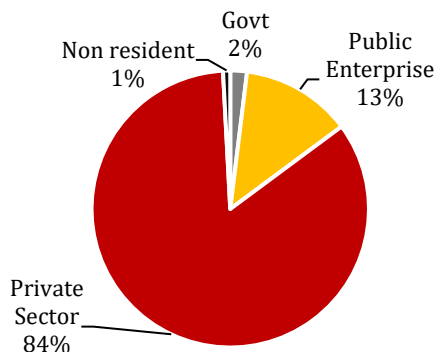
Highlights:

- CBO's latest (October'23) data shows that Oman banks' total credit up +5.2%YoY but down -0.1% MoM at end-October '23 reaching OMR 30.4bn.
- Islamic banking financing increased 12% YoY (19.5% of total Oman banking credit) while Islamic deposits were up 11% YoY (18.7% of total banking deposits) during October'23.
- Total conventional credit reached OMR 24.5bn (-0.2% MoM and +3.6% YoY).
- Broad money (M2) supply expanded by +10.0%YoY although narrow money (M1) went up by +0.4%YoY in October'23.
- CBO's Foreign assets rose by +1.2 %YoY & +2.2% MoM.

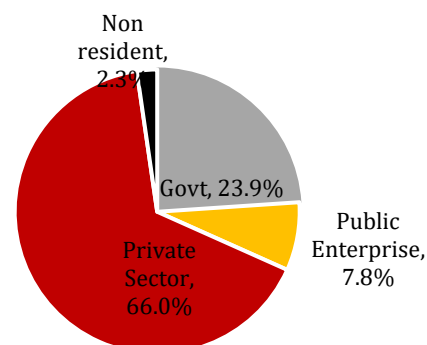
Total Banking Sector (Conventional & Islamic)

- Oman banking sector's total credit stood at OMR 30.4bn (-0.1% MoM and +5.2%YoY) at end-October'23.
- Total deposits stood at OMR 28.2bn (+1.6% MoM and 10.1%YoY) as at the end of October'23.
- Loan-to-deposit ratio marginally decreased to 107.7% in October'23 compared to 109.5% in September'23.

