GCC Banking Sector Report – Q4-2023

April-2024

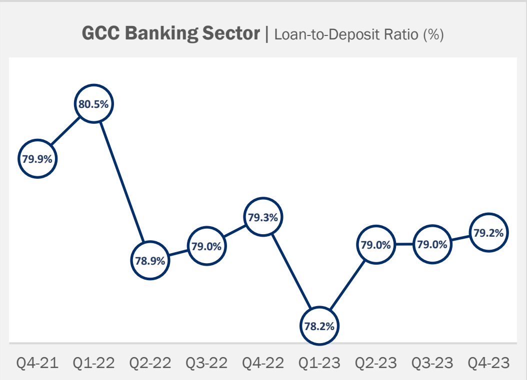
Higher for longer rates largely beneficial for GCC banks...

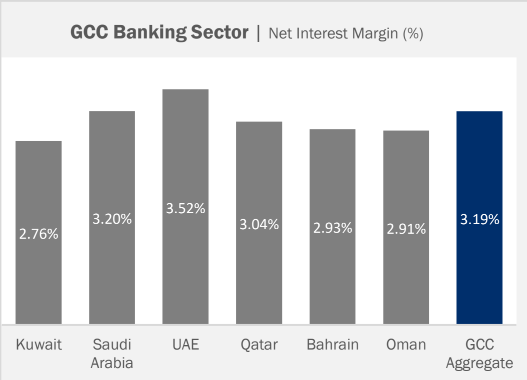
Elevated interest rates globally and in the GCC as well as a steep downgrade to the number of cuts expected this year is expected to be largely positive for GCC banks. *This comes as sector benefits from resilient lending in almost all markets as well as higher oil prices offset tight liquidity conditions in specific high-growth markets like Saudi Arabia. Moreover, any rate cut expected this year would also be beneficial for the banks as it eases pressure on cost of funding front and further supports lending activity.* ***Meanwhile, the latest comments from the US Fed and forecasts on rate cuts point to much bleak picture in terms of rate cuts, especially in the US and indicates a divergent monetary policy vs. EU and other major economies.***

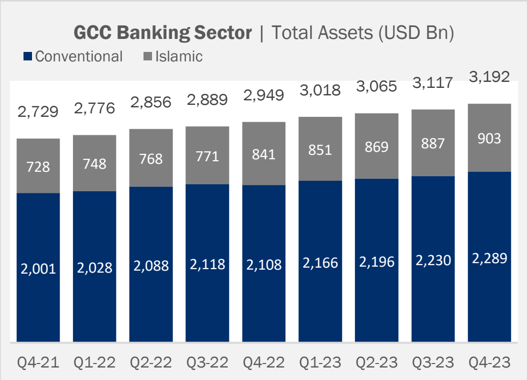
In terms of lending activity in the GCC, outstanding credit facilities witnessed a healthy q-o-q growth of 2.1% during Q4-2023 with aggregate gross loans reaching USD 2.0 Trillion. The y-o-y growth was even stronger at 7.0% during the quarter. All country aggregates in the GCC showed growth in lending during the quarter that came after mixed trends during the previous quarter. *The growth once again reflected a robust projects market pipeline in the region with recent reports showing governments now looking at funding support in the form of debt issuances to support the ongoing activity.*

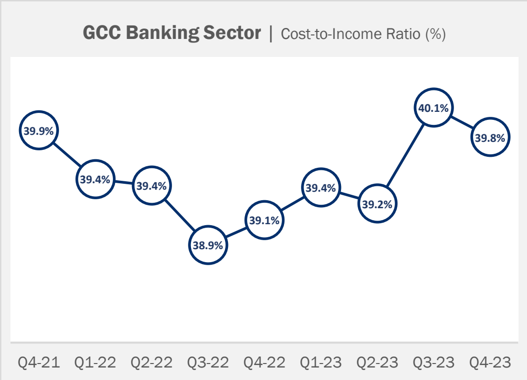
On the liquidity front, customer deposits increased at an equivalent pace of 2.1% q-o-q to reach USD 2.39 Trillion at the end of Q4-2023, once again led by growth in deposits in all markets in the GCC. *The net impact of an almost equivalent growth in lending and deposits was a marginal improvement in the aggregate loan-to-deposit ratio for the aggregate GCC banking sector that reached 79.2% at the end of Q4-2023.*

Meanwhile, total net income was up for the fourth consecutive quarter to reach USD 14.2 Bn in Q4-2023 registering a q-o-q increase of 2.4% supported by both higher net interest income and non-interest income during the quarter. *Higher interest rates supported net interest income during the quarter while elevated financial markets with double digit growth in the MSCI World index and high single digit growth in emerging market equity indices supported non-interest income.* ***In addition, almost all key asset classes globally witnessed growth during the quarter, including double-digit growth in gold and bond benchmarks.***









Source: Reuters, Company Financials, Kamco Invest Research

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Highlights - GCC Banking Sector

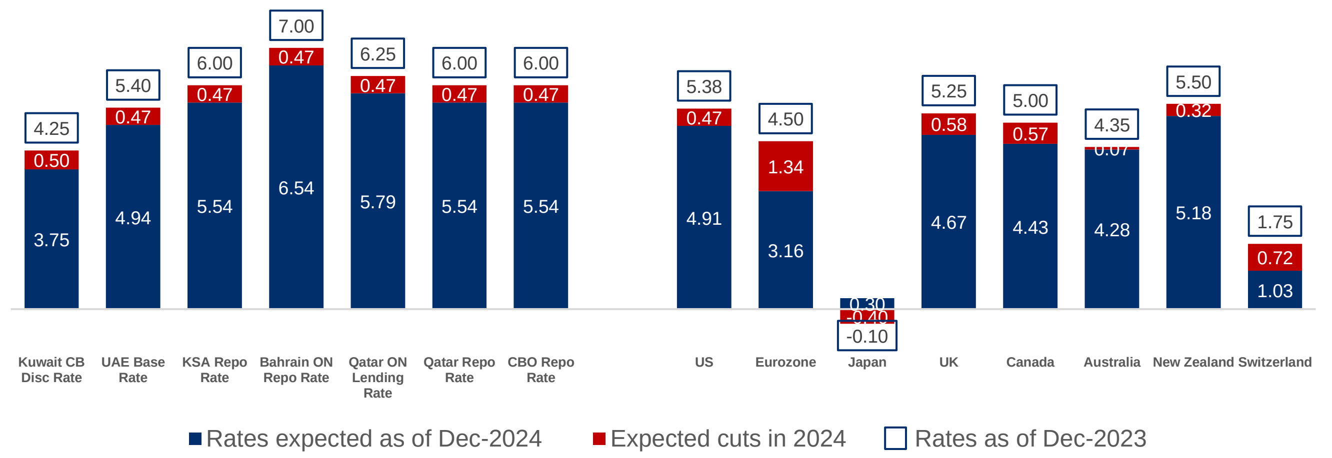
This report analyzes the financials reported by 58 listed banks in the GCC for the quarter ended Q4-2023. Data for individual banks have been aggregated to the country level. Some of the key observations from the most recent financial quarter for the GCC Banking Sector includes the following:

Growing uncertainty and diverging rate cut policies…

The progress on inflation downfall stalled and, on the contrary, reversed over the last two months as seen from the higher-than-expected m-o-m inflation readings in the US during March-2024 and February-2024. This has led a number of economists to change their view on interest rates this year. The year started with almost six cuts priced in during 2024 followed by 3 expected cuts by mid quarter. The forecast, as it stands today, shows a single cut or a maximum of two cuts this year in September-2024 and one in December-2024. The shift in expectations has affected bond markets as yields have risen significantly as expectations for higher-for-longer rates gain strength resulting in shorter-term 2-year treasury yields reaching a five-month high of over 5.0%.

On the other hand, the ECB seems to remain firm on its plan to cut interest rates multiple times this year. The Eurozone's central bank is expected to start cutting deposit facility rates from a record high of 4% starting from June this year and follow it up with further cuts later during the year depending on the economic development in the region. However, ECB's rate direction would also be influenced by how the US Fed plans on its strategy and a diverging strategy may not be sustainable in the long run. In the UK, rate cuts by the Bank of England is estimated to start from August this year and see a total of two rate cuts by the end of the year.

GCC and Global Central Bank Rate Expectations - 2024



Source: Bloomberg Estimates, Kamco Invest Research

Meanwhile, the banking sector globally reported higher earnings in 2023 led by higher interest rates. However, higher interest rates are also resulting in higher provisions for bad loans, but these are overshadowed by higher net interest incomes. In the US, Q4-2023 earnings growth was subdued due to one-off charges related to the banking sector crisis in 2022. The banks also reported higher bad loans and higher restructuring charges during the quarter. The near-term outlook for the sector is also positive due to the higher-for-longer rates.

Net loans witness biggest gain in seven quarters

Data from GCC central banks showed that despite higher interest rates, credit facilities offered by banks in region continued to show growth during Q4-2023, barring UAE and Oman that showed a marginal q-o-q decline as compared to Q3-2023. The gains as compared to last year was solid with all countries witnessing healthy growth in lending. Saudi Arabia witnessed a y-o-y growth of 10.0% followed by UAE and Bahraini banks with y-o-y lending growth of 5.3% and 4.3%, respectively. The resilient lending growth in the region reflected a strong project pipeline with aggregate contract awards almost doubling to USD 209.8 Bn in 2023 as compared to USD 109.7 Bn in 2022. Similarly, manufacturing activity data from Bloomberg (Markit Whole Economy Surveys) showed PMI figures stayed strong during the quarter above the growth mark of 50 for Dubai, Saudi Arabia and UAE at the end of Q4-2023. The manufacturing activity in Saudi Arabia remained robust with PMI at 57.5 points during December-2023. UAE also boasted strong PMI figure of 56.9 points in December-2023. Qatar, meanwhile, has shown a sharp slowdown in growth during December-2023 with PMI going below the growth mark, albeit marginally, for the first time in eleven months at 49.8 points as compared to 53.7 points in September-2023.

Data from Saudi central bank showed growth in lending for the 20th consecutive quarter in Q4-2023, although outstanding credit facilities grew at the slowest pace in four quarters by 1.6% to reach SAR 2.6 Trillion backed by growth mainly in Utilities, Real Estate and Personal Facilities that more than offset a q-o-q decline in most sectors during the quarter. Qatari banks recorded the biggest q-o-q growth in outstanding credit facilities during the quarter at 2.5% to reach QAR 1.3 Trillion. The growth was mainly led by higher lending to Public Sector and Services that more than offset decline in lending to Real Estate, Industry and Contractors. Outstanding credit facilities in Kuwait increased by 0.9% q-o-q during Q4-2023 to reach KWD 47.7 Bn. The increase was led by higher lending to Construction, NBFC, Installment Loans, Purchase of Securities and Real Estate sectors that more than offset decline in Trade, Industry, Agriculture, Crude Oil and Public Services. On the other hand, credit facilities by UAE-based banks declined for the first time in 4 quarters, albeit marginally by 0.1%, after double-digit decline in lending to Government, Agriculture and Mining & Quarrying sectors was only partially offset by growth in lending to Trade, Financial Institutions, and Personal Loans.

Broad-based growth in lending reported by listed banks

Aggregate lending by GCC banks continued to show q-o-q growth during Q4-2023 backed by a broad-based growth in all six markets in the GCC. Aggregate gross loans reached a new record high of USD 2.0 Trillion, up 2.1% q-o-q and 7.0% y-o-y, mainly led by strong growth in banks in Qatar, Oman and Saudi Arabia further supported by marginal growth in the rest of the markets. Qatari banks grew gross loans at the fastest pace of 2.9% q-o-q during Q4-2023 to reach USD 386 Bn as compared to USD 375 Bn at the end of the previous quarter. Oman-listed banks were next with a growth of 1.9% with gross loans reaching USD 67.2 Bn while Saudi-listed banks reported a growth of 1.3% to record the biggest loan book of USD 666.7 Bn at the end of Q4-2023. In terms of type of banks, conventional banks recorded a faster growth in lending during the quarter at 2.3% to reach gross loans of USD 1.4 Trillion while Islamic banks recorded a growth of 1.6% to reach USD 0.62 Trillion.

