June 2010

# Masraf Al Rayan Q.S.C.

DSM Code: MARK.DSM | Reuters Code: MARK.QA | Bloomberg Code: MARK QD|
Current Market Price: QAR 13.8 (As of June 13, 2010)
Initial Coverage: June 2008

| Stock Volatility | Expected Return (June 2008) | | |
|---|---|---|---|
| | Low | Medium | High |
| Low | | | |
| Medium | | | |
| High | | | |

| Stock Volatility | Expected Return (June 2010) | | |
|---|---|---|---|
| | Low | Medium | High |
| Low | | | |
| Medium | | | |
| High | | | |

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- Masraf Al Rayan (Al Rayan) outperformed the Doha Stock Market and gained 2.2% on YTD basis compared to a 1% gain in the latter. Al Rayan's stock price advanced 22% in 2009, while the index rose 1.1%.
- Currently, Al Rayan trades at a P/E of 11x, contraction of 2% on YTD basis. The bank's PE expanded 38% in 2009. We place the fair value PE at 11.0x, indicating fair value.
- The bank's total revenues increased 66.2% YoY and 12.9% QoQ to USD 102 Mn in 1Q10, mainly driven by higher financing income resulting from expansion in the loan book. Income from financing activities increased 74% YoY and 13.9% QoQ to USD 98 Mn in 1Q10. However, income from investing activities dropped 21.7% YoY and 6.8% QoQ during the same period.
- Al Rayan recorded impressive growth in its loan and deposit books. While the loan portfolio grew 41.8% YoY to USD 5.6 Bn, deposits increased 56.7% YoY to USD 5.9 Bn in 1Q10, bringing the loan-to-deposit ratio to 95% from 100% at the end of 2009.
- On YoY basis, the bank's cost-to-income ratio stood 21% in 1Q10 relative to 40.7% in 1Q09 mainly because of the a reversal in an impairment charge reported in 1Q10 of USD 25 Mn. Excluding the gain from the reversal cost-to-income ratio deteriorated to 44.8% in 1Q10 compared to 40.7% in 1Q09. Hence, including the gain, Al Rayan's net income jumped 43.9% YoY to USD 83 Mn in 1Q10. However, excluding the impairment on other assets, net profit declined 27.1% YoY to USD 57.8 Mn in 1Q10.
- Al Rayan is expected to benefit from expansion in its loan portfolio driving growth in its core banking income. However, we remain concerned about a decline in non-interest revenue in recent quarters owing to lower fee and commission income. Moreover, rising general expenses are a cause for concern mainly due to increasing staff costs. Bank's provisioning expense may also increase in tandem with growing retail exposure.
- In 2010, we expect Al Rayan's loans and deposits to expand moderately compared to the average growth in 2006–09 as the business matures. We forecast total revenue to rise 8% YoY to USD 341 Mn and adjusted net profit to reach USD 235 Mn, a decrease of 2.8% YoY. Including the impairment on other assets in 1Q10, net profit is estimated to increase 7.5% YoY to USD 260 Mn in 2010.

| USD Mn | 2006 | 2007 | 2008 | 2009 | 2010F |
|---|---|---|---|---|---|
| **Revenues** | 49 | 395 | 365 | 316 | 341 |
| **Net Income** | 31 | 327 | 252 | 242 | 260 |
| **P/E (LFY)** | 111.00 | 12.89 | 8.27 | 11.54 | 11.18 |
| **P/B (LFI)** | 3.06 | 2.98 | 1.33 | 1.70 | 1.62 |
| **M. Cap** | 3,427 | 4,220 | 2,077 | 2,779 | 2,988 |
| **Stock Returns** | | 23% | -51% | 22% | 2.2% |

2010 figures - P/E, P/B on 1Q-2010 ending results and M.Cap. as on 13 June 2010

**Source:** Reuters Knowledge, Doha Stock Exchange, Markaz Research

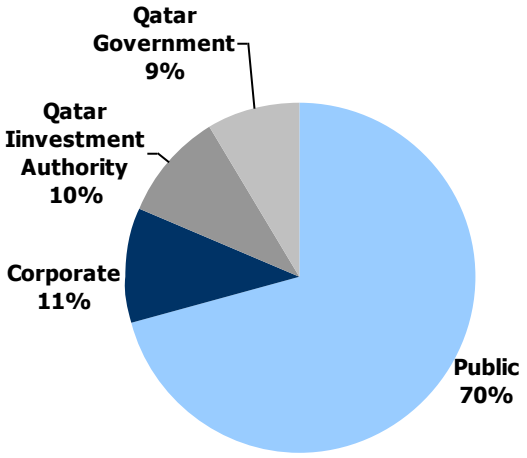
## Company Overview

Al Rayan's share in total assets rose to 7% in 1Q10 from 5.8% in 1Q09

Masraf Al Rayan Q.S.C. (Al Rayan), was incorporated in January 2006 (IPO in October 2006) and is headquartered in Doha, Qatar. It is engaged in banking, asset management and brokerage services in compliance with Islamic principles. In terms of total assets, the bank's market share stood at 7% and is the second-largest Islamic bank in Qatar with total assets of USD 7.7 Bn. It accounted for an 8.1% share each in loans and deposits at the end of 1Q10. . The bank operates though six branches in the local Qatari market. Al Rayan operates through a wholly owned subsidiary in Pakistan in the Takaful (Islamic insurance) business as well as through a subsidiary in Saudi Arabia that offers consumer finance services.

The bank's shareholders include the Qatar Investment Authority (10%), Qatar government (8.69%) and corporate (10.7%); the remaining is public (70.61%) (Figure 1).

**Figure 1: Shareholding pattern (as of May 2010)**




Source: Zawya, Markaz Research

The bank carries out asset management operations through its wholly owned subsidiary, Al Rayan Investment

Al Rayan's investment profile comprises its wholly owned subsidiary, Al Rayan Investment, which was established in April 2007 with a paid up capital of QAR 364 Mn. The subsidiary's main functions involve management of Al Rayan's investment portfolio, development of investment products and managing the asset management and investment placement businesses.

