Middle East Banks

GCC trip takeaways -Not just about higher rates

Industry Overview

Constructive on GCC banks despite some challenges

We came back constructive on Middle East banks from our recent fieldtrip where we met 18 financial institutions. GCC banks remain relatively insulated from global banking stress but their outlook is mixed as challenges include lower loan growth and asset quality pressures on higher rates, higher cost of funds, FX exposure to Egypt & Turkiye.

Higher rates environment to tame loan growth

Volume growth is expected to slow down across most GCC countries due to rising rates. Dubai based banks have continued to see corporate loans redemptions in 1Q23. In KSA, lower private sector volume growth is partly offset by higher SOE lending.

Time deposit migration manageable; more senior issuance

All banks we met have seen some time deposit migration on higher rates but the shift was manageable as CASA dominate. Saudi banks face liquidity pressures and have been increasingly refinancing part of their mortgage book with the State-owned mortgage finance business SRC. Meanwhile, GCC banks Eurobond issuance is down 21% y/y YTD to $3.6bn but many banks aim to tap the market in senior format, even UAE banks.

Some asset quality pressure expected in 2H on rates up

Banks we met expect some asset quality pressure in 2H23 from the impact of higher rates on commercial loans, SMEs but also retail, but these should be offset by good recoveries in 1H. In Qatar, domestic banks are exposed to challenged hospitality and commercial real estate as the World cup is behind. In Oman, S2 loans started to ease on better macro. Despite recent market chatter, there remain little interest in NPL sales.

Basel III rules on RWA and liquidity amended in Qatar, KSA

In KSA, SAMA implemented final Basel III rules from Jan 1st with more granular risk-weights favouring banks with large exposures to resi. & commercial mortgages (RWA down to 20-40% based on LTV vs. 50% previously) and high-quality project finance. Also, capital charges on security collateral transactions were eased. In Qatar, the central bank amended its regulatory LDR, LCR and NSFR definitions in Mar. 2022 to incentivize banks to secure longer dated wholesale funding and reduce reliance on non-residents.

ESG getting more traction; medium-term targets needed

GCC banks are gradually embarking on the ESG wagon train with a couple of banks indicating setting up their ESG framework and looking to do more in that space (particularly in terms of “green lending”). Many recognised the need to do more on governance structures (i.e. independent board members, female representation).

Unrealised losses on securities not a cause of concern

We screen the 42 GCC bank Eurobond issuers on their security exposures and changes in 2022, as well as for their other comprehensive loss recorded last year. While the impact on profitability was material in some cases, it never exceeded 6% of banks’ equity.

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LDR: Loan to Deposit Ratio

LCR: Liquidity Coverage Ratio

NSFR: Net Stable Funding Ratio

SAMA: Saudi Arabian Monetary Authority

NPL: Non-Performing Loans

UAECB: UAE Central Bank

Refer to important disclosures on page 9 to 11. Analyst Certification on page 8. 12544977
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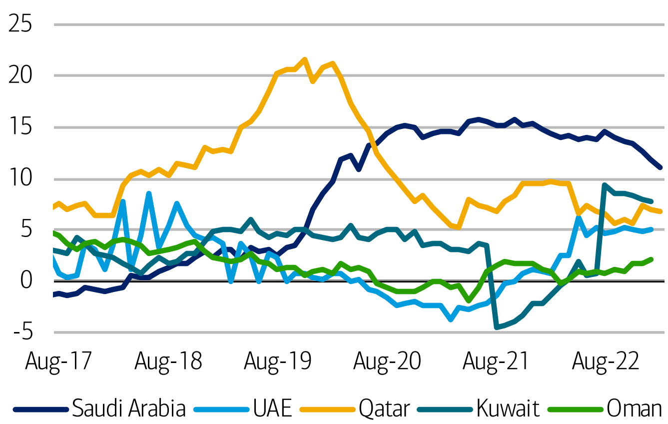
Higher rates environment to tame loan growth

