

Ahli Bank (ABOB) - 3Q22 Result Review

Date: 13-Oct-22

Recommendation

Under Review

Target Price (TP), OMR:

UR

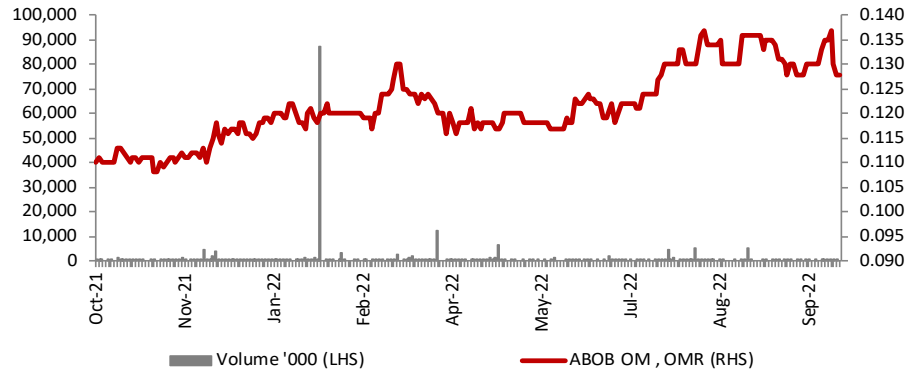
Reco Date:

Upside / (Downside):

-

Analyst: Ayisha Zia

Bloomberg Ticker	ABOB OM
Closing Price (OMR)	0.128
52wk High / Low (OMR)	0.138/0.108
12m Average Vol. (000)	746.9
Mkt. Cap. (USD/OMR mn)	648 / 250
Shares Outstanding (mn)	1,949.7
Free Float (%)	63%
3m Avg Daily Turnover (000)	48.8
6m Avg Daily Turnover (000)	41.0
P/E'22e (x)	7.0
P/B'22e (x)	0.7
Dividend Yield '22e (%)	4.9%
Price Perf. (1m/3m) (%)	-2.3 / 3.2



Ahli Bank's net profit for 1Q22 beat our estimate by 11%

ABOB has posted a 19%YoY and 12%QoQ increase in its net profit for 3Q22 at OMR 9.3mn, beating our estimate by 11%. Net profit beat arose from lower-than-expected net ECL charges.

Operating income in line with our estimate while operating expenses are also largely in line

ABOB posted a 12%YoY and 4%QoQ growth in its operating income while it posted a 26%YoY and a 6%QoQ growth in its operating expenses. Operating profit rose 4%YoY and 2%QoQ, landing in line with our estimate. Cost-to-income ratio stood at 43.8% vs. 42.8% a quarter ago.

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

The bank's net loans & Islamic financing portfolio expanded by 7%YoY and 1.4%QoQ, as expected. Customer deposits grew by a notable 12%YoY but flat QoQ. Loan to deposit ratio inched up to 112% vs. 110% in 4Q21 and is well below 117% recorded a year ago.

Income Statement

(OMR mn)	3Q21	4Q21	1Q22	2Q22	3Q22	3Q22e	YoY (%)	QoQ (%)	Var (%)	9M21	9M22	YoY (%)
Operating Income	20.7	22.3	22.3	22.4	23.2	22.7	12%	4%	2%	60.1	67.9	13%
Operating Expenses	(8.1)	(11.0)	(9.7)	(9.6)	(10.2)	(9.8)	26%	6%	4%	(24.6)	(29.5)	20%
Operating Profit	12.6	11.3	12.6	12.8	13.0	12.9	4%	2%	1%	35.6	38.4	8%
Net ECL charge	(3.5)	(3.5)	(3.7)	(3.0)	(2.7)	(3.0)	-21%	-9%	-8%	(11.1)	(9.4)	-15%
PBT	9.1	7.7	8.9	9.8	10.3	9.9	13%	5%	4%	24.4	29.0	19%
Taxes	(1.3)	(1.2)	(1.4)	(1.6)	(1.0)	(1.6)	-24%	-34%	-35%	(3.4)	(4.0)	18%
Net Profit	7.8	6.5	7.5	8.3	9.3	8.4	19%	12%	11%	21.1	25.1	19%

Balance Sheet

(OMR mn)	3Q21	4Q21	1Q22	2Q22	3Q22	3Q22e	YoY (%)	QoQ (%)	Var (%)
Assets	3,065	3,053	3,167	3,046	3,013	3,125	-2%	-1%	-4%
Shareholders' Equity	300	303	295	297	330	306	10%	11%	8%
Net Loans & Islamic Financing	2,365	2,402	2,436	2,494	2,538	2,556	7%	2%	-1%
Customers' Deposits & Islamic Invest	2,041	2,181	2,180	2,212	2,228	2,271	9%	1%	-2%

Key Ratios

	3Q21	4Q21	1Q22	2Q22	3Q22	3Q22e
Cost to Income	39.1%	49.5%	43.6%	42.8%	43.8%	43.2%
Loans to Customer Deposits	115.9%	110.1%	111.7%	112.7%	113.9%	112.6%
ROaE	10.5%	8.6%	10.1%	11.1%	11.9%	11.1%
Annualized EPS (OMR)	0.016	0.013	0.015	0.017	0.005	0.017
BVPS (OMR)	0.154	0.155	0.151	0.153	0.169	0.158
TTM P/E (x)					7.9	
P/BV (x)					0.8	

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

For our earlier report on the sector, please [click here](#).

Recommendation

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

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