**Table 1: Investments by Al Rayan**

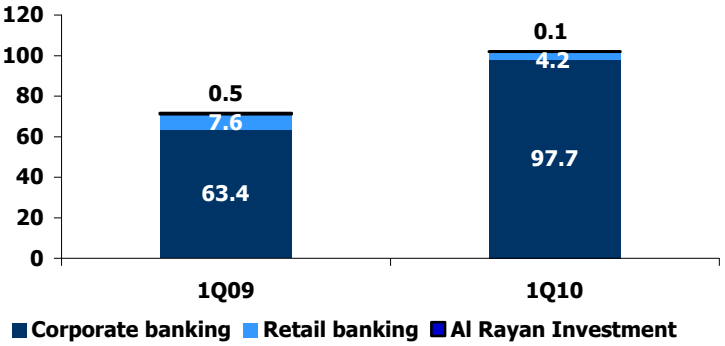
| Company | Country | Stake |
|---|---|---|
| Al Rayan Investment | Qatar | 100.00% |
| CI San Trading | Qatar | 50.00% |
| Kirnaf Installment Company | Saudi Arabia | 48.00% |
| Pak Qatar Family Takaful Limited | Pakistan | 22.14% |
| National Mass Housing | Oman | 20.00% |
| Pak Qatar General Takaful Limited | Pakistan | 19.49% |

**Source:** Zawya

Al Rayan operates through three segments – Corporate banking, Retail banking and Al Rayan Investment. Corporate banking is the largest contributor to the bank's bottom line followed by Retail banking and Al Rayan Investment.

The bank operates through three segments and generates majority of its net income from the Corporate banking segment

**Figure 2: Segment-wise net profit breakdown (USD Mn)**




Source: Bank financials

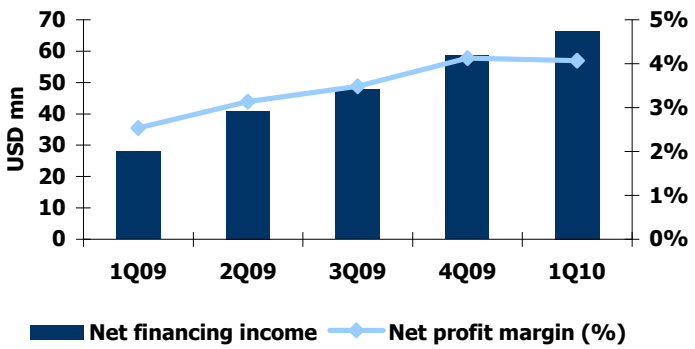
## Investment Highlights

### Strong growth in core banking income

Al Rayan posted impressive growth in core financing income following its establishment in 2006. The bank's net financing income totaled USD 175 Mn in 2009 up 133.6% YoY. In 1Q10, net financing income more than doubled YoY and grew 13.6% QoQ to USD 66 Mn. Moreover, the contribution of financing income to the bank's total revenue increased to 96.1% in 1Q10 from 91.8% in 1Q09. The significant growth could be ascribed to rapid expansion in the bank's loan book. Al Rayan garnered a larger market share in the domestic market within four years of its incorporation. The bank's market share in terms of loans reached 8.1% at the end of 1Q10 relative to 7.1% in 2009 and 0.2% in 2006. Receivables from financing activities (loans) moved up to USD 5.6 Bn at the end of 1Q10, an increase of 15.7% from the end of 2009.

**Figure 3: Net financing income (USD Mn) and net profit margin (%)**

Al Rayan's market share in terms of loans increased to 8.1% in 1Q10 from 0.2% in 2006



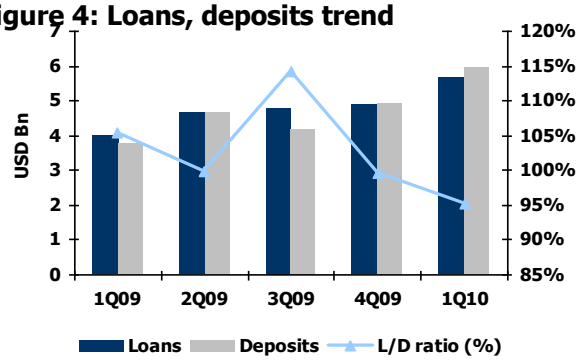

Source: Bank financials

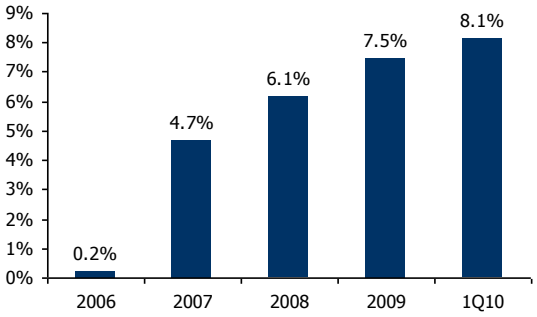
### Lower loan-to-deposit ratio to support further credit expansion

Loan-to-deposit ratio narrowed to 95.3% in 1Q10 from 105.3% in 1Q09

With a lower loan-to-deposit ratio of 95% in 1Q10 compared to the Qatar banking sector average of 100% in 1Q10 (The Central Bank limit is 90%) Higher growth in deposits in 1Q10 reduced the ratio from 105% in 1Q09 to the current level. While deposits rose 56.7% YoY USD 5.9 bn in 1Q10, loans grew 41.8% YoY to USD 5.6 bn during the same period. The large deposit base is expected to help Al Rayan tap higher growth in domestic credit and drive expansion in its lending portfolio. A slowdown in early 2009 was triggered by the global credit crisis that resulted in tighter liquidity and reduced economic activity; however, demand for credit is undergoing a recovery as evident from the recent quarterly numbers. Total loans within Qatar increased 8.4% QoQ during 1Q10 to USD 74.9 Bn as against a decline of 5.7% QoQ in 1Q09. Therefore, both recovery in credit growth and a larger deposit base bode well for further expansion in the loan portfolio.

**Figure 4: Loans, deposits trend**




Source: Bank financials, Markaz research

### Loan book offers diversification opportunities

Growing retail portfolio can drive margin expansion

Al Rayan's loan portfolio—being a relatively new bank—is yet to evolve to capture growth from diverse sectors. In 2009, the bank's loan book was dominated by government institutions (41.8%) and the real estate sector (49.5%), with very little exposure to the retail sector (1.3%). Yet, the loan book has witnessed a shift in the last year with exposure to real estate increasing from 25% in 2008 to the current level of 50%. In terms of the total loan portfolio, the share of lending to government declined in 2009 from 61.6% in 2008 to 42% in 2009. The bank's annualized net profit margin reached 4.1% in 1Q10 from 2.5% in 1Q09. With a growing number of branches, Al Rayan's retail presence is expected to increase. The bank's number of branches increased from two to the current six across Qatar.

