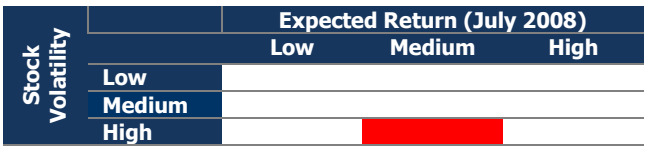
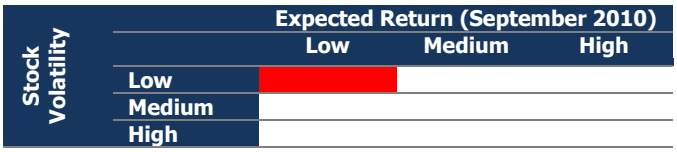
Qatar Islamic Bank

September 2010

DSM Code: QISB | Bloomberg Code: QIBK QD|
Current Market Price: QAR 80.0 (As of 05 September 10)
Initial Coverage: July 2008





- Qatar Islamic Bank (QIB) has outperformed the QSE on YTD basis. While QIB has increased 11%, QSE rose 7.4% during the same period. The bank's stock price edged up 4.2% in 2009 compared to an index gain of just 1.1%.
- QIB's current P/E stands at 15.1x; the bank's PE gained nearly 36.7% in 2009, and a 36.8% on YTD 2010. As compared to its Islamic banking peers, the bank currently trades at a premium to the industry median and also to its historical range. We would place fair value PE at 13x.
- In 1H10, QIB's net interest income grew 3.6% YoY to USD 184 Mn. This can be mainly ascribed to income from financing activity which increased 7% YoY to USD 249 Mn, while account holders' share of profits (interest expense) rose 19% to USD 65 Mn. Income from investing activities, however, was stressed mainly by its real-estate related investments, and plunged 80% YoY to USD 13Mn in 1H10. Hence, net income was down 26% YoY to USD 165 mn in 1H10.
- QIB's net interest income stood at USD 361 Mn in 2009, a 40% YoY rise from 2008. This was mainly due to faster growth of interest income compared to interest expenses. Operating income, however, declined 12% YoY to USD 522 Mn in 2009 as income from investing activities fell 74% YoY to USD 76 Mn. As a result, the bank's net income declined 19.5% YoY to USD 363 Mn.
- QIB's loan book saw a robust growth as it rose 20% YoY to USD 6.3 Bn in 2009. Deposits witnessed a 23% YoY increase in 2009 as customer current accounts and unrestricted investment accounts drove balances to USD 5.6 Bn, indicating high depositors' confidence in the bank. In 1H10, the bank's loan book expanded 45% YoY to USD 7.9 Bn, while deposits posted a 26% YoY increase to reach USD 7.0 Bn.
- We expect the bank to demonstrate a cautious approach with regards to loan loss provisioning requirement even as it sees strong expansion of its loan book. However, the bank is also expected to be troubled by declining earnings from investing activities and slower growth in income from financing activities, impacting profitability in the near term. As a result, we expect the bank to post a 6.5% decline in net income to USD 339 Mn in 2010.

USD Mn	2006	2007	2008	2009	2010F
Net Interest Income	101	136	258	361	394
Net Profit	285	260	451	363	339
P/E (LFY)	11.5	16.0	8.1	11.2	15.1
P/B (YTD)	3.25	3.65	2.00	1.66	1.93
M. Cap (USD Mn)	3,973	4,860	4,111	4,285	4,756
Stock Returns	-43%	22%	-15%	4%	11% (YTD)

2010 figures - P/E, P/B on 2Q-2010 ending results and M.Cap. as on 5th September 2010
Source: Reuters Knowledge, Doha Stock Market

Markaz Research is available on Bloomberg
Type "MRKZ" <Go>
Thomson Financial
Reuters Knowledge
Zawya Investor
Noozz

M.R. Raghu CFA, FRM
Head of Research
+965 2224 8280
rmandagolathur@markaz.com

Layla Al-Ammar
Senior Analyst
lammar@markaz.com
+965 2224 8000 Ext: 1205

Kuwait Financial Centre "Markaz"

