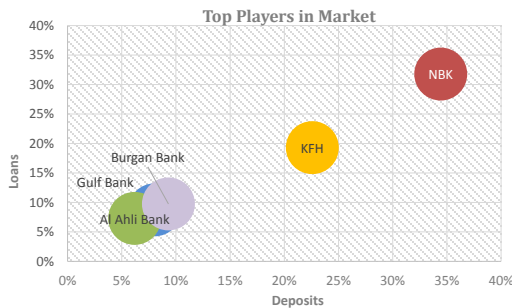
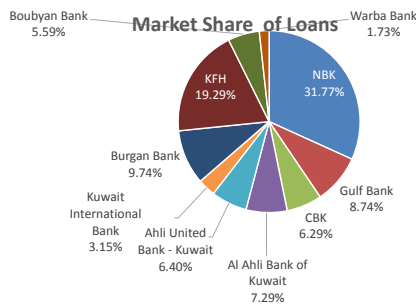
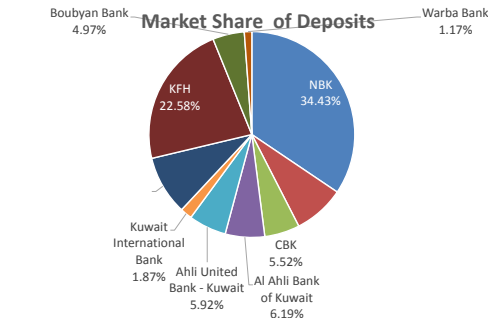
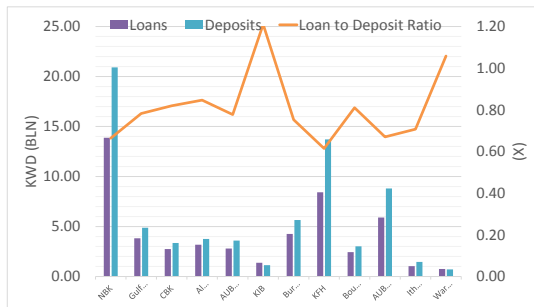
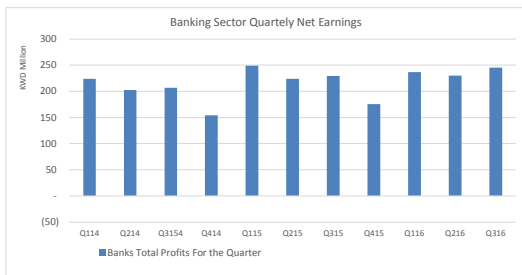




ARZAN FINANCIAL GROUP

ASSET MANAGEMENT

KSE Banking Quarterly Report (3Q 2016 Results)



Banking Company's Return					
EARNINGS 2016/2015					
	3Q15 Earnings (KWD Mn)	3Q16 Earnings (KWD Mn)	Q3 16 to Q3 15 change (%)	Q2 16 to Q2 15 change (%)	Q1 16 to Q1 15 change (%)
National Bank of Kuwait	64.53	68.65	▲ 6.38%	▲ 7.19%	▼ -18.22%
Gulf Bank	10.96	12.11	▲ 10.42%	▲ 34.38%	▼ -10.40%
Commercial Bank of Kuwait	8.74	15.98	▲ 82.97%	▼ -63.88%	▲ 22.85%
Al Ahli Bank of Kuwait	8.79	4.75	▼ -45.95%	▼ -35.89%	▼ -14.35%
Ahli United Bank - Kuwait	13.56	13.50	▼ -0.49%	▼ -1.02%	▲ 1.39%
Kuwait International Bank	1.32	1.50	▲ 13.80%	▲ 12.82%	▲ 16.34%
Burgan Bank	16.15	11.72	▼ -27.41%	▼ -13.70%	▼ -27.27%
Kuwait Finance House	43.37	52.25	▲ 20.49%	▲ 13.34%	▲ 14.09%
Boubyan Bank	9.12	10.72	▲ 17.52%	▲ 13.25%	▲ 23.37%
Ahli United Bank (B.S.C)	53.10	53.13	▲ 0.05%	▲ 11.74%	▲ 5.04%
Ithmaar Bank (B.S.C)	(1.34)	0.79	▲ 59.15%	▲ 5.63%	▼ -54.02%
Warba Bank	0.94	0.42	▼ -54.91%	▼ -46.64%	▲ 325.97%
Total	229.23	245.52			

DEPOSITS 2016/2015					
	3Q15 Deposits (KWD Bln)	3Q16 Deposits (KWD Bln)	Q3 16 to Q3 15 change (%)	Q2 16 to Q2 15 change (%)	Q1 16 to Q1 15 change (%)
National Bank of Kuwait	20.36	20.91	▲ 2.68%	▲ 3.71%	▲ 4.83%
Gulf Bank	4.81	4.88	▲ 1.47%	▲ 3.03%	▲ 0.88%
Commercial Bank of Kuwait	3.36	3.35	▼ -0.34%	▼ -5.65%	▼ -26.86%
Al Ahli Bank of Kuwait	3.19	3.76	▲ 17.91%	▲ 27.68%	▲ 30.97%
Ahli United Bank - Kuwait	3.43	3.59	▲ 4.68%	▲ 5.20%	▲ 10.75%
Kuwait International Bank	1.04	1.14	▲ 9.32%	▲ 12.94%	▲ 15.34%
Burgan Bank	6.47	5.65	▼ -12.66%	▼ -10.24%	▼ -9.06%
Kuwait Finance House	13.88	13.71	▼ -1.19%	▼ -3.10%	▼ -2.06%
Boubyan Bank	2.64	3.02	▲ 14.43%	▲ 16.67%	▲ 19.74%
Ahli United Bank (B.S.C)	8.34	8.80	▲ 5.50%	▲ 4.47%	▲ 2.90%
Ithmaar Bank (B.S.C)	1.60	1.46	▼ -8.56%	▼ -2.05%	▼ -5.06%
Warba Bank	0.45	0.71	▲ 57.84%	▲ 49.36%	▲ 51.12%
Total	69.58	70.99			

