

QLM Life & Medical Insurance Company (QLMI)

Recommendation	Accumulate	Risk Rating	R-3
Share Price	QR2.011	Target Price	2.371
Implied Upside/(Downside)	17.9%		

Steady Earnings Growth & A Potential Boost From Seha; Accumulate

QLM Life & Medical Insurance Company (QLMI) is Qatar's premier medical/health and life insurance company with a +50% market share and strong brand recognition. In May 2022, the Amir approved the mandatory health insurance (Seha) law, which will make health insurance compulsory for residents and visitors. Seha could be a game changer – if and when this law is implemented, it could increase the number of members in the local health insurance system by 4 to 5x and we are of the view that QLMI could be one of the primary beneficiaries. This could magnify the company's earnings profile, which we currently expect to grow at a CAGR of 5% over 2023-2029e. QLMI is trading at an attractive 2025e P/B of 1.0x, an 18.0% discount to its 1-year average of 1.2x. As such, we initiate coverage with an Accumulate rating and a price target of QR2.371.

Highlights

- We expect net income to grow by a CAGR (2023-29e) of 5.0%. Our forecast assumes the status quo of a smallish insured market. However, if and when Seha is implemented, bottom-line growth could significantly accelerate. We do not model the effect of Seha given the lack of clarity regarding its implementation timeline and economics.
- Total insurance revenue is estimated to grow by a CAGR of 6.2% (2023-29e) driven by the medical & health insurance segment, which is QLMI's main line of business and the primary driver of its insurance revenue. We forecast revenue to grow from QR1.12bn in 2023 to QR1.61bn in 2029 driven by a steady increase in new policy holders.
- In April 2021, the Shura Council approved the health insurance draft law that obliges residents and visitors to have health insurance; in May 2022, the Amir approved the mandatory health insurance with an Amiri decree. However, the law has not yet been implemented due to procedural setbacks, coverage and pricing. Moreover, there is no definitive timeline set forth for implementation. Having said this, if and when Seha is implemented, QLMI with its leading market share, could benefit the most. Currently, some large and mid-sized companies and a majority of the local SMEs do not provide private health insurance to their employees. Therefore, the introduction of mandatory health insurance could increase the number of members in the local health insurance system by 4 to 5x.
- Exceptionally high client loyalty with >90% contract renewal rates. QLMI has consistently retained approximately 90% of its existing Qatar business since FY2017 because of its differentiated product range, service quality, competitive pricing and IT infrastructure.
- QLMI could continue to generate healthy and stable RoEs and ROICs based on our estimates of stable mid-single digit growth in its bottom-line. However, if and when Seha is implemented, QLMI's RoE could jump from 12.0% to 15%/17%. Moreover, ROICs could also significantly increase from 8.0% in 2024e to 9%/11%.
- QLMI generates a combined ratio of less than 100%, implying insurance operations are profitable. We forecast the combined ratio to steadily decline to 97.5% by 2029, while management is targeting a range of 95% to 97%. Our expectations driving the reduction in the combined ratio is based on QLMI reducing claims, operation and acquisition costs, as well as increasing revenue from accounts with high loss ratios.
- Risk-averse investment management approach. Investment income contributed 73.5% to the bottom-line in 2023, but we expect this to drop to 62.4% by 2029e as insurance earnings expand; it is generally the norm for insurance companies to generate a large portion of their profits from investment income as insurance business is a low-margin business. QLMI's investment management is conservative in nature with fixed income contributing 90.6% to investments and fixed deposits contributing 43.4% to total assets as of 9M2024.
- QLMI enjoys a strong balance sheet. The company had a strong capitalization of 45% in 2023, which shields it from adverse market conditions. We forecast the capitalization ratio to hover around this level going forward. Moreover, QLMI's solvency ratio rose steadily from 165% in 2017 to 321% in FY2023 (9M2024: 229%), significantly above QCB's minimum level of 150%.
- Attractive dividend play. In 2022 and 2023, QLMI paid cash dividends of QR43.75mn, which corresponded to a 61/59% payout ratios, yielding 6.2%. With QLMI's strong financial position and strong cash generation, we estimate a ~60% payout ratio over our forecast horizon.

Catalysts

- 1) Implementation of mandatory health insurance 2) Increase in the stock's liquidity/volume

Recommendation, Valuation and Risks

- Recommendation and valuation: We assign a Price Target of QR2.371 and an Accumulate rating. QLMI is trading at a 2025e P/B and P/E of 1.0x and 8.9x, respectively.
- Risks: 1) Geo-political factors 2) Decrease in local expat population & 3) Credit rating change.

Key Financial Data and Estimates

	2023	2024e	2025e	2026e
Attributable EPS (QR)	0.212	0.214	0.225	0.238
EPS Growth (%)	4.2	0.9	5.1	5.8
P/E (x)	9.5	9.4	8.9	8.4
BVPS (QR)	1.79	1.90	2.00	2.10
P/BV (x)	1.1	1.1	1.0	1.0
Combined Ratio	98.0	98.1	98.0	98.1
RoE (%)	12.8	12.0	11.9	11.9
DPS (QR)	0.125	0.125	0.130	0.140
Dividend Yield (%)	6.2	6.2	6.5	7.0

Source: QNB FS Research, Company data; EPS is based on current shares outstanding

Key Data

Current Market Price (QR)	2.011
Dividend Yield (%)	6.2
Bloomberg Ticker	QLMI QD
ADR/GDR Ticker	N/A
Reuters Ticker	QLMI.QA
ISIN	QA000QLM003
Sector	Insurance
52wk High/52wk Low (QR)	2.760/1.899
3-m Average Volume	234,013
Mkt. Cap. (\$ bn/QR bn)	0.2/0.7
Shares Outstanding (mn)	350
FOL Limit (%)	49.0
Current Institutional FO* (%)	11.0
12-Month Total Return (%)	(18.2)
Fiscal Year End	December 31

Source: Bloomberg (as of December 09, 2024), *QSE (as of December 09, 2024); Note: FO is foreign ownership

Shahan Keushgerian

+974 4476 6509

shahan.keushgerian@qnbfs.com.qa

Saugata Sarkar, CFA, CAIA

+974 4476 6534

saugata.sarkar@qnbfs.com.qa

Valuation

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

We derive QLMI'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 1.4x.**

We add Qatar's 10 year average (1 month) CDS rate of 0.69% to the 10-year (1 month) average US government bond yield (4.22%) to arrive at a risk free rate of 4.9%. We factor in an adjusted beta of 0.9x. Finally, we add a local equity risk premium of 7.5% to arrive at a Ke of 11.73%. However, we use a Ke of 10.0% for the terminal year.

