

QNBFS Alert – BREXIT To Have Minimal Impact on Qatari Banks' Financials

- **GBP/Euro F/X fluctuations to have negligible impact on Qatari banks' financials.** Overall, as the below table discloses, Qatari banks face immaterial net exposures to the BREXIT-related currencies. As far as GBP is concerned, Qatari banks have negligible net exposures (as a % of shareholders' equity). However, in terms of banks under coverage, CBQK could actually benefit from a further depreciation in the Euro, while KCBK could be affected by its net asset exposure. For KCBK, however, we also note further contingent (off balance sheet) Euro-denominated liabilities (-15.7% of SE). *Caveat: we do note that these figures are only current as of end-2015 and disclosure levels vary among banks.*
- **Near-term volatility in stock prices could be driven by subdued sentiment, lower oil prices and EM risk-off trade (strengthening \$).** However, we see little direct impact on company financials due to BREXIT. The impending FTSE EM Index inclusion (first tranche in September 2016) remains the next major catalyst for the Qatari market.

in QR 000's

Net F/X Exposure	Pounds Sterling	Net Exposure as a % SE	Euro	Net Exposure as a % of SE
QNB Group	(417,836)	-0.68%	(7,255)	0.0%
Doha Bank	7,785	0.08%	11,310	0.1%
Commercial Bank of Qatar	(387)	0.00%	(2,508,715)	-17.0%
Al Khalij Commercial Bank	-	0.00%	232,904	3.9%
Ahli Bank	(78)	0.00%	(6,126)	-0.1%
Qatar Islamic Bank	(13,817)	-0.10%	6,174	0.0%
Masraf Al Rayan	(1,389)	-0.01%	983	0.0%
Qatar International Islamic Bank	N/A	N/A	N/A	N/A

Source: Company Financials; Note: All figures are as of 2015-end

Recommendations

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

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

Risk Ratings

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

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

Saugata Sarkar
 Head of Research
 +974 4476 6534
 saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
 Senior Research Analyst
 +974 4476 6509
 shahan.keushgerian@qnbfs.com.qa

Zaid Al Nafsoosi, CMT, CFTe
 Senior Research Analyst
 +974 4476 6535
 zaid.alnafsoosi@qnbfs.com.qa

DISCLAIMER: This publication has been prepared by QNB Financial Services Co. WLL One Person Company (“QNBFS”) a wholly-owned subsidiary of Qatar National Bank (“QNB”). QNBFS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange; QNB is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNBFS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNBFS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. While this publication has been prepared with the utmost degree of care by our analysts, QNBFS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. QNBFS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report.

COPYRIGHT: No part of this document may be reproduced without the explicit written permission of QNBFS.