Volume growth is expected to slow down across most GCC countries due to rising interest rates but to remain at healthy levels. Also, Saudi, UAE and Omani banks expect fees and commissions to continue to support the topline on elevated capital market activity and strong demand for some retail products. In Saudi Arabia, lower private sector volume growth is partly mitigated by higher State-Owned Enterprises (SOEs) lending (+15% y/y). The lower activity is likely to be more visible in corporate lending (particularly in trade & services, real estate and SMEs segments) and some areas of retail loans (mortgages, credit cards). The latter will remain the loan growth engine in the UAE as corporate loans redemptions have continued in 1Q23. We note though that Abu Dhabi banks see better lending prospects (as evidenced by FAB's strong 12% volume growth in FY22) driven by Government related projects in Abu Dhabi and in Saudi. In Kuwait, retail loan growth is expected to decelerate from its low teens level in absence of the mortgage law which doesn't seem on top of the parliament's agenda. In Oman, banks expect some slowdown as well from an already anaemic loan growth environment of 0-4% these last months (partly due to the Government settling some overdues to corporates which used the proceeds to settle loans). However, a strong of infrastructure projects have been announced lately (i.e. toll roads, green hydrogen, rail link with the UAE) which are likely to serve as a catalyst for higher lending to contractors and sib-contractors involved.

Time deposit migration manageable as CASA remain high

Cost of funding is increasing across countries, though KSA, Qatar and Oman are seeing higher liquidity tensions vs. the rest of the GCC. All banks we met have seen a migration to time deposits, but this was relatively small (+2-3 p.p.) and the share of CASA deposits remain high (even in KSA). Saudi banks' tight liquidity and their need to better manage their asset duration is pushing them to explore alternative funding routes by reselling part of their mortgage book to the Saudi Real Estate Refinancing Co (SRERC) which has now become the 4th largest player in the Saudi mortgage market after the 3 dominant banks in this segment (Al Rajhi – 51% of the loan book, SNB – 25% of the loan book, and Riyad Bank). In Qatar, we note that while the system LDR has continued to grow driven by the dominant QNB, Qatari banks have seen a reduction in their negative foreign asset (NFA) position to -$116bn at the end of Feb. vs. a peak of -$133bn back in mid-2021 partly fuelled by new regulations in 2022 incentivizing banks to reduce their reliance on non-resident liabilities (particularly the short-dated ones).

Exhibit 1: GCC banking systems – y/y private sector growth by country
Private sector loan growth decelerating in KSA (partly balanced by higher Gov. related lending); Oman loan growth starting to slowly pick up



Source: Bloomberg, BofA Global Research

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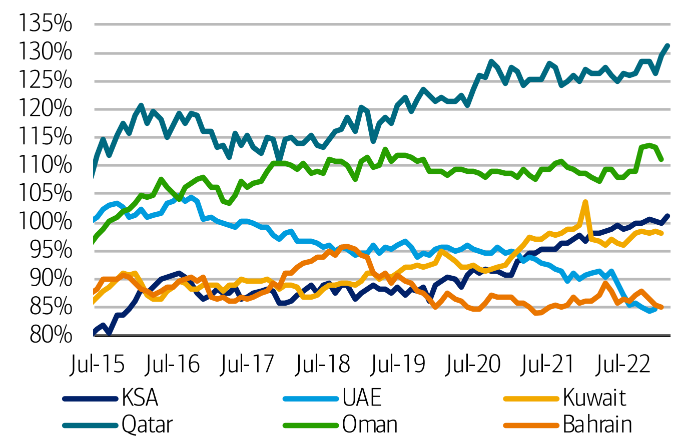
Exhibit 2: GCC banking systems – loan to deposit ratios by country
Liquidity tensions continued to rise in Qatar and Saudi while they eased in the UAE (on corporate loans redemptions which continued in 1Q23)



Source: GCC Banks central banks, BofA Global Research

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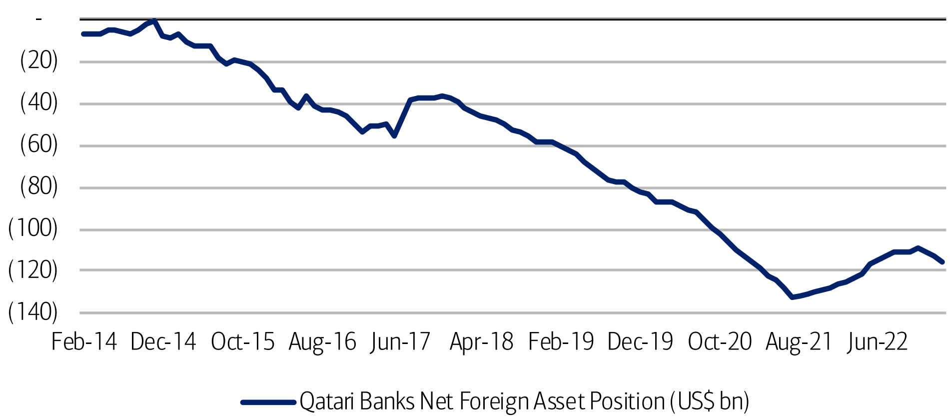
Senior issuance dominates; UAE banks most active YTD