P.O. Box 23444, Safat 13095, Kuwait
Tel: +965 224 8000
Fax: +965 242 5828
www.markaz.com

Discussion Note

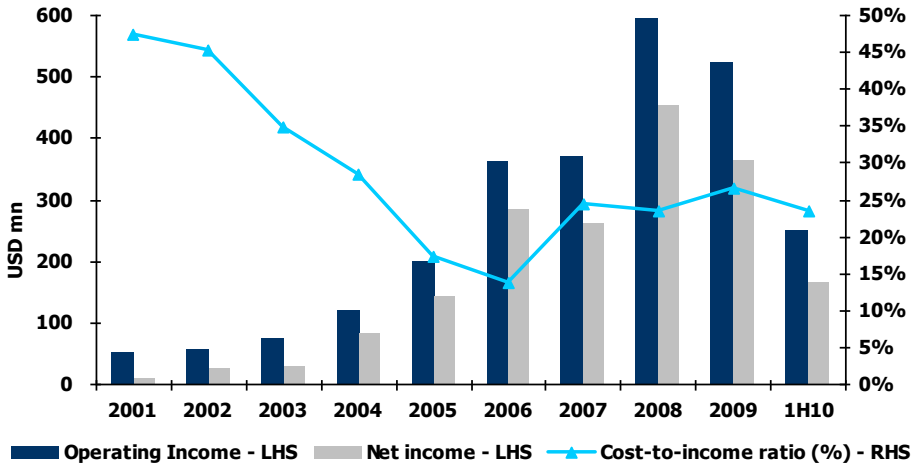
Looking Back

2009

Income from investing activities for QIB plummeted 74% YoY to USD 75.7 Mn; mainly contributing to a 19.5% YoY decline in net income in 2009.

QIB's operating income declined 12% YoY to USD 522 Mn in 2009. One of the major reasons for the decline was lower income from investing activities that plummeted 74% YoY to USD 75.7 Mn in 2009. However, net interest income (NII) registered a robust growth of 40% YoY, reaching USD 361 Mn in 2009. This was primarily due to faster growth of interest income compared to interest expenses. QIB gained USD 12 Mn from its forex operations compared to a loss of USD 22.2 Mn in 2008. The bank's cost-to-income ratio increased from 23% in 2008 to 27% in 2009. Due to deteriorating credit market conditions and rising risks, provisions on doubtful loans made during 2009 amounted to USD 8.5 Mn compared to none for the year before. The bank's net income declined 19.5% YoY to USD 363 Mn, mainly due to the plunge in investment income. At the end of 2009, the bank's CAR stood at 17.3% compared to QCB's minimum average requirement of 10.0%.

Figure 1: Cost-to-income ratio trend

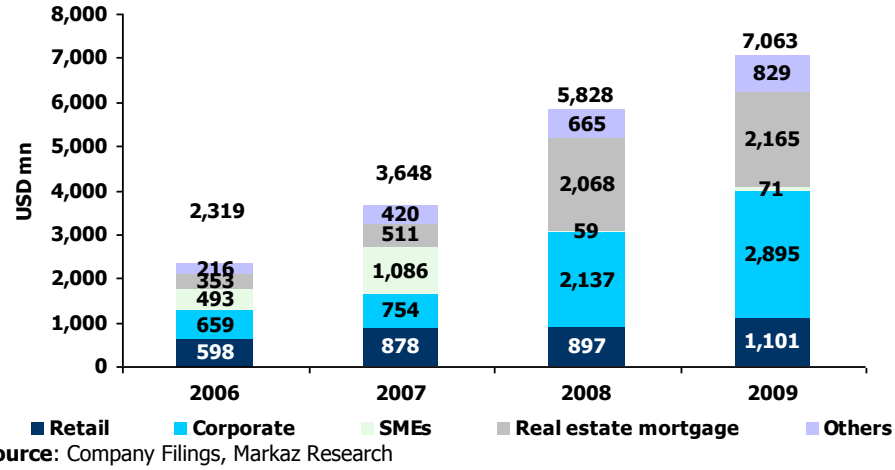


Source: Company Filings, Markaz Research

QIB's corporate financing portfolio registered an impressive 35% YoY growth while retail financing grew 23% YoY

Loans & Deposits: QIB's loan book expanded at a rate of 20% YoY to USD 6.3 Bn in 2009. The bank also widened its scope of lending to sectors such as contracting, manufacturing, trading and services. Corporate financing, which registered an impressive 35% YoY growth, accounted for 41% of the loan book portfolio, while retail financing accounted for 16% (growth: 23% YoY).

