



Omani Commercial Banks
Q2'14 Review & update

Oman's commercial banks have yielded average price returns of c 15 % over the last six months as credit growth returned after a dismal 2H'13 and spreads flattened. Regulations capping the debt repayment capacity in relation to net salary receipts at an individual borrower level appear to have been complied with. Commercial credit offtake, weak in the latter part of 2H'13, appears to have returned. In 1H'14, we estimate corporate borrowers accounted for c80 % of overall lending based on disclosures made by the 6 listed commercial banks. Further HSBC's Oman's de growth in its loan book – a function of its merger with HSBC and the consequent realignment with global standards – concluded and the bank has commenced lending, growing its loan book by 16 % in 1H'14(as opposed to shrinking it 18% in 2013).

Data available on weighted average OMR deposit and lending rates, as well as 1H'14 earnings detail, reveal that Banks have countered declining interest rates by managing their funding structures ingeniously increasing the proportion of current and savings accounts (CASA) in their deposit mixes. Over the reported twelve ended 1H'14, 5 of the 6 commercial banks have seen an increase in their CASA balances by 34% relative to 1H'13 balances, funding their advances increasingly with lower cost funds compared to a year ago. National Bank of Oman and Bank Sohar have made significant strides in this respect improving the proportion of CASA to 67% & 52% from 51 % & 43% respectively.

Islamic advances have demonstrated solid growth also. At the end of Q2'14, we estimate Gross Islamic advances for 5 of the Islamic windows of commercial listed banks stood at Ro 634 million or 4.6% of total gross advances for these 5 commercial banks as compared to Ro 269 million (2.2 % of Gross advances) at the end of Q2'13. However Islamic deposits appear to have lagged advances and amounted to just Ro 278.6 million at the end of Q2'14. Bank Muscat, cognizant of this shortfall has announced sukuk issuances to address this gap. Nevertheless commercial banks continue to be upbeat on Islamic services. Ahli had 7 dedicated Islamic branches at the end of 2014 while NBO, in June, announced it shall set up 5 in addition to the one it has presently in Azaiba.

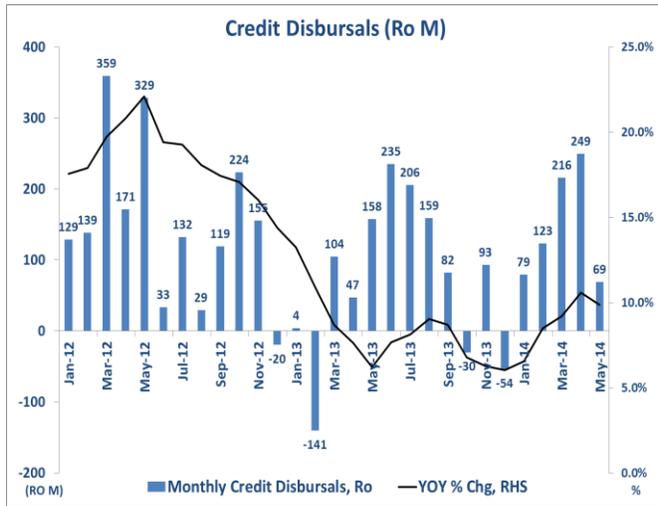
Key indicators of our coverage universe is set out below. We rate NBO a hold after its strong run up, in spite of having revised its target price upwards and full valuations in our view and upgrade Bank Sohar on strong expected EPS growth in 2014. Bank Muscat continues to remain an 'accumulate', and we expect the stock to yield 12.7 % in total returns over the next 12 months.

Coverage summary:

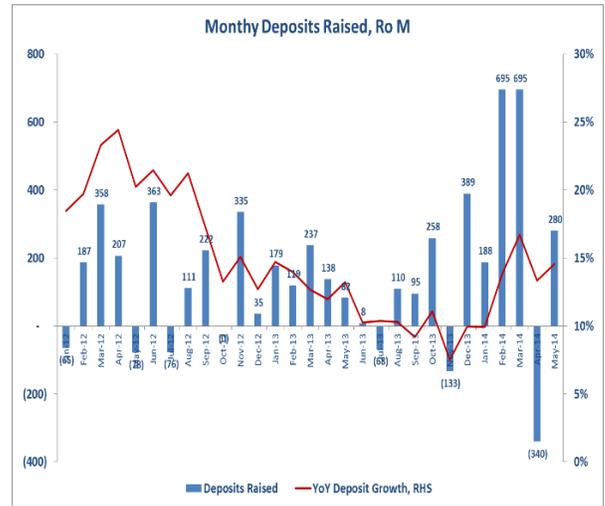
Bank	Last Price (Ro')	Target Price (Ro')	Upside, (%)	Rating	Market Cap (Ro'million)	P/E FY'14e	P/E FY'15e	EPS growth (13-14e), %	DY' 14e	P/B FY'14e	P/B FY'15e	ROaE, FY14e	ROaE, FY15e
Bank Muscat	0.736	0.790	7.3%	Accumulate	1,606	9.3	8.9	11.4%	5.4%	1.2	1.1	13.1%	12.9%
National Bank of Oman	0.394	0.375	-4.8%	Hold	480	10.5	9.5	2.0%	6.2%	1.4	1.3	13.8%	14.4%
Bank Dhofar	0.390	0.361	-7.4%	Hold	524	12.6	11.4	6.0%	6.0%	1.6	1.6	13.2%	14.6%
Bank Sohar	0.255	0.295	15.7%	Accumulate	292	9.0	7.6	17%	3.9%	1.4	1.3	17.1%	18.0%
Ahli Bank	0.224	0.240	7.1%	Accumulate	290	9.0	8.0	13%	5.1%	1.4	1.3	13.9%	15.4%
HSBC Oman	0.165	0.175	6.1%	Hold	330	30.1	23.4	1%	2.0%	1.1	1.0	3.6%	4.5%

*- Prices as at EOD 18 November 2014

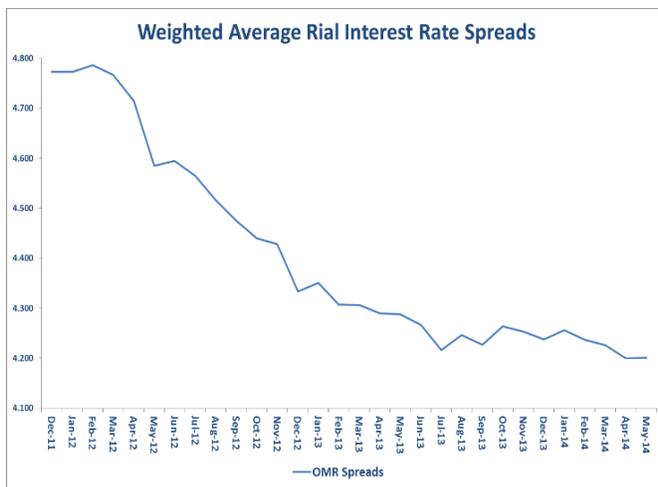
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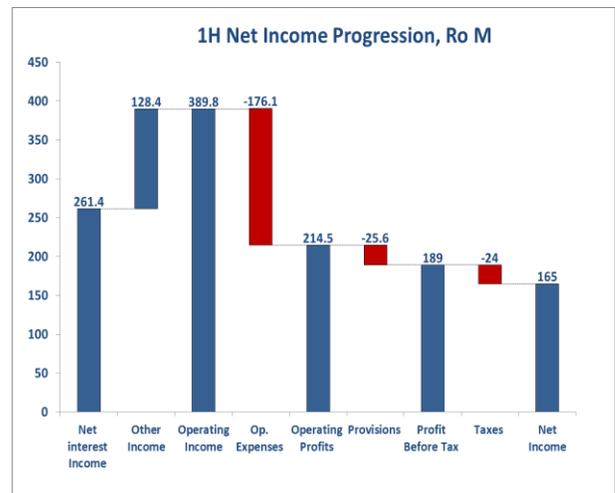
Source: CBO bulletin



