

GCC Corporate Earnings - Q3 2014

December-2014

In this Report...

Kuwait	2
Saudi Arabia	3
Dubai	4
Abu Dhabi	5
Qatar	6
Bahrain	7
Oman	8

GCC-listed companies posted impressive Q3-14 earnings recorded at USD 18.4 Bn with a growth rate of 16.0% as compared to Q3-13. The strongest improvement was recorded by companies listed on the DFM particularly banks in the UAE, which was broadly in line with banking profitability across the GCC.

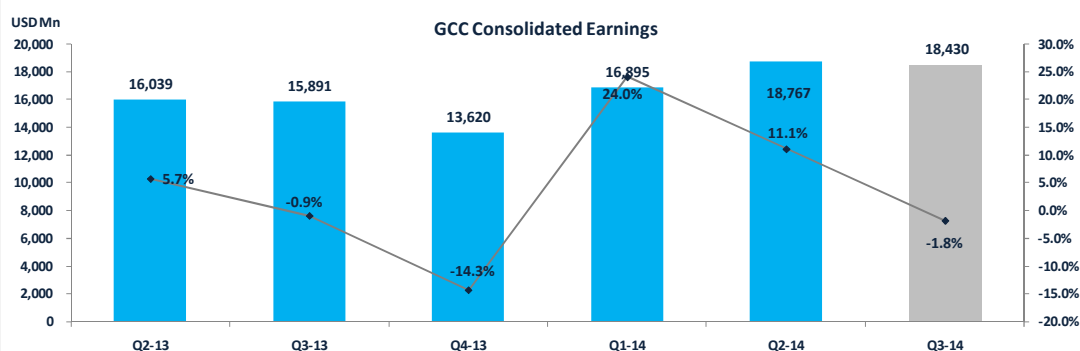
A general wave of infrastructural development in the GCC, both historically planned as in the case of Kuwait and Saudi Arabia as well as event specific development (World Expo 2020 in Dubai and the Fifa World Cup in Qatar), has accelerated the pace of economic activity in the region. The leading beneficiary of this development process has been the banking sector in the region. The aggregate Q3-14 net profits for this sector increased by a strong 21.0% to USD 7.1 Bn as compared to USD 5.9 Bn during the corresponding quarter in the previous year.

Saudi Arabian companies reported the smallest quarterly profit growth of during Q3-14. Total Q3-14 earnings reported slight improvement of 2.6% as compared to Q3-13 but declined by 3.7% as compared to Q2-14 primarily due to decline in Q-o-Q profitability for Banks & Financial Services, Cement and Energy & Utilities sectors partially offset by higher profits for Petrochemical and Retail sectors.

In UAE, Dubai-listed companies reported the strongest Y-o-Y improvement in Q3-14 profitability that increased by 67.4% Y-o-Y to USD 887 Mn. However, in line with most of the other GCC markets, net profits declined sequentially by 5.9%. The Y-o-Y growth was led by significant improvement in profits reported by the banking sector and real estate sectors. On the other hand, Abu Dhabi-listed companies recorded Q3-14 profitability growth of 25.8% as the two largest sector, Banks and Telecom, recorded strong profits growth for the quarter. The combined profitability of the two sectors totaled USD 2.4 Bn or almost 82% of the total market's profitability.

Quarterly profits for Kuwaiti companies increased by 3.7% Q-o-Q and 18.5% Y-o-Y on the back of strong profitability reported primarily by banks followed by companies in the Real Estate, Financial Services and the Industrial Sector. However, a 22.4% decline in profits for the telecom sector coupled with a 45.2% decline in profitability for the Consumer Services sector partially affected the profit growth.

Net Profit/Loss(USD Mn)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Kuwait	1,493	1,182	976	1,560	1,351	1,402	7.6%	3.7%	18.5%
Growth (%)	0.7%	-20.8%	-17.4%	59.8%	-13.3%	3.7%			
Saudi Arabia	6,823	8,029	5,796	7,104	8,562	8,242	44.7%	-3.7%	2.6%
Growth (%)	8.4%	17.7%	-27.8%	22.6%	20.5%	-3.7%			
Dubai	1,242	1,041	1,472	1,544	1,853	1,743	9.5%	-5.9%	67.4%
Growth (%)	14.1%	-16.2%	41.3%	4.9%	20.0%	-5.9%			
Abu Dhabi	2,370	2,269	1,368	2,692	3,047	2,853	15.5%	-6.4%	25.8%
Growth (%)	2.0%	-4.3%	-39.7%	96.9%	13.2%	-6.4%			
Qatar	3,023	2,534	3,243	2,970	2,874	3,161	17.2%	10.0%	24.8%
Growth (%)	12.1%	-16.2%	28.0%	-8.4%	-3.2%	10.0%			
Bahrain	580	348	272	514	464	479	2.6%	3.2%	37.3%
Growth (%)	-18.6%	-40.0%	-21.9%	88.8%	-9.8%	3.2%			
Oman	508	487	493	512	617	551	3.0%	-10.7%	13.1%
Growth (%)	-11.4%	-4.0%	1.2%	3.8%	20.5%	-10.7%			
GCC Consolidated Earnings	16,039	15,891	13,620	16,895	18,767	18,430	100.0%	-1.8%	16.0%
Growth (%)	5.7%	-0.9%	-14.3%	24.0%	11.1%	-1.8%			



