

GCC Corporate Earnings - Q2 2014

September-2014

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Corporate earnings for GCC-listed companies increased by 11.1% during Q2-14, albeit at a relatively slow pace as compared to Q1-14. Core sectors including Banking, Industrial and Real Estate witnessed strong overall growth led by a pick up in economic activity across the region. Majority of the banks reported a decline in provisions which pushed quarterly earnings.

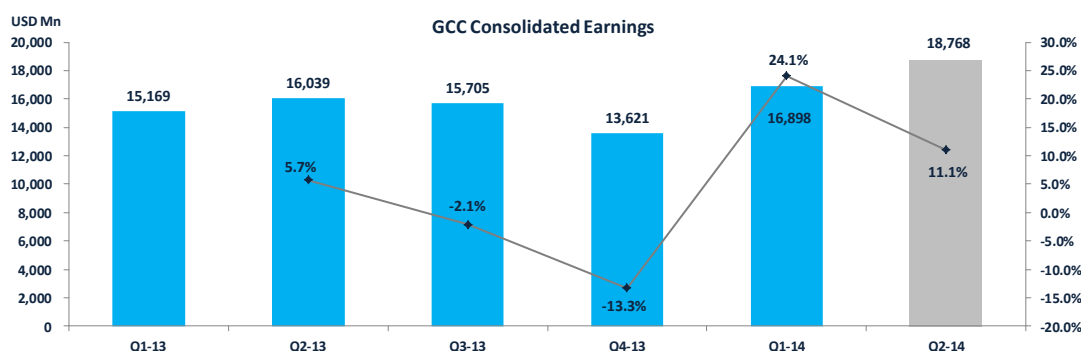
Kuwaiti companies saw steep declines in Q2-14 profits that reached USD 1.4 Bn, down by 9.5% Y-o-Y and 13.3% Q-o-Q. From among the heavyweight sectors, the y-o-y decline was led by Real Estate and Financial Services sectors, followed by Industrials and Telecom. A strong improvement in banking sector profitability led by decline in provisions coupled with higher operating income helped to offset some decline in overall fall in profitability for the KSE.

Saudi Arabia reported the second-highest growth in Q2-14 earnings in the GCC and one of the strongest in the past quarters. Total net profit for Saudi-listed companies increased by an impressive 20.5% to USD 8.6 Bn as compared to USD 7.1 Bn in Q1-14. The growth was even higher at 25.5% when compared to Q2-13. The growth was led by higher profits reported by heavyweight sectors like Banks & Financial Services, Petrochemical Industries and Telecom.

In UAE, Q2-14 net profits for DFM-listed companies increased to its highest level over the past several quarters to USD 1.9 Bn. The growth was fuelled by higher profits reported by banks, investment and financial services and real estate companies partially offset by decline in profitability for the Insurance and Industrial sectors. Corporate profits for ADX-listed companies also increased both sequentially as well as compared to second quarter of the previous year. Total quarterly profits increased by 13.2% Q-o-Q and 28.6% Y-o-Y to USD 3.0 Bn led by higher profits for Banks, Financial Services and Telecom sectors. This was the third consecutive quarter of higher quarterly profits for the exchange.

Qatar Exchange remained the third market in the GCC to report a decline in quarterly profits during Q2-14. Total profits declined by 3.2% Q-o-Q and 4.9% Y-o-Y to USD 2.9 Bn. The decline was, however, less steep as compared to the 8.4% sequential decline seen in Q1-14.

Net Profit/Loss(USD Mn)	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Kuwait	1,483	1,493	1,179	976	1,560	1,351	7.2%	-13.3%	-9.5%
Growth (%)		0.7%	-21.1%	-17.2%	59.8%	-13.3%			
Saudi Arabia	6,292	6,823	8,080	5,796	7,104	8,562	45.6%	20.5%	25.5%
Growth (%)		8.4%	18.4%	-28.3%	22.6%	20.5%			
Dubai	1,089	1,242	1,046	1,472	1,544	1,853	9.9%	20.0%	49.2%
Growth (%)		14.1%	-15.8%	40.7%	4.9%	20.0%			
Abu Dhabi	2,322	2,370	2,237	1,368	2,692	3,047	16.2%	13.2%	28.6%
Growth (%)		2.0%	-5.6%	-38.9%	96.9%	13.2%			
Qatar	2,697	3,023	2,518	3,243	2,970	2,874	15.3%	-3.2%	-4.9%
Growth (%)		12.1%	-16.7%	28.8%	-8.4%	-3.2%			
Bahrain	713	580	162	272	514	464	2.5%	-9.8%	-20.1%
Growth (%)		-18.6%	-72.2%	68.5%	88.8%	-9.8%			
Oman	573	508	485	493	512	617	3.3%	20.5%	21.5%
Growth (%)		-11.4%	-4.6%	1.7%	3.8%	20.5%			
GCC Consolidated Earnings	15,169	16,039	15,705	13,621	16,898	18,768	100.0%	11.1%	17.0%
Growth (%)		5.7%	-2.1%	-13.3%	24.1%	11.1%			



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Kuwait

Kuwaiti companies' Q2-14 profits saw steep decline of 9.5% Y-o-Y and 13.3% Q-o-Q to reach USD 1.4 Bn. Among the heavyweight sectors, the y-o-y decline was led by Real Estate and Financial Services sectors, followed by Industrials and Telecom. A strong improvement in banking sector profitability due to decline in provisions coupled with higher operating income helped to offset some decline in overall fall in profitability for KSE.