**Figure 6: Loans by sector, 2008**

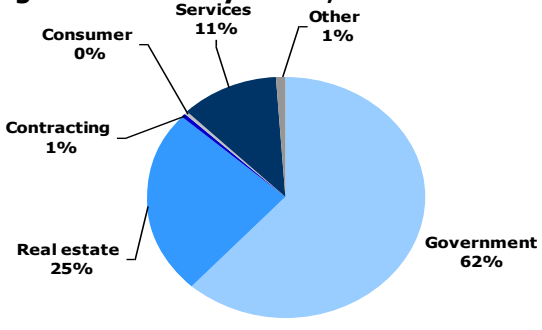
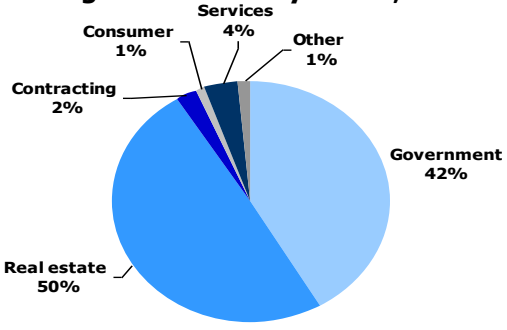



**Figure 7: Loans by sector, 2009**




Source: Bank financials

**Balance sheet strength – catalyst for future growth**

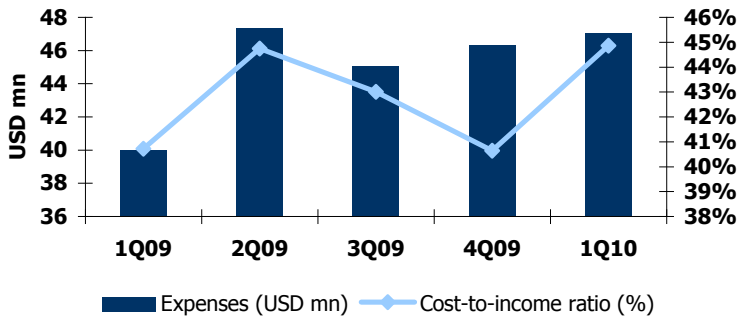
Al Rayan commenced its operations with an authorized share capital of USD2.1 Bn in January 2006 and paid-up capital of USD 1.1 Bn. The bank's IPO, which raised USD1.1 Bn, was the largest in the MENA region in 2006. Low-cost, short-term call accounts comprised 54.3% of Al Rayan's total deposits portfolio, while long-term time deposits accounted for 43.4%. At the end of 2009, the bank's Tier 1 ratio and total capital ratio stood at 24.07% and 24.7%, respectively, well ahead of minimum capital adequacy ratio required by the Qatar central bank of 10%.

**Cost-to-income ratio may increase as business expands**

Excluding the impairment reversal which resulted in a gain of USD 25 Mn booked in 1Q10, Al Rayan's cost-to-income ratio deteriorated to 44.8% in 1Q10 from 40.7% in 1Q09. This is primarily due to increased staff costs. The bank's total operating expenses increased 17.6% YoY and 1.5% QoQ to USD 47 Mn in 1Q10. The ratio is higher than its closest and more entrenched competitor Qatar Islamic Bank (QIB's cost-to-income ratio was 42.2% in 1Q10). Hence, rising expenses are a threat to the bank's efficiency going forward. Expenses are also likely to increase as Al Rayan is in the growth phase.

Growing loan exposure to high-margin retail and real estate sectors offers scope for margin improvement

**Figure 8: Operating expenses* and cost-to-income ratio**




Source: *Adjusted for impairment gain in 1Q10, Bank financials, Markaz research

**Growth in retail and real estate loan portfolios to drive higher provisioning**

Al Rayan's non-performing loans stood at 0.06% of gross financing receivables in 2009 compared to nil in 2008. The bank's exposure to the real estate sector is close to 50% of its total loan portfolio, while retail exposure is also rising at a steady pace. As these sectors carry higher risk of default, the bank may increase its provisioning from the current ultra-low levels. Loan loss provisions stood at USD 0.02 Mn in 1Q10 compared to USD 0.8 Mn in 4Q09 and USD 0.6 Mn in 1Q09.

## Discussion Notes

### 2009 Results

Al Rayan's net financing income more than doubled in 1Q10 driven by the significant growth in loans

Al Rayan's total revenues declined 13.4% YoY to USD 316 Mn in 2009, mainly due to reduced income from investing activities, which dipped 91.6% YoY to USD 19 Mn. This fall could be ascribed to the significant investment gains on its investment portfolio in 2008 that did not occur in 2009. Al Rayan booked investment gains of USD 202 Mn in 2008 due to the sale of investments. However, the downside was limited partially by the significant increase in financing income which grew 107.1% YoY to USD 297 mn in 2009. On the other hand, net fee and commission income rose 288.8% YoY to USD 107.1 Mn in 2009. Net financing income grew 133.6% YoY to USD 175 Mn. The growth was largely driven by expansion in the loan portfolio that also supported higher commission income on financing activities.