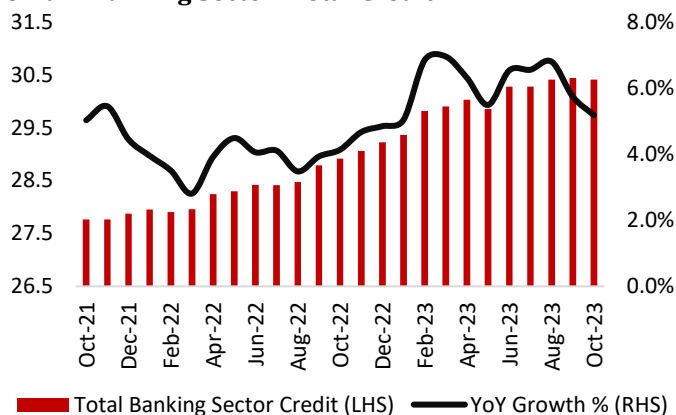
Total Credit Concentration, Oct'23



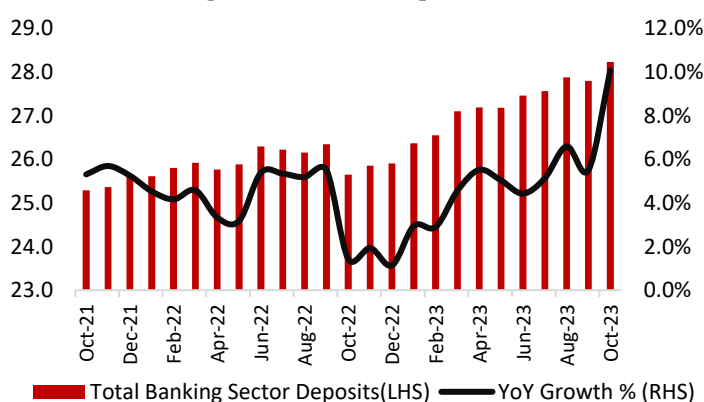
Total Deposits Concentration, Oct'23



Omani Banking Sector: Total Credit



Omani Banking Sector: Total Deposits



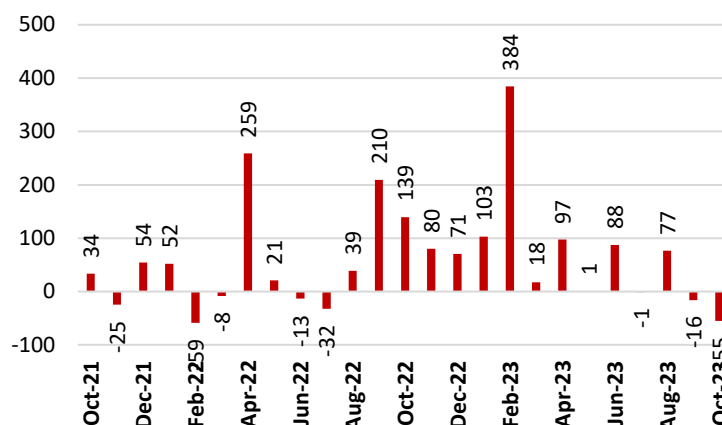
Conventional Banks

- Total conventional credit reached OMR 24.5bn (-0.2% MoM and +3.6% YoY).
- Conventional credit growth includes -0.1% MoM, or OMR -21mn worth of credit decrease in Private Sector in addition to -5.3% MoM or OMR -33.4mn decrease in Government sector. On the other hand, credit to Public Enterprises increased by +0.1% MoM. Credit extended to the non-residents declined by -0.7% MoM. Credit to Private Sector accounted for 82.9% of total conventional credit.
- Conventional deposits grew by +9.9%YoY to reach OMR 23.0bn.
- Conventional deposits up by 2.29% on MoM basis driven by +1.1% MoM increase in private sector. The share of Government & Public Enterprises deposits is 22.9% of total deposit.
- Loan-to-deposit (LTD) ratio stood at 106.6% - decrease of 2.7% compared to the previous month.

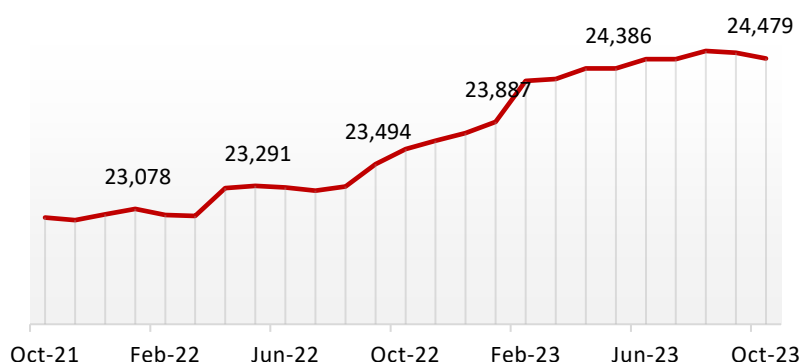
Islamic Banks

- At end-October'23, Islamic banking financing (Banks & Islamic Windows) reached OMR 5.92bn (+0.3 %MoM and +12%YoY).
- Islamic deposits reached OMR 5.3bn (-1.4% MoM and +11%YoY).
- Islamic financing stands at 19.5% of total Oman banking credit**, the highest level ever reported. Islamic deposits represent 18.7% of total bank deposits, down compared to the last month. Islamic financing-to-deposit ratio increased from 110% in September 2023 to 112% in October 2023.

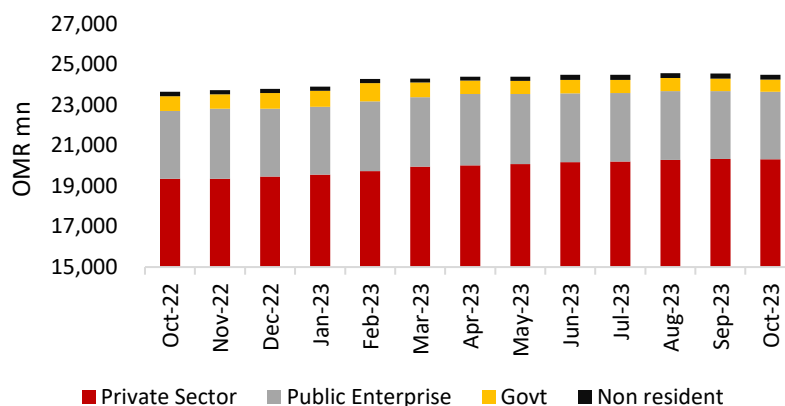
Conventional Credit Disbursal/ (Contraction), OMR mn



