GCC Banking Sector Report - Q1-2021

June-2021

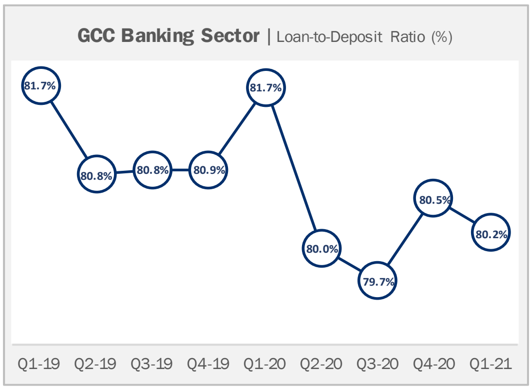
GCC banks slash cash dividends by 45.4% highlighting Covid-19 impact...

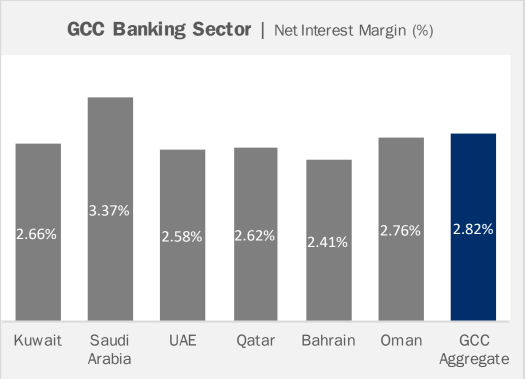
The impact of Covid-19 was apparent on the GCC banking sector that recorded record high provisions during Q4-2020. ***As an ongoing effect of the pandemic, banks also slashed cash dividend payments by almost half, from USD 14.6 Bn as cash dividend for FY-2019 to USD 8.0 Bn for FY-2020.*** *This was also the second consecutive year of dividend cuts, one of the first since the financial crisis, after FY-2019 dividends were cut by USD 3.9 Bn. The cuts also came as a result of restrictions from regulators in exchange for relaxations on the capital front.*

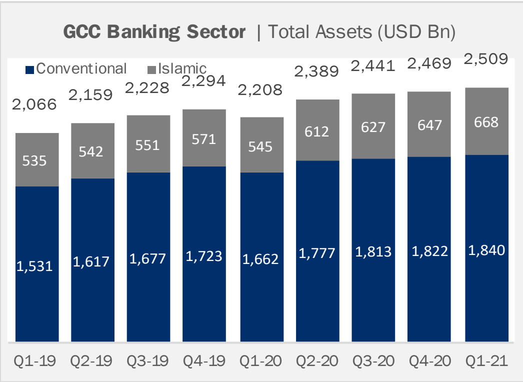
On the business side, lending growth continued for the fourth consecutive quarter in Q1-2021. Gross loans (excluding Kuwaiti banks) reached USD 1.43 Trillion at the end of Q1-2021, registering a q-o-q growth of 3.5%. ***However, aggregate net loans (including Kuwaiti banks) grew at much slower pace of 1.8% q-o-q to reach USD 1.52 Trillion. UAE was the only country in the region that reported a decline in net loans by 0.7%, whereas the rest of the GCC reported q-o-q growth. Meanwhile, customer deposits showed growth across the board reaching USD 1.89 Trillion at the end of the quarter with a q-o-q growth of 2.3%. The faster pace of growth in customer deposits vs. net loans resulted in a lower loan-to-deposit ratio that reached 80.2%.***

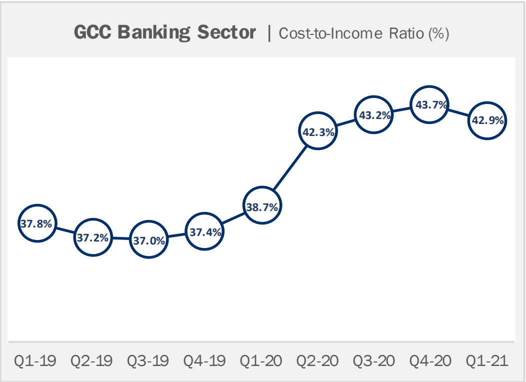
Total banking sector assets continued to climb for the fourth consecutive quarter reaching a new record high of USD 2.51 Trillion. *Growth was seen across the board with Omani banks reporting the biggest q-o-q percentage increase in total assets at 3.2%, although the Sultanate remains the smallest banking industry in terms of listed bank total assets of USD 81 Bn at the end of Q1-2021. UAE banks continued to account for the biggest share of regional banking balance sheet with total assets of USD 818 Bn followed by Saudi Arabia at USD 673 Bn.*

Meanwhile, the stability in oil prices at over the USD 65/b level has somewhat alleviated concerns related to government revenues and estimates now point to a much lower funding requirements. *That said, government's spending plans remains intact and as a result break even oil prices are above the current oil price for all the GCC countries, barring Qatar, according to the IMF. Sovereigns are also looking for private participation in the economic activity as seen from a number of PPP projects awarded recently.* ***This, according to us, would augurs well for GCC banks, especially given the unutilized lending capacity with one of the lowest loan-to-deposit ratio of 80.2%. Nevertheless, the unwinding of banking related Covid-19 relaxations would present new challenges for the sector during 2H-2021.***









Source : Reuters, Company Financials, Kamco Invest Research

Junaid Ansari
Head of Investment Strategy & Research
+(965) 2233 6912
jansari@kamcoinvest.com

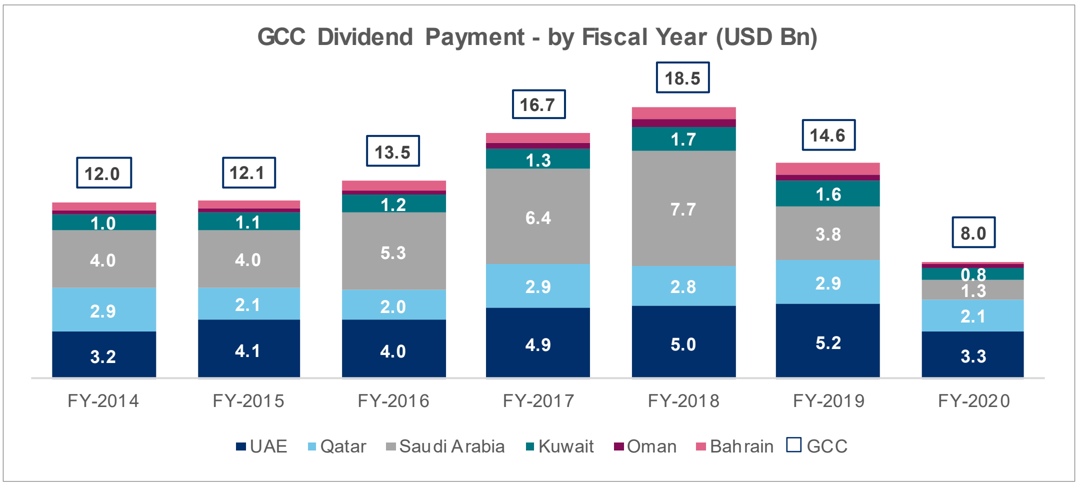
Highlights - GCC Banking Sector

This report analyzes financials reported by 59 listed banks in the GCC for the quarter ended Q1-2021. 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:

Net profits reach pre-covid levels...

GCC banking sector net profits witnessed remarkable recovery during Q1-2021 backed by growth seen across the region. Profits reached USD 8.4 Bn during the quarter, up 62% y-o-y and 14.2% sequentially. Out of 59 banks in the region, merely 6 reported a q-o-q decline in profits during Q1-2021 while 17 banks reported a y-o-y decline. The improvement was mainly led by a 41% or USD 2.5 Bn q-o-q drop in loan loss provisions (LLP) that reached a six-quarter low level of USD 3.6 Bn in Q1-2021. This was partially offset by a decline in the topline as banks continue to deal with the low interest rate environment. At the country level, aggregate profits for banks in Kuwait, UAE and Bahrain more than doubled q-o-q, whereas Saudi Arabian banks reported a profit growth of 34.0%.

Covid-19 affects cash dividend payments by 45.4%...



Source : Reuters, Bank Financials, Kamco Invest Research

Shareholders of banks in the GCC received significantly less cash dividends for FY-2020 as banks in the region were either virtually barred from paying dividends due to the regulatory relaxations for Covid-19 or made a much smaller dividend payment. Aggregate dividend payments for FY -2020 dropped by USD 6.6 Bn to USD 8.0 Bn as compared to payments of USD 14.6 Bn as cash dividends for FY-2019. The decline came after 17 banks in the region cancelled FY-2020 dividend payments with the bulk of them due to Covid-19 related issues. Dividend for the year FY-2019 had also declined as some banks slashed dividends even last year. Dividend payments for FY-2019 dropped by 21% from USD 18.5 Bn as dividend payments for FY-2018.

The decline in cash dividend payments was seen across the board in the GCC with banks in all the countries slashing dividends. Bahraini banks made the biggest percentage cuts to dividends at 72.4%. Saudi Arabian banks were next slashing cash dividends by 64.1% or USD 2.4 Bn to USD 1.3 Bn as payments for FY-2020, while UAE-listed banks slashed dividends by 36.4% to USD 3.3 Bn, the highest absolute payments in the GCC during the year. On the other hand, Qatari banks witnessed the smallest decline during the year at 25.4% and made payments of USD 2.1 Bn.

Elevated operating costs affect bottom-line performance...

The cost-to-income for the sector remained elevated above the 40% mark at 42.9% for TTM-Q1-2021. Nevertheless, there was a decline from one of the highest levels seen last year when it reached 43.7% for FY-2020. The ratio continues to be affected by higher absolute operating costs that stood at USD 8.2 Bn during Q1-2021 as compared to USD 8.8 Bn in Q1-2020 and USD 9.2 Bn in Q4-2020. Comparatively, costs have averaged at around USD 7.5 Bn mark per quarter prior to 2020. At the country level, costs remain the highest in the case of Bahraini banks at 61.1% followed by Omani banks at 47.6%. Saudi Arabian banks also reported one of the highest cost-to-income ratios of 46.4% during TTM-Q1-2021. On the other hand, Qatari banks reported the lowest ratio of 31.1% which also reflected Qatari banking sector’s relatively high loan-to-deposit ratio at 89.0% at the end of Q1-2021.

