

## Qatar Insurance Company

Slight improvement in Q4, but underwriting profits remains limited. High growth continues.

- Net claim ratio remains elevated, increasing to 79.2% in FY 17, +10.2 ppt y/y, though NLR in Q4 improved 3.7ppt y/y and 29.4 ppt q/q to 71.6%. (Q3 was hit by NatCat claims of 7.4% of NEP FY 17 and 28.8% Q3).
- Combined ratio fell to 100.3% in Q4 from 120.9% in Q3, taking the FY CR to 106.4% vs. 98.6% in FY 16, the highest in its history. Ex NatCat losses of USD 174m, combined ratio would still have been 99.2%.
- GWPs +23.8% y/y, -11.5% q/q, taking FY 17 growth to +17.7%. The purchase of a UK motor insurance company would up GWP by 1/3.
- QIC continues to trade at elevated valuation ratios (P/tNAV 18e of 1.7x, P/E 17A of 35.0x, and RoE 17e of 5.1%.) Core Sell maintained.

**Combined ratios under upward pressure even without NatCat losses.** Loss ratio has improved 29.1ppt q/q and 3.7 ppt y/y to 71.6%. This was not enough to counter the worsening in NLR from 69.0% in FY 16 to 79.2% in FY 17. NatCat losses of USD 174m accounted for 7.4ppt in NLR, and therefore underlying NLR remains under upward pressure, increasing from 69.0% to 71.8%. CR increased to 106.4% for FY 17A and 100.3% for Q4 17 vs. a 5 year AVG of 97.7%.

**Growth continued unabated, further helped by M&A despite pressure on underwriting margins.** GWPs were up +23.9% y/y in Q4 with full year up by +17.7% y/y, but net earned premium in Q4 increased 12.1 q/q and -0.7% y/y, taking the FY 17 growth to 6.8% y/y. The company signed an SPA to buy Markerstudy's, which underwrites more than 5% of the UK motor insurance market, generating premiums of about GBP 750m (33.3% of QIC's total current GWPs as of FY 17). QIC has raised USD 450m subordinated T2 debt, which could be earmarked for this acquisition, in our view.

**Net investment yield declined to 3.8% from 4.2%,** while investment income for Q4 fell -26.9% q/q and -3.8% y/y, even though the investment portfolio increased +5.8% q/q and +19.4% y/y to QAR 13.6bn. Investment income now contributes 90.0% of total income in FY 17 (a record high) vs. 53.0% in FY 16A.

**QIC no longer meets FTSE's liquidity requirements** which might lead to its exclusion. This is due to its turnover ratio, which meets the minimum 0.04% turnover ratio only 7 out of 12 months.

**DPS sits at QAR 1.5, with dividends paid at QAR 415m, 98.1% of net profits** for the year, resulting in limited capital generation for the insurer.

**We maintain our Core Sell recommendation (10.0% weight).** We pencil in a return to RoE of 12.9% in FY 18e and combined ratio of 99.6% (and though EPS is likely to increase by 2.5x). This means valuation multiples remain rich at a P/tNAV18e of 1.7x, P/E 18e of 13.2x, and RoE 18e of 12.9%.

**HOLD\***

**QAR 55.6**

### Insurance / Qatar

Bloomberg code	QATI QD
Market index	Qatar
Target Price	55.6
Upside (%)	4.0

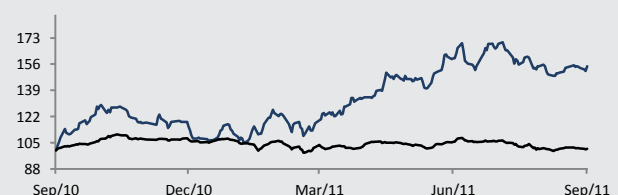
### Market data 23/01/2018

Last closing price	53.5
52 Week range	36.9-77.4
Market cap (QAR m)	14,836
Market cap (USD m)	4,043
Average Daily Traded Value (QAR m)	4.7
Average Daily Traded Value (USD m)	1.3
Free float (%)	100%

