CORPORATE RATING

Al Manar Financing & Leasing Company KSC (Closed)

October 2010

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The rating has been disclosed to the rated entity and released with no amendment following that disclosure. Ratings on the issuer were first released in June 2005. The ratings were last updated in July 2009.

The principal methodology used in determining the ratings is Corporate Rating Methodology. The methodology and the meaning of each rating category and definition of default can be found at www.ciratings.com

CAPITAL intelligence

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AL MANAR FINANCING AND LEASING COMPANY K.S.C. (Closed)

Kuwait, October 2010

RATINGS

	Current	Last Changed From	Date
Sovereign			
Long-Term:	**AA-**	A+	Apr 07
Short-Term:	**A1+**	A1	Apr 07
Outlook	**Stable**	-	-
Corporate Rating			
Long-term	**B+**	**BB+**	Jul 09
Short-term	**B**	-	-
Outlook	**Stable**	Negative	Sep-10

FINANCIAL HIGHLIGHTS

USD (mn) / KWD (mn)	2009 USD	2009 KWD	2008 KWD	2007 KWD
Net Financing Income	13.8	3.8	4.6	4.0
Non-Financing Income	-7.0	-1.9	2.2	3.1
Operating Expenses	7.7	2.1	2.6	2.3
Net Profit / Loss	-15.5	-4.3	3.2	3.6
Total Assets	293.9	81.1	118.3	111.5
Net Financing Rec.	229.8	63.4	97.3	87.6
Total Debt	165.1	45.6	77.6	71.5
Total Equity	120.8	33.3	37.5	38.8
Exchange Rate: USD/KWD		*0.273*	*0.273*	*0.289*
NPFR / Financing Receivables		35.22	17.69	7.04
FR-Loss Reserve / NPFR		32.87	23.87	51.26
Total Equity / Total Assets		41.11	31.73	33.28
Leverage		1.43	2.15	2.01
ROAE (%)		-12.05	8.50	9.92
ROAA (%)		-4.28	2.76	3.62

RATINGS DRIVERS

Supporting the Rating

- Leverage has fallen to a more reasonable level at end June 2010
- The trend of rapidly increasing non-performing facilities appears to have been arrested in the first half of 2010
- Liquidity has been supported through Central Bank of Kuwait funding initiatives

Constraining the Rating

- Loss recorded in 2009 due to lower revenue and significantly increased provision charges
- Substantial decline in asset quality in 2008/2009 with a large increase in non-performing financing receivables
- Provision coverage is very low
- Very small balance sheet and modest market share in the Kuwait consumer financing sector'. However, when comparing to consumer financing companies only (excluding commercial banks) Al Manar has a market share of around 11%
- Limited diversity of funding sources; tight liquidity

RATING RATIONALE

Al Manar's operations and financial position have been hit hard over the past two years due to the domestic and regional financial crisis. The tightening in wholesale financing markets caused a severe liquidity squeeze for Al Manar. To mitigate this and focus on liquidity, Al Manar has reduced its financing activities. However, in turn, this has placed downward pressure on revenue. Nonetheless, Al Manar's liquidity and funding have improved somewhat through a Central Bank of Kuwait support mechanism available to all local investment and financing companies, which allows domestic companies to borrow from Kuwaiti public institutions with a guarantee provided by the Central Bank.

Al Manar's financing asset quality deteriorated sharply again in 2009. Non-performing financing grew significantly, and represents a very high proportion of total financing, reflecting the downturn in the Kuwait economy and a very challenging credit environment. Much higher impaired assets have resulted in increased provision charges. These factors, together with investment losses, saw Al

Manar record a loss for 2009. On the positive side, the trend of rising impaired assets appears to have been arrested as of end June 2010 with a slight fall in non-performing facilities recorded. However, provision coverage remains very low and the need to raise provisions is likely to erode profitability for some time. Nonetheless, Al Manar recorded a small profit in the first half of 2010, aided by a significant fall in operating expenses and a modest provision charge.

The Company's Long Term rating is maintained at B+ and the Short Term rating at B, reflecting the continued issues of financing quality and profitability. Due to the tighter borrowing conditions, significant weakening in financing asset quality and forecast loss for the year, the Long Term rating was lowered to B+ in 2009. The Outlook is adjusted to Stable from Negative due to the expectation that impaired assets appear to have peaked, funding and liquidity have improved through new sources and lengthening of borrowings, and leverage has fallen noticeably to a moderate level as debt has been reduced.

COMPANY HISTORY AND STRATEGIES

History

Al Manar Financing and Leasing Company K.S.C. (Closed) ("Al Manar") was established in November 2003. Al Manar's main area of activity is the provision of consumer finance, largely for the purchase of automobiles although it also makes other types of loans to consumers and provides real estate and vehicle fleet financing for commercial customers. Al Manar currently employs 78 staff.

Al Manar, which conducts its financial services activities in accordance with Islamic Shari'a principles, is regulated and supervised by the Central Bank of Kuwait.

Major Shareholders as of June 2010

Al Manar Main Shareholders	%
Investment House (Clients A/C-Qatari Client: KIPCO) shareholding)	15.91
Wafra International Investment Co (Clients account: PIFSS)	14.65
Financial Assets	13.63
Global Investment House Co (Clients account)	9.66
Other	46.15
Total	**100.00**

Market Position of Al Manar

The presence of an Islamic alternative to conventional financing structures alters the dynamics of the financing market. Potential customers are unlikely to actively swap back and forth between the Islamic institutions and the conventional lenders. It can therefore be argued that there are in reality two separate financing markets in Kuwait. As an Islamic institution, Al Manar's main competition will come from other providers of credit that operate on a Shari'a-compliant basis, in particular Kuwait Finance House. Boubyan Bank is also a competitor, as is Kuwait International Bank. Previously, Al Manar had been able to grow its market share steadily up to end 2007. However, it has since fallen and its current market share of the Islamic consumer financing sector is around 3%.

Business Model

Al Manar's business plan is based on four main market segments. These are as follows:

- Consumer Financing
    - *Financing for the purchase of new vehicles*
    - *Financing for the purchase of used vehicles*
    - *Cash financing on an Islamic basis (Tasaheel)*
- Fleet Financing
- Real Estate Financing
- Investment

Consumer Financing

- **Vehicle purchase** Facilities for the purchase of new vehicles and facilities for the purchase of used vehicles are similar in structure. The main differences are that the tenors of used car facilities will typically be shorter, while the cost to the customer will be marginally higher. Average facility amounts will normally be lower reflecting the lower cost of a used vehicle. All vehicles are effectively mortgaged in favour of Al Manar by means of registration of the charge at the traffic department. The maximum tenor of financing facilities is 60 months.

- **Cash facilities** These loans will typically be rather shorter in tenor than vehicle purchase loans. They will also be rather more expensive to the customer. The maximum tenor for such facilities is 36 months.

Fleet Financing

This is geared to companies and agencies to finance their fleets of vehicles.

Real Estate Financing

Real estate facilities are (unlike vehicle purchase or cash loans) intended for Kuwaitis only, either individuals or local companies. All real estate financing requires a first mortgage on the property or to be structured as an Ijara contract. For income producing investment property the minimum collateral coverage level is 150%. For raw land the minimum collateral coverage is 200%. The maximum tenor for real estate financing is 15 years.

As this financing is fully secured, the returns are lower than either consumer lending or the fleet business.

Investment Activities

These activities are relatively modest, but consist of standard investments in both quoted and unquoted securities and real estate investments.

