AUB announces a net profit of $450.6m for 9 months of 2021

Net interest income $222.5m in Q3/2021 • Total operating income $274.0m

KUWAIT: Ahli United Bank B.S.C. (AUB) reported a net profit attributable to its equity shareholders of $152.1 million for Q3/2021, which represents a 31.2 percent increase over the Q3/2020 reported profit of $115.9 million driven by an increase in net interest income and a lower level of net provision charge for credit losses. The Basic and Diluted Earnings per Share were US 1.5 cents in Q3/2021 versus US 1.1 cents in Q3/2020. Comprehensive income attributable to the owners of the bank for Q3/2021 was $156.0 million (Q3/2020: $129.7 million, +20.3 percent).

Net interest income was $222.5 million in Q3/2021 (Q3/2020: $193.2 million, +15.2 percent) and total operating income was $274.0 million in Q3/2021 (Q3/2020: $247.4 million, +10.8 percent).

AUB reported a net profit attributable to its equity shareholders of $450.6 million for the first nine months of year 2021 which represents a 10.1 percent increase over the YTD Q3/2020 reported profit of $409.3 million mainly driven by an increase in net interest margins and a lower provision charge in 2021 given the exceptional incremental precautionary Stage 1 and Stage 2 ECL gross provision charges of $78.4 million raised in YTD Q3/2020 on performing risk assets to address the heightened levels of macro-economic and sectoral risks following the out-break of the COVID-19 pandemic. The Basic and Diluted Earnings per Share in YTD Q3/2021 were US 4.3 cents, compared to US 3.9 cents in YTD Q3/2020. Comprehensive income attributable to the owners of the bank for YTD Q3/2021 was $493.8 million (YTD Q3/2020: $287.1 million, +72.0 percent). Net interest income for YTD Q3/2021 was $644.2 million (YTD Q3/2020: $599.9 million, +7.4 percent) primarily due to improved spreads, reduced liquidity premia and improving market conditions. Total operating income for the YTD Q3/2021 was $826.2 million (YTD Q3/2020: $823.0 million, +0.4 percent).

Meshal Al-Othman

The Group's equity attributable to owners at 30 September 2021 increased by 8.6 percent to $4.3 billion (31 December 2020: $4.0 billion). Return on Average Equity for YTD Q3/2021 increased to 13.7 percent (YTD Q3/2020: 12.7 percent). The AUB Group's total assets as at 30 September 2021 increased by 3.6 percent to $41.5 billion (31 December 2020: $40.1 billion) reflecting prudent balance sheet growth compatible with the prevailing economic environment in its main operating markets. Return on Average Assets also improved to 1.6 percent for YTD Q3/2021 (YTD Q3/2020: 1.4 percent).

The non-performing loans ratio was lower at 2.5 percent (31 December 2020: 2.6 percent) with specific provision coverage of 82.2 percent (31 December 2020: 85.9 percent). Provision coverage levels are calculated on a cash provision basis excluding the value of the substantial additional non-cash (real estate and securities) assigned collaterals available against non-performing loans.

The cost to income ratio for YTD Q3/2021 was 29.0 percent (YTD Q3/2020: 28.6 percent) reflecting AUB's efforts to enhance operational efficiencies through the roll-out of digitization initiatives as part of the AUB Group's overall transformation plan.

The AUB Chairman, Meshal Al-Othman, commented "Regional governments have conducted successful vaccination programs which ensured that the majority of their populations have been vaccinated. This facilitated proactive measured steps to ensure opening-up of local economies and return of customer confidence. However, the current period has also seen resurgence of COVID-19 virus variants in some other parts of the world with the resultant health situation adversely impacting business sentiment impacted by shortages of raw materials and components seriously affecting production levels in many key industries. As a result, global financial markets are still subject to volatility given the evolving developments and uncertainty.

