

Oman Banking Statistics Monthly Update

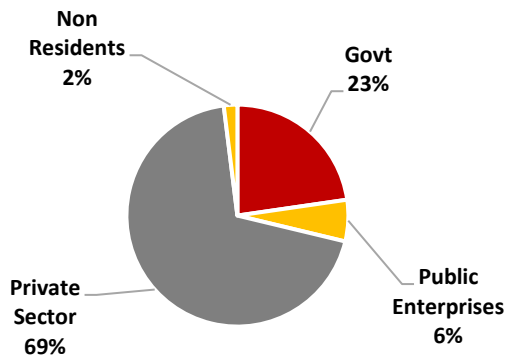
Synopsis:

- Total credit of Omani banks was down 0.05% m-o-m in Apr'21; Conventional credit dropped by 0.1% m-o-m while Islamic financing went up 0.3% m-o-m
- Total deposits of Omani banks was up 0.7% m-o-m Apr'21; Conventional deposits grew by 0.8% m-o-m while Islamic deposits went up 1.4% m-o-m
- Loans to deposit ratio dropped to 109.01% in April 2021 compared to 109.7% in Dec'20 and 109.9% in Mar'21
- Broad money (M2) supply expanded by 1.0% m-o-m while narrow money (M1) went up by 3.6% m-o-m
- Average Repo rate for liquidity injection by the CBO stood at 0.5% in April 2021
- Consumer Price Index showed a y-o-y deflation of 0.4% during April 2021

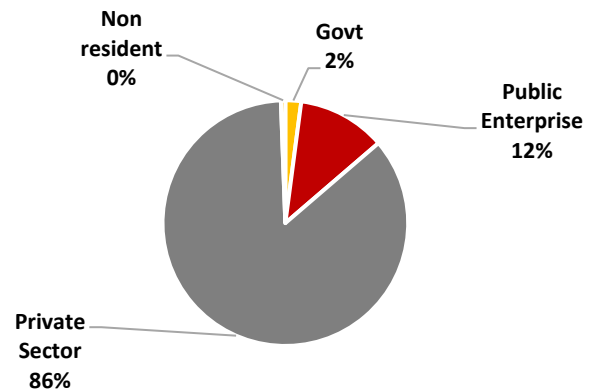
Total Banking Sector (Conventional & Islamic)

- Oman banking sector's total credit stood at OMR 27.18bn (-0.05%MoM and +3.0%YoY) as at the end of Apr'21.
- Total deposits stood at OMR 24.93bn (+0.7%MoM and +4.1%YoY) as at the end of Apr'21.
- Loan-to-deposit Ratio dropped to 109.01% in April'21 compared to 109.7% in Dec'20 and 109.9% in Mar'21.