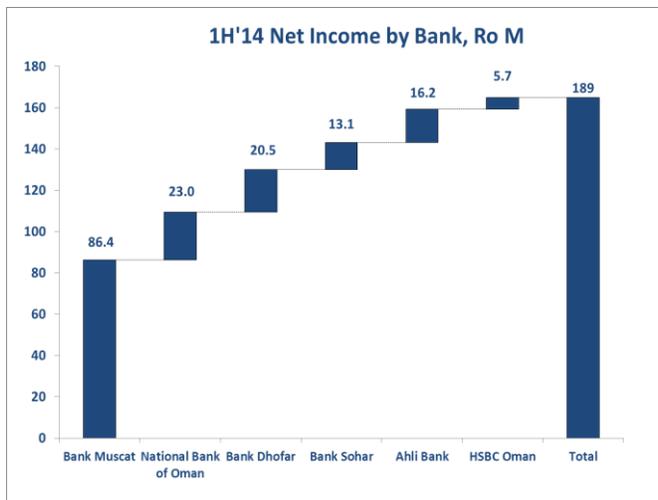
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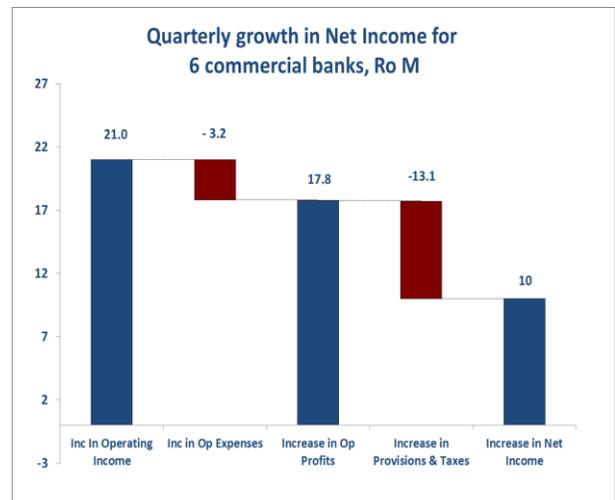
Source: CBO bulletin



Source: Annual Reports of 6 listed commercial banks



Source: Financial statements



Source: Financial statements

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All Figures in Omani Rial '000

Operating Profits	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	QoQ	QoQ %	YoY %
Bank Muscat	29,429	48,917	48,769	69,360	50,029	64,464	14,435	29%	32%
National Bank of Oman	12,819	14,395	14,699	13,429	13,693	14,984	1,291	9%	4%
Bank Dhofar	11,524	10,965	11,013	10,567	12,808	13,443	635	5%	23%
Ahli Bank	8,239	8,673	7,192	6,719	8,202	8,925	723	9%	3%
Bank Sohar	7,277	7,356	8,069	9,033	9,761	10,524	763		43%
HSBC Oman	4,250	3,506	3,637	(501)	3,858	3,788	(70)	-2%	8%
Operating Profits	73,538	93,812	93,379	108,607	98,351	116,128	17,777	18%	24%
QoQ %	-22%	28%	0%	16%	-9%	18%			
YoY %	-14%	-6%	-4%	16%	34%	24%			

Profit After Tax	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	QoQ	QoQ %	YoY %
Bank Muscat	25,003	38,108	39,411	49,685	39,767	46,584	6,817	17%	22%
National Bank of Oman	8,586	10,186	12,392	10,213	10,307	12,742	2,435	24%	25%
Bank Dhofar	32,439	8,364	8,259	9,345	10,218	10,286	68	1%	23%
Ahli Bank	6,211	6,293	5,507	5,019	6,056	7,061	1,005	17%	12%
Bank Sohar	6,081	5,873	6,156	8,761	7,957	8,196	239	3%	40%
HSBC Oman	5,742	3,537	3,468	(1,884)	3,087	2,581	(506)	-16%	-27%
Profit after Tax	90,583	72,361	75,193	81,139	77,392	87,450	10,058	13%	21%
QoQ %	35%	-20%	4%	8%	-5%	13%			
YoY %	36%	-7%	0%	21%	-15%	21%			

Gross Deposits Incl Islamic Banking*, Ro 000	CASA	CASA	YoY %	Term	Term	YoY %	Total Deposits	Total Deposits	YoY %
	Q2'14	Q2'13		Q2'14	Q2'13		Q2'14	Q2'13	
Ahli Bank	295,928	275,307	7%	700,243	647,408	8%	996,171	922,715	8%
Bank Dhofar	1,107,559	798,176	39%	1,084,938	940,890	15%	2,192,497	1,739,066	26%
Bank Sohar	700,611	541,544	29%	650,244	707,972	-8%	1,350,855	1,249,516	8%
Bank Muscat	4,254,405	3,530,763	20%	2,200,143	2,267,315	-3%	6,454,548	5,798,078	11%
National Bank of Oman	1,855,451	1,060,361	75%	915,043	1,007,899	-9%	2,770,494	2,068,260	34%
HSBC Oman	1,642,092	1,792,411	-8%	318,019	354,504	-10%	1,960,111	2,146,915	-9%

* - Figures above exclude CD balances; NBO does not provide a break down of Islamic deposits into investment and current accounts. Hence, Islamic deposits are NOT included in total deposits and shall not tie in with reported numbers stated in the Balance Sheet.

Gross Advances (incl Islamic banking, Ro 000)	Personal	Personal	YoY %	Corporate & Others	Corporate & Others	YoY %	Total	Total	YoY %
	Q2'14	Q2'13		Q2'14	Q2'13		Q2'14	Q2'13	
Ahli Bank	533,013	451,258	18%	733,894	605,093	21%	1,266,907	1,056,351	20%
Bank Dhofar	942,439	813,433	16%	1,319,921	1,067,424	24%	2,262,360	1,880,857	20%
Bank Sohar	484,678	387,378	25%	915,046	817,724	12%	1,399,724	1,205,102	16%
Bank Muscat	2,575,259	2,374,230	8%	4,125,015	3,626,651	14%	6,700,274	6,000,881	12%
National Bank of Oman	1,010,147	1,012,067	0%	1,241,574	1,137,629	9%	2,251,721	2,149,696	5%
HSBC Oman	442,416	420,570	5%	799,320	760,041	5%	1,241,736	1,180,611	5%

* - Personal Loans includes Credit Cards; NBO does not provide a break down of Islamic advances into personal and corporate accounts; Islamic advances are NOT included in total advances and shall not tie in with numbers stated in the Balance Sheet.

