

GCC Markets Monthly Report

January-2017

In this Report...

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

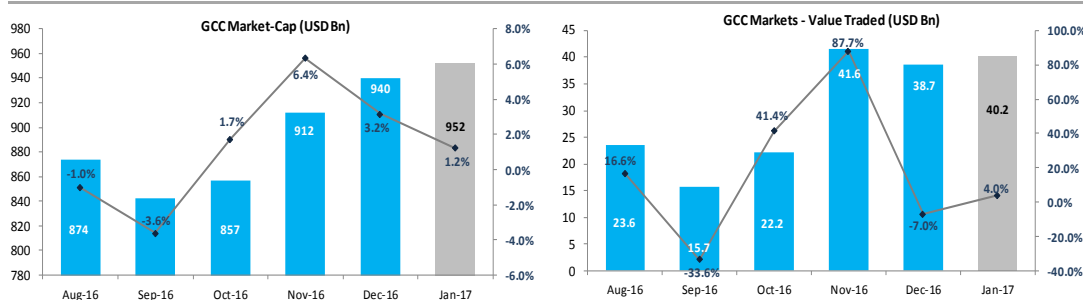
Kuwait outperforms global markets to kick-off 2017; "New Kuwait" plans revealed

GCC markets continued the uptrend seen over the previous two months with almost all markets closing January-17 with positive returns. This was also reflected in the overall MSCI GCC index that closed the month with a gain of 1.94%. The exceptions included 2016's best performer, Saudi Arabia, that declined by 1.5% on the back of softer full year earnings along with a marginal decline of 0.1% for Oman. The decline in Saudi Arabia can also be attributed to oil prices that remained range bound during the month after a positive start to the year.

Kuwait recorded the best monthly performance amongst major global equity markets during January-17 with a gain of 18.9% as a result of multiple positive factors that included a change in the MSCI Frontier Market index constituents that benefited Kuwait further supported by reportedly higher buying by institutional investors. In addition, full year earnings have so far remained positive which provided a boost to investor confidence with banks recording healthy year-on-year growth in their bottom-line. **Kuwait also announced its new economic development plan called "New Kuwait" that runs until 2035 and is aimed at transforming Kuwait into a regional business and cultural hub.**

On the economic front, the surge in oil price over the past few months has provided additional confidence for GCC governments as spending is expected to increase after being curtailed and optimized over the past two years. According to the recent budget announcements, Saudi Arabia, UAE and Qatar have signaled higher spending during 2017 in order to achieve near term diversification targets. Moreover, these budgets are based on an oil price of less than USD 50/b, which we believe lends additional buffers as oil continued to trade above this level during January-17.

| GCC Equity Markets | Index Closing | MTD Chg% | YTD Chg% | M-Cap (USD Bn) | Monthly Value Traded (USD Mn) | P/E (x) TTM | P/B (x) TTM | Div. Yield |
|-------------------------|---------------|----------|----------|----------------|-------------------------------|-------------|-------------|-------------|
| Kuwait - Weighted Index | 427.4 | 12.4% | 12.4% | 97.5 | 3,923.2 | 18.8 | 1.3 | 3.7% |
| Kuwait - 15 Index | 985.4 | 11.3% | 11.3% | | | | | |
| Kuwait - Price Index | 6,832.2 | 18.9% | 18.9% | | | | | |
| Saudi Arabia | 7,101.9 | (1.5%) | (1.5%) | 442.6 | 26,340.6 | 14.8 | 1.7 | 4.1% |
| Abu Dhabi | 4,548.8 | 0.1% | 0.1% | 126.6 | 1,936.0 | 10.8 | 1.4 | 5.6% |
| Dubai | 3,642.9 | 3.2% | 3.2% | 95.9 | 6,251.4 | 9.9 | 1.3 | 4.7% |
| Qatar | 10,597.2 | 1.5% | 1.5% | 156.2 | 1,581.1 | 14.3 | 1.5 | 3.9% |
| Bahrain | 1,303.7 | 6.8% | 6.8% | 20.5 | 67.7 | 10.0 | 0.9 | 3.9% |
| Oman | 5,776.2 | (0.1%) | (0.1%) | 12.9 | 134.9 | 10.2 | 1.1 | 5.2% |
| Total GCC | | | | 952.0 | 40,234.8 | 13.5 | 1.5 | 4.3% |



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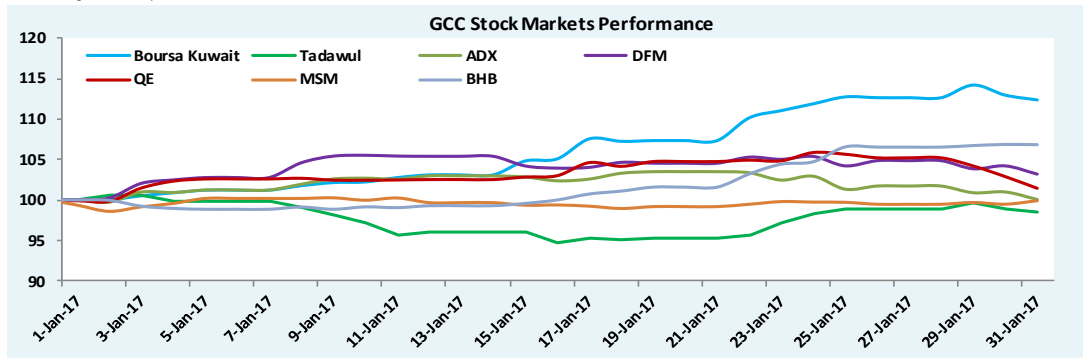
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Source: GCC Stock Exchanges, KAMCO Research