We expect GCC banks to tap the Eurobond and sukuk market mainly in senior format as market conditions are currently unfavorable for AT1 transactions. YTD issuance is down 21% y/y to $3.6bn and dominated by UAE banks despite the UAE banking system being one of the most liquid at this point of time. But we expect senior issuance from Saudi, Qatari, Kuwaiti and Omani banks this year as well. Meanwhile, Kuwaiti banks such as KFH and ABK could potentially issue Tier 2 instruments this year.

Exhibit 3: Qatari net foreign asset position (in US$ bn)
Qatari banks have reduced their negative NFA by $17bn since mid-July



Source: Bloomberg, BofA Global Research

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Some asset quality pressure expected in 2H on rates up

Banks we met expect some asset quality pressure in 2H23 from the impact of higher rates on commercial loans, SMEs but also retail, but these should be manageable especially that a number of UAE banks expect good recoveries in 1H. In Qatar, domestic banks' relatively large exposure to commercial real estate is a potential risk as the World Cup is behind. The recent establishment of a regulatory authority for the real estate sector and amendments made to some provisions of the real estate development regulatory law may help better professionalize the sector, but concentration to real estate is likely to stay in absence of any major economic diversification. In Oman, the elevated Stage 2 loans (partly driven by the impact on corporates from shelved State infrastructure projects but also due to a conservative classification approach of the central bank) have started to ease to c.17.5% across the system vs. around 20-2% these last recent years. Despite recent chatter about potential NPL sales from UAE, Saudi and Qatari banks, banks we met during our fieldtrip were all dismissive of any plan to dispose NPL portfolios. While most of the GCC banks saw a mild NPL rise in FY22 partly driven by borrowers hit by the pandemic, there was a couple of outliers both in terms of asset quality and capital. Masraf Al Rayan (#3 largest Qatari bank by loans) saw the largest jump in NPLs (6% vs. 1.6% in FY21) driven by some exposure clean up post the merger with Al Khalij Commercial Bank in 4Q21. National champions (QNB, FAB, NBK) saw some pressure of c.30-50bp y/y as well.

Capital remains healthy; erosion at KIB, Bank Muscat

GCC banks remain well capitalised with an average CET1 ratio of 13.7%. Some banks could use their excess buffer for regional M&A, but no major erosion is expected this year despite potential risks (FX translation impact from exposure to Egypt / Turkiye, potential fair value losses on securities, some NIM pressure. In 2022, Kuwait International Bank (KIB) was the most pressured with 200bp of CET1 ratio erosion to 9.1% driven by aggressive corporate loan growth, unrealised security losses and weak profitability. The bank is in the process of a rights issue to reverse the capital erosion and rebuild some buffer above the regulatory minimum (especially that its 'bb-' viability rating at Fitch is on negative watch). Bank Muscat CET1 was down 360bp y/y to 15.1% but this was due to an exceptional distribution to shareholders in the form of a retail AT1 OMR bond to better optimize the bank's capital structure. On the positive side, BBK saw the largest CET1 increase of 369bp to 26.2% driven by MtM gains on the security book and internal capital generation.

M&A still topical as banks look beyond the region

Banks we met didn't categorically denied recent M&A headlines (i.e. FAB /StanC, ENBD / IDBI) and highlighted how Saudi remains a main growth area as both Egypt and Turkiye are facing macro challenges. Emirates NBD's strong capital position puts the bank in a comfortable position to pursue a cash transaction in our view, while FAB can count on the support of its strong shareholders in case of a capital need. Meanwhile, Saudi banks are focused on their home market which offers robust growth opportunities and are not particularly looking at acquisitions abroad. In Bahrain, BBK sits on a large capital position and could look at potential acquisitions while sector consolidation may be at play over the medium term. Finally, in Oman, while Sohar International Bank is in the process to acquire / merge with both HSBC Oman and Bank Nizwa to become a Top3 bank in the country, Bank Dhofar (Oman's 2nd largest bank) recently launched a non-binder all-paper offer to merge with Ahli United Bank (AUB) Oman. The offer was rejected by AUB's shareholders.