ROE shows marginal recovery after sliding for five consecutive quarters...

Aggregate return on equity (ROE) for the GCC banking sector showed marginal improvement for the first time in six quarters. However, the ratio remained relatively low as compared to historical levels at around 8.2% for the aggregate GCC banking sector, recovering 10 bps from its bottom at the end of 2020. In terms of y-o-y performance, the ratio has contracted 370 bps mainly due to the decline in aggregate profitability. Total shareholder equity remained above the USD 300 Bn mark at USD 311.1 Bn, declining marginally by 0.5% from the previous quarter. This was also a seasonal decline in equity in Q1-2021 mainly led by dividend declarations by banks during the first quarter.

At the country level, Qatari banks continue to boast the highest average ROE of 11.6% despite seeing a decline of 20 bps sequentially and 220 bps as compared to Q1-2020. Saudi Arabian banks were next with an average ROE of 9.2% (+30 bps q-o-q) followed by UAE banks at 7.2% (+20 bps q-o-q). On the other hand, Kuwaiti banks reported the lowest average ROE of 4.6% after declining by 440 bps as compared to Q1-2020.

Topline declines marginally led by decline in net-interest income...

Total bank revenue for the GCC banks declined marginally by 0.6% q-o-q during Q1-2021 after seeing a healthy growth of 5.7% during the previous quarter. The decline in Q1-2021 was mainly led by a fall in net interest income that was partially offset by an increase in non-interest income. Non-interest income grew for the third consecutive quarter during Q1-2021 increasing by 2.3% q-o-q to reach USD 6.7 Bn. The increase was led by higher non-interest income reported by banks in UAE, Saudi Arabia and Oman that was partially offset by declines reported by banks in Bahrain, Kuwait and Qatar. On the other hand, after seeing growth during the previous two quarters, aggregate net interest income declined by 1.9% q-o-q during Q1-2021 to reach USD 14.4 Bn. The q-o-q decline came after higher net interest income reported by Qatari and Bahraini banks were more than offset by a decline reported by banks in the rest of the GCC countries.

NIMs reach multi-quarter low on full impact of low interest rates...

The decline in net interest income during Q1-2021 further lowered aggregate net interest margins (NIM) for the GCC banking sector as the ratio declined to one of the lowest levels over the last few quarters. Aggregate NIM for the GCC banking sector contracted to 2.8% in Q1-2021 as compared to 2.9% in Q4-2020. The consistent growth in earning assets over the last four quarters also contributed the decline. NIM contracted across the board in the GCC during Q1-2021, with UAE banks seeing the biggest q-o-q drop of 14 bps during the quarter. NIM was the highest in the case of Saudi Arabian banks at 3.37% during Q1-2021 and it was the only country in the GCC to report NIM of over 3.0% in the GCC.

Loan-to-deposit declines marginally but remains above the 80% mark...

Aggregate net loan growth during Q1-2021 stood at 1.8% q-o-q for the GCC banking sector to reach USD 1.52 Trillion led by a broad-based growth seen in five out of six countries in the GCC. The y-o-y growth vs. Q1-2020 was a strong 11.3%, slightly lower than the growth in gross loans that grew by 13.9% during the same period (excluding Kuwaiti banks). Saudi Arabian banks reported the biggest q-o-q increase in net loans during Q1-2021 with a growth of 5.1% followed by Omani and Qatari banks that clocked growth rates of 2.1% and 1.5%, respectively.

The trend in customer deposits was also positive across the board in the GCC with all the six countries recording a q-o-q and y-o-y growth during Q1-2021. As a result, the aggregate customer deposits for the sector grew by 2.3% q-o-q to reach USD 1.9 Trillion. Banks in Qatar reported the steepest q-o-q increase in customer deposits at 3.9% to reach USD 379 Bn followed by Omani and Saudi Arabian banks with growth rates of 2.9% and 2.1%, respectively. Banks in Kuwait and UAE also reported low single digit growth of 2.0% and 1.8%, respectively.

The aggregate loan-to-deposit ratio for the GCC banking sector remained above the 80% mark at the end of Q1-2021 to reach 80.2%, but registered a 30 bps decline as compared to Q4-2020. At the country level, Saudi Arabian banks reported the biggest increase in loan-to-deposit ratio that reached 82.7% after seeing a q-o-q growth of 230 bps. Bahraini banks also reported a marginal improvement in the ratio but continue to report the lowest ratio in the region at 67.7%. The loan-to-deposit ratio for the rest of the GCC countries witnessed a q-o-q decline.

Provisions almost halve with declines seen across the GCC…

Loan loss provisions (LLP) in Q1-2021 declined across the board in the GCC banking sector as compared to Q4-2020. Total provisions recorded during the quarter stood at a six-quarter low level of USD 3.6 Bn as compared USD 6.1 Bn during Q4-2020. UAE banks reported the biggest absolute sequential decline in LLP at 0.9 Bn to reach USD 1.5 Bn, still the highest in the GCC. Qatari banks were next with an LLP of USD 0.7 Bn during the quarter, with a q-o-q decline of USD 0.3 Bn followed by Kuwaiti banks that booked provisions of USD 0.64 Bn, registering a q-o-q decline of 34.4%.

Oil prices provide a much need breather for the sector...

The oil market has remained resilient since the start of the year backed by a demand revival as economies recover from the pandemic aided by vaccinations as well as restrained oil supplies. Crude prices have traded comfortably around the USD 65/b recently, thereby lowering the borrowing requirements for GCC governments. In addition, the prioritization of government spending program since the start of the pandemic further lowered the need to raise funds by GCC governments. According to the IMF, GCC government fiscal deficit is expected to contract from 9.2% in 2020 to 3.0% in 2021. This gives governments in the region the necessary policy space to continue uninterrupted infrastructure spending in the near term and would result in a positive outlook for the banking sector.

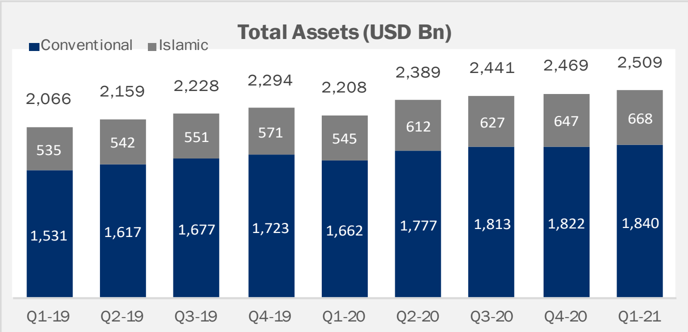
Credit growth holds the key for the sector's full revival...

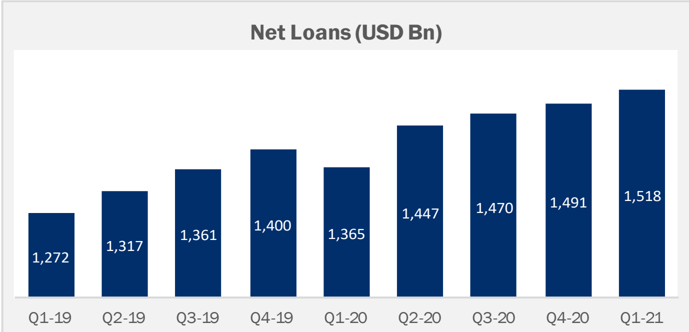
The decline in interest rates since the start of last year and the expectations that rates would continue to remain low in the near term are likely to affect banking sector toplines globally. The most recent data from the US Fed shows that rates are expected to remain low and there is no sign of increasing rates until 2023. This would mean cheap money would be available to businesses to invest at least in the near term. In addition, the gain in oil prices and the economic revival has resulted in minimal pressure on GCC currency pegs resulting in stable policy formulations.

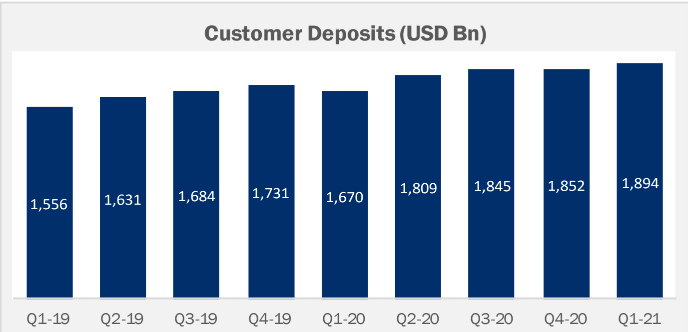
The decline in credit offtake due to the uncertainties related to the pandemic had further added to pressure on banking profitability. Business failures during the pandemic also affected bottom-line performance, although support from the government did alleviate some concerns. Moreover, as measures such as loan deferral programs and the regulatory relaxations on the recognizing bad loans are gradually lifted this year, the sector could see deteriorating regulatory ratios and weaker asset quality, as highlighted by Fitch ratings in a recent report.

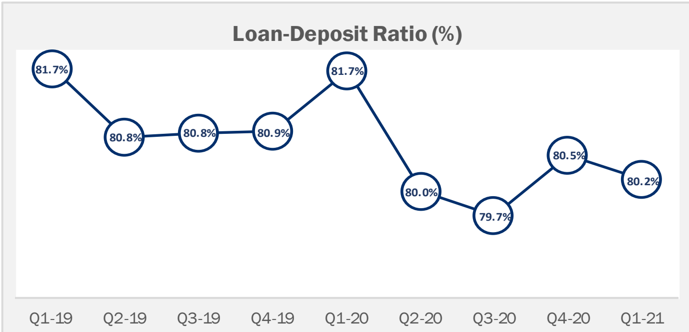
The revival of profitability would largely depend on the economic revival in the region that would support credit growth. There are positive signs at different levels, including the project market that is now expected to have bottomed and expected to see new contract awards to the tune of USD 114 Bn this year, according to MEED projects. This would be the highest contract awards in five years. Central bank data on credit facilities grated by GCC banking sector for Q1-2021 also showed optimistic data for most of the countries in the GCC with growth in Saudi Arabia, Qatar and Kuwait. Saudi Arabia showed the strongest q-o-q growth in credit offtake with an increase of 5.4% followed by 4.1% for Qatar and 1.0% in the case of Kuwait. On the other hand, UAE showed a decline of 0.4% during the quarter.