In terms of market trends, banks in Saudi Arabia are witnessing a slowdown in the mortgage loan market due to higher prevailing rates and tightening subsidies and this loss of business is increasingly being compensated by shifting to corporate loan books. Forecasts suggest that the bulk of the new business is expected to come from the corporate segment. In addition, lending related to the Vision 2030 plan by the Saudi government is also expected to reflect in the lending growth in the coming years as the progress on these projects accelerate.

Deposit growth stays elevated with strong q-o-q growth

Total customer deposits reported by listed-GCC banks continued to show growth for the eleventh consecutive quarter during Q4-2023 to reach a new record high of USD 2.39 Trillion as compared to USD 2.34 Trillion at the end of Q3-2023. The trend in customer deposits at the country level was similar to gross loans, with all countries recording growth during the quarter. Omani banks recorded the biggest q-o-q growth during Q4-2023 at 4.1% with total customer deposits reaching USD 73.1 Bn. Qatari banks were next with a growth of 3.2% followed by UAE and Saudi-listed banks with total customer deposits of USD 760.8 Bn and USD 749.5 Bn, respectively.

In terms of liquidity issues in the banking sector, especially given the strong credit growth outlook, banks are increasingly tapping international bonds and sukuk market. This was evident during Q1-2024 when GCC issuances were at one of the highest quarterly levels. Moreover, another factor that is forcing banks to look internationally for funding is the higher cost of funds in the domestic market. The spread in cost of funds between domestic market and international market was as high as 100 bps. And this gap is not expected to be reduced in the forceable future, given the solid market trends in the GCC and the expectations that interest rates may remain high. As a result, we expect cost of fund to increase consistently over the next few quarters as interest bearing liabilities increasingly replace low-cost customer deposits.

Loan-to-deposit ratio sees marginal improvement

The aggregate loan-to-deposit ratio for the GCC banking sector continued to remain below the 80% mark for the seventh consecutive quarter at the end of Q4-2023 to reach 79.2%, a marginal improvement from 79.1% recorded at the end of Q3-2023. The flattish performance reflected an almost equivalent growth in lending and customer deposits during the quarter at the aggregate GCC level. At the country level, the performance was mixed with three out of six countries witnessing a higher loan-to-deposit ratio. UAE-listed banks showed the biggest improvement in the ratio with an increase of 60 bps to reach 68.1% at the end of Q4-2023, the second lowest in the GCC. Saudi-listed banks showed a growth of 40 bps with the ratio reaching 87.4%, the second highest in the GCC. On the other hand, Qatari listed banks reported a marginal decline in the ratio that continued to remain the highest in the GCC at 88.8% at the end of Q4-2023.

Net interest income reaches a new record

Aggregate net interest income reported by banks listed in the GCC witnessed growth for the third consecutive quarter to reach a new record during Q4-2023. Total net interest income reached USD 21.4 Bn during Q4-2023 up from USD 21.1 Bn in Q3-2023, registering a growth of 1.4%. The increase in Q4-2023 came despite cost of funds reaching one of the highest levels on record at 4.2% as compared to 3.7% recorded in Q3-2023. Almost all countries in the GCC witnessed higher net interest income during the quarter, barring Bahrain that reported a decline. Kuwaiti banks reported the biggest increase of 3.5% with net interest income reaching USD 2.4 Bn. UAE and Omani banks were next with q-o-q growth of 2.5% and 1.7%, respectively, while Saudi-listed banks showed a marginal growth of 0.7%. In terms of y-o-y growth, the growth in net interest income was strong at 6.6% reflecting an increasing impact of consecutive rate hikes implemented by banks in the GCC following rates hikes in the US.

Total bank revenues shows consistent growth

Total bank revenue for GCC banks once again registered q-o-q growth during Q4-2023 at 4.4% to reach a new record high of USD 32.1 Bn as compared to USD 30.7 Bn during Q3-2023. A growth in aggregate net interest income as well as a relatively faster growth in non-interest income supported the growth in total revenues. The q-o-q increase was led by a broad-based improvement in revenues across the GCC during the quarter, barring in Kuwait and Saudi Arabia that reported declines of 4.7% and 0.3%, respectively. Omani banks reported the biggest increase during the quarter at 26.3% followed by UAE banks, also with a double-digit growth 11.8%. Qatar-listed banks reported flattish trend in total revenues.

Aggregate non-interest income witnessed growth for the fifth consecutive quarter backed by healthy double-digit growth in three out of six countries in the region while the remaining three countries recorded declines. Total non-interest income reached a new record high of USD 10.7 Bn during Q4-2023, registering a q-o-q increase of 11.0% and y-o-y growth of 38.3%.

Operating costs shows growth despite a steep increase in the previous quarter

Aggregate operating expenses for listed banks in the GCC increased for the second consecutive quarter during Q4-2023 despite a 14.0% jump seen during Q3-2023. Total operating expenses reached USD 13.1 Bn during Q4-2023 after increasing by 3.0% as compared to the previous quarter. The increase was seen in all the countries in the GCC, barring Kuwaiti banks. Qatar and Bahraini banks increased operating expenses by double digits while the growth in Saudi Arabia came in at 3.5%. UAE banks showed only a marginal q-o-q growth of 0.3%. However, despite an increase in costs, the cost-to-income ratio for GCC banks showed a marginal decline during Q4-2023 mainly led by higher overall banking sector revenues. The cost to income ratio for the aggregate sector reached 39.8% in Q4-2023 as compared to 40.1% during Q3-2023. The decline reflected a drop in the ratio for four of six country aggregates. The increase was seen in Saudi Arabia and Qatari banks but in spite of the increase, the cost to income ration for these markets remained one of the lowest in the GCC at 39.0% and 37.4%, respectively.

LLP reaches 8-quarter high level

After three consecutive quarters of declines, loan loss provisions (loan impairments) booked by listed banks in the GCC increased in Q4-2023 to reach the highest level in eight quarters at USD 3.5 Bn. The 49.4% q-o-q growth in impairments reflected higher provisions for banks in all the countries in the GCC during the quarter as banks typically book higher provisions during the last quarter of the year. Omani banks booked the biggest increase in impairments during the quarter with aggregate provisions of USD 313 Mn or 228.2%. UAE and Qatari banks were next with increases of 69.2% and 37.5% followed by Kuwaiti banks that reported 29.4% growth in impairments. Saudi-listed banks reported the smallest increase of 17.6% with aggregate provisions reaching USD 1.2 Bn in Q4-2023. Out of the 58 banks we analyzed, 30 banks reported a q-o-q increase in provisions whereas 28 banks reported a decline in provisions.

Meanwhile, the cost of risk (ratio of 12-month provisions vs. average loans) continued to remain low as compared to recent quarters at 0.6% for the aggregate GCC banking sector. The ratio was highest in the case of Qatari banks at 0.97% in Q4-2023 followed by Omani banks at 0.93%. The ratio was the lowest in the case of Kuwaiti and Saudi-listed banks at 0.39% while UAE-listed banks showed slightly higher cost of risk of 0.63%.

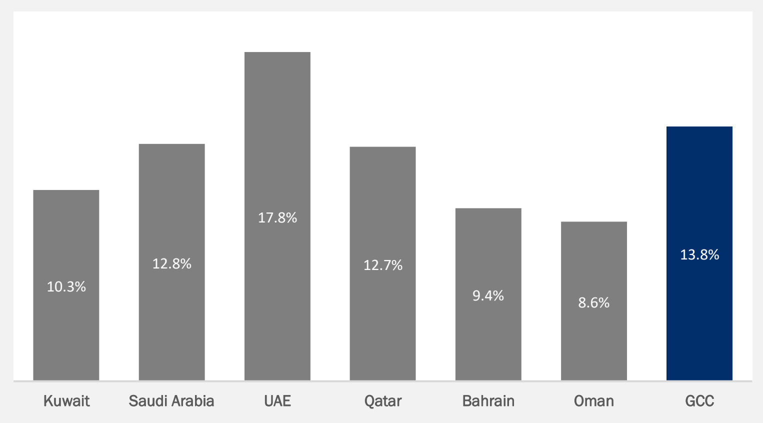
NIM remained stable during Q4-2023

The aggregate net interest margin reported by GCC-listed banks remained stable during Q4-2023 at 3.2% with minimal change over the previous two quarters. The ratio showed minimal changes at the country level, indicating a saturation point for the sector as both lending and cost of deposit and funding reflect elevated interest rate levels. UAE once again ranked first in the GCC in terms of NIMs that reached 3.52% in Q4-2023 followed by Saudi Arabia and Qatari banks at 3.2% and 3.04%, respectively. Despite remaining at one of the highest levels over the last few years, we expect NIM to come under pressure, especially after the funding mix changes for regional banks. Liquidity pressure on banks has eased with higher government deposits but the share of CASA deposits have declined considerably. In addition, the cost associated with these deposits has seen an overall increase. A report from Bloomberg showed that the costly time deposits increased by 7% q-o-q for the Saudi banking sector in Q4-2023 and by around 32% during 2023 as customers shifted to these interest-bearing deposits. The share of CASA deposits declined from 57% in 2022 to 49% at the end of 2023.

GCC banking RoE remains elevated at record high level

Aggregate return on equity (RoE) for the GCC banking sector continued to show improvement during Q4-2023 reaching one of the highest levels over the last few years at 13.8% as compared to 13.3% at the end of Q3-2023, reaching pre-pandemic levels. The ratio also improved in terms of y-o-y comparison by strong 160 bps supported by an increase in aggregate 12-month profitability coupled with a relatively smaller growth in shareholders' equity. Total shareholder equity reached USD 416.2 Bn at the end of Q4-2023, registering an increase of 4.2% as compared to Q3-2023.

GCC Banking Sector – Return on Equity (%)



Source: Reuters Refinitiv, Financial Statements, Kamco Invest Research

At the country level, UAE-listed banks once again topped in the region with the highest RoE at the end of Q4-2023 at 17.8% closely followed by Saudi Arabian and Qatari banks with RoEs of 12.8% and 12.7%, respectively. The biggest y-o-y growth in RoE was also seen for UAE-listed banks at +400 bps which was mainly led by elevated profits as well as a relatively smaller growth in total shareholders' equity. ROEs for Kuwaiti banks stayed elevated at a double-digit level of 10.3% while Bahraini and Omani banks reported RoEs at 9.4% and 8.6%, respectively.

A steeper y-o-y fall in bad loans resulted in an increase in provision cover.

The aggregate provision cover that GCC banks booked against stage 3 bad loans stood at 67.6% at the end of Q4-2023 as compared to 67.2% at the end of 2022 reflecting the increase in impairments during the year from USD 11.4 Bn in 2022 to USD 12.1 Bn in 2023. The marginal increase in provision cover reflected a y-o-y increase in cover for aggregates for Qatar, Kuwait and Saudi Arabian banks during Q4-2023 while banks in UAE and Oman witnessed a decline. The steep increase in Qatar came after six out of eight banks in the country booked higher stage 3 provisions during the quarter vs. Q4-2022 while stage 3 gross loans increased at a smaller pace during the same period. A steep drop in bad loans for Masraf Al Rayan also helped partially offset the increase mainly seen in QNB, Commercial Bank of Qatar and Doha Bank.

