

Oman Banking Statistics Monthly Update

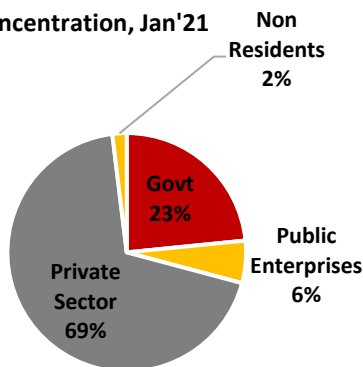
Synopsis:

- Total credit of Oman banks up 0.8% on monthly basis in Jan'21; deposits also up 0.7%MoM.
- Credit expansion supported by all sectors except Government: Private Sector (+0.8%MoM), Public Enterprises (+1.0%MoM), Government (-1.9%MoM), and Non-Residents (+0.4%MoM).
- Monthly deposit increase supported by Private Sector (+0.8%MoM) and Government & Public Enterprises deposits (+3.6%MoM); despite a fall in Non-Residents deposits (-27%MoM).
- Conventional banks' weighted average OMR interest rate spread expanded by 0.7bps as deposit rate dropped by 3.9bps while lending rate dropped by 3.2bps.
- Broad money (M2) supply expanded by 1.1%MoM and 9.0%YoY, indicating an increase of OMR 1.61bn in domestic liquidity on YoY basis in the month of Jan'21, led by an 11.5%YoY rise in Quasi Money.

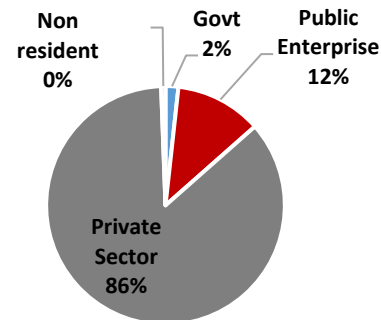
Total Banking Sector (Conventional & Islamic)

- Oman banking sector's total credit stood at OMR 26.89bn (+0.8%MoM and +3.8%YoY) as at the end of Jan'21.
- Total deposits stood at OMR 24.5bn (+0.7%MoM and +3.9%YoY).
- Total private sector credit stood at OMR 23.1bn, (+0.8%MoM and +1.4%YoY).
- Loan-to-deposit Ratio remained stable at 109.8% in Jan'21, as compared to 109.7% in Dec'20 and Nov'20, and is below from 109.9% recorded a year ago, due to a relatively slower increase in credit as compared to deposits.