**Figure 9: Net financing and fee & commission income**

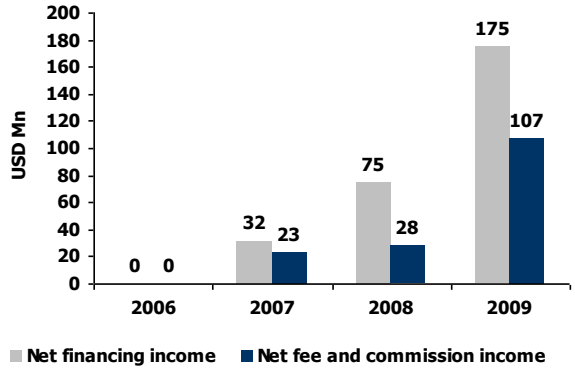
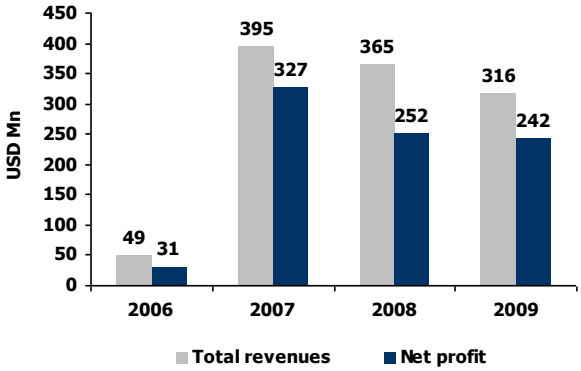



**Figure 10: Total revenues and net profit**




Source: Bank's financials

Al Rayan's cost-to-income ratio deteriorated to 42% in 2009 from 36% in 2008

The bank's total operating expenses grew 27% YoY to USD 179 Mn in 2009 mainly due to higher expenses related to salaries and wages, rent and marketing activities, which are common in a new bank's expansion strategy. The cost-to-income ratio deteriorated to 42% in 2009 from 36% in 2008 owing to the decrease in revenues and increase in costs. Consequently, net income contracted 4% YoY to USD 242 Mn in 2009.

Segment wise corporate banking contributed the most to the bank's total bottom-line in 2009. The Corporate banking segment's net profit declined 9.7% YoY to USD286 Mn in 2009 as a significant increase in expenses (58.3% YoY) outpaced that in revenues (2.5% YoY). Retail banking's net profit grew 399.4% to USD 12 Mn.

### Dividend Trend

Al Rayan declared a cash dividend payout of 31.4% in 2007 and 67.5% of net profits in 2008. The dividends of 2009 are declared at 23% of the paid up share capital toward uncalled share capital.

## Looking forward – 2010

We expect Al Rayan's adjusted net profit to decline 2.8% YoY in 2010

We expect Al Rayan's revenues to increase 8% YoY to USD 341 Mn in 2010 led by higher financing and investing income. Non-interest revenue is estimated to decrease 17% YoY mainly due to a significant contraction during the last two quarters. We expect costs to rise 7% YoY owing to business expansion. We have projected higher provisioning expenses due to growth in retail and real estate portfolios. Consequently, we expect adjusted net profit to decline 2.8% YoY to USD 235 Mn in 2010. Net profit, including the gain on impairment recorded in 1Q10, is forecast to increase 7.5% YoY to USD 260 Mn in 2010.

**Table 2: Broker estimates Vs Markaz estimates – 2010f**

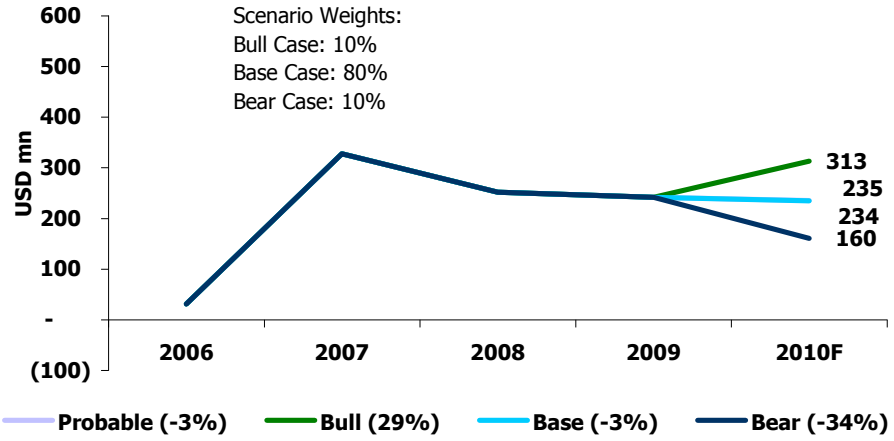
| Broker Estimate Table (2010 f) | | |
|---|---|---|
| **Annual (USD Mn)** | **TAIB** | **Markaz** |
| **Date of Estimates** | **Mar-10** | **June-10** |
| ROA: | 3.5% | 2.6% |
| ROE: | 14.4% | 13.7% |
| **Net Profit:** | 259 | 260 |
| **Growth** | **7%** | **7.5%** |

Source: Zawya, Reuters Knowledge, Markaz Research

## Net income

Our call on 2010 net profit is a weighted product of three scenarios – Bull Case (with a 29% increase in earnings and a 10% probability of occurrence), Base Case (with a 3% fall in net earnings and a 80% probability of occurrence), and Bear Case (with a decrease of 34% and a 10% probability of occurrence) (Figure 9).

**Figure 11: Net Income Trend**



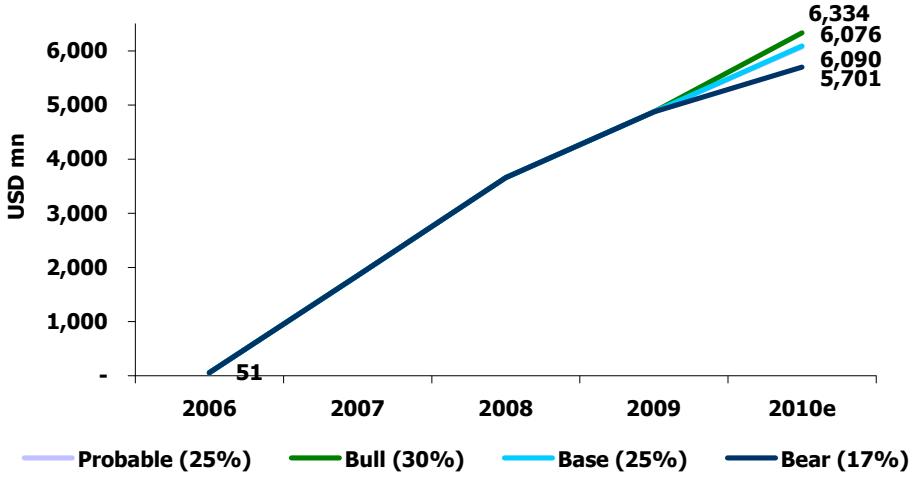

Source: Reuters Knowledge, Markaz Research
^ Net Profit adjusted to exclude reversal of impairment charge in 1Q10

### Loan Growth

Al Rayan's loan book comprises corporate, retail and government. We expect loans to increase 25% YoY to USD 6.1 bn, in 2010, primarily due to uplift in credit demand in the Qatari banking sector driven by buoyant economic growth fueled by increased government expenditure.