Boursa Kuwait

| Monthly Indicators | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Price Index | 5,207.4 | 5,228.8 | 5,391.8 | 5,400.3 | 5,364.6 | 5,451.0 | 5,419.7 | 5,398.4 | 5,401.1 | 5,554.5 | 5,748.1 | 6,832.2 |
| Monthly % Change | 1.8% | 0.4% | 3.1% | 0.2% | (0.7%) | 1.6% | (0.6%) | (0.4%) | 0.0% | 2.8% | 3.5% | 18.9% |
| Weighted Index | 358.3 | 359.8 | 366.3 | 357.4 | 351.4 | 350.7 | 347.3 | 351.9 | 354.0 | 367.1 | 380.1 | 427.4 |
| Monthly % Change | 1.4% | 0.4% | 1.8% | (2.4%) | (1.7%) | (0.2%) | (1.0%) | 1.3% | 0.6% | 3.7% | 3.5% | 12.4% |
| Kuwait 15 Index | 841.0 | 850.5 | 863.3 | 826.2 | 805.7 | 810.7 | 801.8 | 814.1 | 826.5 | 855.2 | 885.0 | 985.4 |
| Monthly % Change | 1.4% | 1.1% | 1.5% | (4.3%) | (2.5%) | 0.6% | (1.1%) | 1.5% | 1.5% | 3.5% | 3.5% | 11.3% |
| Market Cap (KWD Mn) | 24,557 | 24,875 | 25,025 | 24,857 | 24,293 | 24,252 | 24,010 | 24,326 | 24,475 | 25,371 | 26,257 | 29,442 |
| P/E (X) - TTM | 13.20 | 13.24 | 15.40 | 15.56 | 15.32 | 15.29 | 15.30 | 15.63 | 15.72 | 16.30 | 16.80 | 18.80 |
| P/BV (X) - TTM | 1.07 | 1.05 | 1.09 | 1.09 | 1.06 | 1.06 | 1.05 | 1.06 | 1.07 | 1.11 | 1.13 | 1.27 |
| Dividend Yield (%) | 4.67% | 4.00% | 4.14% | 4.24% | 4.30% | 4.30% | 4.37% | 4.30% | 4.27% | 4.12% | 3.98% | 3.67% |
| Volume (Mn Shares) | 2,773 | 3,983 | 3,929 | 2,931 | 2,166 | 1,327 | 1,430 | 902 | 1,679 | 2,908 | 3,594 | 13,858 |
| Value (KD Mn) | 225 | 329 | 277 | 246 | 227 | 132 | 152 | 87 | 258 | 328 | 321 | 1,185 |
| Trades ('000) | 67.5 | 84.8 | 81.2 | 68.9 | 49.3 | 35.7 | 40.1 | 27.2 | 45.2 | 70.6 | 75.6 | 229.8 |

Source: Kuwait Stock Exchange, KAMCO Research

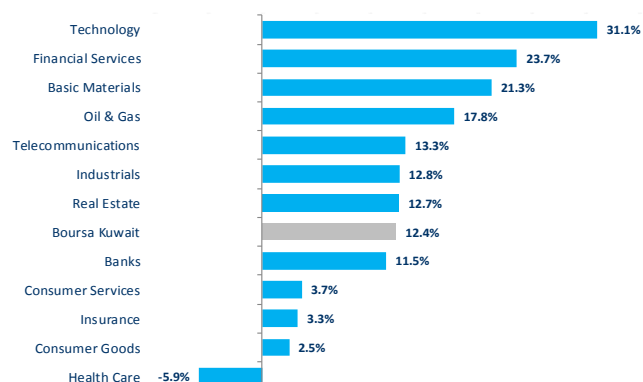
Kuwaiti equity markets recorded the world's best monthly performance during January-17 on the back of a number of positive factors. The Price index surged 18.9% during the month, recording the highest monthly gain in 14 years. The index reached a monthly peak of 6,943.24 points towards the end of the month, the highest close in 26-months. Similarly, the monthly return of 12.44% for the Weighted index was the highest since February-10. The index reached the highest level in 21 months and closed January-17 above the 400 points mark for the first time since August-15. The large-cap Kuwait 15 Index recorded a monthly gain of 11.34%, the highest monthly return since the inception of the index, and closed the month at 985.4 points. The index surged past the psychologically important 1,000 points on 29-Jan-17 to reach 1,006.17 points, the highest level in 17 months.

Sector performance also reflected the positive investor sentiments in the market with all the indices closing the month with positive monthly returns, with the only exception of the Health Care index that declined by 5.9%. The Technology index recorded the highest monthly return of 31.1%, followed by Financial Services and Basic Materials indices with monthly returns of 23.7% and 21.3%, respectively. Among the large-cap sectors, the Banking index surged 11.5% during the month while the Telecom index went up by 13.3%. Trading activity during the month was the highest since May-13 with both volume and value traded at almost four times the level achieved during December-16. Zain (+20.7%) was the most actively traded stock during the month with a total value of KWD 82.8 Mn followed by KFH (+14.8%) and NBK (+12.3%) with KWD 67 Mn and KWD 51.3 Mn worth of shares traded in these stocks, respectively.

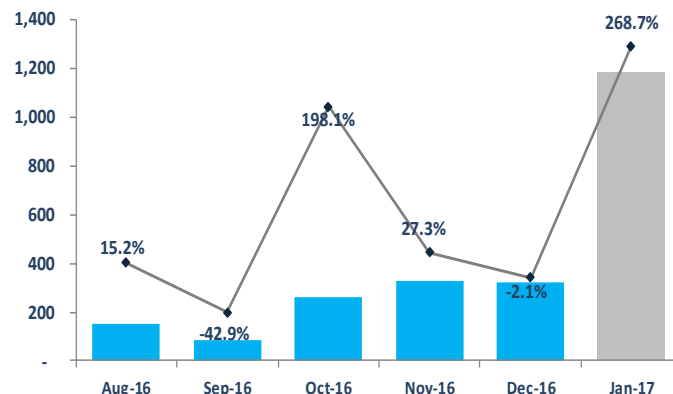
A change in the MSCI Frontier Market index during the month was one of the key factors that led to the strong buying activity on Boursa Kuwait. The index compiler announced that Pakistan with a weight of 10.2% would be upgraded to emerging market status later this year. This would benefit Kuwait by mostly increasing its weight in the MSCI Frontier Market Index, which currently stands at 18.03%, highest in the group. Moreover, a number of initiatives are being undertaken by Boursa Kuwait to reduce transaction costs and bringing efficiencies and standardization, much similar to efforts seen in Saudi Arabia and UAE.

On the economic front, the country launched a new economic development plan, called "New Kuwait", which runs till 2035 and envisions to transform the economy into a business and cultural hub. The key pillars of the ambitious plan includes diversification of the economy towards non-oil sectors by investing in mega projects with the help of private investments and development of education and transportation sectors to boost tourism. The initial strategy includes a five year development plan with a earmarked spending of USD 100 Bn out of which USD 15 Bn is planned be spent between 2017-2018.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