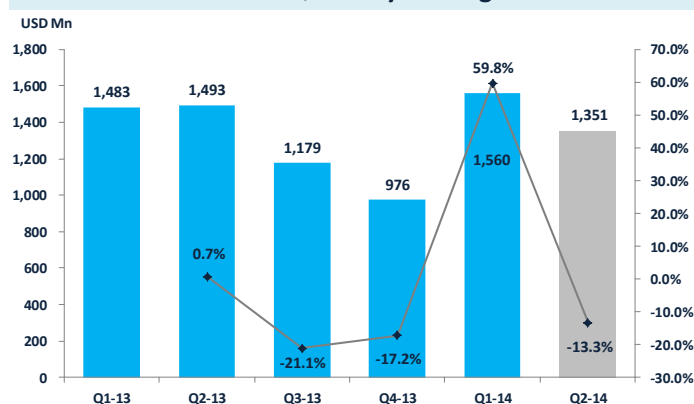
Total quarterly profits for the Banking sector increased by 23% Y-o-Y to USD 547 Mn but declined by 9.6% as compared to Q1-14. NBK reported an impressive 28.9% Y-o-Y increase in Q2-14 net profits that stood at KWD 60.9 Mn (USD 214.9 Mn). The bank highlighted improving operating environment in Kuwait led by a pickup in economic activity due to a noticeable improvement in the process of tendering, award and execution of large infrastructure projects. This helped to lift private sector sentiments which resulted in higher credit growth for the overall banking sector.

Meanwhile, KFH reported higher Q2-14 profits which was up by 6.3% Y-o-Y and 9.4% Q-o-Q to record at KWD 28.5 Mn (USD 100.7 Mn). The bank saw 20% increase in number of prepaid and credit cards issued during 1H-14 strengthening its position in the banking cards market. Burgan Bank also reported 31.9% growth in Q2-14 net profits which stood at KWD 16.2 Mn (USD 57.1 Mn) as compared to Q2-13. However, the profits declined by 5.7% as compared to Q1-14.

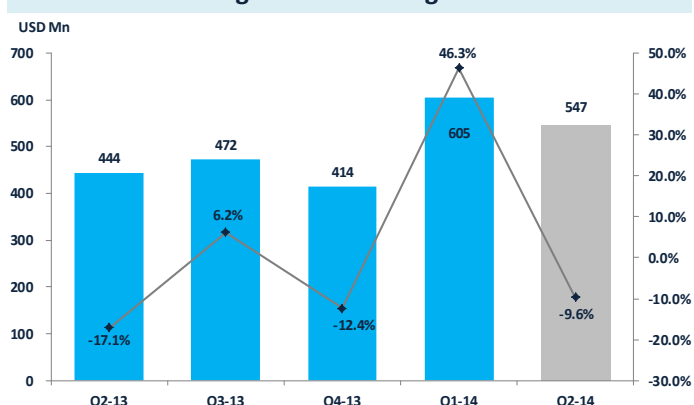
Quarterly profits for the Telecom sector improved sequentially by 2.0% to USD 272 Mn but declined by 7.6% as compared to Q2-13. Profit growth on quarter was led by Zain which reported 5.1% increase in Q2-14 net profits at KWD 58.8 Mn (USD 207.6 Mn). However, net profits as compared to Q2-13 declined by 3.1%. The operator reported higher data revenues during the quarter and during 1H-14. The results were, however, affected by the forex losses in Sudan and Iraq.

Meanwhile, Ooredoo (formerly Wataniya) reported a 21.3% decline in Q2-14 profits that reached KWD 18 Mn (USD 63.7 Mn) as compared to Q2-13. The Q-o-Q decline was relatively modest at

Kuwait Quarterly Earnings



Banking Sector - Earnings Growth



9.0%. The company said that it has a new strategy to win back market share in Kuwait and that the strategy is progressing well as planned.

The Real Estate sector reported declining profitability for the Q2-14 as a majority of the real estate companies in Kuwait reported declining profitability. Mabaneer reported 0.8% Q-o-Q decline in Q2-14 net profits whereas Al Tijaria reported a steeper 13.6% decline over the same period. On the positive side, Salhia Real Estate reported a 7.5% improvement in profitability.

Net Profit/Loss(USD Mn)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banks	444	472	414	605	547	40.5%	-9.6%	23.0%
Telecom	294	241	224	266	272	20.1%	2.0%	-7.6%
Industrials	168	109	149	189	139	10.3%	-26.4%	-17.5%
Real Estate	232	103	159	155	125	9.3%	-18.8%	-45.8%
Financial Services	177	96	(48)	55	120	8.9%	116.1%	-32.4%
Consumer Services	32	73	30	34	52	3.8%	53.6%	62.8%
Consumer Goods	55	39	20	70	54	4.0%	-22.6%	-1.7%
Insurance	27	15	10	42	2	0.2%	-94.5%	-91.5%
Oil & Gas	41	22	(13)	25	16	1.2%	-34.4%	-59.8%
Basic Materials	10	(4)	53	103	14	1.0%	-86.6%	32.8%
Health Care	10	8	5	10	6	0.4%	-47.2%	-42.6%
Technology	3	4	(26)	5	5	0.4%	3.4%	77.7%
Kuwait Earnings	1,493	1,179	976	1,560	1,351	100.0%	-13.3%	-9.5%

Saudi Arabia

Saudi Arabia reported the second-highest growth in Q2-14 earnings in the GCC and one of the strongest in the past quarters. Total net profit for Saudi-listed companies increased by an impressive 20.5% to USD 8.6 Bn as compared to USD 7.1 Bn in Q1-14. The growth was even higher at 25.5% when compared to Q2-13. The growth was led by higher profits reported by heavyweight sectors like Banks & Financial Services, Petrochemical Industries and Telecom.

SABIC reported a 7% Y-o-Y jump in Q2-14 net profit to reach SAR 6.5 Bn (USD 1.7 Bn) supported by higher production and sales volumes coupled with higher prices for products, partly offset by a dip in sales volumes and an increase in feedstock costs for some products.