NET LOANS 2016/2015					
	3Q15 Loans (KWD Bln)	3Q16 Loans (KWD Bln)	Q3TQ3 change (%)	Q2TQ2 change (%)	Q1TQ1 change (%)
National Bank of Kuwait	13.23	13.88	▲ 4.87%	▲ 7.76%	▲ 9.62%
Gulf Bank	3.71	3.82	▲ 2.82%	▲ 1.71%	▼ -1.95%
Commercial Bank of Kuwait	2.64	2.75	▲ 3.84%	▲ 6.25%	▲ 1.11%
Al Ahli Bank of Kuwait	2.77	3.18	▲ 14.87%	▲ 19.09%	▲ 22.47%
Ahli United Bank - Kuwait	2.64	2.79	▲ 5.71%	▲ 6.94%	▲ 10.75%
Kuwait International Bank	1.29	1.37	▲ 6.89%	▲ 15.31%	▲ 17.68%
Burgan Bank	4.40	4.25	▼ -3.41%	▼ -4.29%	▼ -4.17%
Kuwait Finance House	7.97	8.43	▲ 5.75%	▲ 2.60%	▲ 1.95%
Boubyan Bank	2.11	2.44	▲ 15.94%	▲ 18.24%	▲ 19.06%
Ahli United Bank (B.S.C)	5.75	5.90	▲ 2.61%	▲ 4.79%	▲ 9.46%
Ithmaar Bank (B.S.C)	1.03	1.03	▲ 0.47%	▼ -0.17%	▲ 5.10%
Warba Bank	0.49	0.75	▲ 53.31%	▲ 47.89%	▲ 51.04%
Total	48.04	50.60			

Q3 2016								
	Market Cap. (KWD Mn)	Operating Profits Margin %	% NPL over TL*	NPL Coverage Ratio*	ROE %	ROAX %	PE (x)	PB (x)
National Bank of Kuwait	3,605	32.17	1.3%	3.22	8.84	1.31	12.80	1.13
Gulf Bank	713	21.67	5.5%	1.34	7.74	0.72	16.29	1.21
Commercial Bank of Kuwait	628	38.96	15.3%	0.30	8.60	1.12	12.95	1.09
Al Ahli Bank of Kuwait	494	NA	5.9%	1.11	3.64	0.77	22.95	0.89
Ahli United Bank - Kuwait	684	35.69	3.3%	1.06	11.52	0.93	14.38	1.59
Kuwait International Bank	209	7.48	5.6%	1.47	7.29	0.93	10.64	0.76
Burgan Bank	666	15.49	6.8%	0.73	8.64	0.88	11.64	0.85
Kuwait Finance House	2,724	22.59	4.7%	3.57	9.21	1.13	16.12	1.49
Boubyan Bank	866	33.40	4.2%	0.53	12.23	1.22	21.26	2.10
Ahli United Bank (B.S.C)	1,320	41.92	3.0%	1.10	14.39	1.68	7.83	1.10
Ithmaar Bank (B.S.C)	115	9.21	18.9%	0.47	-12.52	-0.58	NM	0.86
Warba Bank	216	4.50	2.8%	0.54	0.67	0.15	NM	2.31
Total Market	12,240						13.86	1.29

Note: *Available Annually

Market Commentary

All 12 listed banks recorded positive earnings during third quarter 2016. However, Al Ahli Bank of Kuwait, Ahli United Bank - Kuwait, Burgan and Warba Bank recorded a decrease in net earnings compared to third quarter of 2015. High provisioning and impairments are still the largest risk factor to net earnings. Total net earnings in banking sector grew marginally by 7%, with deposits grew by only 2% and net loans by only 5% during third quarter this year compared to the same quarter last year. The Banking sector in Kuwait is highly dominated by few banks for the past few years, controlling the market such as NBK and KFH correspond to around 20% to 30% of loans and deposits in the market. The ratio of loans to deposits stood average 0.8x with Kuwait International Bank and Warba Bank stood above 1x.

In terms of Non Performing Loans (NPL) Coverage ratio to precautionary reserve againsts NPL and defaults, KFH, NBK and KIB are the top highest with NPL coverage ratio stands at 3.57x, 3.22x and 1.47x. NPL over Total Loans stood at average of 6.5% with Ithmaar Bank, CBK and Burgan Bank having the highest % at 18.9%, 15.3% and 7.7% respectively over the average sector.

Source: Thomson Reuters

Note: Market Share excludes Banks in Bahrain

Disclosure: This document has been compiled by and is issued by Arzan Financial Group, which has obtained the information used in this document from sources it believes to be reliable, but has not carried out an independent verification of the data contained herein and does not guarantee neither its accuracy nor its completeness. This document is not an offer to sell or a solicitation to buy any securities. The opinions and estimates expressed herein are those of Arzan Financial Group and subject to change at any time without any prior notice. Past performance is not an indicator of future results.

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