

2018 GCC WEALTH INSIGHT REPORT

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about this survey

The GCC Wealth Insight Report 2018 is based on a survey of 108 High Net Worth Individuals (HNWIs) across the Gulf Cooperation Council (GCC), which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). For the purposes of this study, HNWIs are defined as individuals with US\$2 million or more in investable assets.

This is the fifth edition of the GCC Wealth Insight Report, which has been released annually since 2014. The study is sponsored by Emirates Investment Bank (EIBank), an independent private bank based in the UAE. EIBank chose Ipsos and Brunswick Insight to conduct this study on their behalf in order to ensure the accuracy of the findings and independence of the analysis.

All data and findings are sourced from Brunswick Insight and IPSOS

BRUNSWICK INSIGHT



foreword from the ceo

Khaled Sifri

Chief Executive Officer
Emirates Investment Bank



Emirates Investment Bank has a diverse range of high net worth individual (HNWI) clients from across the Gulf Cooperation Council (GCC) and around the world, which provides us with a unique perspective on investor sentiment and capital allocation trends.

As part of our commitment to understanding the region's HNWIs, Emirates Investment Bank, for the fifth consecutive year, has commissioned an independent survey, which provides intelligence on the collective economic and investment outlook of HNWIs in the GCC.

2017 was certainly a surprising year. The global economy's performance surpassed even the most optimistic forecasters. Equity markets reached record highs, propped up by loose monetary policy, and oil prices recovered to close to US\$70/bbl. Moreover, supportive fiscal policies, low inflation and strong global trade supported broad based growth, across both developed and emerging markets. Many expect momentum to continue this year.

This has given many HNWIs in the GCC a more optimistic sense of not only the global economy, but the regional economy as well. More regional HNWIs are optimistic about the GCC economy in 2018 versus 2017. Growth drivers such as government supported economic programs, adoption of transformational technologies and the lead up to Expo2020 are examples of influences that are expected to impact growth prospects in 2018 and beyond.

The economic developments throughout various geographies as well as the

GCC region have prompted changes in approaches to investment decisions. Wherein barely half in last year's survey acknowledged that local economic conditions were changing their investment decisions, two-thirds this year indicate a new approach. This may be a result of a perceived subsiding of geopolitical risk, higher oil prices (which has bolstered confidence in the region's economic cycle that seems to have turned a corner) and structural reforms aimed at solidifying sustainable growth.

The GCC Wealth Insight Report 2018 indicates that more HNWIs are keeping their assets closer to home. GCC HNWIs seems to be increasing their exposure to regional markets. While the region's wealthy continue to allocate sizable assets towards their own businesses and cash deposits, more are inclined to rotate assets into real estate in 2018.

New for this year, we asked participants about the GCC's appeal as a wealth management hub. More than eight-in-ten HNWIs think the GCC is attractive for both regional and global HNWIs. The UAE specifically stands atop the GCC for wealth management, with nearly half ranking it the single most appealing location.

At Emirates Investment Bank, we support our clients through every stage of their wealth journey. We spend time to truly understand their individual financial objectives and provide them with bespoke solutions for their needs and circumstances. Through these uncertain times, we ensure that our clients get the support they need to navigate the most complex of situations.

executive summary

Rebounding optimism both globally and locally, and the increased appeal of local investments

The GCC Wealth Insight Report 2018 is the fifth edition of our research into the views of High Net Worth Individuals across the GCC. The Report outlines HNWI's views on the local and global economies as well as the main elements that drive their investment decisions. The current survey was conducted between October and December 2017.

While 2016 saw turbulence from nearly beginning to end, including political uncertainty and its related economic volatility, 2017 told a much different story. Concerns about a continued trend towards nationalism were quelled after the French and German elections. Rallying markets across the globe buoyed investors and higher oil prices offered some respite to GCC investors and began to infect regional stock market performances. The year ended with an economic surge led by significant tax cuts in the U.S.

This year of global economic growth undoubtedly contributed to the increase in economic optimism seen in this year's survey. HNWI's in the GCC are more positive about the global and regional economy than they've been in years, and they expect the positive economic trajectory to continue over the next several years.

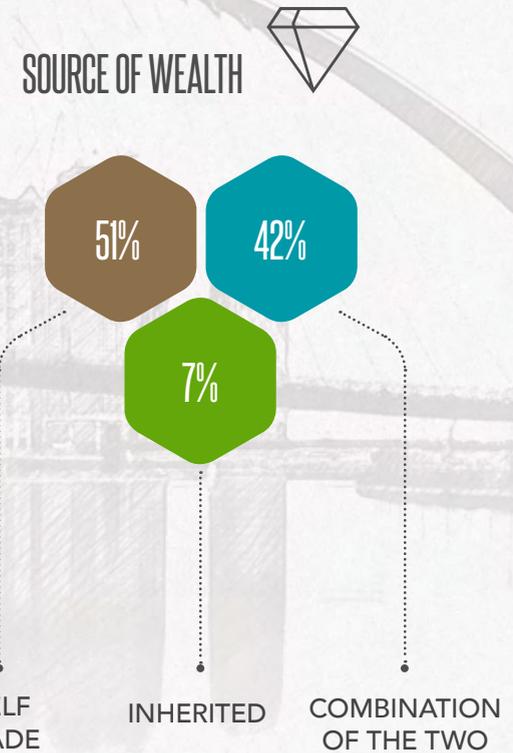
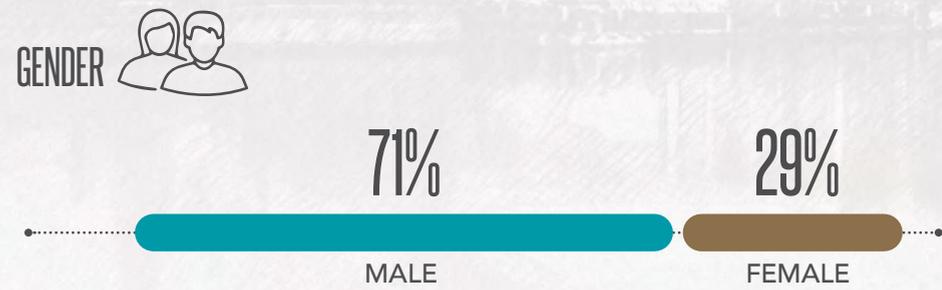
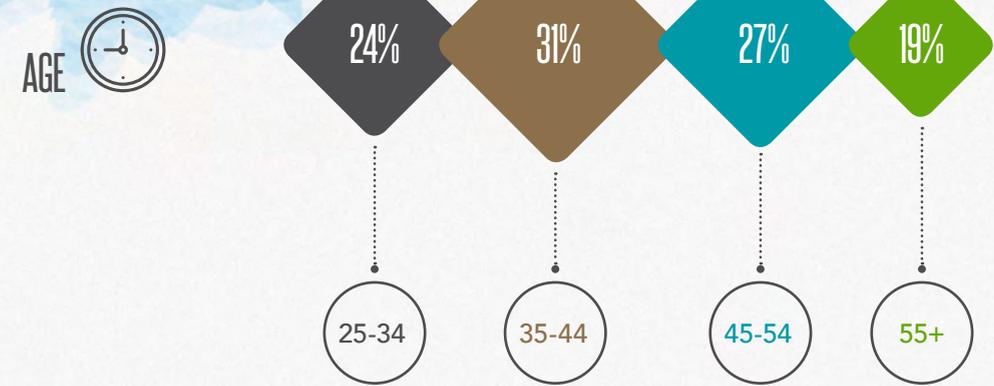
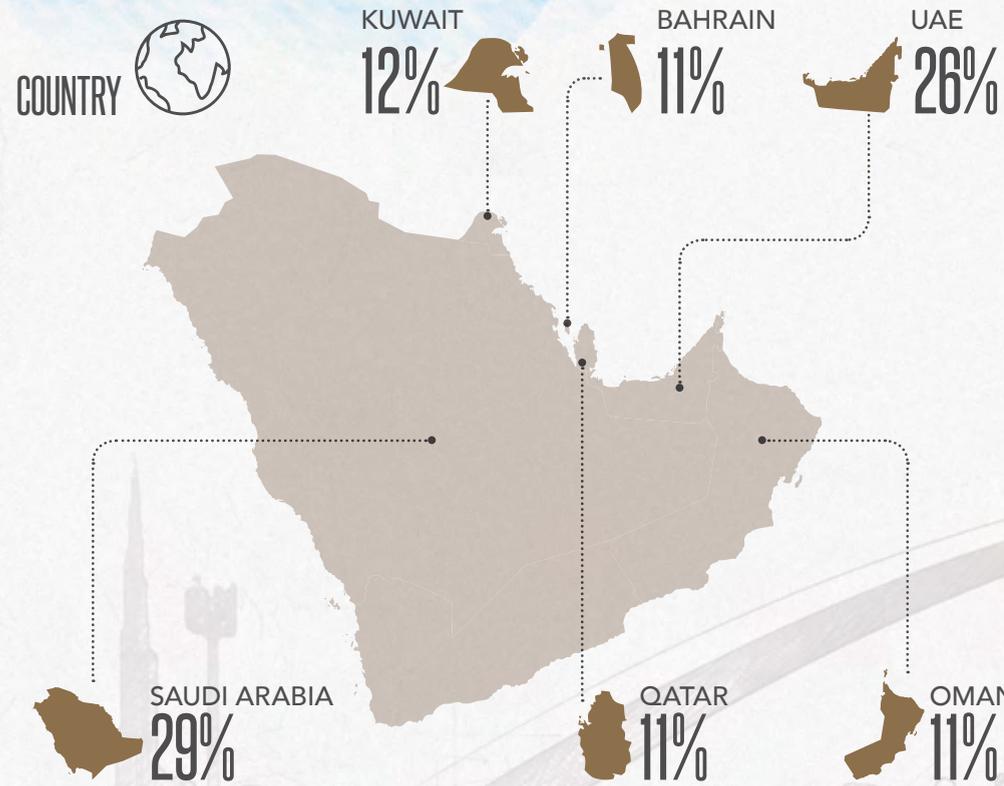
Positive economic sentiment in the GCC region has coincided with an uptick in

preference for keeping assets closer to home. This enthusiasm may have reflected itself in HNWI's strong endorsement for the GCC as a wealth management region. More than 80% see it as attractive not just for themselves and their local counterparts, but also for wealthy investors from across the globe. The UAE specifically is highly rated by regional HNWI's above all other GCC countries. Investors point to the region's stability, security, and low taxes as reasons for its economic and financial appeal.

Alongside this optimism, this year's report indicates that HNWI's are still cautious. Nearly 40% now say their priority is to preserve wealth, rather than pursuing a strategy of growing wealth. Only one-in-five consider themselves to be a global investor (versus the type who keeps assets close to home). And, most HNWI's now say that local, regional, and global factors have led them to change their approach to investing.

The market corrections we have seen in February 2018 are indicative of the volatility of the markets. A year of encouraging growth has contributed to the increased optimism we see from GCC HNWI's. Yet, their sensible caution about global investment is also clear in this year's survey, demonstrated by the continuous year on year appetite to invest in GCC assets.

SURVEY DEMOGRAPHICS



economic sentiment

After a challenging and surprising 2016, political uncertainty threatened to dominate 2017. However, in reality, the year became a story of surging markets and investors enjoyed the largest global growth in years. Oil prices reached nearly US\$70 per barrel in 2017, a remarkable recovery from lows near US\$30/bbl in February 2016, which offered a favourable local environment for GCC HNWIs and increased investment opportunities for regional and global investors.

We asked respondents for their views on the current economic situation. This year's findings show that investors have become much more optimistic about global and regional economic performance and are expecting additional improvements in 2018. Views of HNWIs on the economic situation in their own country continue to vary significantly across the GCC.