PRINCIPAL BUSINESS STRATEGIES

The main strategy and challenge for Al Manar over the past year or so has been to address financing / funding problems, source new credit lines and control and improve the asset quality of its financing portfolio. Cost reduction is also a central part of the strategy to restore profitability and the Company has made progress on this. Once these immediate challenges are fully addressed, then the Company intends to revert to its strategy of financing growth and the completion of its new investment policy, which is based on expansion through the establishment of or participation in consumer finance companies in the Middle East and North Africa regions. An example of this strategy is Al Manar's acquisition of a 20% stake in Doha-based Qatar Finance House (together with a management agreement for five years). However, owing to the current position of Al Manar, this expansion strategy is some time away, assuming it occurs at all.

RISK FACTORS AND THEIR MITIGANTS

- **Asset quality may deteriorate further**

  Non-Performing Financing Receivables (NPFR) have increased significantly over the past year or so to end 2009. This in turn has forced additional provision charges which have impacted earnings.

  In mitigation, the rise in NPFR appears to have been arrested in H1 2010. Moreover, Al Manar has reduced its financing portfolio in order to restrict any further increase in problematic assets and concentrate on improving the quality of its current portfolio.

- **Borrowing / funding risks**

  As Al Manar does not have a core customer deposit base, funding is reliant upon on bank facilities and other wholesale funding sources. The global financial crisis has squeezed bank lending thus making it more difficult for banks and companies to obtain necessary financing. This places pressure on balance sheet liquidity and / or borrowing costs. This factor has been acutely felt by Al Manar.

  In order to reduce the impact of this, Al Manar has downsized its balance sheet, while also utilising government-related funding avenues.

- **Currency risk**

  The Company has exposure in Qatar which, *inter-alia*, may cause currency risk.

  Currency risk has been reduced somewhat following a decrease in its shareholding in Qatar Finance House.

- **Portfolio growth may slow further**

  As mentioned, the growth in the financing portfolio has already slowed due to both the funding squeeze and the deterioration in asset quality. Weaker growth and / or the reduction in the size of the asset base will impact revenue and profitability.

- **Operating risk**

  The Company is subject to risks inherent with processes, systems, people and procedures, which could result in operational losses or additional costs.

- **Continued economic pressure**

  The global financial crisis has impacted the GCC and caused lower economic growth throughout the region. Financing demand has fallen on the back of the contraction in the domestic economy. Non-performing financing may rise further as a result of continued weak economic growth.

- **Competitive risks**

  The financing and banking market is very competitive and hence growth forecasts may not be achieved. Al Manar is small in size, which could make it difficult to profitably grow its balance sheet.

ECONOMIC OUTLOOK

Although there continues to be challenges in sectors such as property and investment, the Kuwait economy remains healthy at the macro level. In the fiscal year ending March 2010, Kuwait recorded a budget surplus of KWD6.4 billion against KWD2.7 billion previously. This occurred despite the 16% fall in oil revenues – due to the weaker oil price - which amounted to KWD16.6 billion. The decline in economic activity also hit non-oil income. The oil sector's share of the country's GDP fell to 45% last year from 59% previously due to lower prices and output cuts. Kuwait's nominal GDP fell to KWD31.5 billion from KWD40.0 billion in the previous year.

The Central Bank of Kuwait is expecting economic growth of 4% to 5% in real terms in 2010, aided by the higher oil price, although growth may turn out to be lower than this. Second quarter trade data released by the central bank suggested sluggish domestic demand. Imports fell by 16% year-on-year in the second quarter of 2010, edging slightly higher compared with the previous three months. Exports, of which oil accounts for 95%, increased 30% from a year ago, reflecting the rise in the oil price. Kuwait plans to spend KWD30 billion over the next four years to bolster its non-oil economy and reduce its longstanding dependence on oil.

One of the country's major problems has been its investment sector with firms hit hard by the international financial crisis. This saw the government launch a KWD1.5 billion economic rescue package in 2009 to support a large number of trading and holding companies. As part of this rescue package, the central bank has introduced tougher rules in areas such as leverage (debts cannot exceed twice the size of capital), liquidity (cash and cash equivalents must cover at least 10% of liabilities), with which companies have two years to comply. The problems with the investment and financial sector have in turn caused a fall in asset prices, including both property and equities.

KEY FINANCIAL ISSUES

AUDITORS AND DISCLOSURE

The consolidated financial statements of Al Manar and its subsidiaries were prepared by management in accordance with International Financial Reporting Standards. 2009 financial statements were audited to International Accounting Standards by the Kuwaiti practice of Al-Fahad & Co. Deloitte & Touche and by Al Humaidi & Partners (an independent member of Baker Tilly International). The 2009 accounts are unqualified.

The 2008 accounts were qualified as, based upon tests performed against the Company's computer processing environment, the auditors concluded that there were some deficiencies in the controls for maintaining accounts receivable records. This resulted in an inability to determine the related impact on finance revenues. The amounts that the auditors were able to identify in relation to prior years were restated, but they were not able to determine an accurate impact on accounts receivable and finance revenues of the Group by other audit procedures.

Re-stated net profit for 2007 was KWD3.6mn against KWD4.7mn previously booked. During 2008 Al Manar management discovered that the method previously adopted by the Group for revenue recognition amortized the deferred revenues on non-performing facilities into finance revenues. As per CBK instructions, income from non-performing facilities / loans should be suspended. The effect of the error was overstatement of finance revenues for the year ended 31 December 2007 by KWD6k and for previous years by KWD128k.

Controls were enhanced in 2009 and the qualification was removed.

FINANCIAL PERFORMANCE FYE DECEMBER 2009

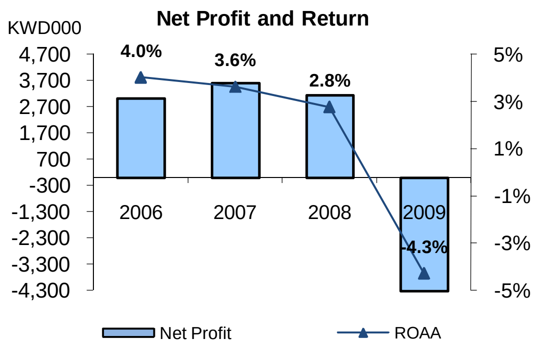
Very difficult year in 2009 as gross income declined due to lower financing income and a loss in investment income Reflecting the weaker economy and difficult operating environment, Al Manar's performance in 2009 suffered. Financing income fell by 22% to KWD8.8mn (USD40.8mn) from KWD11.3mn in 2008. The fall was due to the reduced financing portfolio, reflecting weaker demand and the impact of the significant increase in non-performing financing (see below). The majority of Al Manar's financing income comes from its core activity of new and used vehicle financing. This sector was impacted due to the meltdown in the domestic investment and property sectors, which had a knock-on effect on other financing sectors as well as the economy in general.

Financing expenses also declined as the level of borrowings fell. The 25% fall was not enough however to prevent weaker net financing income, which amounted to KWD3.8mn (USD13.8mn), representing a decline of 18% from 2008's position.

Funding costs narrowed by 83bp to 806bp. Al Manar's financing income to average earning saw however an even greater squeeze, declining by a significant 122bp to 10.54% in 2009. The financing differential in turn was squeezed by 38bp to 249bp, a low level for a financing company but reflecting the difficult and competitive environment the Company has faced over the last few years.

