

### National Bank of Oman (NBOB)

<b>Recommendation</b>	<b>MARKET PERFORM</b>	<b>Risk Rating</b>	<b>R-3</b>
<b>Share Price</b>	<b>OMR 0.174</b>	<b>Target Price</b>	<b>OMR 0.175</b>
<b>Implied Upside/(Downside)</b>	<b>0.3%</b>		

### Trading 35% Below BV; Initiate with Market Perform

We are deepening our analysis of Commercial Bank of Qatar (CBQK) and are initiating coverage on CBQK's associate National Bank of Oman (NBOB) with a Market Perform rating and a PT of OMR 0.175/sh. CBQK acquired a 34.9% stake in NBOB in 2007. Following the acquisition, CBQK helped restructure NBOB's operations and expanded its footprint in Oman. NBOB trades at 22% and 35% discounts to its historical P/B & book value, respectively. Furthermore, the market is pricing in a sustainable RoE of 10.8%, which is lower than our estimate of 12.4%. It should be noted that the NBOB generates economic losses in our forecast horizon as its RoE is lower than its cost of equity (14.12%).

#### Highlights

- We pencil in a bottom-line CAGR of 3.1% in 2019-2024e vs. -4.3% (2014-2019).** The tepid growth in net income is expected to be driven by total revenue (3.4% 5-year CAGR), opex (2.5%), higher net provisions & impairments, which we model to increase by 13.9% and significant interest expense associated with ADT1. Having said this, there could be further upside to our estimates if NBOB reduces provisions and books recoveries ahead of our model expectations. As such, hefty reversals can unlock value, boosting profitability (RoEs should increase).
- NBOB is the 3<sup>rd</sup> largest bank in Oman and has a 12% market share in loans & deposits; we pencil in a loan book CAGR (2019-24e) of 4.0% vs. 3.9% (2014-19).** NBOB's loan book growth was mainly driven by the retail segment where it grew by a CAGR (2014-2019) of 5.4% vs. 2.9% for corporates. However, given the economic downturn and COVID-19 ramifications, the bank has curtailed retail lending as a result of/in anticipation of reductions in wages and lay-offs, which would lead to a rise in impairments. Moreover, NBOB has been reducing its retail exposure and continues to do so (regulatory maximum of 50% total loan portfolio). It has reduced its exposure from 49% in 2017 to 47% last year. The current economic situation will also adversely affect corporates as they scale back on spending, while the Omani government suspends projects.
- Asset quality remains under pressure.** NBOB's NPL ratio jumped from 2.67% in 2016 to 4.08% in 2017 (as a result of its UAE exposure) and continued to 4.92% in 2019. We expect this ratio to further climb to 5.20% and 5.50% in 2020e and 2021e, respectively, as a result of the adverse operating environment emanating from depressed oil prices and the COVID-19 pandemic. It is worth noting that NBOB has been recovering a decent portion of its write-offs (further recoveries would be a positive surprise for earnings).
- Cost of risk jumped in 2017 but has significantly improved and is at manageable levels.** NBOB's CoR soared to 80bps in 2017 on the back of its UAE exposure (although small in nature). However, CoR has since dropped to a normalized level at 40bps in 2019. Having said this, we expect this metric to go up to 51bps in 2020e given the current challenging environment. Post 2020, we anticipate CoR to gradually drop down to the 40bps level.
- Recoveries of loans written-off aided bottom-line growth.** Recoveries have practically contributed ~16% to NBOB's profitability (2012-19). More recoveries are expected and would be a positive surprise for earnings. As of 2019, the bank has recovered ~OMR685mn, which represents 24% of total loans.
- NBOB's C/I ratio is at elevated levels, albeit better than peers.** We expect the efficiency ratio to marginally but not drastically decline over our forecast horizon. The reason that we do not anticipate a significant drop is due to weak revenue growth. However, the bank has managed costs effectively. It should be noted that NBOB has not been successful in generating positive JAWS as weak revenue growth has overshadowed efforts in improving opex. However, we expect neutral JAWS going forward as the bank matches revenue growth with opex.
- CET1 on the low side; ADT1 a drag on profitability.** We are of the view that NBOB needs to bolster its CET1 ratio (2019: 12.2%) by: 1) raising capital, 2) optimizing RWAs and/or 3) cutting dividends. It is worth noting that RoE could have been higher, but interest expense on ADT1 has shaved off by an average of ~20% (2017-2019) from the bottom-line. Moreover, with this trend we expect the bank to generate a RoE of 7.6% (2020e), 8.1% (2021e) and 8.4% (2022e).

#### Catalysts

- 1) Further recoveries of write-offs & 2) We believe the company will have to show accelerating performance ahead of our forecasts/estimates.

#### Recommendation, Valuation and Risks

- Recommendation and valuation: We assign a Price Target of OMR 0.175 and a Market Perform rating.** NBOB is trading at a 2021e P/B and P/E of 0.6x and 7.8x, respectively.
- Risks:** 1) Depressed oil prices, 2) Further asset quality deterioration, 3) Ramification of COVID-19 & 4) Reduction in dividends.

#### Key Financial Data and Estimates

	2019	2020e	2021e	2022e
EPS (OMR)	0.025	0.020	0.022	0.024
Growth	2.1	-17.5	8.4	7.5
P/E (x)	7.0	8.5	7.8	7.3
BVPS (OMR)	0.3	0.3	0.3	0.3
P/B (x)	0.6	0.6	0.6	0.6
RoE (%)	9.6	7.6	8.1	8.4
DPS (OMR)	0.017	0.010	0.015	0.016
Dividend Yield (%)	9.7	5.7	8.6	9.2

Source: Company data, QNB FS Research

#### Key Data

Current Market Price (OMR)	0.174
Dividend Yield (%)	9.7
Bloomberg Ticker	NBOB OM
ADR/GDR Ticker	N/A
Reuters Ticker	NBOB.OM
ISIN	OM0000001483
Sector	Banks
52wk High/52wk Low (OMR)	0.208/0.150
3-m Average Volume (000's)	506.5
Mkt. Cap. (\$ mn/OMR mn)	737.7/282.9
Shares Outstanding (mn)	1,625.95
FOL Limit (%)	49.0
Current FO* (%)	0.7
1-Year Total Return (%)	+20.0
Fiscal Year End	December 31

Source: Bloomberg (as of June 30, 2020) \*MSM (as of June 30, 2020); Note: FO is foreign ownership (excludes GCC investors)

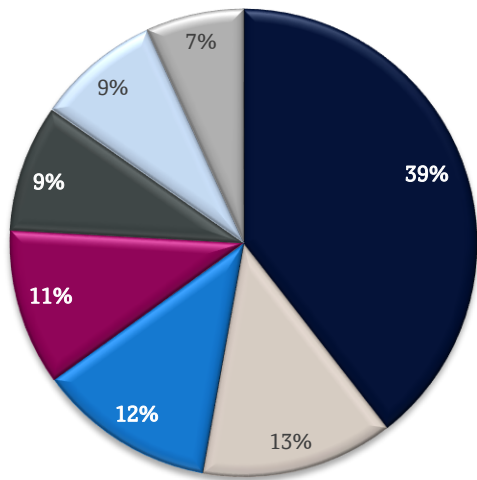
#### Shahan Keushgerian

+974 4476 6509  
shahan.keushgerian@qnbfs.com.qa

#### Saugata Sarkar, CFA, CAIA

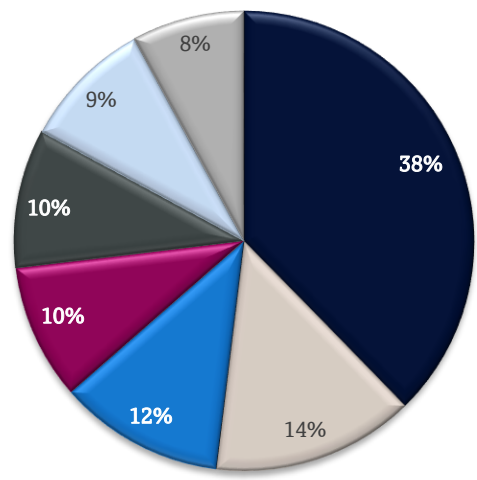
+974 4476 6534  
saugata.sarkar@qnbfs.com.qa

**~12% Market Share in Loans.....**



- Bank Muscat
- National Bank of Oman
- Ahli Bank
- HSBC Bank Oman
- Bank Dhofar
- Sohar International
- Oman Arab Bank

**..... And Deposits**



- Bank Muscat
- National Bank of Oman
- Sohar International
- Ahli Bank
- Bank Dhofar
- HSBC Bank Oman
- Oman Arab Bank

Source: Company data, QNB FS Research

## Valuation

We value NBOB using the Residual Income Model (RI) based on a fundamental P/B:

We derive NBOB's fair value by employing the RI valuation technique (*based on a fundamental P/B*), which is calculated based on the sum of its beginning book value, present value of interim residuals (net income minus equity charge) and the present value of the terminal value (we apply a fundamental P/B multiple based on the Gordon Growth Model to the ending book value at the end of our forecast horizon). We derive the P/B from the Gordon Growth Model:  $P/B = (RoE-g)/(Ke-g)$ . This model uses sustainable return on equity (RoE) based on the median over our forecast period, cost of equity (Ke) and expected long-term growth in earnings (g) to arrive at fundamental/justified P/B. **Based on this method, we arrive at a fundamental P/B of 0.8x.**

We add Oman's 3-months average 10-year swap rate of 5.76% to the 3-months average 10-year US government bond yield (0.85%) to arrive at a risk free rate of 6.6%. We factor in a beta of 1.0x. Finally, we add a local equity risk premium of 7.5% to arrive at a Ke of 14.12%.