Figure 2: Composition of Gross Loan Book[1]

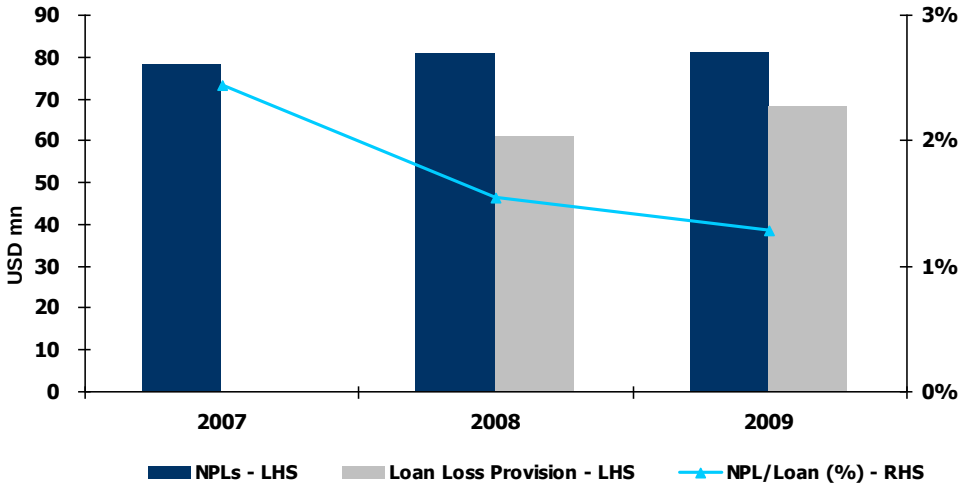


Source: Company Filings, Markaz Research

[1]Note: Break up for Gross Loans is derived without excluding Un-earned income and provisioning.

Deposits witnessed a 23% YoY increase in 2009 as customer current accounts and unrestricted investment accounts drove balances to USD 5.6 Bn. Customer current accounts increased 32% YoY to US 1.8 Bn, while unrestricted investment accounts rose 19% YoY to USD 3.7 Bn.

Figure 3: NPL Vs Loan loss provision (LLP)



Source: Company Filings, Markaz Research

In 2009, the government infused capital worth about USD 525 Mn in the bank by purchasing 'priority shares' through the Qatar

A 16% YoY increase in income from financing activities was offset by 77% decline in income from investing activities

In 2Q10, income from financing activities grew 16% YoY to USD 133 Mn, while NII rose 19% to USD 95.5 Mn. However, income from investing activities plunged 77% to USD 10 Mn. Investment income in 2Q was largely affected by the bank's exposure to property-related investment. As a result, operating income declined 10.9% YoY to USD 134.5 Mn in 2Q10. Operating expenses declined 7.3% YoY to USD 31 Mn, while provisioning, affected by a rise in non-performing loans, grew to USD 20 Mn during the quarter. QIB's net income plunged 35% YoY to USD 82.7 Mn.

1H10

Income from investing activity, stressed mainly by mortgage related investments, fell 80% YoY in 1H10 to USD 13 Mn

QIB's income from investing activities, stressed mainly by its real-estate related investments, tumbled 80% YoY to USD 13Mn in 1H10. However, NII remained somewhat positive, rising 4% YoY to USD 184 Mn during the first half of 2010. Income from financing activity increased 7% YoY to USD 249 Mn, while account holders' share of profits (cost of deposits) rose 19% to USD 65 Mn. Provisions for doubtful loans were recorded at USD 19.7 Mn in 1H10. Net commission and fee income rose 76% YoY to USD 48 mn. The bank's net income declined 26% YoY to USD 165 Mn.