Valuation Methodologies

Fundamental P/B		RI Based on Fundamental P/B	
Sustainable RoE (%)	12.0	Beginning Tangible BVPS (2023) (QR)	1.79
Terminal Cost of Equity (%)	10.00	Present Value of Interim Residuals (QR)	0.063
Terminal Growth Rate (%)	5.0	Present Value of Terminal Value (QR)	0.516
Fundamental P/B	1.4x	Current Market Price (QR)	2.011
		12-Month Target Price (QR)	2.371
		Upside/(Downside) Potential (%)	17.9

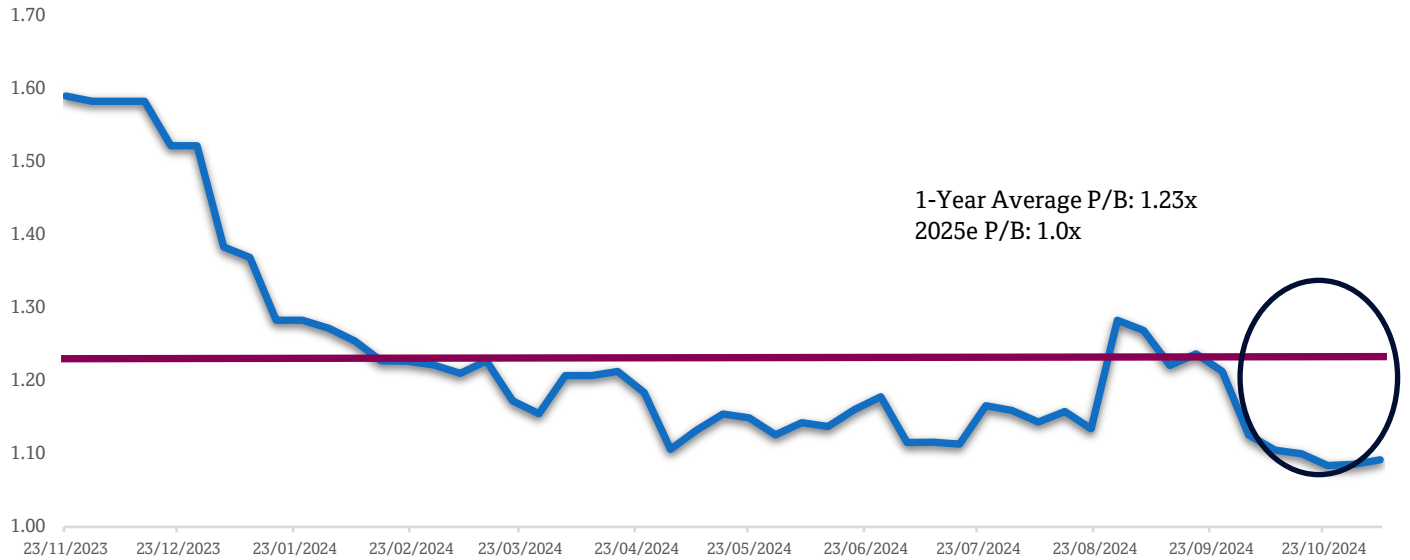
Source: QNB FS Research

Forecast

	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	Terminal
Beginning Tangible BVPS	1.79	1.90	2.00	2.10	2.22	2.33	2.46	2.58	2.70	2.82	2.95
Attributable EPS	0.214	0.225	0.238	0.254	0.265	0.285	0.299	0.312	0.326	0.340	0.355
DPS	0.125	0.130	0.140	0.150	0.160	0.170	0.180	0.190	0.200	0.210	0.220
Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending Tangible BVPS	1.90	2.00	2.10	2.22	2.33	2.46	2.58	2.70	2.82	2.95	3.09
Equity Charge	0.210	0.222	0.234	0.247	0.260	0.274	0.288	0.302	0.317	0.331	0.295
Residual Income	0.004	0.003	0.004	0.007	0.005	0.011	0.011	0.010	0.009	0.009	0.059
Terminal Value (Based on Fundamental P/B)											1.37
Discounted Interim Residuals	0.004	0.003	0.003	0.005	0.003	0.006	0.005	0.005	0.004	0.003	0.022
Discounted Terminal Value											0.516
Growth(EPS)	0.9%	5.1%	5.8%	6.5%	4.5%	7.3%	5.0%	4.5%	4.4%	4.3%	4.3%
RoE	12.0%	11.9%	11.9%	12.1%	12.0%	12.2%	12.2%	12.1%	12.1%	12.0%	12.0%
P/TB (Implied)	1.3x	1.2x	1.1x	1.1x	1.0x	1.0x	0.9x	0.9x	0.8x	0.8x	0.8x
P/E (Implied)	11.1x	10.5x	10.0x	9.3x	8.9x	8.3x	7.9x	7.6x	7.3x	7.0x	6.7x
Dividend Payout	58%	58%	59%	59%	60%	60%	60%	61%	61%	62%	62%

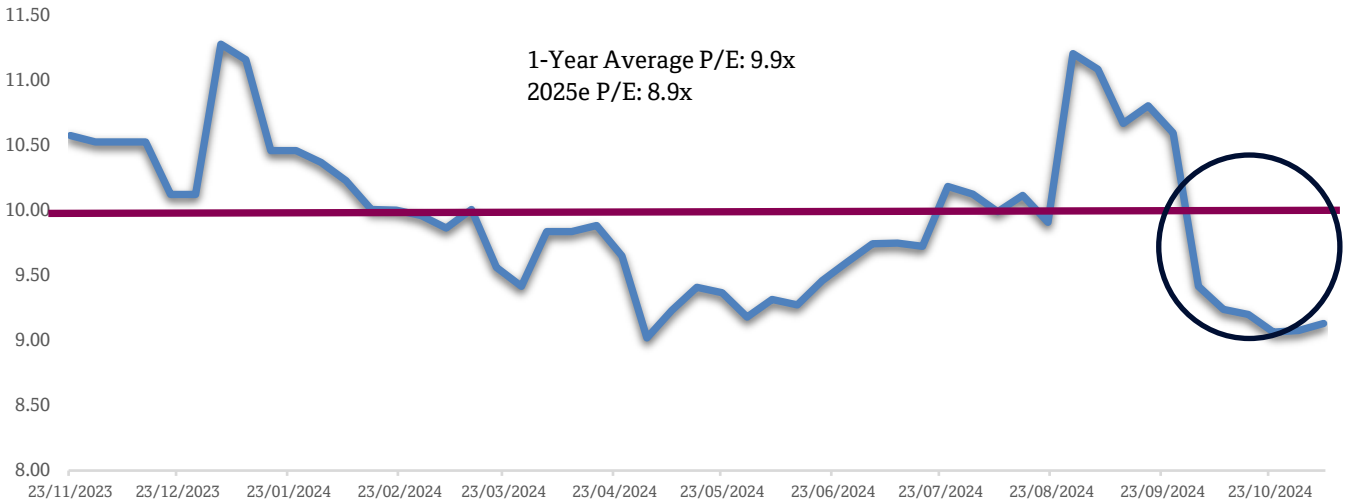
Source: QNB FS Research

Trading at an 18% Discount to its Historical PB...