### Valuation Methodologies

Fundamental P/B		RI Based on Fundamental P/B	
Sustainable RoE (%)	12.4	Beginning BVPS (2020) (OMR)	0.270
Estimated Cost of Equity (%)	14.12	Present Value of Interim Residuals (OMR)	(0.071)
Terminal Growth Rate (%)	5.0	Present Value of Terminal Value (OMR)	(0.024)
Fundamental P/B	0.8x	Fundamental P/B	0.8x
		Intrinsic Value (OMR)	0.175
		Current Market Price (OMR)	0.174
		Upside/(Downside) Potential (%)	+0.3

Source: QNB FS Research

### Forecasts

	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	Terminal
Beginning BVPS	0.270	0.273	0.285	0.294	0.305	0.317	0.338	0.363	0.391	0.423
EPS Forecast	0.020	0.022	0.024	0.026	0.029	0.038	0.043	0.045	0.048	0.051
DPS Forecast	0.017	0.010	0.015	0.016	0.017	0.017	0.018	0.017	0.017	0.017
Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Forecast BVPS	0.273	0.285	0.294	0.305	0.317	0.338	0.363	0.391	0.423	0.456
Equity Charge	0.038	0.039	0.040	0.042	0.043	0.045	0.048	0.051	0.055	0.060
<b>Residual Income</b>	<b>-0.018</b>	<b>-0.016</b>	<b>-0.016</b>	<b>-0.015</b>	<b>-0.014</b>	<b>-0.006</b>	<b>-0.004</b>	<b>-0.006</b>	<b>-0.007</b>	<b>-0.009</b>
Terminal Value (Based on Fundamental P/B)										-0.085
<b>Discounted Interim Residuals</b>	<b>-0.016</b>	<b>-0.013</b>	<b>-0.012</b>	<b>-0.010</b>	<b>-0.008</b>	<b>-0.003</b>	<b>-0.002</b>	<b>-0.002</b>	<b>-0.002</b>	<b>-0.003</b>
<b>Discounted Terminal Value</b>										<b>-0.024</b>

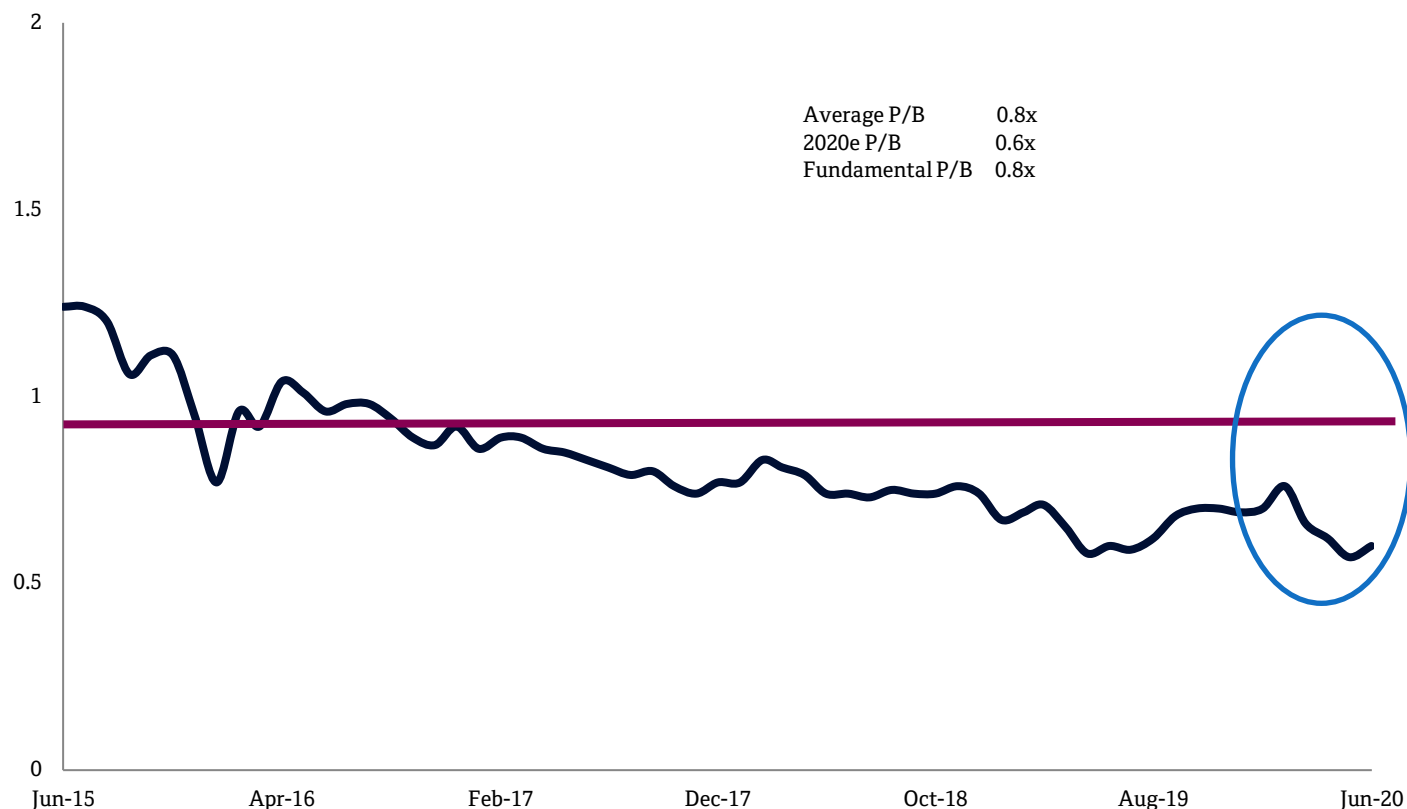
Source: QNB FS Research

### Sensitivity Analysis

	13.12%	13.62%	14.12%	14.62%	15.12%
<b>0.175</b>					
4.00%	0.204	0.190	0.177	0.166	0.155
4.50%	0.203	0.189	0.176	0.164	0.154
5.00%	0.202	0.188	<b>0.175</b>	0.163	0.152
5.50%	0.201	0.186	0.173	0.161	0.151
6.00%	0.201	0.185	0.172	0.160	0.149

