



### NBK Capital

#### Kuwait

##### Head Office

17th Floor, Dar Al-Awadi Building  
Ahmed Al-Jaber Street, Sharq  
P.O. Box 4950, Safat 13050,  
Kuwait  
Tel: +965 2224 6900  
Fax: +965 2224 6904

#### International Network

#### United Arab Emirates

##### NBK Capital Limited

Precinct Building 3, Office 404  
Dubai International Financial Center  
P.O. Box 506506, Dubai  
United Arab Emirates  
Tel: +971 4 365 2800  
Fax: +971 4 365 2805

#### Turkey

##### NBK Capital

Arastima ve Musavirlik AS  
SUN Plaza, 30th Floor  
Dereboyu Sk. No.24  
Maslak 34398, Istanbul, Turkey  
Tel: +90 212 276 5400  
Fax: +90 212 276 5401

#### NBK Capital MENA Research

Tel: + 965 2224 6663

Fax: + 965 2224 6984

E-mail: [menaresearch@nbkcapital.com](mailto:menaresearch@nbkcapital.com)

#### Disclaimer

This document and its contents are prepared for your personal information purposes only and do not constitute an offer, or the solicitation of an offer, to buy or sell a security or enter into any other agreement. Projections of potential risk or return are illustrative, and should not be taken as limitations of the maximum possible loss or gain. The information and any views expressed are given as of the date of writing and are subject to change. While the information has been obtained from sources believed to be reliable, we do not represent that it is accurate or complete and it should not be relied on as such. Watani Investment Company (NBK Capital), its affiliates and subsidiaries accept no liability for any direct, indirect or consequential loss arising from use of this document or its contents. At any time, the employees of NBK Capital and its affiliates and subsidiaries may, at their discretion, hold a position, subject to change, in any securities or instruments referred to, or provide services to the issuer of those securities or instruments.

## Bank Muscat (BMAO.OM)

January 27, 2009

- Bank Muscat proposed a RO 0.02 cash dividend per share for 2008. This amounts to RO 21.54 million and results in a dividend payout ratio of 23% for 2008. At the same time, Bank Muscat also announced the issuance of mandatory convertible securities in the amount of RO 32.31 million for existing shareholders, carrying a coupon rate of 7% per annum. The bonds will be issued to existing shareholders; hence, shareholders will not face any ownership dilution.
- Fifty percent of the bonds will be converted in three years and the remaining 50% will be converted in five years. The conversion price will be reached by applying a 20% discount to Bank Muscat's average share price in the three months preceding the conversion. The bonds will be listed on the Muscat Securities Market.
- Bank Muscat's dividend payout ratio has consistently been over 43% between 2003 and 2007. The significant impairment losses incurred in 4Q2008 and the on-going global and regional financial trouble, which makes the incurring of additional impairment losses likely in 2009, might have been reasons for lowering the cash dividend proposed for 2008 and, instead, issuing convertible securities.

#### Analyst:

Raja Ghoussoub, CFA

Direct: +971-4-3652857

[raja.ghoussoub@nbkcapital.com](mailto:raja.ghoussoub@nbkcapital.com)

## Related Research

- Bank Muscat Initiation of Coverage - 04 Dec. 2008