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**Bank Muscat
Accumulate**

Px: Ro 0.736
Market Cap: Ro 1.61 billion
Target price: Ro 0.790
P/E '14e = 9.3 x
P/B '14e=1.2 x
DY % '14e = 5.4 %

2Q'14 accounts for Salaam Bank divesture; interest spreads firm; impairments spike in 2Q'14

2Q'14 Net Income came in at RO 46.6 Million (17% QoQ/22% YoY) – the higher growth rates reflective of the gains booked on Al Salam Bank partial divesture. The Bank accounted for the investment in Salam as an associate & recorded an investment gain of RO 9.48 million as non-interest income. Further, NII grew 5.6% YoY in the first half of 2014 as interest expenses on conventional banking fell and Income from Islamic financing (higher 72%yoy in 1H'14) was supported by robust growth in Islamic advances. This drove operating profit higher by 46 % (1Q'13 accounted for a prepaid travel card fraud of Ro 15 million so growth rates higher than normalised levels) for the 1H'14 to RO 114.5 million. Credit impairments also spiked in 1Q'14 growing to Ro 17 million or 1.08% of net advances on an annualized basis – higher than the average witnessed in the last 5 quarters.

Mangal Keshav Divesture to conclude by 2015.

The Mangal Keshav divesture should be largely complete in 2014 with only 11 % expected to remain with Bank Muscat in 2015. The cumulative foreign exchange loss of RO 3.3 million accounted in equity as of 31 December 2013, will be transferred to P&L on exit from the investment at that point.

Sukuk Issuances to fund Islamic advances; EMTN issuances to meet project financing needs

The Sukuk issuances for which the Bank has recently obtained approval for OMR 500 million & SAR 1 billion in Oman & Saudi Arabia respectively are meant to fund the banks receivables generated from its Islamic window. Deposit taking activity for Islamic banking has remained challenging and sukuk issuances are expected to address this. Further, Euro -MTN issuances (approval obtained for upto USD 2 billion) will fund project financing activities i.e. Oil and Gas Sector. These are expected to be fixed rate issuances.

Estimates revised; target price raised

We revise our estimates to reflect a less benign rate environment that we initially envisaged. Further, we roll forward our estimates and raise our target price from RO 0.720/share to Ro 0.790/share. We assume the entire proceeds of the EMTN issuances and Sukuk issuances shall occur between 2015-2017 driving earnings higher in this period. Bank Muscat still remains cheap relative to regional peers.

Key Indicators (Ro '000)	FY-12	FY-13	FY-14e	FY-15e	FY-16e
Net Interest Income	230,405	235,322	250,347	273,296	315,256
Other operating income	93,247	104,834	137,255	138,838	156,747
Operating Profit	189,044	196,472	225,003	239,244	273,998
Net Profit attributable to Shareholders	139,249	152,204	171,720	180,933	207,586
EPS, Ro	0.068	0.071	0.079	0.083	0.093
BVPS, Ro	0.526	0.585	0.626	0.664	0.680
Ratios					
P/E, x	8.42	8.68	9.34	8.87	7.90
P/B, x	1.09	1.05	1.18	1.11	1.08
ROaE, %	14.3%	13.1%	13.1%	12.9%	14.0%
ROaA, %	1.8%	1.9%	1.9%	1.8%	1.9%
DY %	7.0%	6.5%	5.4%	6.2%	7.0%

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Summary Financials:

(Ro' 000, Unless otherwise stated)	FY-13	FY-14e	FY-15e		FY-13	FY-14e	FY-15e
PROFIT & LOSS STATEMENT, '000				BALANCE SHEET, '000			
Net Interest income	235,322	250,347	273,296	USES			
Other operating income	104,834	137,255	138,838	Cash	582,310	615,037	768,776
Total Operating Income	340,156	387,603	412,134	Placements with banks	866,981	921,457	1,076,377
Operating Expenses	143,684	162,599	172,890	Gross loans and advances	6,075,974	6,562,052	7,185,447
Operating Profit	196,472	225,003	239,244	Provisions	(212,441)	(236,178)	(258,615)
Net Loan Loss Provisions	(17,934)	(25,175)	(28,082)	Net Loans and Advances	5,863,533	6,325,874	6,926,832
Other Provisions	(2,201)	(3,548)	(4,274)	Investments	562,040	699,009	816,529
Associates	1,304	1,086	1,068	Other Assets	611,586	761,889	1,015,930
Profit Before Tax	177,641	197,366	207,955	Total Assets	8,486,450	9,323,266	10,604,444
Taxation	(22,701)	(25,658)	(27,034)	SOURCES			
Minorities	12	12	12	Deposits from banks	668,857	782,491	805,670
Profit after tax	154,940	171,708	180,921	Customers' deposits	5,552,913	5,941,617	6,476,362
YE Shares Outstanding	2,152,260	2,180,310	2,180,310	Certificate of deposits	47,000	47,000	47,000
Earnings Per share	0.071	0.079	0.083	Unsecured bonds	29,803	-	-
Total Dividend Per share (incl stock MCB)	0.040	0.039	0.046	Subordinated liability	246,867	246,867	246,867
Pay out ratio on above	57%	50%	55%	Other Liabilities	682,284	939,746	1,581,580
Book Value per share, Ro	0.585	0.626	0.664	Total Liabilities	7,227,724	7,957,721	9,157,479
ROE DECOMPOSITION, %				Common Equity			
Net Interest Yield	2.9%	2.81%	2.74%	Reserves	215,226	218,031	218,031
Cash non interest Yield	1.3%	1.5%	1.4%	Retained Earnings	840,726	858,880	858,880
Operating Expenses/Avg Assets	-1.8%	-1.8%	-1.7%	Total Equity	1,258,726	1,365,545	1,446,965
Loan Loss/Avg Assets	-0.2%	-0.3%	-0.3%	Total Liabilities and Equity	8,486,450	9,323,266	10,604,444
Associate & Other Losses/Avg Assets	0.0%	0.0%	0.0%	CAPITAL RATIOS, %			
Pretax ROaA	2.2%	2.22%	2.09%	Tier 1 Capital	1,107,181	1,276,812	1,358,232
Tax/Average Assets	-0.3%	-0.3%	-0.3%	Risk Weighted Assets	8,386,161	10,034,896	11,379,391
Effective tax rate	12.8%	13.0%	13.0%	Tier 1 to Risk weighted Assets, %	13.2%	12.7%	11.9%
ROaA	1.89%	1.93%	1.82%	Capital Adequacy Ratio, %	16.5%	15.6%	14.5%
Leverage	7.0	6.8	7.1	Equity/Assets	15%	15%	14%
ROaE	13.3%	13.1%	12.9%	RWA/Assets	99%	108%	107%
CREDIT QUALITY, %				VALUATIONS, %			
NPL to Gross Loans	2.9%	2.9%	3.0%	P/E, x	8.7	9.3	8.9
Provision Coverage	124.1%	122.0%	122.0%	P/B, x	1.05	1.18	1.11
Loan loss provisions to Gross Loans	-3.5%	-3.6%	-3.6%	Dividend Yield, %	6.5%	5.4%	6.2%
Net Loan loss expense to Gross loans	-0.3%	-0.4%	-0.4%	Cost to Income Ratio	42%	42%	42%

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Ahli Bank Accumulate

Px: Ro 0.224/-
Market Cap: Ro 288 million
Target price: Ro 0.240
P/E '14e = 9 x
P/B '14e = 1.4 x
DY % '14e = 5.1%

Ahli Bank's stock related markedly after it reported a significant improvement in 2Q'14 Net income, higher 12 % over a year ago and 17 % sequentially, resulting in a 5% YoY improvement in 1H'14 Net Profits of Ro 13.1 million.