Year-end (local m)	2016	2017e	2018e	2019e
Gross Written Premiums	9,901	11,659	12,553	13,716
Underwriting Profit	844	115	828	1,048
EPS	4.48	1.53	3.97	4.96
P/E (x) (market price)	14.7	35.0	13.2	10.6
BVPS	36.67	29.84	33.39	37.12
Tangible BVPS	36.67	29.84	33.39	37.12
P/B (x) (market price)	1.8	1.8	1.6	1.4
P/TBVPS (x) (market price)	1.8	1.9	1.7	1.5
DPS	1.5	1.5	0.6	1.6
Div. yield (%)	2.8	2.8	1.1	2.9
RoAA (%)	3.5	1.2	3.0	3.3
RoAE (%)	12.4	5.1	12.9	14.4
Investments/Assets (%)	60.4	52.6	56.1	57.9
Investment Yield (%)	4.2	3.8	3.5	3.4
Net Loss Ratio	69.0	79.2	73.4	72.0
Combined Ratio	98.6	106.4	99.6	98.0
Underwriting Profit Margin	8.5	0.1	6.6	7.6
Net Profit Margin	10.2	3.6	9.0	10.2
Policy Reserves/Equity	164.9	221.0	219.8	228.5

\* included in Core Sell portfolio with a 10% weight

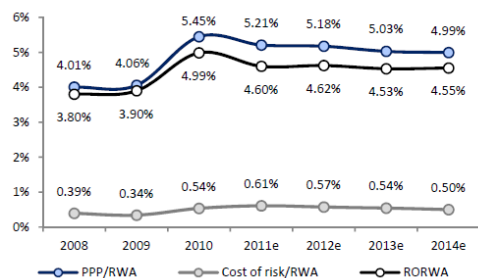
### Price Performance



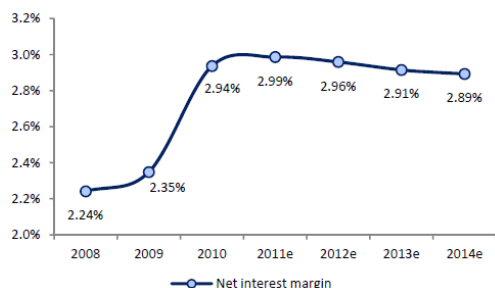
© Copyright 2018, Arqaam Capital Limited. All Rights Reserved.  
See Important Notice.

## Abacus Arqaam Capital Fundamental Data

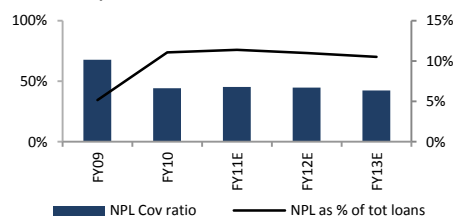
### Profitability



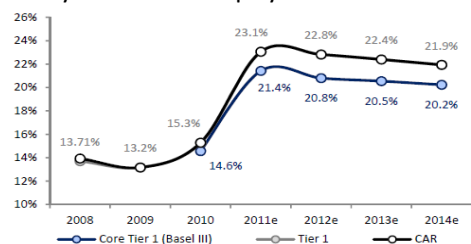
### Investment Yield



### Investment Exposure



### Solvency ratios & reserve adequacy



### Growth



## Qatar Insurance Company

Year-end	2015	2016	2017e	2018e	2019e	2020e
<b>Performance analysis</b>						
Cession Ratio	14.3	13.4	16.7	16.1	16.0	15.8
Net Loss Ratio	66.9	69.0	79.2	73.4	72.0	70.3
Expense Ratio	30.4	29.5	27.2	26.2	26.0	25.9
Combined Ratio	97.3	98.6	106.4	99.6	98.0	96.2
Underwriting Profit Margin	11.1	8.5	0.1	6.6	7.6	8.9
Investment Yield	5.5	4.2	3.8	3.5	3.4	3.1
Net Margin	7.1	10.2	3.6	9.0	10.2	11.2
RoAE	17.8	12.4	5.1	12.9	14.4	15.3
RoAA	2.5	3.5	1.2	3.0	3.3	3.5
Net Premiums/Equity	1.0	1.0	1.1	1.1	1.1	1.1
Gross Premiums/Equity	1.4	1.2	1.5	1.4	1.4	1.3
Claims Reserve/NPE	0.8	0.9	1.0	1.1	1.2	1.2
Investment Income/Total Income	49.6	53.0	90.0	58.0	54.2	48.8