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Kuwait

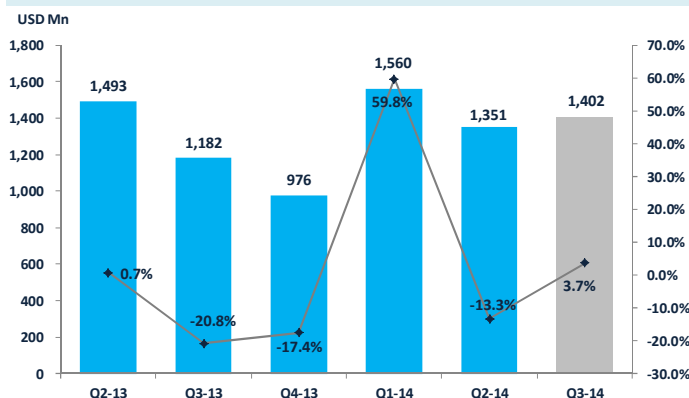
Quarterly profits for Kuwaiti companies recovered after a decline in the previous quarter. Q3-14 profit increased by 3.7% Q-o-Q and 18.5% as compared to Q3 of last year on the back of strong profitability reported primarily by banks followed by companies in the Real Estate, Financial Services and the Industrial Sector. However, a 22.4% decline in profits for the telecom sector coupled with a 45.2% decline in profitability for the Consumer Services sector partially affected the profit growth during the quarter.

Total quarterly profits for the Banking sector increased by 21.8% Y-o-Y to USD 575.4 Mn primarily on the back of profits reported by Commercial Bank of Kuwait (CBK) as compared to zero profits for the previous year period. During Q3 of previous year, the bank took an impairment and provision charge of KWD 22.0 Mn which resulted in zero profits. However, during Q3-14, total provisions booked by the bank halved to KWD 11.2 Mn. The bank also reported higher gains from investment securities during the quarter. Meanwhile, Boubayan Bank's quarterly profits increased by more than 1.5 times on the back of lower provision coupled with slightly higher income. On the other hand, NBK reported a KWD 10.9 Mn or 15.6% decline in quarterly profits which stood at KWD 59.1 Mn in Q3-14. The decline came primarily on the back of higher general provisions during the quarter (KWD 24.0 Mn in Q3-14 as compared to KWD 6.6 Mn in Q3-13).

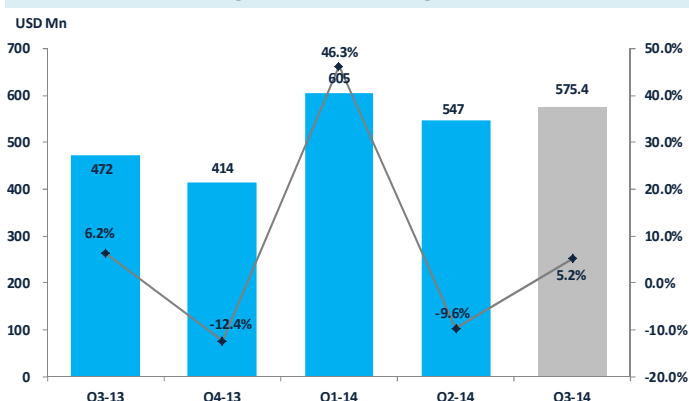
Quarterly profits for the financial services sector more than doubled Y-o-Y and increased by 72.3% Q-o-Q to KWD 207 Mn. The increase was supported by higher profits reported by Coast Investment totaling KWD 18.9 Mn during Q3-14 as compared to KWD 1.0 Mn during Q3-13 on the back of gains that the company made after debt settlement agreement with its lenders. Meanwhile, Al Mal Investment reported a quarterly profit of KWD 4.0 Mn as compared to a loss of KWD 4.1 Mn during Q3-13 also due to debt settlement gains with bondholders coupled with higher profits from associates.

The real estate sector reported 27.4% Y-o-Y increase in profits primarily led by a five-fold increase in quarterly profits reported by Mazaya Holdings which stood at KWD 2.74 Mn as

Kuwait Quarterly Earnings



Banking Sector - Earnings Growth



compared to KWD 0.4 during the previous year on the back of gains realized from the sale of stake in Mazaya Qatar. However, on the operating front, the company reported a decline in topline which coupled with three-fold increase in general and administrative expenses resulted in lower operating income.

The Telecom sector recorded a steep decline in quarterly profits as all the three listed telecom players reported a decline in profitability. Q3-14 profits for Ooredoo declined by 48.6% to KWD 7.9 Mn due to higher operating and non-cash expenses.

Net Profit/Loss(USD Mn)	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banks	472	414	605	547	575.4	41.1%	5.2%	21.8%
Telecom	241	224	266	272	186.8	13.3%	-31.2%	-22.4%
Industrials	96	149	189	139	124.1	8.9%	-10.6%	29.0%
Real Estate	103	159	155	125	131.0	9.3%	4.4%	27.4%
Financial Services	93	(48)	55	120	206.5	14.7%	72.3%	121.8%
Consumer Services	71	30	34	52	38.8	2.8%	-25.1%	-45.2%
Consumer Goods	38	20	70	54	35.3	2.5%	-34.4%	-6.9%
Insurance	15	10	42	2	18.6	1.3%	704.6%	20.1%
Oil & Gas	21	(13)	25	16	19.5	1.4%	19.0%	-8.9%
Basic Materials	20	53	103	14	55.0	3.9%	297.6%	177.3%
Health Care	8	5	10	6	5.1	0.4%	-7.2%	-34.9%
Technology	4	(26)	5	5	5.4	0.4%	3.3%	29.1%
Kuwait Earnings	1,182	976	1,560	1,351	1,402	100.0%	3.7%	18.5%