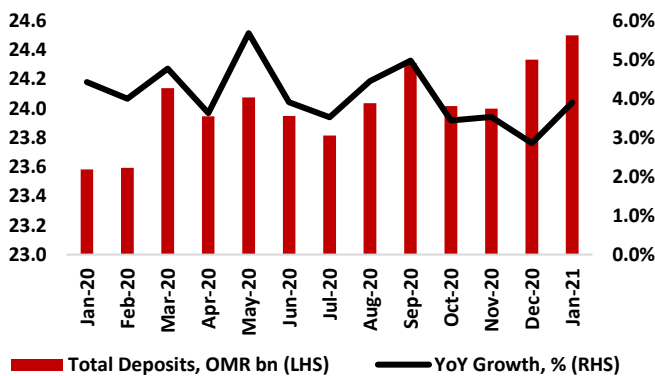
Total Deposit Concentration, Jan'21



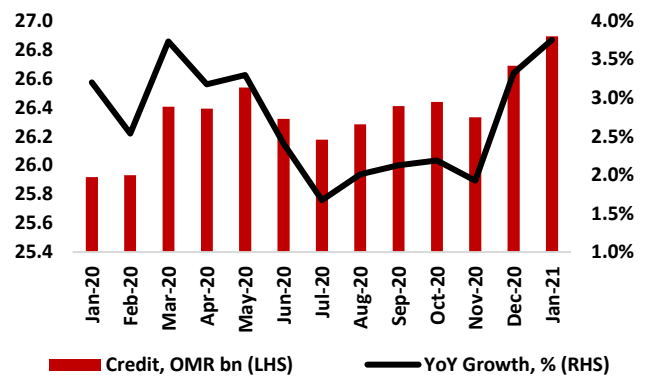
Total Credit Concentration, Jan'21



Omani Banking Sector: Total Deposits



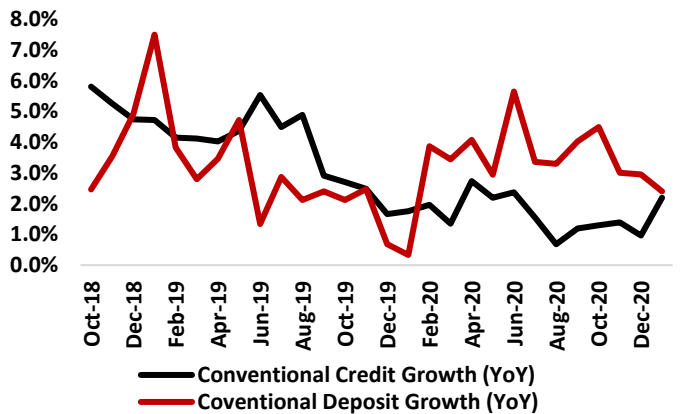
Omani Banking Sector: Total Credit



Conventional Banks

- Conventional credit picked up to +2.7%YoY from +2.2%YoY in Dec'20. Total conventional credit reached OMR 22.48bn (+OMR 138.5mn on MoM basis or +0.6%MoM).
- Conventional credit expanded on MoM basis largely on account of a 0.9%MoM, or OMR 166.5mn worth of increase in Private Sector credit. Government and Public Enterprises credit declined by 1.9%MoM and 0.7%MoM, while credit to non-residents increased by about 0.5% MoM.
- Conventional deposits grew by +2.8%YoY as compared to +2.4% in Dec'20. Total conventional deposits stood at OMR 20.67bn (+OMR 123.4mn on MoM basis or +0.6%MoM). Sector Loan-to-deposit (LTD) ratio marginally stood stable at 108.8% since Dec'20 on equal growth rates of loans and deposits.
- Conventional deposits increased on MoM basis on account of Government, Public Enterprises and Private Sector deposits, while Non-Resident deposits declined by 27.2%MoM. Government deposits rose by 3.2%MoM (up OMR 138.1mn), Public enterprises' deposits rose 10.6%MoM or by OMR 114.2mn, and Private Sector deposits rose +0.3%MoM or by OMR 45.5mn. The share of Government & Public Enterprises deposits, which had dropped to the lowest value in our records at 26.6% in Dec'20 as compared to a simple average of 30.0% over the previous trailing 12 months, now rose to 27.6% in Jan'21.

Conventional Credit & Deposit Growth



Conventional Banks Ratios

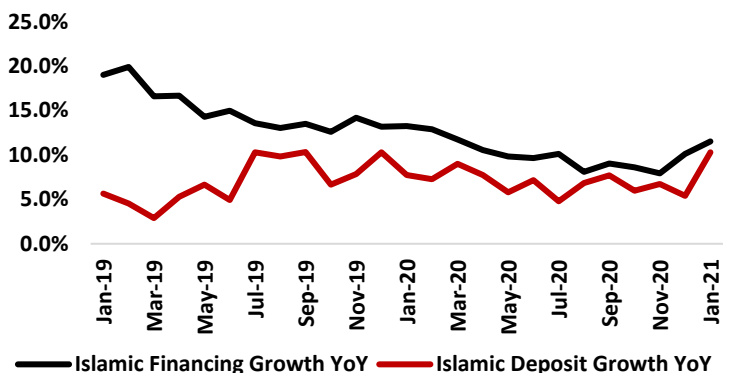
	Dec-19	Jun-20	Sep-20	Oct-20	Nov-20	Dec-20	Trend
Cash & Clearing to OMR Deposits	9.7	8.2	9.6	7.7	8.1	7.9	
Cash & Clearing to Total Deposits	8.5	7.2	8.4	6.7	7.0	6.9	
Credit to Deposits	109.0	108.9	108.0	109.2	109.0	108.8	
Fx Deposits to all Deposits	12.0	12.2	13.0	12.8	12.7	13.2	
Fx Credit to Total credit	16.7	18.1	18.0	17.6	17.2	18.2	
Fx Assets to Total Assets	10.5	8.8	8.1	8.5	8.5	8.1	
Foreign Liabilities to Total Liabilities	12.7	11.8	12.2	12.3	12.5	12.4	
Demand Deposits of Private Sector to Total Private Sector	28.2	28.7	27.8	26.3	27.5	26.8	
Capital & Reserves to Total Deposits	24.3	24.8	24.8	25.1	25.1	24.8	
Provisions & Reserve Interest to Total Credit	3.7	4.2	4.2	4.3	4.4	4.4	