Loans & advances continued to grow in 1H10. The bank's loan book expanded 45% YoY to USD 7.9 Bn, while deposits posted a 26% YoY increase to reach USD 7.0 Bn. In 1H10, the bank's loan-to-deposit ratio increased to 113% compared to 98% in 1H09. According to the calculations prescribed by QCB1[1] the permissible limit is 90%.

[1] includes credit facilities, acceptances, customer deposits, foreign bank borrowings, debt securities, equities, net fixed assets, investments.

Looking forward – 2010

Qatar has been largely successful in resisting the impact of the global financial crisis, partly due to prudent policies. The country's GDP grew 8.7% in 2009, which is among the highest growth figures recorded globally that year. The Qatari government's participation in the capital strengthening of its national banks and acquisition of some of their investment portfolios has reinforced confidence in the banking sector.

QIB has a balanced & effective provisioning policy & a strategy which supports its financial position by taking adequate provisions

In 2009, QIB adopted a five-year plan for dealing with the detrimental outcomes of the global financial crisis and its impact on the region. QIB has employed a strategy that supports its financial position by taking adequate provisions. It has met Basel 2 standards and has reduced its non-performing loans ratio to 1.4%.

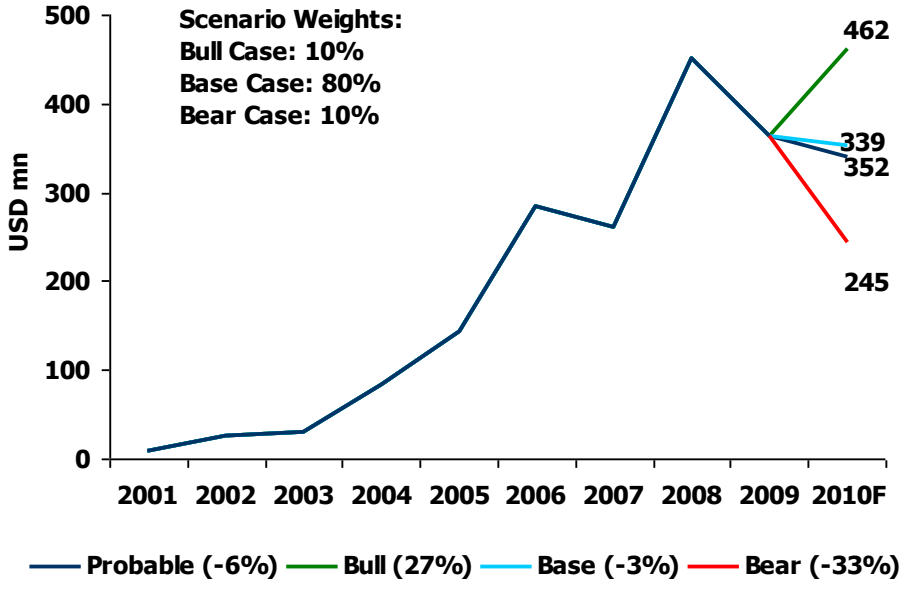
QIB also unveiled its plans to increase the number of branches from 26 to 35 by the end of 2010.

In March 2010, Capital Intelligence (CI) assigned QIB's long-term foreign currency rating of 'A' and the bank's short term currency a rating of 'A2'. CI rated its financial strength at 'A'. According to CI, all of these ratings show a stable outlook. The positive ratings along with the factors mentioned earlier ensure a stable risk outlook and a strong platform on which it can base its future growth. However, in the short term, we expect pressure on earnings as the bank is expected to record lower income from investment activities and some slowdown in income from its financing (loan) activities.

Operating Income

We expect QIB's net interest income to grow 9% YoY to USD 394 Mn in 2010, in line with an increase in its loan book and the trend observed so far in 1H10. Due to the real estate investment woes faced by the bank, we forecast an overall 80% decline in investment income to USD 15 Mn in 2010. We expect the bank to fare better in terms of garnering fee income, and project net fee income to rise 73% YoY to USD 123 Mn. We also expect provisioning pressures in QIB's balance sheet due to a cautious stance that could be taken by the management on account of slowing income from financing activities. As a result, we expect operating income to grow at a sluggish 3.4% YoY to USD 540 Mn in 2010.