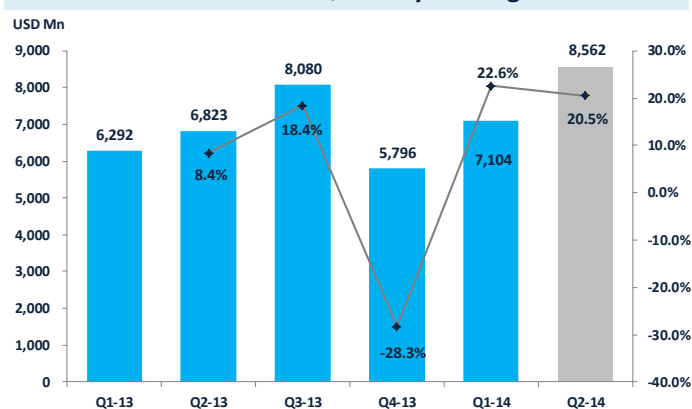
The majority of the other companies in the petrochemical sector also reported a Y-o-Y increase in net profits, sending the total profits for the sector up by 15.9% to SAR 9.2 Bn (USD 2.5 Bn).

YANSAB reported Q2-14 net profits of SAR 613 Mn (USD 163.7 Mn), an increase of 10.3% as compared to Q1-14 but a decline of 8.6% as compared to Q2-13. The Y-o-Y decline was led by rise in feedstock prices that resulted in higher cost of sales whereas the sequential improvement was led by higher selling prices.

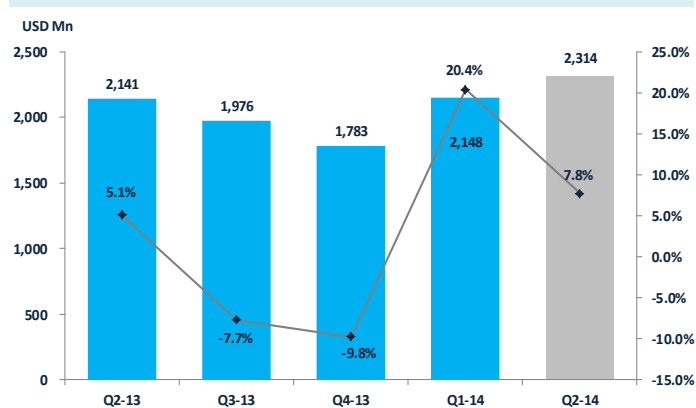
The banking sector also saw significant Y-o-Y growth in net profits (+8.1% as compared to Q2-13 and +7.8% sequentially) which stood at USD 2.3 Bn. Except for Al Rajhi Bank and Al Jazeera Bank, which reported Y-o-Y decline in net profits, all the other banks reported positive earnings development during the quarter.

Among the larger banks, Al Rajhi Bank recorded third straight quarter of profit decline which stood at 8.6% to record SAR 2.0 Bn (USD 520.4 Mn) as compared to SAR 2.1 Bn in Q2-13 (USD 566.8 Mn). However, the bank reported 14.2% increase in net profits as compared to SAR 1.7 Bn (USD 455.5 Mn) Q1-14. The decline in profit as compared to previous year came on account of higher operating expenses.

Saudi Arabia Quarterly Earnings



Banks & Financial Services Sector - Earnings Growth



In the telecom sector, Zain KSA managed to lower its quarterly losses to SAR 329 Mn (USD 87.8 Mn) on the back of higher data revenues. The company's mobile data users more than doubled during 1H-14.

On the other hand, STC reported an impressive 96.2% Y-o-Y increase in net profit which stood at SAR 2.8 Bn (USD 748.4 Mn) on the back of lower operating costs.

Net Profit/Loss(USD Mn)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banks & Financial Services	2,141	1,976	1,783	2,148	2,314	27.0%	7.8%	8.1%
Petrochemical Industries	2,121	2,388	2,617	2,484	2,457	28.7%	-1.1%	15.8%
Cement	486	302	285	438	473	5.5%	8.0%	-2.7%
Retail	162	183	5	342	193	2.3%	-43.7%	19.2%
Energy & Utilities	411	770	(176)	(234)	985	11.5%	-520.3%	140.0%
Agriculture & Food Ind.	328	324	298	263	337	3.9%	28.2%	2.9%
Telecom & Information	693	1,228	1,005	861	1,025	12.0%	19.1%	47.9%
Insurance	(26)	5	(418)	187	54	0.6%	-71.2%	-311.3%
Multi-Investment	50	72	92	54	79	0.9%	45.3%	58.6%
Industrial Investment	138	453	57	134	290	3.4%	116.2%	110.2%
Building & Construction	68	146	8	86	38	0.4%	-55.4%	-43.7%
Real Estate Development	62	120	89	204	134	1.6%	-34.1%	116.0%
Transport	65	46	121	69	55	0.6%	-19.2%	-14.6%
Media & publishing	10	1	(12)	(19)	1	0.0%	-105.4%	-89.5%
Hotel & Tourism	114	65	42	87	124	1.4%	42.2%	8.4%
Tadawul Earnings	6,823	8,080	5,796	7,104	8,562	100.0%	20.5%	25.5%

Dubai

Dubai-listed companies reported the highest level of quarterly profits in recent quarters for Q2-14 which stood at USD 1.9 Bn as compared to USD 1.5 Bn in Q1-14 and USD 1.2 Bn during second quarter of 2013. The growth was fuelled by higher profits reported by banks, investment and financial services and real estate companies partially offset by decline in profitability for the Insurance and Industrial sectors.