Lower financing income combined with a loss in investments and in particular a four-fold increase in provisions saw the company record a loss for the year

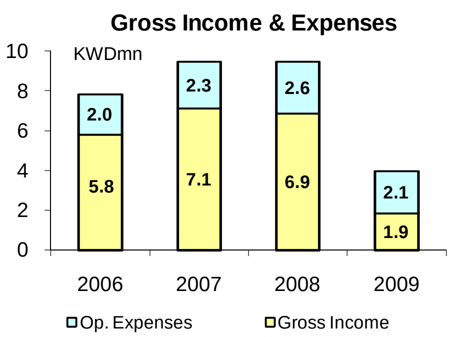
Non-financing activities recorded a loss of KWD1.9mn in 2009 against income of KWD2.2mn in 2008. The main factor was an investment loss of KWD1.6mn (2008: KWD1.4mn profit).



Change in financial assets at fair value through the profit and loss statement was KWD-1.6mn against KWD-0.07mn in 2008. The larger loss in 2009 was connected to Al Manar's local quoted and unquoted investments and specifically the weaker stock and investment markets in Kuwait in 2009. Sale of financial assets at fair value through the profit and loss statement also saw a loss of KWD10k; in 2008 Al Manar recorded a gain on sale of investment assets of KWD1.5mn. Dividend income was also down sharply year-on-year, amounting to just KWD2k against KWD87k in 2008.

Other income, which includes financing fee income, collection fee income, management fees and rental income, was broadly stable at KWD0.9mn (2008: KWD1.1mn).

Associate investment also sees a loss in 2009 Al Manar also booked a loss connected to its associate company, Qatar Finance House, a Doha-based financing company. Qatar Finance House also recorded a loss in 2009 due to a significant rise in non-performing financing. Al Manar's share (20% holding) of the loss was KWD0.5mn (profit of KWD0.2mn in 2008).



Operating expenses declined by 19% to KWD2.1mn in 2009. This was mainly due to lower staff costs through reduced headcount and the non-payment of bonuses. Commission costs were also much lower in 2009, reflecting lower volumes of business. This helped to mitigate a rise in foreign currency translation losses, which grew to KWD0.8mn, reflecting the movement in the Qatari Riyal against the Kuwaiti Dinar.

At the key operating level, Al Manar recorded a small loss of KWD0.3mn (2008: profit of KWD4.2mn).

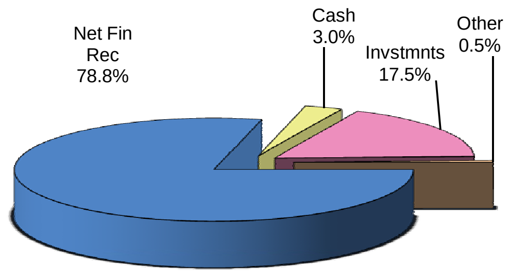
Substantial rise in the provision charge as non-performing financing facilities increased rapidly Provisions for doubtful debts rose markedly to KWD4mn from KWD1mn previously. The provision charge in 2009 was entirely comprised of specific provisions.

The KWD4mn provision charge caused a net loss of KWD4.3mn in 2009 against a KWD3.2mn net profit in 2008.

BALANCE SHEET

Noted fall in the size of the balance sheet as the Company endeavoured to combat the impact of the rapid rise in non-performing financing. Moreover, the difficulty in raising funding necessitated a reduction in assets. Al Manar's balance sheet reduced in size by 31% in 2009, reflecting the 35% fall in net financing receivables. Net financing assets as a proportion of total assets narrowed moderately, but remained high at 78% (2008: 82%). Total assets at the year-end were just KWD81mn (USD294mn) and, accordingly, the balance sheet is small. As mentioned, the fall was due to the decline in the size of the financing portfolio, a factor of the much weaker credit environment combined with difficulty in gaining new funding in the squeezed wholesale credit markets. At the year-end, the net financing portfolio was just KWD72mn (2008: KWD102mn).

Asset Composition at End 2009



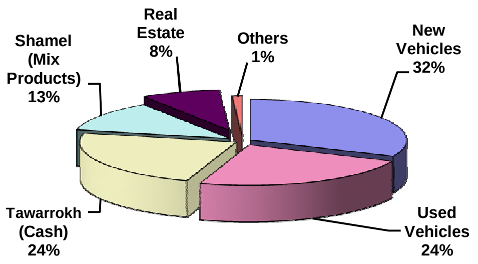
Small Investment Portfolio Al Manar's investment portfolio remained the second largest asset class, forming 17% of the balance sheet, higher than the 14% at end 2008, but in Kuwaiti Dinar terms lower by KWD3mn to KWD14.2mn. The bulk of the investment portfolio comprised unquoted investments. Unquoted local shares and funds stood at KWD8.1mn (2008: KWD9.5mn). Quoted local shares of KWD200k fell during the year from KWD309k previously as Al Manar sold shares. Investments in unquoted foreign shares and funds fell to KWD284k at end 2009 from KWD1.3mn a year earlier with the fall reflecting sale of certain Qatari investments. Geographically, the portfolio is predominantly Kuwaiti exposure.

In 2008, Al Manar acquired a 20% stake in Qatar Finance House Company (QFH), a company incorporated in Qatar, whose principal activities are consumer financing in accordance with Islamic Shari'a Law. Al Manar's investment in QFH is equivalent to KWD3.6mn at end 2009, which includes goodwill arising on acquisition of KWD1.9mn and is included in the investment in associate at end 2009.

Al Manar also acquired two small investment properties with a combined balance sheet value (cost value) of KWD1.9mn at end 2008. A plot of land in Mahboola Kuwait was acquired at a cost of KWD427k. During 2009 Al Manar increased its ownership in the land by KWD83k resulting in a total investment of KWD510k representing 83.6% ownership. The fair value at end 2009 for the stake amounted to KWD458k; accordingly an impairment loss of KWD52k was recorded. A plot of land in Lusail Qatar was acquired in 2008 at a cost of KWD1.46mn representing 50% ownership. During 2009 Al Manar accounted for KWD84k representing its share of work in progress to have a carrying value of KWD1.55mn. The fair value at end 2009 for this stake amounted to KWD1.93mn.

Gross financing receivables Financing (instalment credit receivables) is the prime area of business activity for Al Manar. The portfolio expanded quite rapidly during 2006-2008, albeit from a low base. As already mentioned, financing fell significantly in 2009. The financing receivable portfolio at end 2009 was comprised of 14,500 individual transactions with the average facility granted amounting to KWD6,000. New and used vehicle financing remained the largest category and accounted for 56% of the total gross financing receivables portfolio at end 2009. 46% of the gross receivables portfolio had maturities of three years or less, with 54% having maturities of over three years. Al Manar lends mainly to Kuwaiti individual and corporate customers although other individual expatriates resident in Kuwait are also clients.

Composition of Gross Financing Receivables FYE 2009



Substantial decline in financing asset quality in 2009 The deterioration in market and economic conditions, together with financing growth in previous years, saw Al Manar's non-performing financing portfolio increase noticeably again in 2009 following the rapid rise in 2008. The impact of increased non-performing facilities has been seen across both the individual and commercial portfolios. Non-performing financing receivables (NPFR) grew by 41% in 2009 following a substantial 181% increase in 2008. Total NPFR amounted to KWD25.3mn (USD91.5mn) at end 2009 against KWD18.0mn at end 2008. Total NPFR represented a very high 35.2% of the gross receivables portfolio, and up sharply from 17.7% in 2008. The seemingly larger rise in NPFR as a proportion of total financing was of course also due to the fall in the gross financing portfolio.