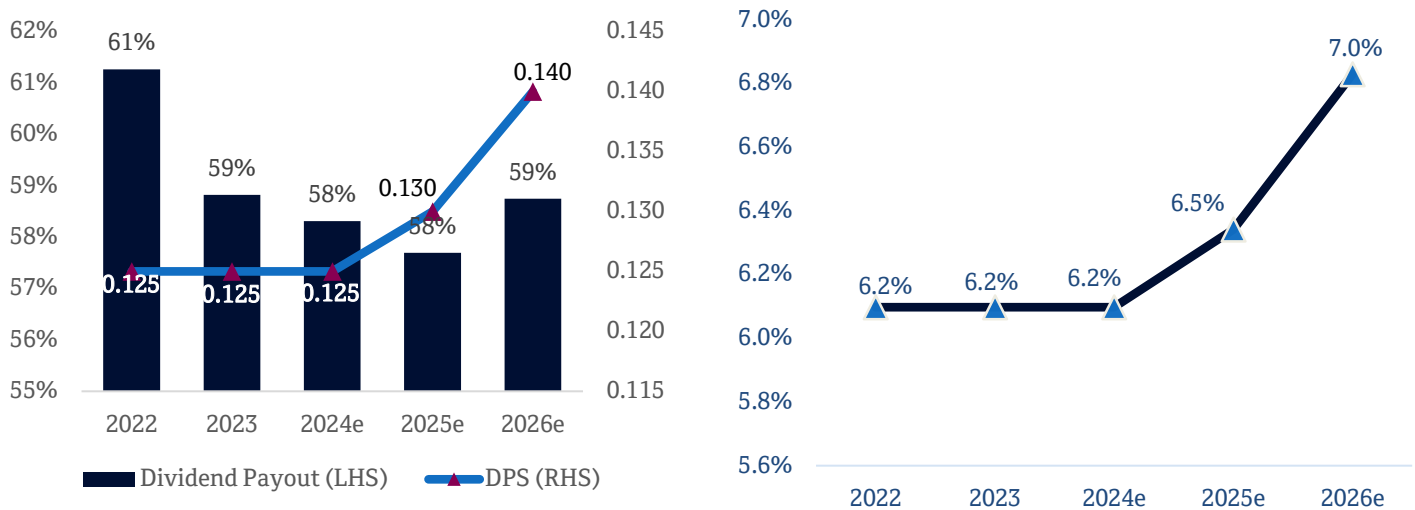
Source: Bloomberg, QNB FS Research

...And at a 10% Discount to its Historical PE...



Source: Bloomberg, QNB FS Research

Offers a Superior Dividend Yield



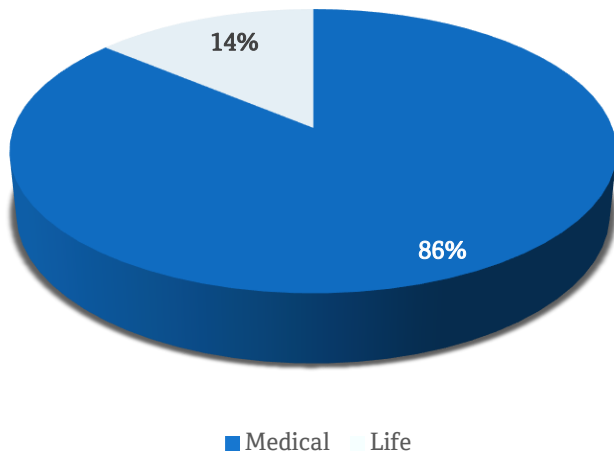
Source: Company data, QNB FS Research

Investment Themes

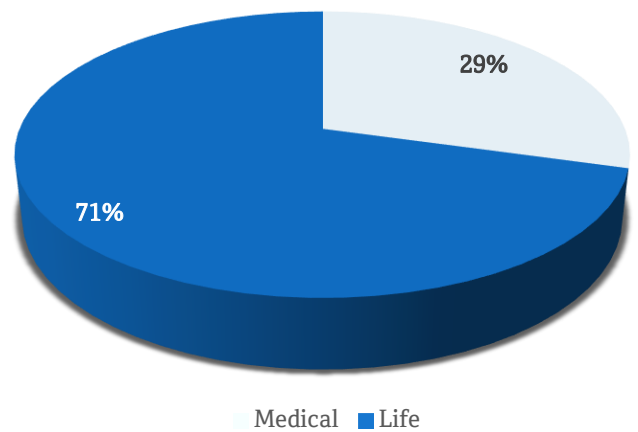
- **In April 2021, the Shura Council approved the health insurance draft law that obliges residents and visitors to have health insurance; in May 2022, the Amir approved the mandatory health insurance with an Amiri decree.** However, the law was not implemented due to procedural setbacks, coverage and pricing. Moreover, there is no definitive timeline set forth for implementation. With its leading market share, we expect QLMI to benefit the most from this mandatory health insurance. Currently, some large and mid-sized companies and most of the local SMEs do not provide private health insurance to their employees. Therefore, the introduction of the mandatory health insurance could increase the number of members in the local health insurance system by 4 to 5x. Moreover, the new law obliges visitors to have health insurance as well but tourists staying for a month in Qatar do not need to buy health insurance. As such, this travel health insurance product has had an insignificant effect on QLMI's top- and bottom-lines.
- **While the law has been finalized, economic details such as the coverage & pricing of basic products are not yet available. Moreover, there has not been a timeline set forth for implementation. As such, we do not consider the effect of Seha in our model but it could have a significant impact on the bottom-line:**
 - **We expect the total number of residents that have health insurance to increase from c.400k people to 2.4mn with the mandatory law.** The draft law addresses "residents"; therefore, we have only considered the expat population in our estimates, to be on the safe side.
 - **Again, to be on the safe side, we expect QLMI to maintain its +50% market share once mandatory health insurance becomes operational.** However, we believe it is likely that QLMI could gain market share from its competitors, given its strong solvency ratios (+200%, notably above the legal requirement of 150%) and its state-of-the-art IT systems, which is capable of handling the expected 4-5x increase in the number of insured people in Qatar.
- **Growth prospects through group credit & life insurance & new retail products.** QLMI's insurance license allows the company to deal directly with retail customers. Therefore, QLMI believes that it will be able to tap the local market with a wider product range. QLMI is in the process of rolling out new products targeting retail customers. The group credit & life insurance segment in Qatar remains relatively untapped, with a penetration rate of 0.03% (3% in the U.S. and 4.2% in the EU), partially due to attractive pension plans provided to citizens by the State. Moreover, credit & life insurance is not a sought after product as these products are not Shari'ah compliant. Currently, we believe the market is underserved with innovative products & services and there could be a demand for savings/investment-linked products. Furthermore, the COVID-19 pandemic has ignited the demand for protection products like term-group credit & life.
- **Exceptionally high client loyalty with >90% contract renewal rates.** QLMI has consistently retained ~ 90% of its existing Qatar business since 2017 because of its differentiated products, service quality, competitive pricing and IT infrastructure.
- **QLMI has strong support from QIC (QATI).** QIC, QLMI's pre-IPO parent company, is the largest local insurer, recording QR2.1bn in insurance revenue in 9M2024. We expect QLMI to continue leveraging its relationship with QIC's group entities in the UAE, Oman and Kuwait to source reinsurance business from those markets. Aside from supporting QLMI's insurance business, QIC supports QLMI's investment management activities as QLMI's investment management functions is carried out by a wholly owned subsidiary of QIC (Epicure Investment Management).
- **Economies of scale:** There are currently 12 active licensed insurers in Qatar, mostly dealing with conventional/non-Islamic insurance with a few operating in the Takaful/Shari'ah-compliant space. QLMI is the biggest player in medical insurance in terms of gross written premiums in Qatar with an estimated 50-55% market share, followed by Al Koot (owned by GISS). MetLife and SEIB are the other active players in the local medical insurance segment. Qatari medical insurance market is highly competitive and contracts are generally awarded via tenders. QLMI's relatively bigger client base gives it an edge in winning new business. QLMI is anticipated to retain a market share above 50% in the medical insurance segment.
- **QLMI generates a combined ratio of <100%, implying insurance operations are profitable.** We forecast the combined ratio to steadily decline to 97.5% by 2029, while management is targeting in the range of 95% to 97%. Our expectations regarding the reduction in the combined ratio is based on QLMI reducing claims, operation and acquisition costs, as well as increasing revenue from accounts with high loss ratios. We believe: 1) QLMI has been weeding out accounts with high loss ratios 2) the company corrected renewal premiums and benefit pricing in-line with claims 3) QLMI is enhancing its control of overall claim costs 4) the company is persistently plugging the malpractices of providers in order to reduce claims 5) digital transformation over the previous years through automation of processes has brought operating expenses lower and 6) a significant portion of the business is directly acquired from clients, resulting in lower net acquisition costs.
- **Attractive dividend play:** QLMI's board of directors deem a robust dividend yield to be essential in creating shareholder value; hence, the company pays an annual dividend to its shareholders amounting to ~60% of net profit in accordance with the dividend declaration and distribution policy of the company. QLMI states that its target dividend yields are expected to be above QE average yields (subject to availability of distributable profits and board of directors' approval). The dividend could be in cash or in the form of bonus shares or a mix of both. In 2022 and 2023, QLMI paid cash dividends of QR43.75mn, which corresponded to a 61%/59% payout ratios, yielding 6.1%. With QLMI's strong financial position and strong cash generation, we estimate a 60% payout ratio over our forecast horizon.