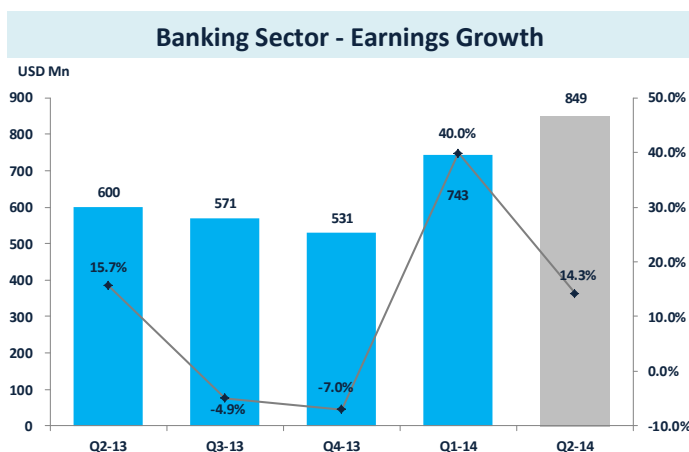
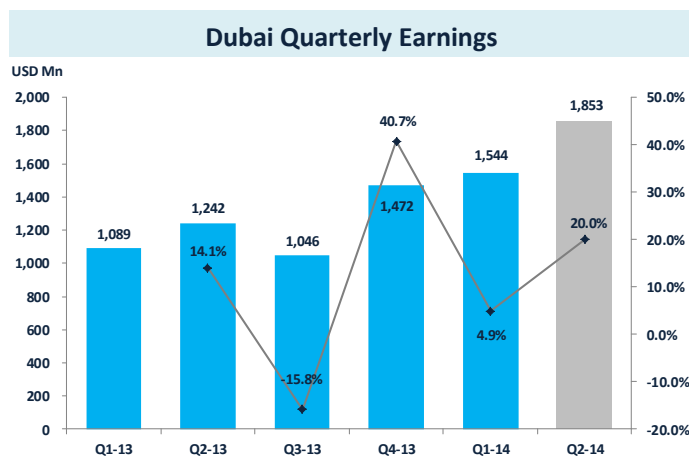
Banking sector, which accounted for 45.8% of total market profitability for Q2-14, posted 41.5% Y-o-Y and 14.3% sequential growth in net profits that reached USD 849.4 Mn. A total of seven out of the eleven listed banks in Dubai reported positive earnings growth during Q2-14 as compared to Q1-14 whereas when compared to Q2-13, all the banks reported positive earnings development.

Emirates NBD, reported an impressive 25.5% sequential growth in net profit which stood at AED 1.3 Bn (USD 355.6 Mn) on the back of revenue growth in both retail banking and wealth management as well as at Emirates Islamic, its Islamic banking subsidiary, that led to higher net interest income and non-interest income further supported by a decline in operating costs.

The strong economic growth in the UAE has benefited the banking sector as a result of higher government spending on infrastructure and corporate spending on real estate development to make Dubai a trade and tourism hub. Further, the cautious stance adopted by banks in the previous quarters was relaxed as they gained confidence in the economy.

The related Investment & Financial services sector also reported a significant jump of 87.2% sequential growth in net profits to record at USD 195 Mn. The growth when compared to Q2-13 was even higher at 182.4%. Net profit posted by Dubai Investments more than doubled to AED 540 Mn (USD 147.0 Mn) as compared to Q1-14 due to higher valuation of its portfolio as well as a one time gain of AED 471.9 Mn (USD 128.4 Mn) on the sale of 66% stake in its pharmaceutical subsidiary, Globalpharma. The gain was recorded in the second quarter.

Meanwhile, market operator, Dubai Financial Market, also recorded a 263.4% Y-o-Y jump in Q2-14 net profits on the back of higher



trading commission which was due to increase in overall trading activity on the bourse.

Quarterly profits for the real estate sector increased by 24.4% to USD 437.6 Mn as compared to USD 352 Mn during Q1-14. Major profit earners in the sector include Union Properties that almost tripled its second quarter profits to AED 527.4 Mn (USD 143.4 Mn) on the back of fair value gains on its properties portfolio. Meanwhile, Emaar Properties posted a marginal increase in Q2-14 profits (+0.6% Q-o-Q) that AED 868.0 Mn (USD 236.1 Mn).

In the telecom sector, Du posted a sequential profit increase of 11.7% to reach AED 547.7 Mn (USD 149.0 Mn) led by higher fixed and data revenue.

Net Profit/Loss(USD Mn)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banking	600	571	531	743	849	45.8%	14.3%	41.5%
Consumer Staples	11	7	5	10	13	0.7%	38.2%	20.0%
Investment & Financial	69	63	72	104	195	10.5%	87.2%	182.4%
Insurance	48	(20)	64	78	49	2.6%	-37.4%	1.5%
Industrials	26	(10)	6	27	19	1.0%	-28.0%	-25.3%
Real Estate	260	246	634	352	438	23.6%	24.4%	68.4%
Telecommunication	129	129	136	133	151	8.1%	12.9%	16.6%
Transportation	77	39	5	81	114	6.2%	41.7%	49.0%
Services	22	20	19	16	25	1.3%	55.1%	13.8%
DFM Earnings	1,242	1,046	1,472	1,544	1,853	100.0%	20.0%	49.2%

Abu Dhabi

In line with other GCC markets, corporate profits for ADX-listed companies also increased both sequentially as well as compared to second quarter of the previous year. Total quarterly profits increased by 13.2% Q-o-Q and 28.6% Y-o-Y to USD 3.0 Bn led by higher profits for Banks, Financial Services and Telecom sectors. This was the third consecutive quarter of higher quarterly profits for the exchange.

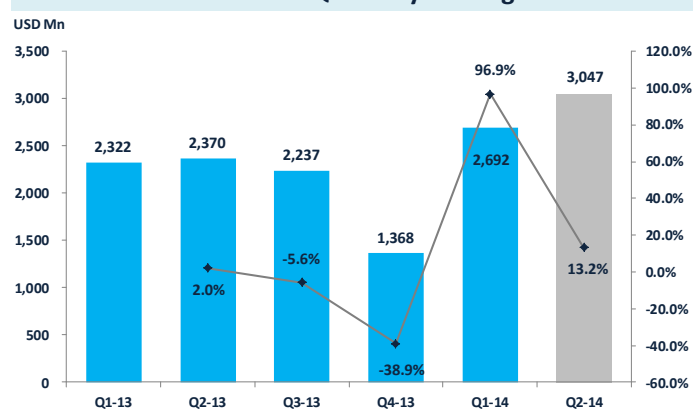
Banks reported a 2.9% increase in Q2-14 profits to reach USD 1.6 Bn as compared to USD 1.55 Bn during Q1-14. Profits from the banking sector accounted for more than half of the total profitability of the exchange, recorded at 52.5%.