Provision Cover	Stage 2 Provision Cover					Stage 3 Provision Cover				
Based on IFRS 9 Classification	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023
Kuwait	8.5%	9.1%	9.0%	8.3%	8.1%	66.4%	64.7%	64.1%	66.6%	68.1%
Saudi Arabia	13.2%	N/A	N/A	N/A	11.1%	61.2%	N/A	N/A	N/A	62.5%
UAE	18.2%	19.8%	19.0%	18.6%	17.4%	64.1%	64.9%	65.3%	63.4%	62.4%
Qatar	6.0%	6.5%	6.6%	6.6%	7.1%	81.9%	86.7%	85.7%	87.4%	85.3%
Bahrain	11.6%	12.9%	14.7%	12.4%	13.3%	64.2%	62.8%	60.1%	56.7%	54.5%
Oman	8.6%	9.0%	9.4%	10.1%	10.8%	62.5%	62.3%	63.7%	66.6%	62.5%
GCC	**11.0%**	**N/A**	**N/A**	**N/A**	**10.8%**	**67.2%**	**N/A**	**N/A**	**N/A**	**67.6%**

In Saudi Arabia, the increase in stage 3 bad loan cover was marginal after both bad loans and provisions booked against these loans declined, but the latter declined at a faster pace. On the other hand, both stage 3 bad loans and the corresponding provision booked declined in the case of UAE-listed banks, but provisions declined by 12.2% y-o-y during Q4-2023 while bad loans dropped at a smaller pace of 9.9%, resulting in a 170 bps point decline in the provision cover. A total of nine out of 15 listed banks in the UAE reported lower y-o-y provisions with Emirates NBD seeing an absolute y-o-y decline of USD 1.3 Bn, whereas 11 out of these 15 banks reported a fall in bad loans.

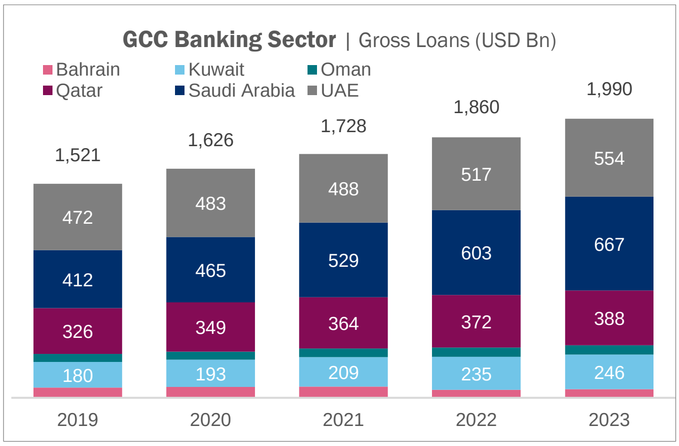
Loan Stages	Q4-2022			Q3-2023			Q4-2023		
Based on IFRS 9 Classification	**Stage 1 Performing Loans**	**Stage 2 Under Watch**	**Stage 3 Impaired Loans**	**Stage 1 Performing Loans**	**Stage 2 Under Watch**	**Stage 3 Impaired Loans**	**Stage 1 Performing Loans**	**Stage 2 Under Watch**	**Stage 3 Impaired Loans**
Kuwait	89.6%	8.8%	1.6%	90.2%	8.0%	1.8%	89.7%	8.7%	1.6%
Saudi Arabia	93.0%	5.2%	1.8%	N/A	N/A	N/A	93.0%	5.4%	1.5%
UAE	88.7%	5.7%	5.6%	89.7%	5.2%	5.2%	90.4%	5.0%	4.6%
Qatar	85.4%	11.2%	3.4%	84.8%	11.7%	3.5%	85.1%	11.4%	3.5%
Bahrain	84.7%	10.9%	4.4%	85.0%	10.1%	4.9%	86.9%	8.5%	4.5%
Oman	77.2%	18.7%	4.2%	78.9%	16.9%	4.2%	78.8%	17.0%	4.1%
GCC	**89.0%**	**7.7%**	**3.3%**	**N/A**	**N/A**	**N/A**	**89.7%**	**7.4%**	**3.0%**

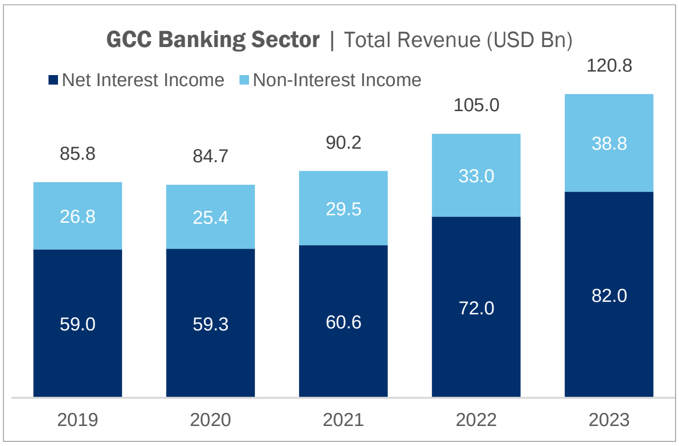
Source: Financial Statements, Kamco Invest Research

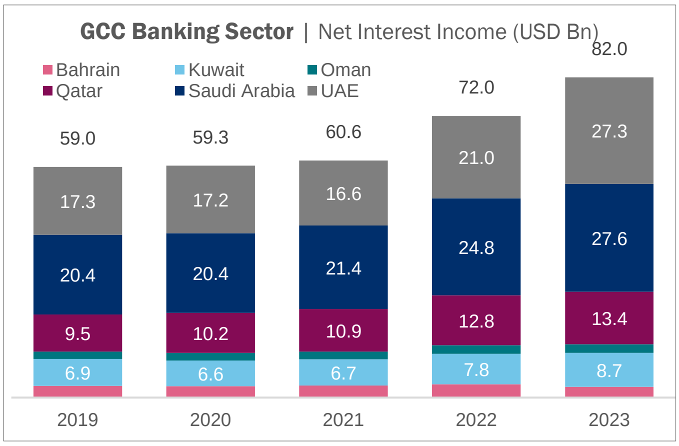
The average share of bad loans (stage-3) on GCC banks' loan books declined y-o-y to reach 3.0% in Q4-2023 vs. 3.3% in Q4-2022. Non-performing loans for UAE banks continued to remain the highest in the GCC at 4.6% of aggregate gross loans at the end of Q4-2023, while Saudi Arabian banks reported the lowest bad loans on their books at 1.5% displacing Kuwait that reported bad loans of 1.6% of their gross loans.

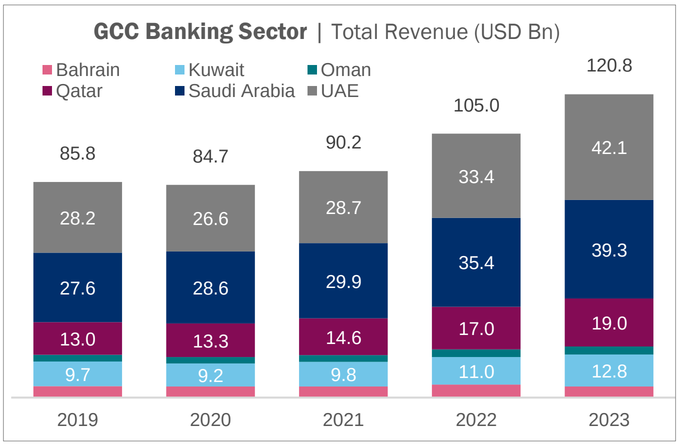
FY-2023 performance

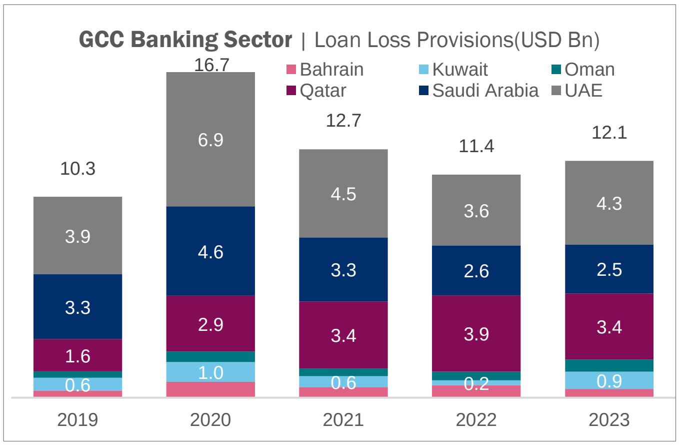
Profitability for the GCC banking sector continued to grow for the third consecutive year and soar to new record levels during 2023 with aggregate net profits increasing by 30.2% to reach USD 54.7 Bn. The y-o-y increase in 2023 was broad-based across the GCC with UAE-listed banks once again seeing the biggest absolute increase of USD 6.6 Bn or 44.1% to reach USD 21.6 Bn during the year, the highest in the GCC. Saudi-listed banks were next with an increase of USD 2.0 Bn or 11.9% to reach USD 18.7 Bn.

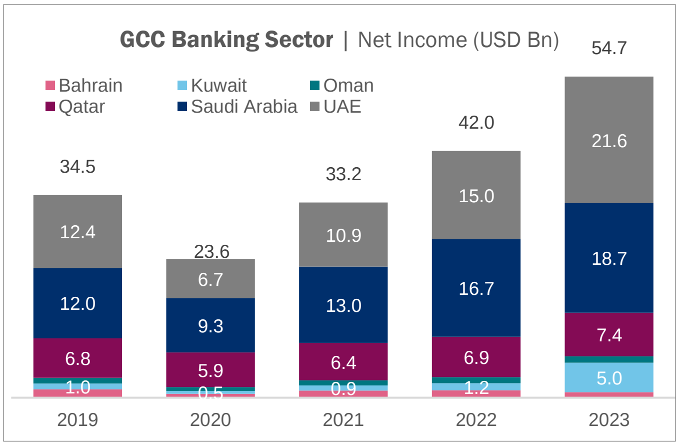












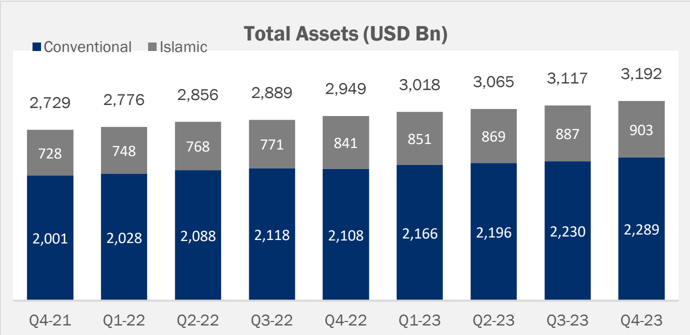
Source: Reuters Refinitiv, Financial Statements, Kamco Invest Research

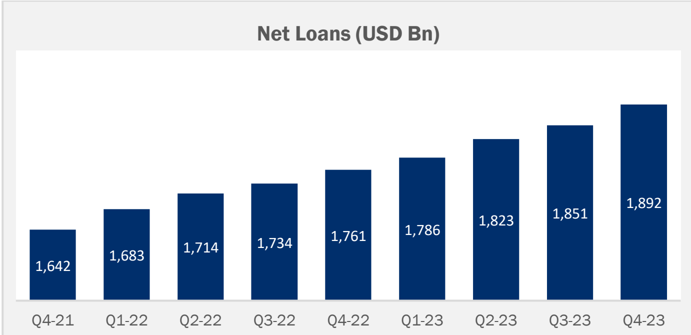
The growth in profits during the year was led by an increase in total bank revenue partially offset by an increase in loan loss provisions. Total bank revenue also increased for the third consecutive year by a strong 15.0% to reach USD 120.8 Bn during 2023, the highest on record mainly led by an increase in both net interest income as well as non-interest income. Revenue growth was broad-based across the GCC with all the country aggregates witnessing solid y-o-y growth due to the elevated interest rates as well as financial markets. A 7.1% growth in outstanding credit facilities by GCC banks that reached USD 2.0 Trillion further added to the growth in the sector's topline performance. UAE-listed banks reported the biggest increase in revenues with a growth of 26.1% or USD 8.7 Bn to reach USD 42.1 Bn, the highest in the GCC. Qatari banks were next with a revenue growth of 11.7% to reach aggregate yearly revenue of USD 19.0 Bn followed by Saudi-listed banks that reported revenue growth of 10.8% to reach USD 39.3 Bn.