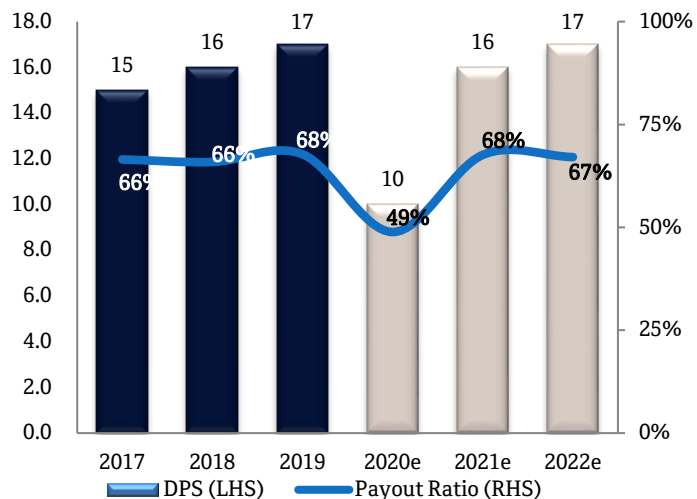
Source: QNB FS Research

**Trading at a ~22% Discount to its Historical P/B...**



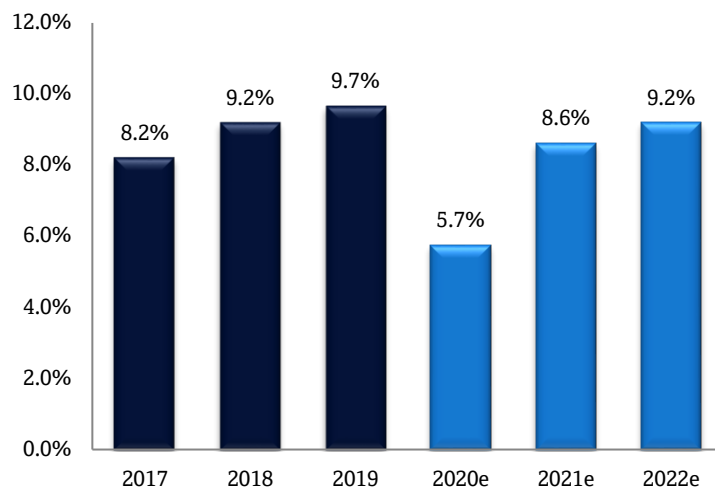
Source: Bloomberg, QNB FS Research

**Generously Pays Dividends (in baizas)**



Source: Company data, QNB FS Research

**Boasts a Compelling Yield**

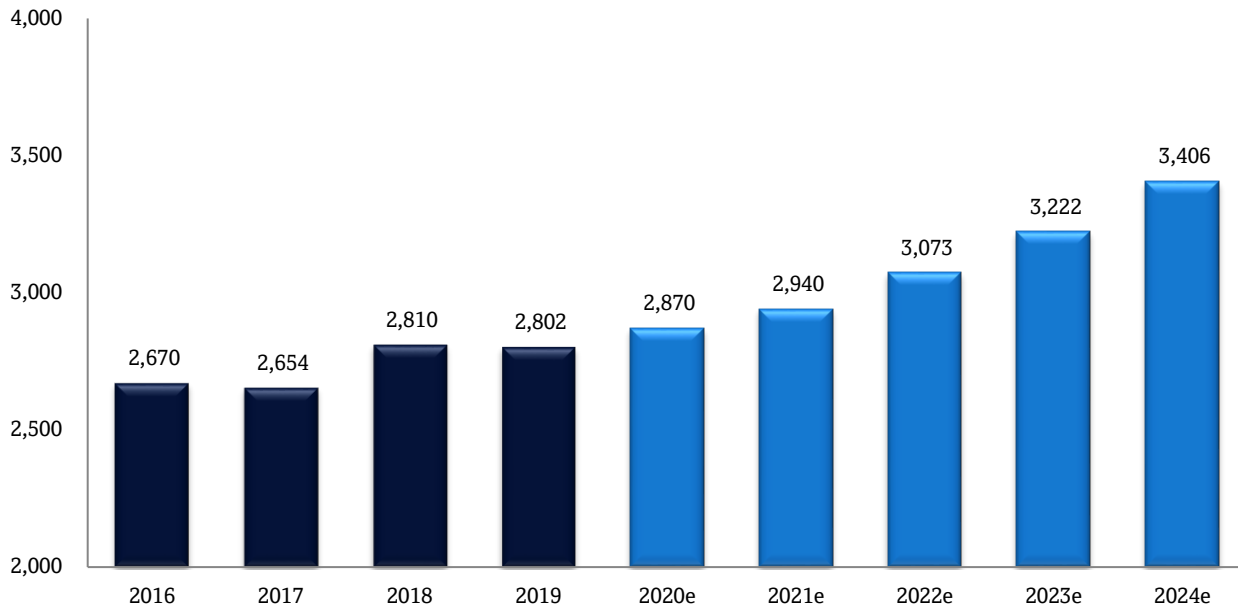


## Key Forecasts

### Loan Portfolio

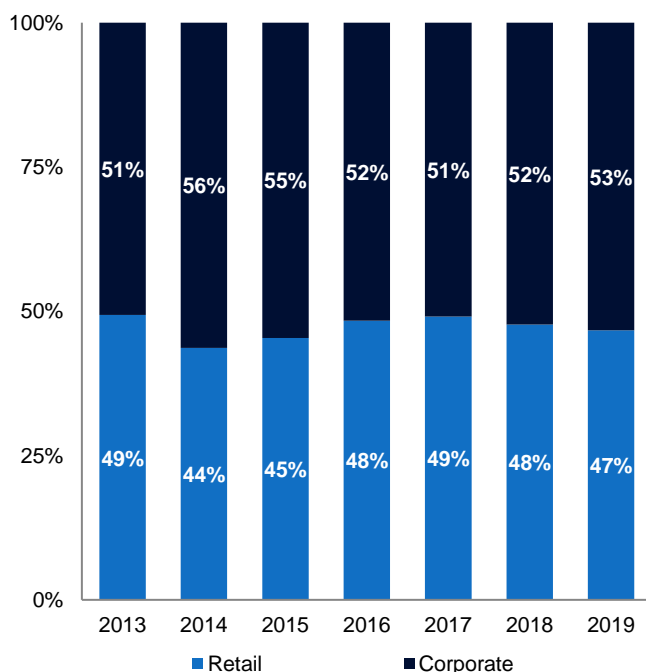
NBOB is the 3rd largest bank in Oman and has a 12% market share in loans & deposits; we pencil in a loan book CAGR (2019-24e) of 4.0% vs. 3.9% (2014-19). NBOB's loan book growth was mainly driven by the retail segment where it grew by a CAGR (2014-2019) of 5.4% vs. 2.9% for corporates. However, given the economic downturn and COVID-19 ramifications, the bank has curtailed retail lending as a result of/in anticipation of reductions in wages and lay-offs, which would lead to a rise in impairments. Moreover, NBOB has been reducing its retail exposure and continues to do so (regulatory maximum of 50% total loan portfolio). It has reduced its exposure from 49% in 2017 to 47% last year. The current economic situation will also adversely affect corporates as they scale back on spending, while the Omani government suspends projects.

#### Loans (OMR mn) to Exhibit 4.0% CAGR vs. 3.9% (2014-19)

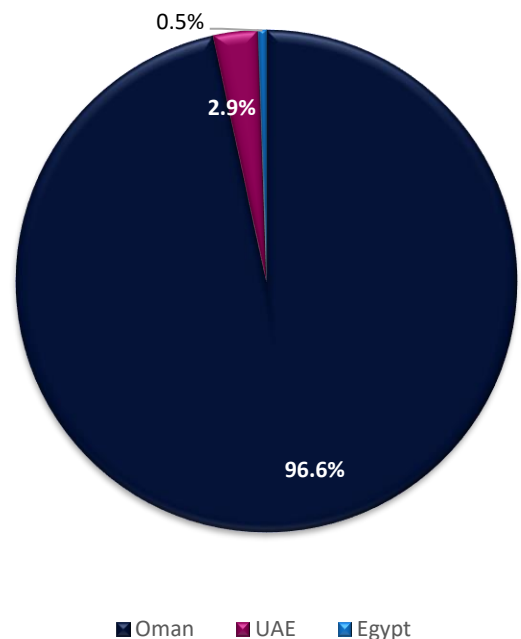


Source: Company data, QNB FS Research

#### Well Balanced Loan Book



#### Oman Focused

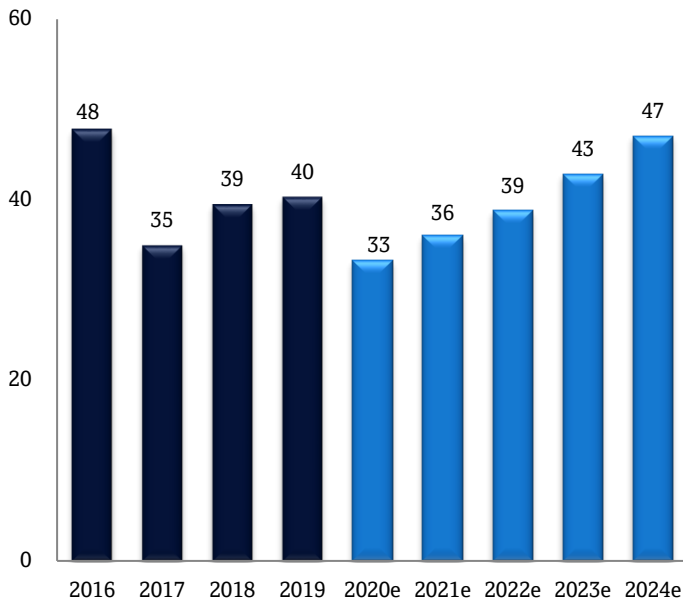


Source: Company data, QNB FS Research

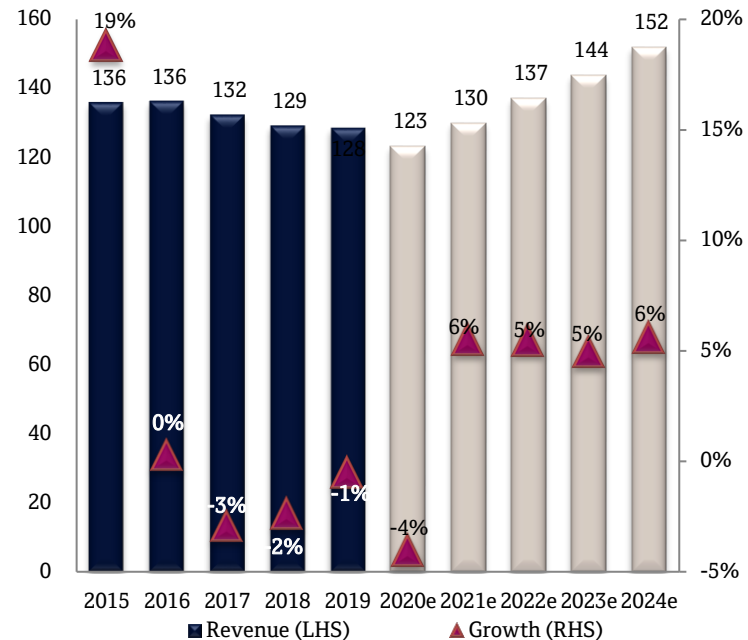
## Operating Performance

We pencil in a bottom-line CAGR of 3.1% in 2019-2024e vs. -4.3% (2014-2019). This somewhat tepid growth in net income is expected to be driven by total revenue (3.4% 5-year CAGR), opex (2.5%), higher net provisions & impairments, which we model to increase by 13.9% and significant interest expense associated with ADT1. *Having said this, there could be further upside to our estimates if NBOB reduces provisions and books recoveries ahead of our model expectations.* As such, hefty reversals can unlock value, boosting profitability (RoEs should increase).