Key Forecasts

Medical Insurance Represents 86% of Total Revenue (2023)...



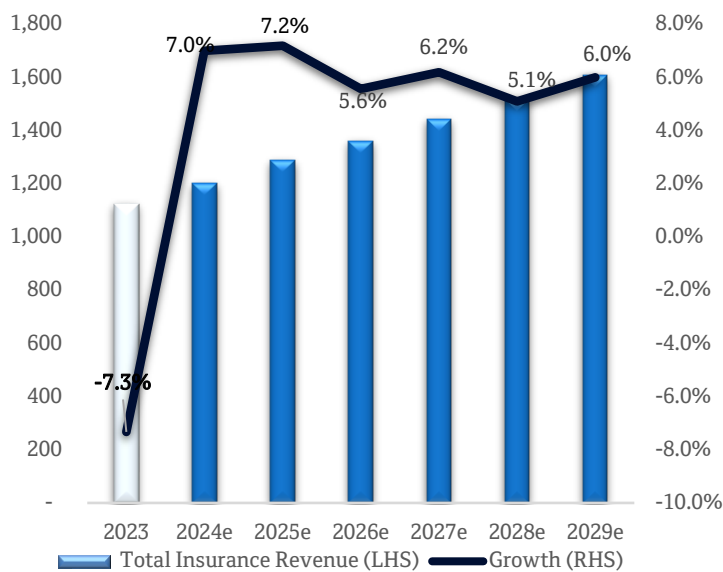
and 29% of Profits



Source: Company data, QNB FS Research

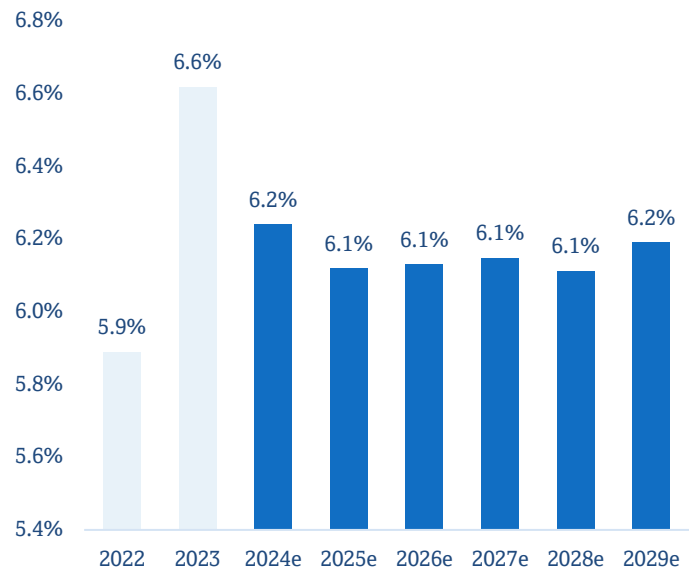
This mix of revenue and profits is generally the norm in the insurance business. QLMI's medical business is a razor-thin margin business with an NPM of 1.3% (2023), while group credit & life insurance NPM is a juicier 19.0% (2023). We expect this mix of revenue and profits to remain broadly in-line, give or take, as group credit & life insurance is not a sought after product as these products are not Shari'ah compliant.

Total Revenue to Increase by a CAGR of 6.2% (2023-29e)



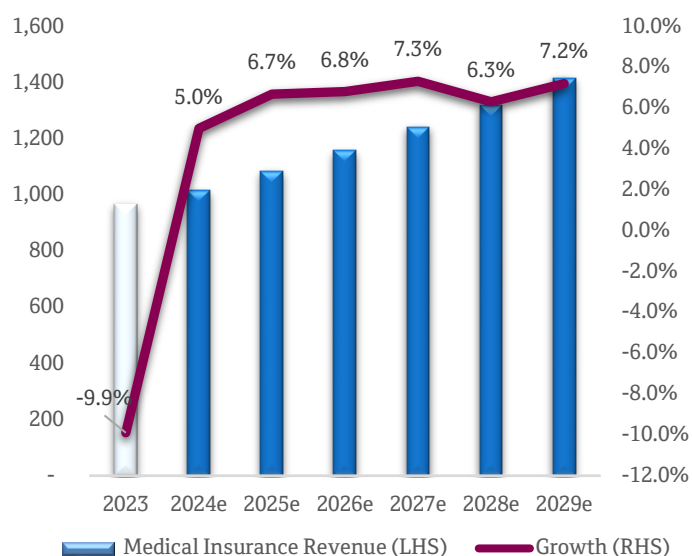
Source: Company data, QNB FS Research

While NPM to be Supported by Group Credit & Life Insurance



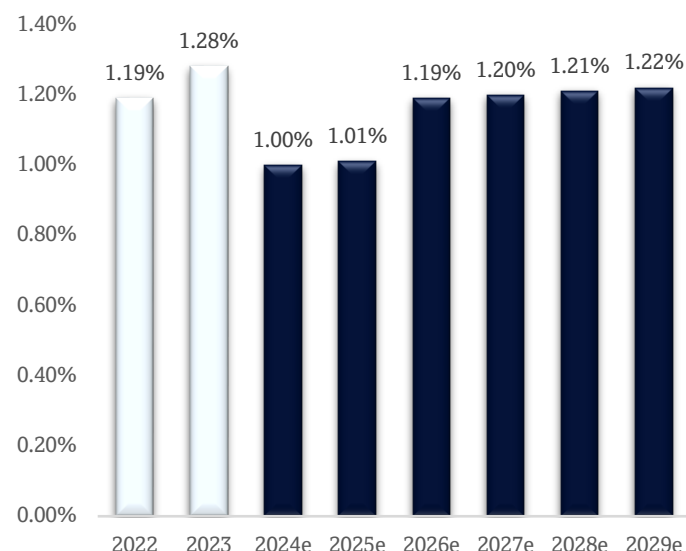
Total insurance revenue is estimated to grow by a CAGR of 6.2% (2023-29e) driven by the medical & health insurance segment, which is QLMI's main line of business and the primary driver of its insurance revenue. We forecast revenue to grow from QR1.12bn in 2023 to QR1.61bn in 2029 driven by a steady increase in new policy holders.