We expect loans to increase 25% YoY to USD 6.1 bn, in 2010

**Figure 12: Loan Trend**



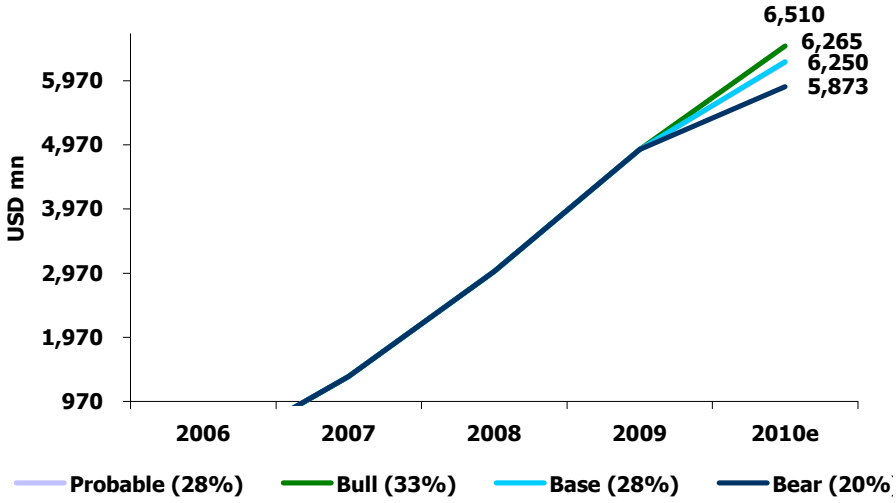

Source: Reuters Knowledge, Markaz Research

### Deposit Growth

Al Rayan is expected to report 28% YoY increase in deposits to USD 6.3 Mn in 2010

Al Rayan is expected to report 28% YoY increase in deposits to USD 6.3 Mn in 2010 as deposit growth in the country is likely to outpace that of loans. We see a 10% probability of the Bear Case materializing, which would result in 20% growth in deposits to USD 5.9 bn. Should the Bull Case materialize, we would still expect to see 33% rise in deposits to USD 6.5 bn.

**Figure 13: Deposit Trend**



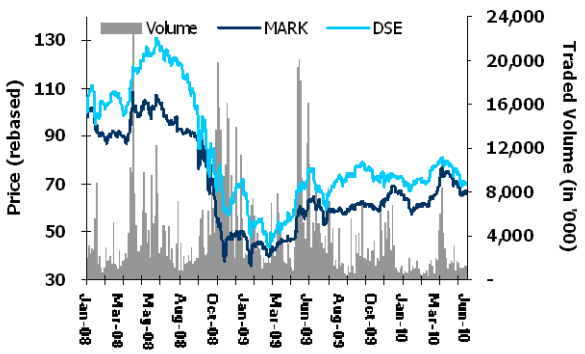

Source: Reuters Knowledge, Markaz Research

## Valuation

Al Rayan's stock price gained 2.2% on YTD basis outperforming the Doha Stock Market, which is up 1% YTD. However, in 2009, the bank's stock price advanced significantly by 22%, while the index grew 1.1% (Figure 12). Al Rayan's current PE stands at 11x; the PE multiple has increased 38% since 2009 and has contracted 2% YTD. Furthermore, we place the fair value PE at 11.0x, indicating fair value. We believe the bank would face increased cost pressures as well as higher provisioning expenses in the near term. Although core banking income is expected to support the top line, weakness in fee and commission income could restrict revenue growth. We expect net financing income to grow 5.7% YoY in 2010. Consequently, we forecast a growth of 7.5% in unadjusted net income to USD 260 Mn in 2010.

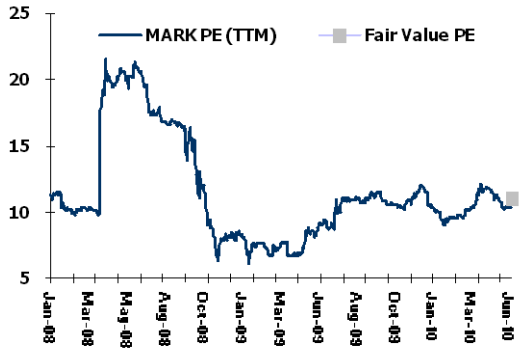
Al Rayan's turnover velocity declined to 102% in 2009 (from 144% in 2008) due to weak trade values. Overall, we expect the stock to yield low returns with a Medium volatility as per the Markaz Volatility Index.