### Net Profit (OMR mn)



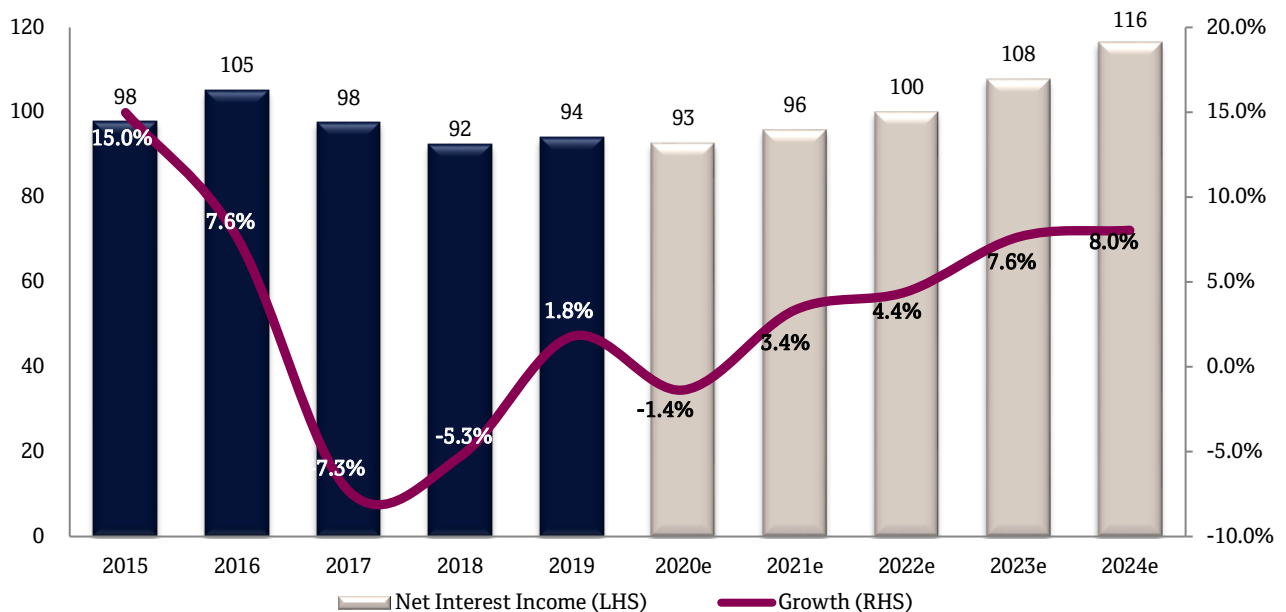
### Revenue (OMR mn)



Source: Company data, QNB FS Research

**Growth in net interest income to remain sluggish.** We forecast NII to grow by a CAGR of 4.4% (2019-2024e) vs. 2.0% (2014-2019) as margins should compress but a slower rate relative to its history.

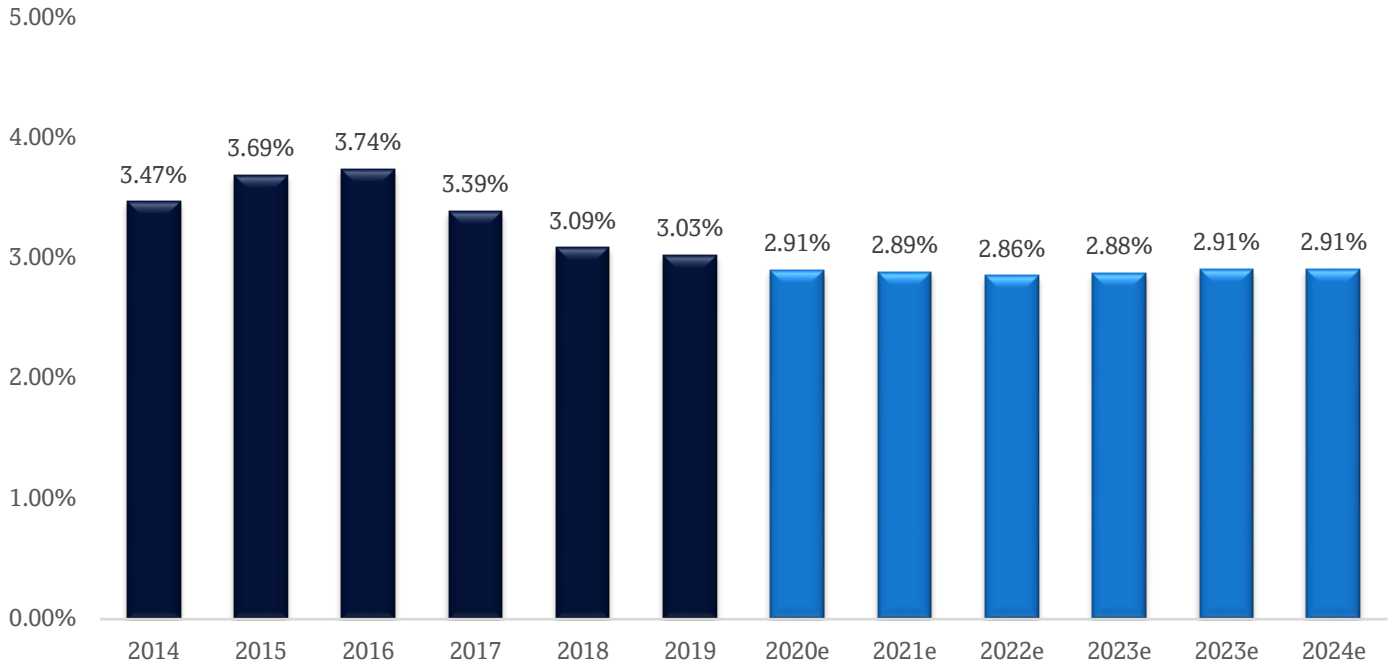
### Net Interest Income (OMR mn)



Source: Company data, QNB FS Research

**We expect NIMs to compress.** We expect NIMs to further contract as NBOB raises expensive funds to enhance its liquidity profile as the LDR and Loans to stable sources of funds are on the high side at 107% and 99%, respectively.