Revenue From Medical/Health to Increase by a CAGR of 6.6% (2023-29e)



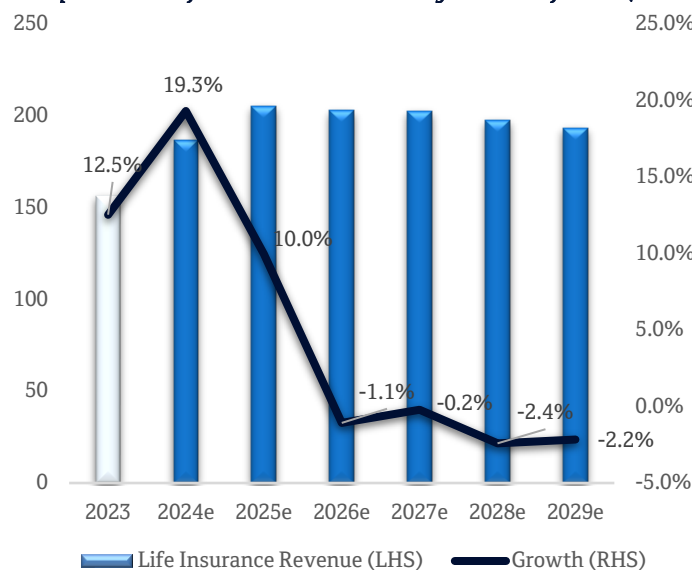
Source: Company data, QNB FS Research

While NPMs to Remain Thin



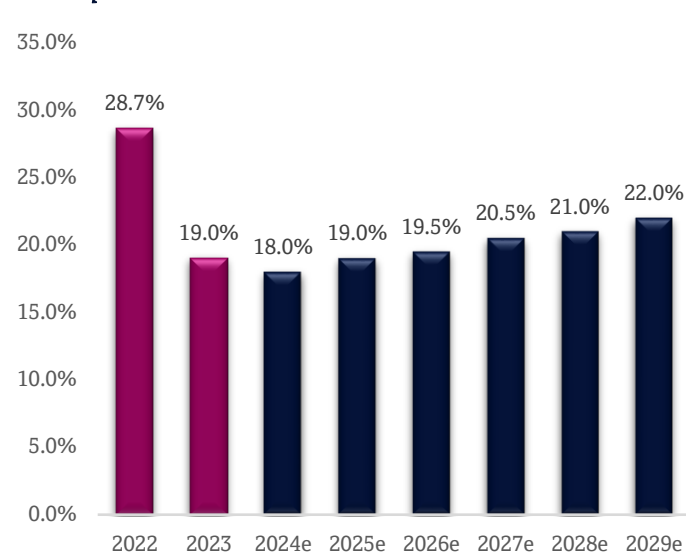
QLMI's revenue from medical and health is the primary driver of revenue, representing ~87% of total revenue. We estimate segment revenue to grow by a CAGR of 6.6% (2023-29e) from QR967.4mn in 2023 to QR1.42bn in 2029. However, the NPMs are forecasted to remain razor-thin due to intense competition for large corporate accounts and the nature of this business line. **However, if and when the mandatory health insurance (Seha) scheme comes into effect, we can expect NPMs to moderately expand.**

Group Credit & Life Revenue to Increase by a CAGR of 3.6% ('23-29e)



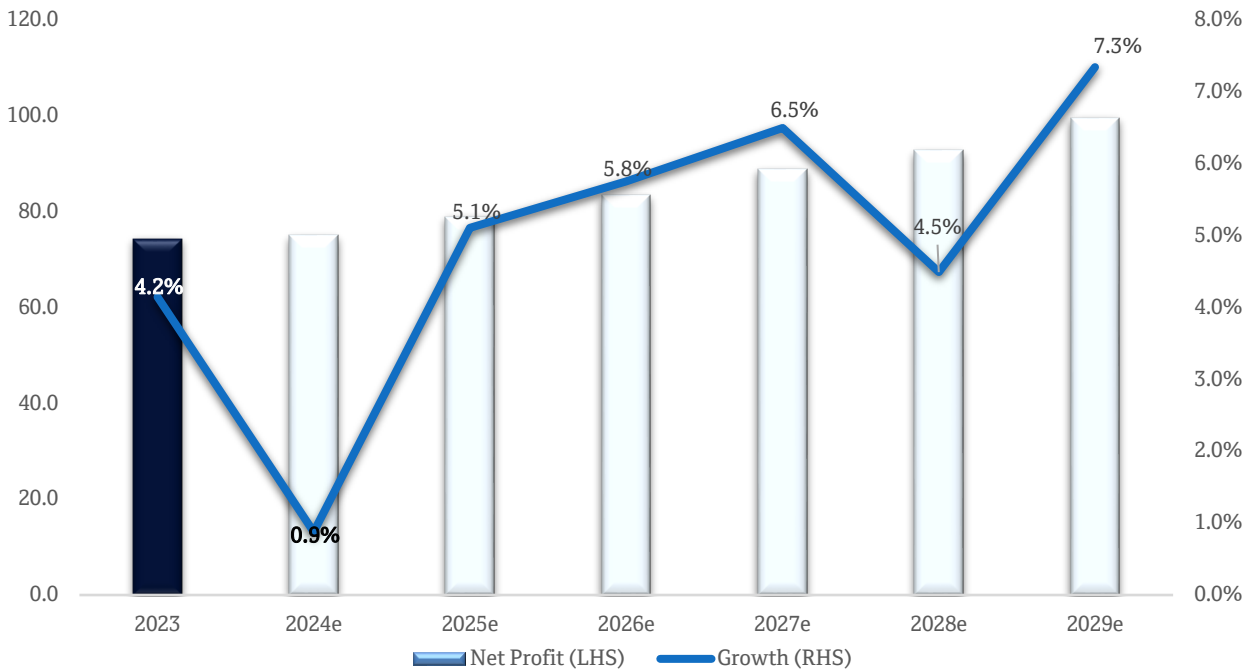
Source: Company data, QNB FS Research

With Superior NPMs



QLMI's revenue from group credit & life insurance is relatively less significant and is expected to contribute ~14% to total revenue over the coming 6 years (2022: 11.4%; 2023: 13.9%; 9M2024: 15.6%). Revenue from group credit & life insurance is penciled to grow by a CAGR (2023-29e) of 3.6% from QR156.19mn in 2023 to QR193.16mn in 2029. From 2026 onward, we take a conservative view on this segment's top-line. Hence, revenue from group credit & life insurance is expected to remain small as this is not a sought after product because it is not Shari'ah compliant.

