



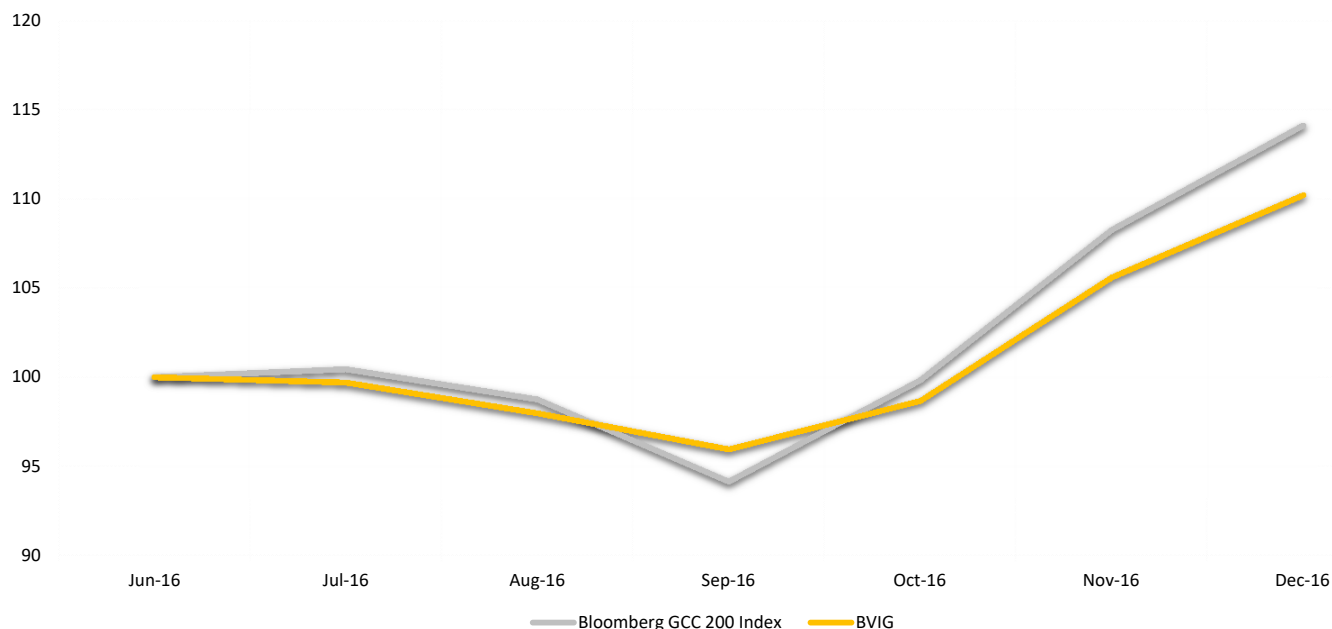
Market commentary

The MSCI GCC Index jumped 5.4% in December as Saudi Arabia and the UAE ready measures to make their markets more attractive. The regional index advanced a notable 16 per cent on the quarter and managed to close the year up 9.5 per cent thanks to a stellar performance by the heavily weighted Saudi market in 4Q16. Total GCC market capitalisation stood at \$951 billion at the end of the quarter, having gained \$106 billion during 4Q16 and \$50 billion in 2016. The recovery in oil markets continued to provide support to GCC stocks, with equities continuing to show strong links to crude prices. OPEC's recent agreement to cut oil output has boosted oil prices with Brent now hovering around \$50/barrel, double their January 2016 low

Macro indicators

| Indicator | Q2 16 | Q3 16 |
|---------------------|--------|--------|
| GDP (yoy) | 1.4% | 0.9% |
| Inflation (yoy) | 2.6% | 2.3% |
| Unemployment | 5.6% | 5.7% |
| Business confidence | -12.0 | 3.0 |
| EUR/SAR | 4.0 | 4.0 |
| Brent oil | \$54.5 | \$55.5 |

Bernstein Value Index GCC



BVIG

Bernstein Value Index GCC is an equal-weighted index compiled of 18-20 GCC value plays selected using Bernstein's proprietary long-term value screening indicators.

BGCC 200

The Bloomberg GCC 200 Index is a capitalization weighted index of the top 200 equities in the GCC region based on market capitalization and liquidity.