Provisions rose by KWD4mn during 2009 to KWD8.3mn. This represented a higher 32.9% of total impaired receivables against 23.9% at the previous year-end. Despite the increase, the provision coverage is viewed as wholly insufficient. Of the KWD8.3mn, specific provisions amounted to KWD7.8mn and general provisions KWD0.5mn.

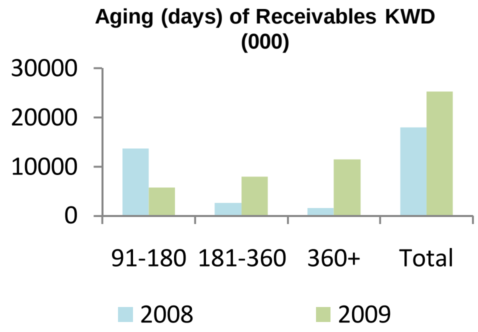
In determining the recoverability of accounts receivable, Al Manar considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Al Manar held KWD19.9mn (2008: KWD7.6mn) as collateral (listed shares, property and letters of guarantee) over its impaired assets / accounts receivable. Collateral (which needs to carry the caveat of the difficulty of foreclosing on assets in Kuwait) taken together with specific and general provisions sees the coverage ratio increase to 111% against 66% at end 2008. Accordingly, management believes that there is no further credit provision required in excess of the provision for doubtful debts made at end 2009. That said, CI is of the opinion that specific provisioning needs to be raised.

The major increase in NPFR in 2009 was in 360+ days category, which grew from KWD1.6mn at end 2008 to KWD11.5mn at end 2009. The vast majority of NPFR at end 2008 was in the 91-180 day overdue category and the ageing of impaired receivables increased during the year.

Aging of Impaired Receivables	December 2009	December 2008	December 2007	08-09 YoY Change %
91-180 Days	5,796,897	13,650,701	4,654,691	-57.53
181-360 Days	7,963,255	2,691,580	803,994	195.86
360 + Days	11,501,932	1,619,465	939,957	610.23
Total KWD	**25,262,084**	**17,961,746**	**6,398,642**	**40.64**

Specific provision as per CBK requirements is taken net of certain categories of collateral, to which CBK instructions are applicable, for receivables aging above 90 days as per the following scheme:

- 91 – 180 days are provided at 20%,
- 181 – 360 days are provided at 50%,
- 360 + days are provided at 100%



The largest components of NPFRs continue to relate to Tawarrokh (cash facilities) and Shamel facilities followed by new and used vehicle financing facilities. However, pressure was felt across the whole portfolio.

Due to Related Party

At end 2009 Al Manar had a liability to Qatar Finance House of KWD1.41mn. This relates to Al Manar's share in Energy City Property (Lusail). Management state that the issue was settled in H1 2010 and there was no such item in the balance sheet at end June 2010.

FUNDING & LIQUIDITY

The credit squeeze hit Al Manar and its funding opportunities causing a severe tightening of liquidity, but the position has improved The global and more specifically the regional liquidity squeeze, had a direct impact on Al Manar's liquidity position in 2008. Al Manar's existing credit lines were reduced in 2008 and prospective lines were shut as local and regional banks and financial institutions reined in their exposures. This in turn hit Al Manar and led to a delay in discharging its short-term financial obligations. In late 2008 Al Manar defaulted on a payment of KWD16.87mn of Islamic Wakalas due to two investment companies in Qatar. The tightening in borrowings and credit caused Al Manar to reduce its own financing sales. This, in turn, had a negative impact on its revenue generation.

In May 2009 Al Manar, aided by borrowings from a local Kuwait bank (KFH Bank), made full repayment of the past due Islamic Wakalas to the two investment companies in Qatar.

Al Manar's liquidity and funding profile has more recently been supported by the measures introduced by the Central Bank of Kuwait. These measures include allowing investment and financing companies to borrow directly from Kuwaiti public institutions.

FINANCING / BORROWINGS

Significant fall in borrowings in 2009 with a consequent improvement in leverage Total Islamic Murabaha and Wakala payables amounted to a much lower KWD45.3mn at end 2009 against KWD77.6mn at end 2008. This formed 56% of total assets (2008: 66%) with equity forming a higher 41% (2008: 32%). Islamic Murabaha and Wakala payables are guaranteed by assigning receivables amounting to KWD56mn (2008: KWD75mn). The average cost on Islamic Murabaha and Wakala payables is 7.61% (2008: 9%).

Leverage declined noticeably in 2009, falling to 1.43x from 2.15x at the end of the previous year. At 1.43x, leverage is considered reasonable for a financing company. Debt to equity was 1.37x (2008: 2.07x). Net debt to equity narrowed to 1.28x from 1.98x previously. Funding has been primarily short-term, but there has been some improvement in the maturity profile of debt during H1 2010 (see Update below). Long-term facilities amounted to just KWD15.4mn against KWD32mn of short-term debt.

Total financing / borrowing at end June 2010 amounted to KWD33.5mn (see current year update).

CURRENT YEAR UPDATE (H1 2010)

The table below highlights Al Manar's financials (unaudited) for H1 2010:

KWD000	H1 2010	2009	Δ%
Total Assets	68,709	81,120	-15.30
Net Fin. Receivables	52,060	63,432	-17.93
NonPerforming FR	20,392	25,262	-19.28
Total Equity	34,598	33,349	3.75
Total Debt	31,330	45,274	-30.80

	H1 2010	2009
NP-FR/Financing Receivables (%)	33.95	35.22
FR-Loss Reserve/NP-FR (%)	39.24	32.87
Cost to Income (%)	40.37	113.85
Leverage (Times)	1.08	1.43
Total Debt/Total Equity (Times)	0.91	1.37
ROAA (%)	3.28*	-4.28

KWD000	H1 2010	H1 2009	Δ%
Net financing Income	2,243	1,584	41.60
Net investing Income	-583	-525	11.05
Other Income	219	634	-65.45
Gross Income	**1,879**	1,693	10.99
Operating Expenses	923	1,833	-49.65
Operating Profit	956	-140	-
Provisions	296	-1,733	-
Net Profit	**1,227**	**-1,873**	**-**

*Annualised

Profitability

Al Manar returned to profitability in H1 2010 aided by a sharp decline in operating expenses and a provision write back Al Manar recorded a profit of KWD1.2mn in the first six months of 2010 against a loss of KWD1.9mn in the corresponding period of 2009. Net financing income moved ahead by 42% to KWD2.2mn. This was achieved despite the 18% fall in net financing receivables. The improvement was largely due to the much weaker performance in H1 2009, a period when Al Manar experienced a sharp deterioration in the quality of its financing portfolio. Yields on the financing portfolio also improved in H1 2010.

Investment income recorded another loss (KWD583k against KWD525k in H1 2009). Again, the loss reflects continued weak domestic investment/financial markets.

Significantly lower operating expenses Management's specific focus on reducing the cost base saw immediate benefits in the first six months of the year. Costs were down by 50% to KWD923k. The much lower cost base was due to head count reduction (20% reduction from H1 2009), lower marketing and consultancy costs and lower administrative costs reflecting the smaller financing portfolio.

The reduction in costs combined with higher revenue resulted a substantial increase in operating profit, which stood at KWD956k at end June 2010.

Provision write back A provision write back of KWD296k was booked versus the significant charge of KWD1.7mn in H1 2009. Although non-performing financing fell (see below) and coverage rose slightly, there is still a significant gap between provisions and impaired loans and Al Manar will need to increase the provision charge going forward. Management believe the coverage is adequate, mainly due to the collateral held with the assigned value providing coverage in excess of 100%. However, in practice, the value may not be achievable.