Regulation: B3 rule changes in Qatar and Saudi Arabia

On regulatory frameworks, we see a few recent developments. In Saudi Arabia, SAMA implemented the final Basel III rules since Jan 1st introducing more granular risk-weights which favour banks with large exposures to residential and commercial mortgages (RWA down to 20-40% based on LTV vs. 50% previously) and high-quality project finance (80% RWA in operational phase vs. 100% before). In addition, we understand that the new rules allow for a better capital treatment on security collateral arrangements which should support banks as these increasingly tap SAMA's reverse repo facility. In Qatar, the central bank amended its regulatory LDR, LCR and NSFR definitions in Mar/Apr 2022 to incentivize banks to secure longer dated deposits / wholesale funding and reduce reliance on non-resident funding. It also decided to implement a revised Basel III framework on capital adequacy which will be effective next January. In the UAE, most of the banks are in compliance with the UAECB guideline on overall real estate & construction exposures (incl. mortgages and direct equity or debt investment in companies involved in the sector) to not overshoot 30% of RWA (effective since Jan. 2022 but non-binding at this stage). Finally, in Islamic banking, AAOIFI's revised FAS 1 standards will start applying for Islamic banks from Jan. 2023 in Qatar and Jan. 2024 in Bahrain, improving their financial reporting in line with KSA and UAE Islamic banks.

ESG getting more traction; medium-term targets needed

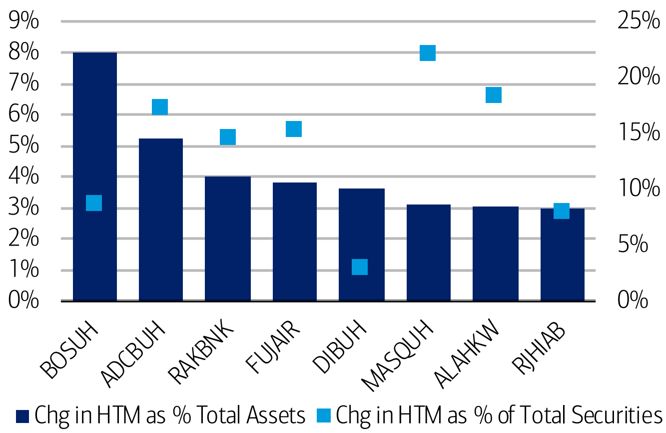
GCC banks are gradually embarking on the ESG wagon train with a couple of banks indicating setting up their ESG framework and looking to do more in that space (particularly in terms of "green lending"). Many recognised the need to do more on governance structures (i.e. independent board members, female representation). To date, 30% of the GCC bank issuers don't have any rating at MSCI or Sustainalytics, at this point of time, while another 5% are either 'CCC' or 'B' rated. We believe that FAB continues to lead on ESG in the region. FAB is the only regional bank part of the UN sponsored net-zero banking alliance and has started articulating portfolio-level emission reduction targets by 2030 for some sectors (-65% reduction in scope 1 & 2 emissions from the power sector for instance). We note though that ADCB has the best ESG ratings at MSCI and Sustainalytics in the region partly thanks to its robust data protection policies, initiatives to support micro enterprises and limited exposure to carbon intensive sectors of energy and agriculture.

Unrealised losses on securities not a cause of concern

We screened the 42 GCC bank Eurobond issuers on their security exposures and changes in FY22 as well as for their other comprehensive loss recorded in 2022 (which results in CET1 erosion through the fair value reserve). Kuwait International Bank (solely on securities), Burgan Bank (FX translation impact from Turkish subsidiary + negative change in FV in securities), Al Ahli Bank of Kuwait (FX translation impact from Egyptian subsidiary + negative change in FV in securities) and Bank of Sharjah screen as some of the most impacted within the small-sized banks but the impact looks manageable vs. their equity position. Within the larger banks, Bank Saudi Fransi (BSF), Saudi National Bank (SNB) and Mashreqbank have seen the largest impact from comprehensive losses as a percentage of their equity in FY22. We note that First Abu Dhabi Bank had a minor impact in FY22 despite having as much 94% of its security book classifies under either available for sale (FVTOCI) or trading securities (FVTPL).

