

National Bank of Oman (NBOB) - 1Q24 Result Review

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Recommendation:

Accumulate

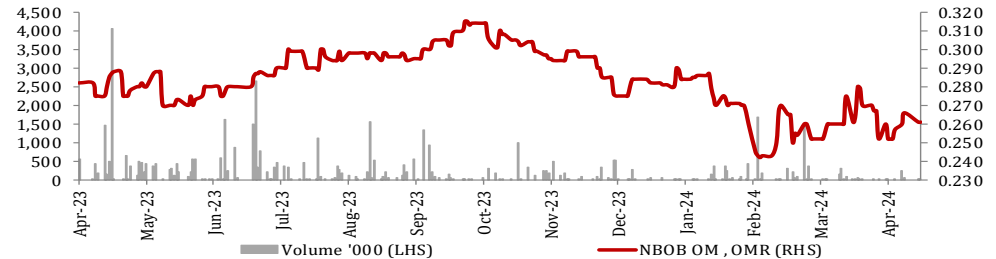
Target Price (TP), OMR 0.330

Dated: 7/25/2023 (Rating issued)

Upside / (Downside): 26%

Date: 15-Apr-24

Bloomberg Ticker	NBOB OM
Current Market Price (OMR)	0.261
52wk High / Low (OMR)	0.315/0.24
12m Average Vol. (000)	210.5
Mkt. Cap. (USD/OMR mn)	1,102 / 424
Shares Outstanding (mn)	1,625.9
Free Float (%)	100%
3m Avg Daily Turnover (000)	33.1
6m Avg Daily Turnover (000)	30.6
P/E'24e (x)	7.1
P/B'24e (x)	0.9
Dividend Yield '24e (%)	4.9%
Price Perf. (1m/3m) (%)	-5.1 / -9.1



Net profit for 1Q24 up 8% YoY, in line with our estimates

The bank has posted a 8%YoY increase and 5% QoQ increase in its net profit for 1Q24 at OMR 15.5mn, in-line with our estimates for the quarter. The bank posted a 12%YoY decline and 7%QoQ decrease in its net interest income for 1Q24, which is below our estimate. Its other operating income, increased a 34%YoY and +45%QoQ ahead of our estimates. Total operating income was OMR37.4mn, flattish YoY and in-line with our estimates. Operating expenses increased 1%YoY and were flat QoQ (7% better than our estimate) resulting in operating profit of OMR 22m, exactly in line with our estimates.

Net ECL provision charge significantly lower: down 28% YoY, broadly in line with our estimates

Net ECL provision charge is 28% lower YoY although up 15%QoQ, broadly in line with our estimate.

Net loans & Islamic financing and customer deposits in line with estimate

The bank has posted an increase in net loans & Islamic financing of 5%YoY (+3% QoQ), broadly in line with our estimate. Customer deposits are up 25%YoY and 14%QoQ, ahead of our estimate. Loan-to-deposit ratio stood at 88.5% in 1Q24 vs. 97.8% in 4Q23, on deposit growth strongly outpacing loan growth YoY.

U Capital view

We maintain Accumulate rating on the stock, with a target price of OMR 0.330. After a 9.1% decline in stock price over the last three months, our target price offers good upside. NBO is currently trading at a P/B of 0.9x on our 2024 estimates.

Income Statement												
(OMR mn)	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e	YoY (%)	QoQ (%)	Var (%)	1Q23	1Q24	YoY (%)
Net interest & Islamic finance incon	28.7	28.2	26.4	27.1	25.3	29.4	-12%	-7%	-14%	28.7	25.3	-12%
Other operating income	9.1	9.4	8.6	8.3	12.1	9.0	34%	45%	34%	9.1	12.1	34%
Operating Income	37.8	37.6	35.0	35.4	37.4	38.4	-1%	5%	-3%	37.8	37.4	-1%
Operating Expenses	(15.2)	(15.6)	(15.7)	(15.3)	(15.4)	(16.6)	1%	0%	-7%	(15.2)	(15.4)	1%
Operating Profit	22.6	22.0	19.3	20.1	22.0	21.8	-2%	9%	1%	22.6	22.0	-2%
Net ECL charge	(5.4)	(4.2)	(2.7)	(3.4)	(3.9)	(4.1)	-28%	15%	-5%	(5.4)	(3.9)	-28%
PBT	17.2	17.8	16.6	16.7	18.1	17.7	6%	8%	2%	17.2	18.1	6%
Tax	(2.8)	(2.8)	(2.5)	(2.0)	(2.7)	(2.6)	-6%	30%	0%	(2.8)	(2.7)	-6%
Net Profit	14.3	15.0	14.0	14.7	15.5	15.1	8%	5%	3%	14.3	15.5	8%
Balance Sheet												
(OMR mn)	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e	YoY (%)	QoQ (%)	Var (%)			
Assets	4,434	4,487	4,504	4,822	5,171	4,918	17%	7%	5%			
Shareholders' Equity	477	485	499	507	509	514	7%	0%	-1%			
Net Loans & Islamic Financing	3,415	3,228	3,205	3,496	3,593	3,483	5%	3%	3%			
Customers' Deposits & Islamic Inve	3,249	3,304	3,267	3,573	4,059	3,752	25%	14%	8%			
Key Ratios												
	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24e						
Cost to Income	40.3%	41.5%	44.9%	43.2%	41.1%	43.2%						
Loans to Customer Deposits	105.1%	97.7%	98.1%	97.8%	88.5%	92.8%						
ROaE	12.1%	12.4%	11.4%	11.7%	12.2%	11.8%						
Annualized EPS (OMR)	0.035	0.037	0.035	0.036	0.038	0.037						
BVPS (OMR)	0.293	0.298	0.307	0.312	0.313	0.316						
TTM P/E (x)					7.2							
P/BV (x)					0.83							