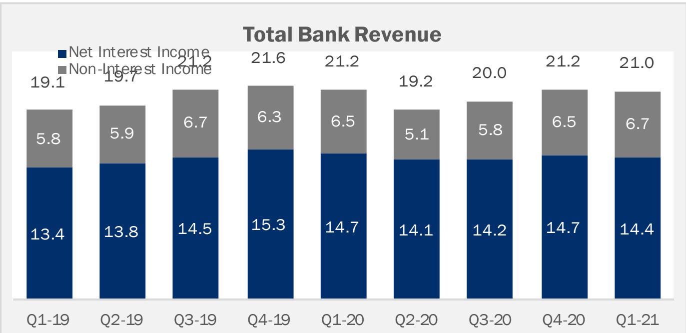
Key Banking Sector Metrics : GCC

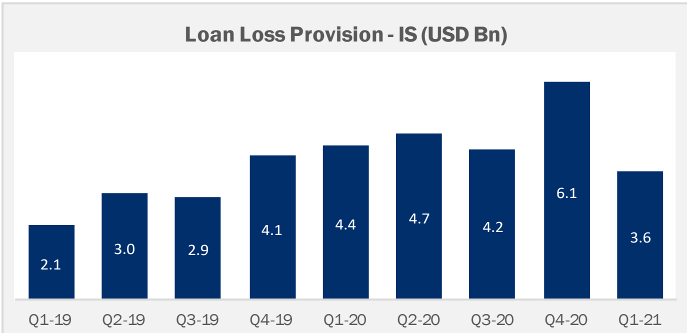


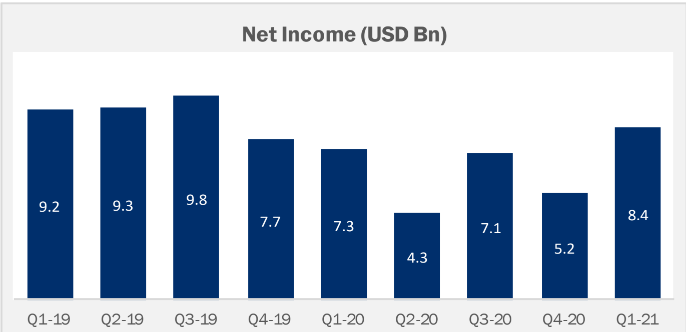


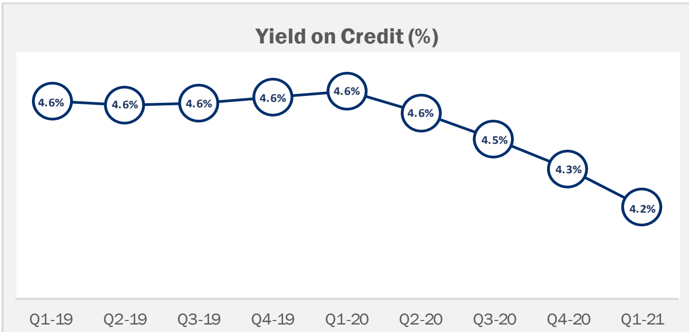


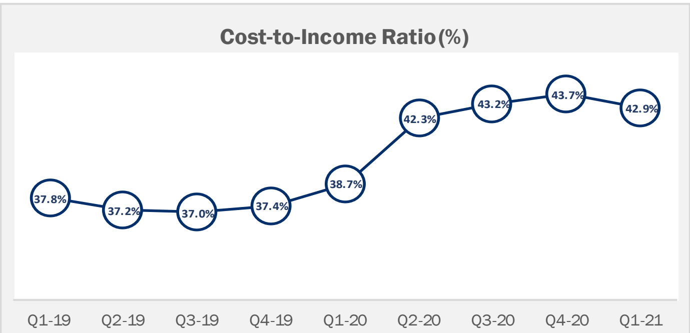


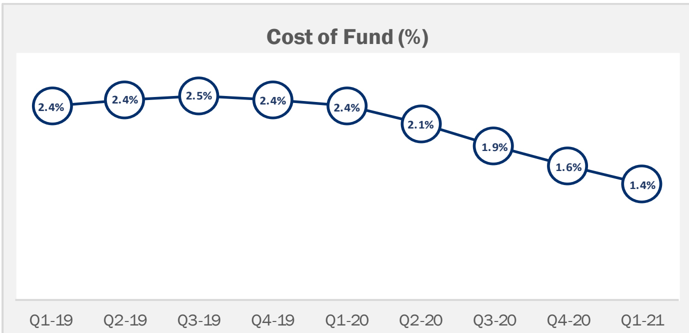






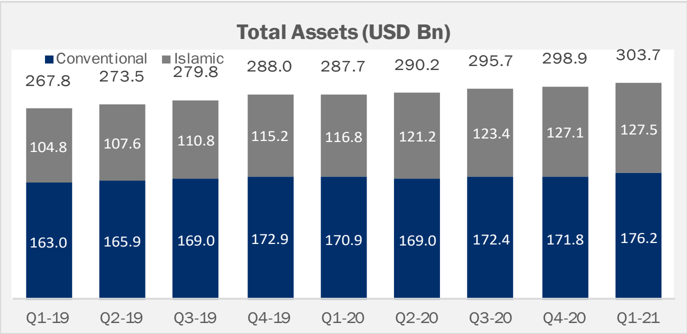


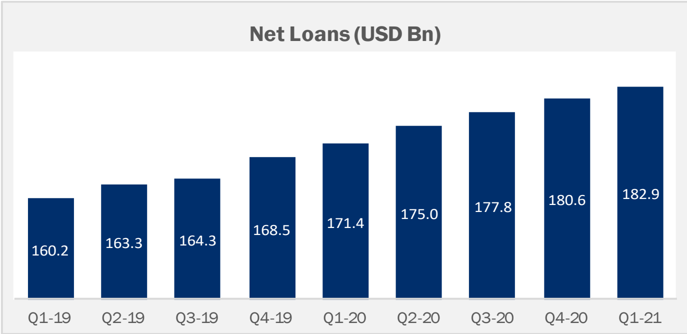


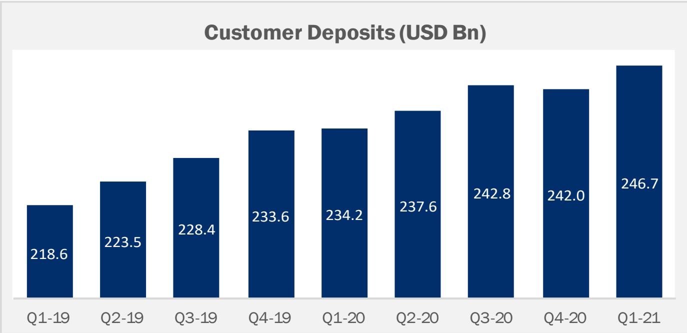


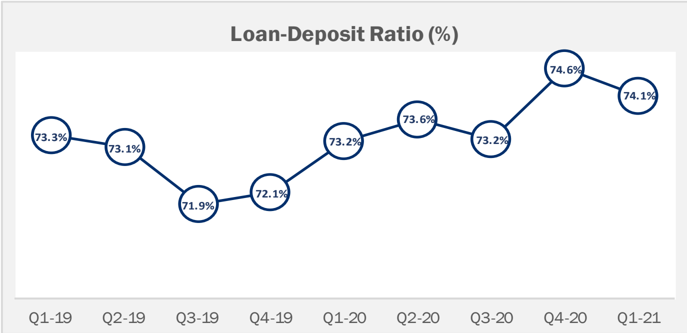
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