Saudi Arabia

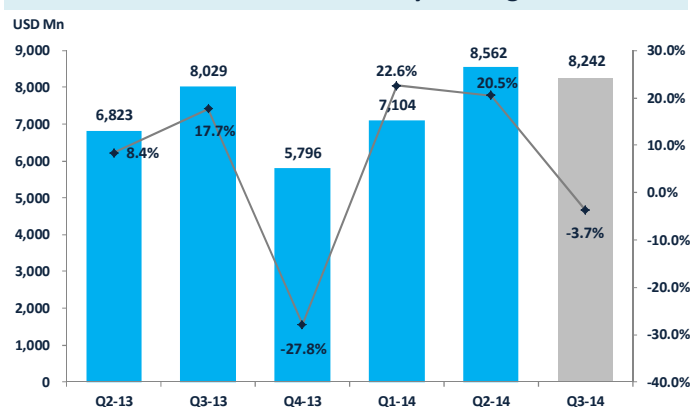
Saudi Arabian companies reported the smallest quarterly profit growth of during Q3-14. Total Q3-14 earnings reported slight improvement of 2.6% as compared to Q3-13 but declined by 3.7% as compared to Q2-14 primarily due to decline in Q-o-Q profitability for Banks & Financial Services, Cement and Energy & Utilities sectors partially offset by higher profits for Petrochemical and Retail sectors.

The heavyweight Banking & Financial Services sector reported 5.5% Q-o-Q decline in profits as compared to a Y-o-Y growth of 10.6%. Among the major banks, Al Rajhi Bank reported a steep 14.7% Q-o-Q profit decline (3.2% Y-o-Y decline) in net profit which stood at SAR 1.7 Bn (USD 443.8 Mn) during Q3-14. The decline was primarily due to higher operating expenses coupled with a slight Y-o-Y decline in topline although the bank reported an increase in loans and advances and customer deposits. Meanwhile, Riyadh Bank reported 7.8% Y-o-Y increase in profits that stood at SAR 1.1 Bn (USD 287.3 Mn) on the back of a rise in total operating income that increased due to higher fee income and higher brokerage revenues reported in the recent quarters. Loans and advances also increased by 8.3% Y-o-Y to SAR 140.7 Bn (USD 37.6 Bn).

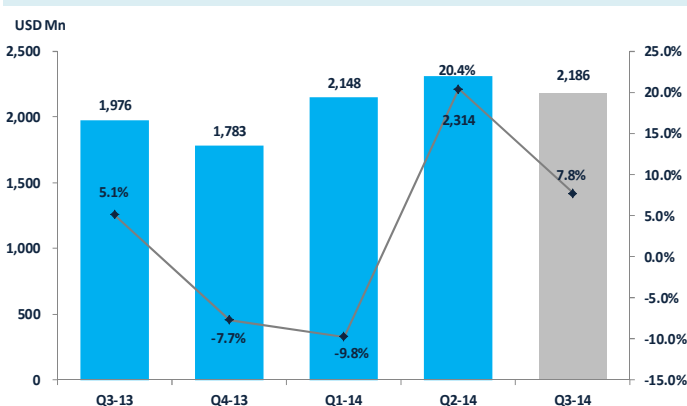
Profitability for the Cement sector declined by 26.6% Q-o-Q but increased by 20.9% Y-o-Y to USD 348 Mn during Q3-14. All the cement reported sequential decline in profitability due to seasonal factors. However, in terms of Y-o-Y growth, the strongest profitability improvement was reported by Arabian Cement that reported an almost seven-fold increase in net profit which stood at SAR 133.9 Mn (USD 35.8 Mn). The increase was due to higher revenues during Q3-14 coupled with an SAR 79.3 Mn charge relating to PP&E losses during Q3-13 that affected profitability in the previous year period.

In the Petrochemicals sector, the 5.3% Y-o-Y improvement in profitability came on the back of profits reported by National Petrochemicals as compared to losses in the previous year as well as

Saudi Arabia Quarterly Earnings



Banks & Financial Services Sector - Earnings Growth



higher profits for Rabigh Refining and Saudi Industrial Investment Group. On the flipside, SABIC reported 4.5% decline in profits due to declining sales and other income. The company reported lower sales volumes that affected total sales.

Meanwhile, the Telecom sector reported 23.3% decline in profits primarily due to a steep decline in Q3-14 profits of Mobily whereas Zain KSA and Etihad Atheeb reported decline in losses. STC reported almost flat results with net profits of SAR 3.4 Bn (USD 900 Mn).

Net Profit/Loss(USD Mn)	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banks & Financial Services	1,976	1,783	2,148	2,314	2,186	26.5%	-5.5%	10.6%
Petrochemical Industries	2,390	2,617	2,484	2,457	2,516	30.5%	2.4%	5.3%
Cement	287	285	438	473	348	4.2%	-26.6%	20.9%
Retail	194	5	342	193	214	2.6%	11.1%	10.5%
Energy & Utilities	770	(176)	(234)	985	723	8.8%	-26.6%	-6.2%
Agriculture & Food Ind.	324	298	263	337	422	5.1%	25.2%	30.4%
Telecom & Information	1,214	1,005	861	1,025	931	11.3%	-9.2%	-23.3%
Insurance	11	(418)	187	54	121	1.5%	124.3%	1041.5%
Multi-Investment	72	92	54	79	88	1.1%	11.8%	22.6%
Industrial Investment	459	57	134	290	193	2.3%	-33.5%	-58.0%
Building & Construction	85	8	86	38	50	0.6%	29.8%	-41.7%
Real Estate Development	120	89	204	134	311	3.8%	131.2%	158.6%
Transport	52	121	69	55	49	0.6%	-10.8%	-5.3%
Media & publishing	1	(12)	(19)	1	3	0.0%	200.0%	200.0%
Hotel & Tourism	74	42	87	124	87	1.1%	-29.9%	17.8%
Tadawul Earnings	8,029	5,796	7,104	8,562	8,242	100.0%	-3.7%	2.6%

Dubai

Dubai-listed companies reported the strongest Y-o-Y improvement in Q3-14 profitability that increased by 67.4% Y-o-Y to USD 887 Mn. However, in line with most of the other GCC markets, net profits declined sequentially by 5.9%. The Y-o-Y growth was led by significant improvement in profits reported by the banking sector and real estate sectors.