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


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


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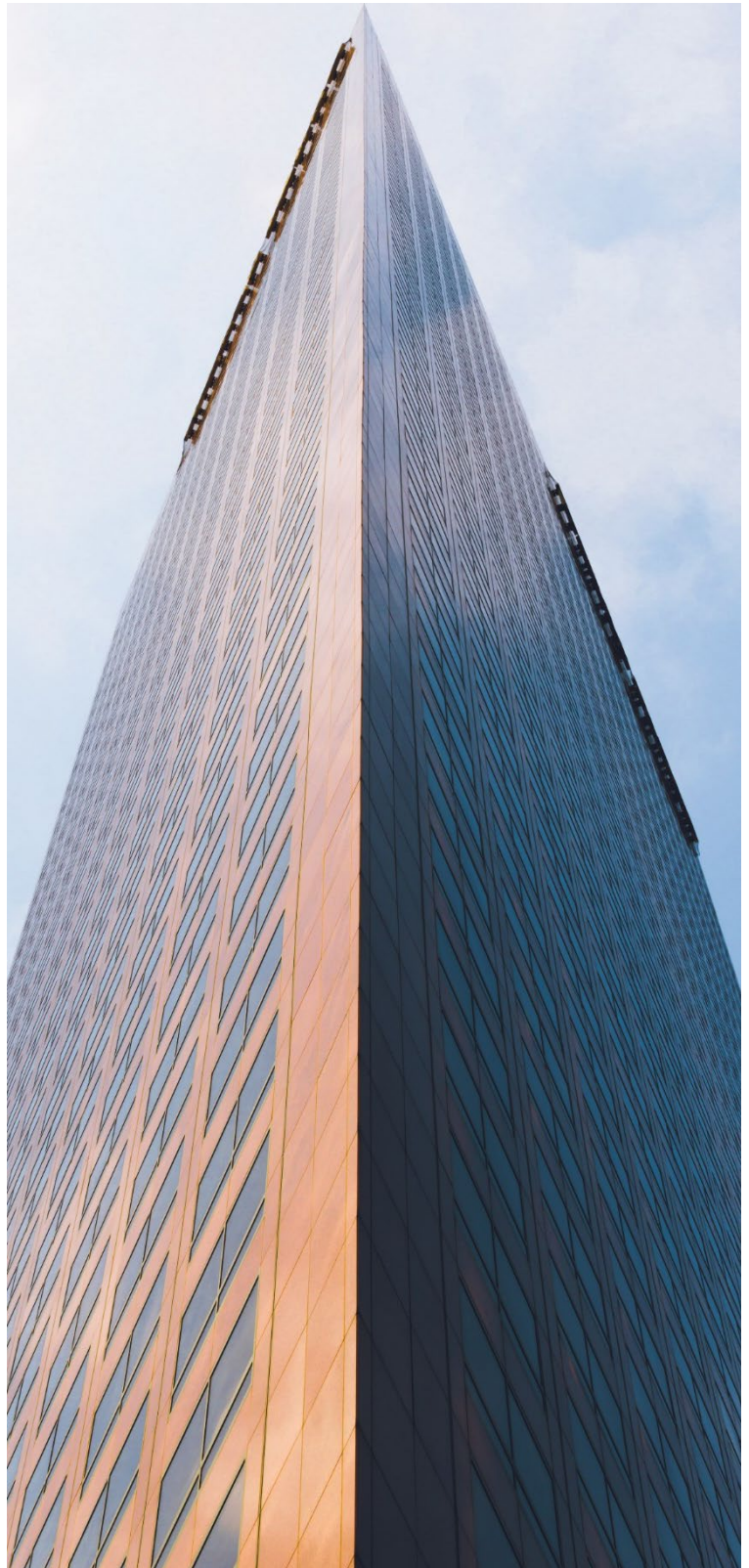
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Disclaimer

Recommendation

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

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