Investors have become more optimistic and are expecting additional improvements in 2018



Positive views on both the global economy and the regional economy reach similar levels in 2018, after two years of cautious sentiment



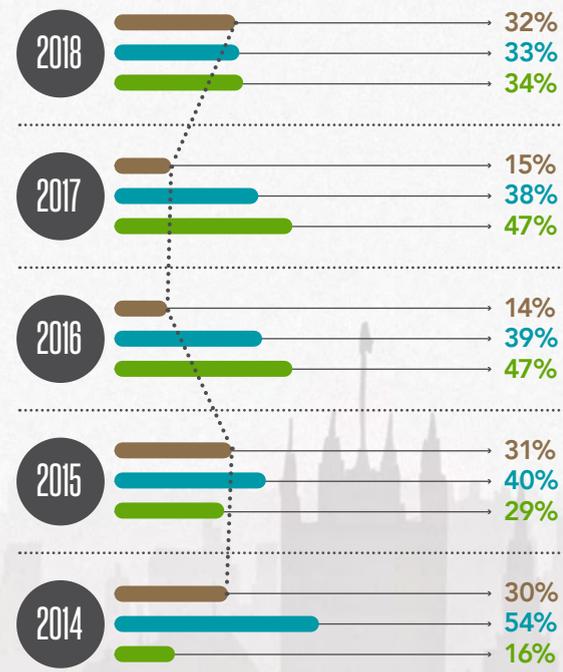
HNWIs in the GCC are more positive about the condition of the global economic situation in 2018 than they have been in the last two years. Respondents were evenly split with a third (32%) believing the global economic situation will improve, another third (33%) think it will stay the same, while 34% share a view that it will worsen in 2018.



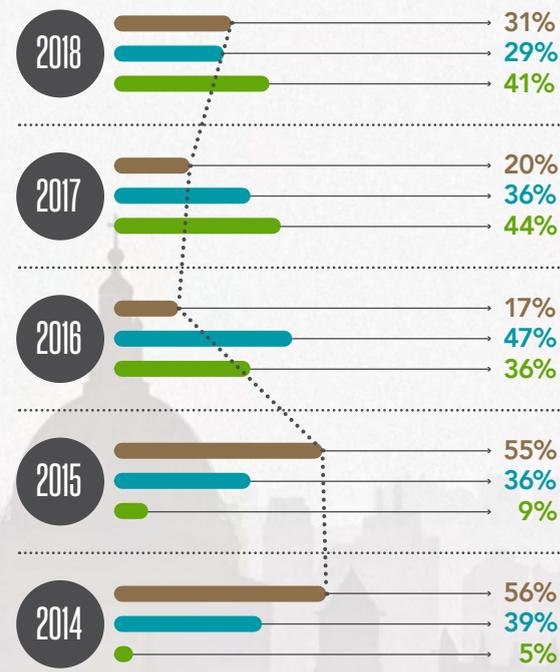
Similar to global sentiment, nearly a third (31%) of HNWI believe that the economic situation in the GCC will improve in 2018. The rate of those who are negative about the economic prospects for the region remains relatively high, albeit lower than last year, 41% vs. 44% in 2017. A lower portion of respondents have taken the view that the situation will remain the same than any other year the survey has been conducted, at 29% for 2018.

% who say

Global economic situation:



Regional economic situation:



Improving Staying the same Worsening

Base: All answering

GLOBAL ECONOMIC SITUATION



33%
Staying the same

No clear indication of global changes

Amongst the 33% of HNWI who think the global economic situation is staying the same, this sentiment is driven by the perception that there has been no clear indication of global changes and the balance between negative factors (political situations and conflicts) and positive factors (rising consumer optimism) is maintaining the status quo.

32%
Improving

Economic recovery is underway

Amongst the 32% of HNWI who say the global economic situation is improving, the positive indication is driven by a sense that economic recovery is underway (40%), that there is greater political stability (23%), and that business growth is leading to more investment opportunities (17%).

34%
Worsening

Political instability, conflict and threat of terrorism

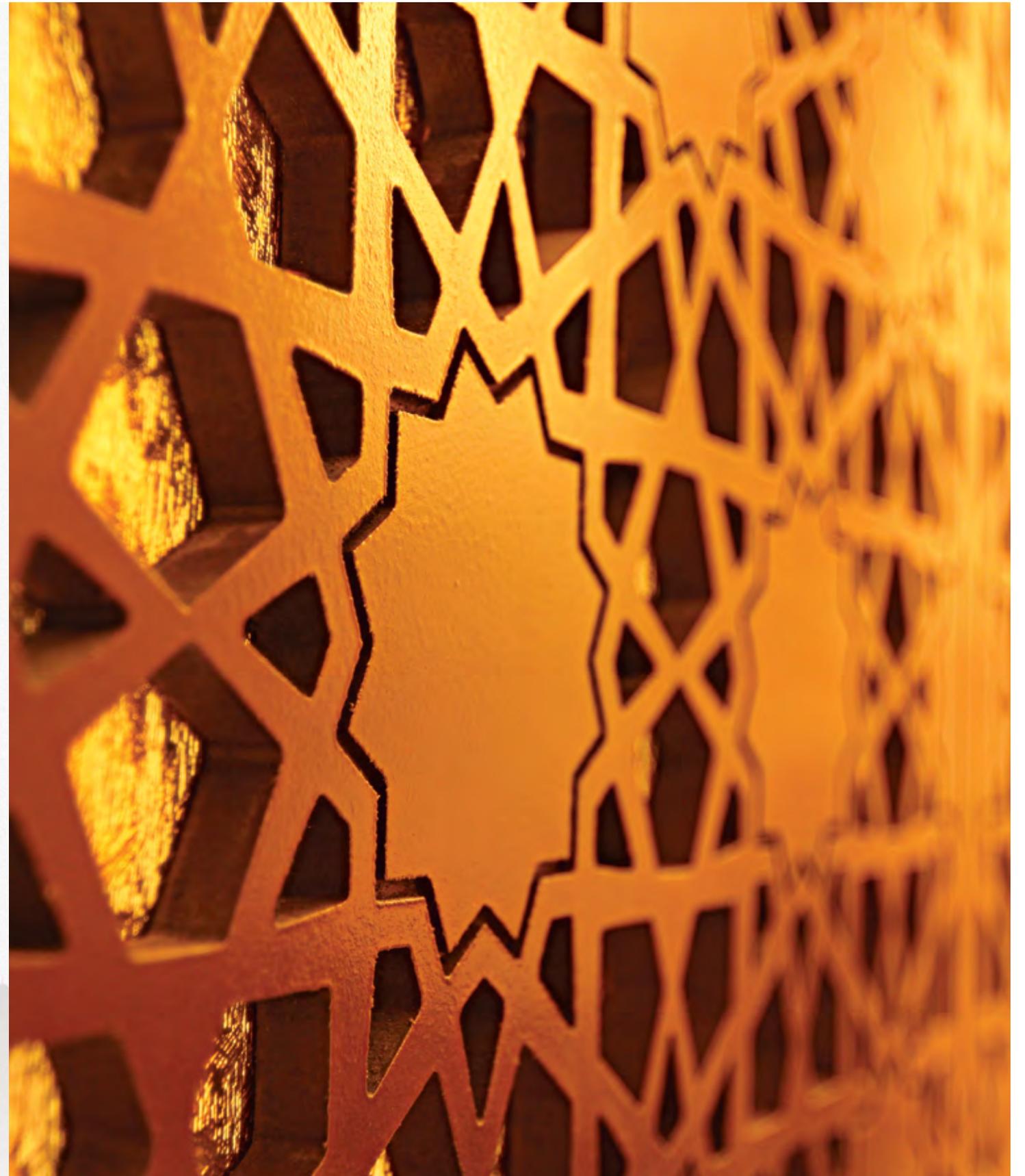
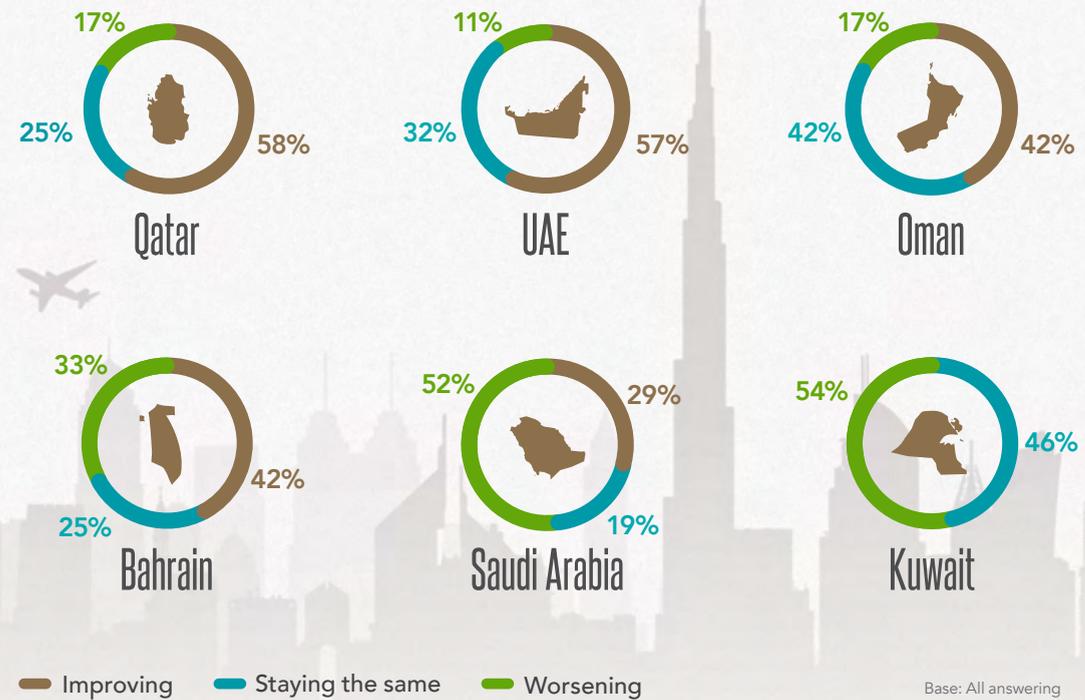
Amongst the 34% of HNWI who say the global economic situation is worsening, political instability, conflict and threat of terrorism (81%) is still the most commonly cited reason for this, as it was in 2017 (72%).

2018 shows marked differences across the GCC countries, when asked about the economic situation in their own country

Views are most positive in the UAE and Qatar, while more than half of the respondents in Saudi Arabia and Kuwait believe the situation will continue to worsen in 2018. Not a single respondent in Kuwait has a positive outlook on the prospects of the local economy in 2018.

In comparison to 2017, there has been some improvement in HNWI's views in Saudi Arabia, Oman, Bahrain, and Qatar. Kuwait has continued on its downward trajectory with a definite increase in negative sentiment. Despite the high level of positive sentiment towards 2018 economic prospects in the UAE, there has been a decline in positivity from 69% in 2017 to 57% in 2018.