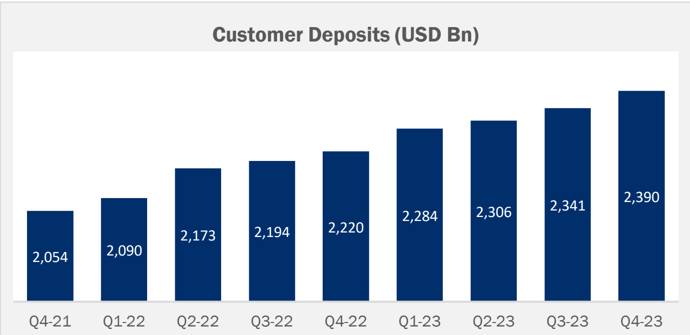
Yearly net interest income increased by 13.8% during 2023 to reach USD 82.0 Bn backed by healthy double-digit growth in Saudi Arabia and UAE while Qatari banks posted a growth of 5.1%. Oman was the only market that reported flattish net interest income for the year. Non-interest income witnessed a slightly bigger growth of 17.7% to reach USD 38.8 Bn, once again backed by healthy growth in all markets in the GCC.

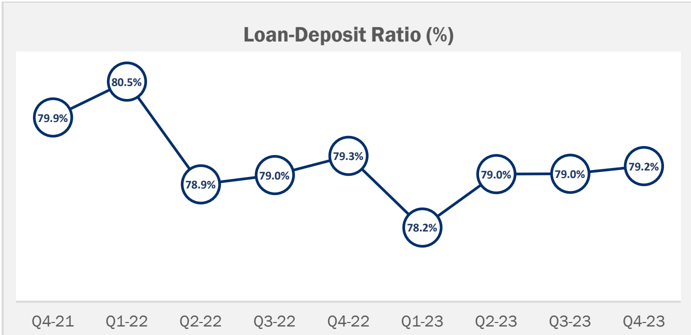
Meanwhile, after two consecutive years of declines, loan loss provisions (impairments) booked by GCC banks witnessed a increase during 2023 to reach USD 12.1 Bn vs. USD 11.4 Bn in 2022. Provisions continued to remain elevated as compared to pre-pandemic levels with an average LLP of USD 8.8 Bn for the 10 years preceding the pandemic (2010-2019). The 6.2% increase in provisions during 2023 mainly reflected higher impairments booked by banks in UAE and Oman while Qatar and Saudi-listed banks reported declines. UAE-listed banks reported the loan impairments during the year at USD 4.3 Bn followed by Qatar and Saudi-listed banks with provisions of USD 3.4 Bn and USD 2.5 Bn, respectively.

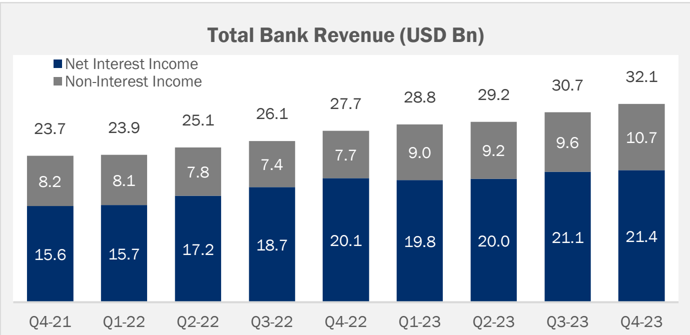
Key Banking Sector Metrics : GCC

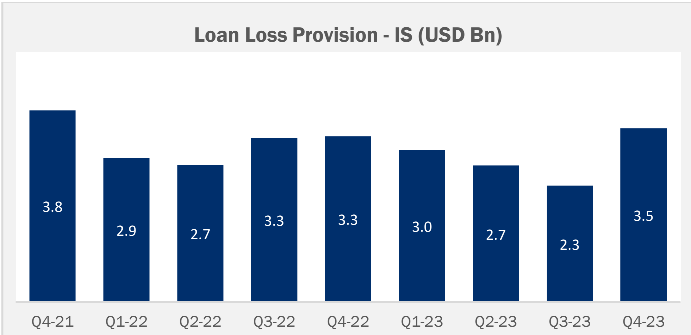


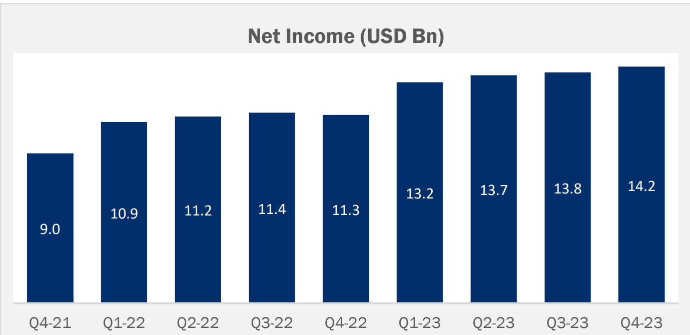


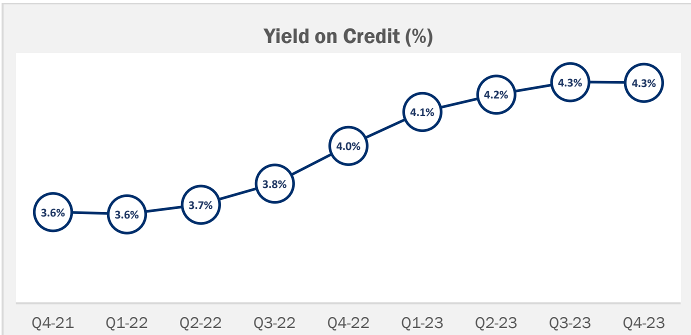


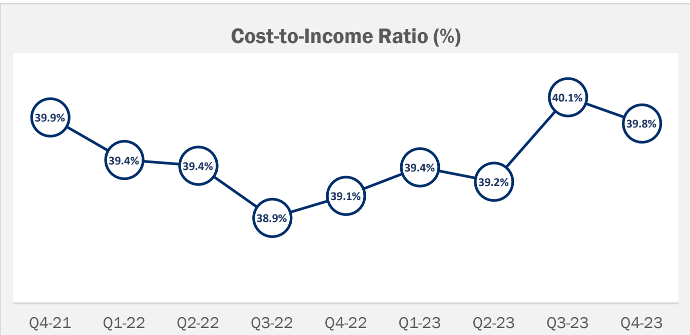


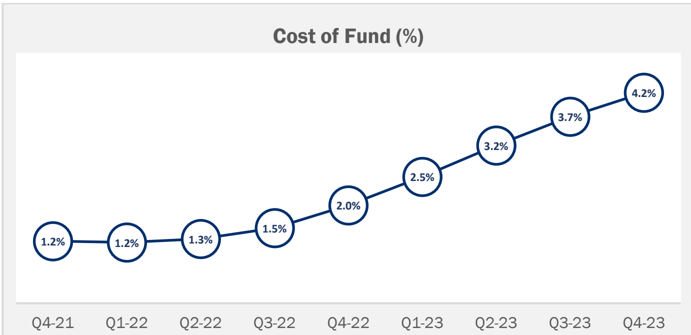






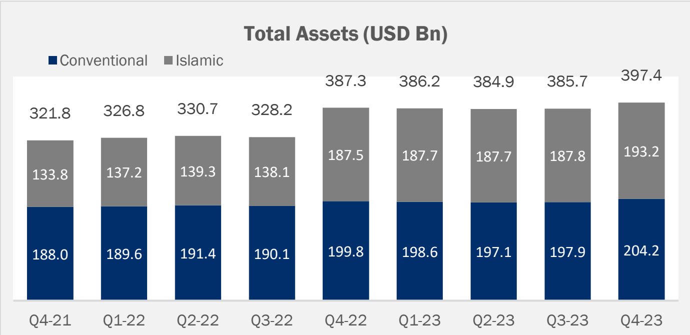


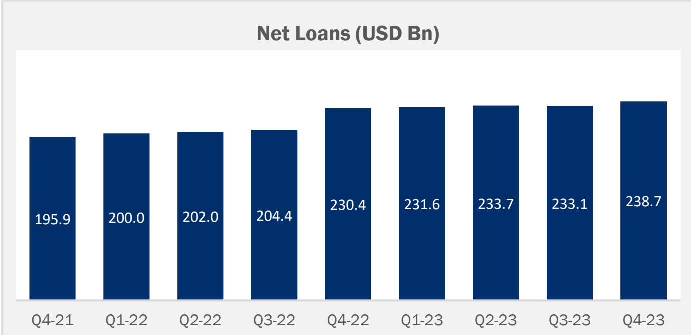


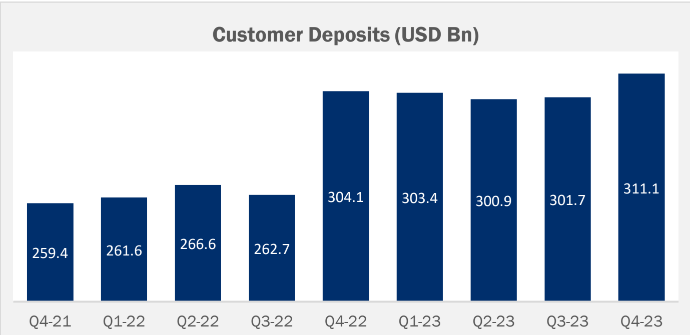


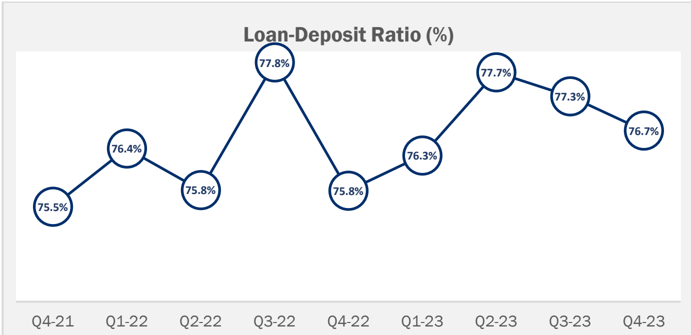
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