National Bank of Abu Dhabi reported a 1.3% increase in Q2-14 profits which stood at AED 1.4 Bn (USD 387.3 Mn) as compared to a net profit of AED 1.4 Bn (USD 382.4 Mn) during Q1-14. However, as compared to the corresponding period in the previous year, Q2-14 profits were up by 17.5%. The higher Y-o-Y profits were driven by a 4.6% increase in net interest income (including income from Islamic financing) to AED 1.7 Bn resulting in a net interest margin of 1.97%. The Bank optimized excess liquidity investments and increased its lending book during the quarter that resulted in higher net interest income. During the quarter, net loans and advances increased by 4.8% to AED 178.5 Bn, customer deposits increased by 8.2% to AED 235 Bn and total assets increased by 6.7% to reach AED 361.3 Bn. The company added that although the net interest margin was up during the quarter, there is still abundant liquidity, re-pricing of risk as the economy recovers and increased deposits placed across highly liquid but lower-yielding asset classes.

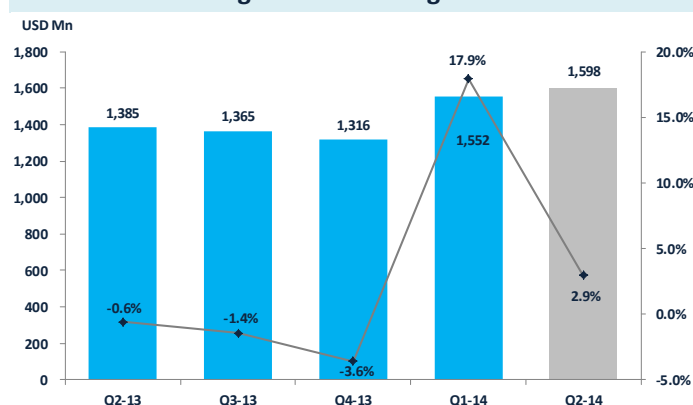
The trend in the increase in profitability for First Gulf Bank (FGB) was very similar to that of National Bank of Abu Dhabi. FGB reported 1.5% Q-o-Q and 15.7% Y-o-Y increase in net profits that reached AED 1.4 Bn (USD 367.2 Mn). The higher quarterly profit was driven by the bank's renewed strategy that was implemented last year which resulted in a strong balance sheet diversified revenues and improved asset quality.

Meanwhile, in the financial services sector, Waha Capital reported a net profit of AED 1.14 Bn (USD 309.5 Mn) for Q2-14, up from AED 38.4 Mn recorded in the corresponding period a year earlier. The

Abu Dhabi Quarterly Earnings



Banking Sector - Earnings Growth



increase in quarterly profit was largely due to a one-off gain related to its subsidiary, AerCap Holdings.

Furthermore, unlike Dubai, the profitability for the real estate sector in Abu Dhabi remained muted with a marginal increase of 1.0% in net profits which stood at USD 148 Mn during Q2-14 as compared to Q1-14. Aldar Properties remained the only real estate firm to record sequential increase in bottomline. Sector profits declined by 54.2% as compared to Q2-13 as all the three listed real estate companies reported declining Y-o-Y profits.

The Telecom sector reported profits of USD 701 Mn which was up 24.9% as compared to Q1-14 primarily due to a 23.9% increase in net profits for Etisalat.

Net Profit/Loss(USD Mn)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banks	1,385	1,365	1,316	1,552	1,598	52.5%	2.9%	15.4%
Investment & Fin. Services	13	30	21	44	311	10.2%	604.9%	2246.0%
Real Estate	323	155	153	147	148	4.9%	1.0%	-54.2%
Energy	(20)	68	(673)	119	111	3.6%	-6.8%	NA
Consumer Staples	21	11	(42)	26	24	0.8%	-8.7%	11.9%
Industrial	60	46	65	72	64	2.1%	-11.0%	6.2%
Insurance	20	41	12	102	27	0.9%	-73.3%	37.1%
Telecom	514	486	430	561	701	23.0%	24.9%	36.3%
Services	52	34	84	68	62	2.0%	-8.6%	20.3%
ADX Earnings	2,370	2,237	1,368	2,692	3,047	100.0%	13.2%	28.6%

Qatar

Qatar Exchange remained the third market in the GCC along with Kuwait and Bahrain to report a decline in quarterly profits during Q2 -14. Total profits for the exchange declined by 3.2% Q-o-Q and 4.9% as compared to the corresponding period in the previous year to USD 2.9 Bn. The decline was, however, less steep as compared to the 8.4% sequential decline seen in Q1-14.