Index constituents news

| Ticker | Name | Date | Recent Key News and Events |
|-------------|-----------------------------|------------|--|
| SABIC:AB | Saudi Basic Industries Corp | 19.01.2017 | The profits of Saudi Basic Industries Corp (SABIC) soared by 47.73% during the fourth quarter of 2016 when compared to the same period a year ago. Net earnings increased to SAR 4.55 billion (\$1.2 billion) in Q4-16 |
| NCB:AB | National Commercial Bank | 18.01.2017 | National Commercial Bank - Saudi Arabia's (NCB) profits rose 2.13% year-on-year to SAR 2.29 billion (\$611 million) in the fourth quarter of 2016 compared to SAR 2.13 billion (\$568 million) |
| ETISALAT:UH | Emirates Telecommunications | 29.12.2016 | Etisalat's stock marked the highest trading activity in six months on Thursday, the last trading session of 2016, on the Abu Dhabi Securities Exchange (ADX) |
| EMIRATES:UH | Emirates NBD | 16.01.2017 | Emirates NBD said its board recommended to distribute 40% dividends, equivalent to 40 fils per share, according to a bourse statement. The proposed dividends amounted to a total of AED 2.22 billion |
| RJHI:AB | Al Rajhi Bank | 18.01.2017 | Al Rajhi Bank's profits for the fourth quarter of 2016 grew 5% year-on-year to SAR 2.05 billion (\$545.87 million) |
| STC:AB | Saudi Telecom Co | 9.12.2016 | Saudi Telecom Company (STC) posted on Thursday a net profit of SAR 2.15 billion (\$573 million) for the fourth quarter of fiscal 2016, 10.26% up from SAR 1.95 billion (\$520 million) for Q4-15 |
| NBAD:UH | National Bank of Abu Dhabi | | |
| FGB:UH | First Gulf Bank | | |
| SECO:AB | Saudi Electricity | | |
| ADCB:UH | Abu Dhabi Commercial Bank | | |
| SAMBA:AB | Samba Financial | | Samba Financial Group reported SAR 1.09 billion profits (\$290 million) over the fourth quarter of 2016, lower 11.6% year-on-year from SAR 1.23 billion |
| RIBL:AB | Riyad Bank | | During the fiscal year 2016, net profits shrank by 17.46% to reach SAR 3.34 billion |
| EMAAR:UH | Emaar Properties PJSC | 7.12.2016 | he chairman of Emaar Properties, Mohamed Al-Abbar, said on Wednesday that he expects the real estate market in Dubai to rebalance in the next year |
| SABB:AB | The Saudi British Bank | 27.12.2016 | The board of the Saudi British Bank (SABB) recommended on Tuesday the distribution of cash dividends to shareholders for the second half of the year at SAR 0.35 per share or 3.5% of capital |
| BSFR:AB | Banque Saudi Fransi | 19.01.2017 | Banque Saudi Fransi posted on Thursday a net profit of SAR 374 million (\$99.73 million) for the fourth quarter of fiscal 2016, 60.6% down from SAR 253.3 million for Q4-15 |