Balance Sheet

Continued decline in assets reflecting trend of weak financing demand and strategy of trying to improve the overall quality of the financing portfolio Al Manar's total assets declined by 15% in 1H 2010 to KWD68.7mn. The fall was specifically connected to the smaller financing portfolio, which stood at KWD52mn at H1 2010, a reduction of 18% from end December 2009.

Non-performing financing recorded a small decline, but remained very high Total non-performing financing fell by 19% to KWD20.4mn and the worst of the deterioration in asset quality appears to be over. Against gross financing receivables, non-performing facilities declined slightly to 34%.

Total debt again fell by a relatively large level Al Manar's total debt (Wakala facilities) fell by 31% to KWD31.3mn at 30 June 2010. Facilities to Standard Chartered Bank were paid back in Q1 2010 together with a reduction in borrowings from Kuwait Finance House. Importantly, Al Manar has restructured its loans from Boubyan Bank and Ahli United Bank (funded in actual case from PIFSS) from a bullet payment loan to monthly amortized loan for a period of 36 months to 2013.

Total capital registered a small rise through retained profit Total equity rose by 4% to KWD34.6mn at end June 2010. Total equity comprised a reasonable 47% of total assets.

Key Ratios

Leverage declined further and is now at a more comfortable level Following the relatively large fall in total debt and the rise in equity, Al Manar's leverage fell to a moderate 1.08x from 1.43x previously. Total debt to total equity also fell to a reasonable 0.91x from 1.37x.

ROAA jumped The Company's return on average assets rose to 3.28% on an annualised basis in H1 2010.

Coverage ratio improved moderately, but remained low Financing loss reserves to non-performing financing rose marginally to 39.2% from 32.9% on the back of the fall in impaired assets. The 39% coverage ratio remains wholly insufficient in CI's view.

OUTLOOK

Al Manar Financing and Leasing Company continues to face a challenging period ahead. Issues remain on both sides of the balance sheet. The squeeze in funding and liquidity in financial markets has impacted Al Manar's liquidity position. As a result of tighter liquidity, Al Manar was forced to reduce its financing portfolio. This, in turn, has hit revenue although some improvement was evident in H1 2010. At the same time as the liquidity squeeze, the downturn in the domestic economy and operating environment caused a significant increase in non-performing facilities. This has necessitated a significant increase in provisioning, which negatively impacted the bottom line causing Al Manar to record a loss for 2009.

Nonetheless, there has been some progress made in restoring the Company's financial position. Total debt and hence leverage has fallen, and non-performing financing fell moderately in the first six months of 2010 indicating that the trend of rising impaired assets may be over. Al Manar also recorded a small profit in the first six months of the current year.

However, although the financing position has stabilised, the ongoing need to maintain adequate liquidity as well as strengthen asset quality will restrict asset growth and in turn revenue opportunities. The small size of the balance sheet in what remains a competitive market will also continue to present a challenge for Al Manar.

APPENDIX I

SUPERVISION & REGULATION

Al Manar is supervised and regulated by the Central Bank of Kuwait and by the Ministry of Commerce. Upon the Company's planned listing it will also be subject to the regulations and reporting requirements of the KSE. In terms of reporting, a range of quarterly returns would be required. In addition, any purchases or sales of treasury stock would have to be reported immediately to the KSE. The Company currently submits monthly reports to the Central Bank of Kuwait in a manner similar to that of commercial banks and must obtain central bank approval and permission before the release of financial information. The supervision department of the central bank periodically audits the Company for compliance with regulatory requirements. The regulatory regime in Kuwait includes regular on-site inspections as well as ongoing off-site supervision.

Al Manar follows the common regulatory requirements for consumer lending in Kuwait. These apply to all lenders, bank and non-bank. The main areas covered are:

a) Maximum interest rates (related to the central bank discount rate).

b) Maximum tenors.

c) Repayment ability assessment.

As with other consumer lenders in Kuwait, Al Manar must report all outstanding financings to the Ci-Net credit bureau system, Kuwait's credit bureau.

COLLATERAL POLICY

Listed stocks. Acceptable shares should be those of Kuwaiti companies listed on the KSE. The coverage ratio for those shares is a minimum of 200% and the customer is required to sign a contract that gives the Company the right to liquidate those shares at any time without referring to the customer.

Real estate. The real estate should be located in Kuwait. The minimum coverage ratio is 150% for income producing real estate and 200% for non-income producing real estate. The real estate should be registered as a first-charge collateral for the Company and the customer is required to sign a contract that gives the Company the right to liquidate at any time without referring to the customer.

Letter of Guarantee. The letter of guarantee should normally be issued by a Kuwaiti bank. On the rare occasions where a guarantee is issued by an overseas bank, prior approval of the Company's board is required. The letter of guarantee should cover 100% of the required loan.

AL MANAR FINANCING AND LEASING COMPANY

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SUMMARY RATIOS	External Audit	AUD 12/2009	AUD 12/2008	AUD 12/2007	AUD 12/2006
A . SIZE FACTORS (KWD 000)					
1 . Total Assets		81,120	118,253	111,500	88,160
2 . Net Financing Receivables		63,432	97,253	87,616	70,467
3 . Total Equity		33,349	37,517	37,104	35,836
4 . Tangible Net-Worth		33,326	37,496	37,074	35,769
5 . Total Debt		45,563	77,574	71,500	50,083
6 . Net Profit		-4,268	3,170	3,617	3,047
7 . Assets Under Management					
B . ASSET QUALITY (%)					
8 . Total Assets Growth Rate		-31.40	6.06	26.48	39.28
9 . FR-Loss Reserve / Financing Receivables		11.57	4.22	3.61	2.97
10 . Non-Performing FR / Financing Receivables		35.22	17.69	7.04	3.85
11 . FR-Loss Reserve / Non-Performing FR		32.85	23.87	51.26	77.09
12 . Unprovided Non-Performing FR / Total Equity		50.87	36.45	8.40	1.79
13 . FR-Loss Provision Charge / Financing Receivables		-5.59	-0.99	-1.24	-0.97
C . CAPITAL AND LEVERAGE					
14 . Total Equity Growth Rate (%)		-11.11	1.11	3.54	10.63
15 . Total Equity / Total Assets (%)		41.11	31.73	33.28	40.65
16 . Leverage (Times)		1.43	2.15	2.01	1.46
17 Leverage - Excluding Minority Interest (Times)		1.43	2.15	2.01	1.46
18 . Total Liabilities / Tangible Net-Worth (Times)		1.43	2.15	2.01	1.46
19 . Long-Term Debt / Total Equity (Times)		0.33	0.41	0.85	1.03
20 . Total Debt / Total Equity (Times)		1.37	2.07	1.93	1.40
D . LIQUIDITY AND COVERAGE					
21 Current Ratio (Times)					2.20
22 . Cash + QI + ST Gross FR / ST Debt (Times)		0.08	1.10	1.21	5.87
23 . Cash & Quoted Investments / Total Assets (%)		3.24	3.01	5.10	9.32
24 . Cash & Quoted Investments / Total Liabilities (%)		5.51	4.41	7.64	15.70
25 . Net Financing Receivables / Total Assets (%)		78.19	82.24	78.58	79.93
26 . Net Financing Receivables / Total Liabilities (%)		128.88	129.90	140.33	159.56
E . PROFITABILITY (%)					
27 . Return on Average Assets (ROAA)		-4.28	2.76	3.62	4.02
28 . Return on Average Equity (ROAE)		-12.05	8.50	9.92	8.93
29 . Funding Cost		8.06	8.89	8.87	8.28
30 . Financing Income on Average Earning Assets		10.54	11.76	11.35	12.44
31 . Financing Differential		2.49	2.87	2.48	4.16
32 . Non-Financing Income / Gross Income		-104.31	32.38	43.93	23.60
33 . Operating Expenses / Gross Income		113.85	38.12	32.87	35.00
34 . Operating Profit Growth Rate		-106.08	-11.25	26.71	17.41
35 . Operating Profit / Average Assets		-0.26	3.70	4.80	4.99
36 . Risk Provisioning Charge / Operating Profits		1,552.86	-23.72	-23.49	-18.63
37 . Realized Income / Gross Income		100.00	100.00	100.00	100.00
38 . Dividend Payout Ratio			84.88	69.85	1.25
F . INVESTMENT					
39 . Market Capitalization (KWD 000)					
40 . Share Price (KWD)					
41 . Earnings Per Share (KWD)			0.010	0.012	0.010
42 . Earnings Per Share Growth (%)			-13.11	17.69	45.38
43 . Price / Earnings Ratio (Times)					
44 . Price / Book Ratio (Times)					
45 . Cash Dividend Per Share (KWD)				0.010	0.007
46 . Stock Dividend Per Share (%)					
G . REFERENCE DATA					
. Exchange Rate (Units per USD)		0.276	0.276	0.273	0.289
. Inflation Rate (%)			10.60	5.50	3.08