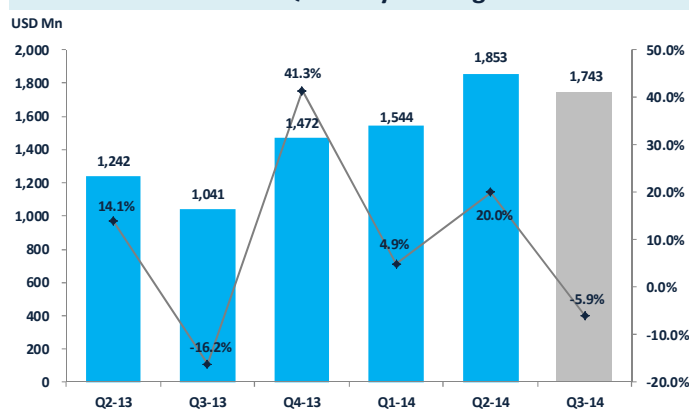
Among the major banks, Emirates NBD reported Q3-14 profit growth of more than 100% to AED 1.6 Bn (USD 424.9 Mn) on the back of lower provisioning coupled with significant improvement in topline. Fees and commissions increased by 55% during the quarter to AED 1.4 Bn whereas net interest income increased by 9% to AED 2.5 Bn. The bank reported higher lending in the recent months due to the resurgence of Dubai's economy led by strengthening property market.

Meanwhile, Dubai Islamic Bank also reported net profit growth of 55.7% to reach AED 676.8 Mn, also boosted by UAE's recovering economy. The bank reported increase in income from Islamic financing as well as higher fees, commissions and foreign exchange.

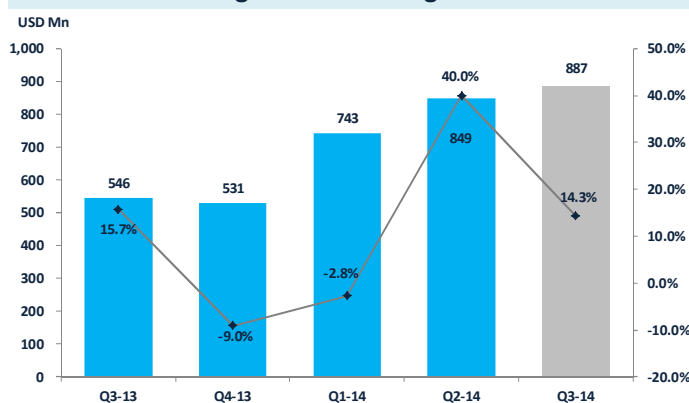
The real estate sector that remained the key to Dubai's economic resurgence, recorded profit growth of 19.5% Y-o-Y to reach USD 368 Mn. The increase was led by a 20.7% increase in Q3-14 net profits for Emaar Properties that reached AED 701 Mn (USD 190.7 Mn) on the back of timing of revenue recognition. The company accounted for more than 50% of total sector profitability. However, the net profit improvement came despite a steep fall in topline. The company reported revenue decline of 15.7% to reach AED 2.0 Bn as compared to AED 2.3 Bn during Q3-13. The decline was primarily due to a steep fall in real estate revenues that declined by 38.2% to AED 815.0 Mn partially offset by leasing and hospitality revenues. In terms of geography, the decline in revenue came from domestic market. Meanwhile, newly listed Emaar Malls Group also reported Q3-14 profit growth of 55.2% to reach AED 321.2 Mn.

Real estate sector profits were dented by 31.9% decline in Q3-14 profits reported by Arabtec. The construction major reported profits of AED 68.7 Mn for Q3-14 as compared to AED 100.8 Mn for Q3-13. The company recorded higher restructuring charges that led to an 89% increase in general and administrative expenses recorded at

Dubai Quarterly Earnings



Banking Sector - Earnings Growth



AED 241.5 Mn.

The Telecom sector recorded profit growth of 14.7% on the back of 17.8% increase in profits reported by Du. The company reported growth in data revenues coupled with higher fixed line revenues despite a slight decline in ARPU during the quarter.

The transportation sector reported positive net profit of USD 133 Mn for Q3-14 as compared to a loss of USD 53 Mn in the previous year. Within the sector, Air Arabia reported a 22% increase in net profits on the back of higher seasonal demand during the quarter. Meanwhile, Gulf Navigation Holding, which dragged the sector into losses during Q3-13, reported positive net profit of AED 3.3 Mn for Q3-14.

Net Profit/Loss(USD Mn)	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banking	546	531	743	849	887	50.9%	4.4%	62.4%
Consumer Staples	7	5	10	13	8	0.5%	-37.2%	24.3%
Investment & Financial	61	72	104	195	98	5.6%	-49.6%	60.5%
Insurance	19	64	78	49	66	3.8%	34.9%	239.7%
Industrials	3	6	27	19	9	0.5%	-56.2%	152.4%
Real Estate	308	634	352	438	368	21.1%	-16.0%	19.5%
Telecommunication	129	136	133	151	149	8.5%	-1.3%	14.7%
Transportation	(53)	5	81	114	133	7.6%	16.5%	-350.1%
Services	20	19	16	25	26	1.5%	6.1%	27.6%
DFM Earnings	1,041	1,472	1,544	1,853	1,743	100.0%	-5.9%	67.4%

Abu Dhabi

Abu Dhabi-listed companies recorded a strong Q3-14 profitability growth of 25.8% as the two largest sector, Banks and Telecom, recorded strong profits growth for the quarter. The combined profitability of the two sectors totaled USD 2.4 Bn or almost 82% of the total market's profitability.