Exhibit 4: y/y change in the share of securities classified at HTM

In 2022, Bank of Sharjah shifted the larger portion of its security book to HTM as a % of its total assets; HTM securities make 82% of the investment book vs. 73% in FY21 (+9 pp; rhs)



Source: Banks financial disclosures; BofA Global Research

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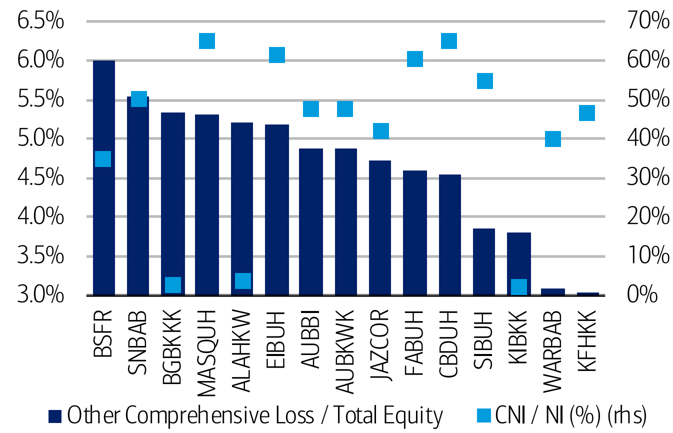
Exhibit 5: FY22 other comprehensive loss as a % Equity

In 2022, Banque Saudi Fransi other comprehensive loss (mainly on a negative change in FV of cash flow hedges) represented 6% of its equity; as a result, it comprehensive net income (CNI) amounted to just 35% of NI



Source: Banks financial disclosures; BofA Global Research

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Large other comprehensive losses at Burgan, ABK, KIB

Held to maturity (HTM) securities represent 61% of GCC banks total security book in average and some banks have shifted a material portion of their security book to HTM in 2022. While Commercial Bank of Dubai (CBD) shifted as much as 24% of its security book to HTM, this change only represent 1.8% of its total assets. CDB was followed by Mashreqbank which shifted 22% of its security book to HTM in FY22 representing 3% of its total assets. Bank of Sharjah saw the largest move as a percentage of total assets and this was likely attributable to the bank's exposure to Lebanon Eurobonds. Meanwhile, we screened for other comprehensive losses which we compared to either the equity or net income of the banks. These losses (booked below the NI line) captured 30% of the net income of GCC banks in average and the chart above captures all the cases where these represented more than 50% of net income. Other comprehensive losses captured almost all the net income generated in FY22 for Burgan Bank, Al Ahli Bank of Kuwait and Kuwait International Bank. We couldn't do this analysis on Qatari and Bahraini Islamic banks which don't provide any disclosure on other comprehensive income (this will change with the implementation of AAOIFI FAS 1 revised standard in 2023/24).

Standardized AT1/T2 formats; priority of claims untested

GCC banks AT1 instruments follow a similar Basel III compliant structure with no hard trigger on the Point of Non viability (PONV) which is decided by the regulator with a contractual partial or full permanent write off. All the region's AT1s include a discretionary interest / profit rate feature coupled with a dividend stopper. Most of the prospectuses indicate that the issuer intends to respect the hierarchy of the capital structure, "to the extent possible", in case of insolvency but this has never been tested in the region.

AUB miss its AT1 call again; all eyes on ADIB and ABK

In late March, Ahli United Bank (Bahrain) didn't exercise its call options on its $400mn AT1 for the 7th time since the initial call option in April 2020. We believe the non-call is partly driven by the ongoing merger with KFH (Kuwait). The next call decisions to watch will be in late August with both Abu Dhabi Bank and Al Ahli Bank of Kuwait due to decide on their AT1 call option. Based on current cash prices, the market assumes that ADIB AT1 will be called and assign a high call probability on ABK AT1 as well (despite recent price underperformance) despite the lack of "economics" supporting a call decision (as per the table below).