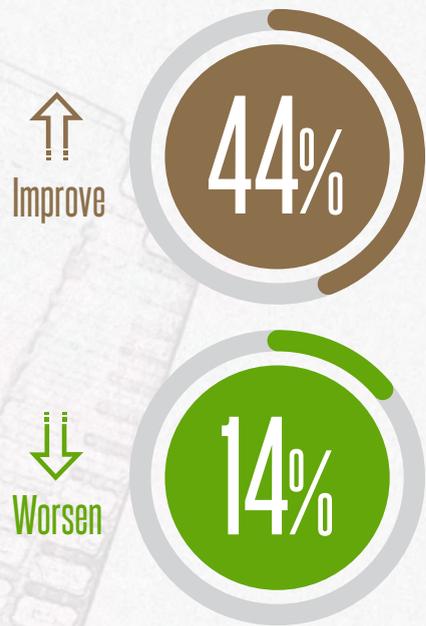
GULF REGION ECONOMIC SITUATION



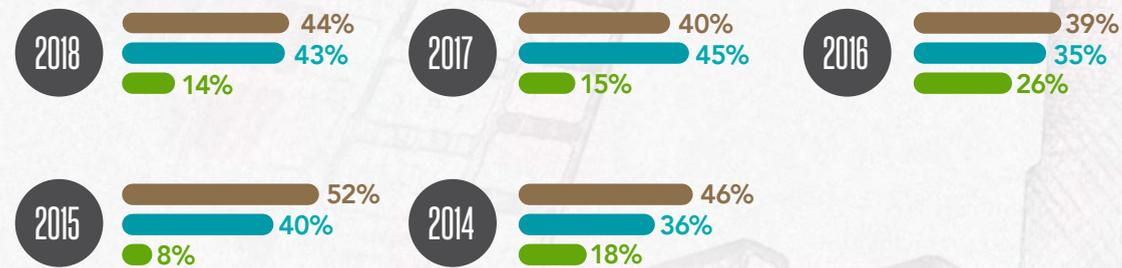
ECONOMIC SITUATION FOR THE NEXT ONE YEAR

Global economic outlook for the next 12 months, shows a slight increase in optimism

The view that the global economic situation will be better over the next 12 months is shared by 44% of respondents, on par with those that portend the economic situation to remain the same over the named period. There was a slight increase in positivity among HNWI's in the Gulf towards prospects of the global economy over the next 12 months, while those that believe the global economic situation will worsen over the next 12 months is roughly the same as last year (14% in 2018 vs 15% in 2017).



% who expect the economic situation in one year to be...



Base: All answering

ECONOMIC SITUATION OVER THE NEXT FIVE YEARS

Looking five years into the future, HNWI's have a positive outlook for longer term global economic prospects and continued optimism for the Gulf Economy.



Just over three quarters of HNWI's (78%) are optimistic about the economic prospects for the global economy over the next five years, which is consistent with previous years. This year the outlook has picked up significantly, where 28% in 2018 are very optimistic versus only 15% in 2017.



Three in four HNWI's (69%) say that they are optimistic about the economic prospects for the Gulf region over the next five years – slightly down compared to previous years. Nevertheless, the proportion of HNWI's who say that they are very optimistic about prospects for the Gulf region shows a significant improvement over last year (28% in 2018 vs 20% in 2017).

% who say they are...

Economic prospects for the global economy

| Year | % very / somewhat optimistic | | % very / somewhat pessimistic | |
|------|------------------------------|-----|-------------------------------|-----|
| 2018 | 78% | 28% | 50% | 18% |
| 2017 | 76% | 15% | 61% | 19% |
| 2016 | 77% | 24% | 53% | 20% |
| 2015 | 78% | 39% | 39% | 19% |
| 2014 | 75% | 16% | 59% | 25% |

Economic prospects for the gulf economy

| | | | | |
|------|-----|-----|-----|-----|
| 2018 | 69% | 28% | 41% | 27% |
| 2017 | 75% | 20% | 55% | 20% |
| 2016 | 83% | 40% | 43% | 14% |
| 2015 | 86% | 46% | 40% | 11% |
| 2014 | 87% | 56% | 31% | 13% |

Base: All answering

OPTIMISM vs PESSIMISM OVER THE NEXT FIVE YEARS



Stability and positive economic signs are creating optimism, although almost a quarter of HNWI's are still cautious with instability of major economies and geopolitics causing the most concern

78% Optimism



The main reasons volunteered for optimism in the global economy:



Positive economic signs and stability in major global economies is most frequently cited



Greater political stability is also commonly cited, up from 5% in 2017



Oil price stabilisation has spurred growth

23% Pessimism



The main reasons volunteered for pessimism in the global economy:



Concern over the stability of major economies is the most commonly cited reason



No signs of change with global recovery expected to take more time



Political instability and uncertainty continues to cause concern, although this has decreased from 67% in 2017

OPTIMISM vs PESSIMISM OVER THE NEXT FIVE YEARS



Current oil prices are now joined by upcoming high profile events as reasons for optimism. Geopolitics and the economic impact of regional conflict is still creating concern

69% Optimism



The main reasons volunteered for optimism in the regional economy:

- 14%** Effects of oil prices is the most commonly cited reason
- 11%** Upcoming high profile events such as Expo 2020, FIFA 2022 are attracting investment
- 11%** GCC is an attractive region for investments

32% Pessimism



The main reasons volunteered for pessimism in the regional economy:

- 41%** Unstable political situation is causing the most concern
- 35%** Negative impact of conflicts in the Arab world on the Gulf region
- 24%** Unstable economic situation in the Gulf region

“ The openness of the economy to global trade through manufacturing and consumption, as well as the government’s sale of assets present many opportunities. ”

 **UAE**

“ Regional wars and conflicts have impacted financial markets and businesses negatively. ”

 **Bahrain**

investment decisions

We asked HNWIs to share their views on how the current economic situation and the geopolitical situation in the Arab region have impacted their investment approach and investment decisions. Whilst increasing local economic optimism is whetting appetite, to an extent, investors continue to maintain a conservative approach to investing.

HNWIs continue to maintain a conservative approach to investing



IMPACT OF GLOBAL & LOCAL ECONOMIC SITUATION ON INVESTMENT DECISIONS

Local economic conditions show greater impact on investment decisions for the regions HNWIs

GLOBAL ECONOMIC SITUATION



56%

Over half of HNWIs say the global economic situation has changed their approach to investing and investment decisions.

Of those who say their investment decisions have been affected by the global economic situation

- 30%** are more cautious about making new investment decisions and are looking for less risk
- 17%** are focusing on global investments
- 15%** have shifted from investments to cash

“ Geopolitical risks around the world are worsening, impacting investor’s outlook.



Bahrain

“ Because of the improvement in the global economy, I am considering investing globally.



UAE

LOCAL ECONOMIC SITUATION



65%

A large portion of HNWIs say the local economic situation has changed their approach to investing and investment decisions.

Of those who say their investment decisions have been affected by the local economic situation

- 17%** have discontinued projects
- 13%** have increased investment in new / growing sectors
- 10%** are concerned about the introduction of taxes / value added tax

“ Because there is an abundance of opportunities in Saudi Arabia, I never considered investing outside my country.



Saudi Arabia

“ With the introduction of taxes and as the cost of living continues to rise, liquidity will become tighter.

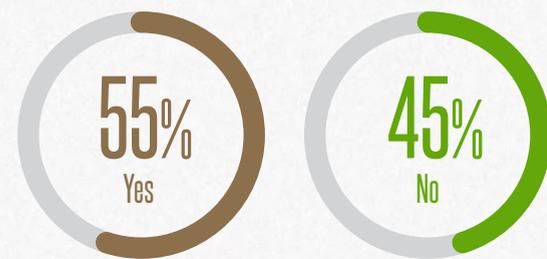


UAE

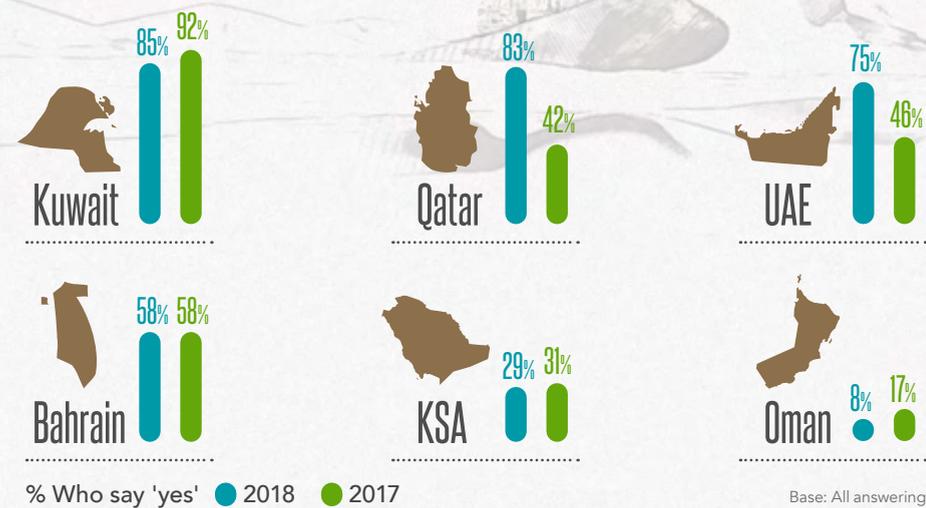
Regional geopolitics has had an increasing impact on investment decisions

More than half (55%) HNWI's say that the geopolitical situation in the Arab region has changed their approach to investing, an increase of 10% from 2017.

% who say regional geopolitics has affected their investment decisions



The effect on HNWI's investment decisions varies by country

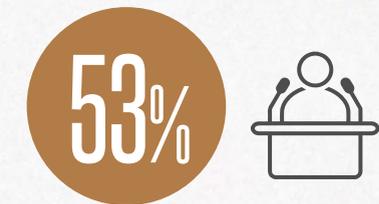


Amongst the 55% of HNWI's who say that their investment decisions have been changed by the geopolitical situation in the Arab region, there is a focus on global investment (20%) and a hesitation to consider new investments due to instability (19%).

Other than regional geopolitics, oil prices, economic reforms and the introduction of VAT have had the most impact on investment decisions over the past year



Almost three quarters of HNWI's say their investment decisions have been impacted by oil prices and structural reforms.



Just over half of HNWI's say that the election of Donald Trump as US President has impacted investment decisions.

% who say...

| | | A great deal / Some | | A little / Not at all | | |
|--|-----|---------------------|-----|-----------------------|-----|-----|
| Movements in the price of oil | 74% | 43% | 31% | 15% | 11% | 26% |
| Regional structural reforms | 74% | 43% | 31% | 12% | 14% | 26% |
| Introduction of VAT in GCC member states | 60% | 33% | 27% | 18% | 22% | 40% |
| Performance of stock markets | 62% | 27% | 35% | 19% | 19% | 38% |
| Currency fluctuations | 58% | 24% | 34% | 27% | 15% | 42% |
| Interest rate movements | 62% | 21% | 41% | 19% | 19% | 38% |
| Election of Donald Trump as US President | 53% | 20% | 33% | 22% | 24% | 46% |
| Brexit | 39% | 13% | 26% | 24% | 37% | 61% |

Base: All answering

Legend: A great deal (dark brown), Some (light brown), A little (dark teal), Not at all (light teal)

financial allocation decisions

Despite global market growth in 2017, investors were still wary of risk and uncertainty and therefore a higher proportion are focused on preserving their wealth, when compared with last year and since the onset of the survey. For this Report, HNWI's were asked for their current stance on investment, both in terms of their overall goal (growing or preserving wealth) and in terms of their preferred investment categories. The distribution of HNWI's wealth is broadly similar to previous years, with their own business featuring highly, but with an increased focus on real estate in 2018.

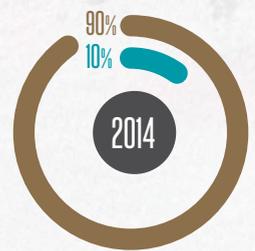
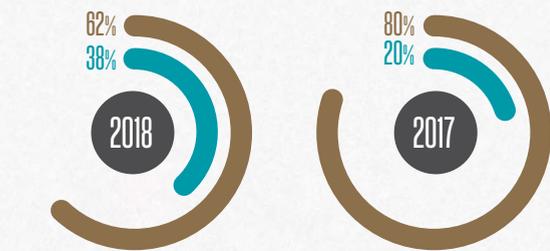
In 2018, a higher proportion of HNWI's are focused on preserving their wealth, in comparison to previous years



PRESERVING vs. GROWING WEALTH

In 2018, there has been an increase in HNWI's concerned with preserving wealth versus growing it. Those focused on growing their wealth has dropped to 62%, bringing wealth accumulation to a five year low.