Figure 4: Net Profit – trend and forecast



Source: Company Filings, Markaz Research

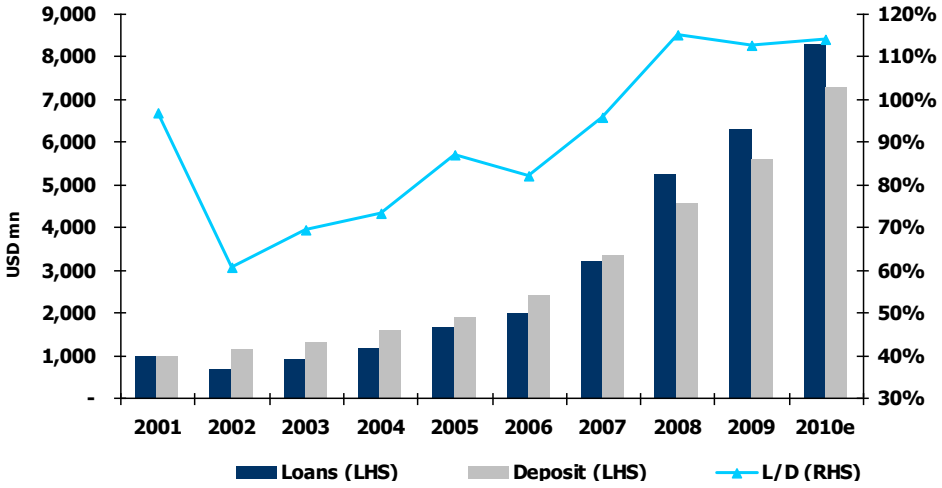
We expect net interest income to rise 44% YoY in the bull case scenario and fall 27% YoY under the bear case. Income from investing activity is expected to sharply fall under the bear as well as bull case (declining at 85% and 75% respectively). Operating income thus grows 30% YoY under bull case and falls 23% YoY under bear case scenarios. Provisioning under bull and bear case scenarios are expected to grow (proportionately in line with the growth in Loans) approximately 7 folds. As a result, net income under bull case rises 27% YoY and falls 33% YoY under the bear case scenarios.

Loans and Deposits

Following the state's strategic support to the industry, QIB's loan growth is estimated to remain steady.

We expect QIB to register a strong growth in its loans and deposits during 2010. The forecasted loan and deposit YoY growth is pegged at 32% (to USD 8.3 Bn) and 32% (to USD 7.3 Bn), respectively. This would take the loan-deposit ratio to 114% compared to 113% in 2009. Loan loss provisions to be made during 2010 are expected to shoot up to USD 58 Mn due to an expected cautious stance that may be undertaken by the management.

Figure 5: Loans and Deposit Trend



Source: Company Filings, Markaz Research

We expect the bank's NPL-to-Loan ratio to decline to 1.00% compared to 1.29% in 2009, due to robust expansion of the loan book.

Broker Estimates

Brokerage houses expect QIB to generate USD 564 – 606 Mn in revenues in 2010, providing for a marginal growth

We expect ROA to decline from 3.37% in 2009 to 2.40% in 2010 as the bank expands its balance sheet, and downward pressures on investment income remain in 2010. QIB's ROE is also expected to marginally decline from 14.7% in 2009 to 14.3% in 2010; this is in line with the trends in ROA. The bank's net profit is projected to decline 6% YoY to USD 340 Mn, mainly due to the decline in investment income, slowdown in income growth from financing activities and higher forecast for provisioning.

The analysts' consensus net profit estimates provides for a 12.8% YoY rise to USD 409 Mn during the same period

Table 2: Broker Estimates

Consensus Estimates (2010 f)				
Annual (USD mn)	**HC Brokerage**	**TAIB**	**EFG Hermes**	**Markaz**
Date of Estimates	**Apr-10**	**Jun-10**	**Jul-10**	**Sep-10**
ROA:	3.5%	3.7%	NA	2.4%
ROE:	16.3%	17.3%	17.8%	14.3%
Revenue:	606	596	564	540
Net Profit:	409	437	385	339
Growth (%)	13%	20%	6%	-6%
Recommendation	Hold	Buy	Buy	

Source: Reuters, Markaz Research

Brokerage houses expect QIB to generate USD 564-606 Mn in revenues in 2010, indicating an optimistic growth. The analysts' consensus net profit estimates provides for a 12.8% YoY rise to USD 409 Mn during the same period.