**Figure 14: Price & Volume Trend**



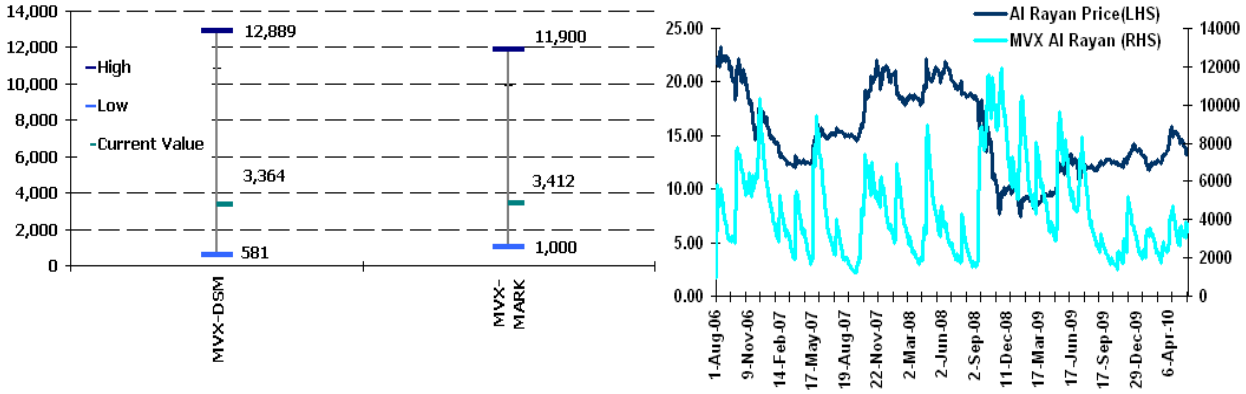

Source: Bloomberg, Markaz Research

**Figure 15: PE Trend & Fair Value**




Source: Bloomberg, Markaz Research

**Figure 16: Markaz Volatility Index (May 2010)**



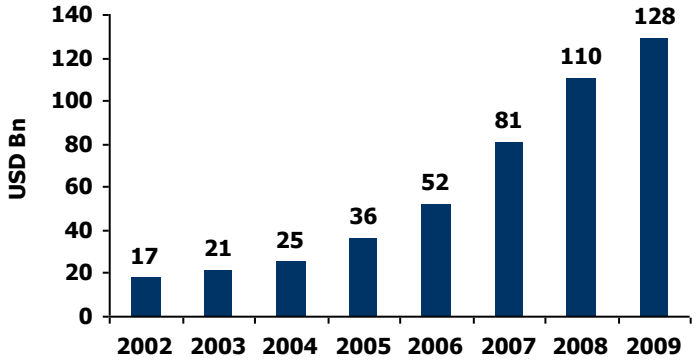

Source: Bloomberg, Markaz Research

## Appendix 1: Industry Overview

Total assets in the banking sector increased at a CAGR of 44.6% over the period 2004–08

Qatar's banking sector included eight listed banks until 1Q10. The banking sector witnessed unprecedented growth over the period 2004–08; the industry's total assets expanded at a CAGR of 44.6% buoyed by solid economic performance. During the same period, Qatar recorded an average annual real GDP growth of 14%. Although growth slowed down due to the widespread global financial crisis in early 2009, the overall impact on the Qatari banking system was fairly limited. Total assets in the banking sector increased 16.4% YoY to USD 128 Bn in 2009 compared to a growth of 36.5% YoY in 2008. This is significantly higher than the growth registered in total banking assets in Saudi Arabia (5.2% YoY), the UAE (5% YoY) and Kuwait (2.8% YoY) in 2009 (Source: Respective Central Banks). Total assets of Qatar banking sector grew 4.1% QoQ and 22.1% YoY to USD 133.7 Bn during 1Q10.

**Figure 17: Banking sector assets**

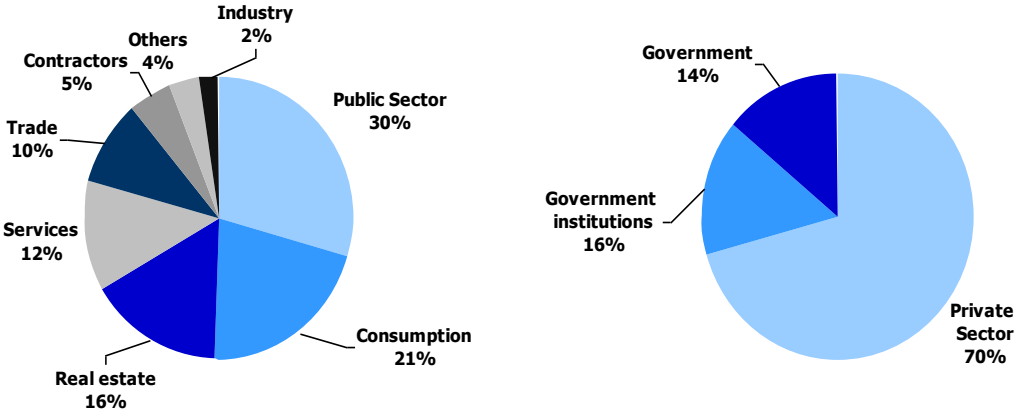



Source: Qatar Central Bank

Public sector accounted for the largest share of 30% in terms of total credit extended within Qatar in 2009

**Demand for credit picking up:** Within Qatar, total credit increased at a CAGR of 46.2% during 2004–08 boosted by strong economic growth led primarily by increasing petrodollar revenues amid rising energy prices. Public sector, which accounted for 27.4% of the total credit within Qatar in 2008, expanded at a CAGR of 34.6% during the same period and was the main contributor to the growth. The services sector reported the highest CAGR of 82.5% during the same period and contributed 12% to the total lending in 2008. Growth in total credit slowed down considerably in 2009 owing to lower economic activity caused by a sharp decline in energy prices during the global economic downturn. Credit growth fell to 14.1% YoY in 2009 from 50.9% YoY in 2008. Public sector accounted for the largest share of 30% in terms of total credit extended within Qatar in 2009 and grew 22.9% YoY. Demand for credit is picking up sharply with a revival in economic performance, fueled by high government expenditure, and uptrend in energy prices. Total credit within Qatar increased 31.1% YoY and 8.4% QoQ to USD 75 Bn in 1Q10. The government's fiscal measures in terms of budget expansion as well as significant infrastructure projects are the primary drivers of increased credit within the State. This is evident from the significantly higher growth in credit to government and government institutions relative to the private sector. Credit to government & government institutions grew 139.1% YoY in 1Q10, while credit to the private sector increased 7.8% YoY.

**Figure 18: Credit growth within Qatar by sector, 2009**




Source: Qatar Central Bank, Markaz Research

Deposits, comprising 56% of total liabilities, are the major funding source for banks in Qatar

**Significant reliance on funding from deposits:** Qatari banks are funded mainly though deposits (56% in 1Q10). Growth in deposits in 1Q10 significantly outpaced that in credit, thereby reducing the loan-to-deposit ratio for banks in the country. Total customer deposits expanded 43.6% YoY and 20.7% QoQ to USD 75 Bn during the same period. With significant expansion in the deposits portfolio, the average loan-to-deposit ratio for the eight banks in Qatar narrowed to 100.5% in 1Q10 from 109.4% in 1Q09. This is however higher than the central bank's requirement of the maximum loan-to-deposit ratio of 90% for banks in Qatar. The country has the second-highest per capita GDP (2009: USD112,700) worldwide (Source: CIA The World Factbook) and a high savings rate. This coupled with increased risk in investments in other asset classes (due to volatile global markets) resulted in people opting for safe investments like banking deposits, thereby supporting higher growth in the bank's deposits portfolio.