| Monthly Indicators | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tadawul All Share Index | 6,092.5 | 6,223.1 | 6,805.8 | 6,448.4 | 6,499.9 | 6,302.2 | 6,079.5 | 5,623.3 | 6,012.2 | 7,000.2 | 7,210.4 | 7,101.9 |
| Monthly % Change | 1.6% | 2.1% | 9.4% | (5.3%) | 0.8% | (3.0%) | (3.5%) | (7.5%) | 6.9% | 16.4% | 3.0% | (1.5%) |
| Market Cap (SAR Bn) | 1,403.9 | 1,439.0 | 1,560.3 | 1,489.4 | 1,505.3 | 1,458.9 | 1,419.4 | 1,326.2 | 1,420.7 | 1,637.3 | 1,682.5 | 1,659.9 |
| P/E (X) - TTM | 10.88 | 12.29 | 13.41 | 12.76 | 11.87 | 11.77 | 11.49 | 10.75 | 12.31 | 13.44 | 14.73 | 14.79 |
| P/BV (X) - TTM | 1.33 | 1.49 | 1.64 | 1.55 | 1.53 | 1.48 | 1.43 | 1.32 | 1.42 | 1.65 | 1.70 | 1.67 |
| Dividend Yield (%) | 4.84% | 4.52% | 3.65% | 3.74% | 4.60% | 4.71% | 4.91% | 5.24% | 4.90% | 4.17% | 4.04% | 4.05% |
| Volume (Mn Shares) | 6,817 | 7,373 | 6,705 | 6,110 | 5,228 | 3,518 | 3,840 | 2,521 | 4,703 | 7,491 | 6,927 | 5,442 |
| Value (SAR Mn) | 120,712 | 131,199 | 117,608 | 117,944 | 84,283 | 59,461 | 67,974 | 41,736 | 65,664 | 118,645 | 114,984 | 98,782 |
| Trades ('000) | 3,054 | 2,994 | 2,625 | 2,761 | 1,828 | 1,347 | 1,684 | 1,070 | 1,833 | 2,608 | 2,685 | 2,664 |

Source: Tadawul, KAMCO Research

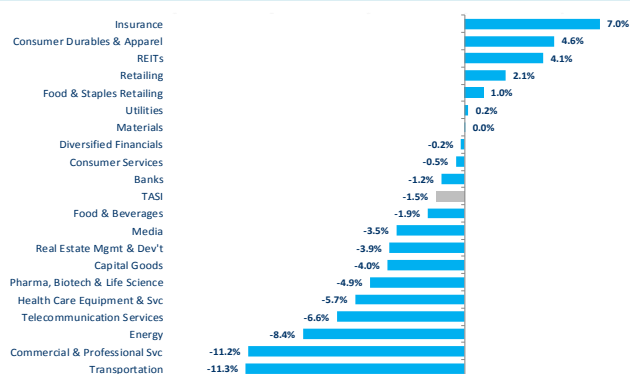
Saudi's equity market took a breather during January-17 after a rally that lasted for almost two months. The benchmark TASI receded 1.5% during the month to close at 7,101.9 points after plunging below the 7,000 mark during the third week on the back of poor earnings for some of the key stocks in the market. However, the index made a strong recovery during the last week after higher clarity emerged on the state of the economy that is now expected to post a smaller budget deficit led by higher oil prices coupled with reduction in austerity measures as well as implementation of VAT starting from 2018. The month also saw the adoption of GICS standards for sector classification on the exchange to more closely reflect the business activities of listed companies. We also see this move as a step closer towards the bid to win the emerging markets status this year that would lead to flow of additional passive funds in the market. Another move seen in this direction was the publishing of draft rules for the introduction of a T+2 settlement cycle. The CMA aims to implement the new settlement cycle by June-17, the month when MSCI decides on whether to review Saudi Arabia for inclusion in the its emerging markets index that would be followed by a review by FTSE in September-17.

Monthly market performance reflected the earnings results for FY-16 with the Insurance sector leading the monthly sectoral gains after reporting a 165.6% jump in FY-16 earnings. A majority of the large-cap sectors witnessed declines during the month with the Banking index down by 1.2%, Telecom by 6.6% and Energy index down by 8.4%. The monthly gainers chart was dominated by insurance stocks with 3 out of the top 5 gainers belonging to this sector. Arabian Shield Co-op Insurance topped the chart with a gain of 64.7% backed by the insurer's 147% jump in FY-16 net income. On the decliners side, Tihama Advertising topped the chart with a decline of 22.3% followed by Nama Chemicals with a drop of 18.5% led by higher reported losses. Alinma Bank continued to be the one of the most actively traded stocks in terms of value traded that stood at SAR 8.3 Bn followed by SABIC at SAR 7.8 Bn.

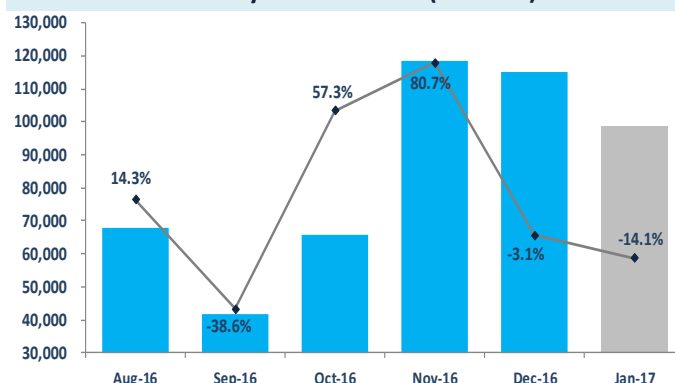
In terms of full year earnings, a majority of the sector reported y-o-y declines that resulted in 5.3% decline in earnings for total listed stocks on the exchange. Banks reported a 5.4% drop in net profit for FY-16 as eight out of the 12 listed banks on the exchange report drop in full year earnings. Alawwal Bank (formerly Saudi Hollandi Bank) reported the biggest drop of 47.3% in full year earnings followed by 32.2% decline in FY-16 earnings for Bank Al Jazira. The Kingdom's biggest bank, NCB, reported a 2.5% increase in net profit that reached SAR 9.32 Bn in 2016. Meanwhile, earnings for the Materials sector dropped by 8.1% as a majority of the companies in the sector recorded y-o-y drop in earnings. Within this sector, net profit for SABIC declined by 4.6% to SAR 17.9 Bn reflecting a decline in oil prices. On the other hand, profits for Saudi Arabian Fertilizers halved to SAR 1.05 Bn.