Valuation

On YTD basis, Qatar Islamic Bank's share price has increased 11%, a relatively larger gain compared to the QSE benchmark, which is up 7.4% since the beginning of the year (Figure 6). The stock's turnover velocity spiked to 119% in 2008 before declining to 47% in 2009 as trading increased in 2008.

The bank's current PE stands at 15.1x; 41% higher than its 2 year average of 10.7x.

Table 3: Comparative Valuation

Company	PE	PB	Assets USD Mn	ROA %	ROE %	Div Yld %
	TTM	L. Qtr	2009	2009	2009	
Al Salam Bank	12.7	0.6	2,085	2	8	6.9
Qatar International Islamic	11.3	1.5	4,542	3	16	8.8
Bank Albilad		1.8	4,644	-1	-8	
Masraf AlRayan	9.8	1.8	6,621			0.0
Qatar Islamic Bank	15.1	2.1	10,778	4	16	7.5
Abu Dhabi Islamic Bank	28.1	0.8	17,449	0	1	
Dubai Islamic Bank	8.0	0.8	22,954	1	14	7.7
AlRajhi Bank	17.0	4.0	45,534			3.8
Median	**12.0**	**1.5**				

Source: Reuters 3000xtra, Markaz Research

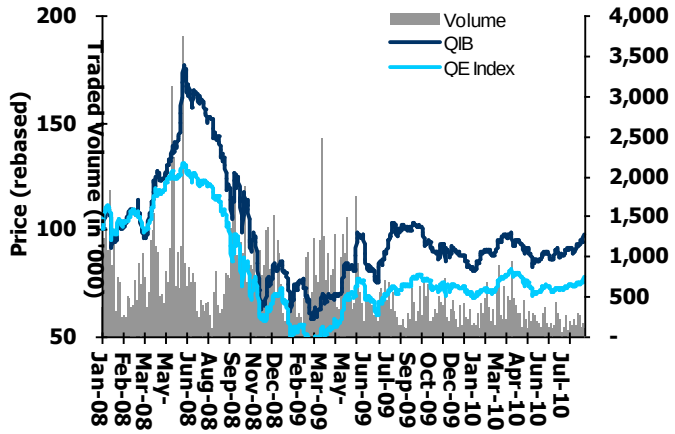
QIB is currently trading at a 26% premium valuation over the Islamic banking industry median

QIB is currently trading at a 26% premium valuation over the Islamic banking industry median. However, it has been witnessing declining return on assets as well as operating income growth due to falling investment income and tepid growth in income from financing activities. In light of the slow business momentum and higher valuations (both in terms of its own historical multiples and compared to its peers), we expect the premium to contract to 5% and would place the fair value PE at 13x (based on a blended valuation methodology), which is 17% lower than its current valuation.

We estimate the bank's loan book to increase 32% YoY to USD 8.3 Bn and the deposit base to rise by 30% to USD 7.3 Bn in 2010. Furthermore, we expect the bank to register a 6.5% YoY decline in net profit to USD 339 Mn in 2010, considering the trend that the substantial increase in loans and deposits has not proportionately enhanced revenues for the bank.