Year-end	2015	2016	2017e	2018e	2019e	2020e
<b>Investment Exposure</b>						
Investments/Assets	56.2	60.4	52.6	56.1	57.9	59.7
Equities/Investments	40.6	30.9	16.2	15.7	15.4	15.8
Equity/Assets (%)	25.3	29.5	23.8	24.3	24.3	24.6

Year-end	2015	2016	2017e	2018e	2019e	2020e
<b>Liquidity/Leverage</b>						
Policy Reserves/Gross Premiums	1.4	1.4	1.5	1.6	1.7	1.7
Policy Reserves/Net Earned Premiums	1.7	1.3	1.6	1.7	1.7	1.8
Policy Reserves/Equity	2.0	1.6	2.2	2.2	2.3	2.3
Debt/Capital	0.4	0.3	0.4	0.4	0.4	0.3
Debt/Equity (x)	0.6	0.5	0.7	0.6	0.6	0.5

Year-end	2015	2016	2017e	2018e	2019e	2020e
<b>Growth</b>						
Gross Premiums	48.7	18.6	16.1	9.2	9.3	9.3
Net Earned Premiums	57.3	44.5	7.9	10.1	9.5	9.5
Investments	63.8	7.9	19.4	(8.7)	8.3	9.8
Assets	47.1	21.3	21.0	9.6	11.5	11.1
Total Reserves	41.3	15.4	30.4	11.4	15.6	13.7
Equity	1.9	41.7	(2.7)	12.0	11.2	12.8

Year-end	2015	2016	2017e	2018e	2019e	2020e
<b>Valuation</b>						
P/B(x) (current price)	2.5	1.8	1.8	1.6	1.4	1.3
P/B(x) (target price)	2.6	1.8	1.9	1.7	1.5	1.3
P/E(x) (current price)	25.0	14.7	35.0	13.2	10.6	8.9
P/E(x) (target price)	26.0	15.3	36.4	13.7	11.0	9.2

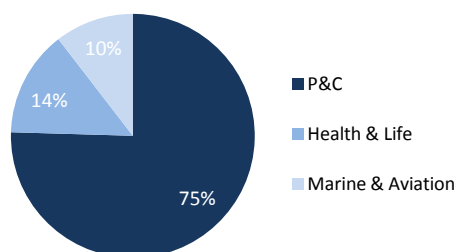
## Abacus Arqaam Capital Fundamental Data

### Investment thesis

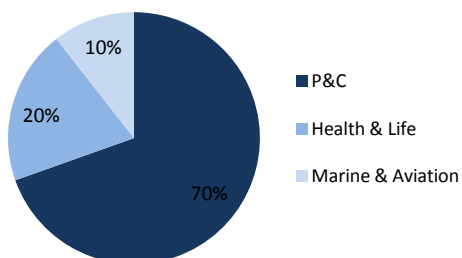
QIC invests (re)insurance premiums into its Asset Management business supporting overall RoE. However, as it grows, we expect it to start transforming into a diversified insurance company with a two-tier growth strategy across the insurance and reinsurance businesses.

We expect the growth of its Antares reinsurance business to continue to parallel Lloyds's growth profile. We expect its Qatar Re label to continue building on its fortress in Energy, Marine and Aviation.