On the economic front, the Saudi Cabinet approved the Unified Agreement for Value Added Tax that would prepare the kingdom for implementing a 5% VAT on certain sectors starting from 2018. The new tax would also be implemented across the GCC starting next year based on an agreement between the member countries last year. This will also include selective levy of taxes on tobacco, soft drinks and energy drinks in 2017.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

| Monthly Indicators | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ADX General Index | 4,351.4 | 4,390.4 | 4,543.5 | 4,250.2 | 4,497.6 | 4,575.3 | 4,471.0 | 4,476.3 | 4,300.2 | 4,308.8 | 4,546.4 | 4,548.8 |
| Monthly % Change | 7.3% | 0.9% | 3.5% | (6.5%) | 5.8% | 1.7% | (2.3%) | 0.1% | (3.9%) | 0.2% | 5.5% | 0.1% |
| Market Cap (AED Bn) | 435.4 | 449.2 | 461.9 | 433.4 | 457.1 | 473.9 | 463.8 | 464.8 | 447.0 | 445.2 | 467.6 | 465.0 |
| P/E (X) - TTM | 10.54 | 10.70 | 11.14 | 10.35 | 10.66 | 10.96 | 10.73 | 10.74 | 10.24 | 10.19 | 10.77 | 10.75 |
| P/BV (X) - TTM | 1.38 | 1.40 | 1.45 | 1.35 | 1.34 | 1.37 | 1.34 | 1.34 | 1.29 | 1.29 | 1.36 | 1.36 |
| Dividend Yield (%) | 4.89% | 5.09% | 5.01% | 5.38% | 5.56% | 5.47% | 5.68% | 5.67% | 5.91% | 5.91% | 5.60% | 5.60% |
| Volume (Mn Shares) | 4,172 | 3,284 | 2,730 | 1,945 | 1,206 | 1,228 | 1,307 | 1,191 | 1,011 | 3,991 | 1,454 | 4,837 |
| Value (AED Mn) | 5,269 | 6,433 | 4,579 | 3,283 | 3,832 | 2,926 | 3,148 | 2,443 | 2,278 | 5,863 | 3,179 | 7,111 |
| Trades | 43,275 | 45,320 | 31,800 | 26,059 | 22,596 | 23,335 | 24,668 | 19,554 | 20,129 | 45,297 | 26,669 | 57,936 |

Source: Abu Dhabi Securities Exchange, KAMCO Research

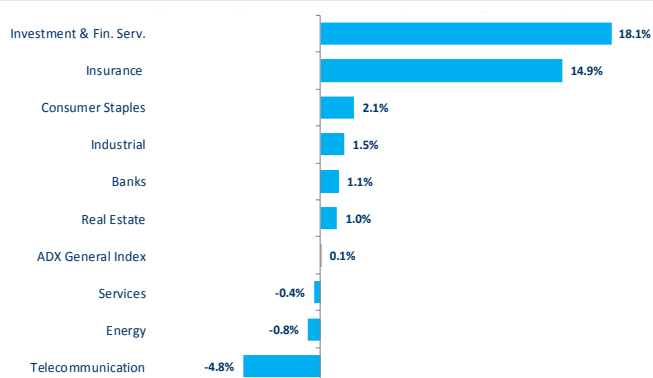
After ending 2016 up by 5.5%, the ADX index closed almost flat m-o-m in Jan-17. The index closed at 4548.82 points, as sectoral indices included both gainers and decliners for the month. The Financials pack did well in the first month of the year and was led by the Investment & Financial Services index, which rose by 18%, followed by the Insurance index which surged by 15%, while Banks improved by 1.1%. Waha Capital was solely responsible in pushing up the Investment & Financial Services index, while a strong performance in Al Wathba Insurance drove the insurance index. NBAD and ADCB were the big banking stocks which rose in the first month of 2017 as against Dec-16, as their share prices rose by 4.1% and 3.5% respectively, while FGB improved by 0.8% m-o-m. In terms of laggards, Telecoms receded the most and lost ground by 4.8% for the month of Jan-17, followed by the Energy index and the Services index, as each closed the month down, marginally by under 1% m-o-m.

In prominent earnings releases that commenced for full year 2016 and Q4-16 numbers, National Bank of Abu Dhabi (NBAD), which is set to merge with FGB, reported a 28% y-o-y increase in Q4-16 net profits driven, by lower expenses and impairment charges, beating consensus expectations. NBAD made a profit of AED 1.33 Bn in the Q4-16 compared to AED 1.03 Bn in Q4-15. For full year 2016, NBAD reported net profits of AED 5.296 Bn, up 1.2% y-o-y, while operating profit grew by 5% y-o-y as non-interest income grew while expenses were tightly managed. Abu Dhabi Commercial Bank (ADCB) reported a full year 2016 net profit of AED 4.157 Bn, down 16% from AED 4.927. The bank's operating income for the year was up 3% y-o-y to AED 8.495 Bn, while operating profit before impairment allowances of AED 5.7 Bn was up 5% from 2016. Q4-16 net profit was AED 1 Bn and was down 16% y-o-y from the AED 1.19 Bn recorded in Q4-15, reportedly driven by higher funding costs and higher cost of risk for the bank.

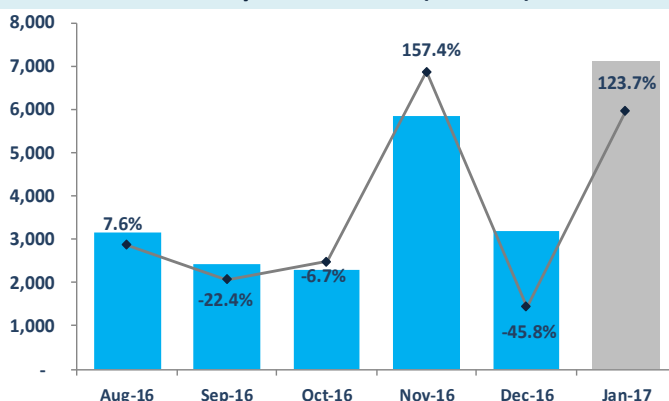
Market breadth was skewed towards gainers as 29 stocks advanced during the month, while 17 names lost ground. Trading trends jumped significantly in Jan-17, as compared to Dec-16, as traded volumes & value traded went up by three times and two times respectively m-o-m, during the same period. Total volumes rose to 4.84 Bn shares, as compared to 1.45 Bn shares during the previous month. Value traded during Jan-17 went up to AED 7.1 Bn as against AED 3.2 Bn in the previous month. Al Wathba National Insurance led the gainers list and achieved a monthly return of 70.7%, followed by Foodco Holding and Sudan Telecom, which went up by 42.4% and 37.7% respectively. Prominent decliners included National Bank of Fujairah with a monthly share price decline of 26.8%, followed by National Takaful and Commercial Bank International, as they saw their stock prices erode by 11.1% & 9.5% respectively.