Exhibit 6: GCC Tier 2 and AT1 instruments – The "economics" table

AT1s and Tier 2s with the highest coupon step up reset have a higher chance to be called but some banks may be fine to accept a higher coupon temporarily

Bond Description	Country	Format	Next Call Date	Ask Price (Indic.)	Ask YTM (%)	Ask YTC (%)	Ask Z-Spd (bp)	Reset Spd (bp)	Coupon Step-up if No Call (%)	Curr.	Amount Outstanding	Moody's Rating	S&P Rating	Fitch Rating
ARNBAB 3.326%	KSA	Tier 2	28/10/2025	94.48	6.2	5.7	176	297	3.25	USD	750,000,000	Baa3	NR	BBB-
FABUH 4.5%	UAE	AT1	05/04/2026	94.82	7.4	6.4	266	414	3.24	USD	750,000,000	Baa3	NR	NR
AUBBI 5.839%	Bahrain	AT1	29/10/2023	96.90	8.8	12.1	697	539	3.23	USD	400,000,000	NR	NR	NR
CBDUH 6%	UAE	AT1	21/04/2026	98.74	8.5	6.5	269	560	3.22	USD	600,000,000	NR	NR	NR
KIBKK 2.375%	Kuwait	Tier 2	30/11/2025	90.29	5.9	6.5	257	199	3.22	USD	300,000,000	NR	NR	BBB+
NTBKKK 2.5%	Kuwait	Tier 2	24/11/2025	90.98	5.9	6.3	241	211	3.21	USD	300,000,000	Baa1	NR	NR
EBIUH 6.125%	UAE	AT1	09/04/2026	99.37	8.6	6.4	261	570	3.20	USD	750,000,000	NR	NR	NR
BGBKKK 2.75%	Kuwait	Tier 2	15/09/2026	77.22	8.0	10.9	727	223	3.08	USD	500,000,000	NR	NR	BBB+
DIBUH 4.625%	UAE	AT1	19/05/2026	94.97	7.4	6.4	270	408	3.08	USD	1,000,000,000	NR	NR	NR
ABQKQD 4%	Qatar	AT1	17/02/2026	89.21	7.2	8.4	404	345	3.05	USD	300,000,000	NR	NR	NR
SNBAB 3.5%	KSA	AT1	26/07/2026	91.45	6.4	6.4	274	289	3.01	USD	1,250,000,000	NR	NR	NR
CBQKQD 4.5%	Qatar	AT1	03/03/2026	90.70	7.5	8.2	399	387	2.97	USD	500,000,000	NR	NR	NR
NTBKKK 3.625%	Kuwait	AT1	24/08/2026	87.04	6.7	8.1	443	288	2.87	USD	700,000,000	Baa3	NR	NR
NBOBOM 8%	Oman	AT1	01/04/2026	101.37	9.9	7.5	366	714	2.83	USD	300,000,000	NR	NR	NR
OMAB 7.625%	Oman	AT1	04/06/2026	98.96	9.8	8.0	424	681	2.78	USD	250,000,000	NR	NR	NR
AUBKWK 3.875%	Kuwait	AT1	17/06/2026	91.90	6.6	6.8	303	301	2.74	USD	600,000,000	NR	NR	NR
DUKHAN 3.95%	Qatar	AT1	14/07/2026	93.23	6.5	6.3	258	308	2.73	USD	500,000,000	NR	NR	NR