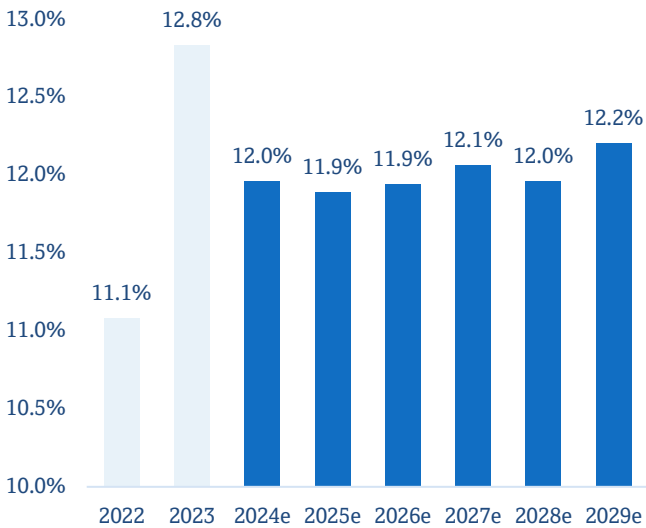
Net Profit to Grow by Mid-Single Digits



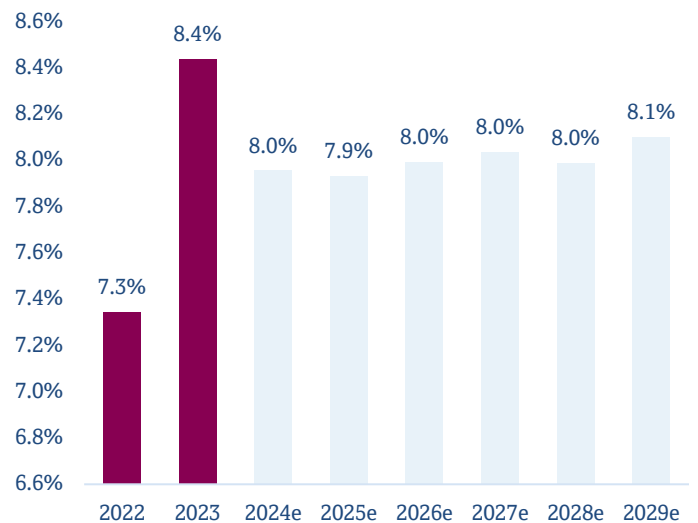
Source: Company data, QNB FS Research

We expect net income to grow by a CAGR (2023-29e) of 5.0%. Our assumption is based on the limited number of insured individuals currently in the sector. However, if and when Seha is implemented, the bottom-line could significantly accelerate. We do not model the effect of Seha given the lack of clarity regarding its implementation timeline and economics.

Healthy RoE and Greater Than CoE



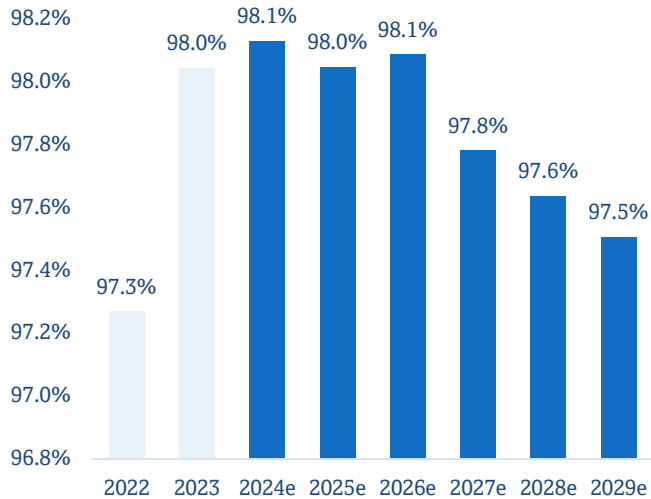
With Decent ROIC



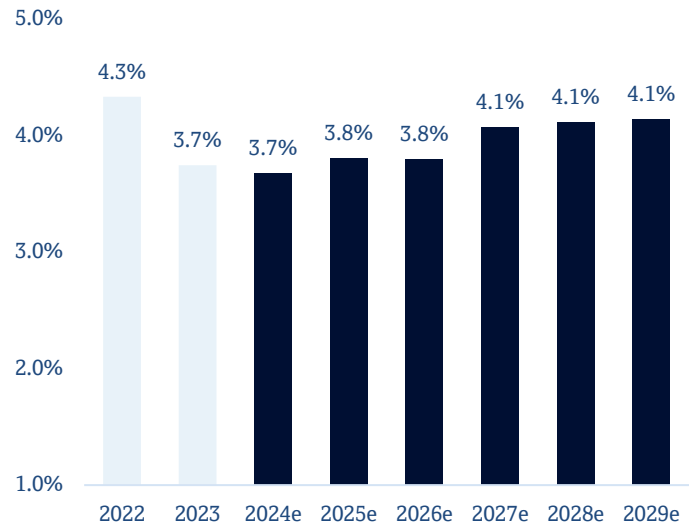
Source: Company data, QNB FS Research

QLMI could continue to generate healthy and stable RoEs and ROICs based on our estimates of stable mid-single digit growth in its bottom-line. However, if and when Seha is implemented, QLMI's RoE could jump from 12.0% to 15/17%. Moreover, ROICs would also significantly increase from 8.0% in 2024e to 9%-11%.