In funding related action, National Bank of Abu Dhabi (NBAD) as part of the bank's strategy to diversify its funding sources globally, reportedly raised USD 885 Mn through the sale of a 30-year Formosa bond in Jan-17. The issue, placed with institutional investors, reportedly follows NBAD's inaugural USD 696 Mn public Formosa bond issue in Oct-16, which was the first 30-year bond of its kind from the MENA region. Formosa bonds are sold in Taiwan by foreign issuers and denominated in currencies other than the Taiwanese dollar.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

| Monthly Indicators | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| DFM General Index | 3,239.7 | 3,355.5 | 3,491.9 | 3,313.7 | 3,311.1 | 3,484.3 | 3,504.4 | 3,474.4 | 3,332.4 | 3,360.9 | 3,530.9 | 3,642.9 |
| Monthly % Change | 8.1% | 3.6% | 4.1% | (5.1%) | (0.1%) | 5.2% | 0.6% | (0.9%) | (4.1%) | 0.9% | 5.1% | 3.2% |
| Market Cap (AED Bn) | 307.0 | 319.0 | 334.3 | 324.9 | 323.2 | 335.5 | 334.8 | 331.4 | 316.9 | 316.3 | 332.2 | 352.1 |
| P/E (X) - TTM | 8.68 | 8.98 | 9.36 | 8.90 | 8.16 | 8.87 | 9.09 | 9.01 | 8.77 | 8.71 | 9.25 | 9.92 |
| P/BV (X) - TTM | 1.19 | 1.24 | 1.28 | 1.24 | 1.12 | 1.27 | 1.28 | 1.27 | 1.22 | 1.23 | 1.29 | 1.28 |
| Dividend Yield (%) | 3.51% | 3.60% | 3.82% | 3.97% | 4.82% | 4.91% | 4.76% | 4.80% | 4.99% | 4.97% | 4.70% | 4.66% |
| Volume (Mn Shares) | 9,932 | 15,527 | 12,030 | 6,755 | 5,352 | 5,180 | 5,115 | 5,574 | 5,102 | 16,016 | 11,219 | 18,618 |
| Value (AED Mn) | 11,755 | 19,582 | 14,171 | 7,768 | 6,997 | 7,318 | 7,643 | 6,744 | 6,828 | 20,240 | 14,659 | 22,962 |
| Trades | 131,931 | 184,991 | 133,516 | 91,318 | 76,501 | 74,470 | 75,179 | 61,878 | 68,423 | 163,506 | 118,274 | 196,901 |

Source: Dubai Financial Market, KAMCO Research

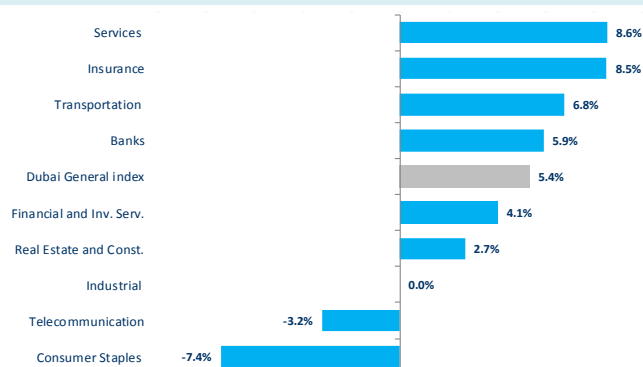
The DFM index which was the best performing index in 2016, continued on its upward trajectory in 2017. DFM closed the month marginally up by 3.2% at 3642.85 points. Sectoral trends were broadly positive, as more indices gained ground as compared to declining for the month. For the current month, Services names rose significantly by 8.6%, driven by a surge in the price of Amanat Holdings, which went up by over 17.3%. Insurance index followed and gained by over 8.5% for the month, while Transportation index gained by 6.8% for the month of Jan-17. The financials indices comprising of Banks, Financial and Investment Service and Insurance also closed the first month of the year with strong gains and outperformed the DFM index. Indices, which lost ground during the month, were led by Consumer Staples, which went down by 7.4% m-o-m, followed by Telecoms, which recede by 3.2% m-o-m.

In prominent earnings releases for full year 2016, Emirates NBD (ENBD)- UAE's largest lender, saw its net profit go up 2% to AED 7.24 billion for full year 2016. Net interest income declined 1% as a contraction in margins more than offset asset growth. The operating performance was reportedly helped by further recoveries from legacy impaired loans which offset lower non-interest income. Key real estate earnings involved Emaar Malls, as the company posted a net profit of AED 1.874 Bn for full year 2016, a 13% y-o-y increase from AED 1.656 Bn from 2015. Q4-16 net profits came in at AED 452 Mn as compared to AED 435 Mn reported in Q4-15. Aramex's 2016 full year net profits increased by 37% to AED 426.6 Mn, as compared to AED 311.3 Mn in 2015. Q4-16 net profits reached AED 131.8 Mn, which represents an increase of 129% as compared to AED 57.6 million in Q4 2015.

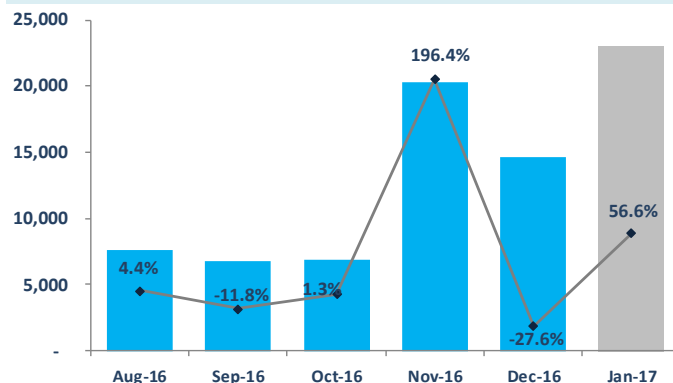
Emirates Islamic Bank was the top performing stock in the index for the month, as its share price surged by over 3x. International Financial Advisors followed along with Dubai Islamic Ins. & Reins, which saw its stock prices move up by 69.4% and 58.4% respectively. On the other hand, shares of Dubai Refreshments led the monthly losers chart as its share price declined by 18.8%. National Industries Group and Takaful House followed with declines of 10.9% and 9.4% respectively for the month. Gulf Finance House (GFH) was the most actively traded stock on the exchange as AED 4.9 Bn worth of stock was traded, followed by Union Properties with value traded of AED 1.9 Bn. Market breadth on the exchange favored gainers, as 32 stocks gained ground while 12 stocks declined during the month of Jan-17. Overall activity on the exchange on a monthly basis jumped, as volumes traded rose by 65% m-o-m from Dec -16 to reach 18.6 Bn shares, while value traded was up close to 57% as well m-o-m to reach AED 22.9 Bn.