% who say...



● Grow wealth
● Preserve wealth

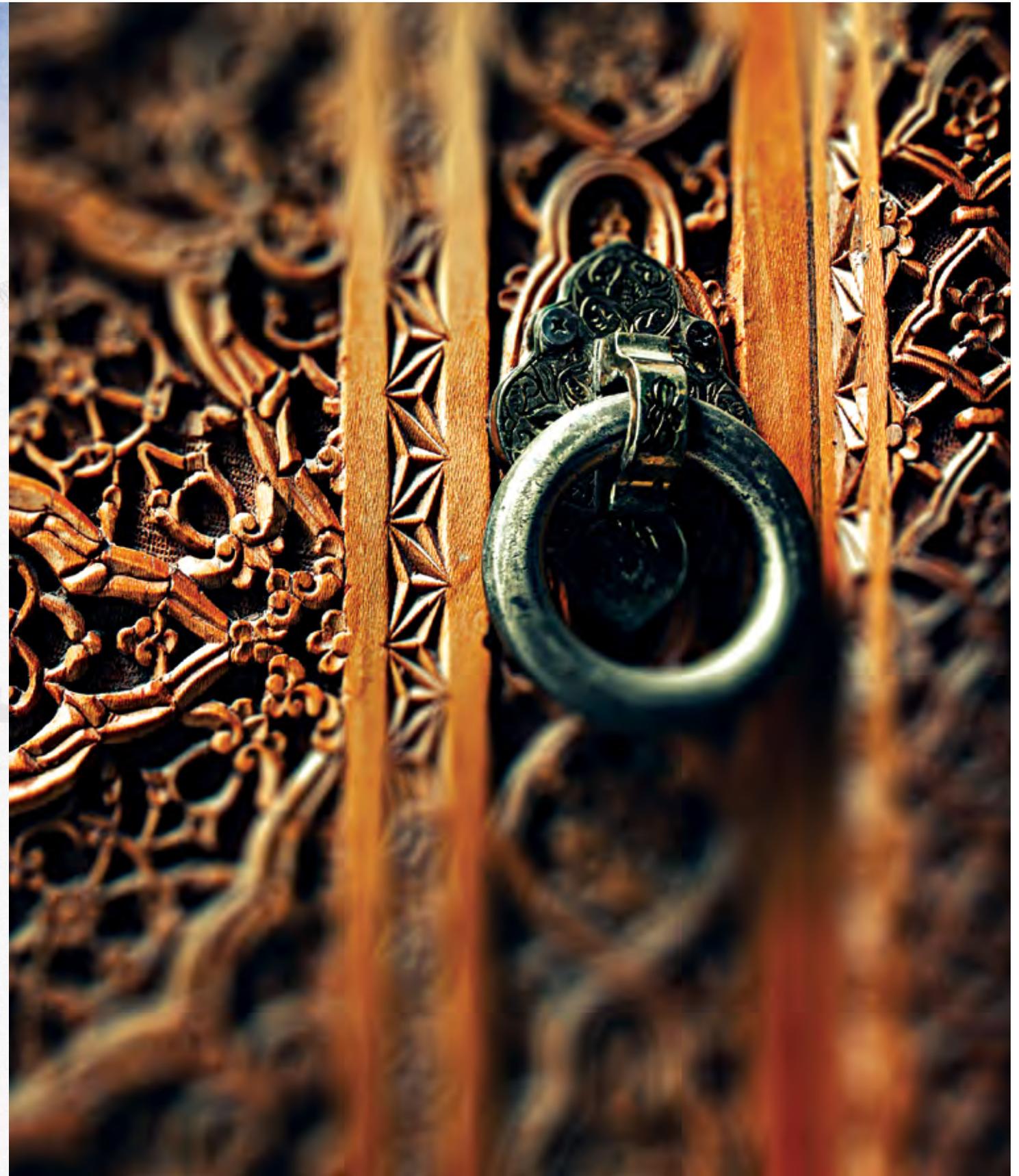
Base: All answering

Amongst the **62%** of HNWI's who are focused on growing their wealth, the main reasons are:

- 36%** to increase profits and grow wealth
- 33%** to provide reassurance for the family and retirement in the future

Amongst the **38%** of HNWI's who are focused on preserving their wealth, the main reasons are:

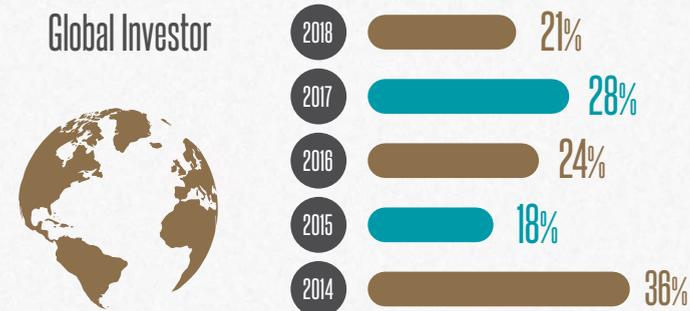
- 39%** due to economic and political instability
- 27%** due to uncertainty and fear about the present environment



GLOBAL vs REGIONAL INVESTMENT

Consistent with previous years, investors prefer to keep their assets closer to home, investing in GCC assets

Nearly eight in ten (79%) HNWIs say that they prefer to keep their assets closer to home, an increase from last year's 72%. Those that prefer a global investment portfolio has dipped to 21%, the second lowest reading over the last 5 years.

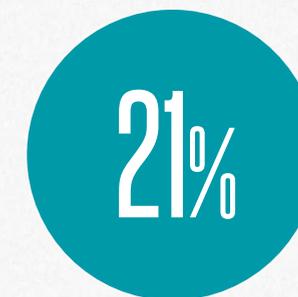


Prefer to keep assets closer to home



Base: All answering

Global Investors: In 2018, we have seen a shift away from global investing in comparison to 2017. For those who consider themselves to be global investors, the desire for diversification and risk management continues to be the driving force



Prefers global investment

For the 21% of HNWIs who are global investors, the most commonly cited reasons for this relate to diversification and risk management (83%), considerably more so than last year (54%). Another main reason includes a desire to take advantage of global opportunities (61%).

Prefer to keep assets closer to home: Confidence in the stability of the local economy and the recognition of external risks are the key reasons



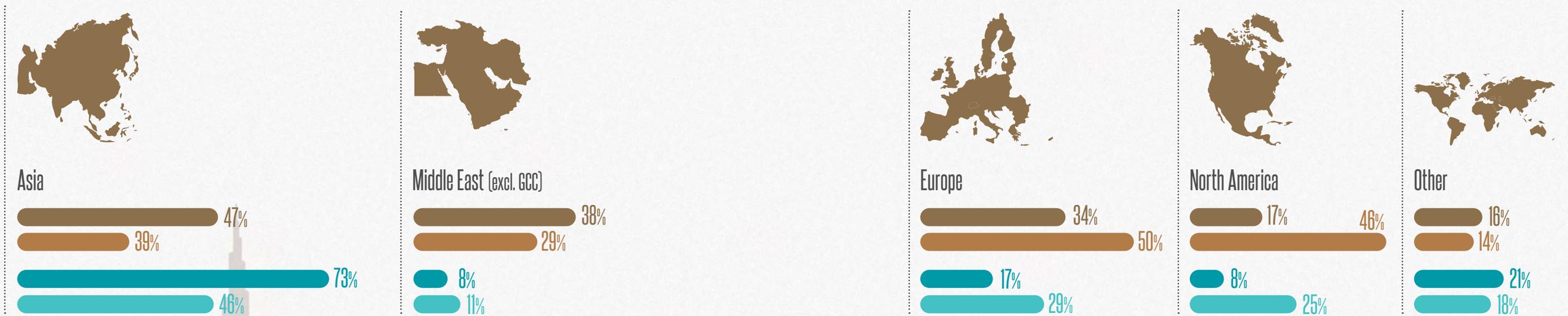
Prefers to keep assets closer to home

Amongst HNWIs who prefer to keep their assets close to home, almost half (45%) say this is because they are confident that investments in the region are secure, which is consistent with 2017. This year there is an elevated sense that other economies lack stability and present risk (26%).

GLOBAL INVESTORS - PREFERRED REGIONS

Asia is the preferred region currently, and also dominates the 3-5 year outlook

Amongst global investors, preferences have shifted away from Europe and North America, with emerging markets taking centre stage. HNWI's with a global investment portfolio are looking to invest more in China, India and Brazil over the next 3-5 years.



China: "Despite the slowdown, China will continue to deliver more growth than developed markets, as costs are still low."

Qatar

Egypt: "Egypt is the upcoming growth market with many projects and a stable political situation."

Bahrain

Europe: "Europe has just begun its recovery story."

Kuwait

Brazil: "A large and diverse market with many opportunities."

Bahrain

CURRENT ALLOCATION OF WEALTH

The distribution of HNWIs' wealth is broadly similar to previous years, with wealth most likely to be allocated to their own business (31%). However, there does appear to be an uptick in allocation to real estate (up to 20% from 15% in 2017) and a slight shift away from cash in comparison to last year (down to 23% from 27% in 2017).

31% 

of their wealth allocated to their own business

23% 

of their wealth in cash and deposits

20% 

of their wealth in real estate (as an investment)

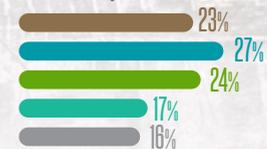
Average distribution of current wealth



My own business



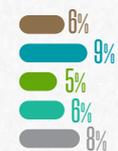
Cash / deposits



Real estate (as an investment)



Direct investment or private equity



Stocks



Gold / precious metals



Bonds



Bitcoin / Crypto



Other



2018 2017 2016 2015 2014

Base: All answering

ALLOCATION OF EXCESS WEALTH

Preferences for windfall investments shift towards real estate.

HNWIs are now as likely to say that they would invest excess wealth in their own business (25%) as they are to invest that windfall in real estate (26%). These two preferences for windfall investments are moving in opposite directions compared with last year.