JAZCOR 3.95%	KSA	AT1	29/06/2026	93.53	6.6	6.2	249	304	2.69	USD	500,000,000	NR	NR	NR
KFHKK 3.6%	Kuwait	AT1	30/06/2026	92.80	6.1	6.1	239	263	2.63	USD	750,000,000	NR	NR	NR
BOUSKK 3.95%	Kuwait	AT1	01/10/2026	91.27	6.6	6.8	316	290	2.63	USD	500,000,000	NR	NR	NR
EBIUH 4.25%	UAE	AT1	27/02/2027	90.04	6.8	7.3	355	316	2.53	USD	750,000,000	NR	NR	NR
DIBUH 3.375%	UAE	AT1	19/10/2026	91.54	5.9	6.1	244	225	2.50	USD	500,000,000	NR	NR	NR
WARBAB 4%	Kuwait	AT1	29/11/2026	92.98	6.3	6.2	256	275	2.35	USD	250,000,000	NR	NR	NR
RIBL 3.174%	KSA	Tier 2	25/02/2025	95.56	5.5	5.7	149	179	2.22	USD	1,500,000,000	Baa3	NR	BBB-
FUJAIR 5.875%	UAE	AT1	01/10/2024	98.03	7.8	7.3	281	430	2.03	USD	350,000,000	NR	NR	NR
NTBKKK 4.5%	Kuwait	AT1	27/08/2025	91.89	6.7	8.4	435	283	1.96	USD	750,000,000	Baa3	NR	NR
QIIKQD 4.875%	Qatar	AT1	20/11/2024	98.10	6.7	6.1	173	319	1.91	USD	300,000,000	NR	NR	NR
BGBKKK 5.7492%	Kuwait	AT1	09/07/2024	88.88	8.4	16.1	1144	401	1.86	USD	500,000,000	NR	NR	NR
SIB 5%	UAE	AT1	02/07/2025	96.91	6.8	6.5	245	321	1.84	USD	500,000,000	NR	NR	NR
RIBL 4%	KSA	AT1	16/02/2027	92.27	5.8	6.3	255	217	1.77	USD	750,000,000	NR	NR	NR
KIBKK 5.625%	Kuwait	AT1	10/06/2024	98.58	7.2	6.9	219	360	1.58	USD	300,000,000	NR	NR	NR
EBIUH 6.125%	UAE	AT1	20/03/2025	99.15	7.2	6.6	240	366	1.16	USD	1,000,000,000	Ba3u	NR	NR
DIBUH 6.25%	UAE	AT1	22/01/2025	99.96	7.2	6.3	196	366	1.04	USD	750,000,000	B1u	NR	NR
BARKAB 8.775%	Bahrain	AT1	31/05/2023	97.28	9.7	32.5	2945	601	0.90	USD	400,000,000	NR	NR	NR
ADIBUH 7.125%	UAE	AT1	20/09/2023	100.27	7.8	6.4	128	427	0.74	USD	750,000,000	B1	NR	NR
ALAHKW 7.25%	Kuwait	AT1	26/09/2023	98.79	7.9	10.1	498	417	0.60	USD	300,000,000	Ba3	NR	NR
MASQUH 8.5%	UAE	AT1	07/07/2027	103.33	8.6	7.6	400	545	0.55	USD	300,000,000	NR	NR	NR
QATIQD 6.75%	Qatar	Tier 2	07/04/2028	100.59	7.0	6.6	315	354	0.41	USD	400,000,000	NR	BBB	NR
MASQUH 7.875%	UAE	Tier 2	24/11/2027	104.22	7.1	6.8	328	400	-0.28	USD	500,000,000	NR	NR	BBB+