Source: CBO

Islamic Banks

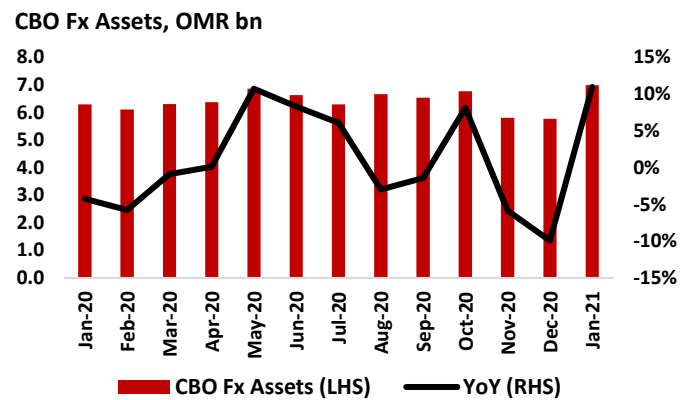
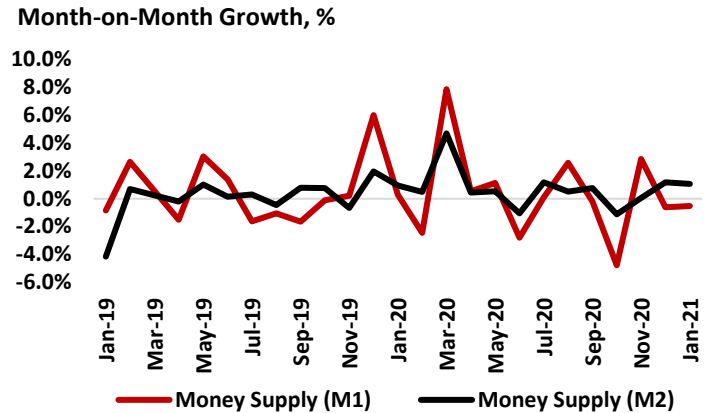
- Islamic Banking financing (Banks & Islamic Windows) reached OMR 4.41bn (+1.5%MoM and +11.5%YoY).
- Islamic deposits reached OMR 3.83bn (+1.1%MoM and +10.3%YoY).
- Islamic financing stands at 16.4% of total Oman banking credit, and Islamic deposits form 15.6% of total bank deposits.
- Islamic Financing-to-Deposit Ratio rose to 114.7% as compared to 113.6% in Nov'20 and 110.3% in Dec'19, on credit growth outpacing deposit growth.