Against the challenging backdrop of the still evolving market conditions, AUB achieved a very satisfactory performance in the first nine months of 2021 in terms of both financial and operational results". He added, "During September 2021, AUB successfully completed a 5 year Senior Islamic Sukuk Issue and raised $600 million as part of its funding base diversification efforts. The sukuk issue was very well received and was subscribed over 2.5 times demonstrating AUB's strong credentials and is listed on the London Stock Exchange".

Ahli United Bank B.S.C (AUB) is a leading pan-regional financial services provider, incorporated in Bahrain in May 2000. It offers a full range of retail, commercial and private banking and wealth management services, both conventional and sharia-compliant, across the MENA region and the UK. AUB operates through its Bahrain head office and its subsidiaries in Kuwait, Egypt, Iraq, and the UK as well as its associates in Oman and Libya; and a branch in the UAE (DIFC). The key shareholders of AUB are the Public Institution for Social Security, Kuwait (18.86 percent stake) and Social Insurance Organization, Bahrain (10.01 percent stake). AUB's strong performance has earned it a string of prestigious local and regional accolades over the years, including: "Best Bank in the Middle East" by The Banker (2006, 2016) and by Euromoney (2007, 2012) besides the "Best Bank in Bahrain" consistently over the years.

Winner receiving the prize

NBK announces winner of KD 125,000 in Al-Jawhara draw

KUWAIT: National Bank of Kuwait (NBK) continues to reward its customers with an outstanding array of draws, prizes and offers all year round. In this context, the bank announced Minor Kawthar Hashem Mirza Abdullah as the winner of Al-Jawhara monthly prize worth KD 125,000 for October 2021.

Hisham Al-Nusif

Al-Jawhara Account gives customers the opportunity to enter draws and win prizes of KD 5,000 weekly, KD 125,000 monthly as well as the grand prize of KD 250,000 quarterly. Every KD 50 deposited into Al-Jawhara Account gives the customer a chance to be one the next lucky winners, and if no withdrawal or transfers occur on the account during the holding period, customers will receive an additional chance for every KD 50 held in the account, doubling their chance to win.

Commenting on this monthly draw, Hisham Al-Nusif, Deputy General Manager of Consumer Banking, National Bank of Kuwait, said: "Al-Jawhara Account is an outstanding means for customers to save and get a chance to win prizes at the same time. At NBK, we are committed to reward our customers through weekly, monthly and quarterly draws. We also continue to offer them more exceptional rewards and campaigns that give them more distinction and benefits from NBK's leadership and excellence."

"We are constantly communicating with our customers to identify their needs, as well as measure their satisfaction with the products offered. In this regard, we have seen customer satisfaction growing remarkably as to the services and benefits provided by the bank, which come in line with our commitment to offer customers a richer banking experience," he added.

Al-Nusif affirmed that NBK ensures a quick and easy process for opening Al-Jawhara Account by visiting the nearest NBK Branch, or simply through NBK Mobile Banking or NBK Online Banking for existing customers, in line with the bank's digital transformation strategy that provides its customers with integrated banking experience by enabling them to make all their banking transactions without visiting branches. On the other hand, NBK announced the names of the winners of Al-Jawhara weekly draws worth KD 5,000 each including: Abdallah Hamzah Jragh, Hanan Moiz Peer and Maged Galil El-Alfi.

The draw was held live on NBK Instagram page in the presence of a representative from the Ministry of Commerce and Industry, as well as representatives from NBK, noting that Al-Jawhara monthly and quarterly draws are conducted in the presence of a representative from Deloitte.

Since 2012, National Bank of Kuwait has rewarded loyal customers with a total worth of annual prizes amounting KD 2,200,000 in Al-Jawhara weekly, monthly and quarterly draws. In addition to providing top-notch, cutting-edge and highly secure banking services, NBK is keen to give customers a variety of offers, rewards and prizes matching their interests all year round.