In economic developments, Dubai Government reportedly forecasts higher economic growth of 3.1% for 2017, from 2.7% in the last year. For the real estate market, real estate consultant Phidar advisory mentioned that the recent price stabilization and nominal increase are not an indication of sustainable market recovery, as mid-high to high-income housing continues to remain oversupplied, and impacts all asset types and affordability brackets. Furthermore, they mentioned that USD strength and cost of debt would be key risks in 2017, and competitive bond yields would likely push up real estate yields and push down values, which could potentially temper investment and development activity.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

| Monthly Indicators | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 |
|----------------------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| QE 20 Index | 9,892.3 | 10,376.2 | 10,186.2 | 9,538.8 | 9,885.2 | 10,604.0 | 10,989.8 | 10,435.5 | 10,173.0 | 9,793.8 | 10,436.8 | 10,597.2 |
| Monthly % Change | 4.3% | 4.9% | (1.8%) | (6.4%) | 3.6% | 7.3% | 3.6% | (5.0%) | (2.5%) | (3.7%) | 6.6% | 1.5% |
| Market Cap (QAR Bn) | 523.3 | 556.7 | 548.2 | 516.8 | 532.2 | 568.2 | 588.1 | 560.3 | 548.5 | 526.6 | 563.5 | 568.6 |
| P/E (X) - TTM | 11.87 | 12.37 | 12.37 | 12.34 | 12.77 | 13.55 | 14.17 | 13.50 | 13.45 | 13.04 | 13.85 | 14.34 |
| P/BV (X) - TTM | 1.53 | 1.62 | 1.64 | 1.53 | 1.48 | 1.58 | 1.63 | 1.55 | 1.51 | 1.45 | 1.56 | 1.52 |
| Dividend Yield (%) | 4.34% | 3.76% | 3.87% | 4.10% | 4.07% | 3.82% | 3.72% | 3.91% | 4.00% | 4.18% | 3.93% | 3.91% |
| Volume (Mn Shares) | 202 | 269 | 216 | 163 | 89 | 98 | 164 | 132 | 121 | 188 | 190 | 190 |
| Value (QAR Mn) | 6,570 | 9,081 | 7,234 | 5,466 | 3,282 | 3,785 | 6,799 | 5,934 | 4,360 | 5,822 | 7,204 | 5,757 |
| Trades | 100,763 | 123,003 | 110,526 | 94,675 | 48,686 | 58,170 | 99,903 | 76,124 | 56,888 | 73,428 | 71,747 | 76,729 |

Source: Qatar Exchange, KAMCO Research

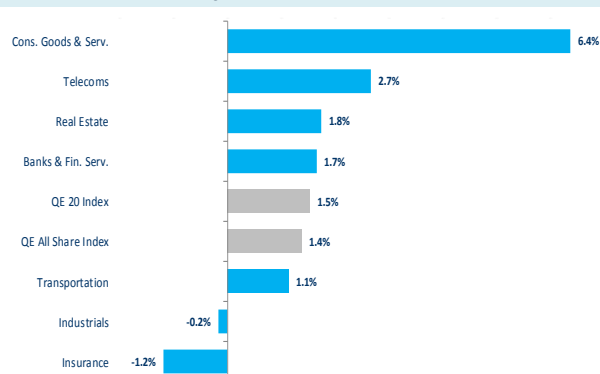
The QE 20 index started the year in positive territory, as the index moved up by 1.5% m-o-m, and closed at 10597.22 points. The Qatar All Share index also improved by 1.4% for the first month of 2017, while sectoral trends were mixed. Heavyweight indices such as Banks & Financial Services, Real Estate, and Telecoms index closed in the green. Banks which gained during Jan-17 included Qatar International Islamic Bank and Masraf Al Rayan which moved up by 7.8% and 6.5% respectively. United development and Barwa led the real estate pack gaining by 9.2% and 4.8% m-o-m respectively. Ooredoo pushed the Telecoms index higher and gained by 3.1% m-o-m, even as S&P affirmed Ooredoo's long term corporate credit ratings at 'A-' and changed its outlook from Stable to Positive. S&P's change in outlook is largely driven by expectations that Ooredoo will require lower capital expenditure, resulting in higher free operating cash flow in 2017 and 2018. The index, which gained the most was the Consumer Goods & Services index which went up by 6.4% for the month of Jan-17, followed by Telecoms which moved up by 2.7% over the same period. Banks & Financial Services index also improved during the month by 1.7% m-o-m. Indices which lost ground in the first month of 2017 were the Insurance index which receded by 1.2%, while the Industrials index closed down marginally at -0.2% m-o-m.

In earnings releases for full year 2016, QNB reported net profit of QAR 12.4 Bn, up by 10% from last year, as EPS reached QAR 14.4 in 2016, compared to QAR 13.4 in 2015. Net loans and advances increased to QAR 520 Bn in 2016, up by 34% from 2015. Full year 2016 net profit for Qatar Islamic bank came in at QAR 2,155 Mn, a 10.3% increase compared to QAR 1,954 Mn for the same period of the previous year. EPS amounted to QAR 8.55 for 2016 compared to EPS of QAR 8.06 for the same period of the previous year. Qatar National Cement reported net profit of QAR 475 Mn, an increase of 2.5% compared to a net profit of QAR 463 Mn for the previous year. This translated into an EPS of QAR 8.0 for 2016, as against the QAR 7.8 reported in 2015.

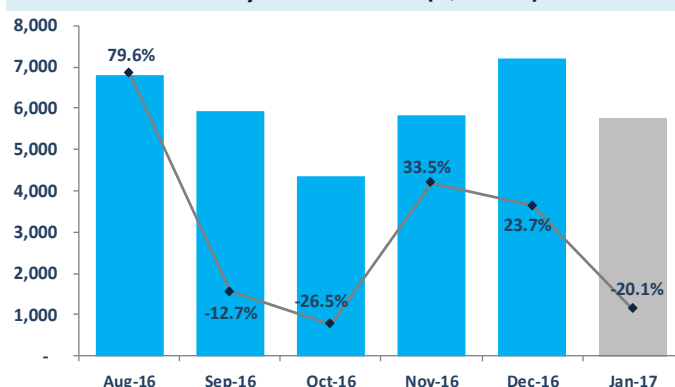
Trading activity was up, albeit marginally for the first month of the year sequentially from Dec-16, as value traded during Jan-17 increased by 7.0% to reach QAR 5.8 Bn while traded volumes increased by 1.7% m-o-m to reach 187 Mn shares. In terms of trading activity, QNB topped the monthly value traded chart with QAR 683.6 Mn worth of shares traded, followed by Vodafone Qatar and Qatar Investors Group recording QAR 598.1 Mn and QAR 527.1 Mn in monthly value traded. Qatar Fuel was the top performing stock in the index for the month as its share price surged by 10.7%. Aamal Co. followed along with United Development Co., which saw its stock prices move up by 9.9% and 9.2% respectively. On the other hand, shares of Qatar General Insurance & Reins led the monthly losers chart with its stock losing 13.8% m-o-m. Al Ahli Bank of Qatar and Qatar Investors Group followed with declines of 7.7% and 5.3% respectively for the month.