Net income of Qatari banks increased 29.4% QoQ in 1Q10, indicating a fast recovery

**Rise in profitability:** Amid a decline in the economic environment, Qatari banks witnessed a sharp fall in net profits; the net income grew a meager 0.6% YoY in 2009 compared to 22.5% YoY growth in 2008. Nevertheless, banks' profitability is gaining pace with net income increasing 3% YoY and 29.4% QoQ during 1Q10. Higher net financing income driven by improvement in NIMs is supporting growth in profitability. NIM expanded from 2.2% in 2008 to 2.4% in 2009.

**Adequate provisioning limits default risk:** Non-performing loans (NPLs) increased 45.6% YoY in 2009. Provisions also rose 45.8% YoY during the same period. As a result, banks are adequately covered against default risks, if any. Moreover, the risk reserve requirement set by the Central Bank of Qatar stands at 1.25% of the net direct credit extended at the end of each year; this also provides a safety net for any downside risk. Most Qatari banks have a risk reserve ratio close to 2% that is ahead of the minimum requirement; this further strengthens their position.

## Appendix 2: Key Statistics

| Income Statement | | | | | |
|---|---|---|---|---|---|
| (USD mn) | 2006 | 2007 | 2008 | 2009 | 2010e |
| Total Income | 49 | 395 | 365 | 316 | 341 |
| Provisions | 0 | 2 | 0 | 2 | 3 |
| Adjusted Net profit | 31 | 327 | 252 | 242 | 260 |
| **Balance Sheet** | | | | | |
| (USD mn) | | | | | |
| Cash | 7 | 125 | 138 | 197 | |
| Loans | 51 | 1,849 | 3,658 | 4,872 | 6,076 |
| **Total Assets** | 1,187 | 2,797 | 4,603 | 6,622 | 9,164 |
| Customer Deposits | 61 | 1,357 | 2,991 | 4,894 | 6,250 |
| **Total Liabilities** | 67 | 1,381 | 3,040 | 4,985 | |
| **Total Shareholder's Equity** | 1,120 | 1,416 | 1,563 | 1,636 | 1,718 |
| **Key Ratios** | | | | | |
| Financing Growth (%) | 0% | 3512% | 98% | 33% | 25% |
| Deposits Growth(%) | 0.0% | 2115.3% | 120.5% | 63.6% | 27.7% |
| Loan/Deposits(%) | 83.6% | 136.3% | 122.3% | 99.5% | 97.2% |
| Return on Assets (%) | 2.6% | 11.7% | 5.5% | 3.7% | 2.6% |
| Return on Equity (%) | 2.8% | 23.1% | 16.1% | 14.8% | 13.7% |
| Earnings Growth (%) | 0.0% | 957.0% | -23.1% | -4.0% | 7.5% |
| Revenue Growth (%) | 0.0% | 703.9% | -7.6% | -13.4% | 8.2% |
| Cost-to-Income(%) | 36.9% | 21.2% | 35.8% | 42.3% | 44.6% |
| P/E | 111.00 | 12.89 | 8.27 | 11.54 | |
| Price/Book | 3.06 | 2.98 | 1.33 | 1.70 | |
| Market Price (QAR) | 16.65 | 20.50 | 10.09 | 13.50 | |
| EPS (USD) | 0.04 | 0.44 | 0.33 | 0.32 | |
| Assets Growth (%) | | 136% | 65% | 44% | |
| Equity Growth (%) | | 26% | 10% | 5% | 5% |
| Annual Trading Volume (mn) | 610 | 888 | 951 | 776 | |
| Annual Trading Value (USD mn) | 3,558 | 4,605 | 4,534 | 2,466 | |
| Turnover Velocity | 104% | 120% | 144% | 102% | |
| M Cap (USD mn) | 3,427 | 4,220 | 2,077 | 2,779 | |

**Source:** Reuters Knowledge, Company Accounts, Markaz Research

# Markaz Research Offerings

## Strategic Research

Persistence in Performance (Jun-10)
Kuwait Capital Market Law (Mar-10)
What to expect in 2010 (Jan-10)
GCC Banks: Done with Provisions (Jan-10)
What to expect in 2010 (Jan-10)
What is left for 2009? (Sept-09)
Kuwait Investment Sector (Jun-09)
Missing The Rally (Jun-09)
Shelter in a Storm (Mar-09)
Diworsification: The GCC Oil Stranglehold (Jan-09)
This Too Shall Pass (Jan-09)
Fishing in Troubled Waters(Dec-08)
Down and Out: Saudi Stock Outlook (Oct-08)
Mr. GCC Market-Manic Depressive (Sept-08)
Global Investment Themes (June-08)
To Yield or Not To Yield (May-08)
The Golden Portfolio (Apr-08)
Banking Sweet spots (Apr-08)
The "Vicious Square" Monetary Policy options for Kuwait (Feb-08)
China and India: Too Much Too Fast (Oct-07)
A Potential USD 140b Industry: Review of Asset Management Industry in Kuwait (Sep-07)
A Gulf Emerging Portfolio: And Why Not? (Jun-07)
To Leap or To Lag: Choices before GCC Regulators (Apr-07)
Derivatives Market in GCC (Mar-07)
Managing GCC Volatility (Feb-07)
GCC for Fundamentalists (Dec-06)
GCC Leverage Risk (Nov-06)

## Periodic Research

**Daily**

Markaz Daily Morning Brief
Markaz Kuwait Watch
Daily Fixed Income Update

**Weekly**

KSE Market Weekly Review
International Market Update
Real Estate Market Commentary

**Monthly**

Mena Mergers & Acquisitions
Option Market Activity
GCC Quants
Market Review
GCC Corporate Earnings

**Quarterly**

GCC Equity Funds
Thought Speaks
Equity Research Statistics

## Sector Research

**Infrastructure**

GCC Power
GCC Ports
GCC Water
GCC Airports
GCC Roads & Railways
GCC ICT

**Real Estate – Market Outlook**

- Dubai Real Estate - Trends and Outlook (Apr-10)
- Egypt Real Estate - Trends and Outlook (Feb-10)
- Kuwait Real Estate Outlook (Dec-09)
- Abu Dhabi Residential (Nov-09)
- Office Investment in KSA (Jul-09)
- Saudi Arabia – Residential Real Estate Outlook (Jun-09)
- Saudi Arabia (Sep-08)
- Abu Dhabi (July-08)
- Algeria (Mar-08)
- Jordan (Mar-08)
- Kuwait (Feb-08)
- Lebanon (Dec-07)
- Qatar (Sep-07)
- Saudi Arabia (Jul-07)
- U.S.A. (May-07)
- Syria (Apr-07)