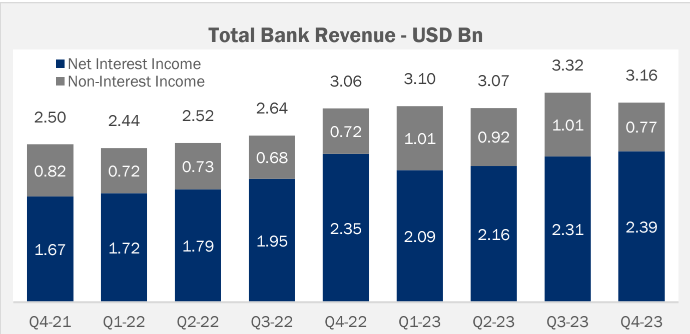
Key Banking Sector Metrics : Kuwait

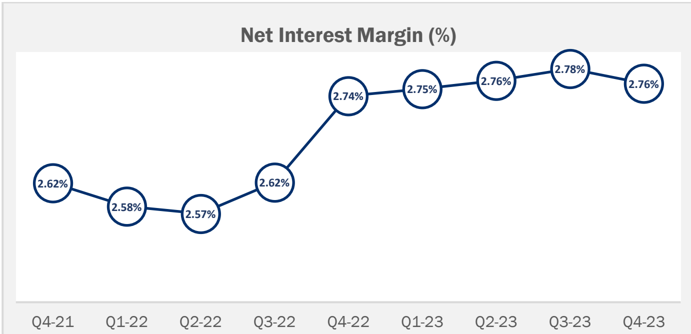


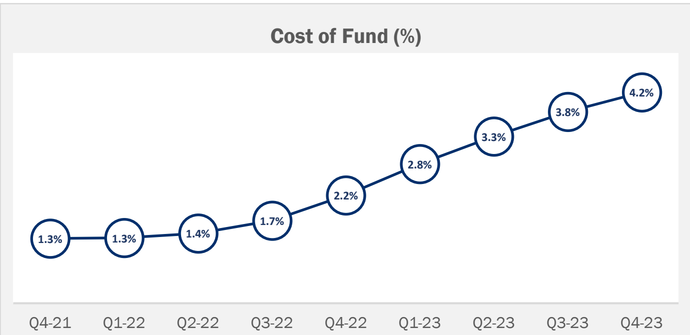


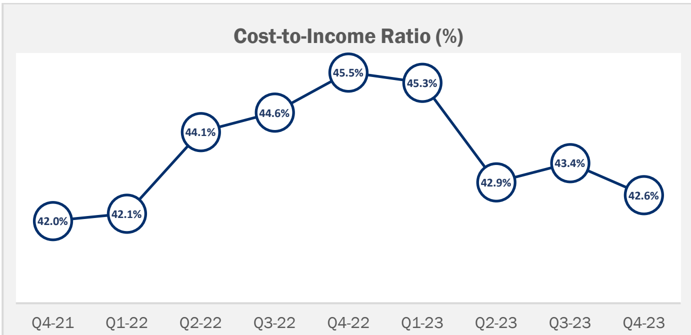


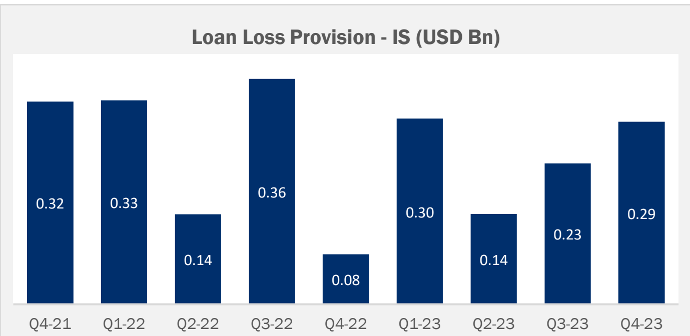


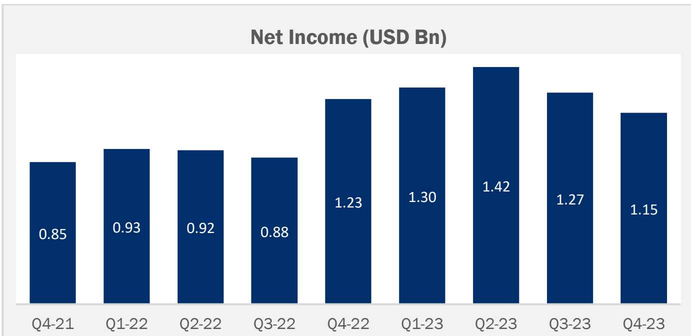






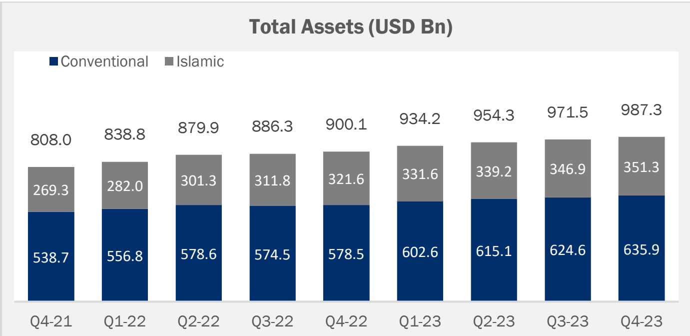


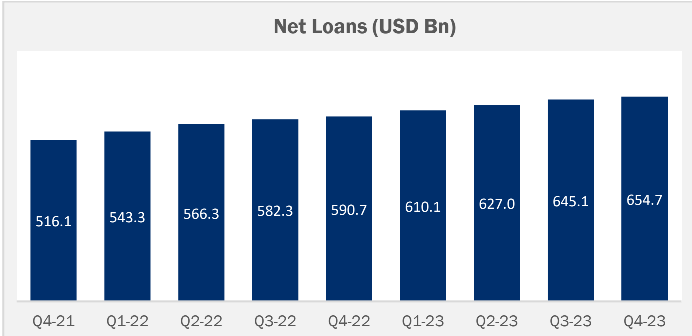


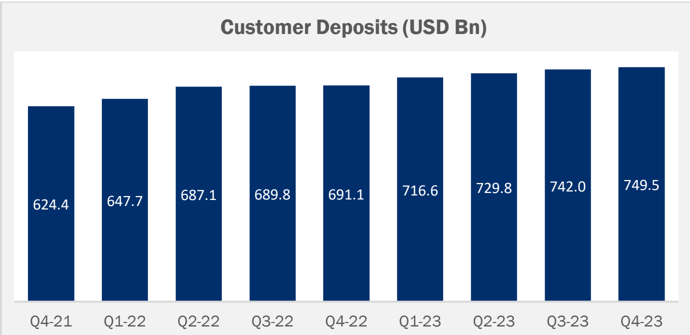


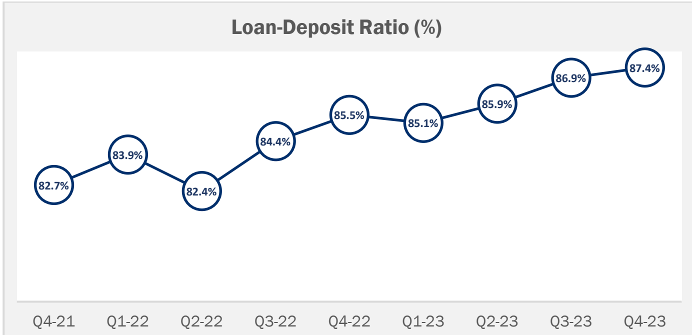
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

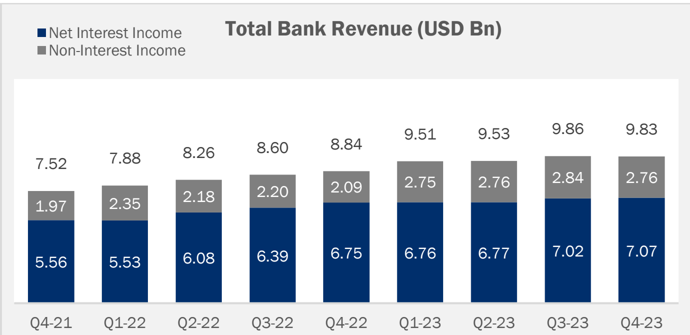
Key Banking Sector Metrics : Saudi Arabia

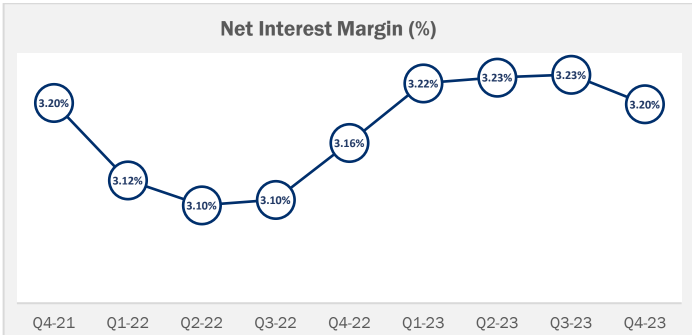


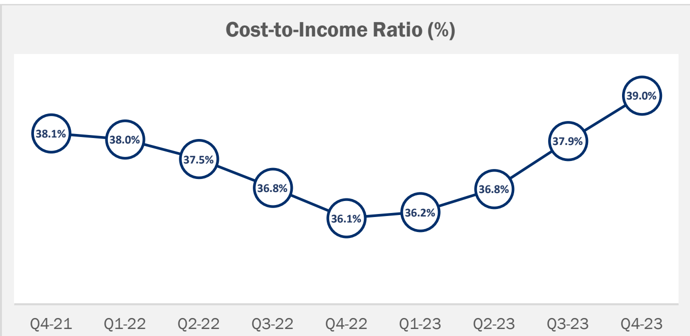


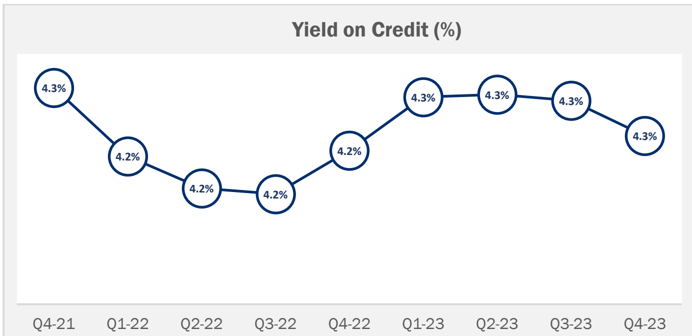


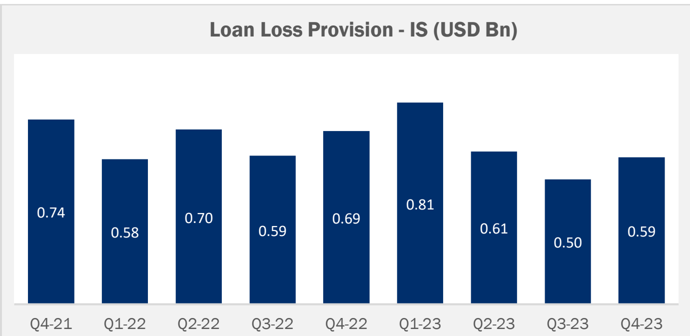


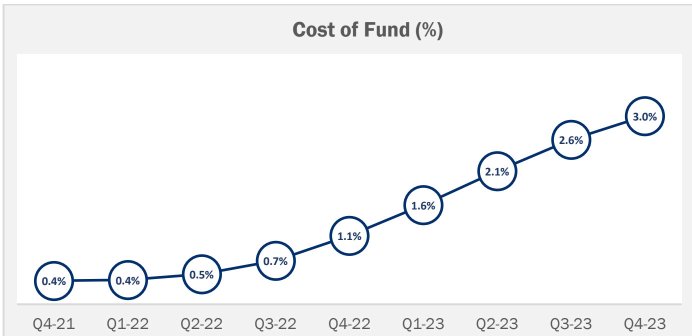








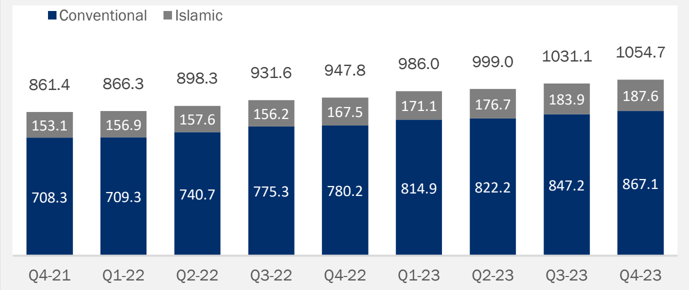




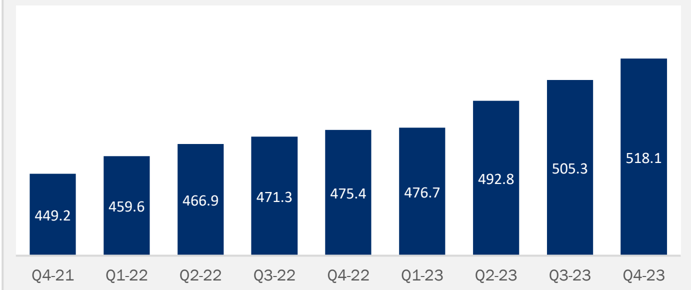
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

Key Banking Sector Metrics : UAE

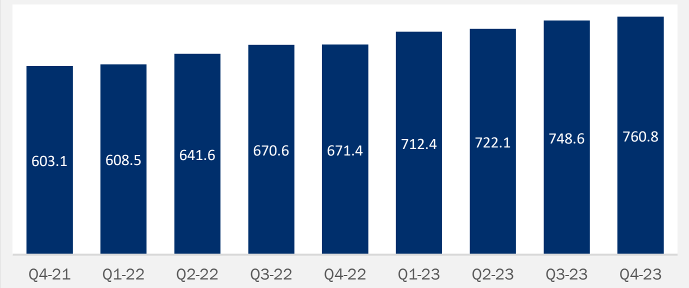
Total Assets (USD Bn)