AL MANAR FINANCING AND LEASING COMPANY

External Audit	2009	AUD	AUD	AUD	AUD	Growth (%)				Breakdown (%)			
BALANCE SHEET - ASSETS (KWD 000)	**USD 000**	**12/2009**	**12/2008**	**12/2007**	**12/2006**	**12/2009**	**12/2008**	**12/2007**	**12/2006**	**12/2009**	**12/2008**	**12/2007**	**12/2006**
Cash & Banks	8,804	2,430	3,251	3,556	3,898	-25.26	-8.58	-8.76	212.23	3.00	2.75	3.19	4.42
Net Financing Receivables	229,825	63,432	97,253	87,616	70,467	-34.78	11.00	24.34	46.19	78.19	82.24	78.58	79.93
Other Receivables			200	5,136		-100.00	-96.10				0.17	4.61	
Prepayments & Accruals	400	110	239	386	101	-53.81	-38.10	283.82	25.68	0.14	0.20	0.35	0.11
Investments	51,357	14,175	17,091	14,514	13,493	-17.06	17.76	7.57	-0.22	17.47	14.45	13.02	15.30
Net Fixed Assets	149	41	78	103	62	-47.54	-23.94	66.63	-39.69	0.05	0.07	0.09	0.07
Due From Associates													
Goodwill & Other Intangible Assets	82	23	21	30	67	8.17	-29.39	-55.83	-7.01	0.03	0.02	0.03	0.08
Other Assets	3,296	910	120	159	72	658.32	-24.55	119.89	3.93	1.12	0.10	0.14	0.08
TOTAL ASSETS	**293,914**	**81,120**	**118,253**	**111,500**	**88,160**	**-31.40**	**6.06**	**26.48**	**39.28**	**100.00**	**100.00**	**100.00**	**100.00**

AL MANAR FINANCING AND LEASING COMPANY

BALANCE SHEET - LIABILITIES (KWD 000) External Audit	2009 USD 000	AUD 12/2009	AUD 12/2008	AUD 12/2007	AUD 12/2006	Growth (%) 12/2009	Growth (%) 12/2008	Growth (%) 12/2007	Growth (%) 12/2006	Breakdown (%) 12/2009	Breakdown (%) 12/2008	Breakdown (%) 12/2007	Breakdown (%) 12/2006
Short-Term Debt	125,561	34,655	62,174	39,820	13,224	-44.26	56.14	201.11		42.72	52.58	35.71	15.00
Short-Term Payables	1,380	381	965	2,203	1,822	-60.53	-56.20	20.90	-15.55	0.47	0.82	1.98	2.07
Prepayments & Accruals	1,490	411	587	526	298	-29.93	11.64	76.52	455.54	0.51	0.50	0.47	0.34
Long-Term Debt	39,521	10,908	15,399	31,680	36,859	-29.17	-51.39	-14.05	28.79	13.45	13.02	28.41	41.81
Long-Term Payables													
Reserve for Retirement Pay & Insurance			246	167	120	-100.00	46.83	38.96	63.95		0.21	0.15	0.14
Due To Unc. Subsidiaries & Associates	5,132	1,416	1,364	0	0	3.83				1.75	1.15		
Other Liabilities													
TOTAL LIABILITIES	**173,085**	**47,771**	**80,736**	**74,396**	**52,324**	**-40.83**	**8.52**	**42.18**	**69.31**	**58.89**	**68.27**	**66.72**	**59.35**
EQUITY:													
Equity Attributable To Shareholders of Parent Co.													
Share Capital	111,865	30,875	30,859	30,701	30,401	0.05	0.51	0.99	1.06	38.06	26.10	27.53	34.48
Share Premium	1,131	312	55	27	3	463.38	105.05	797.34		0.38	0.05	0.02	0.00
Less: Treasury Shares													
Statutory Reserve	4,271	1,179	1,179	855	543		37.92	57.41	132.99	1.45	1.00	0.77	0.62
Voluntary Reserve	4,191	1,157	1,157	833	521		38.93	59.85	146.93	1.43	0.98	0.75	0.59
General Reserve			249	198	97	-100.00	25.46	103.76	368.78		0.21	0.18	0.11
Cumulative Change in Fair Value													
Gain on Sale of Treasury Shares													
Foreign Currency Translation	554	153	77			98.33				0.19	0.07		
Proposed Dividend													
Retained Earnings	-1,184	-327	3,942	4,490	4,270	-108.29	-12.22	5.15	131.63	-0.40	3.33	4.03	4.84
SUB-TOTAL	**120,829**	**33,349**	**37,517**	**37,104**	**35,836**	**-11.11**	**1.11**	**3.54**	**10.63**	**41.11**	**31.73**	**33.28**	**40.65**
Minority Interest													
TOTAL EQUITY	**120,829**	**33,349**	**37,517**	**37,104**	**35,836**	**-11.11**	**1.11**	**3.54**	**10.63**	**41.11**	**31.73**	**33.28**	**40.65**
TOTAL LIABILITIES & EQUITY	**293,914**	**81,120**	**118,253**	**111,500**	**88,160**	**-31.40**	**6.06**	**26.48**	**39.28**	**100.00**	**100.00**	**100.00**	**100.00**