26% 

of their excess wealth in real estate (as an investment)

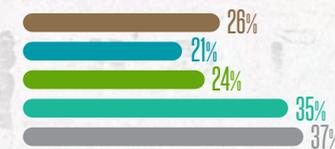
25% 

of their excess wealth allocated to their own business

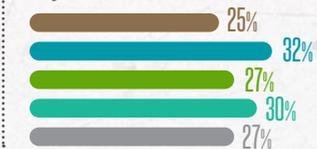
Average distribution of excess wealth



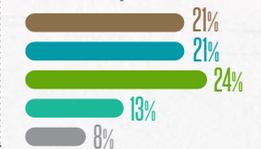
Real estate (as an investment)



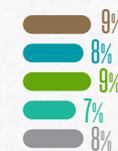
My own business



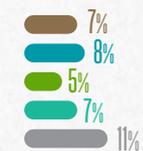
Cash / deposits



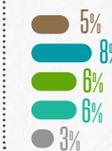
Gold / precious metals



Direct investment or private equity



Stocks



Bonds



Bitcoin / Crypto



Other



2018 2017 2016 2015 2014

Base: All answering

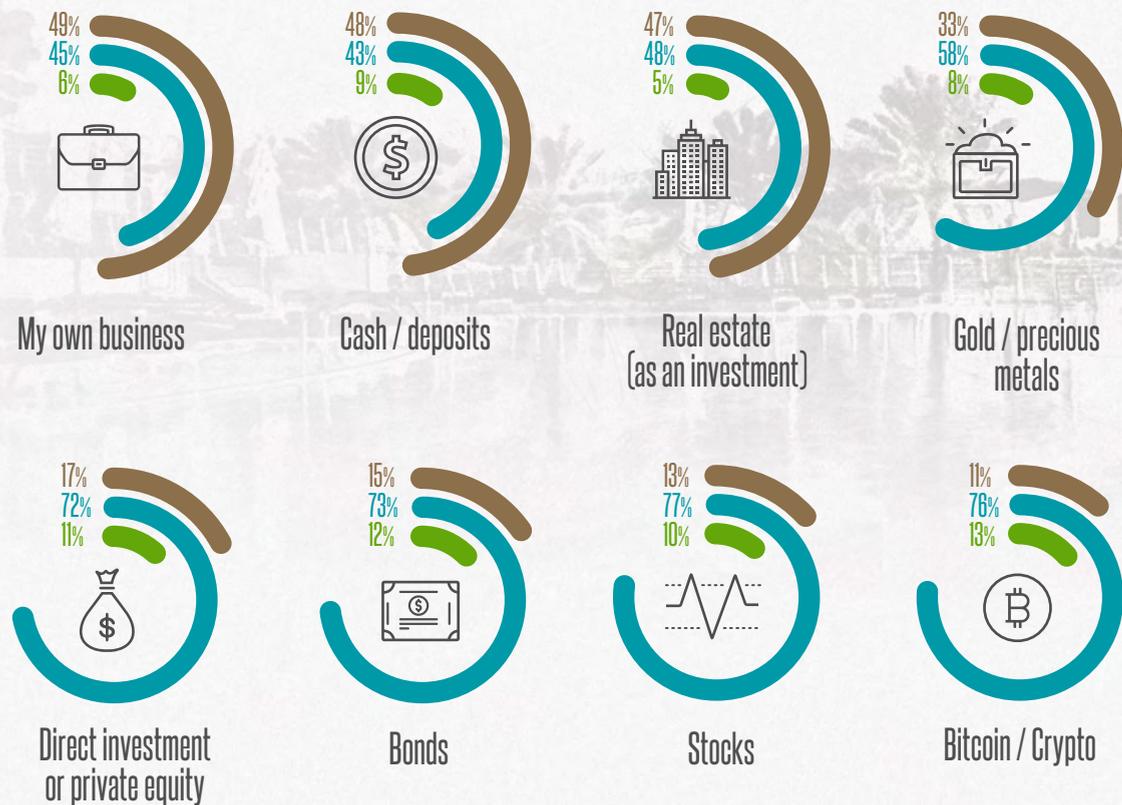
FUTURE ALLOCATION OF WEALTH

HNWIs intend to invest in cash/deposits and their own businesses in the near future.

Half of HNWIs say that they plan to increase their investment in their own business (49%) and in cash (48%) in the near future, while 47% intend to increase their investment in real estate.

HNWIs are more likely to decrease their investments in cryptocurrency (13%) and bonds (12%) than any other asset class. Meanwhile, 77% of HNWIs believe they are well positioned in the equity markets.

% who say...



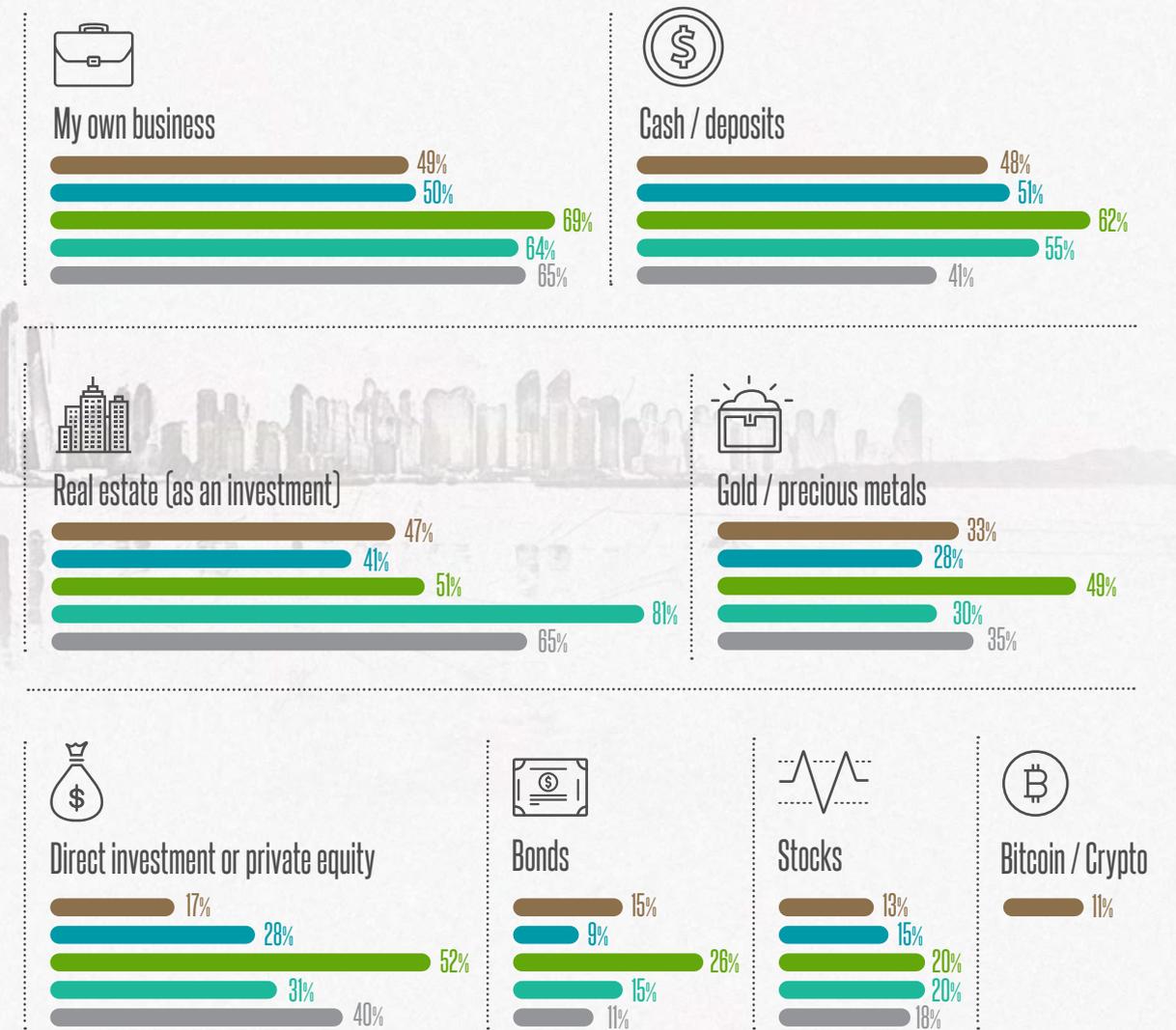
Legend: Increase (brown), Keep the same (teal), Decrease (green)

Base: All answering

FUTURE ALLOCATION OF WEALTH - YEAR-ON-YEAR CHANGE

HNWIs' planned wealth allocation shows a declining appetite for increasing investments across all asset classes in question, with the exception of real estate and bonds, when compared over the years.

% who say they plan to increase investment in



Legend: 2018 (brown), 2017 (teal), 2016 (green), 2015 (light teal), 2014 (grey)

Base: All answering

FEATURE REPORT

the UAE: a contender for global wealth management

Over the past decade, we have witnessed the unabated rise of the UAE's financial sector. The UAE's financial sector evolved from one that services domestic needs to one that is more and more serving the wealth management needs of international HNWIs. Underpinning this rapid growth has been the successful economic diversification model that the UAE government has spearheaded, and continues to do so with next-generation technology. Perceptions of the UAE among regional and international investors is one of a business safe haven built on its

trade, logistics, and transportation hub status in the region. Naturally, capital flows towards business-friendly jurisdictions that boast political stability. As such, we have seen the UAE's ranking on the Global Financial Centre Index (GFCI) gradually rise. Dubai ranks 25th, worldwide, followed closely by Abu Dhabi, which comes in at 28th, the highest amongst regional peers. The UAE offers several regimes for fund management, including free zones, which appeal to both domestic and global HNWIs.

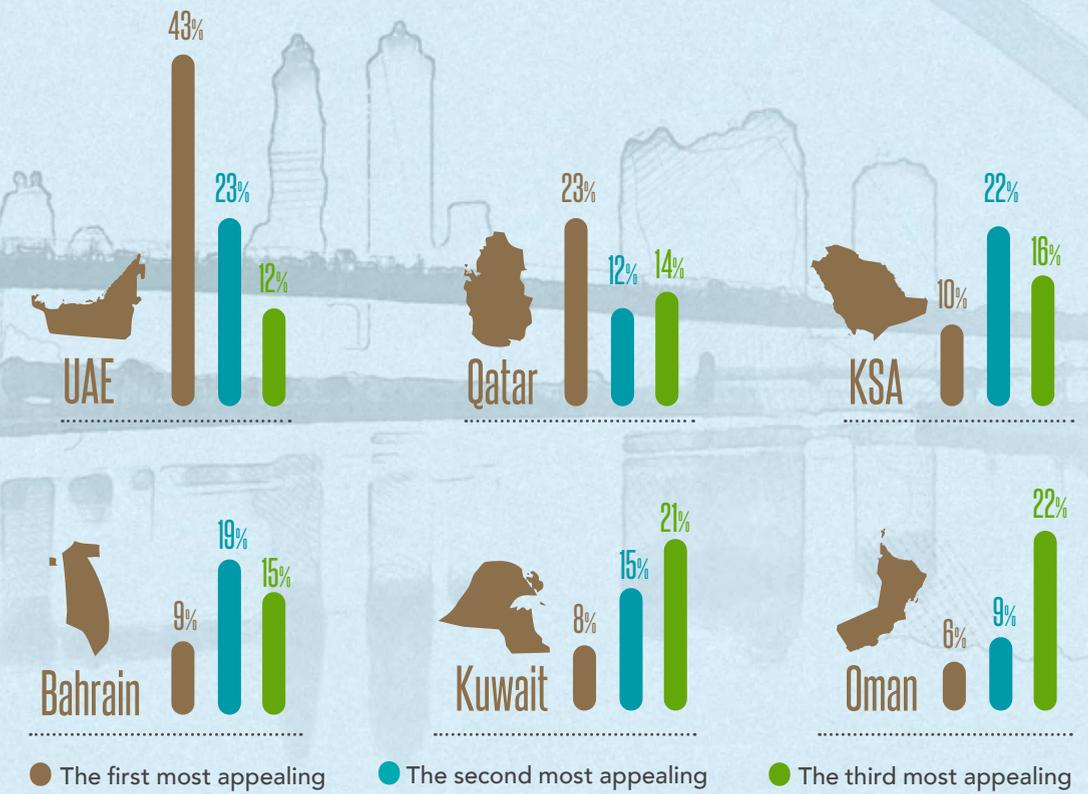
The UAE stands ahead of the region as the most appealing wealth management location



In this 2018 GCC Wealth Insight Report, HNWIs outline the UAE's tax benefits and sustainable economic model - one that strives to modernize itself regularly and introduce the latest technologies to build a knowledge economy - as the main reasons they choose the UAE as a wealth management destination. Of those HNWIs surveyed, 93% of respondents based in

the UAE manage their assets at home and nearly 78% of GCC HNWIs rate the UAE as an appealing destination for wealth management in the region. Over the past three years a growing number of HNWIs have opted to keep their assets closer to home, which has also underwritten the evolution of the UAE's regional wealth management hub status.

% Preferred wealth management locations



Base: All answering

Q: Which GCC countries do you find the most appealing as wealth management locations in the region?