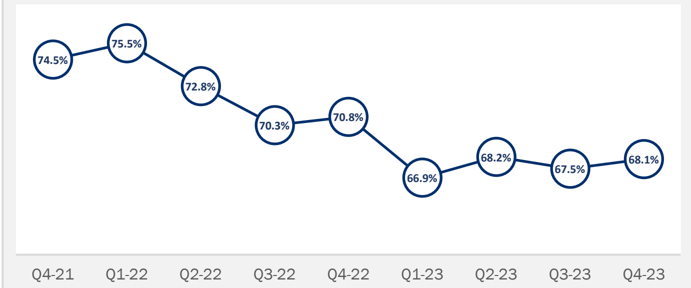
Net Loans (USD Bn)



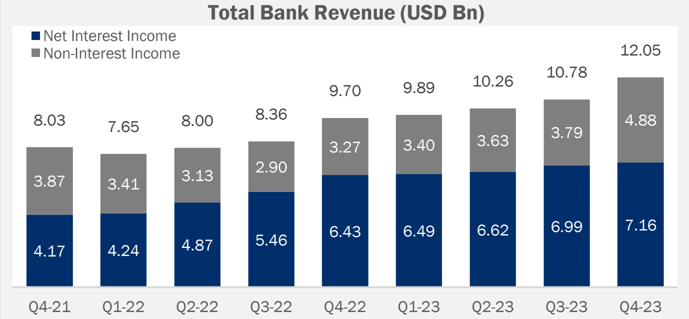
Customer Deposits (USD Bn)



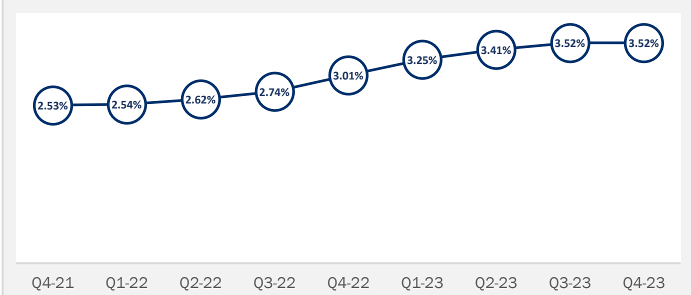
Loan-Deposit Ratio (%)



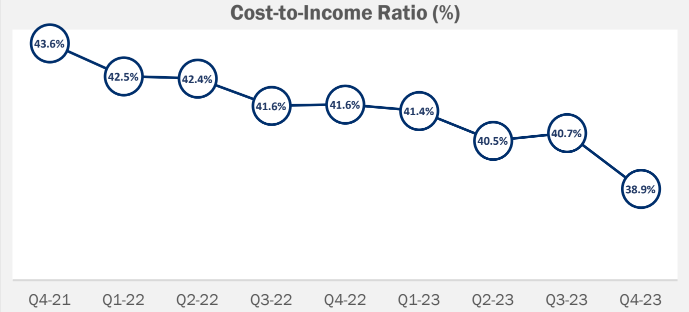
Total Bank Revenue (USD Bn)



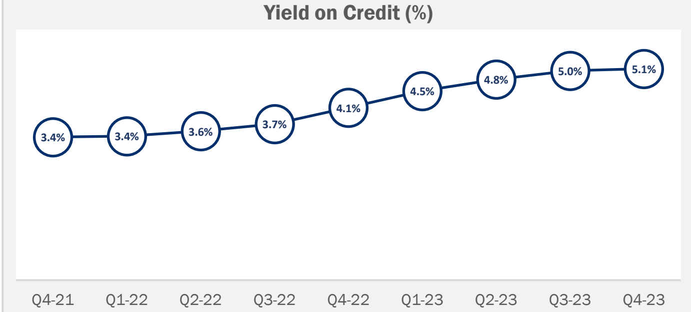
Net Interest Margin (%)



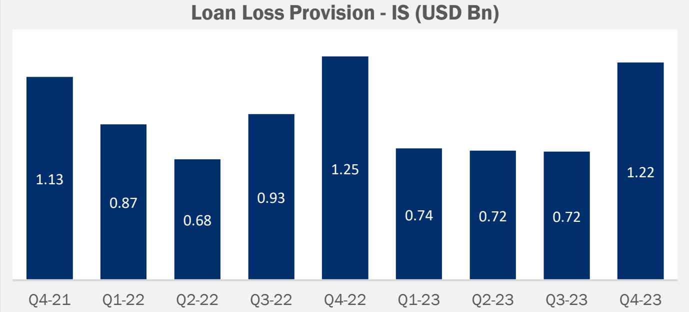
Cost-to-Income Ratio (%)



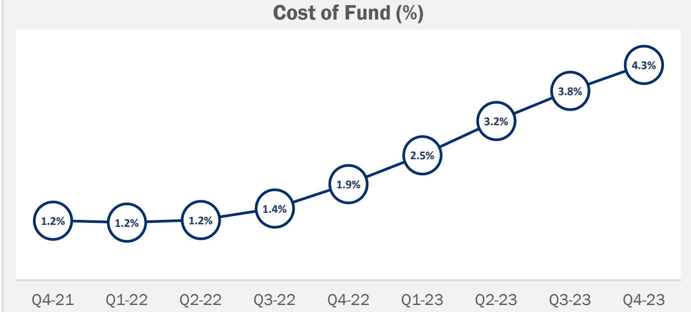
Yield on Credit (%)



Loan Loss Provision - IS (USD Bn)

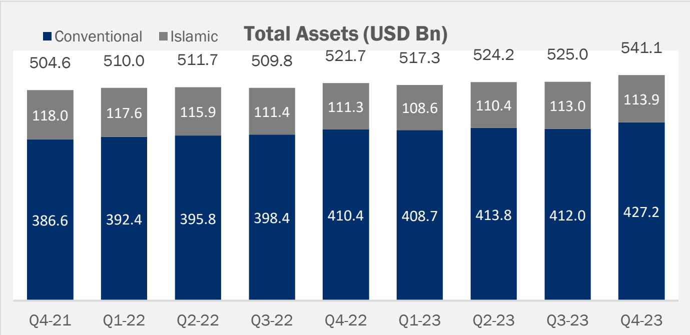


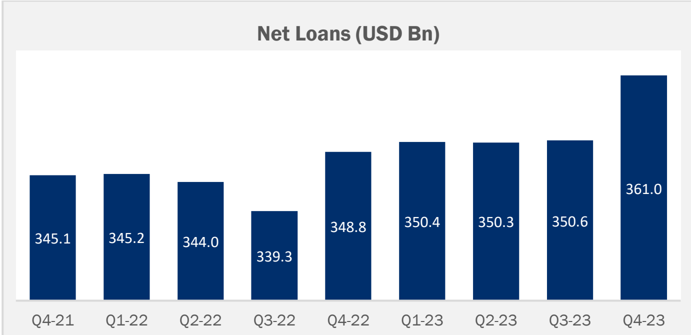
Cost of Fund (%)

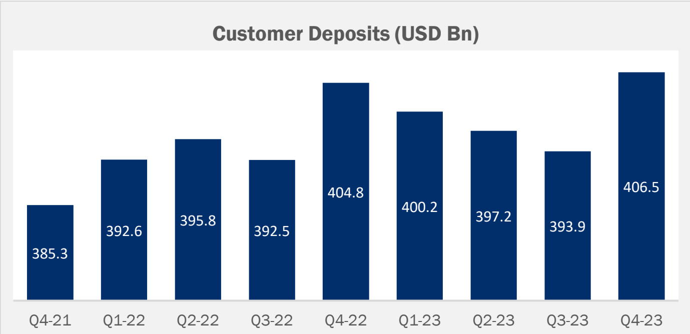


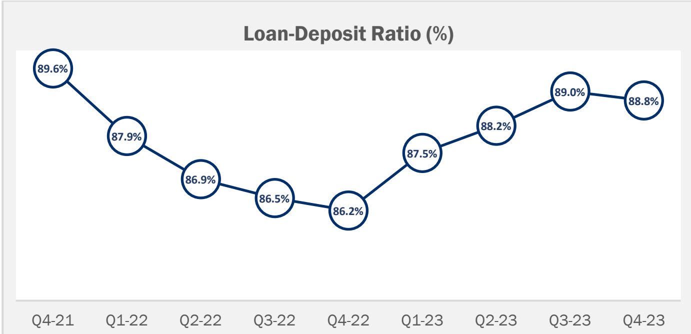
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