Conventional Banks: Total Credit, OMR mn



Conventional Banks : Total Credit



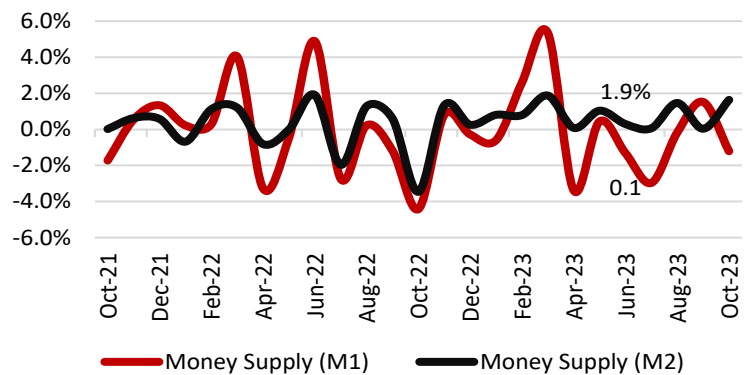
Money Supply & CBO's Foreign Assets

- As per the CBO, Oman's narrow money supply (M1) expanded in October'23 by +0.4% YoY although decreased 1.2% MoM. The MoM decline was due to decrease in Demand Deposits of -1.1%MoM in addition to a -1.6% MoM decrease in currency with public.
- Broad money (M2) supply increased by +1.63%MoM and +10.0 %YoY supported by +2.6% MoM and +13.8% YoY increase in Quasi Money. On monthly basis, domestic liquidity increased about OMR 354.0m, on annual basis, broad money is up by OMR 2012.2mn.
- CBO's foreign assets which include bullion, IMF reserve assets, placements abroad and foreign securities, increased to OMR 6.33bn (+2.2% MoM and +1.2%YoY) as of end- October '23.
- The MoM increase is brought about by a +7.5% MoM increase in placements abroad (which account for 38.1% of the total foreign assets), despite the -1.0% MoM decline in securities (54.0% of the total foreign assets). Bullion recorded a +7.1%MoM increase (1.2% of total), and IMF Reserve Assets fell by -1.7% MoM (6.8% of total). Bullion increased to OMR 74.1mn increasing by OMR +4.9mn over previous month.

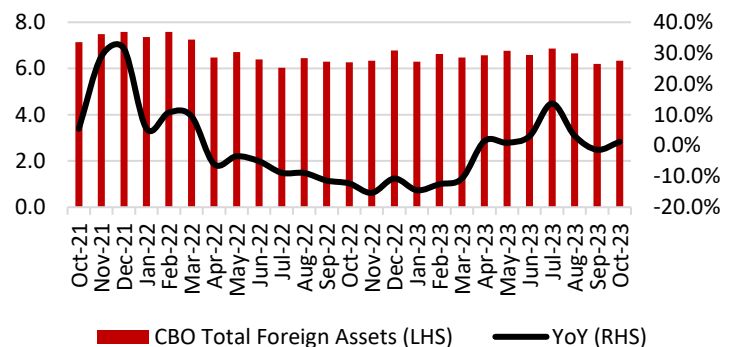
OMR Overnight Interbank Rate

- The OMR overnight domestic inter-bank lending rate up by 196 bps on MoM basis to 5.58% in October'23. Since the Fed Funds Rate increase started last year, the rate has essentially been on an upward trend. Furthermore, overnight interbank lending amount touched OMR 60.7mn, up by +87.96% YoY also up +3.7% on MoM basis.