Growth in Advances strong; Islamic banking takes off; credit quality intact

Loan growth stayed robust in 1H'14 growing 20% YoY, as Islamic receivables have accounted for a third of incremental disbursements in 1H'14. Credit charges in the 1H'14, have also fallen 18.3%, with loan loss provision at 30bps annualised in 2Q'14, lower than that posted between Q1'-13 and Q1'14. Non-Performing loans have also stayed controlled with the bank reporting a 1 % NPL ratio in its 1H'14 earnings release on the MSM website.

Operating expenses normalising post Islamic banking branch rollout & staff intake of 2013

Total operating expenses which also grew sharply in the 2H'13 have reduced rendering the banks cost to total income at 32.3% for the 1H'14 as opposed to 37.7% in 2H'13. In 2013, Ahli Bank rolled out its Islamic offering branded 'Al Hilal Islamic Banking' with 7 dedicated branches across the country at the end of December '13. The Islamic offering also necessitated a growth in its staff strength by 25.5% in 2013 to 427 employees as compared to 2012. Further, Ahlibank's new Head Office building current and future was completed by mid- November 2013 and resulting one-time expenses pertaining largely to technological upgradation were also incurred in 2H'13.

Estimates revised, target price raised

Our estimates for the full year's Net Income stand revised to Ro26.7 million for FY 14 implying an earnings growth of 16% over 2013 and a loan growth of 22% in 2014. Our cost to income estimates incorporate a lower 32.7 % for 2014 (Q1'14 -33.5%; Q2'14 - 31.2%) as compared to a FY13 cost to income ratio of 33.7%. We maintain our overweight stance on the stock and raise our Target price to Ro 0.241 per share from Ro 0.220/- implying a PE'14 of 1.56x against a RoaE'14 of 14% (ROaE'13 - 13.1%) and a P/E '14 of 10.6%.

Key Indicators (Ro'000)	FY-13	FY-14e	FY-15e	FY-16e
Net Interest Income	36,796	37,128	38,232	39,609
Other operating income	8,287	10,904	12,795	14,129
Operating Profit	45,083	48,032	51,027	53,739
Profit Before Taxation	26,259	30,455	36,385	41,083
Net Profit	23,030	26,708	32,019	36,153
EPS	0.018	0.021	0.025	0.028
BVPS	0.146	0.154	0.166	0.178
Key Ratios				
P/E, x	10.0	10.8	9.0	8.0
P/B, x	1.3	1.4	1.3	1.2
ROaE	13.1%	13.9%	15.4%	16.2%
ROaA	1.9%	1.8%	1.8%	1.7%
DY %	5.6%	5.1%	6.1%	6.9%

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Summary Financials:

(Ro' 000, Unless other wise stated)	FY-13	FY-14e	FY-15e	(Ro' 000, Unless other wise stated)	FY-13	FY-14e	FY-15e
PROFIT & LOSS STATEMENT, '000				BALANCE SHEET, '000			
Net Interest income (incl. Islamic Banking)	38,313	41,962	49,171	USES			
Other operating income	8,287	10,904	12,795	Cash	43,475	76,381	115,587
Total Operating Income	46,600	52,866	61,966	Placements with banks	81,483	47,831	57,025
Operating Expenses	15,777	17,275	19,829	Gross loans and advances	1,119,324	1,370,287	1,634,017
Operating Profit	30,823	35,591	42,137	Provisions	14,407	18,910	22,876
Net Loan Loss Provisions	4,564	5,136	5,752	Net Loans and Advances	1,104,917	1,351,377	1,611,141
				Investments	80,608	149,925	178,744
Profit Before Tax	26,259	30,455	36,385	Other Assets	29,002	29,555	28,555
Taxation	3,229	3,748	4,366	Total Assets	1,339,485	1,655,069	1,991,052
Tax rate	12%	12%	12%				
Profit after tax	23,030	26,708	32,019	SOURCES			
YE Shares Outstanding	1,263,890	1,295,487	1,295,487	Deposits from banks	96,401	248,626	307,991
Earnings Per share, Ro	0.018	0.021	0.025	Customers' deposits	955,055	1,098,179	1,360,390
Total Dividend Per share, Ro	0.010	0.011	0.014	Subordinated liability	40,000	40,000	40,000
Pay out ratio on above, %	56%	55%	55%	Other Liabilities	63,134	68,190	68,190
Book Value per share, Ro	0.146	0.154	0.166	Total Liabilities	1,154,590	1,454,995	1,776,571
				Common Equity	126,389	129,549	129,549
ROE DECOMPOSITION, %	FY-13	FY-14e	FY-15e	Reserves	44,823	44,823	44,823
Net Interest Yield	3.1%	2.8%	2.7%	Retained Earnings	13,683	25,701	40,110
Cash non interest Yield	0.7%	0.7%	0.7%	Total Equity	184,895	200,073	214,482
Operating Expenses/Avg Assets	1.3%	1.2%	1.1%	Total Liabilities and Equity	1,339,485	1,655,069	1,991,052
Loan Loss Provision/Avg Assets	0.4%	0.3%	0.3%				
				CAPITAL RATIOS, %	FY-13	FY-14e	FY-15e
Pretax ROaA	2.2%	2.0%	2.0%	Tier 1 Capital	167,592	181,350	194,410
Tax/Average Assets	0.26%	0.25%	0.24%	Risk Weighted Assets	1,372,317	1,621,652	1,933,369
Effective tax rate	12.3%	12.0%	12.0%	Tier 1 to Risk weighted Assets, %	12.2%	11.2%	10.1%
ROaA	1.9%	1.8%	1.8%	Capital Adequacy Ratio, %	14.6%	13.2%	11.8%
Leverage	6.9	7.8	8.8	Equity/Assets	14%	12%	11%
ROaE	13.1%	13.9%	15.4%	RWA/Assets	102%	98%	97%
				Loan to Deposit Ratio	115.7%	123.1%	118.4%
CREDIT QUALITY, %	FY-13	FY-14e	FY-15e	VALUATIONS, %	FY-13	FY-14e	FY-15e
NPL to Gross Loans	0.97%	1.00%	1.00%	P/E, x	10.04	10.77	8.98
Provision Coverage	133%	138%	140%	P/B, x	1.25	1.44	1.34
Provisions to Gross Loans	1.29%	1.38%	1.40%	Dividend Yield, %	5.6%	5.1%	6.1%
Net Loan loss expense to Gross loans	0.44%	0.41%	0.38%	Cost to Income ratio	33.9%	32.7%	32.0%

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Bank Sohar
Accumulate

Px: Ro 0.255
Market Cap: Ro 294 million
Target price: Ro 0.295
P/E '14e = 9 x
P/B '14e=1.45x
DY % '14e = 3.9%

2Q'14 continues to impress; Double digit earnings growth persists

Bank Sohar continues to post Net Income earnings growth. In the second quarter of 2014, the bank reported a Net Profit of Ro 8.2 Million higher 3% QoQ (39.6% YoY). 1H'14 net profits were 35% higher than those reported a year ago for the same period, mainly emanating from lower interest costs relative to the previous year and 70% higher other income. Loan growth has remained strong (16.5% YoY) outpacing deposit growth (8% YoY). This coupled with a significant improvement in banks deposit mix (29% YoY growth in CASA deposits at the end of Q2'14 CASA:Term mix at 52% to 48%) led to the decrease in interest expense.