### GWP Breakdown (latest reported Q2 17A):



### Claims Breakdown (latest reported Q2 17A):



### Shareholder distribution (Top 5)

Shareholder breakdown	%
Gen Retirement & Soc Ins.	10.09
Kamal Yousuf Hussain	6.33
Brooq Trading Co.	5.05
Blackrock	1.07
CADDEP	0.11
Vanguard	0.11

### Qatar Insurance Company

Year-end	2015	2016	2017e	2018e	2019e	2020e
<b>Income statement (mn)</b>						
<b>Gross Written Premiums</b>	<b>8,347.2</b>	<b>9,901.4</b>	<b>11,658.7</b>	<b>12,553.5</b>	<b>13,716.0</b>	<b>14,990.1</b>
Ceded Premiums	1,189.8	1,323.3	2,108.8	2,026.4	2,191.9	2,372.1
Retained Premiums	7,157.4	8,578.1	9,549.9	10,527.1	11,524.1	12,618.0
Movement in Unearned Premiums	1,370.3	218.2	621.3	596.1	650.7	708.6
<b>Net Premiums Earned</b>	<b>5,787.2</b>	<b>8,359.9</b>	<b>8,928.6</b>	<b>9,931.0</b>	<b>10,873.4</b>	<b>11,909.4</b>
Commissions paid	-	-	-	-	-	-
Net commissions	(999.3)	(1,754.7)	(1,751.7)	(1,816.3)	(1,996.5)	(2,194.7)
Other underwriting expenses	(9.4)	(7.5)	(12.6)	(1.9)	(1.9)	(2.0)
Changes in technical reserves	(1,606.2)	(1,764.9)	(2,343.1)	(1,855.8)	(1,887.9)	(1,875.3)
Net Claims	3,871.5	5,769.0	7,074.6	7,289.0	7,830.4	8,376.4
<b>Underwriting Profit</b>	<b>925.7</b>	<b>843.7</b>	<b>115.0</b>	<b>827.5</b>	<b>1,048.4</b>	<b>1,340.4</b>
Investment Income	739.5	856.3	970.6	1,028.6	1,119.0	1,151.2
Other operating income	171.9	95.1	67.6	115.5	121.7	125.4
<b>Investment &amp; other income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Expense	27.4	46.2	67.9	86.7	87.5	87.5
General & Administrative	760.4	715.5	677.4	782.0	825.9	886.4
<b>Operating Profit</b>	<b>1,049.4</b>	<b>1,033.3</b>	<b>408.0</b>	<b>1,102.9</b>	<b>1,375.8</b>	<b>1,643.2</b>
Distribution of surplus	-	-	-	-	-	-
Other income/(loss)	14.6	18.3	15.6	24.9	27.2	29.5
Tax	-	-	-	-	-	-
Minority Interest	20.4	(17.6)	-	25.6	28.2	31.0
<b>Net Income</b>	<b>1,064.0</b>	<b>1,051.6</b>	<b>423.6</b>	<b>1,127.9</b>	<b>1,403.0</b>	<b>1,672.7</b>
Reported EPS	4.84	4.48	1.53	3.97	4.96	5.92

Year-end	2015	2016	2017e	2018e	2019e	2020e
<b>Balance sheet (mn)</b>						
Cash	3,518.8	6,962.3	7,914.1	10,863.4	13,320.2	15,862.3
Intangible Assets	1,167.7	1,038.9	415.7	1,055.2	1,086.1	1,122.3
Reinsurance Contract Assets	2,128.4	2,493.4	3,774.9	3,300.8	3,837.8	4,377.5
Investment Properties	408.0	575.8	585.8	650.0	675.9	681.1
Investments	10,593.6	11,435.1	13,654.5	12,462.6	13,493.4	14,812.5
Associates	83.1	138.8	142.5	160.0	179.0	199.7
Insurance Receivables	5,732.3	6,030.8	8,194.3	9,526.7	9,787.6	10,019.3
Fixed Assets	41.4	40.3	52.5	48.8	53.6	59.0
Other Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>23,673.3</b>	<b>28,715.5</b>	<b>34,734.3</b>	<b>38,067.5</b>	<b>42,433.7</b>	<b>47,133.6</b>
Short-term Insurance Contract Liabilities	11,768.1	13,583.3	17,718.0	19,733.8	22,809.4	25,932.9
Long-term Policyholder Liabilities	-	-	-	-	-	1.0
Debt	3,543.2	4,192.5	5,729.8	5,830.5	5,830.5	5,830.5
Insurance Payables	2,367.9	2,471.5	3,012.9	3,243.0	3,500.0	3,765.0
Other Liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>17,679.3</b>	<b>20,247.2</b>	<b>26,460.7</b>	<b>28,807.3</b>	<b>32,139.9</b>	<b>35,528.4</b>
<b>Shareholders Equity</b>	<b>5,812.3</b>	<b>8,236.1</b>	<b>8,017.3</b>	<b>8,978.3</b>	<b>9,983.7</b>	<b>11,264.0</b>
Minority Interest	20.4	(17.6)	-	25.6	28.2	31.0
<b>Total Equity</b>	<b>5,994.1</b>	<b>8,468.2</b>	<b>8,273.6</b>	<b>9,260.2</b>	<b>10,293.9</b>	<b>11,605.2</b>
BVPS	27.81	36.67	29.84	33.39	37.12	41.85