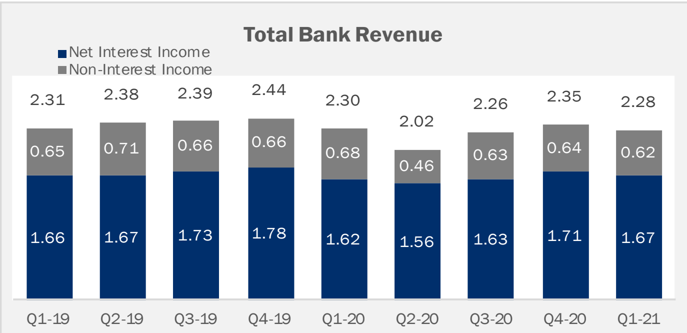
Key Banking Sector Metrics : Kuwait

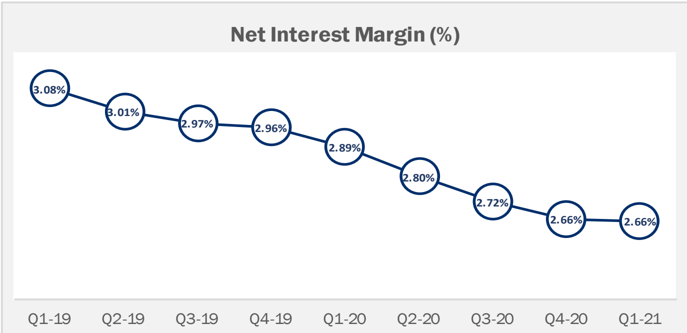


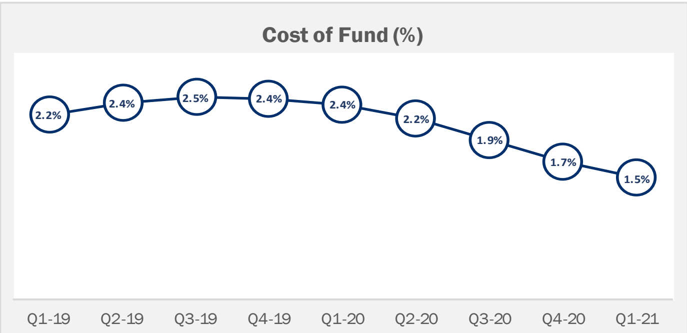


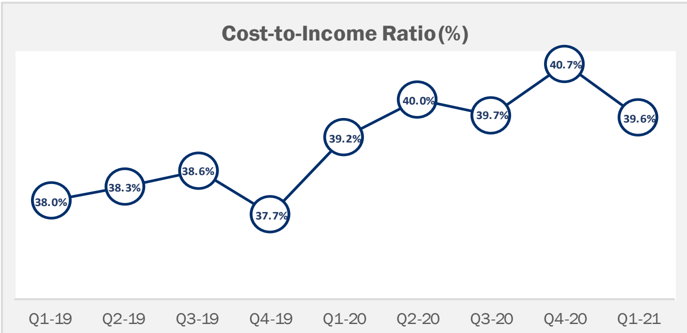


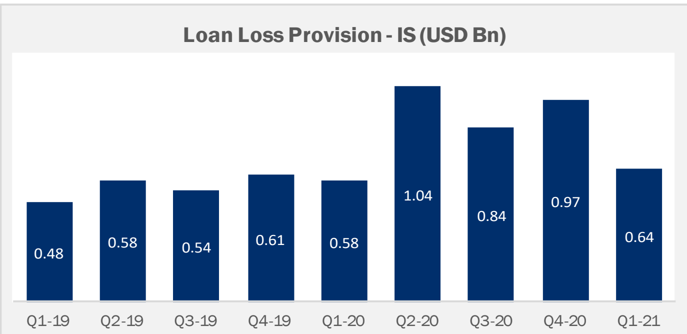


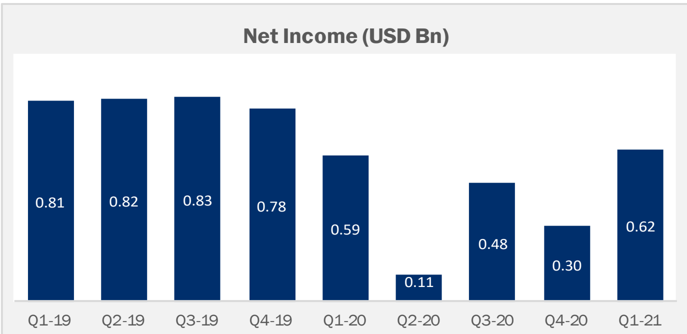






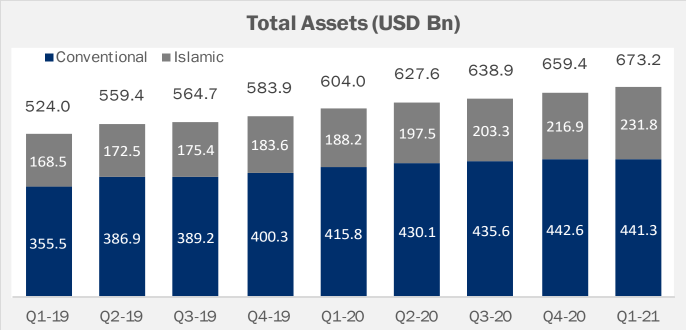


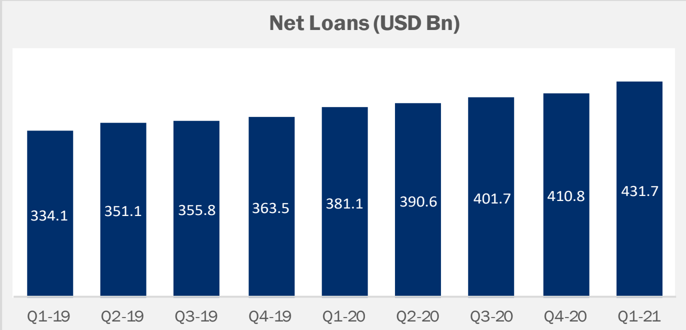


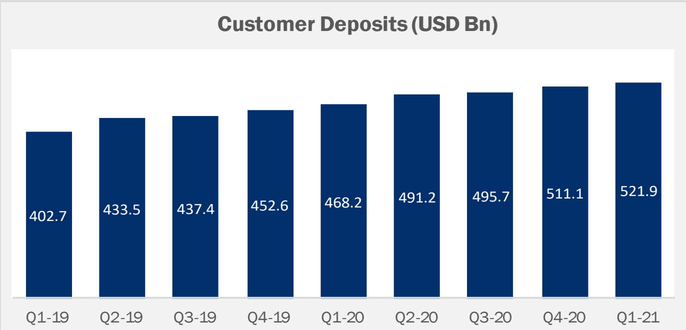


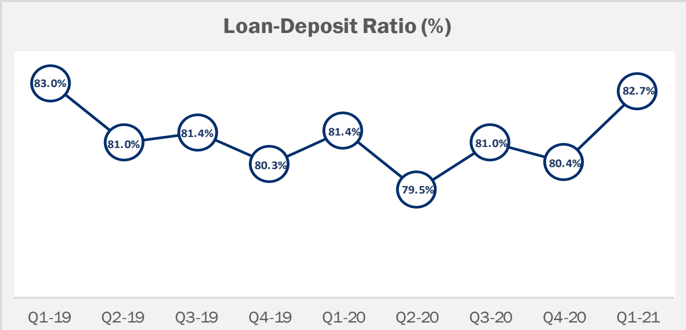
Source : Reuters, Company Financials, Kamco Invest Research

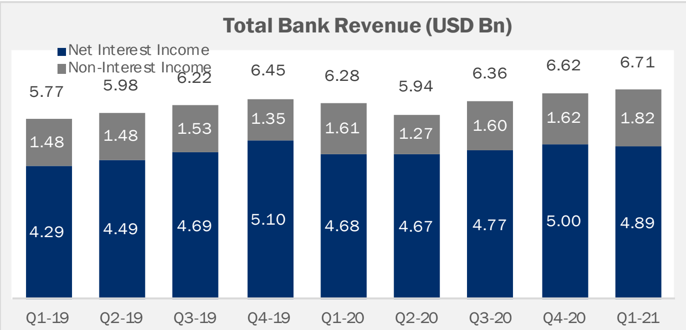
Key Banking Sector Metrics : Saudi Arabia