AL MANAR FINANCING AND LEASING COMPANY

PROFIT AND LOSS ACCOUNT (KWD 000) External Audit	2009 USD 000	AUD 12/2009	AUD 12/2008	AUD 12/2007	AUD 12/2006	Growth (%) 12/2009	12/2008	12/2007	12/2006	% of Average Total Assets 12/2009	12/2008	12/2007	12/2006
Interest Income / Financing Income	31,775	8,770	11,268	9,393	7,701	-22.17	19.96	21.97	91.73	8.80	9.81	9.41	10.17
Interest Expense / Financing Expense	-17,971	-4,960	-6,625	-5,394	-3,260	-25.13	22.82	65.45	309.81	-4.98	-5.77	-5.40	-4.30
NET INTEREST INCOME / NET FINANCING INCOME	**13,805**	**3,810**	**4,643**	**3,999**	**4,441**	**-17.94**	**16.09**	**-9.94**	**37.87**	**3.82**	**4.04**	**4.01**	**5.86**
Fees & Commission Income	986	272	772	706		-64.74	9.36			0.27	0.67	0.71	
Rental Income	84	23								0.02			
Dividend Income	6	2	87	121	26	-98.20	-27.94	362.59	889.81	0.00	0.08	0.12	0.03
Foreign Exchange Income	-3,040	-839	-584	-10		43.69	5812.07			-0.84	-0.51	-0.01	
Investment Income	-5,772	-1,593	1,419	1,492	418	-212.29	-4.93	256.80	-60.87	-1.60	1.23	1.49	0.55
Share of Results of Unc. Subsidiaries & Associates	-1,645	-454	177			-357.01				-0.46	0.15		
Profit on Sale of Unc. Subsidiaries & Associates													
Other Income	2,332	644	353	824	927	82.21	-57.13	-11.14	26.13	0.65	0.31	0.83	1.22
NON-INTEREST INCOME / NON-FINANCING INCOME	**-7,048**	**-1,945**	**2,224**	**3,133**	**1,372**	**-187.48**	**-29.03**	**128.42**	**-24.08**	**-1.95**	**1.94**	**3.14**	**1.81**
GROSS INCOME	**6,757**	**1,865**	**6,867**	**7,133**	**5,813**	**-72.84**	**-3.73**	**22.71**	**15.61**	**1.87**	**5.98**	**7.14**	**7.68**
General & Administrative Expense	7,471	2,062	2,500	2,057	1,814	-17.52	21.55	13.37	7.09	2.07	2.18	2.06	2.40
Lease / Rental Expense													
Depreciation & Amortization	215	59	67	87	118	-11.13	-23.11	-26.48	25.13	0.06	0.06	0.09	0.16
Other Expenses	6	2	50	201	101	-96.61	-74.89	97.93	389.30	0.00	0.04	0.20	0.13
OPERATING EXPENSES	**7,692**	**2,123**	**2,617**	**2,345**	**2,034**	**-18.88**	**11.63**	**15.27**	**12.41**	**2.13**	**2.28**	**2.35**	**2.69**
OPERATING PROFIT	**-936**	**-258**	**4,249**	**4,788**	**3,778**	**-106.08**	**-11.25**	**26.71**	**17.41**	**-0.26**	**3.70**	**4.80**	**4.99**
Provisions For Doubtful Financing Receivables	-14,529	-4,010	-1,008	-1,125	-704	297.92	-10.39	59.78	-36.88	-4.02	-0.88	-1.13	-0.93
Other Provisions													
GROSS PROFIT	**-15,465**	**-4,268**	**3,242**	**3,663**	**3,075**	**-231.68**	**-11.51**	**19.14**	**46.19**	**-4.28**	**2.82**	**3.67**	**4.06**
Extraordinary Items													
Taxes			-72	-46	-28	-100.00	55.69	65.13	47.38		-0.06	-0.05	-0.04
NET PROFIT (LOSS)	**-15,465**	**-4,268**	**3,170**	**3,617**	**3,047**	**-234.66**	**-12.37**	**18.72**	**46.18**	**-4.28**	**2.76**	**3.62**	**4.02**
APPROPRIATION OF SURPLUS:													
Attributable To Minority Interests													
Dividends			3,070	2,128	26	-100.00	44.27	8046.97					
Transfer To Equity	**-15,465**	**-4,268**	**100**	**1,489**	**3,021**	**-4379.59**	**-93.30**	**-50.70**	**44.93**				
Bonus Shares Issued			158	300	318	-100.00	-47.46	-5.67	283.31				
Changes In Equity Not Through P&L	**-15,103**	**-4,168**	**256**	**968**	**3,126**	**-1730.09**	**-73.59**	**-69.03**	**50.09**				

CORPORATE RATIO FORMULAE - FINANCING, LEASING & INVESTMENT

A SIZE FACTORS	
1 . TOTAL ASSETS	TOTAL ASSETS
2 . NET FINANCING RECEIVABLES	GROSS FINANCING RECEIVABLES - DEFERRED INCOME - PROVISIONS (FRLR)
3 . TOTAL EQUITY	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT CO.+ MINORITY INTEREST
4 . TANGIBLE NET-WORTH	TOTAL EQUITY - GOODWILL - OTHER INTANGIBLE ASSETS
5 . TOTAL DEBT	SHORT-TERM DEBT + LONG-TERM DEBT
6 . NET PROFIT	NET PROFIT
7 . ASSETS UNDER MANAGEMENT	ASSETS UNDER MANAGEMENT
B . ASSET QUALITY (%)	
8 . TOTAL ASSETS GROWTH RATE	CURRENT YEAR TOTAL ASSETS – PREVIOUS YEAR TOTAL ASSETS x 100 / PREVIOUS YEAR TOTAL ASSETS
9 . FR-LOSS RESERVE / FINANCING RECEIVABLES	FINANCING RECEIVABLES LOSS RESERVE x 100 / FINANCING RECEIVABLES
10 . NON-PERFORMING FR / FINANCING RECEIVABLES	NON PERFORMING FINANCING RECEIVABLES x 100 / FINANCING RECEIVABLES
11 . FR-LOSS RESERVE / NON-PERFORMING FR	FINANCING RECEIVABLES LOSS RESERVE x 100 / NON PERFORMING FINANCING RECEIVABLES
12 . UNPROVIDED NON-PERFORMING FR / TOTAL EQUITY	NON PERFORMING FR - FR LOSS RESERVE x 100 / TOTAL EQUITY
13 . FR-LOSS PROVISION CHARGE / FINANCING RECEIVABLES	FINANCING RECEIVABLES PROVISION CHARGE x 100 / FINANCING RECEIVABLES
C . CAPITAL AND LEVERAGE	
14 . TOTAL EQUITY GROWTH RATE (%)	CURRENT YEAR TOTAL EQUITY – PREVIOUS YEAR TOTAL EQUITY x 100 / PREVIOUS YEAR TOTAL EQUITY
15 . TOTAL EQUITY / TOTAL ASSETS (%)	TOTAL EQUITY x 100 / TOTAL ASSETS
16 . LEVERAGE (TIMES)	TOTAL LIABILITIES / TOTAL EQUITY
17 LEVERAGE - EXCLUDING MINORITY INTEREST (TIMES)	TOTAL LIABILITIES / TOTAL EQUITY - MINORITY INTERESTS
18 . TOTAL LIABILITIES / TANGIBLE NET-WORTH (TIMES)	TOTAL LIABILITIES / TOTAL EQUITY - GOODWILL - OTHER INTANGIBLE ASSETS
19 . LONG-TERM DEBT / TOTAL EQUITY (TIMES)	LONG-TERM DEBT / TOTAL EQUITY
20 . TOTAL DEBT / TOTAL EQUITY (TIMES)	SHORT-TERM DEBT + LONG-TERM DEBT / TOTAL EQUITY
D . LIQUIDITY AND COVERAGE	
21 CURRENT RATIO (TIMES)	CURRENT ASSETS / CURRENT LIABILITIES
22 . CASH + QI + ST GROSS FR / ST DEBT (TIMES)	CASH + QUOTED INVESTMENTS + ST GROSS FINANCINFG RECEIVABLES / SHORT-TERM DEBT
23 . CASH & QUOTED INVESTMENTS / TOTAL ASSETS (%)	CASH + QUOTED INVESTMENTS x 100 / TOTAL ASSETS
24 CASH & QUOTED INVESTMENTS / TOTAL LIABILITIES (%)	CASH + QUOTED INVESTMENTS x 100 / TOTAL LIABILITIES
25 . NET FINANCING RECEIVABLES / TOTAL ASSETS (%)	NET FINANCING RECEIVABLES x 100 / TOTAL ASSETS
26 . NET FINANCING RECEIVABLES / TOTAL LIABILITIES (%)	NET FINANCING RECEIVABLES x 100 / TOTAL LIABILITIES