Credit quality sound; reported NPLs under control

Credit quality appears to have improved markedly too. Non-Performing Loans have reduced to Ro 15.18 million (coverage ratio at 183 %) at the end of Q2'14 from Ro 19.12 million at the end of Q2'13 and the banks. Credit charges appear to have peaked after growing 76% in 1H'14 and should stabilise in the 2nd quarter. Finally, credit agencies have affirmed satisfactory long term capital ratings for the Bank recently.

Proposed Merger with Bank Dhofar proceeds with an Offer

Bank Sohar remains party to a Merger proposal that commenced in July 2013. The merger, if consummated, would create the 2nd largest bank with net loans and advances accounting for c20% of the total credit in Oman second only to Bank Muscat (40% of total credit). In June 2014, Bank Dhofar proposed a preliminary swap ratio, which will be subject to the completion of a due diligence exercise and obtaining necessary approvals, as per a release on the MSM website.

Rating raised to accumulate; target price raised

Our estimates for 2014 stand revised upward to Ro 32.6 million higher by 3.43 %. We raise our target price to Ro 0.295/per share and rate the stock 'accumulate' at these levels. Our loan growth estimates factor in a 20 % YoY growth in Loans and advances. Bank Sohar is in compliance of regulations mandating 50% of overall exposure to personal loans (Bank Sohar at c35%). Our target price implies a P/B'14 of 1.64 vs a ROaE of 17%. Key risks to our estimates remain a possibly capital issuance to shore up tier 1 equity to support future growth. At the end of Q2'14, the banks capital adequacy stood at 13.9% (CET 1 at 10.39%), well above the regulatory requirement.

Key Indicators (Ro '000)	FY12	FY13	FY14e	FY15e	FY16e
Net Interest Income	41,894	43,904	48,441	58,021	74,590
Other operating income	10,423	15,306	25,100	30,365	36,438
Operating Profit	28,644	31,735	41,367	49,717	62,453
Profit Before Taxation	25,916	30,137	36,843	44,310	55,965
Net Profit	23,011	26,871	32,643	38,993	49,249
EPS, Ro	0.023	0.024	0.029	0.034	0.043
BVPS, Ro	0.145	0.162	0.178	0.201	0.225
Ratios					
P/E, x	6.5	7.7	9.0	7.6	6.0
P/B, x	1.0	1.16	1.45	1.29	1.15
ROaE, %	16.8%	16.6%	17.1%	18.0%	20.1%
ROaA, %	1.43%	1.46%	1.63%	1.68%	1.80%
DY %	6.7%	4.3%	3.9%	4.6%	5.8%

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Summary financials

(Ro' 000, Unless other wise stated)	FY-13	FY-14e	FY-15e	(Ro' 000, Unless other wise stated)	FY-13	FY-14e	FY-15e
PROFIT & LOSS STATEMENT, '000				BALANCE SHEET, '000			
Net Interest income	43,904	48,441	58,021	USES			
Other operating income	15,306	25,100	30,365	Cash	106,070	121,635	121,552
Total Operating Income	59,210	73,541	88,385	Placements with banks	262,348	200,662	240,794
Operating Expenses	27,475	32,174	38,669	Gross loans and advances	1,303,595	1,551,278	1,861,534
Operating Profit	31,735	41,367	49,717	Provisions	25,317	30,870	37,045
Net Loan Loss Provisions	1,598	4,478	5,352	Net Loans and Advances	1,278,278	1,520,408	1,824,489
Other Provisions	-	46	55	Investments	206,216	250,679	300,815
Associates				Other Assets	32,708	32,528	30,843
Profit Before Tax	30,137	36,843	44,310	Total Assets	1,885,620	2,125,912	2,518,494
Taxation	3,266	4,200	5,317	SOURCES			
Minorities				Deposits from banks	238,886	315,297	378,356
Profit after tax	26,871	32,643	38,993	Customers' deposits	1,382,626	1,520,889	1,825,066
YE Shares Outstanding	1,100,000	1,144,000	1,144,000	Subordinated liability	50,000	50,000	50,000
Earnings Per share	0.024	0.029	0.034	Other Liabilities	35,689	35,689	35,689
Dividend Per share	0.004	0.010	0.012	Total Liabilities	1,707,201	1,921,874	2,289,112
Pay out ratio	16%	35%	35%	Common Equity	110,000	114,400	114,400
ROE DECOMPOSITION, %				Reserves	18,390	18,390	18,390
Net Interest Yield	2.4%	2.4%	2.5%	Retained Earnings	50,029	71,247	96,592
Cash non interest Yield	0.8%	1.3%	1.3%	Total Equity	178,419	204,037	229,382
Operating Expenses/Avg Assets	1.5%	1.6%	1.7%	Total Liabilities and Equity	1,885,620	2,125,912	2,518,494
Loan Loss/Avg Assets	0.1%	0.2%	0.2%		-	-	-
Pretax ROA	1.64%	1.84%	1.91%	CAPITAL RATIOS, %			
Tax/Average Assets	0.2%	0.2%	0.2%	Tier 1 Capital	165,780	219,593	246,870
Effective tax rate	10.8%	11.4%	12.0%	Risk Weighted Assets	1,661,376	1,977,037	2,372,445
ROA	1.46%	1.63%	1.68%	Tier 1 to Risk Weighted Assets, %	10.0%	11.1%	10.4%
Leverage	11.4	10.5	10.7	Capital Adequacy Ratio, %	13.6%	14.1%	12.9%
ROE	16.6%	17.1%	18.0%	Equity/Assets	9.5%	9.6%	9.1%
CREDIT QUALITY, %				RWA/Assets	88%	93%	94%
NPL to Gross Loans	1.04%	1.04%	1.04%	Loan to Deposit Ratio	92.5%	100.0%	100.0%
Provision Coverage	185.9%	190.5%	190.5%	VALUATIONS, %			
Loan loss provisions to Gross Loans	1.9%	2.0%	2.0%	P/E, x	7.7	9.0	7.6
Net Loan loss expense to Gross loans	0.1%	0.3%	0.3%	P/B, x	1.2	1.4	1.3
				Dividend Yield, %	4%	4%	5%
				Cost to Income ratio	46%	44%	44%

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**Bank Dhofar
Hold**

Px: Ro 0.390/-
Market Cap: Ro 524 million
Target price: Ro 0.361/-
P/E '14e = 12.6x
P/B '14e=1.6 x
DY % '14e = 6 %

1H'14 results feature an improved expense ratio, firm loan growth; spreads remain under pressure.