In ratings related developments, S&P kept Qatar's outlook as stable with an AA/A-1+ rating. S&P mentioned that it could raise the ratings, if the country's domestic institutions mature faster than currently expected, along with significant improvements in providing more information regarding government assets. On the other hand, they mentioned that a downward revision was possible if hydrocarbon production and prices went south, or the banking sector were to significantly weaken the country's external or fiscal positions.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

| Monthly Indicators | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Bahrain All Share Index | 1,178.23 | 1,131.11 | 1,110.53 | 1,111.56 | 1,118.37 | 1,155.62 | 1,142.21 | 1,150.00 | 1,148.83 | 1,174.12 | 1,220.45 | 1,303.70 |
| Monthly % Change | (0.7%) | (4.0%) | (1.8%) | 0.1% | 0.6% | 3.3% | (1.2%) | 0.7% | (0.1%) | 2.2% | 3.9% | 6.8% |
| Market Cap (BHD Mn) | 6,973 | 6,694 | 6,573 | 6,574 | 6,615 | 6,836 | 6,757 | 6,803 | 6,796 | 6,946 | 7,221 | 7,721 |
| P/E (X) - TTM | 9.37 | 8.91 | 8.77 | 9.16 | 9.20 | 9.66 | 9.67 | 9.47 | 9.70 | 9.29 | 9.68 | 9.97 |
| P/BV (X) - TTM | 0.84 | 0.82 | 0.81 | 0.82 | 0.77 | 0.80 | 0.78 | 0.77 | 0.78 | 0.80 | 0.83 | 0.89 |
| Dividend Yield (%) | 5.28% | 5.72% | 5.82% | 5.79% | 4.44% | 4.27% | 4.45% | 4.88% | 4.47% | 4.39% | 4.22% | 3.95% |
| Volume (Mn Shares) | 38 | 33 | 22 | 26 | 75 | 36 | 75 | 37 | 29 | 55 | 211 | 136 |
| Value (BHD Mn) | 8 | 7 | 5 | 5 | 18 | 8 | 21 | 6 | 6 | 12 | 10 | 26 |
| Trades | 1,014 | 813 | 577 | 755 | 873 | 996 | 1,080 | 789 | 750 | 998 | 1,163 | 2,164 |

Source: Bahrain Bourse, KAMCO Research

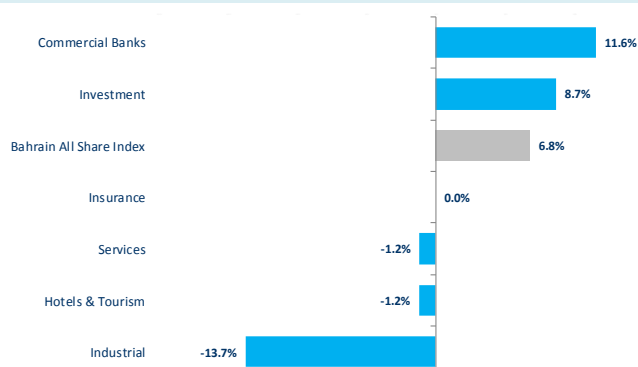
After ending 2016 on a flattish note, The Bahrain All Share index kicked off 2017 as the second best performing market in the GCC. The Bahrain All Share Index closed 6.8% higher on a m-o-m basis for the month of Jan-17. The index closed at 1303.70 points at the end of the month. Sectoral performance was mixed for the month, and included both gainers and decliners. Market breadth for the index was broadly even, as 12 stocks gained ground, while 14 stocks witnessed declines in their share prices. Commercial Banks was the main sector which drove the index up as the sector was up 11.6% for the month. The Investment sector went up as well by 8.7%, mostly due to a significant jump in the stock price of Ithmar Bank. Industrials were the main laggards for the index as it went down by 13.7% for the month of Jan-17.

In earnings related releases, National Bank of Bahrain (NBB) reported a net profit of BHD 58.24 Mn in 2016, an increase of 5.4% y-o-y as compared to BHD 55.26 Mn in 2015. For Q4-16, NBB recorded a net profit of BHD 12.03 Mn, compared to BHD 11.90 Mn in Q4-15. EPS for full year 2016 improved from 48.5 fils in 2015 to 50.9 fils in 2016. In Telecoms, Zain Bahrain reported revenues of BHD 64.6 Mn in 2016, a 9% increase from BHD 71.1 Mn from the previous year. Despite the competition in the Telecom sector, the company reported a 22% surge in its customer base during 2016, from 795,000 in 2015 to 971,000 customers in the current year. The leap in new customers was ascribed to innovative products and services rolled out by the operator. The company posted a net profit of BHD 4.3 million in 2016, improving by 18%, as compared to a BHD 5.1 Mn reported in 2015. In corporate developments, Aluminum Bahrain announced the launch of Phase II of its company-wide, cost reduction program. Project Titan with the aim to reduce cash cost by US\$ 100 per metric tonne of aluminium and step-up its production capacity to 1,000,000 metric tonnes per annum by end of 2017.

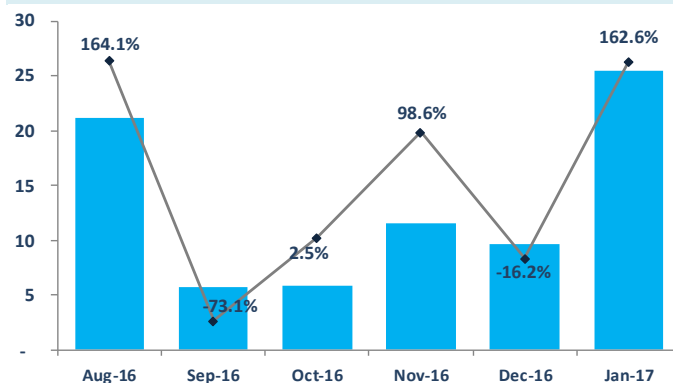
The exchange's figures of value and volumes traded in Jan-17 exhibited mixed trends on an m-o-m basis, as compared to the previous month. Volumes traded in the exchange reached 135 Mn and went down by over 35% m-o-m as compared to 211 Mn shares in Dec-16. Value traded however improved by over 162% in the exchange to reach BHD 25.5 Mn in Jan -17, as compared to BHD 9.7 Mn in Dec-16. Furthermore, the number of trades made in the exchange increased to 2165 trades, a 86% m-o-m jump from Dec-16. Al Khaleeji Commercial Bank was the most actively traded stock in Jan-17 with BHD 8.5 Mn worth of its shares traded on the exchange. AUB and Ithmar Bank followed with BHD 5.2 Mn and BHD 1.8 Mn worth of shares traded on the exchange. Ithmar Bank topped the gainers list for the month of Jan-17, which reported a m-o-m increase of 88%, followed by Al Khaleeji Commercial Bank and Gulf Finance House with monthly gains of 74% and 37% respectively.