Source: Bloomberg, BofA Global Research

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Exhibit 7: GCC banks compsheet
Based on last reported financials

In USDmn / %	Qatar National Bank	First Abu Dhabi Bank	Saudi National Bank	Emirates NBD	Abu Dhabi Commercial Bank	National Bank of Kuwait	Riyad Bank	Dubai Islamic Bank	Qatar Islamic Bank	Commercial Bank of Qatar	Burgan Bank	
Ticker	QNBK	FABUH	SNBAB	EBIUH	ADCBUH	NTBKKK	RIBL	DIBUH	QIBKQD	COMQAT	BGBKKK	
Period	LTM 1Q23	FY22	FY22	FY22	FY22	FY22	FY22	FY22	LTM 1Q23	FY22	FY22	
Ratings (Moody's/S&P/Fitch)	Aa3 / A / A+	Aa3 / AA- / AA-	A1u / A- / A-	A3 / NR / A+	A1 / A / A+	Aa3 / A+ / AA-	A2u / BBB+ / BBB+	A3 / NR / A	A1 / A- / A	A3 / BBB+ / A	A3 / BBB+ / A+	**Avg.**
Profitability												
Net Interest Margin	2.9%	3.9%	4.3%	3.6%	2.2%	2.3%	3.5%	3.7%	3.9%	3.0%	2.2%	3.2%
Trading Income / Revenues	7.2%	18.8%	2.3%	0.2%	5.7%	7.1%	1.6%	0.0%	1.7%	5.0%	13.8%	5.8%
Cost-Income	21.3%	32.2%	29.6%	28.5%	35.4%	38.2%	32.4%	26.1%	19.5%	23.5%	43.0%	30.0%
Pre-Provision Profit / Loans	3.6%	6.2%	4.3%	5.6%	3.0%	3.0%	3.8%	4.2%	4.3%	4.3%	3.3%	4.1%
Provisions / Avg. Gross Loans	1.2%	1.3%	0.3%	1.1%	0.8%	0.2%	0.5%	1.1%	0.8%	1.0%	1.2%	0.9%
Return on Average Equity	17.2%	23.5%	11.3%	14.7%	10.1%	11.2%	13.2%	12.8%	15.5%	11.3%	5.1%	13.3%
Return on Average Assets	1.5%	2.5%	1.9%	1.8%	1.3%	1.4%	2.0%	1.9%	2.2%	1.7%	0.7%	1.7%
Liquidity & B/S structure												
Loans (net) / Deposits	97.9%	65.6%	96.0%	82.8%	91.5%	104.1%	101.0%	93.7%	99.8%	117.9%	109.1%	96.3%
Loans (net) / Assets	68.7%	41.4%	57.7%	56.1%	56.2%	57.8%	67.4%	64.5%	66.0%	58.0%	59.4%	59.4%
Deposits / Liabilities	77.0%	70.4%	73.0%	77.5%	69.9%	63.6%	79.1%	81.3%	78.1%	57.9%	63.2%	71.9%
Deposits / Assets	70.3%	63.1%	60.1%	67.8%	61.4%	55.5%	66.7%	68.9%	66.1%	49.2%	54.5%	62.1%
Liquid Assets / Total Assets	18.4%	25.7%	6.1%	33.7%	35.6%	37.3%	15.0%	11.1%	6.7%	22.3%	29.3%	21.9%
Solvency												
Equity (excl. AT1s) / Assets	7.0%	9.4%	15.9%	11.3%	10.9%	11.5%	13.8%	12.4%	13.1%	11.6%	11.6%	11.7%
CET 1 ratio	14.3%	12.6%	16.1%	15.4%	12.4%	12.9%	15.9%	12.9%	15.6%	11.6%	11.1%	13.7%
Tier I Ratio	18.2%	14.5%	18.3%	17.2%	14.1%	15.0%	18.1%	16.5%	18.5%	15.6%	13.6%	16.3%
Total Capital Ratio	19.3%	15.6%	19.0%	18.3%	15.2%	17.4%	21.1%	17.6%	19.6%	17.3%	17.3%	18.0%
Asset quality												
NPLs / Gross Loans	2.8%	3.9%	2.1%	6.0%	5.6%	1.4%	1.7%	7.5%	1.6%	4.9%	2.6%	3.6%
Stage 2 Loans / Gross Loans	6.0%	4.2%	4.5%	6.4%	6.2%	9.1%	5.6%	8.0%	18.1%	17.5%	15.7%	9.2%
Reserves / NPLs	136.4%	100.0%	95.5%	144.6%	69.7%	267.0%	112.0%	60.0%	322.1%	105.4%	152.9%	142.3%
Reserves / NPLs + S2 Loans	43.5%	48.0%	30.8%	70.0%	33.1%	36.0%	26.2%	29.1%	25.7%	23.0%	22.9%	35.3%
Reserves / Gross Loans	3.8%	3.9%	2.0%	8.6%	3.9%	3.8%	1.9%	4.5%	5.1%	5.1%	4.2%	4.3%
LTM y/y performance												
Net Interest Income	25%	23%	19%	37%	15%	12%	21%	22%	4%	11%	11%	18.2%
Pre-Provision Profit	27%	-11%	25%	47%	18%	13%	21%	12%	3%	12%	14%	16.4%
Net Income	27%	7%	46%	40%	23%	38%	16%	26%	12%	22%	21%	25.2%
Loans (net)	6%	12%	10%	-1%	7%	5%	12%	0%	-8%	0%	-8%	3.1%
L/D Ratio (in pt.)	1.0	-1.1	11.5	-9.7	-7.8	-3.8	-1.7	3.0	-3.4	-1.7	9.0	-0.4
Non-Performing Loans	29%	9%	11%	-7%	-5%	45%	16%	6%	-3%	5%	-45%	5.6%
CET1 (in bps)	58	20	-49	24	2	-44	9	50	100	-20	85	21
Total Assets	321,421	302,216	251,596	202,999	135,539	118,730	95,783	78,474	48,629	45,841	22,271	
Total Loans (net)	220,966	125,126	145,107	113,982	77,608	68,609	64,547	50,651	32,084	26,568	13,239	

Source: Banks' financial disclosures, BofA Global Research

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