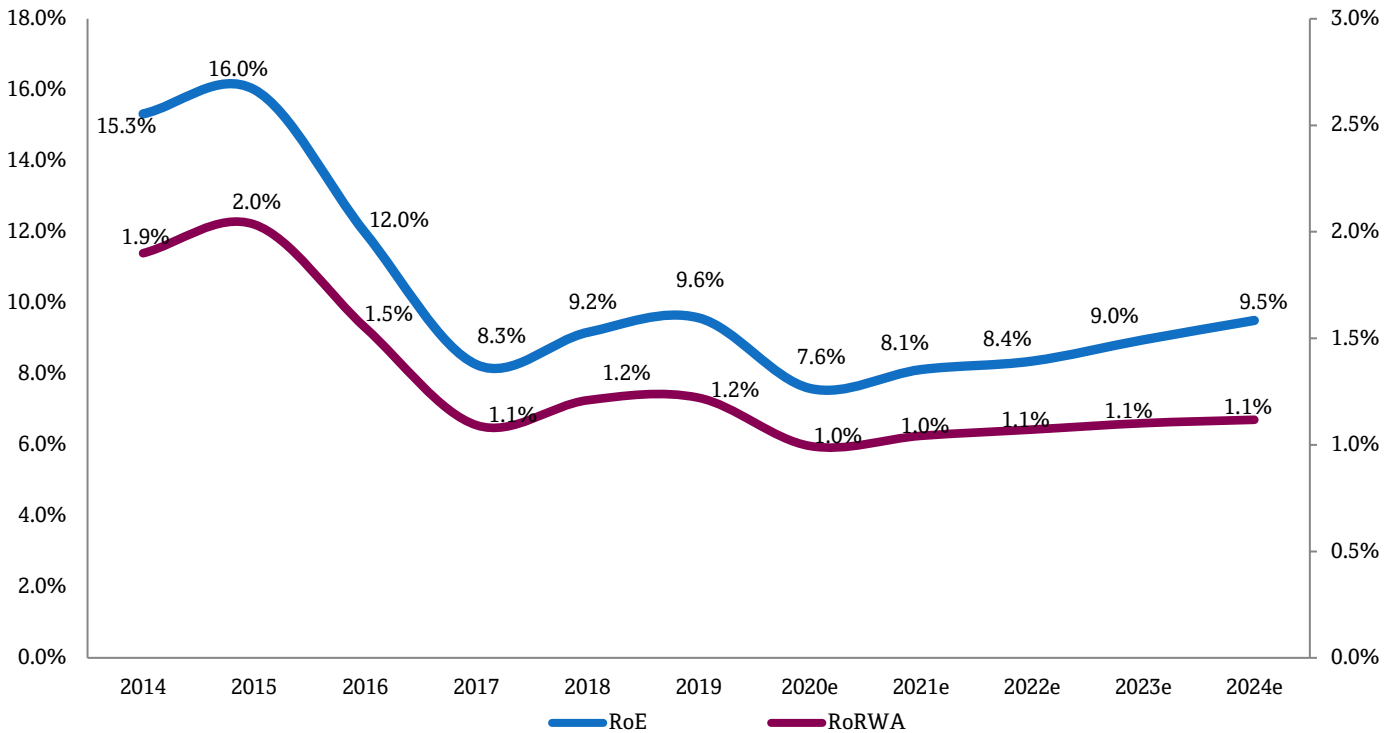
***NIMs to Remain Under Pressure***



Source: Company data, QNB FS Research

**CoR and interest expense on ADT1 to remain an overhang on RoE.** Reversals of provisions and recoveries from net write-offs can boost RoE beyond our estimates, however.

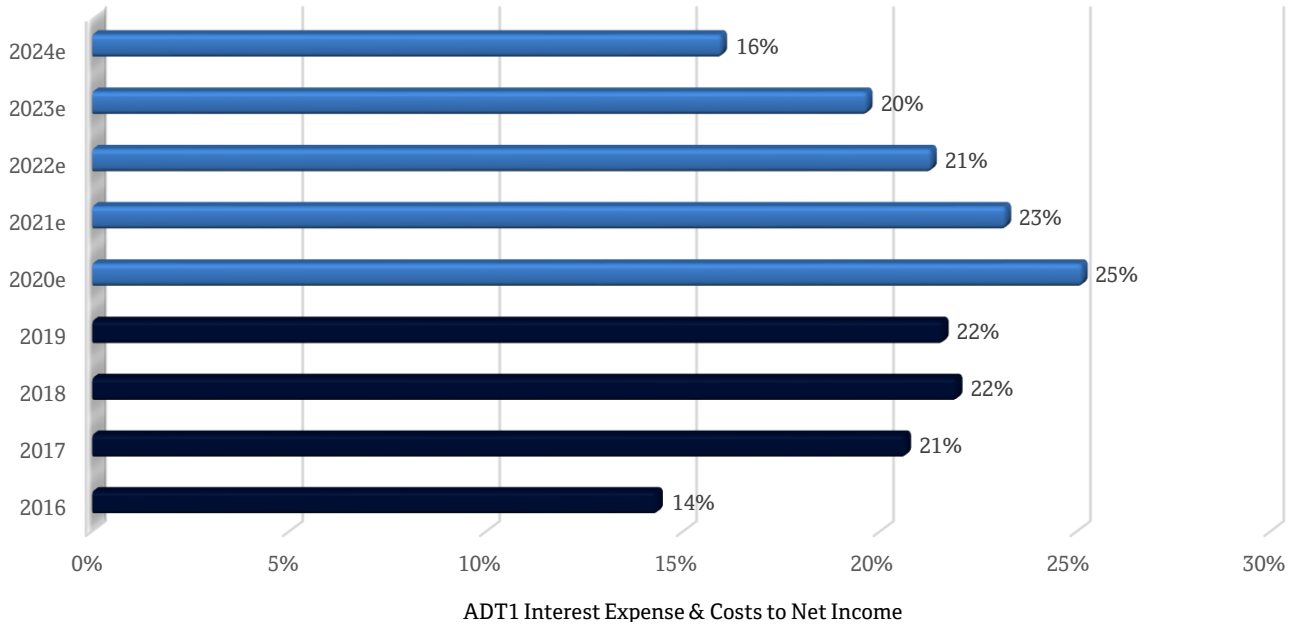
***RoE is Estimated to Remain below Cost of Equity***



Source: Company data, QNB FS Research

**Interest expense on ADT1 remains an overhang on the bottom-line.** ADT1 costs have shaved off on average ~20% (2017-2019) from NBOB's profitability.

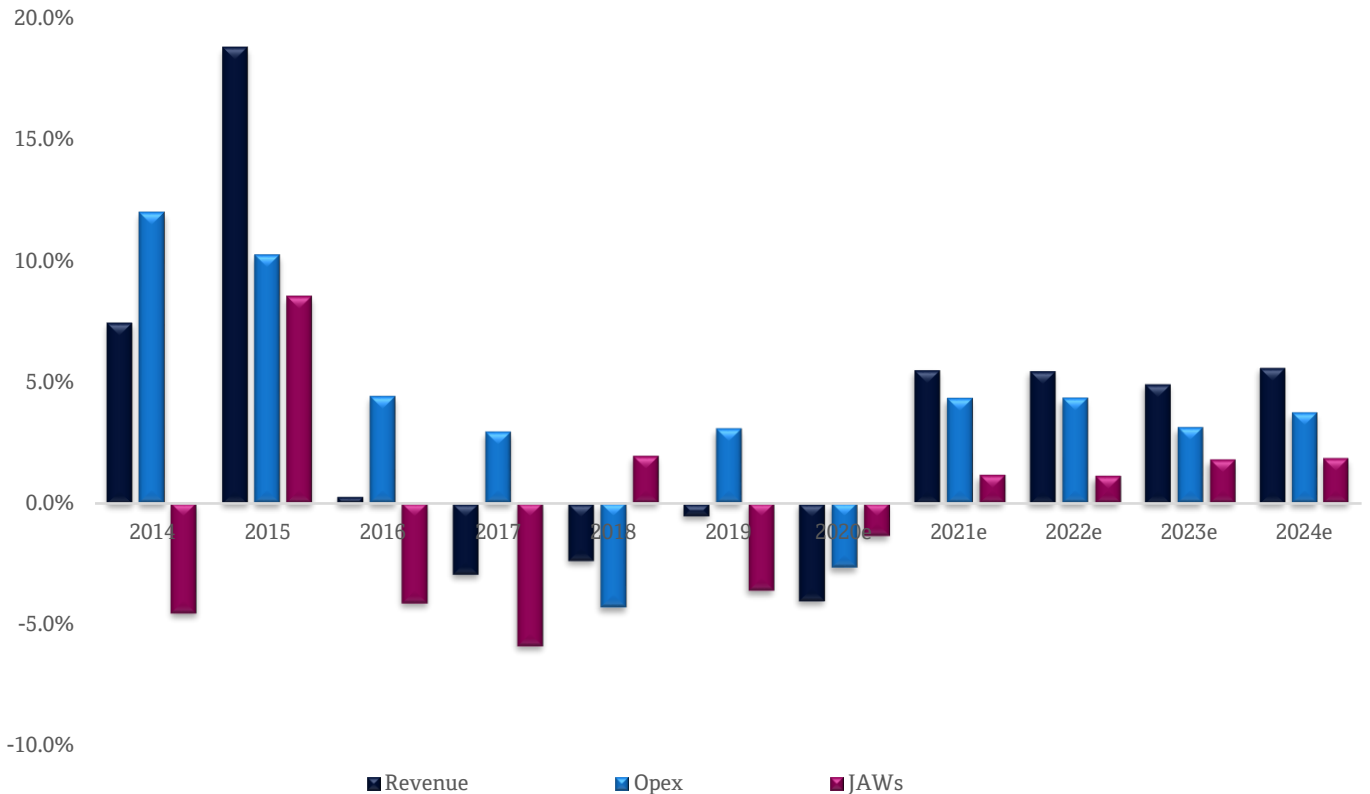
**Interest on ADT1 Adversely Impacts Earnings**