Amlak, the real estate investment arm of the Social Insurance Organisation (SIO), reportedly revealed plans to launch new projects in 2017. Amlak reportedly unveiled plans for The Sixty Six project, a six-storey residential building located in Umm Al Hassam, which will consist of a residential compound that includes 30 housing units. Other projects currently under discussion are reportedly a housing project for mid-income families, and a residential project in the Seef District that comprises 190 apartments spread across 41 floors.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

| Monthly Indicators | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| MSM 30 Index | 5,179.4 | 5,395.1 | 5,467.4 | 5,942.7 | 5,811.0 | 5,777.3 | 5,843.8 | 5,735.0 | 5,726.2 | 5,481.4 | 5,487.7 | 5,782.7 | 5,776.2 |
| Monthly % Change | (4.2%) | 4.2% | 1.3% | 8.7% | (2.2%) | (0.6%) | 1.2% | (1.9%) | (0.2%) | (4.3%) | 0.1% | 5.4% | (0.1%) |
| Market Cap (OMR Mn) | 6,636 | 6,870 | 6,961 | 7,444 | 7,428 | 7,233 | 7,313 | 7,351 | 7,555 | 7,930 | 7,946 | 5,055 | 4,959 |
| P/E (X) - TTM | 9.08 | 9.49 | 10.06 | 10.67 | 10.53 | 9.99 | 9.79 | 9.67 | 9.66 | 9.35 | 9.54 | 10.08 | 10.21 |
| P/BV (X) - TTM | 1.14 | 1.14 | 1.14 | 1.22 | 1.22 | 1.13 | 1.14 | 1.12 | 1.13 | 1.08 | 1.08 | 1.15 | 1.13 |
| Dividend Yield (%) | 5.15% | 4.96% | 5.38% | 5.06% | 5.10% | 6.43% | 6.29% | 6.35% | 6.34% | 5.38% | 5.39% | 5.11% | 5.23% |
| Volume (Mn Shares) | 267 | 339 | 336 | 575 | 347 | 254 | 179 | 199 | 227 | 127 | 187 | 147 | 192 |
| Value (OMR Mn) | 73 | 84 | 83 | 113 | 96 | 59 | 46 | 52 | 45 | 43 | 58 | 44 | 52 |
| Trades | 12,401 | 18,699 | 18,194 | 26,093 | 19,226 | 11,527 | 12,377 | 13,074 | 5,563 | 7,975 | 5,847 | 8,793 | 11,583 |

Source: Muscat Securities Market, KAMCO Research

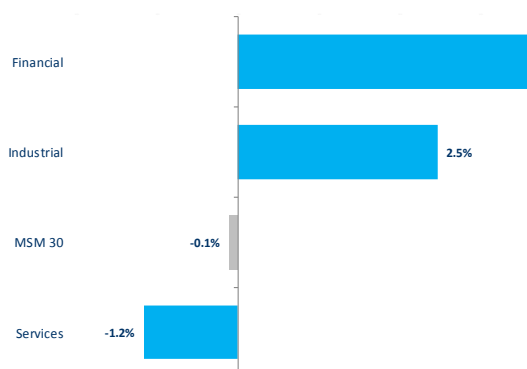
After two consecutive months of marginal uptrend, the MSM 30 index ended flat during January-17 after gains in Financial and Industrial indices were completely offset by declines in the Services index. The Financial Index surged 3.6%, the highest gain in terms of relative sector performance, on the back of double digit returns recorded in insurance stocks. Shares of Al Madina Takaful went up by 30% during the month, while Oman United Insurance shares recorded gains of 14.9%. Among the large cap stocks, National Bank of Oman was the only stock in the sector to record a gain of 1.3%. On the other hand, shares of Bank Muscat, the biggest stock in the market and in the sector, declined by 2.1% despite report higher earnings for Q4-16 and for the full year.

The earnings season was significantly positive as compared to the previous year with total profits for listed stocks up by 19.2% to OMR 785.8 Mn as compared to OMR 659.1 Mn during the previous year. The biggest growth contribution came from the Services and Insurance sector that reported a year-on-year net profit growth of 66.7%, while Banking & Investment sector reported a smaller growth of 4.3% to reach OMR 407.9 Mn. The Industrial segment, on the other hand, reported a decline of 13.2% in net profit for 2016 to reach OMR 74.8 Mn. The biggest growth in net profit in the Services & Insurance segment was reported by telecom major Omantel which recorded more than double increase in its 2016 net profits. The telco reported a full year net profit of OMR 116.7 Mn in 2016 as compared to OMR 48.5 Mn during the previous year, although the 2015 report included an investment impairment that led to a decline in net profits. Nevertheless, profits growth was still positive after excluding the impairment expense for 2015.

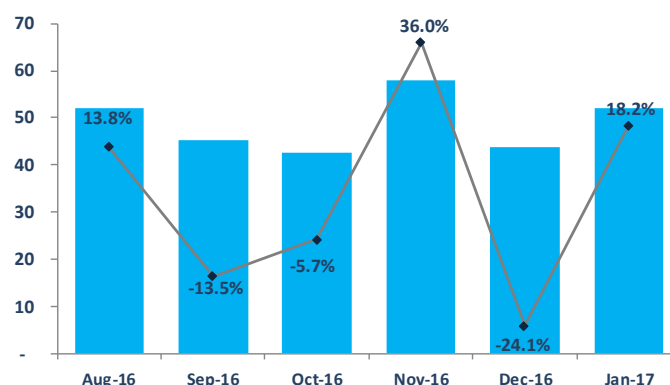
Within the banking sector, net profit for the Bank Muscat increased marginally by 0.6% to OMR 176.56 Mn in 2016 as the 5.2% increase in net interest income from conventional banking and Islamic banking was almost completely offset by a 3.5% decline in non-interest income coupled with 1.8% increase in operating expenses during the year. On the positive side, impairment for credit losses in 2016 were marginally lower as compared to 2015. In addition, net loans and advances increased during the year by 6.1% for conventional operations despite a marginal drop of 0.6% in customer deposits. Similarly, the increase in receivables for Islamic banking operations were higher than the increase in deposits during the year. In terms of dividends, the bank continued on its longstanding policy by proposing a 25% cash dividend and 5% bonus shares for the year.

Trading activity on the exchange witnessed significant improvement during the month with monthly volumes reaching the highest level since September-16 to record 192 Mn shares, a surge of 33% as compared to December-16. Monthly value traded also increased, but at a lower pace of 18.2% to reach OMR 51.9 Mn. The monthly market breadth was slightly skewed towards decliners that included 13 companies as compared to 12 gainers. The monthly gainers chart was topped by Al Madina Takaful with a gain of 29.6% after the company reported a 100% increase in its FY-16 net profits. Oman United Insurance was the second highest gainer for the month with a return of 14.9%, also backed by higher net profits reported by the company.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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