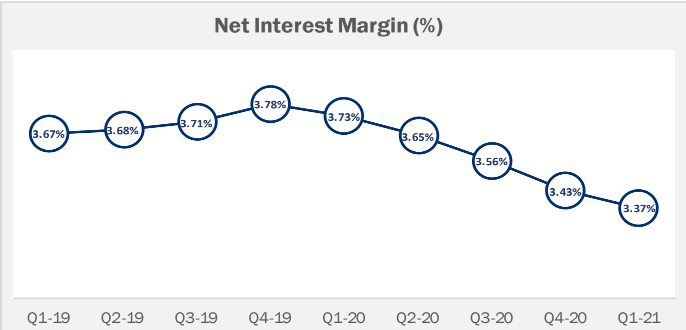


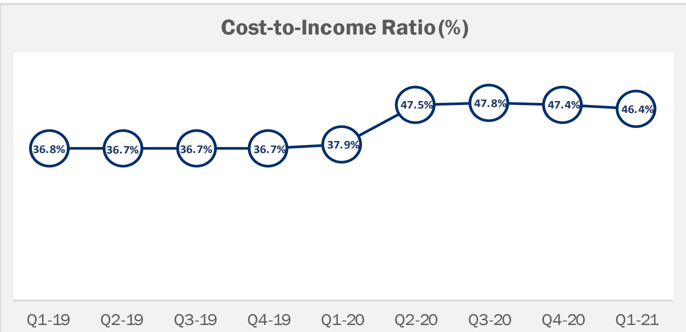


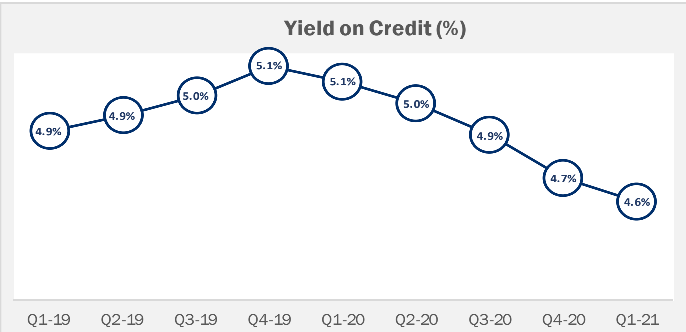


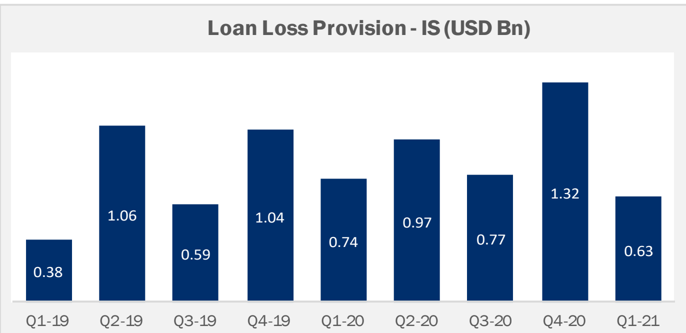


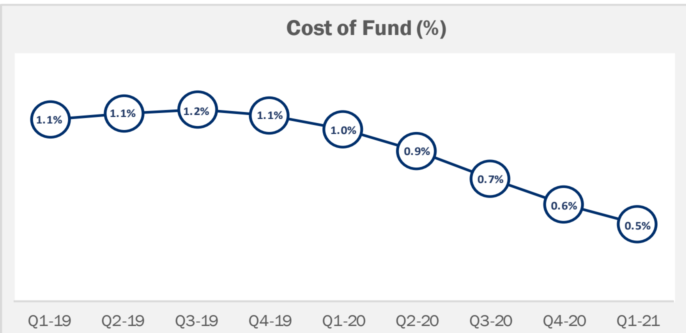






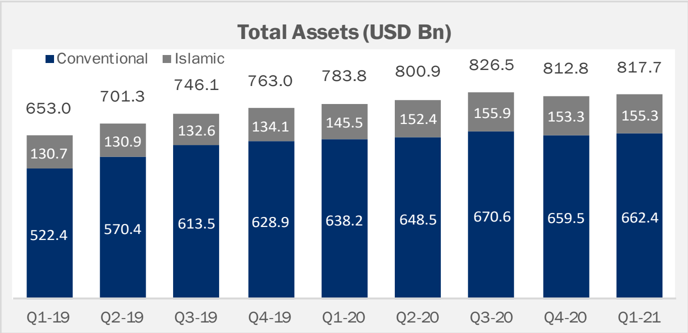


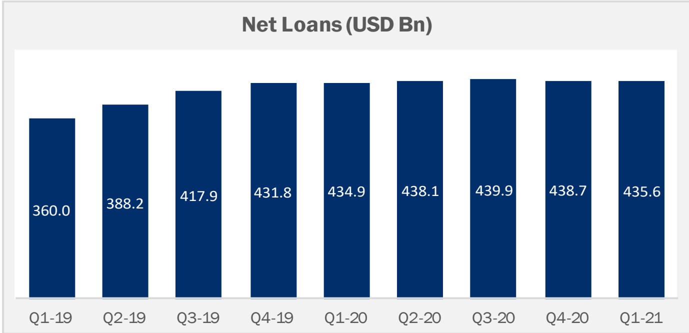


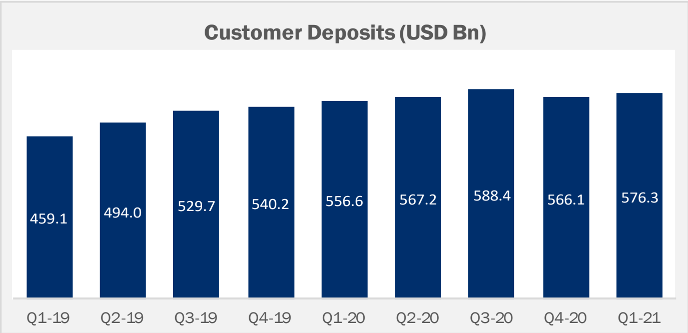


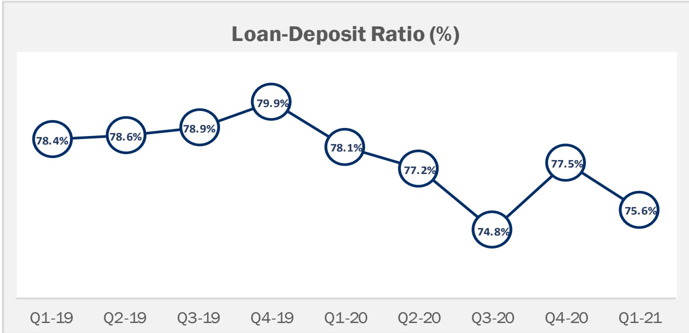
Source : Reuters, Company Financials, Kamco Invest Research

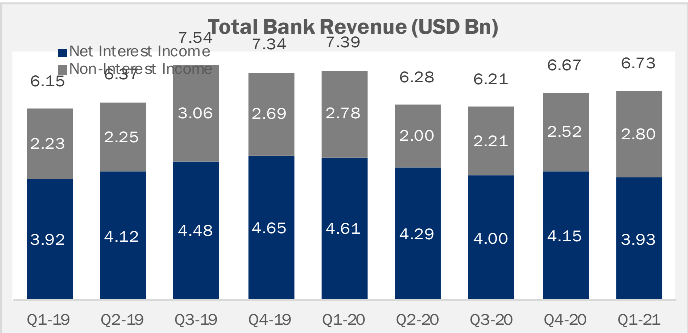
Key Banking Sector Metrics : UAE

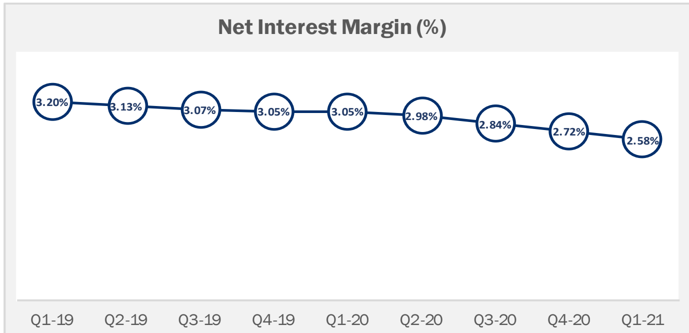


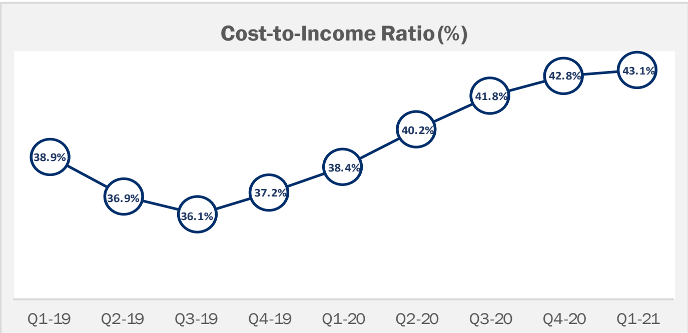


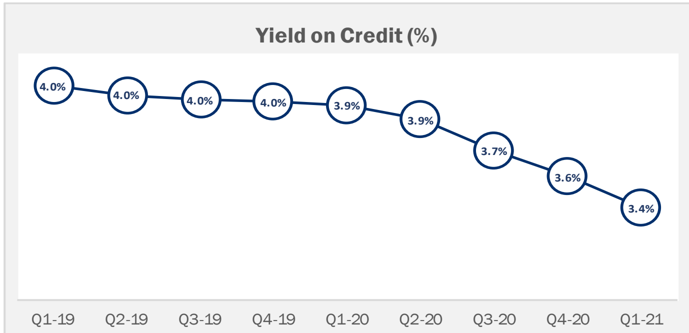


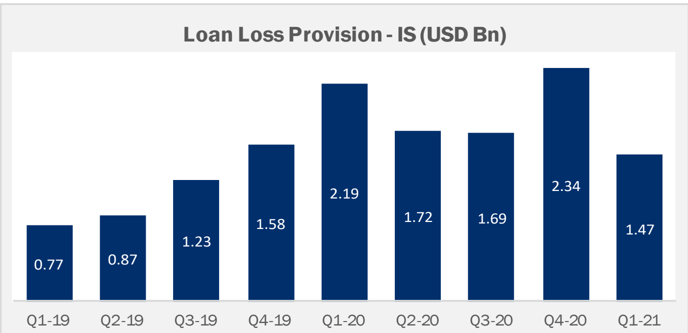


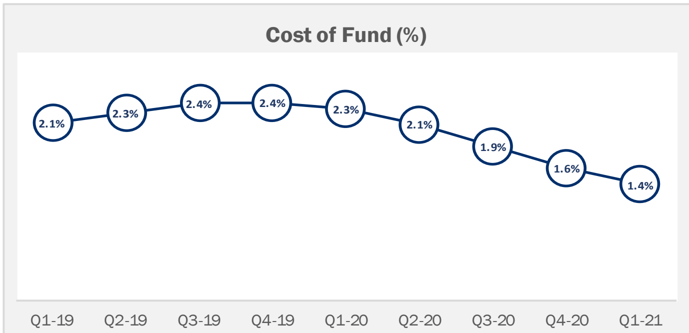






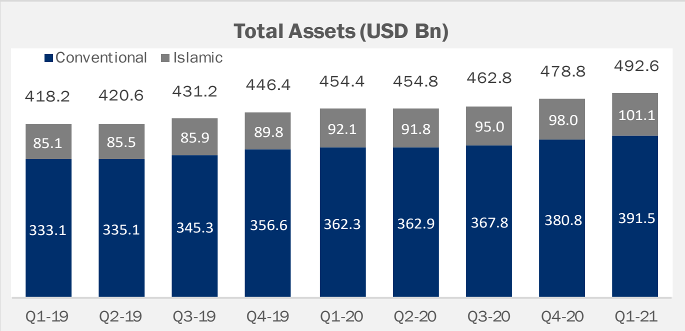


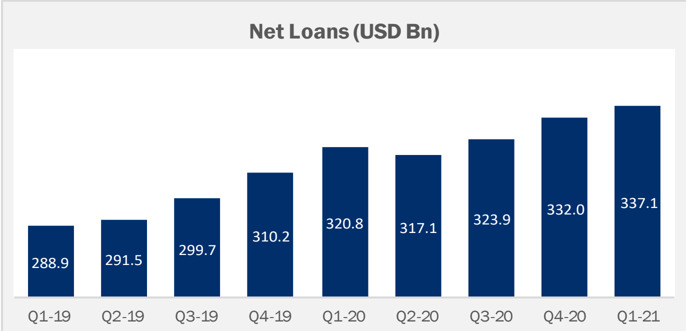


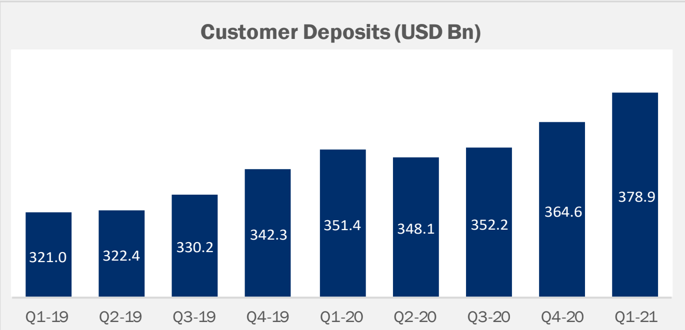


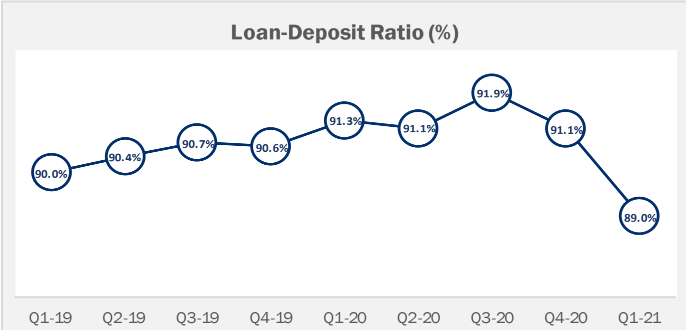
Source : Reuters, Company Financials, Kamco Invest Research