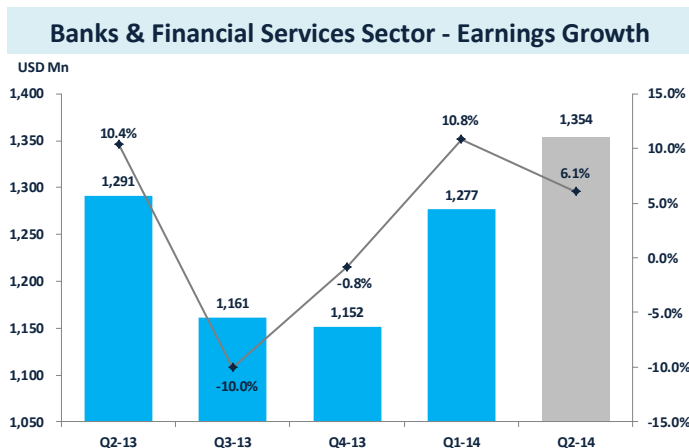
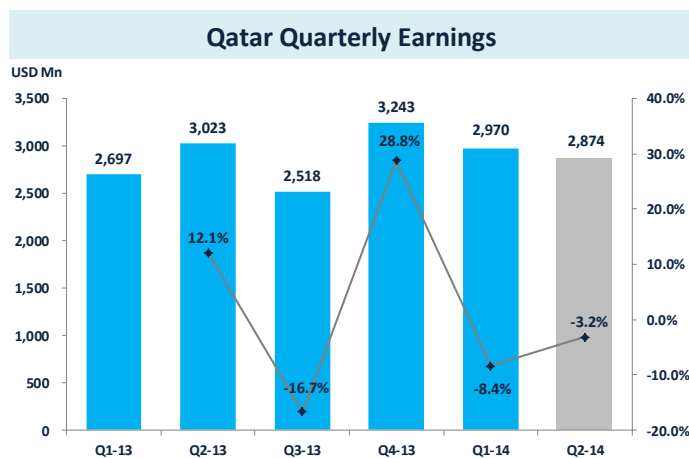
The Banking & Financial Services sector, which accounted for close to half of the total market profitability (47.1%), reported a 6.1% increase in profits for Q2-14 to record USD 1.4 Bn as compared to USD 1.3 Bn during Q1-14. As compared to Q2-13, the increase was relatively modest at 4.9%.

Banking profits in Qatar has been on an uptrend since the past few quarters led by higher lending for the development of infrastructure as the country prepares to host the FIFA World Cup in 2022.

Qatar National Bank (QNB) reported Q2-14 net profits of QAR 2.6 Bn (USD 725.6 Mn), an increase of 8.6% as compared to QAR 2.4 Bn (USD 668.3 Mn) reported during the first quarter of 2014. The bank's loans and advances stood at QAR 326 Bn, up 10.1% Y-o-Y whereas deposits grew by 5.8% Y-o-Y to QAR 345 Bn as of the end of Q2-14.

Commercial Bank of Qatar (CBQ) reported a steep 8.3% decline in Q2-14 profits to record at QAR 489.8 Mn (USD 134.7 Mn) as compared to QAR 533.9 Mn (USD 146.8 Mn) during Q1-14 despite reporting higher loan growth due to higher costs and provisions. The bank reported 58.0% increase in staff cost during the quarter as compared to the corresponding quarter in the previous year. The rise in overall operating expenses was primarily related to Alternatifbank - the Turkish lender which CBQ bought last year. In addition, the company reported 56.4% increase in impairments at QAR 227.1 Mn as compared to Q2-13.

Meanwhile, in the Industrials sector, Industries Qatar posted steep decline in profitability, both as compared to the previous quarter and Q2-13. Net profits for Q2-14 totaled QAR 1.3 Bn (USD 344.8 Mn) as compared to QAR 1.6 Bn (USD 435.9 Mn) primarily due to a decline in topline as the group continued its series of major shutdown program including warranty shutdowns that were planned for the first half of 2014. Net profit was also affected due to a steeper decline in the fertilizer prices during Q2-14 due to difficult trading conditions in the fertilizer segment although polyethylene



prices were up during the quarter.

The newly listed Mesaieed Petrochemical Holding Company reported a 6.1% Q-o-Q decline in net profit at QAR 435.7 Mn due to the planned shut-downs of the company's EDC, VCM and caustic soda facilities.

In the telecom segment, Ooredoo (formerly Qatar Telecom) posted 7.8% Q-o-Q decline in Q2-14 profits to record at QAR 817.4 Mn (USD 224.8 Mn). The decline was higher at 11.4% as compared to Q2-13. The drop in profitability came as higher revenues in Qatar, Oman and Algeria were offset by lower contributions from Indonesia, Kuwait and Iraq. The company's Iraqi unit reported declining revenues due to the political situation there. In addition, the drop in profits was also due to start-up costs for its business in Myanmar.

Net Profit/Loss(USD Mn)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Banks & Financial Services	1,291	1,161	1,152	1,277	1,354	47.1%	6.1%	4.9%
Consumer Goods & Serv.	94	169	129	111	118	4.1%	6.8%	25.3%
Industrials	827	768	945	825	776	27.0%	-5.9%	-6.2%
Insurance	241	44	458	119	111	3.9%	-6.7%	-53.8%
Real Estate	107	188	331	302	108	3.8%	-64.1%	0.9%
Telecoms	340	72	125	176	284	9.9%	61.7%	-16.4%
Transportation	122	115	103	161	122	4.3%	-23.7%	0.7%
QE Earnings	3,023	2,518	3,243	2,970	2,874	100.0%	-3.2%	-4.9%

Bahrain

Bahraini listed companies reported Q2-14 profits that declined by 9.8% Q-o-Q and 20.1% Y-o-Y to USD 463.5 Mn as the positive quarterly growth in the Investment sector was partially offset by decline in profitability in the rest of the sectors.

The Investment sector reported 2.5% increase in profits for Q2-14 to record at USD 136.6 Mn as compared to USD 133.4 Mn during Q1-14. The increase in profits was primarily due to higher quarterly profits reported by Al Baraka Banking Group and Gulf Finance House. Net profits for Al Baraka Banking Group increased by 19.7% to USD 43.8 Mn as compared to USD 36.6 Mn during Q1-14 due to higher net income from jointly financed contracts and investments.

Meanwhile, Gulf Finance House posted significant increase in net profit for Q2-14 to record at USD 7.2 Mn as compared to USD 0.3 Mn in Q1-14 on the back of increase in income from the investment banking business.