Since the UAE was upgraded from “frontier” to “emerging” market status, fund managers and investors alike have increasingly become more interested in the UAE as a wealth and asset management hub. Currently, the GCC is working towards creating a uniform regulatory regime for the establishment and management of investment vehicles and one that is foreign investor friendly. Dubai’s government has introduced legislation and regulatory frameworks specifically designed to attract inward investment from those who might not have considered the UAE as a fund management destination. The Dubai International Financial Centre’s Wealth and Asset Management report indicates that a growing number of Indian fund managers have chosen the UAE as a prime destination because of the sector’s ecosystem, especially as the country ramps up its continuous efforts to enhance ease of business and an enabling Qualified Investor Funds regime. Today’s dynamic and connected global business environment dictates certain criteria for the success of a financial centre. The GCC’s wealthy recognize that a compelling financial centre should offer a one-stop shop connecting them to various global markets and maintain a tax efficient environment. Nevertheless, HNWIs have indicated that the introduction of the

value-added-tax, while absorbable now at 5%, could dampen the UAE’s competitive advantage, globally, if the rate were to rise further.

The quality of banks in the UAE are one of the main attractive features for HNWIs in the region and globally. Banking capabilities have continued to improve and expand over the past decade. Now, local banks are on a more equal footing with their international peers as they have attracted top talent to support their global investment offerings in terms of advisory services and expansive platform of investment solutions. Moreover, the increasing presence of international banks with offshore banking solutions further expands the proposition extended by the UAE, making it more appealing as a wealth management destination amongst regional and international HNWIs. Technology, in particular, has advanced significantly in recent years with banks investing heavily in developing their IT infrastructure to offer digital solutions to HNWIs, which more than 90% of the region’s wealthy now demands.

The Middle East and African investment market is expected to top US\$1.5 trillion by 2020 from US\$600 billion in 2012, according to a PwC forecast. Growth may

The GCC is seen as an attractive location for HNWIs from the region and from the rest of the world



Attractiveness of the GCC as a wealth management location

% who say the GCC is an attractive wealth management location

For HNWIs from the rest of the world



For HNWIs in the GCC



Very attractive Somewhat attractive Not so attractive Not at all attractive
 Attractive Not Attractive

Base: All answering

be driven by sovereign wealth funds, but affluent and HNWIs represent a sizeable portion of the growth of assets. As the UAE economy continues to diversify, create value, and serve as a business hub for the Middle East and Africa, wealth among its residents will continue to rise, boosting the wealth management industry further. While HNWIs continue to invest heavily in their private businesses and cash deposits, 2018 is expected to feature a rotation into more alternative asset classes, such as real estate- the surveyed HNWIs say they will allocate 20% of their assets to real estate, up from 15% in 2017. The alternative investment

class has broadened in the region with investors including private equity, precious metals, and cryptocurrencies in their investment portfolios. Shariah compliant solutions are also in high demand with more than 70% of HNWIs saying it is somewhat important that they have access to such products. The UAE’s financial industry is well placed to offer a range of investment solutions, meanwhile keeping abreast with technological advancements. With the advent of new regulations and an improved investment ecosystem, we expect the UAE’s global financial center ranking to continue to improve and accordingly attract more private wealth from global HNWIs.

philanthropy & charitable causes

Altruistic motivation and the desire to make a positive impact on the lives of others among other reasons have bolstered philanthropic activities in the region.

With this in mind, HNWI's were asked about their plans to contribute to charitable causes and the type of organisations they were likely to support. As we've seen in previous years, the overwhelming majority of HNWI's in the GCC support charities and most plan on increasing their donations into the future.

HNWI's in the GCC continue to support charities and most plan to increase donations

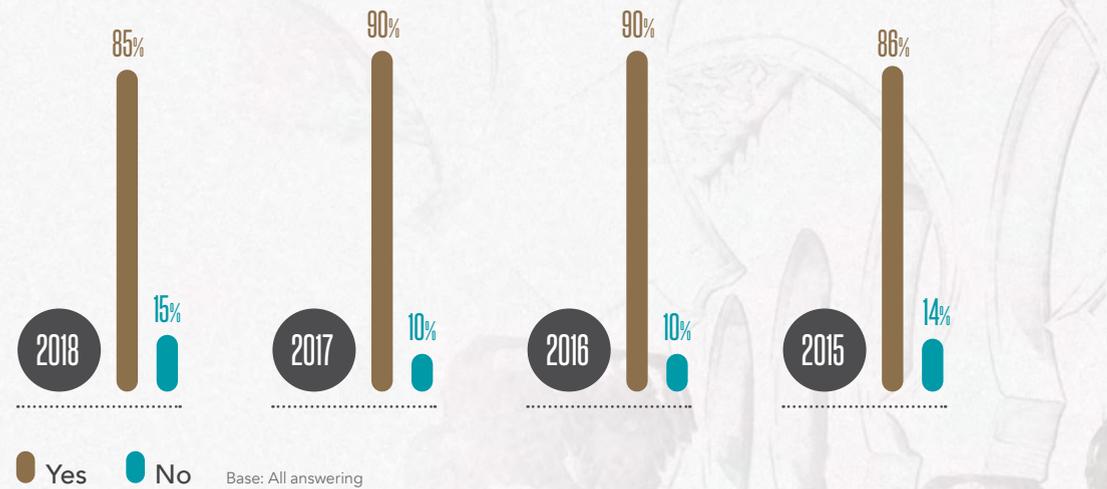


Increase in the proportion of wealth allocated to healthcare and education charities in 2017

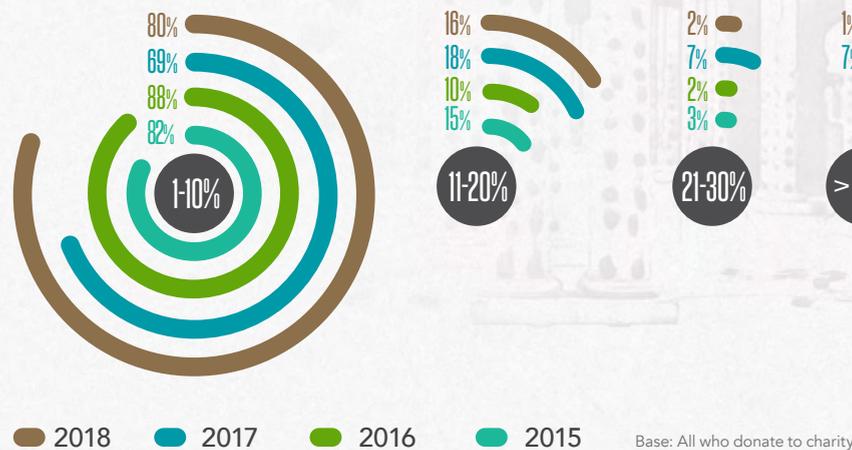
Fewer HNWLs say that they allocate at least some of their wealth to charitable giving, with 85% in 2018 versus 90% in 2016 & 2017.

Amongst those who do give to charity, the majority (80%) allocate between 1-10% of their wealth, with 20% giving more than 10% of their wealth, down from 31% in 2017.

% who donate to charity



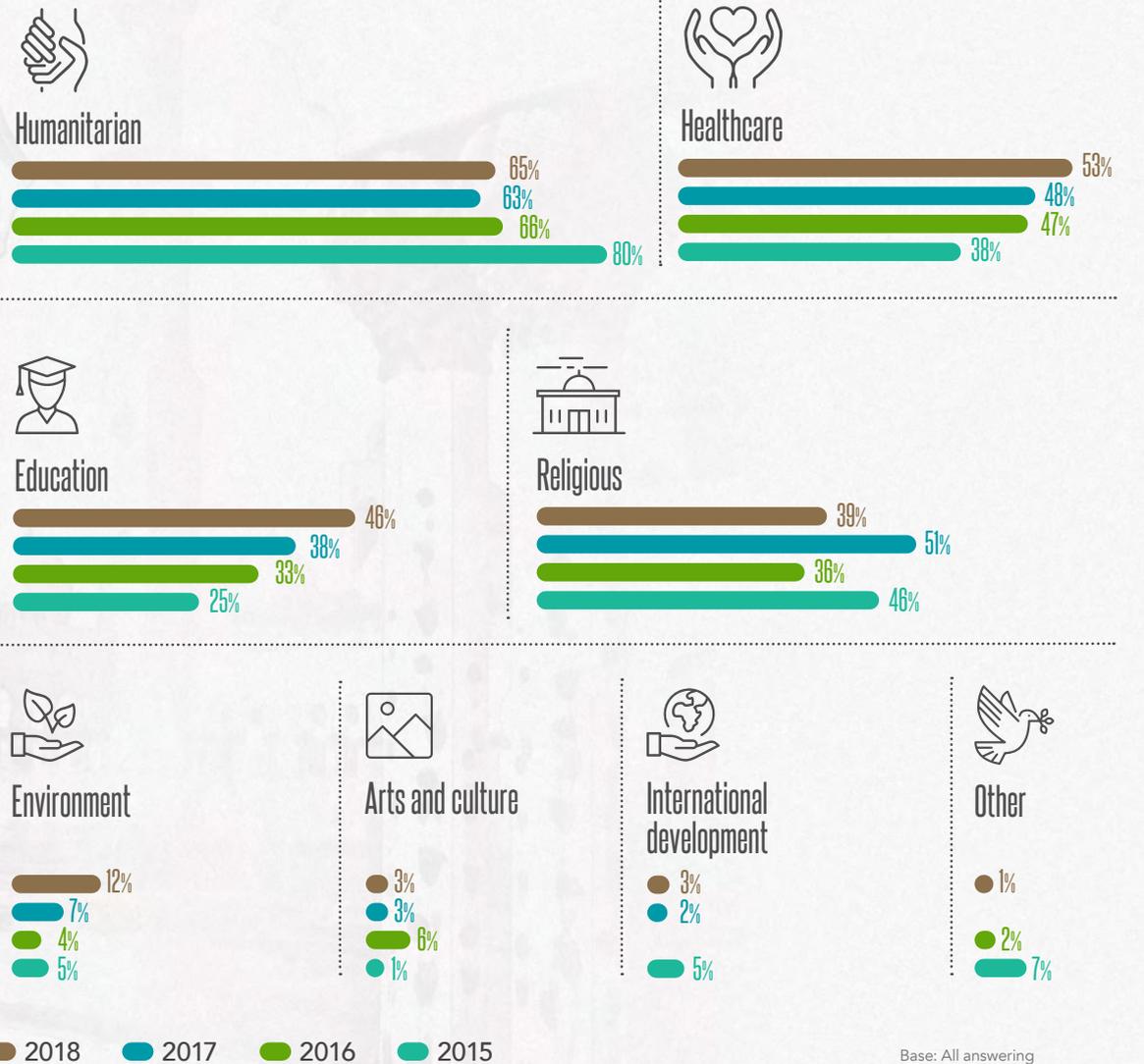
% of wealth allocated to charitable giving



While order of preference changes, the same four charitable causes continue across the years. Humanitarian causes are the most common recipient of charitable giving (65%), followed by healthcare (53%), education (46%) and religious causes (39%).

Compared to 2017, there has been an increase in the proportion of HNWLs who donate to education causes (up to 46% from 38%) and environmental causes (up to 12% from 7%).

% charitable causes donated to



selecting a banking partner

We asked HNWIs for their views on selecting a banking partner and about which criteria are most important to them. HNWIs have high expectations when selecting a banking partner and most use multiple banks to help manage their wealth. Consistent with previous years, we see that the reputation of a bank, quality and speed of service remain the most important considerations for HNWIs. This year, we see an even higher expectation for digital banking and mobile access.

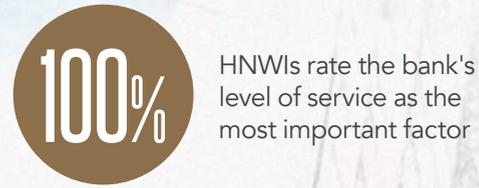
We also asked HNWIs about other aspects of their banking preferences. As we see every year, most HNWIs prefer using local banks and a majority say they prefer a private bank that offers day-to-day banking services in addition to wealth management. This year, more HNWIs say that they are increasing their reliance on banker advice to guide their investment decisions.