Profits for the banking sector increased by 19.3% to USD 1.6Bn as compared to USD 1.4 Bn in the previous year. Out of the 14 listed banks in the market, 13 reported higher Y-o-Y profits. The National Bank of Ras Al Khaimah was the only bank to report a marginal drop of 1.1% in Q3-14 profits.

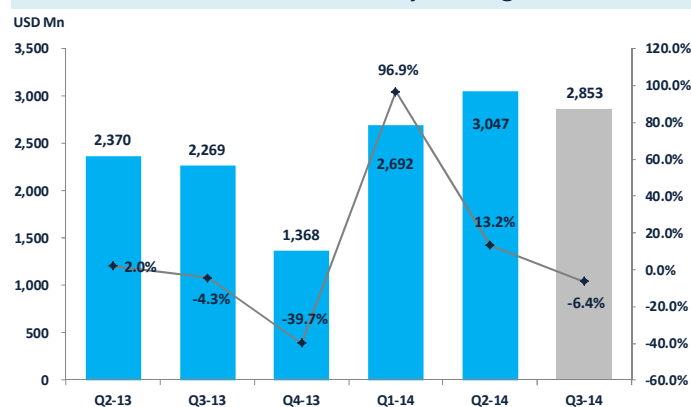
Among the major banks, ADCB reported 16.4% increase in Q3-14 profits that stood at AED 1 Bn (USD 276.6 Mn). The increase in profits was primarily due to a 35% decline in quarterly impairment charges recorded at AED 201 Mn for Q3-14. Reported operating income for the bank grew at 2.7% Y-o-Y to AED 1.9 Bn in Q3-14 from AED 1.8 Bn in Q3-13.

Meanwhile, First Gulf Bank (FGB) reported a 19.8% increase in net profits that reached AED 1.4 Bn (USD 387.6 Mn) on the back of strong growth in non-interest income (other operating income). The growth in net interest income and income from Islamic financing increased by 4.6% to AED 1.6 Bn in Q3-14 as compared to AED 1.5 Bn in Q3-13. Non-interest income, which includes fees and commissions and investment income along with brokerage, forex and income from investment properties, increased by 42.4% during Q3-14 with strong growth in fee income and fees and commission on credit cards.

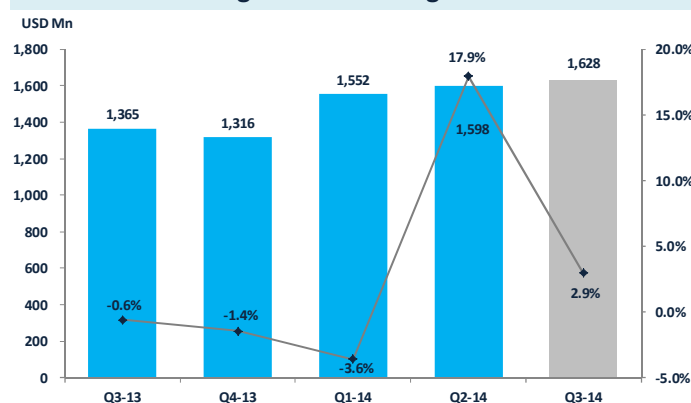
NBAD also reported a strong 40% growth in non-interest related income that resulted in a 32% growth in Q3-14 net profits that stood at AED 1.4 Bn. The bank, that is changing its strategy to focus more on fee income, also reported a 32.4% decline in bad loans provisions.

Within the Telecom sector, Etisalat reported 21.6% increase in net profits that reached AED 2.2 Bn on the back of an increase in domestic revenues, lower taxes (44% during Q3-14 vs. 50% during Q3-13) as well as a four-fold increase in topline from the company's African operation, primarily due to profits reported by the recently acquired operations of Maroc Telecom. The company reported 38%

Abu Dhabi Quarterly Earnings



Banking Sector - Earnings Growth



topline growth led by 10% growth in domestic revenues. The company's reported EBITDA margin increased to 53% during Q3-14 as compared to 48% during Q3-13.

Profits for the Real Estate sector increased by 25.3% Y-o-Y to USD 194 Mn due to a 42% increase in profits reported by real estate major Aldar Properties. The company reported 17% growth in 3Q-14 revenues which stood at AED 1.4 Bn supported by higher recurring revenue streams.

Meanwhile, the Services sector reported Q3-14 profit growth of almost 7 times as compared to Q3-13 to reach USD 169 Mn. The increase was primarily due an 8.7 time increase in net profits of Abu Dhabi Aviation Co.

Net Profit/Loss(USD Mn)	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banks	1,365	1,316	1,552	1,598	1,628	57.1%	1.9%	19.3%
Investment & Fin. Services	1	21	44	311	6	0.2%	-98.0%	362.6%
Real Estate	155	153	147	148	194	6.8%	30.9%	25.3%
Energy	68	(673)	119	111	67	2.3%	-39.7%	NA
Consumer Staples	11	(42)	26	24	20	0.7%	-14.6%	76.9%
Industrial	47	65	72	64	40	1.4%	-38.2%	-14.7%
Insurance	21	12	102	27	20	0.7%	-26.7%	-3.5%
Telecom	581	430	561	701	709	24.8%	1.1%	22.0%
Services	20	84	68	62	169	5.9%	172.1%	734.4%
ADX Earnings	2,269	1,368	2,692	3,047	2,853	100.0%	-6.4%	25.8%

Qatar

Qatari companies continued to outperform the rest of the fellow peers in the GCC equity markets by reporting the strongest sequential improvement in quarterly earnings. Net profit for the third quarter of 2014 increased by 10% as compared to Q2-14 and by almost 24.8% as compared to Q3-13 to USD 3.2 Bn (QAR 11.3 Bn).