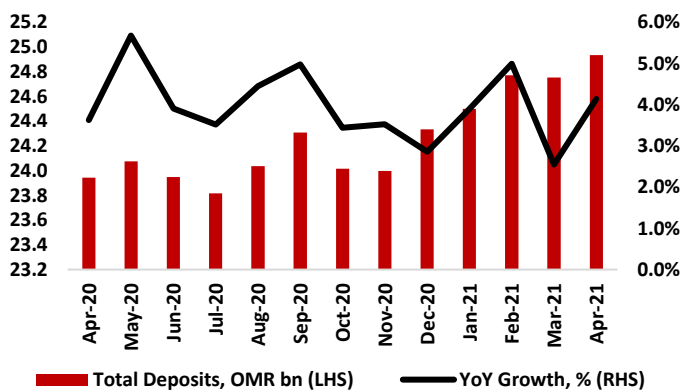
Total Deposit Concentration, Apr'21



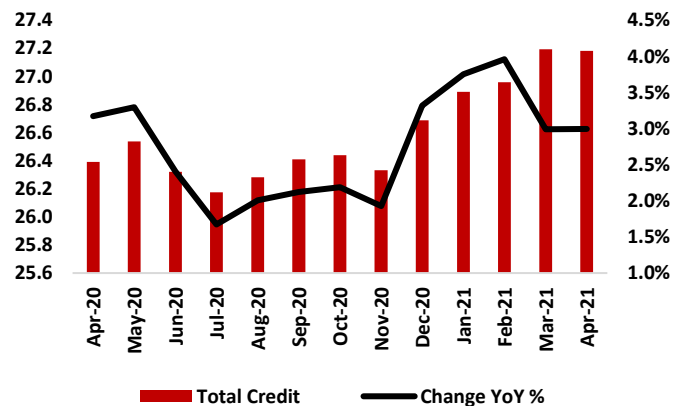
Total Credit Concentration, Apr'21



Omani Banking Sector: Total Deposits



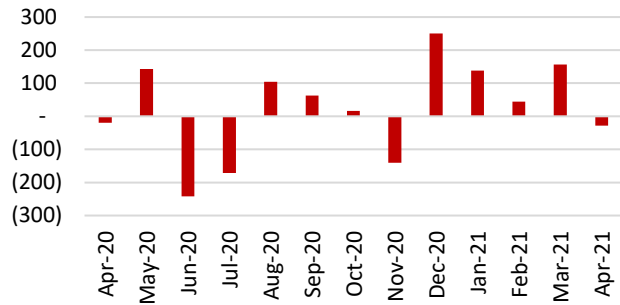
Omani Banking Sector: Total Credit



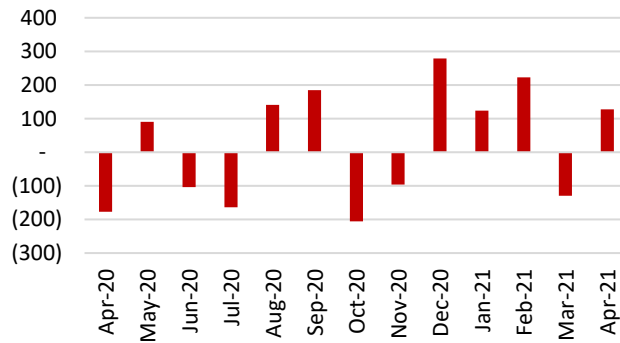
Conventional Banks

- Conventional credit growth dropped to +1.5%YoY from +2.2%YoY in Dec'20. Total conventional credit reached OMR 22.65bn (-OMR 28mn on MoM basis or -0.1%MoM).
- Conventional credit contracted on MoM basis largely on account of -0.2%MoM, or OMR 35.5mn worth of decline in Private Sector credit. Government and Public Enterprises credit registered growth of +2.1%MoM and +0.8%MoM, while credit to non-residents dropped by 14.6% MoM.
- Conventional deposits grew by +2.3%YoY as compared to +0.8% in Mar'21. Total conventional deposits stood at OMR 20.88bn (+OMR 128mn on MoM basis or +0.6%MoM).
- Conventional deposits increased on MoM basis on account of Public Enterprises and Non-Resident deposits while government deposits dropped marginally on MoM basis. The share of Government & Public Enterprises deposits, which had dropped to the lowest value in our records at 26.6% in Dec'20, now stand at 27.1% in Apr'21 but below 27.8% recorded in February 2021.
- Loan-to-deposit (LTD) ratio marginally dropped and stood at 108.5%.