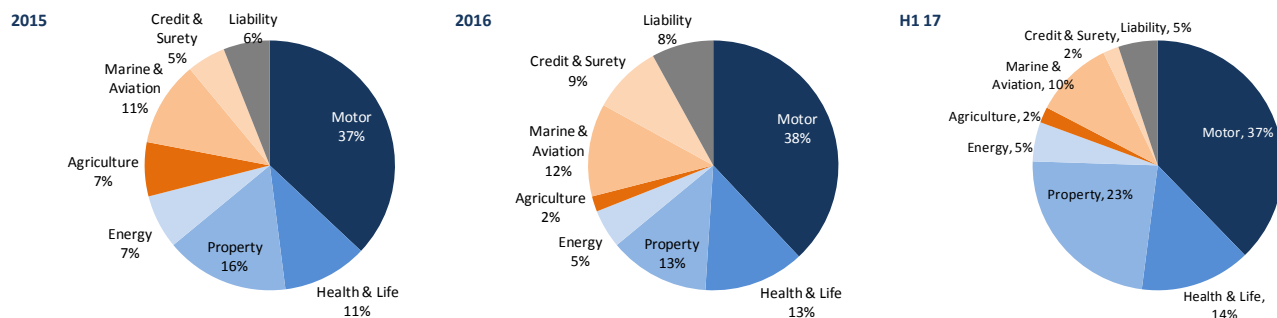
**Jaap Meijer, MBA, CFA**  
jaap.meijer@arqaamcapital.com  
+971-4-5071744

**Anas Aboul Hosn**  
anas.aboulhosn@arqaamcapitalc.om  
+971-4-5071918

**Exhibit 1: QIC Q4 17A Review**

QIC (QARm)	Q4 17A	AC Q4 17e	vs. AC	Q3 17A	q/q	Q4 16A	Q3 16A	q/q 16	y/y Q4	y/y Q3	12M 17A	12M 16A	12M y/y
Gross Written Premiums	2,690.0	2,524.0	6.6%	2,729.5	(1.4%)	2,248.4	2,783.3	(19.2%)	19.6%	(1.9%)	11,658.7	9,901.4	17.7%
Net earned premiums	2,561.5	2,654.5	(3.5%)	2,285.6	12.1%	1,873.4	2,201.5	(14.9%)	36.7%	3.8%	8,928.6	8,359.9	6.8%
Net claims	(1,835.1)	(2,040.6)	(10.1%)	(2,310.3)	(20.6%)	(1,407.8)	(1,489.2)	(5.5%)	30.4%	55.1%	(7,074.6)	(5,769.0)	22.6%
Claims ratio	71.6%	76.9%	(6.8%)	101.1%	(29.1%)	75.1%	67.6%	11.1%	(4.7%)	49.4%	79.2%	69.0%	14.8%
Reinsurance Income	322.3	204.7	57.4%	263.7	22.2%	201.6	215.5	(6.5%)	59.9%	22.4%	1,200.9	813.6	47.6%
Net Commissions	(512.4)	(489.0)	4.8%	(346.3)	48.0%	(356.2)	(553.5)	(35.6%)	43.9%	(37.4%)	(1,751.7)	(1,754.7)	(0.2%)
Underwriting Income	217.5	117.5	85.1%	(365.4)	(159.5%)	111.5	160.7	(30.6%)	95.1%	(327.3%)	115.0	843.7	(86.4%)
Investment income	172.2	216.9	(20.6%)	235.5	(26.9%)	152.1	294.2	(48.3%)	13.2%	(20.0%)	970.6	856.3	13.4%
Comprehensive Income	346.8	390.7	(11.2%)	(210.5)	(264.7%)	108.7	264.4	(58.9%)	219.1%	(179.6%)	423.6	1,009.7	(58.0%)
Net Income	115.4	159.3	(27.6%)	(211.1)	(154.6%)	112.6	285.0	(60.5%)	2.4%	(174.1%)	423.6	1,051.6	(59.7%)
Expense Ratio	28.7%	24.8%	15.7%	19.9%	44.4%	28.5%	33.6%	(15.2%)	0.8%	(40.9%)	27.2%	29.5%	(7.9%)
Combined Ratio	100.3%	101.7%	(1.3%)	120.9%	(17.0%)	103.6%	101.2%	2.4%	(3.2%)	19.5%	106.4%	98.6%	8.0%