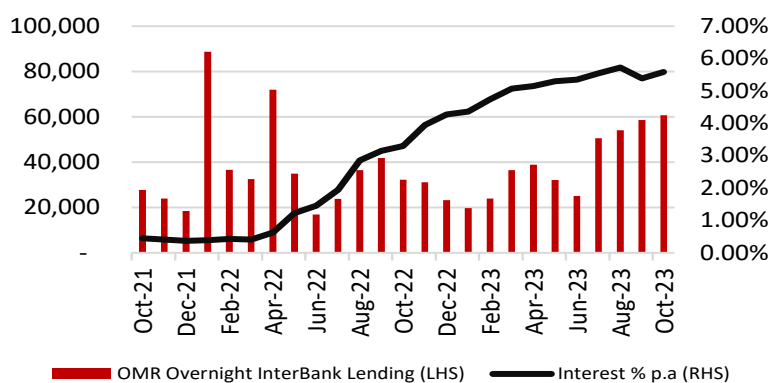
Money Supply MoM Growth %



CBO Foreign Assets, OMR bn



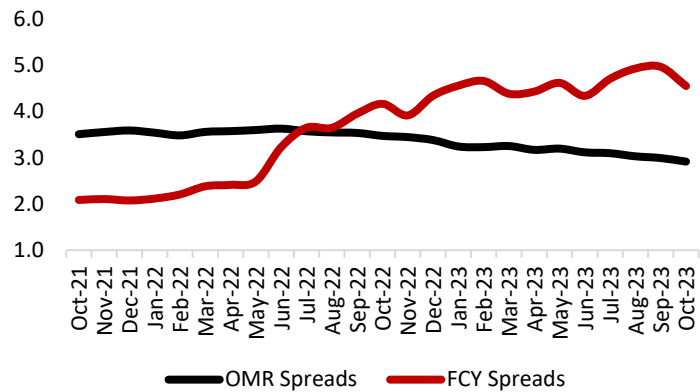
OMR Overnight Domestic Inter-Bank Lending



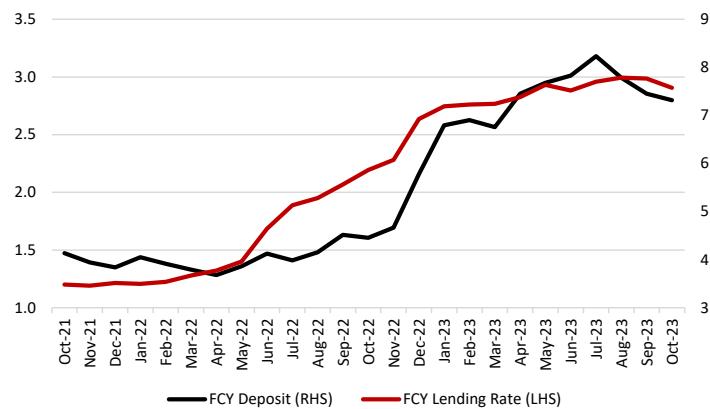
Weighted Average Interest Rates on Lending & Deposits

- Latest CBO data for conventional banks indicates that the weighted average Oman Rial interest rate spread (calculated as lending rate minus deposit rate) fell about 7.7 bps MoM in October'23 to 2.921, as lending rate increased by 0.1 bps and deposit rate up by 7.8bps.
- On YoY basis, spread is lower by 55 bps during October'23 as lending rate rose by 7bps and deposit rate increased by 62bps on a YoY basis.
- Weighted average FCY spread increase to 4.554 in October'23, down by -41.5bps MoM. On YoY basis it is up 38.5bps.
- Weighted average interest rate on private sector OMR time deposits expanded about 105.9 bps YoY.
- Interest rate on all private sector deposits (OMR) was 1.937%, up by 2.7 bps MoM and 55.1bps YoY.

Weighted Average Interest Rate Spreads, %

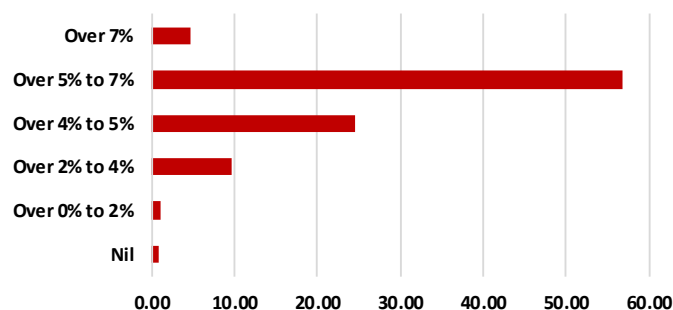


Weighted Average Interest Rate, %

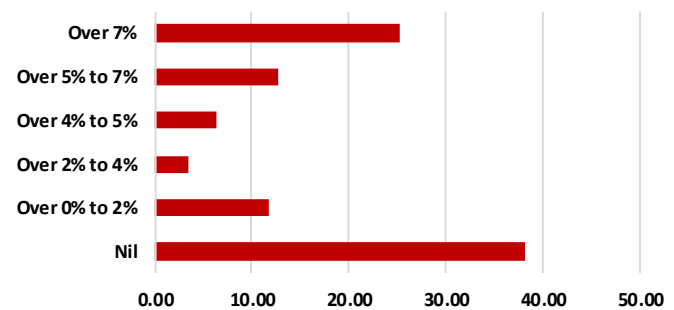


- About 38.3% of total deposits (in OMR) of conventional banks are at zero interest rate. As per our records, this figure has somewhat declined over the last few months. The largest chunk of total credit of conventional banks (in OMR, at about 56.80%) lies in the 5% to 7% interest rate bracket.