Islamic Banking Financing and Deposit Growth



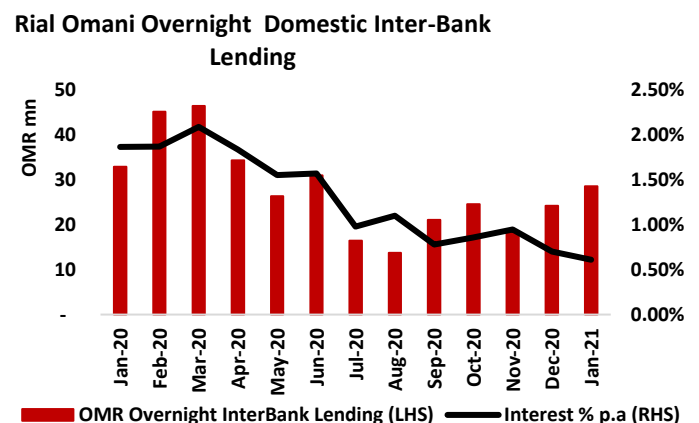
Money Supply & CBO's Foreign Assets

- As per the CBO, Oman's narrow money supply (M1) decreased during the month of Jan'21 by 0.5%MoM but grew 3.2%YoY. The MoM contraction is due to a drop in Demand Deposits of 0.4%MoM as well as a 0.7%MoM fall in currency outside banks.
- Broad money (M2) supply expanded by 1.1%MoM and 9.0%YoY, indicating an increase of OMR 1.61bn in domestic liquidity on YoY basis in the month of Jan'21, led by an 11.5%YoY rise in Quasi Money. On monthly basis, domestic liquidity increased by about OMR 207.7mn, supported by an increase in quasi money supply (+1.7%MoM).
- Quasi Money is the aggregate of Rial Omani time and savings deposits, certificate of deposits issued by commercial banks, margins and foreign currency deposits.
- CBO's foreign assets jumped to OMR 6.98bn as at the end of Jan'21, having increased by 11.0%YoY and 21.0%MoM or OMR 1.21n during the month. The MoM expansion is brought on by a 48%MoM increase in placements abroad (which account for about 49.3% of the total foreign assets), and a 2.9% rise in securities (which account for about 48.9% of the total as well). Share of placements abroad has surpassed securities for the first time in our records. Bullion was flat while IMF Reserve Assets rose 1.8%MoM. CBO's foreign assets jumped above the trailing 12-month simple average of OMR 6.42bn.
- CBO's Fx assets include bullion, IMF reserve assets, placements abroad and foreign securities.



OMR Overnight Interbank Rate

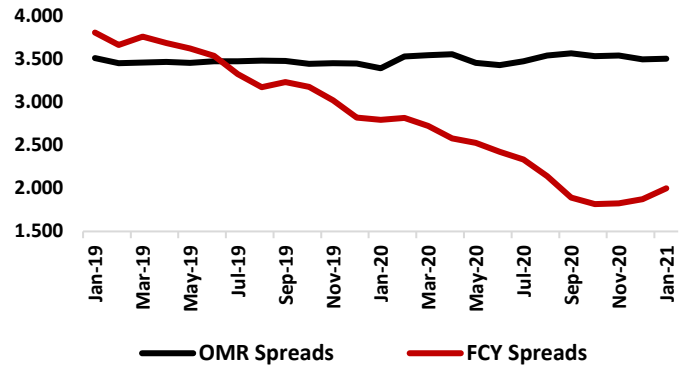
- The OMR overnight domestic inter-bank lending rate contracted by about 9bps on month-on-month (MoM) basis to 0.610% in Jan. The rate has been roughly on a downtrend since the Fed funds rate cuts began in 2019 and increased slightly during Jun'20 before easing again in July. It was beginning to creep up once again in Oct'20 and Nov'20, but has been contracting since Dec'20. It is well below 1.865% recorded a year ago.
- The highest ever recorded value was 2.770% in Jul'19.
- Furthermore, overnight interbank lending amount touched OMR 28.57mn, down by 13.1%YoY but up 18%MoM.



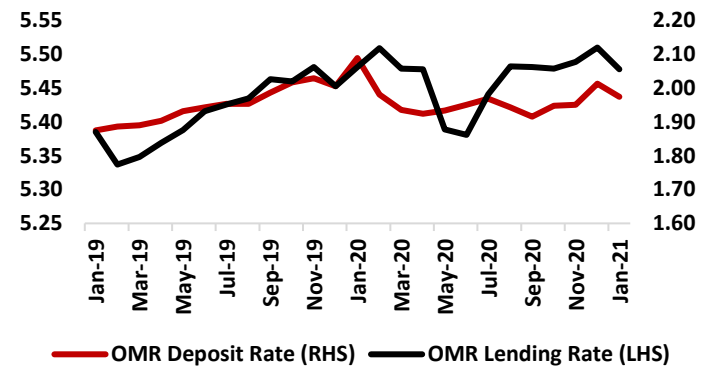
Weighted Average Interest Rates on Lending & Deposits