Index constituents performance

| Ticker | Name | Industry | Last | Performance | | | | Mcap EURb | Net Debt EURb | EV/EBITDA TTM | P/E | | P/B TTM | EBITDA% TTM | Div yld N12M |
|---------------------------|-----------------------------|-------------|----------|-------------|----------|---------|---------|--------------|------------------|------------------|-------|-------|------------|----------------|-----------------|
| | | | 31.12.16 | LTM Low | LTM High | % off L | % off H | | | | TTM | 2016F | | | |
| SABIC:AB | Saudi Basic Industries Corp | Materials | 91.5 | 80.7 | 94.4 | 13% | -3% | 69.1 | 6.1 | 7.4x | 17.2x | 15.6x | 1.6x | 18.7% | 4.3% |
| NCB:AB | National Commercial Bank | Banks | 42.6 | 33.0 | 43.8 | 29% | -3% | 21.5 | | | 9.1x | 9.9x | 1.3x | | 3.0% |
| ETISALAT:U | Emirates Telecommunications | Telecom | 18.8 | 18.7 | 20.0 | 1% | -6% | 42.0 | -1.0 | 6.1x | 18.3x | 17.7x | 2.8x | 30.9% | 4.3% |
| EMIRATES:L | Emirates NBD | Banks | 8.5 | 8.0 | 8.8 | 6% | -3% | 12.1 | | | 7.2x | 6.8x | 0.9x | | 4.7% |
| RJHI:AB | Al Rajhi Bank | Banks | 63.1 | 52 | 63 | 22% | -1% | 25.8 | | | 13.4x | 12.7x | 2.0x | | 2.4% |
| STC:AB | Saudi Telecom Co | Telecom | 72.6 | 56 | 73 | 30% | 0% | 36.5 | -1.4 | 6.9x | 61.8x | 14.3x | 2.2x | 20.3% | 6.0% |
| NBAD:UH | National Bank of Abu Dhabi | Banks | 10.0 | 9 | 10 | 13% | 0% | 13.4 | | | 10.9x | 10.5x | 1.2x | | 4.4% |
| FGB:UH | First Gulf Bank | Banks | 12.9 | 12 | 13 | 12% | 0% | 14.9 | | | 10.4x | 10.5x | 1.6x | | 7.6% |
| SECO:AB | Saudi Electricity | Utilities | 22.6 | 17 | 23 | 34% | 0% | 23.7 | 35.6 | 12.1x | 37.4x | 27.8x | 1.3x | 4.8% | 3.5% |
| ADCB:UH | Abu Dhabi Commercial Bank | Banks | 6.9 | 6 | 7 | 14% | 0% | 9.2 | | | 9.8x | 9.2x | 1.4x | | 6.0% |
| SAMBA:AB | Samba Financial | Banks | 24.4 | 18 | 24 | 38% | 0% | 12.3 | | | 9.1x | 9.3x | 1.1x | | 4.4% |
| RIBL:AB | Riyad Bank | Banks | 11.6 | 10 | 12 | 16% | 0% | 8.7 | | | 8.5x | 9.6x | 0.9x | | 5.6% |
| DPW:DU | DP World Ltd | Transports | 17.5 | 16 | 19 | 13% | -8% | 13.7 | 5.8 | 10.1x | 15.1x | 14.7x | 1.7x | 38.9% | 1.6% |
| EMAAR:UH | Emaar Properties PJSC | Real estate | 7.1 | 6 | 7 | 15% | 0% | 13.1 | -1.0 | 8.6x | 11.7x | 9.2x | 1.3x | 33.9% | 2.0% |
| SABB:AB | The Saudi British Bank | Banks | 25.0 | 18 | 25 | 39% | 0% | 9.4 | | | 7.9x | 8.0x | 1.1x | | 3.3% |
| BSFR:AB | Banque Saudi Fransi | Banks | 26.0 | 21 | 27 | 24% | -3% | 7.9 | | | 7.5x | 7.7x | 1.0x | | 4.8% |
| Bernstein Value Index GCC | | | | | | | | | | 8.0x | 10.6x | 10.2x | 1.3x | 25.6% | 4.3% |

Disclaimer

This document is issued by Bernstein Trust+ Capital Services Group and/or its respective affiliates (jointly "Bernstein Trust+ Capital Services Group"). This document is directed exclusively to Eligible Counterparties and Professional Clients. This document does NOT purport to be an impartial assessment of the value or prospects of its subject matter and it must not be relied upon by any recipient as an impartial assessment of the value or prospects of its subject matter. No reliance may be placed by a recipient on any representations or statements outside this document (oral or written) by any person which state or imply (or may be reasonably viewed as stating or implying) any such impartiality. The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. This document is for information purposes only and is not, and should not be construed as, an offer or a commitment by Bernstein Trust+ Capital Services Group or any of its affiliates to enter into a transaction. The information contained in this document is not to be relied upon by the recipient as authoritative or taken in substitution for the exercise of judgement by any recipient. All opinions expressed in this document are subject to change without notice. Neither Bernstein Financial Corp. nor other legal entities in the group to which it belongs accept any liability whatsoever for any direct or consequential loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith. Bernstein Trust+ Capital Services Group or other legal entities in the group to which it belongs, their directors, officers and/or employees may have had or have a long or short position and may have traded or acted as principal in the securities described within this document, (or related investments). This document may not be reproduced, distributed or published, in whole or in part, for any purpose, except with the prior written consent of Bernstein Trust+ Capital Services Group. By accepting this document you agree to be bound by the foregoing restrictions.