E . PROFITABILITY (%)	
27 . RETURN ON AVERAGE ASSETS (ROAA)	NET PROFIT x 100 / AVERAGE TOTAL ASSETS
28 . RETURN ON AVERAGE EQUITY (ROAE)	NET PROFIT x 100 / AVERAGE TOTAL EQUITY
29 . FUNDING COST	FINANCING EXPENSE x 100 / AVERAGE TOTAL DEBT
30 . FINANCING INCOME ON AVERAGE EARNING ASSETS	FINANCING INCOME x 100 / AVG. (CASH & BANKS + NET FINANCING RECEIVABLES + BONDS)
31 . FINANCING DIFFERENTIAL	FINANCING INCOME ON AVERAGE EARNING ASSETS - FUNDING COST
32 . NON-FINANCING INCOME / GROSS INCOME	NON FINANCING INCOME x 100 / GROSS INCOME
33 . OPERATING EXPENSES / GROSS INCOME	OPERATING EXPENSES x 100 / GROSS INCOME
34 . OPERATING PROFIT GROWTH RATE	CURRENT YEAR OPERATING PROFIT – PREVIOUS YEAR OPERATING PROFIT x 100 / PREVIOUS YEAR OPERATING PROFIT
35 . OPERATING PROFIT / AVERAGE ASSETS	OPERATING PROFIT x 100 / AVERAGE TOTAL ASSETS
36 . RISK PROVISIONING CHARGE / OPERATING PROFITS	PROVISION CHARGE FOR DOUBTFUL FR + OTHER PROVISION CHARGES x 100 / OPERATING PROFITS
37 . REALIZED INCOME / GROSS INCOME	REALIZED INCOME x 100 / TOTAL INCOME
38 . DIVIDEND PAYOUT RATIO	CASH DIVIDENDS x 100 / NET PROFIT
F . INVESTMENT	
39 . MARKET CAPITALIZATION	WEIGHTED AVG. NUM. OF SHARES OUTSTANDING X END OF PERIOD SHARE PRICE
40 . SHARE PRICE	END OF PERIOD SHARE PRICE
41 . EARNINGS PER SHARE	NET PROFIT / WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING
42 . EARNINGS PER SHARE GROWTH (%)	(CURRENT Y. EARNINGS PER SHARE – PREVIOUS Y. EARNINGS PER SHARE) x 100 / PREVIOUS Y. EARNINGS PER SHARE
43 . PRICE / EARNINGS RATIO (TIMES)	END OF PERIOD SHARE PRICE / EARNINGS PER SHARE
44 . PRICE / BOOK RATIO (TIMES)	END OF PERIOD SHARE PRICE / (TOTAL EQUITY / WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING)
45 . CASH DIVIDEND PER SHARE	CASH DIVIDEND PAID PER SHARE
46 . STOCK DIVIDEND PER SHARE (%)	STOCK DIVIDEND PAID PER SHARE AS A PERCENTAGE OF SHARE PAR VALUE
	Ref: MR2.2-INV-2.13

RATINGS DEFINITIONS

Foreign & Local Currency Ratings For Corporates

Foreign currency ratings refer to an entity's ability and willingness to meet its foreign currency denominated financial obligations as they come due. Foreign currency ratings take into account the likelihood of a government imposing restrictions on the conversion of local currency to foreign currency or on the transfer of foreign currency to residents and non-residents.

Local currency ratings for non-sovereign issuers are an opinion of an entity's ability and willingness to meet all of its financial obligations on a timely basis, regardless of the currency in which those obligations are denominated and absent transfer and convertibility restrictions. Both foreign currency and local currency ratings are internationally comparable assessments.

Foreign and local currency ratings take into account the economic, financial and country risks that may affect creditworthiness as well as the likelihood that an entity would receive external support in the event of financial difficulties.

Ratings assigned to corporates and financial institutions are generally not higher than the local and foreign currency ratings assigned by CI to the relevant sovereign government. However, it may be possible for an issuer with particular strengths and attributes such as inherent financial strength, geographically diversified cash flow, substantial foreign assets, and guaranteed external support, to be rated above the sovereign.

The following rating scale applies to both foreign currency and local currency ratings. Short-term ratings assess the time period up to one year.

Long-Term Issuer Ratings

Investment Grade

AAA The highest credit quality. Exceptional capacity for timely fulfilment of financial obligations and most unlikely to be affected by any foreseeable adversity. Extremely strong financial condition and very positive non-financial factors.

AA Very high credit quality. Very strong capacity for timely fulfilment of financial obligations. Unlikely to have repayment problems over the long term and unquestioned over the short and medium terms. Adverse changes in business, economic and financial conditions are unlikely to affect the institution significantly.

A High credit quality. Strong capacity for timely fulfilment of financial obligations. Possesses many favourable credit characteristics but may be slightly vulnerable to adverse changes in business, economic and financial conditions.

BBB Good credit quality. Satisfactory capacity for timely fulfilment of financial obligations. Acceptable credit characteristics but some vulnerability to adverse changes in business, economic and financial conditions. Medium grade credit characteristics and the lowest investment grade category.

Speculative Grade

BB Speculative credit quality. Capacity for timely fulfilment of financial obligations is vulnerable to adverse changes in internal or external circumstances. Financial and/or non-financial factors do not provide significant safeguard and the possibility of investment risk may develop.

B Significant credit risk. Capacity for timely fulfilment of financial obligations is very vulnerable to adverse changes in internal or external circumstances. Financial and/or non-financial factors provide weak protection; high probability for investment risk exists.

C Substantial credit risk is apparent and the likelihood of default is high. Considerable uncertainty as to the timely repayment of financial obligations. Credit is of poor standing with financial and/or non-financial factors providing little protection.

SD Selective default. The obligor has failed to service one or more financial obligations but CI believes that the default will be restricted in scope and that the obligor will continue honouring other financial commitments in a timely manner.

D The obligor has defaulted on all, or nearly all, of its financial obligations.

Short-Term Issuer Ratings

Investment Grade

A1 Superior credit quality. Highest capacity for timely repayment of short-term financial obligations that is extremely unlikely to be affected by unexpected adversities. Institutions with a particularly strong credit profile have a "+" affixed to the rating.

A2 Very strong capacity for timely repayment but may be affected slightly by unexpected adversities.

A3 Strong capacity for timely repayment that may be affected by unexpected adversities.

Speculative Grade

B Adequate capacity for timely repayment that could be seriously affected by unexpected adversities.

C Inadequate capacity for timely repayment if unexpected adversities are encountered in the short term.

SD Selective default. The obligor has failed to service one or more financial obligations but CI believes that the default will be restricted in scope and that the obligor will continue honouring other financial commitments in a timely manner.

D The obligor has defaulted on all, or nearly all, of its financial obligations.

Capital Intelligence appends "+" and "-" signs to foreign and local currency **long term** ratings in the categories from "AA" to "C" to indicate that the strength of a particular corporate is, respectively, slightly greater or less than that of similarly rated peers.

Outlook – expectations of improvement, no change or deterioration in a rating over the 12 months following its publication are denoted Positive, Stable or Negative.