Source: Company Data, Arqaam Capital Research

**Exhibit 2: GWP composition evolution**


Source: Company Data, Arqaam Capital Research

**Exhibit 3: QIC EVA Valuation (QARm)**

	2014A	2015A	2016A	2017A	2018e	2019e	2020e	2025e	perp	subtotal	% of total
<b>1 DCF</b>											
Net profit	872	594	1,010	424	1,128	1,403	1,673	3,106	3,199		
Other adjustments	--	--	--	--	--	--	--	--	--		
Minus: excess return excess capital	49	(59)	1	25	2	1	4	107	110		
Return on excess capital	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%		
Tax shelter	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Adjusted net profit	824	653	1,009	398	1,126	1,402	1,669	2,999	3,089		
Capital requirements	3,679	6,509	7,403	7,130	8,145	9,180	10,364	18,173	18,718		
RoEcc	22.4%	10.0%	13.6%	5.6%	13.8%	15.3%	16.1%	16.5%	16.5%		
Cost of capital	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%		
Capital charge	436	771	876	844	964	1,087	1,227	2,151	2,216		
Economic profit	388	(118)	132	(446)	161	315	442	847	873		
Discount factor	0.00	0.00	0.00	0.00	1.00	0.89	0.80	0.46	0.41		
NPV of Economic Profit	--	--	--	--	161	282	353	387	873		
DCF EVA Forecast period										2,773	
Perpetual growth rate (GDP)									3.0%		
Terminal Value										9,872	
Terminal value discounted											4,033
Required Capital											8,145
<b>Value of the insurance operations</b>										<b>14,951</b>	<b>96.9%</b>
<b>2 Capital surplus/deficit</b>											
<b>Available capital:</b>											
Shareholders equity	5,924	5,994	8,468	8,274	9,260	10,294	11,605	22,732			
Less Goodwill & intangibles	854	1,168	1,039	416	1,055	1,086	1,122	1,495			
Less dividends	--	--	--	--	--	--	--	--			
<b>Tangible equity</b>	<b>5,069</b>	<b>4,826</b>	<b>7,429</b>	<b>7,858</b>	<b>8,205</b>	<b>9,208</b>	<b>10,483</b>	<b>21,237</b>			
<b>Capital needs</b>											
Net Written Premium (NWP)	4,340	7,157	8,578	9,570	10,527	11,524	12,618	19,911			
Claims reserves	2,857	5,441	6,851	9,194	11,050	12,938	14,813	26,535			
Equity investments	2,667	5,238	5,188	2,777	3,161	3,560	4,211	8,802			
Investment properties	375	408	576	586	650	676	681	689			
Associates	77	83	139	143	160	179	200	329			
Equity as % NWP	33.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%			
Equity as % claims reserves	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%			
Equity as % of investments	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%			
Equity as % of investment properties	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%			
Equity as % of associates	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
Capital Requirements	3,679	6,509	7,403	7,130	8,145	9,180	10,364	18,173			
<b>Surplus capital</b>	<b>1,390</b>	<b>(1,683)</b>	<b>26</b>	<b>728</b>	<b>60</b>	<b>28</b>	<b>118</b>	<b>3,064</b>		<b>60</b>	<b>0.4%</b>
<b>3 Other adjustments</b>											
Investment properties											
Capital increase											
<b>Total adjustments</b>			--	--	--	--	--	--		--	<b>0.0%</b>
<b>4. Dividends</b>										416	<b>2.7%</b>
<b>Total Fair Value YE 2011</b>										<b>15,427</b>	
Number of shares										277	
Fully diluted number of shares										277	
<b>Fair value per share</b>										<b>55.6</b>	
Current share price										53.5	
<b>Upside</b>										<b>4.0%</b>	
Implied P/E	15.0x	14.5x	14.7x	36.4x	13.7x						
Implied P/B	2.6x	2.6x	1.8x	1.9x	1.7x						
Implied P/tNAV	2.8x	2.8x	1.9x	2.0x	1.7x						
Coverage ratio	138%	74%	100%	110%	101%	100%	101%	117%			