Joyalukkas Jewellery announces festive cashback offer

KUWAIT: Joyalukkas Jewellery has set the special offer across the world during this festive season. Customers can enter to the showrooms without any trepidation of COVID-19 pandemic because all our staffs are fully vaccinated and ready to welcome all our well decorated showrooms during this festival. Welcoming all the valued customers with exciting Festive cash back offers, which will reward customers with exciting gift vouchers on every purchase. Joyalukkas will also showcase a limited-edition special festive collection across all its showrooms in Kuwait. The collections are exclusively designed by top designers and craftsmen to blend with the festive attire and traditions.

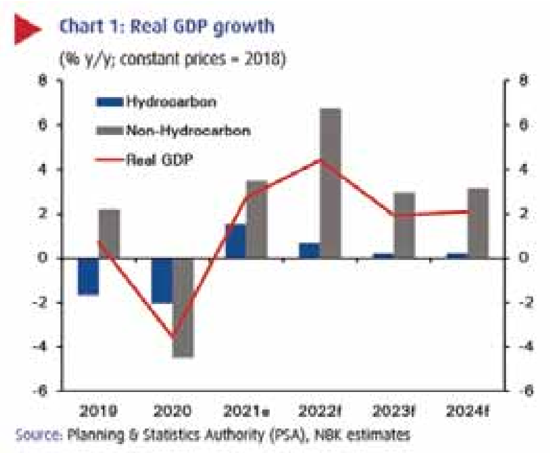
Announcing the grand promotion, John Paul Alukkas, Managing Director, International Operations, quoted "Festive seasons give us an opportunity to reward our customers. This year, we are rewarding them with exciting cashback gift vouchers on every purchase, which they can redeem to buy more jewelry of their choice from Joyalukkas. The festive cashback offer will reward customers with a KD 5 gift voucher on every purchase of Gold Jewelry worth KD 250. The offer is valid from 29th October to 2nd November 2021. Diamond and pearl jewelry lovers will be rewarded with a KD 20 gift voucher on every purchase of diamond, polki and pearl Jewelry worth KD 250.

The offer is valid till 6th November 2021. Joyalukkas has also announced advance booking plan where customers can book their gold in advance by paying as little as 10 percent and secure their gold prices during the booking period. The offers are valid across all Joyalukkas showrooms in Kuwait. Our showrooms are located at easily accessible areas of Kuwait and they are in Kuwait City at Panasonic Tower, at Al-Rai near Lulu Hypermarket, Friday Market, at Dajeej, Lulu Hypermarket, at Salmiya, Al-Salam Mall, Fahaheel at Makkah Street.

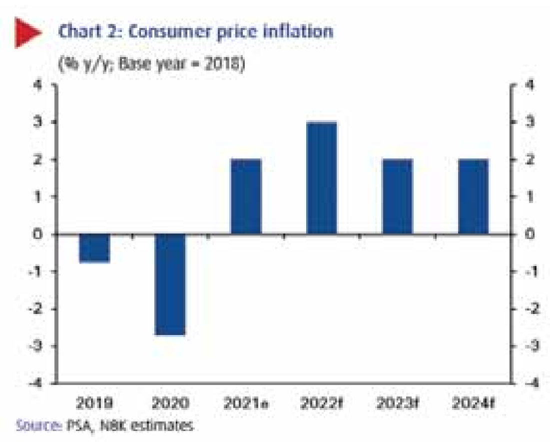
NBK Economic Report

Qatar economy expected to return to growth in 2021

KUWAIT: After last year's pandemic-linked contraction of 3.6 percent, Qatar's economy is expected to grow by 2.7 percent in 2021 and by 2.8 percent on average in 2022-24. Having eased business and mobility restrictions since mid-2021, the recovery in consumer sentiment and business activity is gaining traction and driving non-hydrocarbon sector growth. The PMI reached 58.2 in August, the second highest reading on record, and consumer spending is expected to rebound by an estimated 5 percent in 2021 (-8.5 percent in 2020). Services, such as travel, transport and tourism, will lead the non-oil recovery and especially in 2022, when Qatar's hosting of the FIFA World Cup will boost tourism and travel receipts (an estimated 1.2 million visitors are expected, around 50 percent of the current population). Growth in the hydrocarbon sector will gain from slightly higher oil production and, in nominal terms, elevated oil and LNG prices in line with stronger global economic and energy demand.