% of Conventional Bank OMR Lending, Oct'23



% of Conventional Bank OMR Deposits, Oct'23



Source: CBO

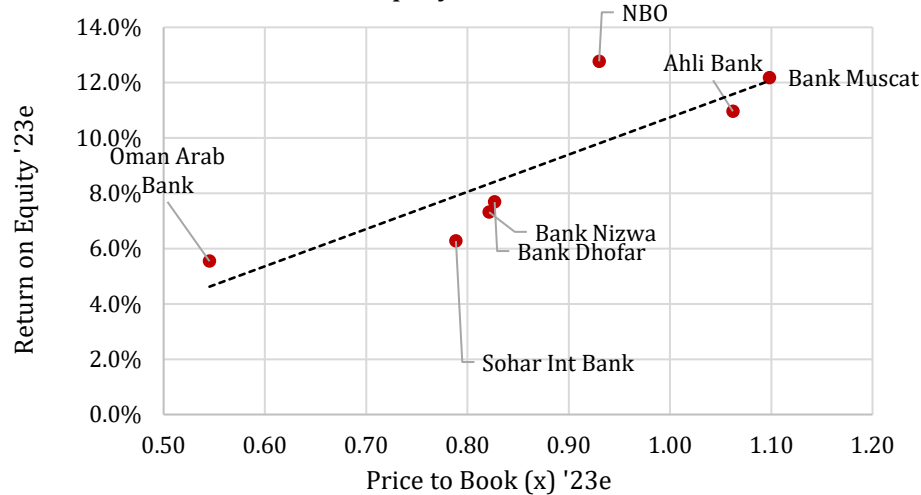
Source: CBO

Omani Banking Sector – Peer Comparison

Name	Mkt Cap (OMR mn)	Shares out (mn)	Last Px (OMR)	Px Change 1M, %	Px Change 3M, %	Px Change YTD, %	Current P/B	P/B'23e, (x)	P/E'23e, (x)	ROE'23e, (%)	Cash Div Yield'23e, %
Bank Muscat	2,012	7,506.4	0.268	-1	-6	2	1.12	1.10	9.3	12.2%	5.2%
Sohar Int Bank	479	4,746.7	0.101	-1	-4	3	0.80	0.79	10.4	7.7%	3.0%
NBO	462	1,625.9	0.284	3	-10	1	0.92	0.93	7.0	13.6%	6.4%
Bank Dhofar	552	3,451.6	0.160	0	-9	0	0.84	0.83	11.8	7.1%	3.4%
Ahli Bank	376	2,349.7	0.160	-2	-3	3	1.02	1.06	10.1	11.4%	5.3%
Bank Nizwa	217	2,237.0	0.097	0	-2	1	0.87	0.82	12.7	6.7%	4.0%
Oman Arab Bank	209	1,669.4	0.125	-4	-9	-12	0.56	0.55	8.7	6.4%	3.4%
Average							0.88	0.87	10.00	9.3%	4.4%
Median							0.87	0.83	10.08	7.7%	4.0%