Combined Ratio < 100%



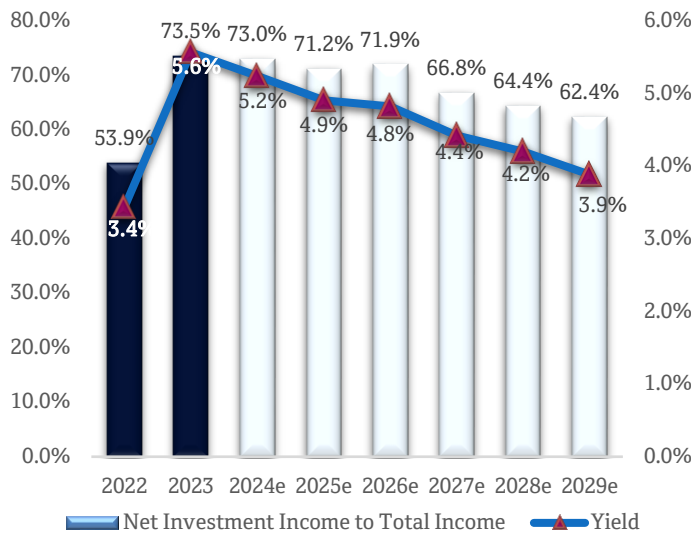
With Healthy Net Operational Margin



Source: Company data, QNB FS Research

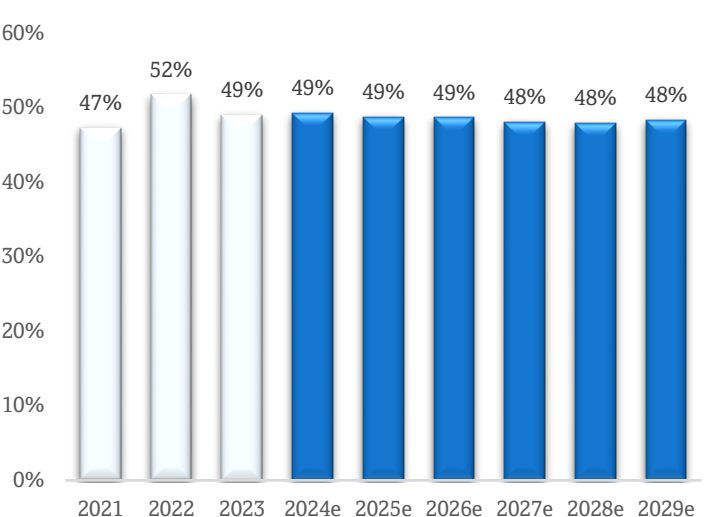
QLMI generates a combined ratio of less than 100%, implying insurance operations are profitable. We forecast the combined ratio to steadily decline to 97.5% by 2029, while management is targeting in the range of 95% to 97%. Our expectations regarding the reduction in the combined ratio is based on QLMI reducing claims, operation and acquisition costs, as well as increasing revenue from accounts with high loss ratios. We believe: 1) QLMI has been weeding out accounts with high loss ratios 2) the company corrected renewal premiums and benefit pricing in-line with claims 3) QLMI is enhancing its control of overall claim costs 4) the company is persistently plugging the malpractices of providers in order to reduce claims 5) digital transformation over the previous years through automation of processes has brought operating expenses lower and 6) a significant portion of the business is directly acquired from clients, resulting in lower net acquisition costs.

Investment Income Largest Contributor to Net Income



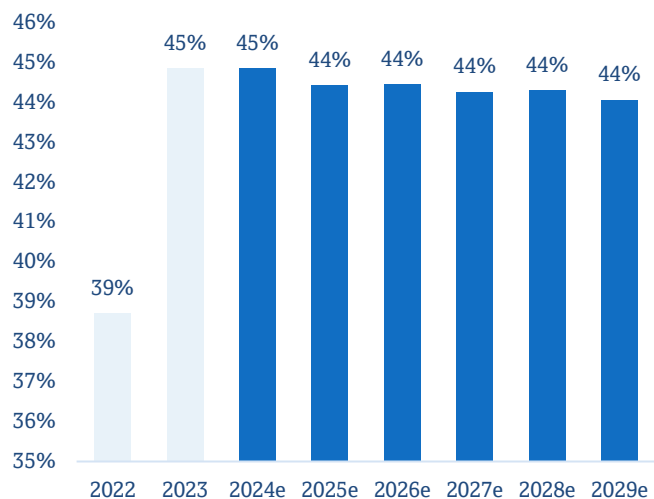
Source: Company data, QNB FS Research

Investments Contribute ~50% to Total Assets

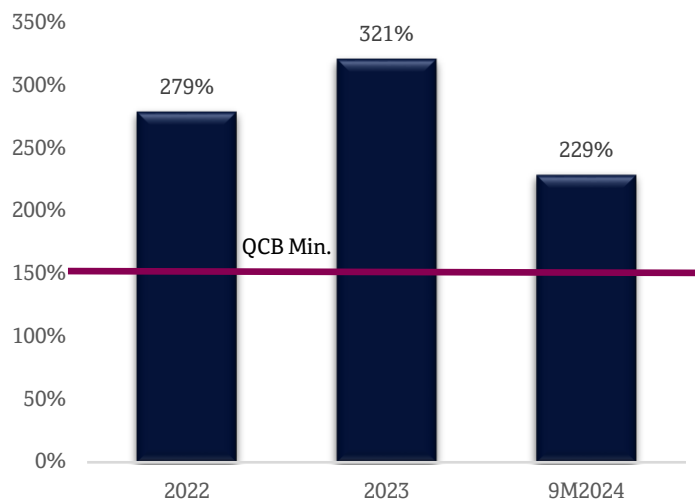


Risk-averse investment management approach. Investment income contributed 73.5% to the bottom-line in 2023, but we expect this to drop to 62.4% by 2029e as insurance earnings expand; it is generally the norm for insurance companies to generate a large portion of their profits from investment income as the insurance business is a low-margin business. QLMI's investment management is conservative in nature with fixed income contributing 90.6% to investments and fixed deposits contributing 43.4% to total assets as of 9M2024. QLMI's fixed income and fixed deposits offer healthy yields. Going forward, we assume yields will drop with further rate cuts.

Robust Capitalization Levels



...And Solvency Ratios



Source: Company data, QNB FS Research

QLMI enjoys a strong balance sheet. The company had a strong capitalization of 45% in 2023, which shields it from adverse market conditions. We forecast the capitalization ratio to hover around this level going forward. Moreover, QLMI's solvency ratio rose steadily from 165% in FY2017 to 321% in FY2023 (9M2024: 229%), significantly above QCB's minimum level of 150%.

Company Description

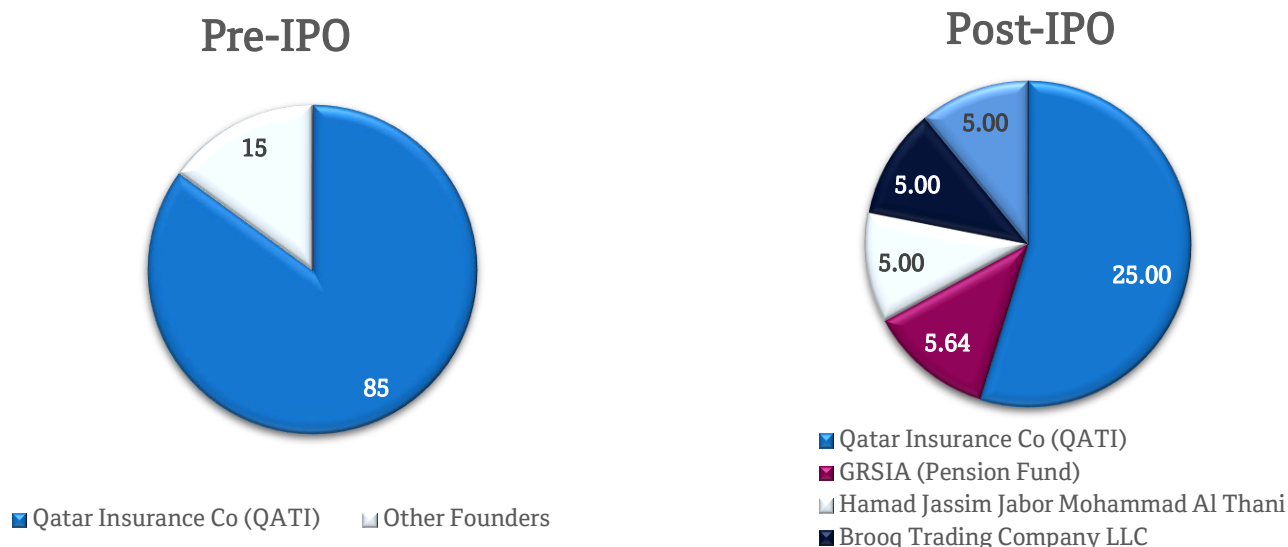
QLM QPSC took over the insurance business operation through a portfolio transfer effective 1.1.2019 from Q Life & Medical Insurance Company LLC (a QFC entity, now renamed as QLM Services Company LLC). QLM Services LLC (wholly owned subsidiary of QLM QPSC) is now engaged in providing non-regulated back office and support services to QLM QPSC, while all the insurance business operations (underwriting of risks and claims adjudication, administration, etc.) are conducted at QLM QPSC.