Medium-term growth is also underpinned by Qatar's Vision 2030 development plan. It includes large investments to boost gas production (LNG output to rise by 40 percent from 77 mtpa to 110 mtpa by 2026 in the first phase), and a further push for diversification through investment in infrastructure and strategic sectors including manufacturing, finance, tourism and ICT.

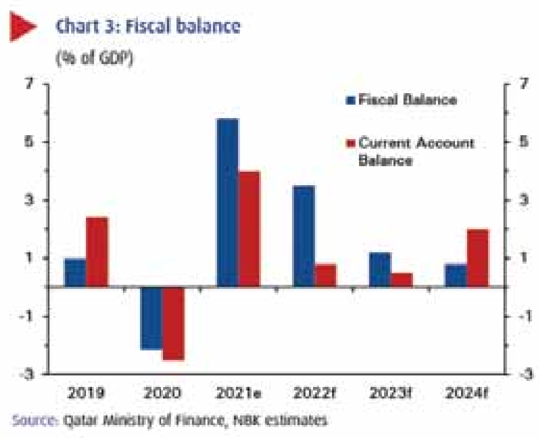


Inflation returns

Consumer prices fell 2.6 percent in 2020 due to the economic downturn, including renewed downward pressure on housing rents which fell 4.5 percent y/y. (Excluding housing, inflation was -2 percent.) Recovering consumer demand and higher global commodity, food and transportation costs had pushed inflation back up to +2.7 percent by September 2021, though weak housing rents continue to weigh. The Qatari authorities have already reinstated food and medical customs duties, while monetary policy is expected to remain loose (the key interest rate was cut to a 15-year low of 2.5 percent in 2020). We expect inflation to average 2 percent in 2021, rising to 2.3 percent on average in 2022-24.

Fiscal balance to return to surplus

A sizeable support package, coupled with reduced hydrocarbon revenues and lower corporate tax receipts led to a modest fiscal deficit (2.1 percent of GDP) in 2020. Stimulus measures included QR75 billion (12 percent of GDP) of funds for the private sector, QR10 billion injected into the Qatar Stock Exchange, and the suspension of utilities fees and customs duties on food and medical items for a 6-month period (ending September 2020). In 2021, a surplus of 5.8 percent of GDP is expected, mainly on the back of increased oil and gas receipts due to higher energy prices. Fiscal restraint will be exercised in the near term as the authorities aim to consolidate the finances, lower the public sector wage bill (expat government employee wages were already cut by 30 percent in 2020) and reduce discretionary spending. Capital expenditure is also likely to decline this year as major World Cup-related projects are completed, and further out, VAT could be introduced by 2023, bolstering public revenues. The government is expected to resume an expansionary budget once fiscal pressures subside in order to meet its ambitious economic development goals.



Public debt

Qatar Petroleum made the largest emerging market debt offering so far this year with its $12.5 billion bond sale to finance the North Field gas expansion. Low interest rates and strong investor demand for GCC debt should lead to continued debt issuance, albeit at a slower pace due to an improving fiscal position. Moreover, decent economic growth coupled with higher hydrocarbon receipts should see public debt ease gradually over the medium term. Qatar's credit standing remains robust (AA- by Fitch), backed by large external reserves and a good track record of effective policy-making.

Given its reliance on LNG exports, downside risks to the outlook stem mainly from exposure to volatile gas prices, which could soften on weaker energy demand and/or oversupply. However, the current narrative is one of supply shortage, with international gas prices surging. With the lowest cost base in the industry, Qatar is well-placed to compete on price with international LNG players. Domestic risks stem mainly from a slower-than-expected economic recovery, Qatar's relatively high public debt levels, and continued pandemic uncertainty. Improved neighborly relations are positive for the economy and regional security.