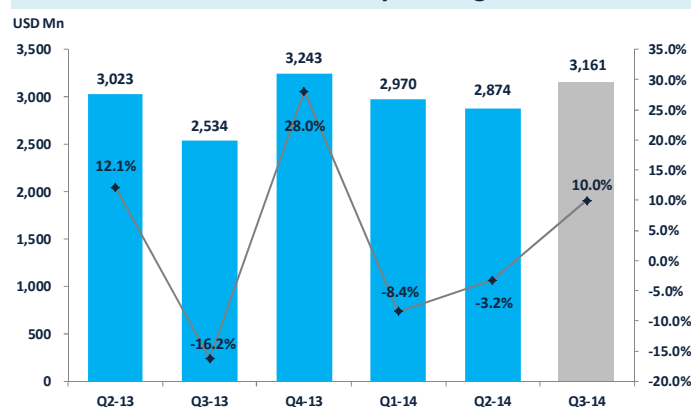
The strongest Y-o-Y earnings improvement was reported by the insurance segment with quarterly earnings up by 51.8% to USD 67 Mn as compared to USD 44 Mn during Q3-13. Within the insurance sector, Q3-14 earnings for Qatar General Insurance and Reinsurance increased by almost three times to QAR 75.9 Mn primarily due to higher earnings from non-insurance activities including higher rental income, and higher Y-o-Y fair value gains on financial assets and equity securities.

The heavyweight Banking and Financial Services sector reported the third consecutive quarter of Y-o-Y earnings growth during Q3-14. Total earnings for the sector increased by 6.4% sequentially and 24.0% Y-o-Y to USD 1.4 Bn. The significant Y-o-Y increase was primarily on account of a 23.9% increase in Q3-14 profits for QNB which stood at QAR 2.9 Bn as compared to QAR 2.4 Bn during Q3-13. The bank reported higher interest and fee and commission income for the quarter as assets increased from QAR 437 Bn at the end of Q3-13 to QAR 475.3 Bn at the end of Q3-14. Meanwhile customer deposits increased from QAR 331.1 Bn in Q3-13 to QAR 352.1 Bn at the end of Q3-14.

Masraf Al Rayan, Qatar's largest Islamic lender, reported a 21.6% increase in Q3-14 earnings which stood at QAR 522.5 Mn. The bank benefited from positive contribution from the ongoing infrastructure development plans that has pushed the overall economic activity in Qatar. The Bank reported a 16.3% increase in total assets at QAR 77.8 Bn at the end of the third quarter of 2014 whereas customer deposits increased by 18.2% to QAR 60.0 Bn during the same time period.

In the Industrials sector, after a steep decline in profitability in the previous quarter, Industries Qatar posted earnings improvement of 6.3% to QAR 1.9 Bn as compared to QAR 1.8 Bn during Q3-13. Earnings increased primarily due to higher volume that was enabled by the launch and subsequent ramp-up of Qatar Steel's EF-5 facility during Q1-14, and Qafac's CDR plant in the Q3-14. The company's production utilisation rates registered a 13 percentage point

Qatar Quarterly Earnings



Banks & Financial Services Sector - Earnings Growth



increase during to quarter to reach 106% on the back of reduced operational disruption and the return to normalcy across most segments and plants. Moreover, improved urea prices also resulted in higher earnings for the quarter.

Telecom major Ooredoo reported an 11.2% increase in net profits that reached QAR 375.0 Mn during Q3-14 as compared to QAR 337.3 Mn in Q3-13. However, it is pertinent to note that the company took a QAR 751 Mn charge relating to foreign exchange losses during Q3-13. The company also suffered significant difficulties in its Iraqi operations (Asiacell) during Q3-14 with quarterly revenues down by 10% to QAR 4.8 Bn affecting the overall profit growth. Nevertheless, the company's topline growth during the quarter was supported by higher data revenues, in line with the rest of the telecom companies globally.

Net Profit/Loss(USD Mn)	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banks & Financial Services	1,161	1,152	1,277	1,354	1,440	45.6%	6.4%	24.0%
Consumer Goods & Serv.	144	129	111	118	146	4.6%	23.0%	0.9%
Industrials	764	945	825	776	977	30.9%	25.9%	27.8%
Insurance	44	458	119	111	67	2.1%	-39.7%	51.8%
Real Estate	232	331	302	108	298	9.4%	175.2%	28.3%
Telecoms	72	125	176	284	88	2.8%	-69.0%	22.6%
Transportation	115	103	161	122	145	4.6%	18.6%	25.9%
QE Earnings	2,534	3,243	2,970	2,874	3,161	100.0%	10.0%	24.8%

Bahrain

Quarterly earnings for Bahraini-listed companies increased by an impressive 37.3% Y-o-Y to USD 479 Mn during Q3-14. However, earnings growth was relatively muted sequentially with an increase of 3.2%. On a sequential basis, the increase in earnings reported by the industrial, insurance and the services sectors were partially offset by sequential decline in earnings for the rest of the sectors. Meanwhile, on a Y-o-Y basis, all the sectors reported increase in net profits as compared to Q3-13.