Loan growth trends at Bank Dhofar remain strong offsetting declining spreads rates in the 1st half of 2014. In both quarters, the bank reported excellent disbursals (Q1'14- 5.6% QoQ; Q2- 14 - 8.5% QoQ) driving operating income growth of 9% YoY to Ro 48.47 million in 1H14. 74 % of the incremental disbursals were to corporates & government entities. Operating expenses have remained controlled growing just 1% in the first half 2014 driving a lower expense ratio of 45.8% in 1H'14 vs 49.5% in 1H'13. An increase in credit charges despite impressive recoveries resulted in a profit growth of 15 % to Ro 20.5 million for the first half of the year.

Proposed Merger with Bank Sohar proceeds with an Offer

Bank Dhofars' stock price will be affected by the outcome of its proposal to Bank Sohar for a merger. In June 2014, Bank Dhofar proposed a preliminary swap ratio, which is being considered by Bank Sohar presently. The entity would rank second in Net profits & both banks have excellent credit quality, evinced by superior provision coverage ratios (> 120 % at the end of Q2'14). Key benefits for the merged entity include an ability to participate in larger transactions in critical sectors (Oil and Gas, Infrastructure, Construction) due to an enhanced capital base & obvious synergies due to rationalization of overlapping activities across the sultanate.

Tier 2 issuance to address regulatory shortfall

Bank Dhofars' board, has approved raising of USD 75 million subordinated loan to support their capital adequacy position. This would help support the Tier II capital of the bank and is subject to legal and regulatory approvals. We estimate this amount shall be raised prior to year end and according factor this into our 2014 projections. Accordingly the banks total capital adequacy ratio will stand at c14% against 12.21 % at the end of Q2'14.

Rating still a Hold; Target price lower by 7%

We fine tune our estimates drop our Net Income estimates 4 % to Ro 41.8 million. Our loan growth estimates factor in a full year growth of 23% yoy in 2014. We model flat spreads cognizant that even though interest rates continue fall, an improving deposit mix has mitigated the decline in spreads. Our estimates also factor in modest loan growth trends at 3.5% QoQ for the last two quarters of 2014, building in credit growth of 23% YoY for the full year.

Key Indicators, (Ro '000)	FY-12	FY-13	FY-14e	FY-15e	FY-16e
Net Interest Income	64,369	66,341	71,858	85,461	99,097
Other operating income	19,724	23,044	24,117	28,236	32,643
Operating Profit	47,046	44,242	53,523	63,445	73,793
Profit Before Taxation	42,900	66,137	47,134	55,899	65,134
Net Profit	37,745	58,407	41,573	49,303	57,448
Normalised Net Profit	37,745	35,332	41,573	49,303	57,448
EPS, Ro	0.034	0.0292	0.0309	0.0341	0.0366
BVPS, Ro	0.238	0.251	0.244	0.242	0.240
Ratios ('000)					
P/E, x	9.9	11.1	12.6	11.4	10.7
P/B, x	1.4	1.3	1.6	1.6	1.6
ROaE, %	15.4%	21%	13%	15%	16%
ROaA, %	1.8%	2.5%	1.5%	1.5%	1.6%
DY %	7.4%	7.7%	6.0%	6.6%	7.0%

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Summary Financials

(Ro' 000, Unless other wise stated)	FY-13	FY-14e	FY-15e	(Ro' 000, Unless other wise stated)	FY-13	FY-14e	FY-15e
PROFIT & LOSS STATEMENT, '000				BALANCE SHEET, '000			
Net Interest income	66,514	74,635	88,822	USES			
Other operating income	23,044	24,117	28,236	Cash	345,758	424,783	423,416
Total Operating Income	89,558	98,751	117,057	Placements with banks	121,370	157,527	180,766
Operating Expenses	45,316	45,228	53,612	Gross loans and advances	1,982,529	2,423,497	2,781,018
Operating Profit	44,242	53,523	63,445	Provisions	(80,619)	(90,066)	(103,353)
Net Loan Loss Provisions	(4,233)	(6,389)	(7,547)	Net Loans and Advances	1,901,910	2,333,430	2,677,665
Other (Provisions)/Writebacks	26,129	-	-	Investments	178,001	126,249	165,864
Profit Before Tax	66,138	47,134	55,899	Other Assets	58,340	64,919	64,519
Taxation	(7,730)	(5,562)	(6,596)	Total Assets	2,605,379	3,106,909	3,512,229
Minorities				SOURCES			
Profit after tax	58,408	41,573	49,303	Deposits from banks	106,334	206,658	237,738
YE Shares Outstanding	1,210,130	1,343,244	1,447,176	Customers' deposits	2,031,746	2,337,311	2,688,833
Earnings Per share	0.029	0.031	0.034	Subordinated liability	75,000	150,000	150,000
Total Dividend Per share	0.025	0.023	0.026	Other Liabilities	88,692	85,628	85,628
Pay out ratio based on above	86%	75%	75%	Total Liabilities	2,301,772	2,779,597	3,162,199
Book value per Share, Ro	0.251	0.244	0.242	Common Equity	121,013	134,324	144,718
ROE DECOMPOSITION, %	FY-13	FY-14e	FY-15e	Reserves	118,002	118,002	118,002
Net Interest Yield	2.8%	2.6%	2.7%	Retained Earnings	64,592	74,985	87,311
Non Interest Income Yield	1.0%	0.8%	0.9%	Total Equity	303,607	327,312	350,030
Operating Expenses/Avg Assets	-1.9%	-1.6%	-1.6%	Total Liabilities and Equity	2,605,379	3,106,909	3,512,229
Loan Loss/Avg Assets	-0.2%	-0.2%	-0.2%	CAPITAL RATIOS, %	FY-13	FY-14e	FY-15e
Associate & Other Losses/Avg Assets	1.1%	0.0%	0.0%	Tier 1 Capital	282,103	281,914	325,238
Pretax ROA	2.8%	1.7%	1.7%	Risk Weighted Assets	2,547,508	3,114,142	3,573,550
Tax/Average Assets	-0.3%	-0.2%	-0.2%	Tier 1 to Risk weighted Assets, %	11.1%	9.1%	9.1%
Effective tax rate	12%	12%	12%	Capital Adequacy Ratio, %	14.1%	14.0%	11.4%
ROA	2.5%	1.5%	1.5%	Equity/Assets	12%	11%	10%
Leverage	8.4	9.1	9.8	RWA/Assets	98%	100%	102%
ROE	20.7%	13.2%	14.6%	Loan to Deposit Ratio	94%	100%	100%
CREDIT QUALITY, %	FY-13	FY-14e	FY-15e	VALUATIONS, %	FY-13	FY-14e	FY-15e
NPL to Gross Loans	2.96%	2.96%	3.00%	P/E, x	11.1	12.6	11.4
Provision Coverage	137.4%	125.6%	123.9%	P/B, x	1.3	1.60	1.61
Loan loss provisions to Gross Loans	4.1%	3.7%	3.7%	Dividend Yield, %	8%	6%	7%
Net Loan loss expense to Gross loans	0.21%	0.26%	0.27%	Cost to Income ratio	51%	46%	46%

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**National Bank of Oman
Hold**

Px: Ro 0.394
Market Cap: Ro 480 million
Target price: Ro 0.375
P/E '14e = 10.5 x
P/B '14e=1.4 x
DY % '14e = 6.2%

Solid loan growth; recoveries drive Q2'14 Net income growth

National Bank of Oman reported an excellent set of earnings, with a Q2'14 Net Profit of Ro 12.742 million (higher 24% QoQ/25% YoY). Stronger growth in operating income, driven by robust loan growth (higher 6% QoQ/7% YoY), coupled with an improved deposit mix (lower interest expense) and an excellent quarter for recoveries lead to robust profitability in Q2'14.