- For conventional banks, CBO data reveals that the weighted average Oman Rial interest rate spread (calculated as lending rate minus deposit rate) rose by 11.2bps on year-on-year basis (YoY), at 3.504% during the month of Jan'21, as deposit rate dropped by 11.5bps while lending rate dropped by 0.3bps. On month-on-month (MoM) basis, the spread expanded by 0.7bps as deposit rate dropped by 3.9bps while lending rate dropped by 3.2bps. It must be noted that the weighted average deposit rate on OMR deposits at 1.974% is below the peak of 2.089% (since March 2010) witnessed in Jan'20.
- Weighted average FCY spread improved by 12.5bps on month-on-month (MoM) basis during Jan'21 to 1.999%. The FCY spread is lower by about 80bps when compared to that recorded in Jan'20.
- Weighted average interest rate on private sector OMR time deposits contracted by 0.2bps MoM and 11.6bps YoY, to reach 4.102%. Weighted average interest rate on ALL private sector deposits (OMR) was 1.492% (down 0.5bps MoM and 14.7bps YoY).
- About 44.5% of total deposits (in OMR) of conventional banks are at zero interest rate. As per our records, this figure is somewhat stable over the last few years.
- The largest chunk of total credit of conventional banks (in OMR, at about 62.0%) lies in the 5%-7% interest rate bracket.
- About 64.5% of total conventional deposits are current & savings account, 33.6% are time deposits and 1.9% are commercial prepayments.

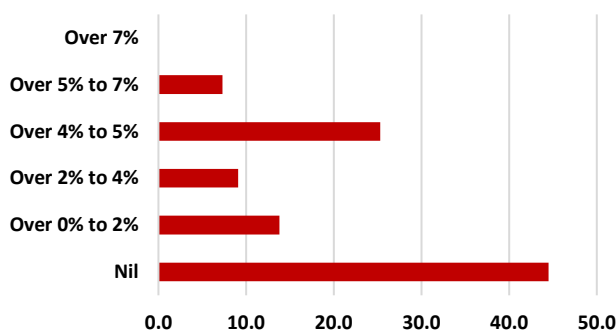
Weighted Average Interest Rate Spreads, %