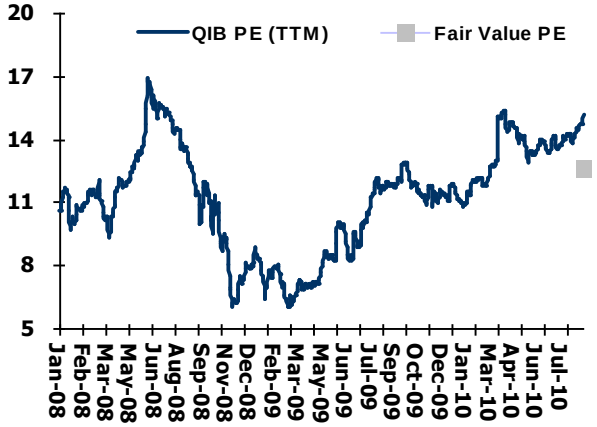
Given the bank's current valuation and expected earnings, we expect the stock to provide low returns going forward. Furthermore, we expect low volatility as the stock is currently trading at the lower end of its risk band (Figure 8) though remains marginally higher than the index MVX.

Figure 6: Price & Volume Trend



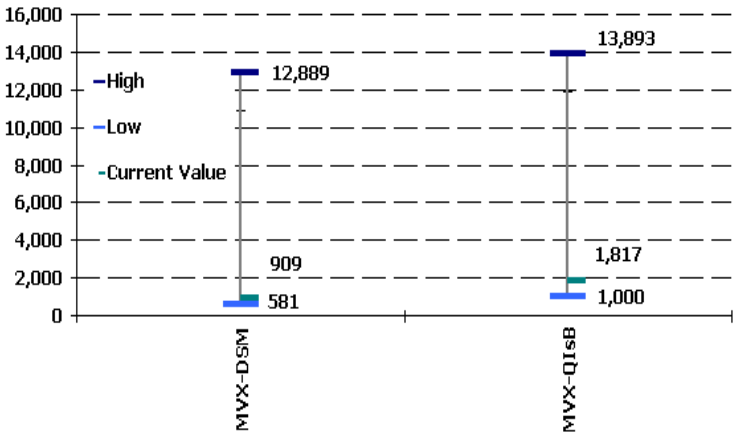
Source: Bloomberg

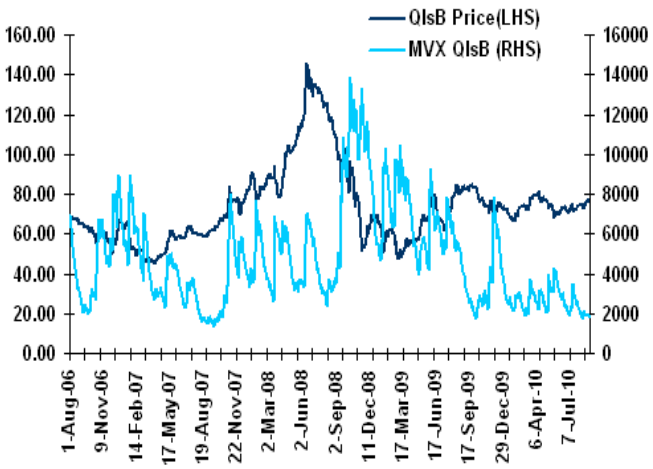
Figure 7: PE Trend & Fair Value



Source: Bloomberg, Markaz Research

Figure 8: Markaz Volatility Index (August 2010)





Source: Bloomberg, Markaz Research

Appendix 1: Key Statistics

Income Statement	2006	2007	2008	2009	2010e
(USD mn)					
Net Interest Income	101	136	258	361	394
Operating Income	361	371	594	522	540
Net Profit	285	260	451	363	339
Balance Sheet					
(USD mn)					
Cash	110	345	281	367	
Loans	1,964	3,205	5,238	6,288	8,288
Deposits	2,397	3,348	4,553	5,588	7,264
Total Shareholder's Equity	1,168	1,270	1,960	2,471	
Total Liabilities	2,918	4,585	7,245	8,307	
Total Assets	4,086	5,855	9,206	10,778	
Key Ratios					
Return on Assets (%)	7.0%	4.4%	4.9%	3.4%	2.4%
Return on Equity (%)	24.4%	20.5%	23.0%	14.7%	14.3%
Earnings Growth (%)	100.5%	-8.6%	73.1%	-19.5%	-6.5%
Revenue Growth (%)	81.7%	2.8%	60.2%	-12.2%	3.4%
P/E	11.48	15.96	8.14	11.20	14.01
Price/Book	3.25	3.65	2.00	1.66	1.91
Market Price (QAR)	66.84	81.75	69.16	72.09	
EPS (USD)	1.60	1.41	2.33	1.77	
Assets Growth (%)	56%	43%	57%	17%	
Equity Growth (%)	103%	9%	54%	26%	
Annual Trading Volume (mn)	71	91	168	99	
Annual Trading Value (USD mn)	1,994	1,905	5,345	1,960	
Turnover Velocity	50%	43%	119%	47%	
M Cap (USD mn)	3,973	4,860	4,111	4,285	