Improved credit quality & liquidity improve financial strength.

National Bank of Oman's NPL ratio has declined to 2.6 % from 3.7% a year ago driving the banks coverage ratio higher to 136% from just over 104 % a year ago. Further, credit costs improved by 54 bps since Q4'13 on due to better than expected recoveries and provisions amounted to just 3.57% of Gross loans at the end of Q2'14. The Bank also carries a high cash balance of Ro 936 million and vastly improved current & saving deposits as a % of overall mix – 67 % of its total deposit base at the end of Q2'14 (Q4'12 - 46% CASA) - both factors contributing to lower funding costs in the first half of this year.

Loan growth, spreads supported by local/UAE mid-market corp exposure; new Islamic branches.

Whilst the bank is still to comply with the 35% personal loan limit (currently at 37%) and has requested the CBO for an extension, corporate loan growth has been robust at the end of 1H'14 (higher 10% QoQ/9% YoY%). The Banks Dubai branch is also expected to drive loan growth, doubling its credit book to OMR 150 million by the year end from OMR 75 million at the end of 2013 targeting the mid - market corporate segment where it can earn spreads of c3% thereby supporting overall spreads in 2014. Further, a recent decision to open 5 new Islamic branches in addition to the existing one will also serve to augment loan growth.

Raising estimates modestly, raising target price; NBO a hold post recent rally

NBOs stock has rallied c35.5% since 1 May 2014 outperforming the MSM30 Index by 25.75% and trades at a P/B'14e of 1.4x against an estimated ROaE of 13.8 % for the full year 2014. Valuations post the strong run up prompt us to rate the stock a hold even though we raise out target price from Ro 0.342/share to Ro 0.376/share. Our estimates remain unchanged for 2014 at RO 46.42 million derived by from a full year loan growth of 13 % YoY (reflecting de-growth at the end of 2013) and we model an expense ratio of 47.5% for the full year 2014.

Key Indicators (Ro'000)	FY -12	FY-13	FY-14e	FY-15e	FY-16e
Net Interest Income	67,179	74,967	79,141	87,338	98,197
Other operating income	31,466	28,955	32,739	35,967	39,939
Operating Profit	51,960	55,342	58,737	64,735	72,522
Profit Before Taxation	46,680	46,968	52,988	58,273	65,352
Net Profit	40,662	41,377	46,391	51,018	57,216
EPS, Ro	0.038	0.037	0.038	0.042	0.047
BVPS, Ro	0.275	0.296	0.283	0.297	0.314
Ratios					
P/E, x	7.7	7.0	10.5	9.5	8.5
P/B, x	1.0	0.9	1.4	1.3	1.27
ROaE, %	13.9%	13.1%	13.8%	14.4%	15.4%
ROaA, %	1.7%	1.5%	1.5%	1.4%	1.5%
DY %	6.2%	9.5%	6.2%	6.8%	7.7%

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Summary Financials

(Ro' 000, Unless otherwise stated)	FY-13	FY-14e	FY-15e		FY-13	FY-14e	FY-15e
PROFIT & LOSS STATEMENT, '000				BALANCE SHEET, '000			
Net Interest income	74,967	79,141	87,338	USES			
Other operating income	28,955	32,739	35,967	Cash	368,316	756,855	701,366
Total Operating Income	103,922	111,881	123,305	Placements with banks	228,518	142,274	159,347
Operating Expenses	48,580	53,143	58,570	Gross loans and advances	2,156,841	2,422,835	2,713,575
Operating Profit	55,342	58,737	64,735	Provisions	(88,642)	(88,433)	(99,045)
Net Loan Loss Provisions	(8,271)	(5,723)	(6,434)	Net Loans and Advances	2,068,199	2,334,402	2,614,530
Other Provisions	(103)	(26)	(28)	Investments	132,603	130,798	152,043
				Other Assets	98,705	92,871	89,981
Profit Before Tax	46,968	52,988	58,273	Total Assets	2,896,341	3,457,199	3,717,268
Taxation	(5,591)	(6,597)	(7,255)	SOURCES			
Profit after tax	41,377	46,391	51,018	Deposits from banks	226,359	218,858	236,367
YE Shares Outstanding	1,108,030	1,218,833	1,218,833	Customers' deposits	2,164,044	2,723,949	2,941,865
Earnings Per share, Ro	0.037	0.038	0.042	Subordinated liability	79,700	79,700	79,700
Total Div Per share (incl. stock MCB)	0.025	0.025	0.027	Other Liabilities	83,039	90,371	97,158
Pay out ratio on above	67%	65%	65%	Total Liabilities	2,568,257	3,112,878	3,355,090
Book value per Share, Ro	0.296	0.283	0.297	Common Equity	110,803	121,883	121,883
ROE DECOMPOSITION, %	FY-13	FY-14e	FY-15e	Reserves	151,075	139,995	139,995
Net Interest Yield	2.76%	2.49%	2.43%	Retained Earnings	66,206	82,443	100,299
Non interest Yield	1.07%	1.03%	1.00%	Total Equity	328,084	344,321	362,177
Operating Expenses/Avg Assets	-1.79%	-1.67%	-1.63%	Total Liabilities and Equity	2,896,341	3,457,199	3,717,268
Loan Loss/Avg Assets	-0.30%	-0.18%	-0.18%	CAPITAL RATIOS, %	FY-13	FY-14e	FY-15e
Pretax ROA	1.73%	1.67%	1.63%	Tier 1 Capital	12%	11%	10%
Tax/Average Assets	-0.21%	-0.21%	-0.20%	Risk Weighted Assets	2,594,084	2,927,975	3,279,332
Effective tax rate	11.90%	12.45%	12.45%	Tier 1 to Risk weighted Assets, %	11.6%	10.8%	10.1%
ROaA	1.53%	1.46%	1.42%	Capital Adequacy Ratio, %	14.8%	13.7%	12.7%
Leverage	8.6	9.4	10.2	Equity/Assets	11.3%	10.0%	9.7%
ROaE	13.12%	13.81%	14.45%	RWA/Assets	101.1%	94.9%	97.0%
				Loan to Deposit Ratio	95.6%	85.7%	88.9%
CREDIT QUALITY, %	FY-13	FY-14e	FY-15e	VALUATIONS, %	FY-13	FY-14e	FY-15e
NPL to Gross Loans	3.98%	3.98%	3.98%	P/E, 1yr Forward	7.0	10.5	9.5
Provision Coverage	146.8%	146.4%	164.0%	P/B, 1yr Forward	0.9	1.4	1.3
Loan loss provisions to Gross Loans	4.1%	3.7%	3.7%	Total Dividend Yield, %	9.5%	6.2%	6.8%
Net Loan loss expense to Gross loans	0.4%	0.2%	0.2%	Cost to Income Ratio	46.7%	47.5%	47.5%

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HSBC Oman Hold

Px: Ro 0.165

Market Cap: Ro 330 million

Target price: Ro 0.175

P/E '14e = 30.1 x

P/B '14e=1.06 x

DY % '14e = 2 %

Loan growth continues to remain strong; pre provision expenses erode Net income growth

HSBC Oman's 2Q'14 quarterly results continued to exhibit a return to the lending market with a 12% QoQ/5% YoY growth in advances to Ro 1.14 billion. This represents a 16% incremental growth in advances in the 1H'14 after over a year of streamlining the bank's loan book resulting in an increase in operating income to Ro 18 million (up 8 % YoY/12 % QoQ), however, set off by operating expenses which also grew sequentially by 16% to Ro 14.2 million. The bank's expense ratio continued to stay significantly above industry at 77.6% in the 1H'14 (Q1'14 -76%, Q2'14 - 79%).