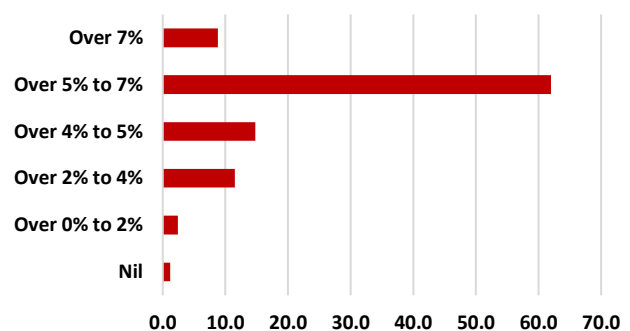
Weighted Average Interest Rates, %



% of Conventional Bank OMR Deposits, Jan'21



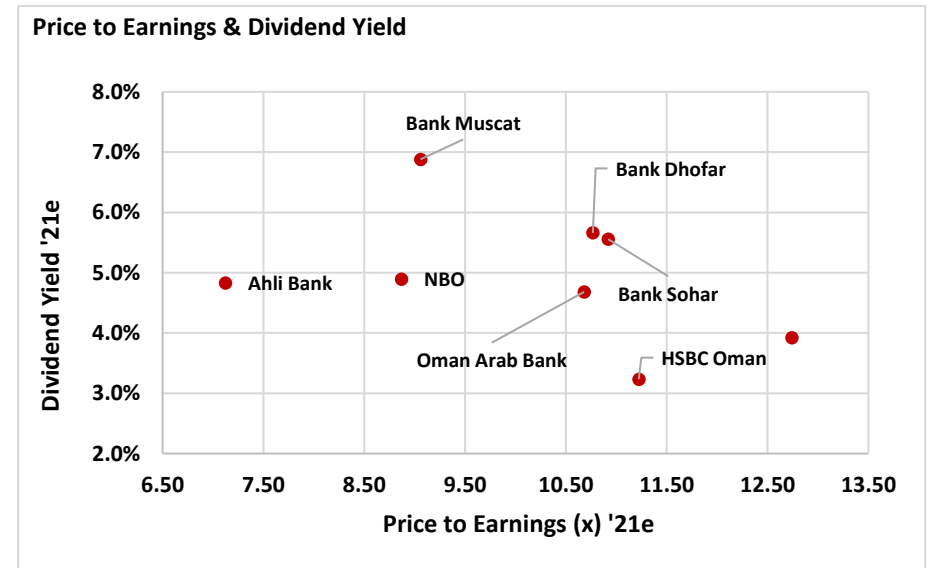
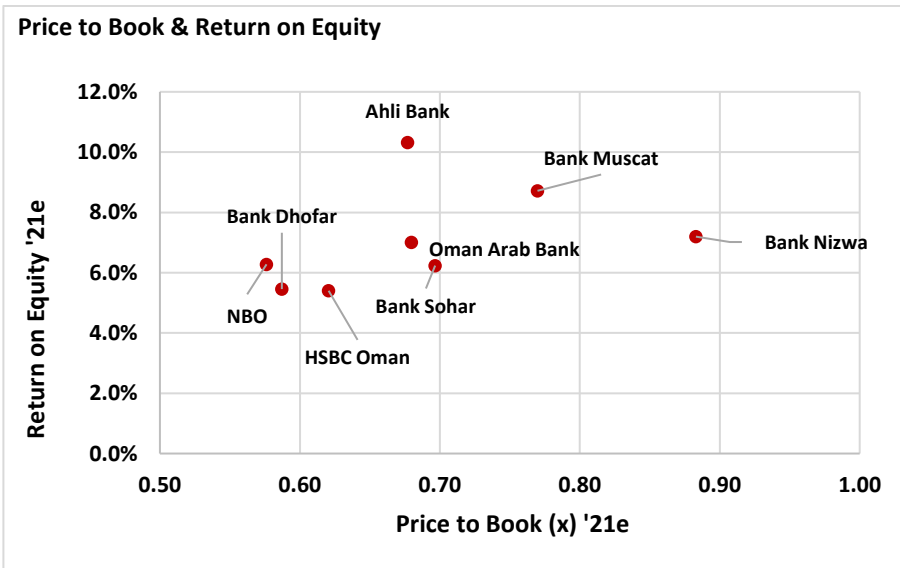
% of Conventional Bank OMR Lending, Jan'21



Omani Banking Sector – Peer Comparison

Name	Mkt Cap (OMR mn)	Last Px (OMR)	Px Change 1M, %	Px Change 3M, %	Px Change YTD, %	Current P/B	P/B'21e, (x)	P/E'21e, (x)	ROE'21e, (%)	Cash Div Yield'21e, %
Bank Muscat	1,423.3	0.438	9.5	10.1	11.17	0.74	0.77	9.10	8.7%	6.8%
Bank Dhofar	317.6	0.106	2.9	11.6	9.28	0.59	0.59	10.77	5.5%	5.7%
Oman Arab Bank	250.4	0.150	0.0	-16.7	-	0.70	0.68	9.83	7.0%	5.1%
NBO	242.3	0.149	13.7	-2.0	-6.87	0.58	0.58	9.24	6.3%	4.7%
Bank Sohar	219.1	0.090	18.4	-2.2	-1.10	0.66	0.70	10.92	6.2%	5.6%
Ahli Bank	180.4	0.109	7.9	-12.8	-14.17	0.68	0.68	7.12	10.3%	4.8%
HSBC Oman	206.0	0.103	25.6	14.4	13.19	0.63	0.62	11.44	3.4%	3.2%
Bank Nizwa	141.0	0.094	-4.1	-3.1	-2.08	0.88	0.88	12.74	7.2%	3.9%
Average						0.68	0.69	10.15	6.8%	5.0%

Source: Bloomberg, U Capital Research



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