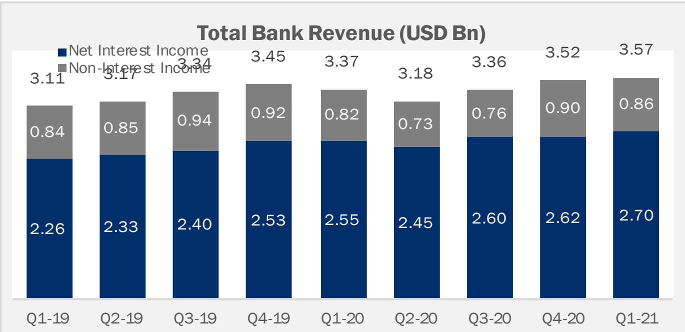
Key Banking Sector Metrics : Qatar

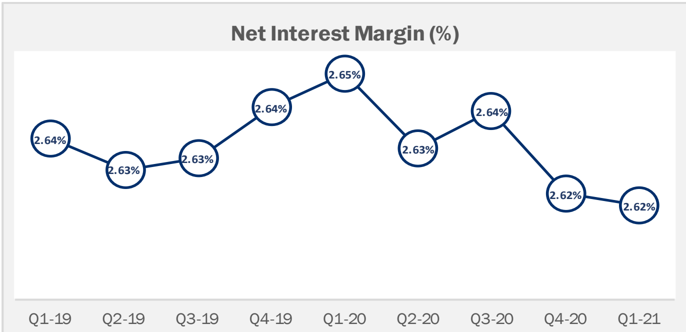


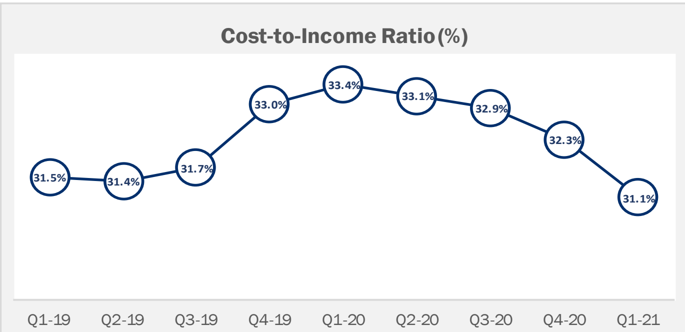


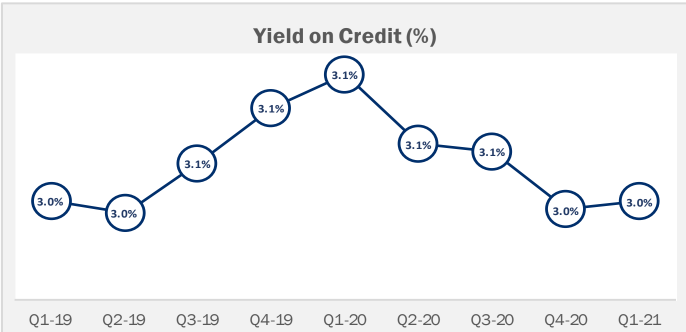


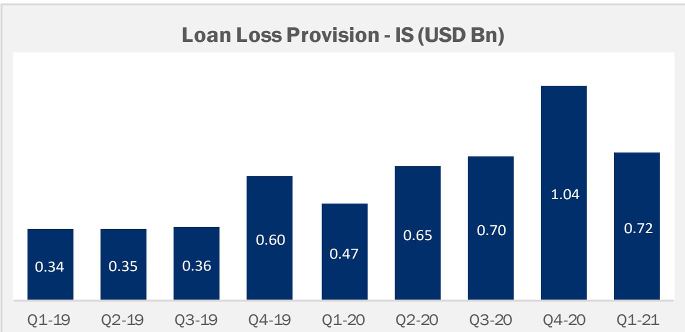


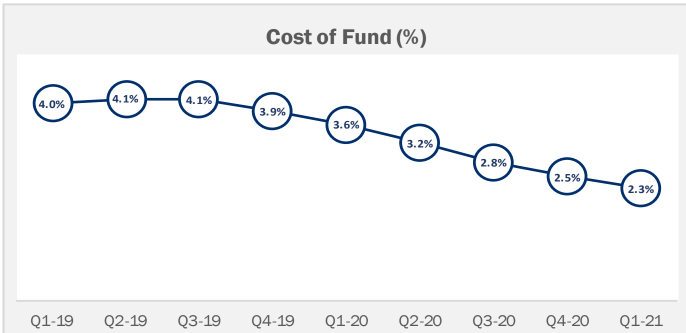






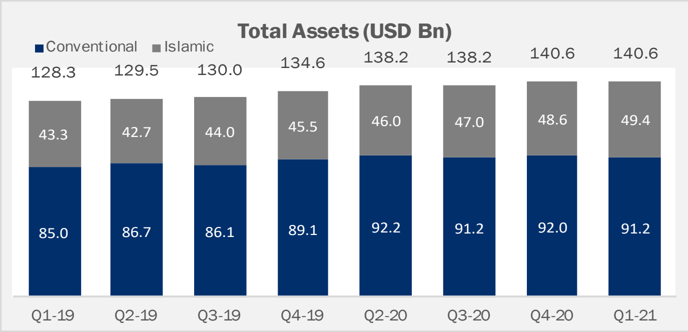


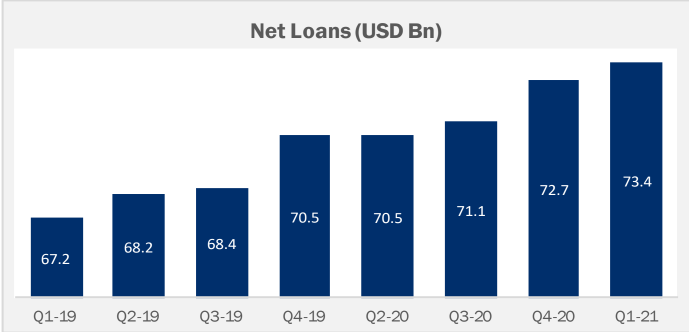


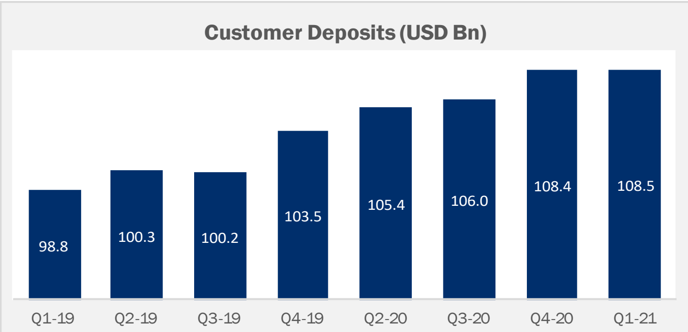


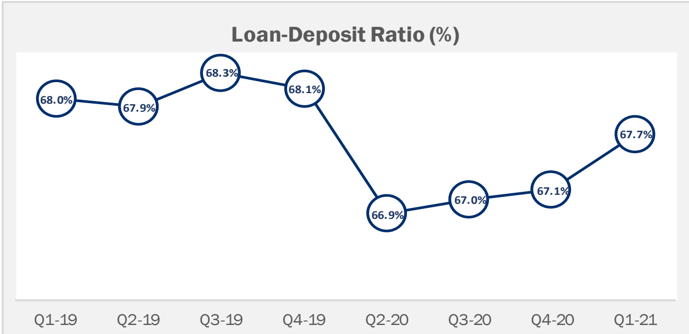
Source : Reuters, Company Financials, Kamco Invest Research