Commercial Banks in Bahrain posted Q2-14 profits of USD 208 Mn, a decline of 11.5% Q-o-Q. However, profit increased by 23.6% as compared to USD 168 Mn reported in Q2-13. During the quarter, except for Al Salam Bank, rest of the 4 commercial banks reported sequential decline in profits. Al Salam Bank posted 3.4% increase in Q2-14 net profit of BHD 4.2 Mn (USD 11.0 Mn) as compared to Q1-14 primarily due to higher operating income.

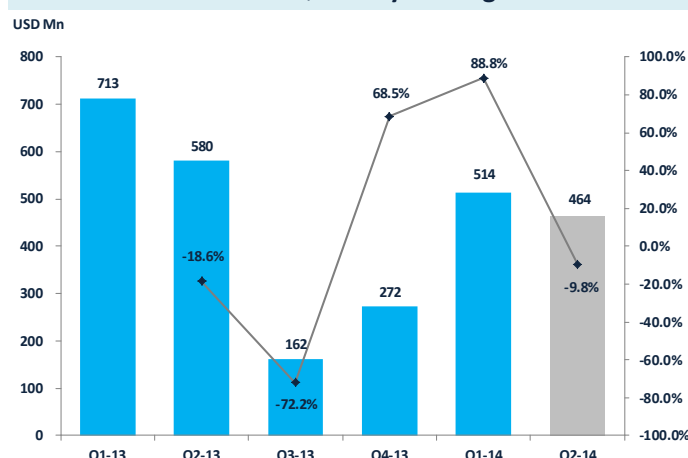
Profits for the insurance sector also saw a steep decline during Q2-14, declining by 48.0% Q-o-Q and 37.1% Y-o-Y. Al Ahlia Insurance remained the only insurance firm to report positive (+4%) sequential growth in net profit to record at BHD 0.36 Mn (USD 0.96 Mn).

The Industrial sector posted 13.5% Q-o-Q decline in net profits to record at USD 40.7 Mn as compared to USD 47.1 Mn during Q1-14. The decline was severe at 26.7% as compared to corresponding quarter in the previous year.

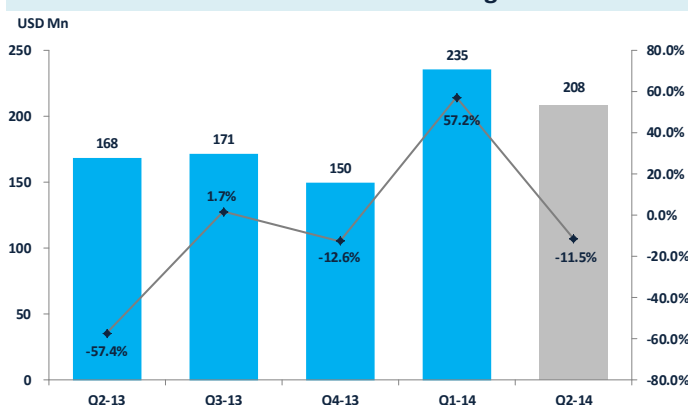
Aluminium Bahrain posted 11.1% sequential decline and 26.4% Y-o-Y decline in net profits to record at BHD 15.2 Mn (USD 40.4 Mn) due to decline in revenues. The company, however, announced that Bahrain's government has approved gas allocation for its planned sixth production line. The line is expected to come onstream in 2015, which will add 400,000 tonnes to its 890,000-tonne capacity.

In the telecom space, Batelco posted 28.1% decline in Q2-14 profits which stood at BHD 10.4 Mn (USD 27.6 Mn) as compared to Q1-13 despite reporting higher subscriber count.

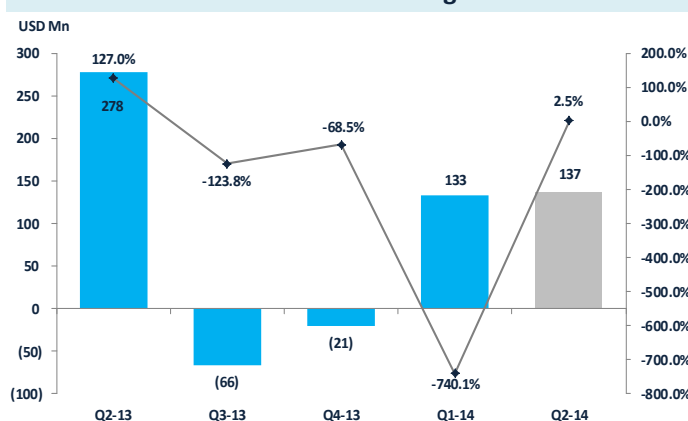
Bahrain Quarterly Earnings



Commercial Banks Sector - Earnings Growth



Investment Sector - Earnings Growth



Net Profit/Loss(USD Mn)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Commercial Banks Sector	168	171	150	235	208	44.9%	-11.5%	23.6%
Investment Sector	278	(66)	(21)	133	137	29.5%	2.5%	-50.9%
Insurance Sector	11	12	18	13	7	1.5%	-48.0%	-37.1%
Services Sector	58	59	43	70	57	12.3%	-19.2%	-1.9%
Hotel & Tourism Sector	10	9	8	15	14	3.1%	-4.0%	51.0%
Industrial Sector	56	(24)	74	47	41	8.8%	-13.5%	-26.7%
BHB Earnings	580	162	272	514	464	100.0%	-9.8%	-20.1%

Oman

MSM-listed companies posted fourth straight quarter of profitability improvement during Q2-14. Net profit increased by 20.5% Q-o-Q and 21.5% compared to Q2-13 on the back of profit improvement seen in all the sectors. The strongest improvement in profits was reported in the Industrial sector which reported net profits of USD 101 Mn, up 44.7% from USD 70 Mn in Q1-14.

In the Industrial sector, Raysut cement reported the largest quarterly profit of OMR 7.4 Mn (USD 19.1 Mn), a decline of 10.6% as compared to OMR 8.2 Mn in Q1-14. On the other hand, Oman Cement posted a healthy 46.0% sequential increase in net profits that stood at OMR 5.4 Mn (USD 14.0 Mn).