Source: Company data, QNB FS Research

**Efficiency**

**NBOB Expected to Generates Neutral JAWs Going forward**

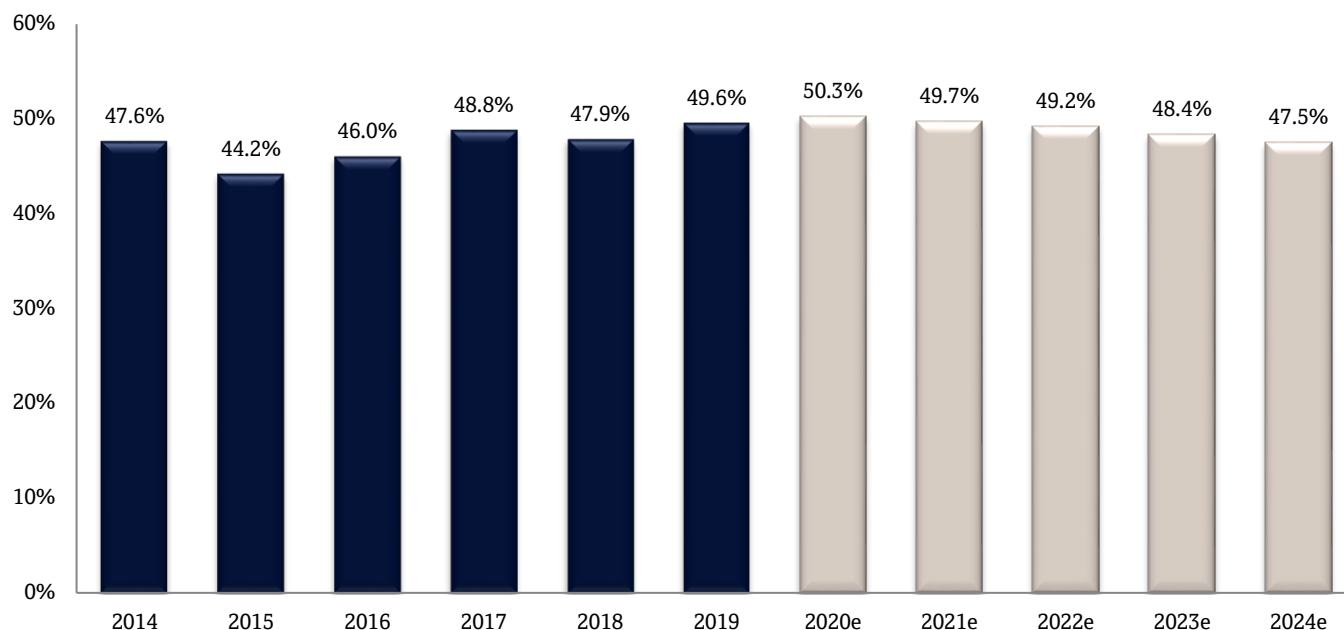


Source: Company data, QNB FS Research



**NBOB's C/I ratio is at elevated levels, albeit better than peers.** We expect the efficiency ratio to marginally but not drastically decline in our forecast horizon. The reason that we do not anticipate a significant drop is due to weak revenue growth. However, the bank has managed costs effectively. It should be noted that NBOB has not been successful in generating positive JAWS as weak revenue growth has overshadowed efforts in improving opex. However, we expect neutral JAWS going forward as the bank matches revenue growth with opex.

**NBOB's Operating Efficiency Needs to Materially Improve**

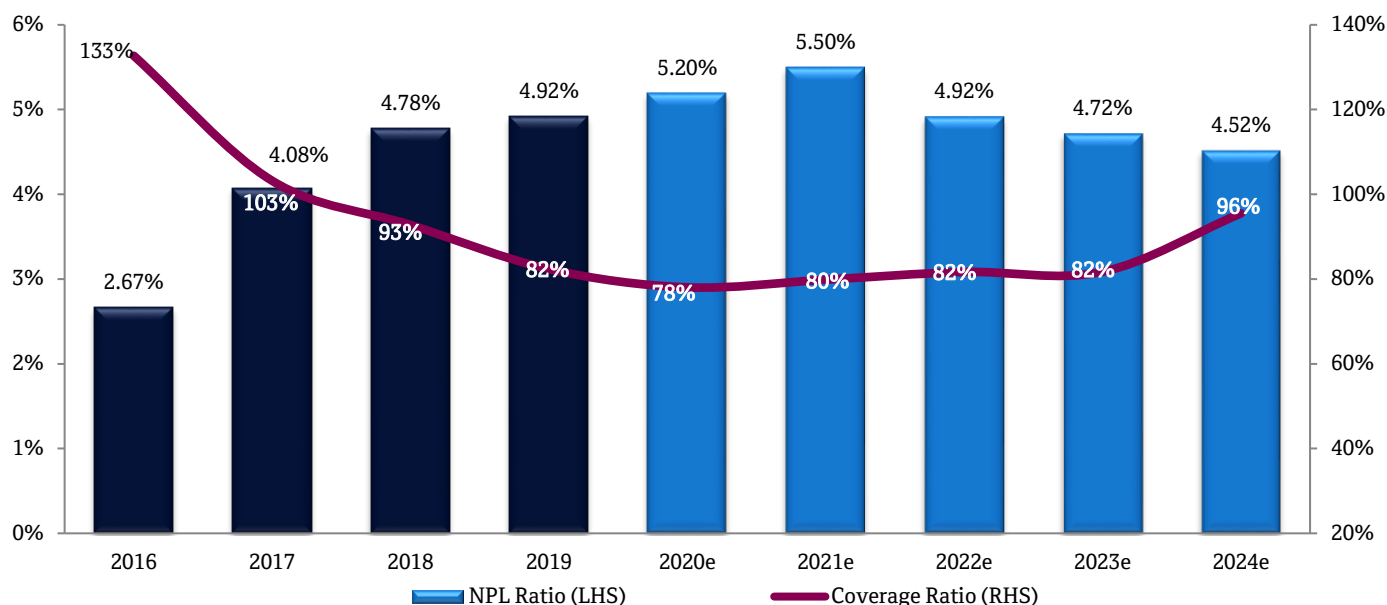


Source: Company data, QNB FS Research

**Asset Quality**

**Asset quality remains under pressure.** NBOB's NPL ratio jumped from 2.67% in 2016 to 4.08% in 2017 (as a result of its UAE exposure) and continued to 4.92% in 2019. We expect this ratio to further climb to 5.20% and 5.50% in 2020e and 2021e, respectively, as a result of the adverse operating environment emanating from depressed oil prices and the COVID-19 pandemic. It is worth noting that NBOB has been recovering a decent portion of write-offs (further recoveries would be a positive surprise for earnings).

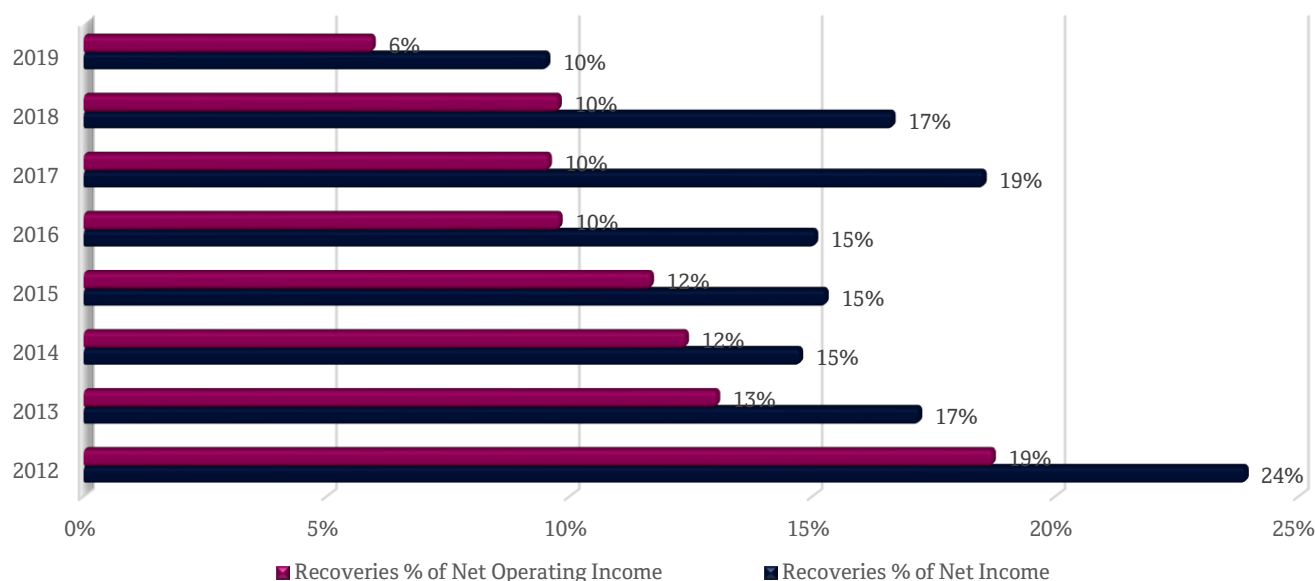
**NPL Ratio Spiked in 2017 and Continued Climbing Higher**



Source: Company data, QNB FS Research

**Recoveries of loans written-off aided bottom-line growth.** Recoveries have practically contributed ~16% (2012-19) to NBOB's profitability. More recoveries are expected and would be a positive surprise for earnings. As of 2019, the bank has recovered ~OMR685mn, which represents 24% of total loans.