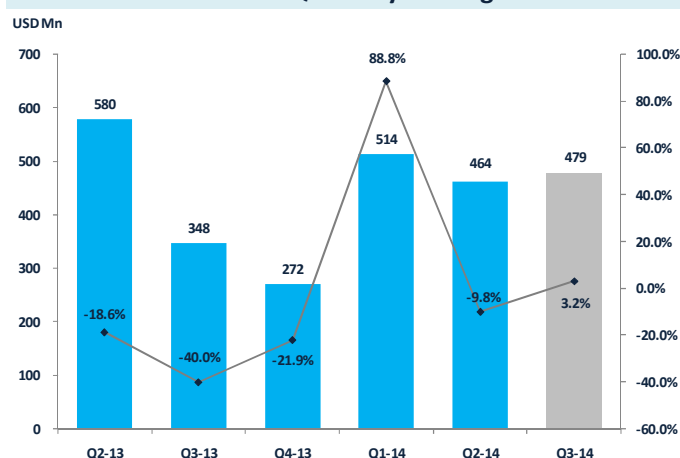
Net profit for commercial banks continued to decline for the third consecutive quarter to USD 197 Mn as compared to USD 208 Mn in the previous quarter. However, on a yearly basis, the sector reported a 15.7% increase in net profit. The largest absolute earnings improvement was recorded by AUB which reported USD 113.8 Mn in net profits for the quarter as compared to USD 99.1 Mn during Q3-13. The Bank's earnings got a boost from a 19.8% decline in provision for loan losses from USD 36.3 Mn to USD 30.3 Mn. Further, provisions for non-trading investments also declined from USD 18.8 Mn in Q3-13 to USD 7.1 Mn in Q3-14. In addition, a 8.2% increase in total loans outstanding to USD 18.7 Bn helped the bank to generate higher net interest income that increased by 4.3% to USD 196.9 Mn.

In the services sector, telecom major Batelco reported a strong 39.6% increase in 3Q-14 net profits which stood at BHD 16.0 Bn. The improvement came despite a 3% decline in topline to BHD 97.3 Mn as compared to BHD 100.5 Mn in Q3-13. The company reported higher contributions from international operations that led to the profitability improvement. In addition, the company trimmed down expenses, especially in Bahrain, in line with its cost reduction programmes.

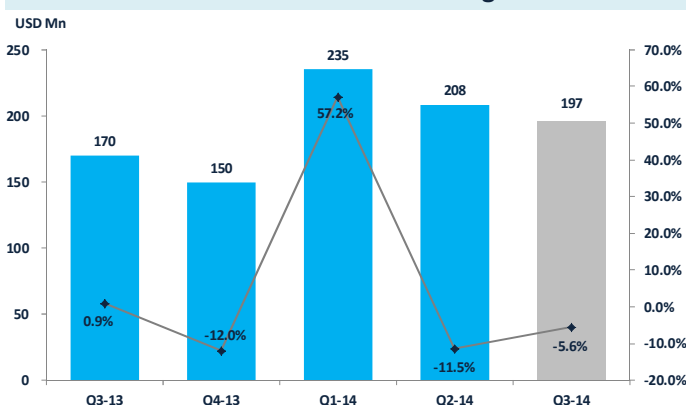
Meanwhile, Aluminium Bahrain posted a five-fold increase in net profit for Q3-14 that reached BHD 29.5 Mn as compared to BHD 4.9 Mn during Q3-13 due to strong operational performance led by higher metal prices. In addition, the company's sales volume increased by 2.3% whereas total production was up by 1.5%.

Profits for the Investment sector increased by 22.9% during the quarter led by a 5% increase in profits reported by Al Baraka Banking as well as positive net profits of BHD 1.2Mn posted by GFH as compared to a loss of an equivalent amount during the corresponding quarter in the previous year. These improvements more than offset the 9.1% decline in Q3-14 profits recorded by Arab Banking Corp.

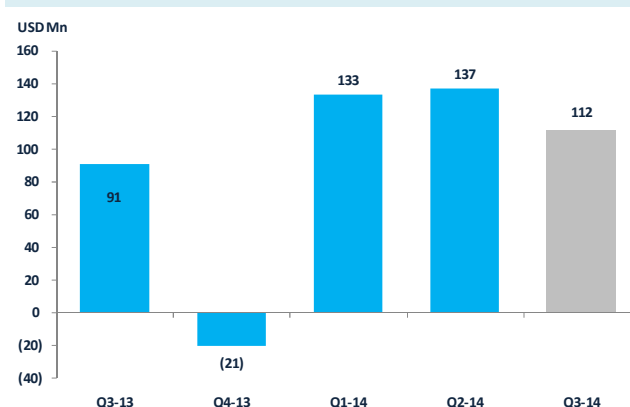
Bahrain Quarterly Earnings



Commercial Banks Sector - Earnings Growth



Investment Sector - Earnings Growth



Net Profit/Loss(USD Mn)	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Commercial Banks Sector	170	150	235	208	197	41.1%	-5.6%	15.7%
Investment Sector	91	(21)	133	137	112	23.3%	-18.4%	22.9%
Insurance Sector	12	18	13	7	13	2.6%	86.7%	5.6%
Services Sector	53	43	70	57	70	14.6%	23.1%	32.0%
Hotel & Tourism Sector	9	8	15	14	9	1.9%	-35.6%	1.7%
Industrial Sector	14	74	47	41	79	16.4%	93.0%	473.4%
BHB Earnings	348	272	514	464	479	100.0%	3.2%	37.3%

Oman

After reporting a strong Q2-14, listed companies in Oman reported a steep sequential decline in Q3-14 earnings recorded at USD 551 Mn as compared to USD 617 Mn during Q2-14. However, earnings went up by 13.1% as compared to third quarter of the previous year. The Y-o-Y earnings growth was led by the Services sector with Q3-14 earnings growth of 23.1% as compared to Q3-13 followed by the Financial sector with earnings growth of 11.4%. The Industrial sector reported a 5.2% Y-o-Y decline in net profit.