Liquidity robust & deposit base strong; Capital adequacy sufficient

The bank continues to boast strong liquidity, with over 37% of its total assets in cash and investments at the end of Q2'14. We note that HBMO carries Ro 600 million in Certificates of Deposits at end Q1'14. Further, at the end of 1H'14, low cost current savings and call deposits amounted to over 80% of the bank's reported deposit base, the highest proportion amongst the listed commercial banks. We also note that the bank's capital adequacy ratio stands at 18.43%/CET 1 at 17.39%, providing the bank with a strong capital base.

Fine tuning estimates, reiterating target price.

We fine tune our estimates, reflecting limited earnings growth for the full year ended 2014, as provisions written back in 2013 shall be set off by provisions made this year as the bank resumes lending. We believe lower loan to deposit ratios, the availability of ample liquidity and a low cost deposit base at the end of 1H'14, positions the bank to lend competitively in the future. Consequently, our estimates feature a 28% YoY growth in loans and advances in 2014 (5% QoQ in Q3'14 and Q4'14 each) and 78% for our fully year 2014 expense ratio and 70% in 2015. We retain our target price at Ro 0.175 /share and continue to maintain a Hold rating on the stock. A significant upside risk that, we believe, shall serve as a catalyst going forward remains the bank's expense ratio – a sustainable expense ratio closer to industry averages, will drive near term earnings estimates higher triggering returns for shareholders. Other risks to our estimates include lower than expected disbursements and higher than expected provisioning than anticipated.

Key Indicators (Ro'000)	FY12	FY13	FY14e	FY15e	FY16e
Net Interest Income	40,076	48,088	48,343	56,644	62,424
Other operating income	20,453	20,644	25,396	32,215	35,532
Operating Profit	11,795	10,892	15,984	20,438	34,285
Profit Before Taxation	7,171	13,130	12,480	16,028	29,336
Net Profit	5,796	10,863	10,979	14,106	25,819
EPS	0.003	0.005	0.005	0.007	0.013
BVPS	0.147	0.153	0.155	0.158	0.163
Ratios					
P/E, x	83.9	34.6	30.1	23.4	12.8
P/B, x	1.65	1.23	1.06	1.04	1.01
ROaE	2.8%	3.6%	3.6%	4.5%	8.0%
ROaA	2.8%	3.6%	3.6%	4.5%	8.0%
DY %	0.4%	2.0%	2.0%	2.6%	4.7%

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Summary Financials

(Ro' 000, Unless other wise stated)	FY-13	FY-14e	FY-15e	(Ro' 000, Unless other wise stated)	FY-13	FY-14e	FY-15e
PROFIT & LOSS STATEMENT, '000				BALANCE SHEET, '000			
Net Interest income	48,088	48,343	56,644	USES			
Other operating income	20,644	25,396	32,215	Cash	117,629	(10,721)	7,218
Total Operating Income	68,732	73,739	88,859	Placements with banks	194,311	295,690	339,295
Operating Expenses	-57,840	-57,754	-68,421	Gross loans and advances	1,081,475	1,369,014	1,570,902
Operating Profit	10,892	15,984	20,438	Provisions	(101,003)	(109,521)	(125,672)
Net Loan Loss Provisions	2,007	(3,504)	(4,410)	Net Loans and Advances	980,472	1,259,493	1,445,230
Other Provisions				Investments	823,311	776,438	794,876
Associates				Other Assets	105,165	95,738	88,430
Profit Before Tax	12,899	12,480	16,028	Total Assets	2,220,888	2,416,638	2,675,049
Taxation	(2,267)	(1,501)	(1,922)	SOURCES			
Minorities				Deposits from banks	41,830	51,737	57,946
Profit after tax	10,632	10,979	14,106	Customers' deposits	1,792,703	1,989,900	2,228,688
YE Shares Outstanding	2,000,310	2,000,310	2,000,310	Other Liabilities	80,508	64,762	72,533
Earnings Per share, Ro	0.0053	0.0055	0.0071	Total Liabilities	1,915,041	2,106,400	2,359,168
Total Dividend Per share, Ro	0.004	0.003	0.004	Common Equity	200,031	200,031	200,031
Pay out ratio on above, %	71%	60%	60%	Reserves	40,311	40,311	40,311
				Retained Earnings	65,505	69,897	75,539
ROE DECOMPOSITION, %	FY-13	FY-14e	FY-15e	Total Equity	305,847	310,239	315,881
Net Interest Yield	2.1%	2.1%	2.2%	Total Liabilities and Equity	2,220,888	2,416,638	2,675,049
Cash non interest Yield	0.9%	1.1%	1.3%	CAPITAL RATIOS, %	FY-13	FY-14e	FY-15e
Operating Expenses/Avg Assets	2.5%	2.5%	2.7%	Tier 1 Capital	276,716	280,689	285,794
Loan Loss/Avg Assets	-0.1%	0.2%	0.2%	Risk Weighted Assets	1,452,846	1,839,124	2,110,338
				Tier 1 to Risk weighted Assets, %	19%	15%	14%
Pretax ROaA	0.6%	0.5%	0.6%	Capital Adequacy Ratio, %	20%	16%	14%
Tax/Average Assets	-0.10%	-0.06%	-0.08%	Equity/Assets	14%	13%	12%
Effective tax rate	17.6%	12.0%	12.0%	RWA/Assets	65%	76%	79%
ROaA	0.5%	0.5%	0.6%	Loan to Deposit Ratio	54.7%	63.3%	64.8%
Leverage	7.7	7.5	8.1	VALUATIONS, %	FY-13	FY-14e	FY-15e
ROaE	3.5%	3.6%	4.5%	P/E, 1yr Forward	34.6	30.1	23.4
				P/B, 1yr Forward	1.2	1.1	1.0
CREDIT QUALITY, %	FY-13	FY-14e	FY-15e	Dividend Yield, %	2.0%	2.0%	2.6%
NPL to Gross Loans	106.7%	108.1%	121.6%	Cost to Income ratio	78.3%	70.0%	65.0%
Provision Coverage	107%	108%	122%				
Loan loss provisions to Gross Loans	0.64%	0.34%	0.34%				
Net Loan loss expense to Gross loans	0.19%	-0.29%	-0.30%				

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