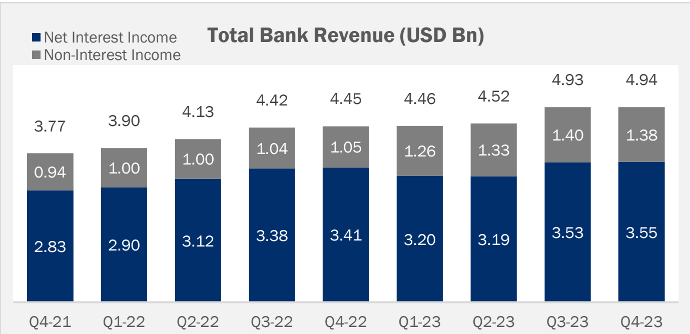
Key Banking Sector Metrics : Qatar

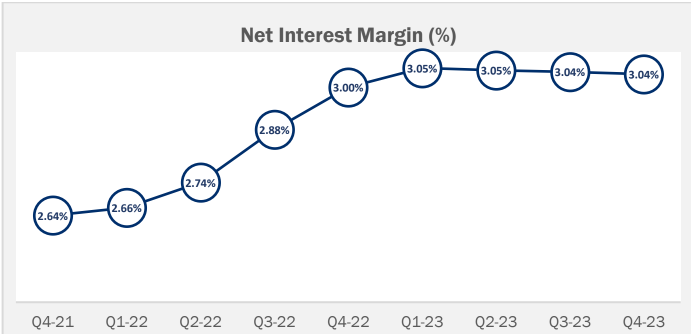


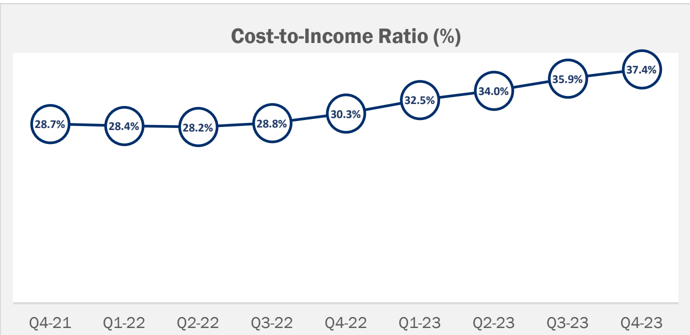


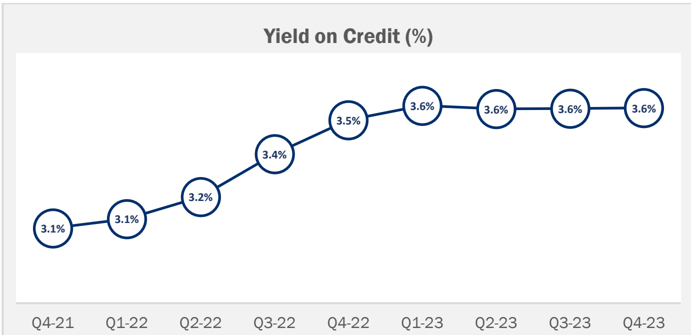


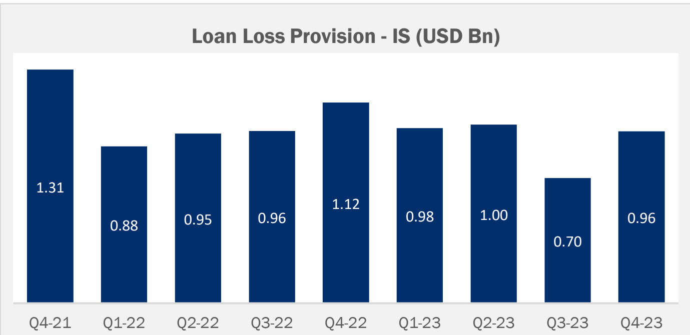


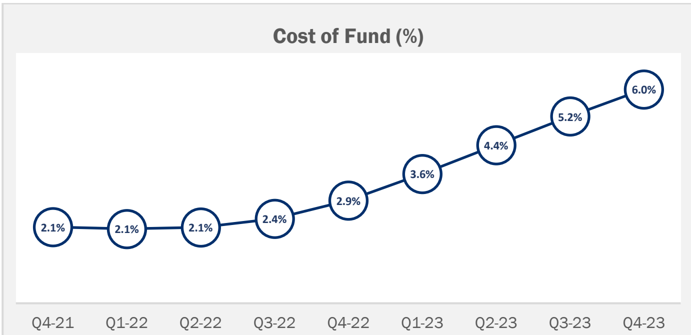






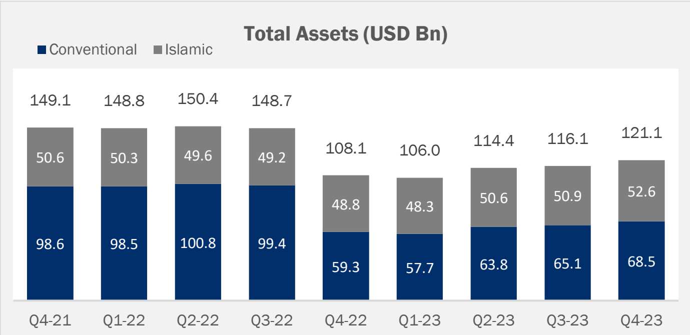


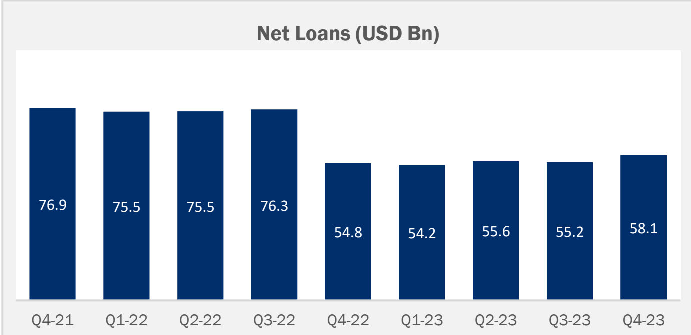


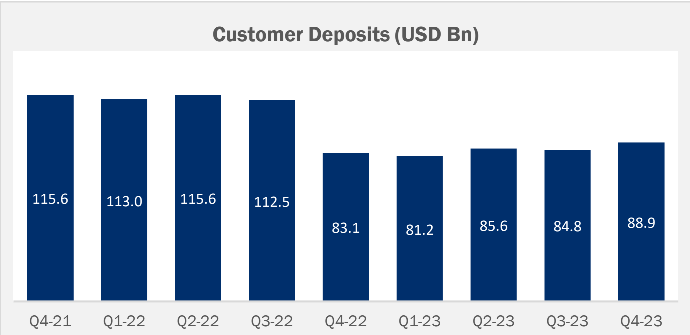


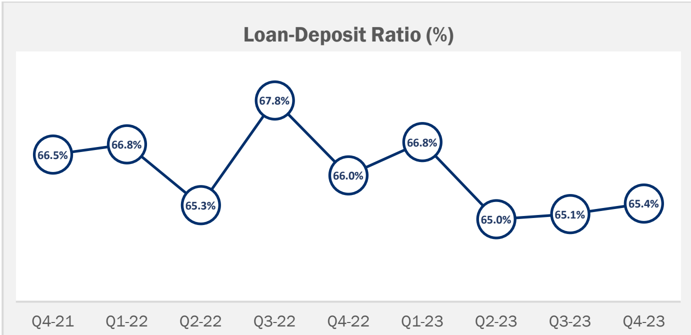
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

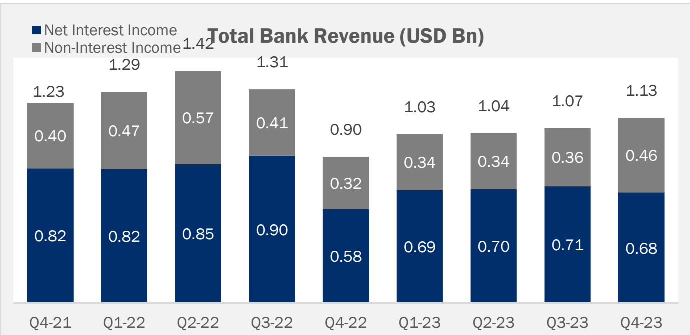
Key Banking Sector Metrics : Bahrain

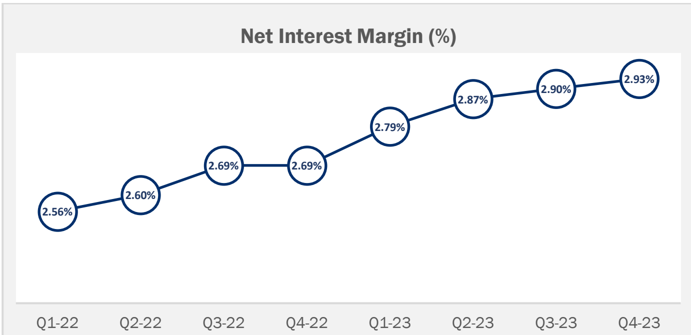


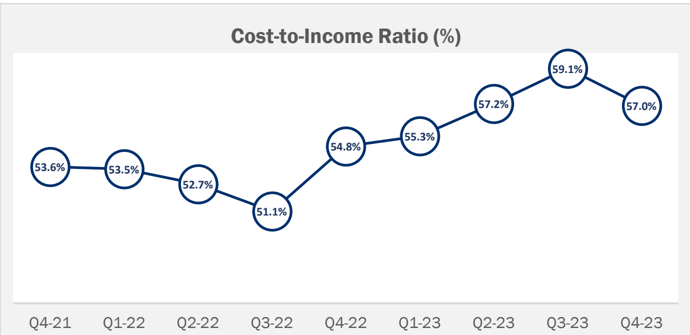


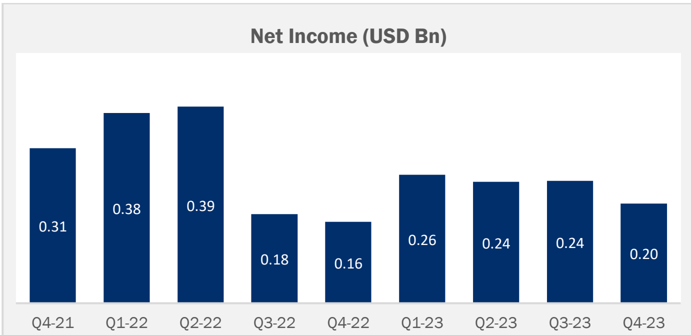


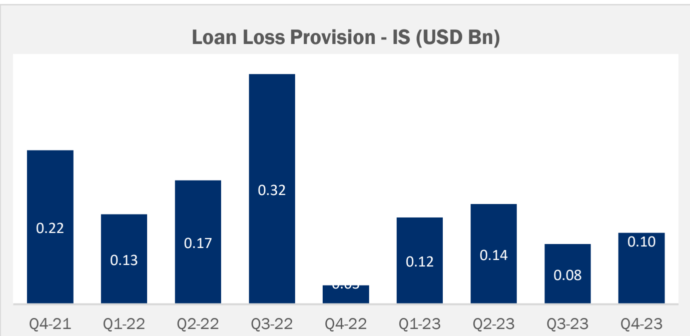


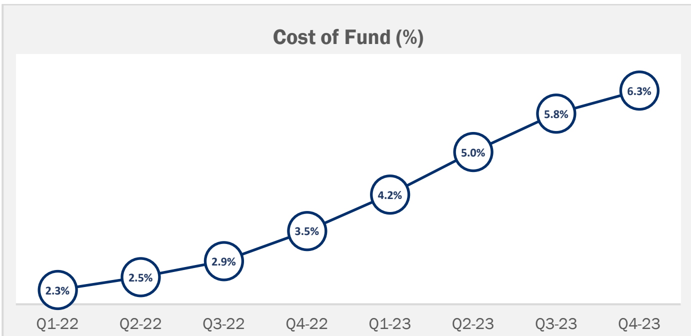






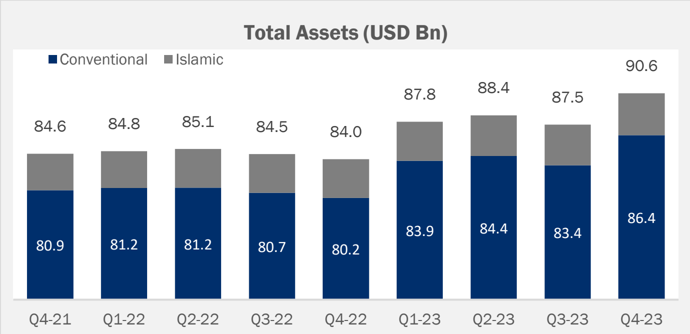


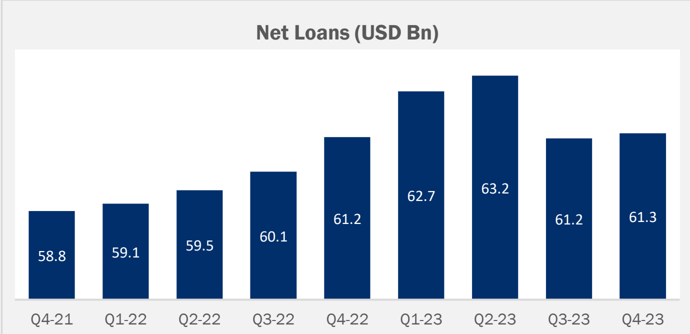


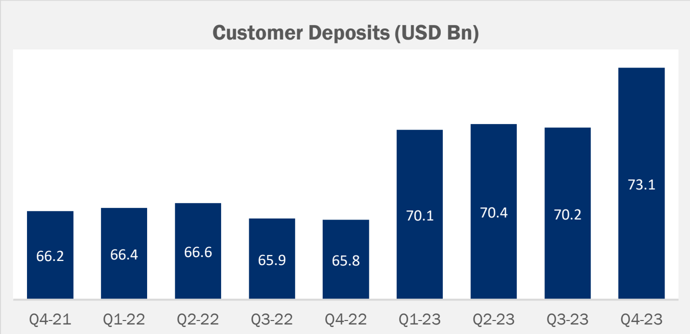


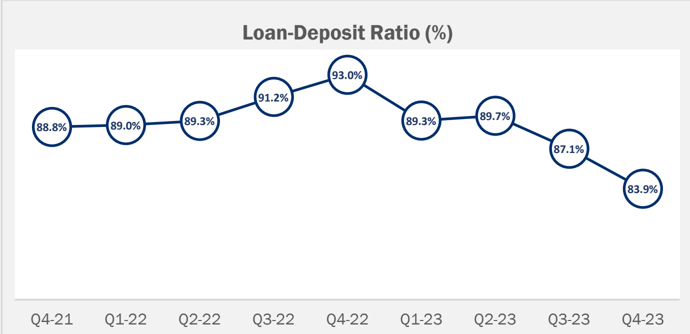
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