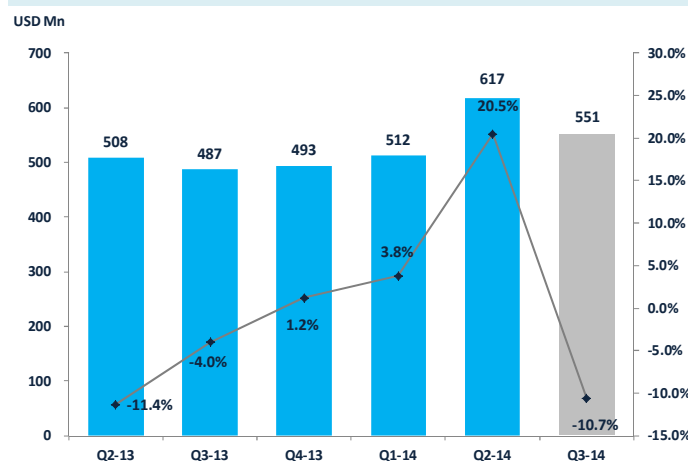
Within the Financial sector, the eight listed banks reported healthy earnings growth of 6.7% to record Q3-14 net profit of OMR 77.8 Mn. Banking profitability was dented by decline in quarterly net profits reported by Alizz Bank and Bank Nizwa. On the positive side, NBO reported a strong 13.0% increase in Q3-14 net profit that stood at OMR 14.0 Mn. The Bank reported a 7% increase in loans and advances which stood at OMR 2.3 Bn whereas customer deposits increased at an impressive rate of 24% to OMR 2.7 Bn.

Bank Muscat reported higher provisioning for bad loans during the quarter which affected net profit growth for Q3-14. Net profit increased by 2.5% to OMR 40.4 Mn primarily on the back of healthy net interest income growth of 7.5% to record OMR 62.3 Mn. Non-interest income increased at an even stronger rate of 18.2% to reach OMR 31.2 Mn. Meanwhile, quarterly impairments increased by almost 49.3% to OMR 13.4 Mn. Loans and advances increased by 7.3% Y-o-Y to OMR 6.4 Bn, while deposits increased by 16.5% over the same time frame to OMR 6.6 Bn.

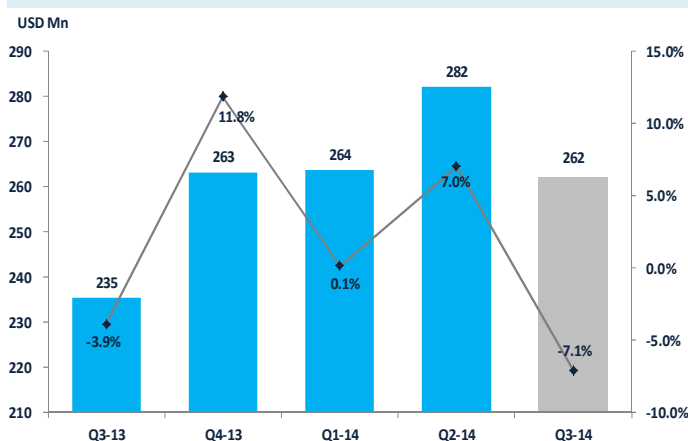
Meanwhile, Y-o-Y quarterly earnings growth for the Services sector was primarily due to earnings contribution from the two newly listed power companies, Al Suwadi Power and Al Batineh Power. Excluding these two companies, earnings for the Services sector grew at a modest rate of 4.9% to OMR 71.3 Mn. Within the sector, Omantel reported a modest 3.1% earnings growth for the quarter with a net profit recorded at OMR 30.0 Mn on the back of higher revenues coupled with a relative decline in expenses. The telco reported 5% growth in subscribers that reached 4.2 Mn by the end of the quarter. On the other hand, Nawras reported a 6.5% increase in subscriber count that reached 2.5 Mn. This helped the operator to report earnings growth of a strong 35.9% to reach a net profit of OMR 10.8 Mn.

In the Industrial sector, a majority of the companies reported earnings decline during Q3-14. Nevertheless, some of the largest companies within the sector which includes Al Anwar Ceramic Tiles, Raysut Cement and Al Jazeera Steel Products reported aggregate earnings growth in excess of 25%.

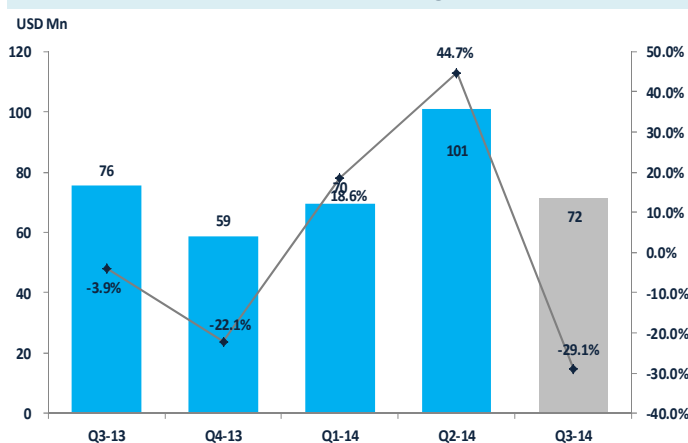
Oman Quarterly Earnings



Financial Sector - Earnings Growth



Industrial Sector - Earnings Growth



Net Profit/Loss(USD Mn)	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Financial	235	263	264	282	262	47.6%	-7.1%	11.4%
Industrial	76	59	70	101	72	13.0%	-29.1%	-5.2%
Services	176	171	178	234	217	39.4%	-7.1%	23.1%
MSM Earnings	487	493	512	617	551	100.0%	-10.7%	13.1%

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