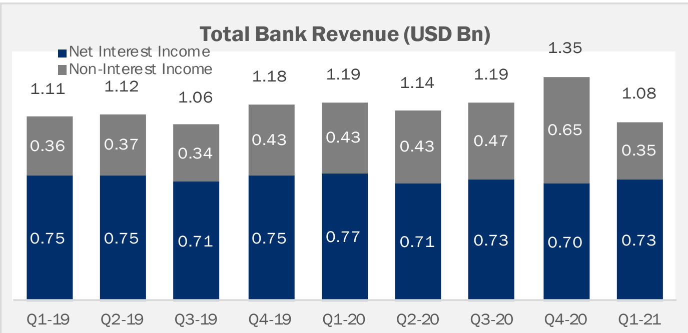
Key Banking Sector Metrics : Bahrain

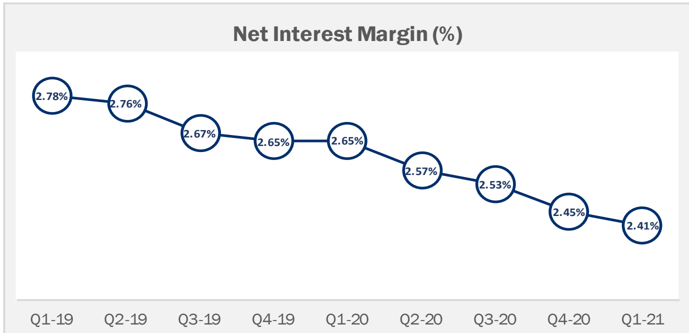


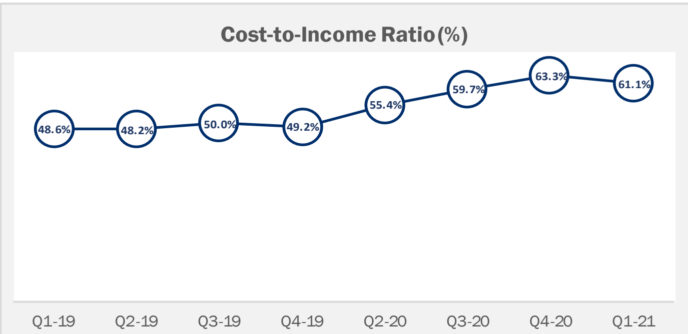


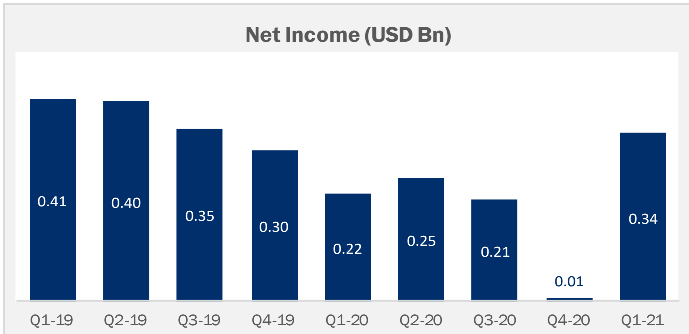


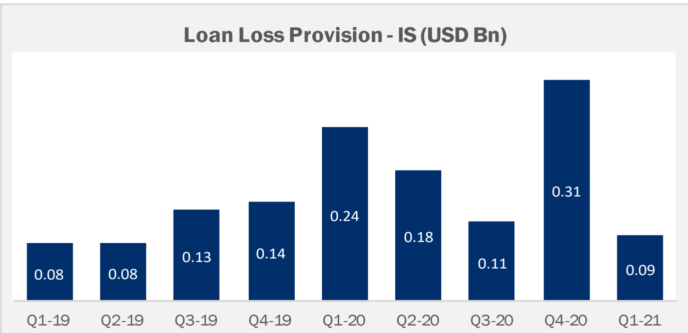


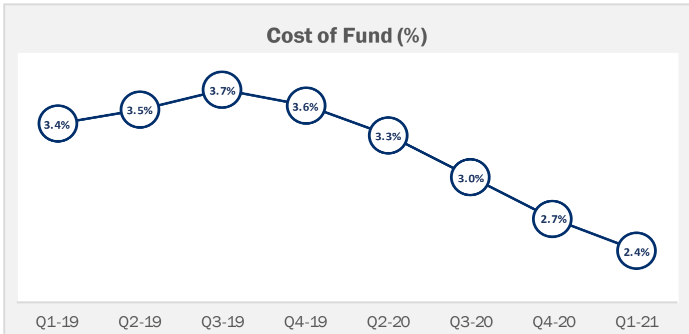






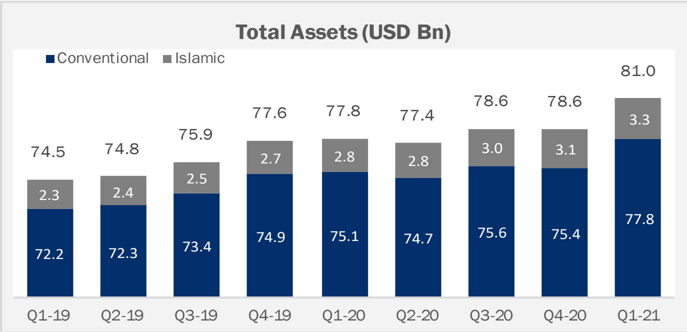


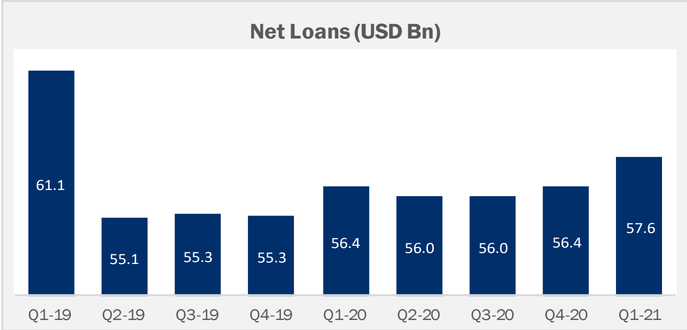


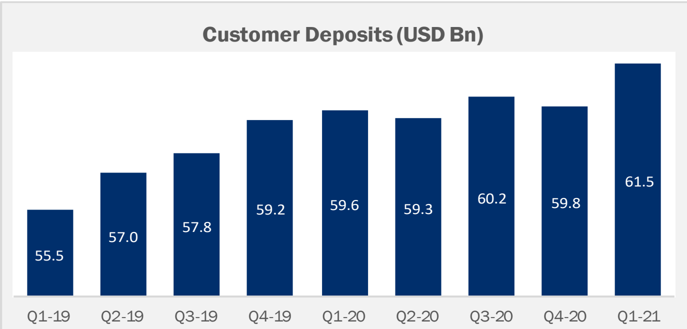


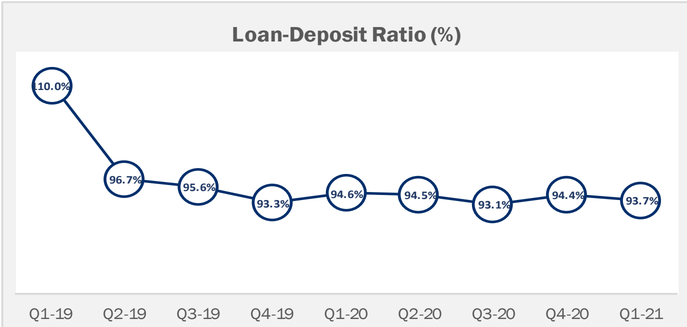
Source : Reuters, Company Financials, Kamco Invest Research