Conventional Credit Disbursal / (Contraction), OMR mn



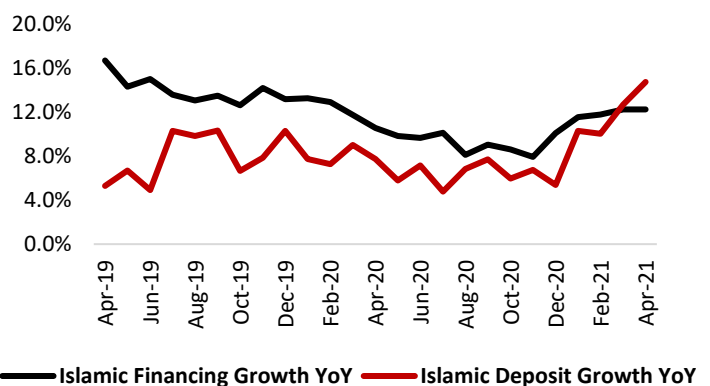
Conventional Deposit Increases / (Withdrawals), OMR mn



Islamic Banks

- Islamic banking financing (Banks & Islamic Windows) reached OMR 4.52bn (+0.3%MoM and +12.2%YoY).
- Islamic deposits reached OMR 4.04bn (+1.4%MoM and +14.7%YoY).
- Islamic financing stands at 16.7% of total Oman banking credit, and Islamic deposits form 16.2% of total bank deposits.
- Islamic financing-to-deposit ratio dropped to 111.9% as of April 2021 compared to 114.7% in Dec'20 and 113% in Mar'21.

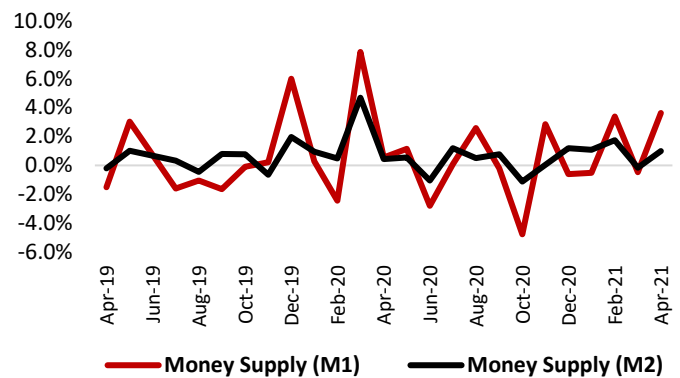
Islamic Banking Financing and Deposit Growth



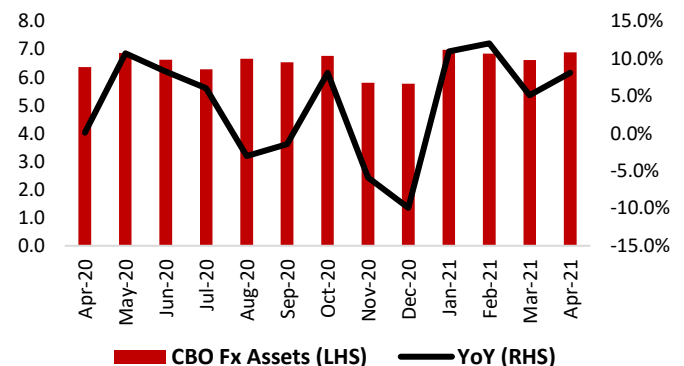
Money Supply & CBO's Foreign Assets

- As per the CBO, Oman's narrow money supply (M1) increased during the month of Apr'21 by 3.6%MoM and 4.1%YoY. The MoM expansion was due to a growth in Demand Deposits by 4.3% as well as a 1.5% MoM increase in currency outside banks.
- Broad money (M2) supply also increased by 1.0%MoM and was higher by 5.8%YoY. YoY increase was led by an 6.6% rise in Quasi Money. While on monthly basis, domestic liquidity increased by about OMR 198mn i.e. 1%.
- CBO's foreign assets dropped to OMR 6.62bn as at the end of Mar'21, having decreased by 3.3%MoM but were higher 5.1% YoY.
- CBO's Fx assets include bullion, IMF reserve assets, placements abroad and foreign securities.
- CBO Fx assets were higher on MoM basis by 4.0%. The MoM expansion was brought on by a 6.9%MoM increase in placements abroad, 1.4% MoM growth in IMF reserve assets and 1.1% growth in securities.
- Share of securities of the total was 46.3% while that of placements abroad was 51.9% while the rest amounting to 1.8% was held by IMF reserve assets.