Source: Reuters Knowledge, Company Accounts, Markaz Research

Markaz Research Offerings

The Golden Portfolio (Sept-10)
The New Regulations on Kuwait Investment Sector (Jun-10)
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 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)
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

- Samba Financial Group (Aug-10)
- Jabal Omar Development (Jul-10)
- Arabian Cement Co (Jul-10)
- Yanbu Cement Co. (Jun-10)
- Saudi Telecom Co. (Jun-10)
- Emaar Economic City (Jun-10)
- 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)
- 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)

- Qurain Petrochem. Ind. (Aug-10)
- Wataniya (Jul-10)
- Boubyan Bank (June-10)
- 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

- FGB (Aug-10)
- Etisalat (Aug-10)
- 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

- QISB (Sept-10)
- 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)

Bahrain

- Batelco (Aug-10)
- Al Salam Bank (Aug-10)
- 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

- Sidi Kerir Petrochemicals (Jul-10)
- 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)

Markaz Research is available on: Bloomberg Type "MRKZ" <GO>, Thomson Financial, Reuters Knowledge, Zawya Investor & Noozz.
To obtain a print copy, kindly contact:

Kuwait Financial Centre "Markaz"
Media and Communications Department
Tel: +965 2224 8000 Ext. 1814
Fax: +965 2249 8740
Postal Address: P.O. Box 23444, Safat, 13095, State of Kuwait
Email: info@markaz.com
markaz.com/research

Markaz Company Research Coverage

	MSCI Arabian Markets Conventional	MSCI Arabian Markets Islamic	Local Index
Saudi Arabia	60%	64%	78%
Kuwait	83%	92%	56%
Qatar	92%	90%	95%
UAE	79%	25%	58%
Bahrain	79%	100%	21%
Oman	63%	100%	50%
Egypt	62%	100%	45%
Jordan	39%	0%	32%
Morocco	50%	70%	24%
MENA	**79%**	**93%**	**63%**

Analyst Certification

Each research analyst(s), strategist(s) or research associate(s) responsible for the preparation and content of this research report hereby certifies that, with respect to each issuer or security that the research analyst, strategist or research associate covers in this research report, all of the views expressed in this research report accurately reflect their personal views about those issuer(s) or securities. Each research analyst(s) strategist(s) or research associate(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst, strategist or research associate in this research report.

Important Disclosures

Analysts' compensation is determined based upon activities and services intended to benefit the investor clients of Kuwait Financial Center S.A.K. "Markaz" ("the Firm"). Like all Firm employees, analysts receive compensation that is impacted by overall firm profitability, which includes revenues from other business units including Investment Banking.

Investment ratings are determined by the ranges described herein at the time of initiation of coverage, a change in investment and/or risk rating,. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

Definitions - Return

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

Disclaimer

This report has been prepared and issued by Kuwait Financial Centre S.A.K (Markaz), which is regulated by the Central Bank of Kuwait. The report is intended to be circulated for general information only and should not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction.

The information and statistical data herein have been obtained from sources we believe to be reliable but no representation or warranty, expressed or implied, is made that such information and data is accurate or complete, and therefore should not be relied upon as such.

Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinion of Markaz and are subject to change without notice. This report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors are urged to seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and to understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Investors should be able and willing to accept a total or partial loss of their investment. Accordingly, investors may receive back less than originally invested. Past performance is historical and is not necessarily indicative of future performance.

Kuwait Financial Centre S.A.K (Markaz) does and seeks to do business, including investment banking deals, with companies covered in its research reports. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of Markaz, Markaz has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to Markaz's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or Markaz's website shall be at your own risk.