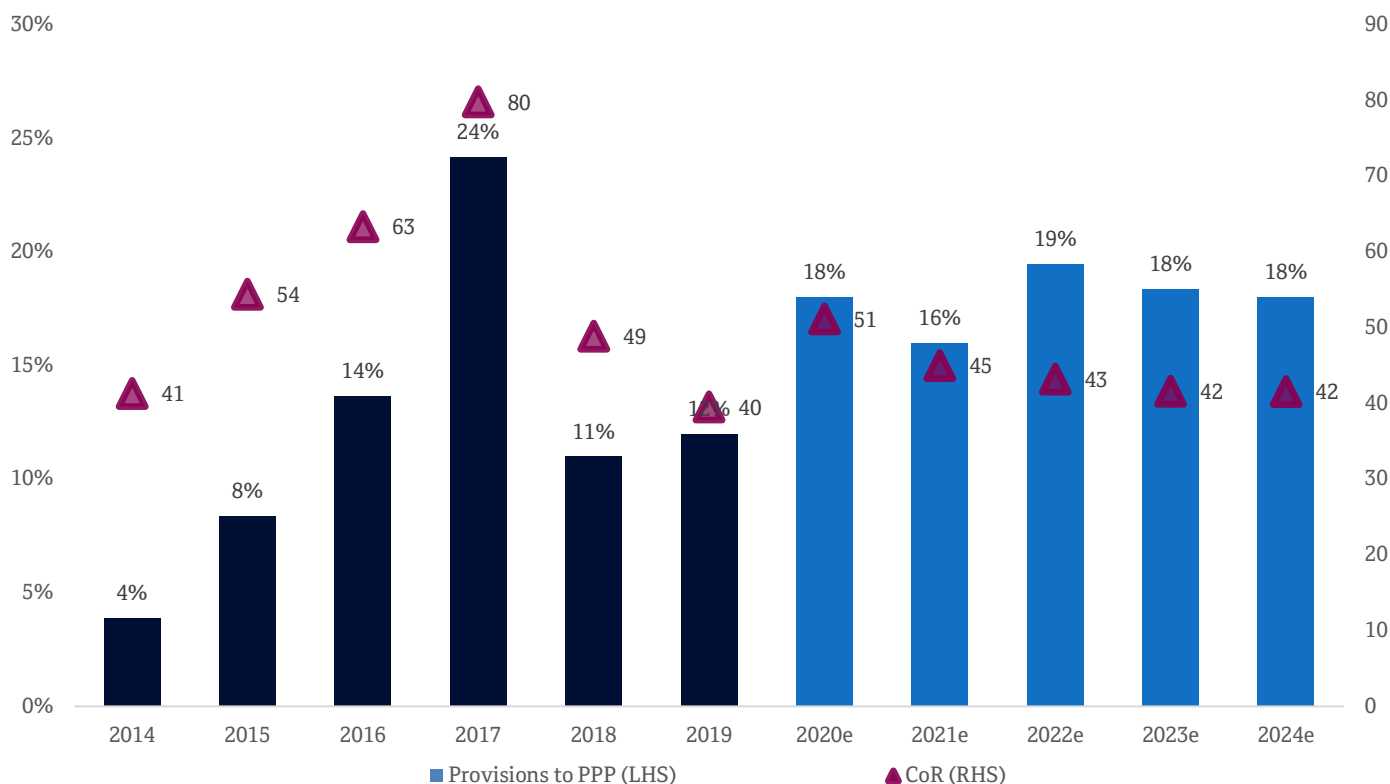
**Recoveries Key to Bottom-Line Growth**



Source: Company data, QNB FS Research

**Cost of risk jumped in 2017 but has significantly improved and is at manageable levels.** NBOB's CoR soared to 80bps in 2017 on the back of its UAE exposure (although small in nature). However, CoR has since dropped to a normalized level at 40bps in 2019. Having said this, we expect this metric to go up to 51bps in 2020e given the current challenging environment. Post 2020, we anticipate CoR to gradually drop down to the 40bps level.

**CoR Significantly Improved; Remains at Healthy and Manageable Levels**

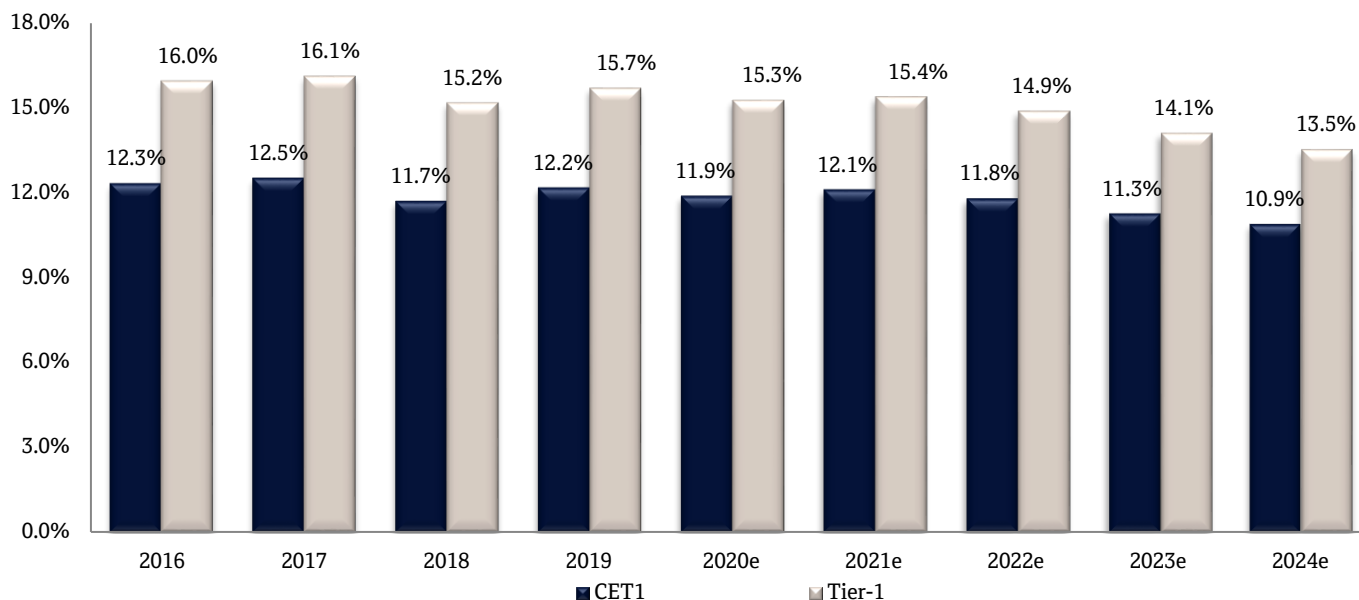


Source: Company data, QNB FS Research

## Capitalization

**CET1 on the low side; ADT1 a drag on profitability.** We are of the view that NBOB needs to bolster its CET1 ratio (2019: 12.2%) by: 1) raising capital, 2) optimizing RWAs and/or 3) cutting dividends. It is worth noting that RoE could have been higher, but interest expense on ADT1 has shaved off by an average of ~20% (2017-2019) from the bottom-line. Moreover, with this trend we expect the bank to generate a RoE of 7.6% (2020e), 8.1% (2021e) and 8.4% (2022e).

### CET1 Requires Improvement



Source: Company data, QNB FS Research

## Company Description

Established in 1973, National Bank of Oman is the 3<sup>rd</sup> largest bank in Oman and has a ~12% market share in loans and deposits. NBOB is a universal bank offering services to corporates and retail customers, private banking and treasury services. The bank operates a branch network of 64 branches including 2 in UAE and 1 in Egypt.

Commercial Bank of Qatar (CBQK) in 2007 acquired a 34.9% stake in NBOB. Following the acquisition, CBQK helped restructure NBOB's operations and expanded its footprint in Oman.