Source: Company Data, Arqaam Capital Research

## Important Notice

### 1. Author, regulator and responsibility

Arqaam Capital Limited ("Arqaam") is incorporated in the Dubai International Financial Centre ("DIFC") and is authorised and regulated by the Dubai Financial Services Authority ("DFSA") to carry on financial services in and from the DIFC. Arqaam publishes and distributes (i.e. issues) all research.

Arqaam Capital Research Offshore s.a.l. is a specialist research centre in Beirut, Lebanon, which assists in the production of research issued by Arqaam.

### 2. Purpose

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, Arqaam did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives.

### 3. Rating system

Arqaam investment research is based on the analysis of regional and country economics, industries and company fundamentals. Arqaam company research reflects a long-term (12-month) fair value target for a company or stock. The ratings bands are:

<b>Buy</b>	Total return >15%
<b>Hold</b>	0-15%
<b>Sell</b>	Total return <0%

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. Arqaam policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by Arqaam's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to Arqaam clients.

### 4. Accuracy of information

The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is accurate or complete and it should not be relied upon as such. Any mention of market rumours has been derived from the markets and is not purported to be fact or reflect our opinions. Arqaam has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. In accordance with Regulation AC of the 1934 Exchange Act, the views expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and are subject to change without notice. No part of the research analysts' compensation is related to the specific recommendations or views in the research report.

### 5. Recipients and sales and marketing restrictions

5.1 Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service.

5.2 This document is directed at Professional Clients and not Retail Clients within the meaning of DFSA rules. Any investments or financial products referred to herein will only be made available to clients who Arqaam is satisfied qualifies as Professional Clients. Any other persons in receipt of this document must not rely upon or otherwise act upon it.

5.3 This document is only being distributed to investors who meet certain qualifications and to whom an investment or service may be offered or promoted in accordance with relevant country restrictions. This excludes the US except for SEC registered broker-dealers (or banks in permissible "broker" or "dealer" capacity) acting on a principal or agency capacity, and major US institutional investors in accordance with SEC Rules 15a-6(a)(2). Details of other relevant country restrictions are set out on our website at <http://www.arqaamcapital.com/english/system/footer/terms-of-use.aspx>. Persons into whose possession this document comes are required to inform themselves about, and observe, such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorisation, registration or other legal requirements.

### 6. Risk warnings

6.1 Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected.

6.2 The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

6.3 Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgement. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance.

6.4 Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors.

6.5 This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

### 7. Conflict

7.1 Arqaam and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document.

7.2 Arqaam may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document.

7.3 Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other Arqaam business areas, including investment banking personnel.

7.4 Emirates NBD PJSC owns 8.32% of Arqaam.

### 8. No warranty

Arqaam makes no representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, merchantability, fitness for a particular purpose and/or non-infringement.

### 9. No liability

Arqaam will accept no liability in any event including (without limitation) negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.

### 10. Copyright and Confidentiality

The entire content of this document is subject to copyright with all rights reserved and the information is private and confidential for your own personal use only. This document and the information contained herein may not be reproduced, distributed or transmitted to any other person or incorporated in any way into another document or other material without our prior written consent.

### 11. Governing law

English law governs this document and these disclaimers and any dispute in relation thereto shall be exclusively referred to the English Courts.