Month-on-Month Growth, %



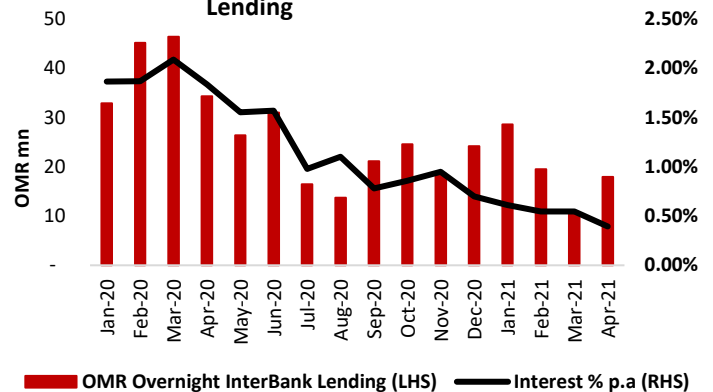
CBO Fx Assets, OMR bn



OMR Overnight Interbank Rate

- The OMR overnight domestic inter-bank lending rate dropped to 0.394% in April 2021 compared to 0.547% in March 2021. The rate has been roughly on a downtrend since the Fed funds rate cuts began in 2019 and increased slightly during Jun'20 before easing again in July. It was beginning to creep up once again in Oct'20 and Nov'20, but has been contracting since Dec'20. It is well below 2.088% recorded a year ago in March 2020.
- Furthermore, overnight interbank lending amount touched OMR 17.94mn, down by 47.7%YoY but higher 71.5% MoM.

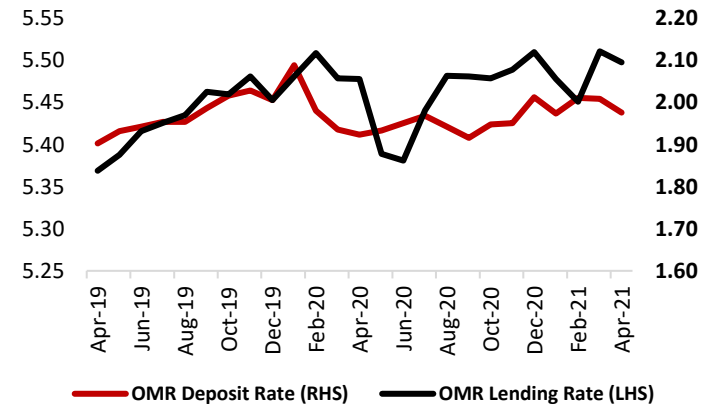
Rial Omani Overnight Domestic Inter-Bank Lending



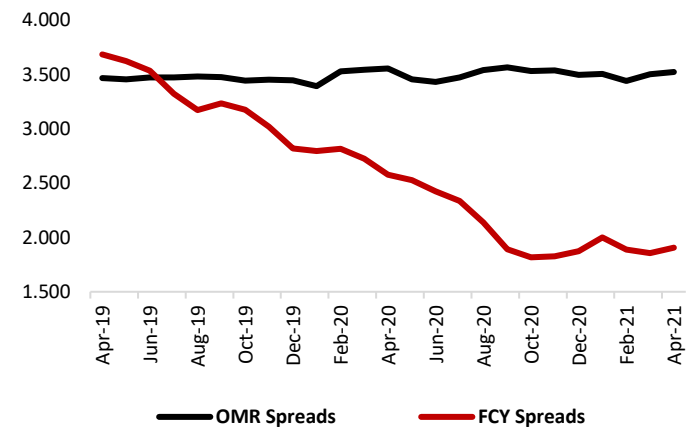
Weighted Average Interest Rates on Lending & Deposits