The reputation of a bank, quality and speed of service, remain the most important factors

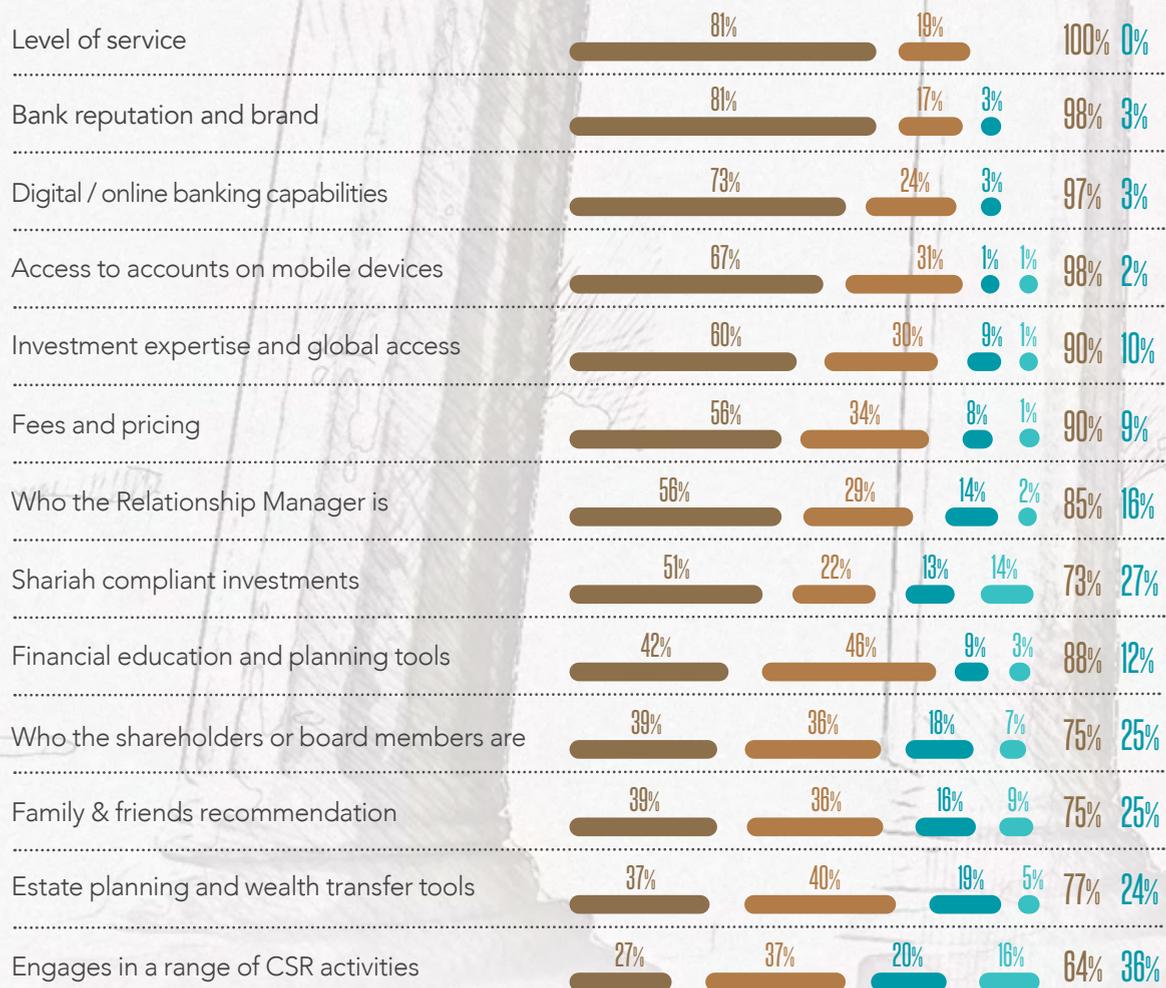


Criteria for selecting a local banking partner

Reputation and service are the primary factors when choosing a bank; online banking continues to grow in importance.

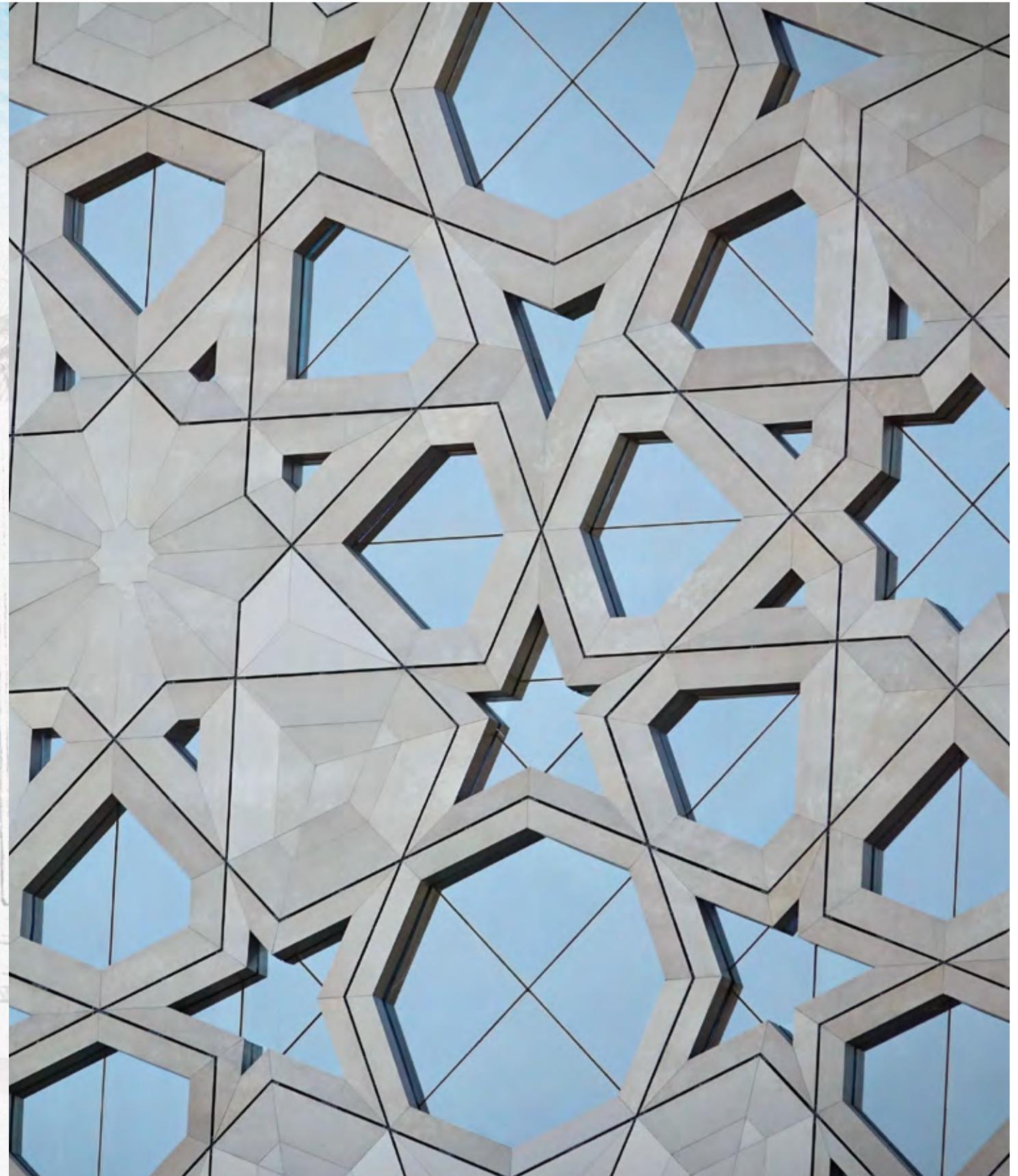


% who say



■ Very important
 ■ Somewhat important
 ■ Somewhat unimportant
 ■ Very unimportant
^ Important
 v Unimportant

Base: All answering



LOCAL vs. INTERNATIONAL BANKING PARTNER

Consistent with previous years, the majority of HNWI's (80%) say that they prefer a local bank over an international bank to help manage their wealth.

% who say



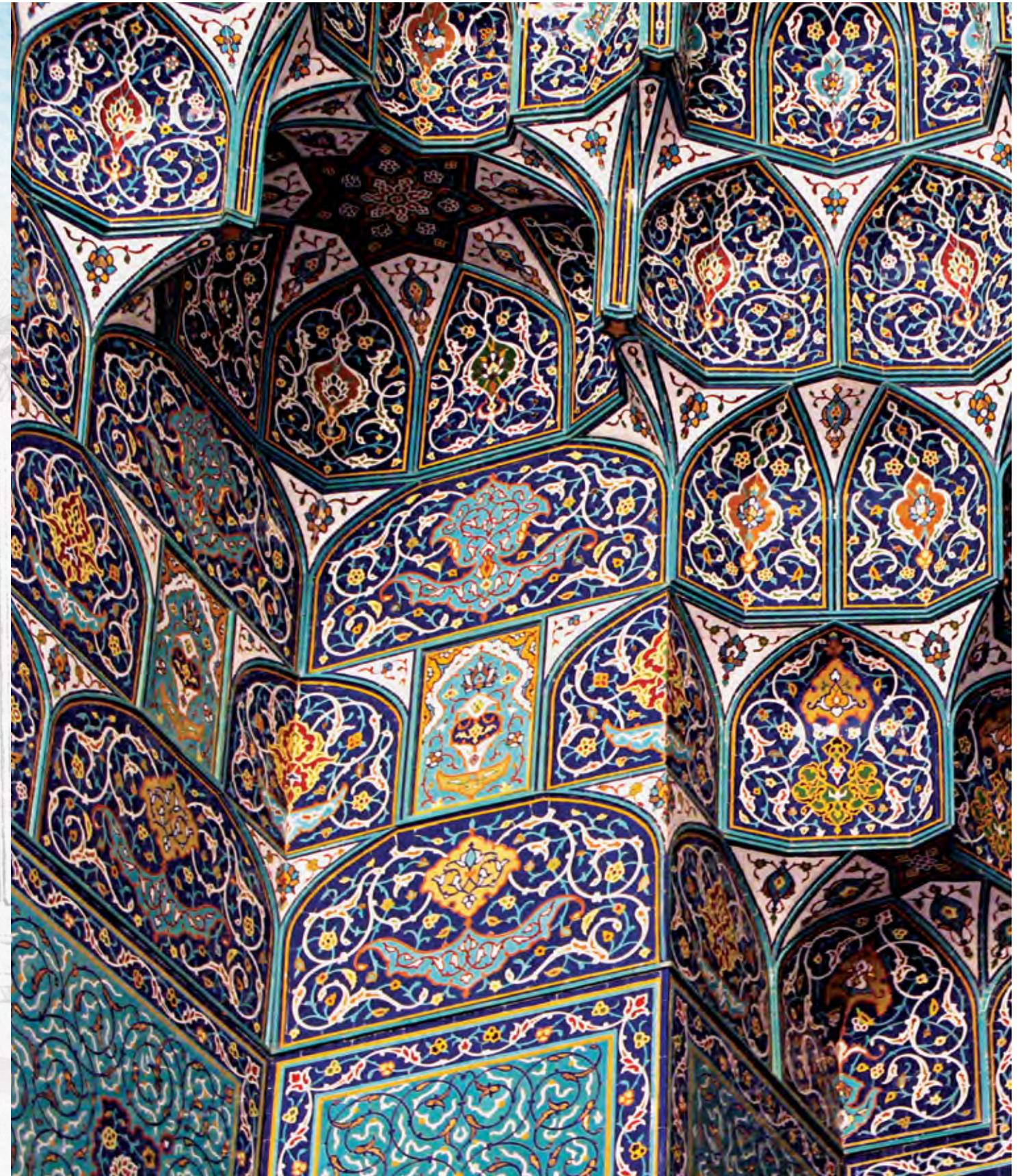
For the **80%** of HNWI's who prefer using a local bank, more security/safety, proximity to home, trustworthiness, ease of use, and familiarity are motivating factors for their choice.