### Major Shareholders

Shareholders	Investor Type	Country	Share (%)
Commercial Bank of Qatar	Institutional	Qatar	34.90
Suhail Bahwan Group Holding	Private	Oman	14.74
Civil Service Employees Pension Fund	Government	Oman	10.80
Ministry of Defense Pension Fund	Government	Oman	7.66
Public Authority of Social Insurance	Government	Oman	7.56

Source: MSM

## Detailed Financial Statements

Ratios/Financial Indicators	2017	2018	2019	2020e	2021e	2022e	2023e
<b>Profitability (%)</b>							
RoE (Attributable) Based on Beg. Book Valt	8.3	9.2	9.6	7.6	8.1	8.4	9.0
RoAA (Attributable)	1.3	1.4	1.4	1.2	1.2	1.2	1.2
RoRWA (Attributable)	1.1	1.2	1.2	1.0	1.0	1.1	1.1
NIM (% of IEAs)	3.39	3.09	3.03	2.91	2.89	2.86	2.88
NIM (% of RWAs)	3.05	2.83	2.85	2.77	2.77	2.77	2.77
NIM (% of AAs)	2.79	2.62	2.61	2.48	2.46	2.45	2.47
Spread	2.6	2.2	2.2	2.4	2.4	2.3	2.3
<b>Efficiency (%)</b>							
Cost-to-Income (Headline)	48.8	47.9	49.6	50.3	49.7	49.2	48.4
Cost-to-Income (Core)	50.0	48.4	50.1	51.0	50.6	50.2	48.7
<b>Liquidity (%)</b>							
LDR	107.8	114.6	110.7	102.8	99.1	97.1	94.6
Loans/Assets	76.5	78.6	76.9	74.7	74.5	72.5	71.5
Cash & Interbank Loans-to-Total Assets	15.0	11.6	12.2	14.1	12.8	12.9	12.5
Deposits to Assets	70.9	68.6	69.5	72.7	75.2	74.7	75.7
Wholesale Funding to Loans	14.4	17.1	17.0	13.9	10.2	12.2	11.8
IEAs to IBLs	1.4	1.4	1.2	1.2	1.2	1.2	1.2
<b>Asset Quality (%)</b>							
NPL Ratio	4.08	4.78	4.92	5.20	5.50	4.92	4.72
NPL to Shareholders' Equity	26.2	33.4	32.8	35.0	36.4	32.9	31.9
NPL to Tier 1 Capital	28.1	36.1	36.0	38.4	39.8	35.8	34.7
Coverage Ratio	103.2	92.8	82.4	78.1	79.9	81.7	81.7
ALL/Average Loans	4.2	4.6	4.0	4.1	4.5	4.1	3.9
Cost of Risk (bps)	80	49	40	51	45	43	42
<b>Capitalization (%)</b>							
Tier 1 Ratio	16.1	15.2	15.7	15.3	15.4	14.9	14.1
CAR	17.3	16.3	16.6	16.2	16.3	15.8	15.0
Tier 1 Capital to Assets	14.9	14.1	14.1	13.6	13.7	13.1	12.7
Tier 1 Capital to Loans	19.5	18.0	18.4	18.1	18.4	18.1	17.7
Tier 1 Capital to Deposits	21.0	20.6	20.3	18.7	18.2	17.5	16.8
Leverage (x)	8.1	8.5	8.3	8.6	8.5	8.9	9.1
<b>Growth (%)</b>							
Net Interest Income	-7.3	-5.3	1.8	-1.4	3.4	4.4	7.6
Non-Interest Income	12.1	5.9	-6.3	-11.3	12.1	8.4	-2.4
Total Revenue	-2.9	-2.4	-0.5	-4.0	5.5	5.5	4.9
Opex	3.0	-4.3	3.1	-2.7	4.3	4.4	3.1
Net Operating Income	-7.9	-0.5	-3.8	-5.4	6.7	6.6	6.7
Net Income (Headline/Reported)	-21.1	15.0	1.6	-13.7	6.3	5.8	8.2
Net Income (Attributable)	-26.9	13.1	2.1	-17.5	8.4	7.5	10.5
Loans	-0.6	5.9	-0.3	2.4	2.4	4.5	4.9
Deposits	2.6	-0.4	3.2	10.3	6.3	6.6	7.7
Assets	-1.8	3.0	2.0	5.4	2.7	7.3	6.3
RWAs	0.6	3.7	-1.3	4.0	3.0	6.1	8.8

Source: Company data, QNB FS Research

<b>Income Statement (In OMR mn)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
<b>Net Interest Income</b>	<b>98</b>	<b>92</b>	<b>94</b>	<b>93</b>	<b>96</b>	<b>100</b>	<b>108</b>
Fees & Commissions	25	28	25	19	22	24	24
FX Income	6	6	7	8	8	9	10
Other Income	4	3	3	3	4	4	2
<b>Non-Interest Income</b>	<b>35</b>	<b>37</b>	<b>34</b>	<b>30</b>	<b>34</b>	<b>37</b>	<b>36</b>
<b>Total Revenue</b>	<b>132</b>	<b>129</b>	<b>128</b>	<b>123</b>	<b>130</b>	<b>137</b>	<b>144</b>
Operating Expenses	(65)	(62)	(64)	(62)	(65)	(67)	(70)
<b>Net Operating Income</b>	<b>68</b>	<b>67</b>	<b>65</b>	<b>61</b>	<b>65</b>	<b>70</b>	<b>74</b>
Net Provisions	(16)	(7)	(8)	(11)	(10)	(14)	(14)
<b>Net Profit Before Tax</b>	<b>51</b>	<b>60</b>	<b>57</b>	<b>50</b>	<b>55</b>	<b>56</b>	<b>61</b>
Tax	(7)	(9)	(6)	(6)	(8)	(6)	(7)
<b>Net Profit (Reported/Headline)</b>	<b>44</b>	<b>51</b>	<b>51</b>	<b>44</b>	<b>47</b>	<b>50</b>	<b>54</b>
Interest on Tier-1 Note & Others	(9)	(11)	(11)	(11)	(11)	(11)	(11)
<b>Attributable Net Profit</b>	<b>35</b>	<b>39</b>	<b>40</b>	<b>33</b>	<b>36</b>	<b>39</b>	<b>43</b>

Source: Company data, QNB FS Research

<b>Balance Sheet (In OMR mn)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Cash & Balances with Central Bank	383	315	334	391	386	405	436
Interbank Loans	139	98	109	149	121	141	129
Net Investments	183	231	293	321	394	510	612
Net Loans	2,654	2,810	2,802	2,870	2,940	3,073	3,222
Other Assets	46	55	41	46	44	46	45
Net PP&E	66	64	67	64	61	60	59
<b>Total Assets</b>	<b>3,470</b>	<b>3,573</b>	<b>3,645</b>	<b>3,841</b>	<b>3,946</b>	<b>4,235</b>	<b>4,504</b>
<b>Liabilities</b>							
Interbank Deposits	126	156	284	203	98	171	161
Customer Deposits	2,461	2,452	2,532	2,792	2,968	3,164	3,408
Term Loans	256	324	193	196	210	215	230
Other Liabilities	81	104	83	89	98	101	106
Tier-1 Perpetual Notes	116	116	116	116	116	116	116
<b>Total Liabilities</b>	<b>3,040</b>	<b>3,152</b>	<b>3,206</b>	<b>3,396</b>	<b>3,490</b>	<b>3,767</b>	<b>4,020</b>
<b>Total Shareholders' Equity</b>	<b>431</b>	<b>421</b>	<b>438</b>	<b>444</b>	<b>456</b>	<b>469</b>	<b>484</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>3,470</b>	<b>3,573</b>	<b>3,645</b>	<b>3,841</b>	<b>3,946</b>	<b>4,235</b>	<b>4,504</b>

Source: Company data, QNB FS Research

### Recommendations

*Based on the range for the upside / downside offered by the 12 - month target price of a stock versus the current market price*

<b>OUTPERFORM</b>	Greater than +20%
<b>ACCUMULATE</b>	Between +10% to +20%
<b>MARKET PERFORM</b>	Between -10% to +10%
<b>REDUCE</b>	Between -10% to -20%
<b>UNDERPERFORM</b>	Lower than -20%

### Risk Ratings

*Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals*

<b>R-1</b>	Significantly lower than average
<b>R-2</b>	Lower than average
<b>R-3</b>	Medium / In-line with the average
<b>R-4</b>	Above average
<b>R-5</b>	Significantly above average

### Contacts

#### **Saugata Sarkar, CFA, CAIA**

Head of Research

Tel: (+974) 4476 6534

[saugata.sarkar@qnbfs.com.qa](mailto:saugata.sarkar@qnbfs.com.qa)

#### **Zaid Al Nafaosi, CMT, CFTe**

Senior Research Analyst

Tel: (+974) 4476 6535

[zaid.alnafaosi@qnbfs.com.qa](mailto:zaid.alnafaosi@qnbfs.com.qa)

#### **Shahan Keushgerian**

Senior Research Analyst

Tel: (+974) 4476 6509

[shahan.keushgerian@qnbfs.com.qa](mailto:shahan.keushgerian@qnbfs.com.qa)

#### **QNB Financial Services Co. WLL**

Contact Center: (+974) 4476 6666

PO Box 24025

Doha, Qatar

#### **Mehmet Aksoy, PhD**

Senior Research Analyst

Tel: (+974) 4476 6589

[zaid.alnafaosi@qnbfs.com.qa](mailto:zaid.alnafaosi@qnbfs.com.qa)

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