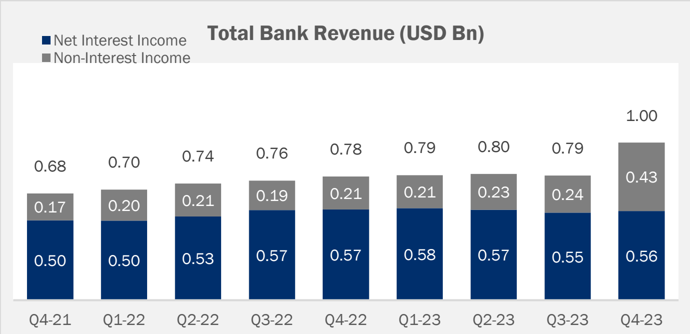
Key Banking Sector Metrics : Oman

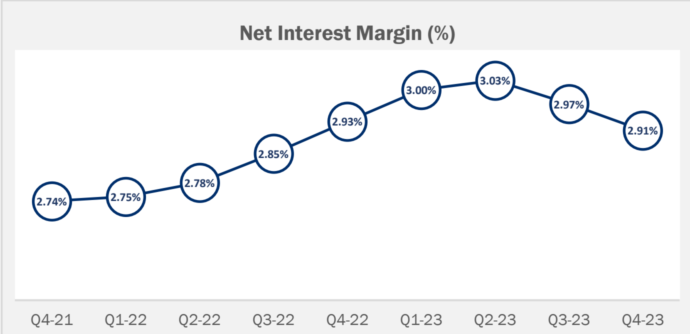


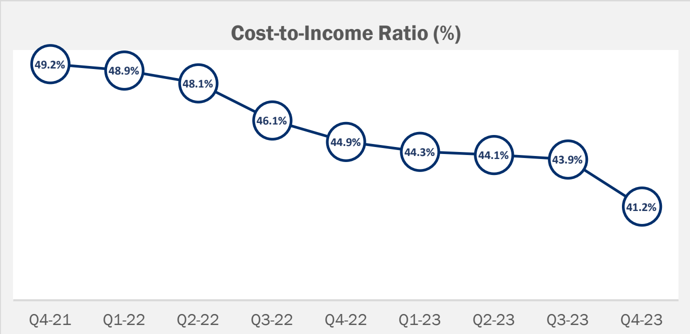


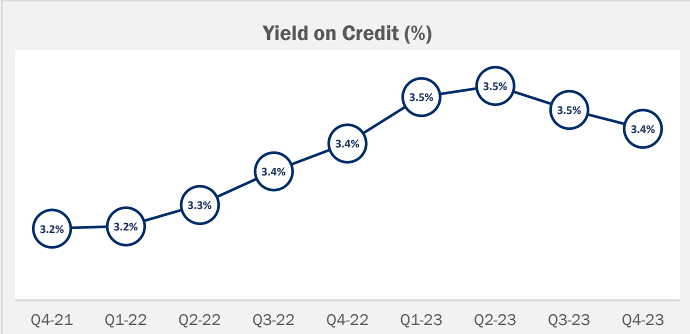


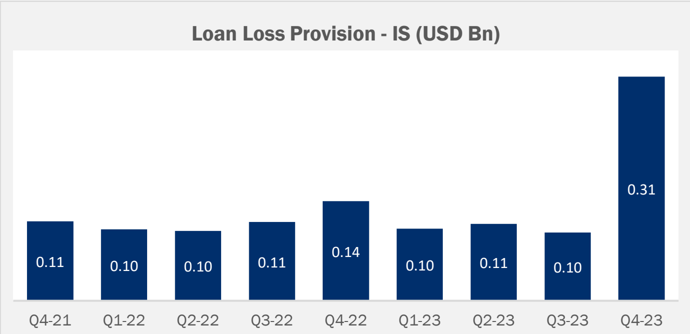


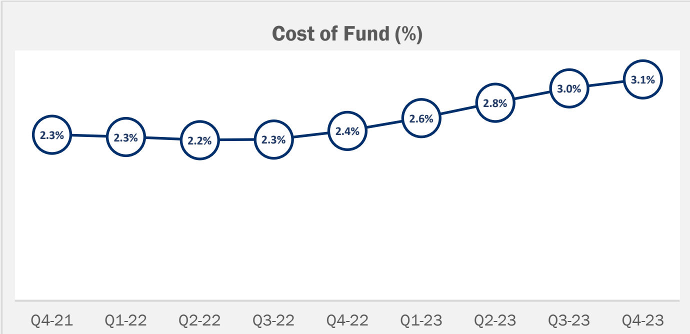












Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

KAMCO INVEST

GCC Banking Sector : Market Data

Name	Country	M-CAP (USD Bn)	Price (LCL)	P/E (x)	P/BV (x)	Div Ind Yield (%)	YTD-23 Returns	3-Yr Avg Tot Return	5-Yr Avg Tot Return	10-Yr Avg Tot Return
NATIONAL BANK OF BAHRAIN BSC	Bahrain	3.2	0.540	15.4	2.2	7.4	-5.9%	7.2%	8.5%	10.0%
ARAB BANKING CORP	Bahrain	0.9	0.305	4.0	0.2	7.4	4.8%	7.0%	-4.2%	-0.1%
BBK BSC	Bahrain	2.4	0.505	12.2	1.5	7.5	9.3%	13.3%	16.3%	12.2%
AL-SALAM BANK	Bahrain	1.5	0.207	12.3	1.7	3.2	11.0%	58.0%	29.4%	6.0%
BAHRAIN ISLAMIC BANK	Bahrain	0.2	0.058	6.6	0.4	N/A	-0.1	N/A	N/A	-0.1
NATIONAL BANK OF KUWAIT	Kuwait	23.5	0.869	13.3	1.9	5.8	4.8%	10.2%	7.1%	7.8%
KUWAIT FINANCE HOUSE	Kuwait	39.4	0.730	21.1	2.6	2.6	11.0%	11.7%	13.5%	11.3%
BOUBYAN BANK K.S.C	Kuwait	8.0	0.588	31.9	2.9	1.3	5.2%	4.9%	7.3%	8.9%
COMMERCIAL BANK OF KUWAIT	Kuwait	3.0	0.521	8.7	1.4	9.6	0.2%	4.8%	1.2%	3.7%
GULF BANK	Kuwait	3.2	0.257	13.2	1.2	4.4	0.1%	16.6%	3.1%	2.2%
BURGAN BANK	Kuwait	2.1	0.180	18.8	0.8	3.3	13.5%	3.5%	-4.5%	-2.6%
AL AHLI BANK OF KUWAIT	Kuwait	1.9	0.234	13.1	0.9	3.7	9.3%	16.1%	0.3%	-1.3%
WARBA BANK KSCP	Kuwait	1.2	0.184	22.6	1.2	N/A	-1.1%	-6.3%	-2.5%	-1.3%
KUWAIT INTERNATIONAL BANK	Kuwait	0.8	0.160	17.0	0.8	3.0	13.3%	-1.5%	-5.5%	-0.9%
BANKMUSCAT SAOG	Oman	5.1	0.262	10.2	1.1	5.9	5.1%	18.6%	16.7%	9.2%
BANK DHOFAR SAOG	Oman	1.2	0.158	17.6	0.8	4.9	3.5%	17.2%	7.8%	1.5%
NATIONAL BANK OF OMAN SAOG	Oman	1.1	0.252	8.8	0.8	3.4	-7.0%	20.6%	12.7%	7.2%
SOHAR INTERNATIONAL BANK	Oman	1.8	0.124	10.1	1.0	4.4	35.3%	17.4%	6.7%	-0.5%
AHLI BANK	Oman	0.9	0.153	8.2	1.0	2.9	1.0%	19.5%	11.5%	5.7%
BANK NIZWA	Oman	0.6	0.099	12.3	0.9	2.3	5.6%	5.3%	4.5%	1.6%
QATAR NATIONAL BANK	Qatar	35.2	13.9	8.8	1.5	4.7	-12.1%	-4.8%	-3.6%	3.3%
QATAR ISLAMIC BANK	Qatar	11.4	17.6	10.1	1.7	4.1	-15.1%	3.6%	3.8%	13.6%
MASRAF AL RAYAN	Qatar	6.3	2.5	16.4	1.0	4.0	-2.6%	-14.7%	-3.3%	-0.9%
COMMERCIAL BANK PQSC	Qatar	4.7	4.3	6.1	0.9	5.9	-27.5%	-3.6%	0.8%	2.3%
QATAR INTERNATIONAL ISLAMIC	Qatar	4.2	10.1	14.3	2.1	4.5	-1.4%	6.6%	11.9%	9.1%
AL AHLI BANK	Qatar	2.6	3.7	11.7	1.3	6.8	8.8%	6.1%	11.9%	5.3%
DOHA BANK QSC	Qatar	1.3	1.5	5.9	0.4	5.0	-14.1%	-10.4%	-3.8%	-8.3%
AL RAJHI BANK	Saudi Arabia	83.7	78.5	19.9	3.5	2.9	-8.0%	11.2%	13.0%	15.0%
SAUDI NATIONAL BANK	Saudi Arabia	59.4	37.2	11.5	1.4	4.8	-3.9%	0.4%	-1.0%	N/A
RIYAD BANK	Saudi Arabia	22.4	28.0	10.5	1.6	5.4	0.7%	7.1%	4.1%	10.1%
SAUDI BRITISH BANK	Saudi Arabia	21.7	39.7	11.6	1.4	4.9	4.6%	14.2%	2.4%	5.7%
BANQUE SAUDI FRANSI	Saudi Arabia	11.6	36.2	10.4	1.2	5.5	-9.6%	2.2%	1.7%	6.0%
ALINMA BANK	Saudi Arabia	22.2	33.3	17.3	2.8	2.9	7.5%	34.5%	17.0%	14.7%
ARAB NATIONAL BANK	Saudi Arabia	11.4	28.5	10.5	1.2	4.7	15.8%	14.5%	5.6%	8.0%
BANK ALBILAD	Saudi Arabia	11.9	44.6	18.7	2.9	1.1	-1.9%	18.1%	19.1%	12.2%
SAUDI INVESTMENT BANK/THE	Saudi Arabia	4.5	16.8	10.5	1.2	5.1	8.1%	13.7%	5.8%	3.3%
BANK AL-JAZIRA	Saudi Arabia	4.4	20.2	16.3	1.3	N/A	8.1%	7.5%	5.6%	0.7%
FIRST ABU DHABI BANK PJSC	UAE	37.4	12.4	8.7	1.2	5.7	-6.1%	-0.9%	-1.3%	5.2%
EMIRATES NBD PJSC	UAE	27.9	16.3	4.8	1.0	7.4	0.5%	16.1%	12.5%	13.2%
EMIRATES ISLAMIC BANK	UAE	9.8	6.7	17.0	3.2	N/A	3.4%	-5.9%	-7.8%	N/A
ABU DHABI COMMERCIAL BANK	UAE	16.5	8.3	7.8	1.0	6.8	-3.6%	16.6%	1.9%	7.5%
DUBAI ISLAMIC BANK	UAE	11.1	5.6	6.3	1.2	8.0	6.0%	13.9%	7.7%	8.6%
ABU DHABI ISLAMIC BANK	UAE	10.9	11.0	8.6	2.0	6.5	16.0%	37.3%	24.3%	12.7%
MASHREQBANK	UAE	9.6	175.0	4.1	1.2	10.6	26.7%	53.6%	26.8%	10.8%
COMMERCIAL BANK OF DUBAI	UAE	5.5	6.7	7.6	1.5	6.6	40.0%	27.9%	18.6%	9.3%
NATIONAL BANK OF FUJAIRAH	UAE	3.2	5.3	17.7	2.2	1.8	13.3%	8.0%	6.9%	10.0%
INVEST BANK	UAE	32.2	0.5	N/A	70.9	N/A	0.0%	0.0%	-28.9%	-15.6%
NATIONAL BANK OF RAS AL-KHAI	UAE	2.8	5.1	5.7	1.0	6.1	2.0%	22.6%	13.1%	3.0%
NATIONAL BANK OF UMM AL QAIW	UAE	1.1	2.0	7.2	0.7	7.6	21.6%	4.5%	3.7%	0.2%
UNITED ARAB BANK PJSC	UAE	0.6	1.1	8.9	1.3	N/A	-16.3%	10.8%	-1.0%	-14.3%
BANK OF SHARJAH	UAE	0.4	0.5	N/A	0.4	N/A	-29.8%	-6.0%	-12.2%	-11.6%
AJMAN BANK PJSC	UAE	1.4	1.9	N/A	1.9	N/A	-9.1%	45.4%	19.6%	-1.1%
COMMERCIAL BANK INTERNATIONA	UAE	0.3	0.7	8.1	0.5	N/A	2.0%	0.0%	3.4%	-11.2%

Source: Bloomberg

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