The main reason for preferring a local bank



For the **20%** of HNWI's who prefer using an international bank, the most commonly cited reasons for this are competency and experience, security, stability and global reach.

The main reason for preferring an international bank



PREFERENCE OF WEALTH MANAGEMENT SERVICES PROVIDER

Majority prefer a private bank offering day-to-day banking services in addition to wealth management



Private bank offering day-to-day banking services in addition to wealth management



Universal bank with day-to-day banking and corporate banking services



Private bank exclusively providing wealth management services

Base: All answering

Reasons for preferring a private bank offering day-to-day services

For the **62%** of HNWI's who prefer using a private bank offering day-to-day banking services in addition to wealth management, the focus is on ease of use, and the availability of comprehensive and varied services, superior capabilities, and expertise.



say it is easier to use one bank



feel they provide comprehensive / variety of services



feel they have superior capabilities and expertise

Reasons for preferring a universal bank offering day-to-day and corporate banking services

For the **26%** of HNWI's who prefer using a universal bank with day-to-day banking and corporate banking services:



feel they provide comprehensive / variety of services



say they have good expertise and are specialised / knowledgeable



say they have the ability to make all transactions / manage all affairs at the same bank

Reasons for preferring a private bank offering wealth management services exclusively

For the **12%** of HNWI's who prefer using a private bank exclusively providing wealth management services (no day-to-day banking):



say they are specialised and focused



say they have good expertise / specialised / knowledgeable

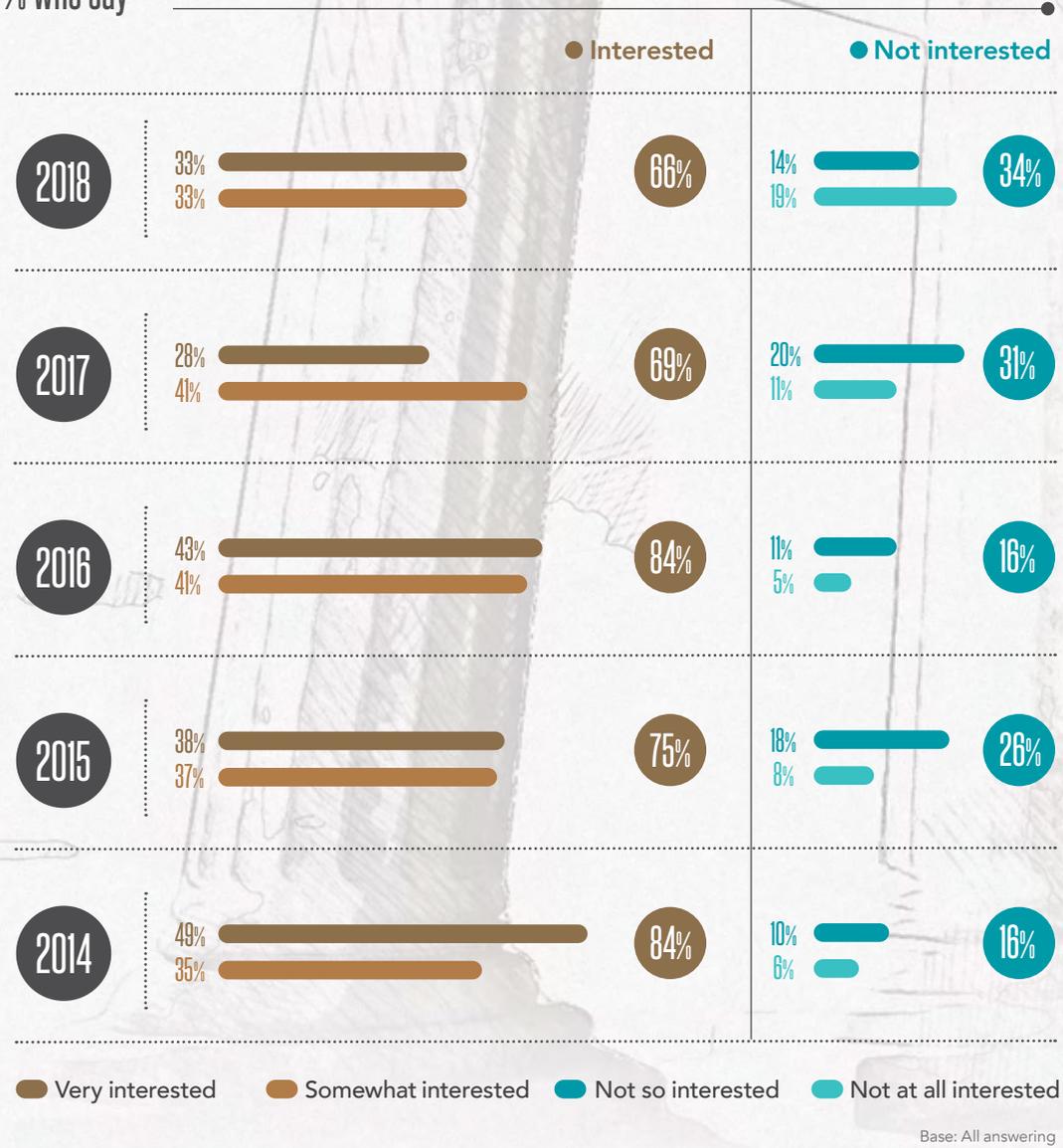


feel they offer a more dedicated service

Interest in investment banking advisory services

Overall, slightly fewer HNWIs say that they would be interested in a bank that offers investment banking advisory services when compared with the previous five years. Nevertheless, a third say they would be very interested, an increase from 28% in 2017.

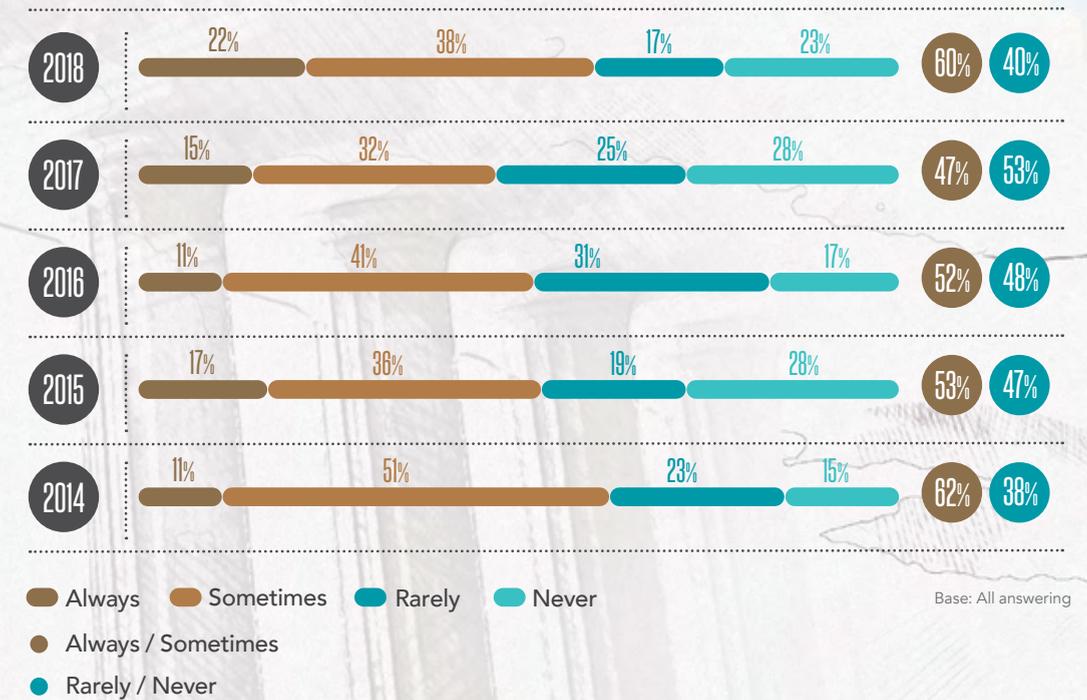
% who say



Importance of the banking relationship

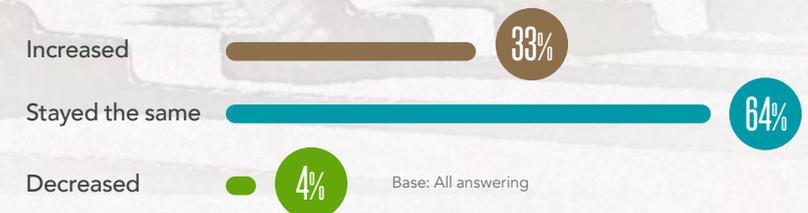
Majority have used a banker to make decisions on their behalf, an increase of 13% over 2017.

% who say they rely on their banker to make investment decisions on their behalf



Reliance on bankers

% who say this has ...



ABOUT EMIRATES INVESTMENT BANK

At Emirates Investment Bank, we provide our clients with a complete private banking experience, supporting them through every stage of their wealth journey. Our clients can depend on us to offer them bespoke solutions across all markets and a range of services, from Asset Management and Wealth Planning, to Investment Banking, to day-to-day banking.

Our flexible and personal approach enables us to proactively offer our clients innovative advice and cutting-edge services, tailored specifically for them in-house or sourced from all over the world. Thereby helping them achieve their short- and long-term goals.

Emirates Investment Bank is independent and well-capitalised, with a strong, supportive shareholder base of prominent UAE business families. Having a global outlook, we apply the highest regulatory standards, aligned with internationally recognised best governance practices.



RESEARCH BACKGROUND

In total, 108 HNWIs were included in the GCC Wealth Insight Survey from the Kingdom of Saudi Arabia (n=31), the United Arab Emirates (n=28), Kuwait (N=13), Bahrain (n=12), Oman (n=12), and Qatar (n=12).

Interviews were held in each country, and conducted face-to-face in Arabic and English among the national population as well as expatriates. Participants were asked for their views on a variety of topics linked to financial issues and investing, including:

- **The current and future economic situation globally and in the Gulf region**
- **Allocation of assets – currently and in the short term future**

- **Selection of banking partner for managing wealth**
- **New in 2018: Views on the GCC as a wealth management location**

The fieldwork took place throughout the GCC between October and December 2017.

For this survey, Ipsos undertook the role of conducting face-to-face interviews and data collection. Brunswick Insight then led the data analysis and presented the conclusion of findings.

Note: Where responses do not add up to 100% this may be due to multiple responses, computer rounding or exclusion of “don’t know” responses.

Partner Profiles

Ipsos is a leading market research company operating globally with expertise in developing, managing and co-ordinating international research. Ipsos Observer is a division of Ipsos which specialises in field and tab projects and delivers high quality fieldwork, data delivery and omnibus research in the Middle East and internationally. Ipsos strictly adheres to the ESOMAR code on market and social research, which sets out global self-regulation codes for market research companies.



Brunswick Insight is the practice within Brunswick Group, a leading global financial PR agency, which focuses on using opinion research to help clients better understand their relationships with stakeholders and communicate more effectively. Brunswick Insight uses a range of qualitative and quantitative research techniques to help companies and organisations develop more effective communications strategies.

BRUNSWICK INSIGHT

The background of the entire page is a photograph of the Dubai skyline at sunset. The sky is a mix of deep blue, purple, and orange. The Burj Khalifa is the most prominent building, with its spire reaching towards the top of the frame. Other skyscrapers are visible in the distance. The water in the foreground is calm, reflecting the colors of the sky and the silhouettes of the buildings.

بنك الامارات للاستثمار

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