**Real Estate Strategic Research**

- GCC Distressed Real Estate Opportunities (Sep-09)
- GCC Real Estate Financing (Sept-09)
- Real Estate Earnings -2009 (May-09)
- Supply Adjustments Are we done? (Apr-09)
- Dubai Real Estate Meltdown (Feb-09)

# Markaz Research Offerings

## Company Research

**Saudi Arabia**

- Qassim Cement Company (Jun-10)
- Savola Group (May-10)
- Alinma Bank (May-10)
- Jarir Marketing (May-10)
- Bank Al Bilad (May-10)
- Bank Al Jazira (Apr-10)
- Makkah Construction (Apr-10)
- Saudi Cement Company(Apr-10)
- Southern Province Cement Co(Mar-10)
- Saudi Electricity Company(Feb-10)
- Saudi Arabian Mining Co(Feb-10)
- Yamama Saudi Cement (Feb-10)
- Etihad Etisalat (Feb-10)
- Al Marai Company (Dec-09)
- Arab National Bank (Oct-09)
- SAFCO (Oct-09)
- Al Rajhi Bank (Aug-09)
- Riyad Bank (Jul-09)
- Saudi Telecom Co. (May-09)
- Sabic (Mar-09)
- Samba Financial Group (Feb-09)
- Saudi Investment Bank (Jan-09)
- Kingdom Holding Co (Dec-08)
- Saudi Kayan Petro Co. (Aug-08)
- Banque Saudi Fransi (Jun-08)

**Kuwait**
**(For Internal Use Only)**

- Agility (June-10)
- Gulf Bank of Kuwait (May -10)
- National Bank of Kuwait (Mar-10)
- Al Deera Holding (Aug-09)
- Kuwait Finance House (Apr-09)
- Kuwait Financial Centre (Dec-08)
- Commercial Bank of Kuwait (Oct-08)
- National Industries Group (Sept-08)
- Zain (Sept-08)
- Global Investment House (Sept-08)
- Kipco (Sept-08)
- The Investment Dar (Sept-08)
- Burgan Bank (Sept-08)
- Automated Systems Co (Aug-08)
- Al Safat Investment Co (July-08)

**UAE**

- Dubai Financial Market (Sept-09)
- ADCB (Jun-09)
- DP World (Jun-09)
- NBAD (Feb-09)
- Sorouh Real Estate (Feb-09)
- Aldar Properties (Feb-09)
- Gulf Cement Company (Jan-09)
- Abu Dhabi National Hotels (Dec-08)
- Dubai Investments (Dec-08)
- Arabtec Holding (Dec-08)
- Air Arabia ( Nov-08)
- Union Properties (Nov-08)
- Dubai Islamic bank (Oct-08)
- Union National Bank (Aug-08)
- Emaar Properties (July-08)
- Dana Gas (July-08)
- FGB (July-08)
- Etisalat (Jun-08)

**Qatar**

- Masraf Al-Rayan (Jun-10)
- Commercial Bank of Qatar (Mar-10)
- Qatar Telecom (Jun-09)
- Industries Qatar (Apr-09)
- Qatar National Bank (Feb-09)
- United Development Co. (Feb-09)
- Qatar Fuel Co. (Dec-08)
- Qatar Shipping Co (Dec-08)
- Barwa Real Estate Co. (Nov-08)
- Qatar Int'l Islamic bank (Nov-08)
- Qatar Insurance Co. (Nov-08)
- Qatar Gas Transport Co. (Oct-08)
- Doha Bank (Aug-08)
- QEWC (July-08)
- QISB (July-08)

**Bahrain**

- Gulf Finance House (Oct-08)
- Esterad Inv. Company (Aug-08)
- Bahrain Islamic Bank (Aug-08)
- Ithmaar Bank (July-08)
- Tameer (July-08)
- Batelco (July-08)

**Oman**

- Shell Oman Marketing (Apr-10)
- Galfar Engineering & Cont. (Nov-08)
- Oman Telecommunications (Sept-08)
- Bank Muscat(Sept-08)
- Oman cement (Sept-08)
- Raysut Cement Company (Aug-08)
- National Bank of Oman (Aug-08)
- OIB (July-08)

**Jordan**

- Arab Bank (Sept-08)
- Cairo Amman Bank (Oct-08)

**Morocco**

- Maroc Telecom (Mar-10)

**Egypt**

- Egypt Kuwait Holding (Mar-10)
- Commercial Int'l Bank (Oct-08)
- Orascom Telecom (Sep-08)
- Mobinil (Sep-08)
- Telecom Egypt (Aug-08)
- EFG-Hermes (Jun-08)

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**Markaz Company Research Coverage**

| | MSCI Arabian Markets Conventional | MSCI Arabian Markets Islamic | Local Index |
|---|---|---|---|
| Saudi Arabia | 55% | 53% | 76% |
| Kuwait | 70% | 68% | 43% |
| Qatar | 92% | 90% | 95% |
| UAE | 79% | 25% | 58% |
| Bahrain | 58% | 74% | 23% |
| Oman | 63% | 100% | 50% |
| Egypt | 60% | 85% | 40% |
| Jordan | 39% | 0% | 32% |
| Morocco | 50% | 70% | 24% |
| **MENA** | **75%** | **83%** | **60%** |

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| | |
|---|---|
| Low | Where the potential return is less than 10% |
| Medium | Where the potential return is between 10% and 25% |
| High | Where the potential return is greater than 25% |

## Definitions – Volatility (Risk)

| | |
|---|---|
| High | Where the Current MVX and band width of stock is more than the respective country benchmark |
| Medium | Where the current MVX is lower than benchmark and band width higher than or lower than benchmark |
| Low | Where the current MVX is lower than the benchmark and the band width lower than the benchmark |

MVX refers to Markaz Volatility Index calculated by Markaz based on in-house proprietary model

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