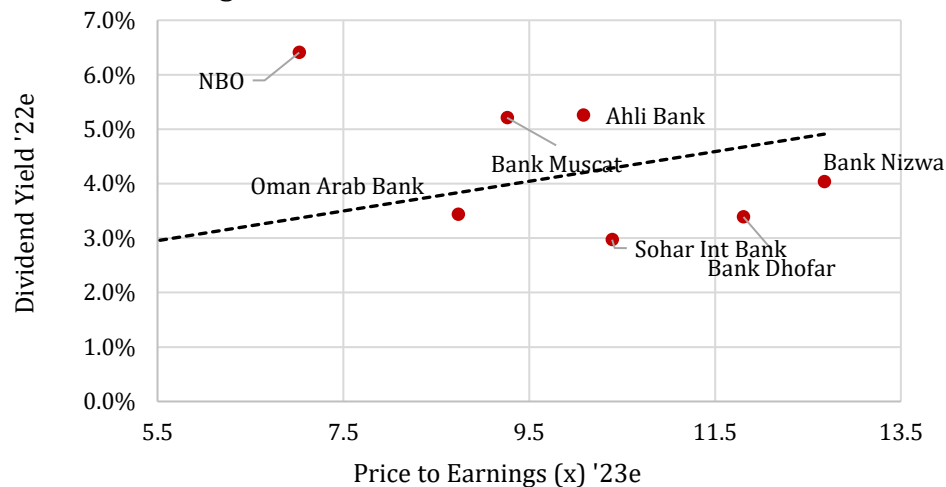
Source: Bloomberg, U Capital Research

Price to Book & Return on Equity



Source: Bloomberg, U Capital Research

Price to Earnings & Dividend Yield



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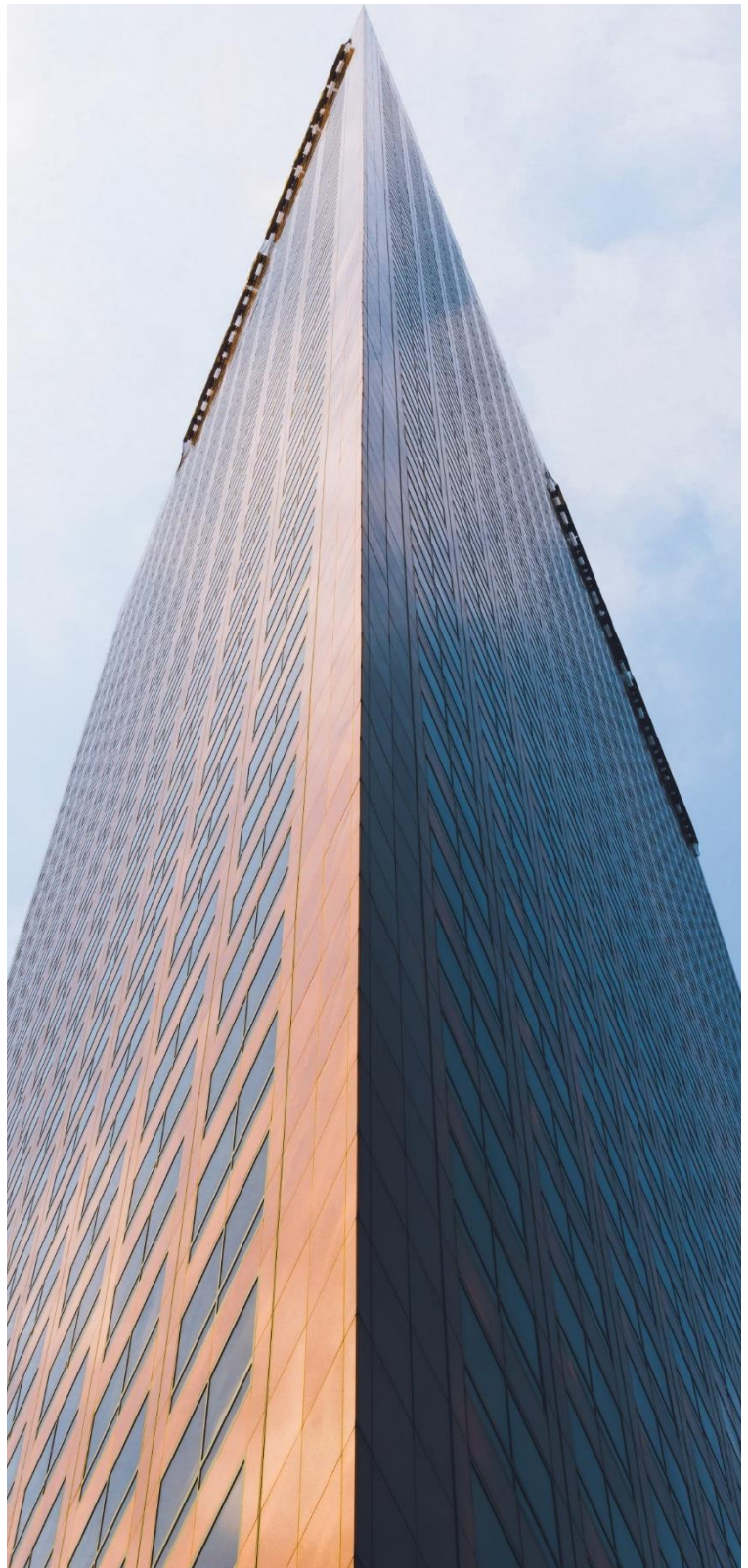
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