Oman Cables Industry posted 85.9% Q-o-Q increase in net profit that stood at OMR 5.6 Mn (USD 14.7 Mn). The company reported positive growth in sales during the quarter despite a fall in copper prices by increasing total volumes.

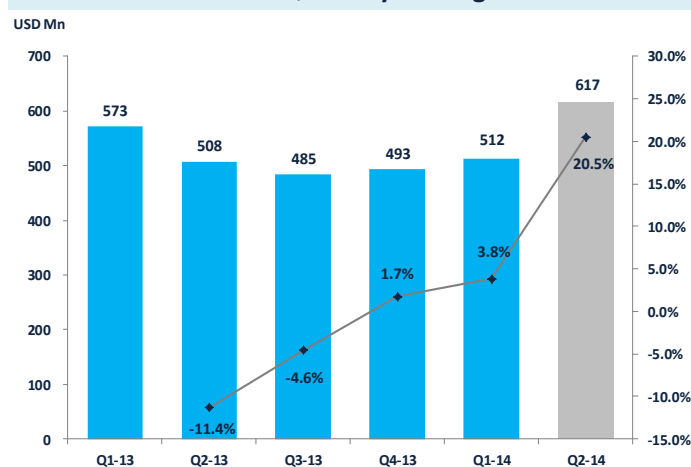
In the Financial sector, total net profit for the quarter increased by 7.0% to USD 282 Mn as compared to USD 264 Mn in the previous quarter. The Y-o-Y improvement in profit stood at a strong 15.2%. Profit growth was led by Bank Muscat which reported net profit of OMR 46.6 Mn (USD 121.0 Mn), a Q-o-Q increase of 17.1% and 22.3% increase as compared to Q2-13. The increase in profit came as a result of booking a one-off investment gain of OMR 9.5 Mn from the merger between Al Salam Bank and BMI Bank, in which Bank Muscat owned 49% prior to the tie-up. The gain resulted in a 56% growth in non-interest income to OMR 42.8 Mn. Loans and advances increased by 11.8% as compared to the previous year to OMR 6.5 Bn at the end of June, whereas deposits increased by 10.6% to OMR 6.3 bn as against OMR 5.7 Bn as at June 30th, 2013.

Meanwhile, Bank Dhofar, which is in merger talks with Bank Sohar, reported marginal increase in Q2-14 net profit (+0.7%) to record at OMR 10.3 Mn (USD 26.7 Mn). The Y-o-Y increase stood at a strong 23.0%. The Bank's net loans and advances grew by 20.8% Y-o-Y to OMR 2.2 Bn whereas deposits increased by 26.1% to OMR 2.2 Bn.

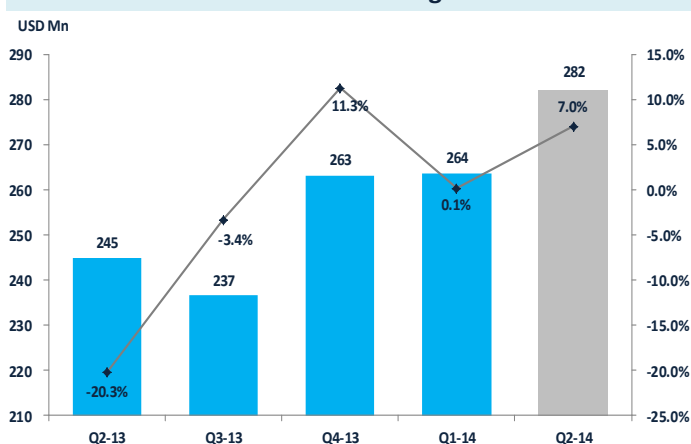
The profit growth for the Services sector was reported at USD 234 Mn, an increase of 31.0% Q-o-Q. Oman's largest telecom company, Oman Telecommunications, reported net profit of OMR 31.6 Mn (USD 82.0 Mn) for Q2-14, a decline of 8.1% Q-o-Q as the decline in revenues from national, international calls and SMS have impacted the overall revenue growth.

On the other hand, Nawras reported 11.8% Q-o-Q increase in net profits for the quarter at OMR 9.9 (USD 25.7 Mn) led by an increase in quarterly revenues backed by higher subscriber count.

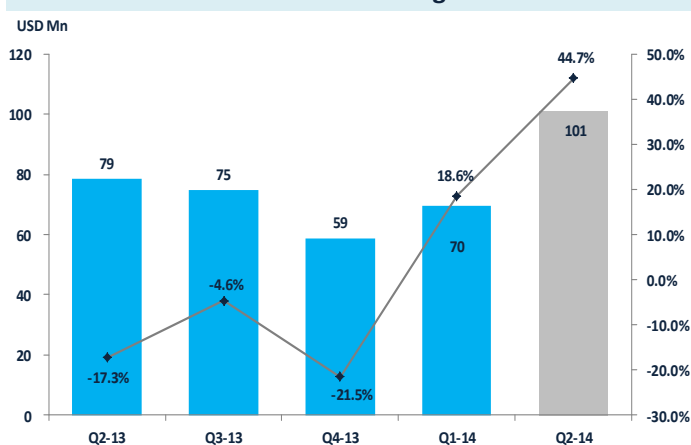
Oman Quarterly Earnings



Financial Sector - Earnings Growth



Industrial Sector - Earnings Growth



Net Profit/Loss(USD Mn)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Share of Total	Q-o-Q % Chg	Y-o-Y % Chg
Financial	245	237	263	264	282	45.7%	7.0%	15.2%
Industrial	79	75	59	70	101	16.4%	44.7%	28.5%
Services	184	173	171	178	234	37.9%	31.0%	26.7%
MSM Earnings	508	485	493	512	617	100.0%	20.5%	21.5%

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