QLM QPSC is mainly engaged in providing medical and group credit & life insurance products for a wide variety of clients (most of the large entities in Qatar). Further, QLM QPSC has also expanded its footprint into retail insurance operations with a variety of individual product offerings and will continue to expand into new product lines, including individual medical insurance and investment-linked group credit & life insurance.

Group medical insurance and the business in Qatar generates the bulk of QLMI's insurance revenue. The segment generated +86% of QLMI's insurance revenue in 2023, while the rest (14%) was realized by the group credit & life segment. QLMI's medical policies cover approximately 175k local policyholders. QLMI enjoys GCC's most comprehensive network of medical providers, operating in 103 countries, along with its state of the art IT system that enhances its customer experience, resulting in high policy renewal rates. The company has a low client concentration, with no client contributing to more than 8% of revenue. From a geographical point of view, as of 2023, Qatar comprised 80% of QLMI's revenue. However, the company also has reinsurance policies originating in Oman, Kuwait and the UAE.

During the IPO (January 2021), Qatar Insurance Company (QATI) was the sole selling shareholder. Apart from 45% stake allocated to Qatari individuals and corporates, a 15% stake was sold to "Anchor Investors". General Retirement and Social Insurance Authority become the major anchor investor with its 10% stake in QLMI, whereas Doha Insurance Group and Qatar Ports Management Company (Mawani) each received 2.5% stakes. *However, the composition of shareholders has changed slightly since the IPO*

Shareholder Mix



Source: Company Disclosures

Detailed Financial Statements

Income Statement (In QR mn)	2022	2023	2024e	2025e	2026e	2027e
Insurance Revenue	1,212	1,124	1,202	1,289	1,361	1,445
Insurance Service Expense	(1,140)	(1,041)	(1,119)	(1,201)	(1,265)	(1,341)
Insurance Service Result From Insurance Contracts	72	83	83	88	95	104
Net Expenses from Reinsurance Contracts Held	(20)	(39)	(40)	(42)	(44)	(46)
Insurance Service Results	52	44	44	46	51	58
Net Investment Income	39	55	55	56	60	59
Net Insurance Financial Results	0	(2)	1	3	1	1
Net Insurance & Investment Results	91	97	99	105	112	118
Other Operating Expenses	19	20	22	24	26	27
Net Profit Before Income Tax	72	77	77	81	86	91
Net Tax	2	(0)	(0)	(0)	(1)	(0)
Net Profit (Headline)	73	76	77	81	86	91
Social & Sports Contribution Fund	2	2	2	2	2	2
Net Profit (Attributable to Shareholders)	71	74	75	79	83	89
EPS (Headline)	0.209	0.218	0.220	0.231	0.244	0.260
EPS (Attributable)	0.204	0.212	0.214	0.225	0.238	0.254

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2022	2023	2024e	2025e	2026e	2027e
Bank Balances & ST Deposits	575	611	593	628	660	679
Financial Investments	775	686	729	768	807	843
Reinsurance Contracts	38	45	46	49	52	55
Other Assets & Receivables	106	51	106	122	133	171
PP&E	2	4	4	4	4	4
Total Assets	1,496	1,398	1,478	1,571	1,656	1,753
Liabilities						
Provisions & Other Payables	151	158	150	165	176	185
Short-Term Borrowings	393	254	280	296	308	329
Insurance & Reinsurance Contract Liabilities	373	359	385	412	435	462
Total Liabilities	917	771	815	873	919	976
Total Shareholders' Equity	580	627	663	698	736	776
Total Liabilities & Shareholders' Equity	1,496	1,398	1,478	1,571	1,656	1,753
BVPS	1.66	1.79	1.90	2.00	2.10	2.22

Source: Company data, QNB FS Research

Ratios/Financial Indicators	2022	2023	2024e	2025e	2026e	2027e
Profitability (%)						
Combined Ratio	97.3	98.0	98.1	98.0	98.1	97.8
RoE (Based on Beginning BV)	11.1	12.8	12.0	11.9	11.9	12.1
RoAE	11.7	12.3	11.6	11.6	11.6	11.7
RoAA	4.9	5.1	5.2	5.2	5.2	5.2
ROIC	7.3	8.4	8.0	7.9	8.0	8.0
Net Profit Margin	5.9	6.6	6.2	6.1	6.1	6.1
Net Operational Margin	4.3	3.7	3.7	3.8	3.8	4.1
Investment Yield	3.4	5.6	5.2	4.9	4.8	4.4
Investment Income/Total Income	53.9	73.5	73.0	71.2	71.9	66.8
Contract Liabilities/Revenue	30.7	31.9	32.0	32.0	32.0	32.0
Balance Sheet Structure (%)						
Cash to Assets	38	44	40	40	40	39
Investments to Assets	52	49	49	49	49	48
Other Assets to Assets	10	7	11	11	11	13
Investments to Shareholders' Equity	134	109	110	110	110	109
Leverage (x)						
Debt /Equity	0.7	0.4	0.4	0.4	0.4	0.4
Debt/Capital	0.4	0.3	0.3	0.3	0.3	0.3
Interest Coverage	8.9	5.3	6.0	6.3	7.0	8.1
Growth (%)						
Insurance Revenue	N/A	-7.3	7.0	7.2	5.6	6.2
Insurance Service Expense	N/A	-8.7	7.5	7.3	5.3	6.0
Insurance Service Result From Insurance Contracts Issues	N/A	14.4	0.5	5.3	8.7	9.2
Net Expenses from Reinsurance Contracts Held	N/A	92.3	2.4	5.2	6.2	4.6
Insurance Service Results	N/A	-15.5	-1.2	5.4	10.9	13.3
Net Investment Income	N/A	41.9	0.2	2.4	6.9	-1.1
Net Insurance & Investment Results	N/A	6.3	2.3	6.2	6.2	5.9
Other Operating Expenses	N/A	3.5	8.3	9.6	7.3	4.5
Net Profit Before Income Tax	N/A	7.0	0.8	5.2	5.9	6.3
Net Profit (Headline)	N/A	4.2	0.9	5.1	5.8	6.5
Net Profit (Attributable to Shareholders)	N/A	4.2	0.9	5.1	5.8	6.5
Cash & Depos	-16.0	6.2	-3.0	6.0	5.0	3.0
Financial Investments	13.7	-11.4	6.3	5.2	5.1	4.5
Total Assets	3.8	-6.6	5.7	6.3	5.4	5.9
Shareholders' Equity	-10.1	8.2	5.7	5.3	5.4	5.4

Source: Company data, QNB FS Research

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

Contacts

QNB Financial Services Co. W.L.L.
 Contact Center: (+974) 4476 6666
info@qnbfs.com.qa
 Doha, Qatar

Saugata Sarkar, CFA, CAIA
 Head of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
 Senior Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
 Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

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