- For conventional banks, CBO data reveals that the weighted average Oman Rial interest rate spread (calculated as lending rate minus deposit rate) rose to 3.522% in April compared to 3.554% recorded in same month last year. On month-on-month (MoM) basis, the spread expanded by 2bps. It must be noted that the weighted average deposit rate on OMR deposits stood at 1.976% in April 2021 compared to 2.013% in December 2020 and 2.009% in March 2021.
- Weighted average FCY spread also rose to 1.907% in April 2021 compared to 1.857% in March 2021 and 1.874% in December 2020. The FCY spreads were higher by about 5bps when compared to March 2021.
- Weighted average interest rate on private sector OMR time deposits expanded by 2bps MoM to 4.150%.
- Weighted average interest rate on all private sector deposits (OMR) was 1.476% in April 2021 compared to 1.493% in March 2021 and 4.039% in April 2020.
- The largest chunk of total credit of conventional banks (in OMR, at about 62.3%) lies in the 5-7% interest rate bracket as of April 2021.
- About 44.9% of total conventional deposits carry no interest, while 24.7% of the total deposits are in the range of 4-5% as of April 2021.

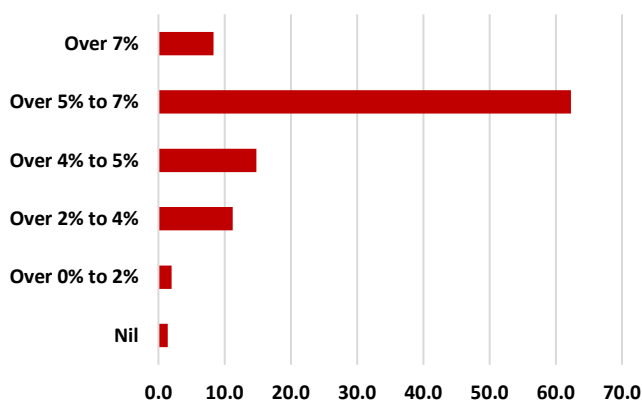
Weighted Average Interest Rates, %



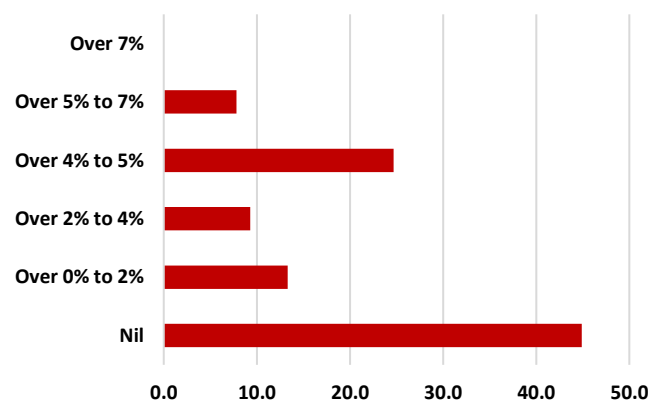
Weighted Average Interest Rate Spreads, %



% of Conventional Bank OMR Lending, Apr'21



% of Conventional Bank OMR Deposits, Apr'21



Omani Banking Sector – Peer Comparison

	M.Cap (OMR mn)	BV	P/E	P/Bv	ROE	ROA
Bank Muscat	1,480	0.569	8.60	0.73	8.5%	1.3%
National Bank of Oman	322	0.259	14.42	0.76	5.3%	0.6%
Bank Dhofar	369	0.181	12.49	0.68	5.5%	0.6%
Sohar International	239	0.130	11.80	0.75	6.4%	0.5%
Ahli Bank	216	0.161	8.11	0.69	8.5%	0.9%
HSBC Oman	208	0.166	18.78	0.62	3.3%	0.5%
Bank Nizwa	144	0.112	12.00	0.85	7.1%	0.9%
Oman Arab Bank	292	0.221	11.47	0.79	6.9%	0.8%

Source: U Capital Research & Bloomberg
Price as of 22 June 2021

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