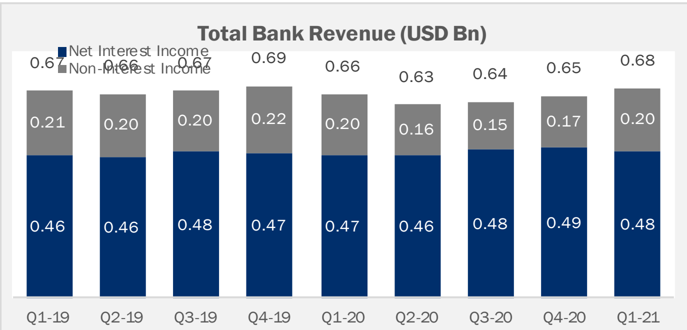
Key Banking Sector Metrics : Oman

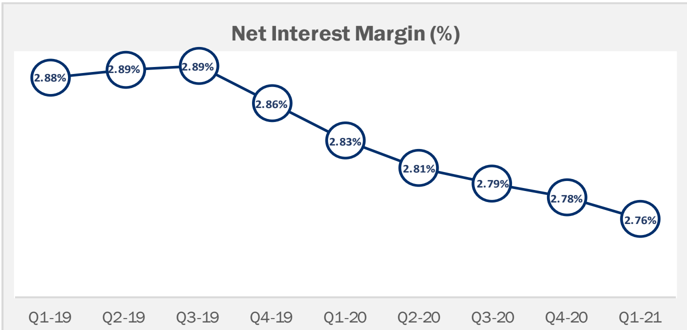


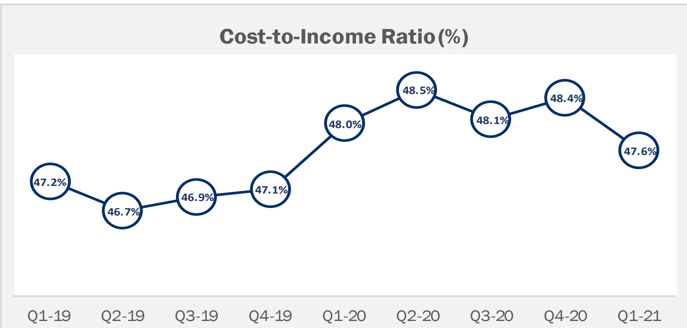


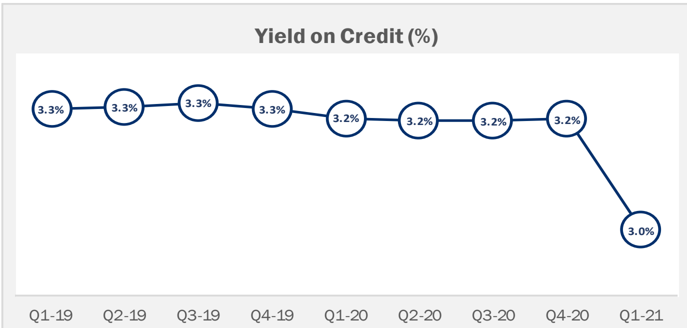


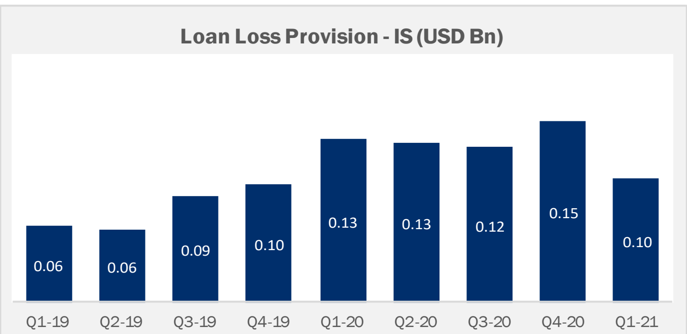


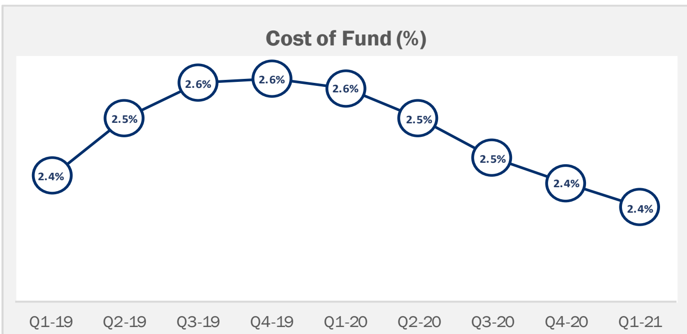












Source : Reuters, Company Financials, Kamco Invest Research

GCC Banking Sector : Market Data

Name	Country	M-CAP (USD Bn)	Price (LCL)	P/E (x)	P/BV (x)	Div Ind Yield (%)	YTD-21 Returns	3-Yr Avg Tot Return	5-Yr Avg Tot Return	10-Yr Avg Tot Return
AHLI UNITED BANK B.S.C	Bahrain	7.5	0.740	18.4	1.9	1.6	4.0%	22.2%	17.3%	12.5%
NATIONAL BANK OF BAHRAIN BSC	Bahrain	3.0	0.598	20.6	2.2	3.0	7.7%	13.9%	12.5%	12.3%
ARAB BANKING CORP	Bahrain	0.9	0.289	N/A	0.2	N/A	-3.7%	-1.2%	0.4%	-2.0%
BBK BSC	Bahrain	2.0	0.496	14.5	1.5	7.3	12.0%	15.9%	19.9%	11.8%
AL-SALAM BANK	Bahrain	0.4	0.069	13.2	0.6	N/A	-0.8%	-8.9%	0.0%	7.6%
ALBARAKA BANKING GROUP	Bahrain	0.3	0.210	7.3	0.3	N/A	-18.6%	-7.3%	-8.5%	-8.7%
BAHRAIN ISLAMIC BANK	Bahrain	0.2	0.087	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ITHMAAR HOLDING BSC	Bahrain	0.2	0.070	N/A	6.0	N/A	0.0%	-13.9%	-11.6%	-2.2%
KHALEEJI COMMERCIAL BANK	Bahrain	0.1	0.052	5.2	0.3	N/A	-1.9%	-17.2%	-6.8%	-2.3%
NATIONAL BANK OF KUWAIT	Kuwait	19.9	0.831	26.4	1.8	2.3	6.3%	12.6%	15.5%	5.6%
KUWAIT FINANCE HOUSE	Kuwait	20.7	0.745	41.7	3.7	1.2	22.6%	27.1%	24.0%	9.6%
BOUBYAN BANK K.S.C	Kuwait	7.2	0.678	69.5	4.0	N/A	25.3%	18.9%	19.5%	7.4%
COMMERCIAL BANK OF KUWAIT	Kuwait	3.3	0.500	N/A	1.4	N/A	3.0%	5.3%	12.0%	0.6%
GULF BANK	Kuwait	2.4	0.235	22.2	1.1	2.1	9.8%	0.6%	4.8%	-5.2%
BURGAN BANK	Kuwait	2.1	0.238	39.0	0.9	2.1	11.7%	3.1%	-0.7%	-2.2%
AHLI UNITED BANK (ALMUTAHED)	Kuwait	2.0	0.280	27.2	1.3	N/A	6.6%	14.4%	2.2%	0.0%
AL AHLI BANK OF KUWAIT	Kuwait	1.2	0.213	N/A	0.7	N/A	7.0%	-9.3%	-4.6%	-7.2%
WARBA BANK KSCP	Kuwait	1.3	0.248	283.4	1.9	N/A	5.1%	6.3%	10.1%	N/A
KUWAIT INTERNATIONAL BANK	Kuwait	0.7	0.217	N/A	0.9	N/A	4.3%	5.1%	7.4%	-0.2%
BANKMUSCAT SAOG	Oman	3.7	0.402	8.2	0.8	5.7	18.9%	17.1%	14.7%	5.4%
BANK DHOFAR SAOG	Oman	0.9	0.115	14.8	0.6	3.4	23.2%	-6.0%	-5.2%	-4.2%
NATIONAL BANK OF OMAN SAOG	Oman	0.8	0.193	64.4	0.7	N/A	20.6%	8.8%	3.5%	3.5%
HSBC BANK OMAN	Oman	0.5	0.102	137.3	0.6	N/A	12.1%	1.1%	4.8%	-5.3%
SOHAR INTERNATIONAL BANK	Oman	0.6	0.092	18.6	0.7	N/A	1.1%	-9.5%	-5.3%	1.6%
AHLI BANK	Oman	0.6	0.113	8.1	0.8	4.4	-7.0%	-2.6%	0.5%	1.0%
BANK NIZWA	Oman	0.4	0.096	12.5	0.9	1.3	1.3%	2.6%	5.3%	N/A
QATAR NATIONAL BANK	Qatar	44.6	17.8	15.3	2.3	2.5	2.6%	5.9%	10.4%	10.0%
QATAR ISLAMIC BANK	Qatar	11.1	17.3	14.0	2.3	2.3	3.7%	15.5%	16.8%	12.9%
MASRAF AL RAYAN	Qatar	9.0	4.4	15.1	2.4	3.8	2.1%	13.9%	10.8%	11.5%
COMMERCIAL BANK PQSC	Qatar	5.8	5.3	16.5	1.2	1.9	23.4%	15.8%	12.4%	5.3%
QATAR INTERNATIONAL ISLAMIC	Qatar	3.9	9.6	17.1	2.3	3.4	9.4%	27.4%	15.6%	13.8%
AL AHLI BANK	Qatar	2.5	3.8	13.3	1.5	4.0	13.0%	17.1%	5.1%	8.4%
DOHA BANK QSC	Qatar	2.3	2.8	15.3	0.9	2.7	21.7%	3.7%	1.2%	1.5%
AL KHALIJ COMMERCIAL BANK	Qatar	2.1	2.2	12.6	1.2	2.6	22.2%	32.6%	11.4%	7.5%
AL RAJHI BANK	Saudi Arabia	69.2	103.8	22.5	4.4	1.9	42.5%	26.5%	27.2%	12.7%
SAUDI NATIONAL BANK	Saudi Arabia	64.4	53.9	14.0	2.3	3.0	26.2%	7.4%	19.3%	N/A
RIYAD BANK	Saudi Arabia	21.3	26.6	17.5	1.8	3.8	34.7%	22.9%	24.9%	13.0%
SAUDI BRITISH BANK	Saudi Arabia	16.8	30.7	N/A	1.2	N/A	24.0%	1.3%	11.8%	6.4%
BANQUE SAUDI FRANSI	Saudi Arabia	12.0	37.2	27.8	1.3	2.2	19.0%	6.0%	15.0%	6.1%
ALINMA BANK	Saudi Arabia	10.8	20.3	18.0	1.6	1.5	27.3%	9.9%	18.4%	12.3%
ARAB NATIONAL BANK	Saudi Arabia	9.0	22.6	16.8	1.1	3.5	14.6%	3.2%	16.3%	5.8%
BANK ALBILAD	Saudi Arabia	7.3	36.7	18.7	2.5	N/A	29.5%	25.7%	22.7%	18.5%
SAUDI INVESTMENT BANK/THE	Saudi Arabia	3.5	17.5	12.8	0.9	2.3	11.7%	0.2%	10.4%	5.0%
BANK AL-JAZIRA	Saudi Arabia	4.0	18.5	89.8	1.3	N/A	35.4%	11.0%	18.1%	7.9%
FIRST ABU DHABI BANK PJSC	UAE	50.1	16.9	17.6	2.0	4.4	37.5%	17.0%	21.7%	15.4%
EMIRATES NBD PJSC	UAE	23.6	13.8	13.3	1.2	2.9	38.3%	17.2%	15.8%	19.7%
EMIRATES ISLAMIC BANK	UAE	11.8	8.0	N/A	5.4	N/A	0.0%	-5.6%	42.3%	N/A
ABU DHABI COMMERCIAL BANK	UAE	13.3	7.0	10.8	1.0	3.8	18.4%	3.8%	9.1%	15.1%
DUBAI ISLAMIC BANK	UAE	9.7	4.9	14.4	1.3	4.1	11.4%	5.9%	9.8%	18.4%
ABU DHABI ISLAMIC BANK	UAE	5.4	5.5	11.9	1.3	3.8	20.8%	21.2%	16.8%	16.2%
MASHREQBANK	UAE	2.9	60.0	N/A	0.6	N/A	-11.6%	-3.5%	0.9%	N/A
COMMERCIAL BANK OF DUBAI	UAE	3.0	4.0	9.7	1.1	5.1	5.1%	3.0%	-3.0%	12.0%
NATIONAL BANK OF FUJAIRAH	UAE	2.6	5.0	N/A	2.2	N/A	0.0%	34.2%	8.9%	10.1%
INVEST BANK	UAE	0.4	0.5	N/A	1.1	N/A	0.0%	-43.7%	-25.9%	-7.7%
NATIONAL BANK OF RAS AL-KHAI	UAE	1.8	3.8	13.7	0.8	3.9	2.2%	2.4%	0.2%	7.3%
NATIONAL BANK OF UMM AL QAIW	UAE	1.0	1.9	15.9	0.7	4.2	-1.6%	-9.8%	-2.7%	6.4%
SHARJAH ISLAMIC BANK	UAE	1.2	1.4	11.3	0.8	5.6	14.8%	12.9%	6.2%	11.6%
UNITED ARAB BANK PJSC	UAE	0.4	0.7	N/A	1.1	N/A	-12.0%	-18.3%	-19.2%	N/A
BANK OF SHARJAH	UAE	0.3	0.6	N/A	0.4	N/A	-11.6%	-20.0%	-14.2%	-7.0%
AJMAN BANK PJSC	UAE	0.4	0.7	19.5	0.6	N/A	-7.1%	-9.3%	-14.4%	1.6%
COMMERCIAL BANK INTERNATIONA	UAE	0.3	0.7	N/A	0.6	N/A	-6.7%	-8.0%	-18.8%	-1.1%

Source : Bloomberg

Disclaimer & Important Disclosures

Kamco Invest** is authorized and fully regulated by the Capital Markets Authority ("**CMA, Kuwait**") and partially regulated by the Central Bank of Kuwait **("CBK")

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest , legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, Kamco Invest did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

Analyst Certification

Each of the analysts identified in this report, if any and where applicable, certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

Kamco Invest Ratings

Kamco Invest research is based on the analysis of regional and country economics, industries and company fundamentals. Kamco Invest company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

* ***Outperform:** Target Price represents expected returns >= 10% in the next 12 months*
* ***Neutral:** Target Price represents expected returns between -10% and +10% in the next 12 months*
* ***Underperform:** Target Price represents an expected return of <-10% in the next 12 months*

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. Kamco Invest policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by Kamco Invest's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to Kamco Invest clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Kamco Invest and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. Kamco Invest has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/ information in the publication may be subject to the terms and conditions of other agreements to which Kamco Invest is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

Kamco Investment Company (DIFC) Limited ("Kamco Invest DIFC") is regulated by the Dubai Financial Services Authority (DFSA). Kamco Invest DIFC may only undertake the financial services activities that fall within the scope of its existing DFSA licence. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA, and no other person should act upon it.'

This document may not be distributed in Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. The recipients of this document hereby should conduct their own due diligence on the accuracy of the information relating to the contents of this document. If you do not understand the contents of this document you should consult an authorized financial advisor.

Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

Conflict of Interest

Kamco Invest and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of Kamco Invest may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. Kamco Invest may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other Kamco Invest business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of Kamco Invest's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

No Liability & Warranty

Kamco Invest makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. Kamco Invest will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.

Kamco Investment Company - K.S.C. (Public)
Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq
P.O. BOX : 28873, Safat 13149, State of Kuwait
Tel: (+965) 2233 6600   Fax: (+965) 2249 2395
Email : kamcoird@kamcoinvest.com
Website : www.kamcoinvest.com