Commercial Bank of Qatar (CBQK)

Recommendation	MARKET PERFORM	Risk Rating	R-3
Share Price	QR50.10	Current Target Price	QR55.00
Implied Upside	9.8%	Old Target Price	QR72.00

Revising Estimates and Price Target

Commercial Bank is Qatar's 2nd largest conventional bank with a market share of ~12% and ~10% in loans and deposits, respectively. *Focused on regional expansion, CBQK acquired 74.24% of Alternatifbank (ABank) & set forth a 5-year strategy that would improve Abank's efficiency and raise its market share. We forecast net loans to grow by 3.3% in 2015, 7.0% in 2016 and 8.6% in 2017 with a CAGR of 9.2% during 2014-2019e vs. a CAGR of 17.8% (2009-2014). We also expect this growth to be accompanied by further capital hikes (~QR3.6bn as announced by the bank and a further ~QR3bn based on our estimates in 2016e-2018e) and aggressive deposit raising (a CAGR of 13.2% during 2014-2019e).*

Highlights

- **We adjust some of our assumptions for 2015 and 2016.** We revise our 2015 net interest income downward due to muted loan growth. Moreover, we significantly revised our non-interest income downward due to weak investment income (which we now expect to decline by 35.8% to QR108.4mn) and lackluster income from associates as a result of UAB's loss in 3Q2015 (we now expect a drop of 49.0% to QR194.4mn). On the other hand, we kept 2015 provisions and investment impairments broadly unchanged at QR745mn vs. QR751mn. Net-net, our bottom-line estimate drops by 17.7% vs. our previous estimate. As far as 2016 is concerned, we further decrease NIMs since we assume more margin pressure along with lower-than-expected loan growth and increasing funding pressure complemented with high deposit growth. Previously we had assumed a 12.9% growth in loans for 2016. However, we revise the loan growth to 7.0%. The negative change in 2016's non-interest income is based on lower investment gains, lower fees & commissions and lower income from associates. On the other hand we increased net provisions & impairments to QR763.0mn vs. QR701.0mn. As such, we drop our 2016 net income by 29.3% to QR1,618mn. *Our changes in estimates are based on our cautious outlook on 2016.*
- **Based on our revised estimates, we decrease our price target to QR55.00 from QR72.00 and revise our rating to Market Perform vs. our Outperform rating previously.** Our revision reflects a subdued fundamental outlook in 2016. *Despite falling oil prices, Qatar remains relatively* insulated *compared to its GCC neighbors. However, if oil prices remain depressed for an extended period, our estimates could well be revised downward.* We have also made some changes to our valuation assumptions. We revised our cost of equity to 11.4% vs. 10.5% previously and changed our terminal growth rate to 4.0% vs. 5.0% previously. Moreover, our new forecasted average RoAE is 13.3% vs 14.0%. *Based on our revised estimates, the WEV and RI methods yield a price target of QR55.00 and QR54.00 respectively, yielding a blended fair value of QR55.00.*

Catalysts

- **Beyond a stabilization/recovery in oil prices, the following developments could be perceived positively by the market:** 1) Strengthening of the Turkish Lira and 2) Steady bottom-line growth without major asset quality issues.

Recommendation, Valuation and Risks

- **Recommendation and valuation:** ***We revise our Price Target to QR55.00 and change our rating to a Market Perform.*** CBQK is trading at a 2016e P/B and P/E of 1.1x and 10.1x, respectively. The stock offers a yield of 6.5% in both 2015 and 2016.
- **Risks:** 1) Declining oil prices remains the biggest risk for CBQK and the banking sector, 2) Exposure to the retail & contracting segments, 3) Weak Turkish Lira and 4) LDR requirement from the QCB could create short-term issues.

Key Data

Current Market Price (QR)	50.10
Dividend Yield (%)	6.5
Bloomberg Ticker	CBQK QD
ADR/GDR Ticker	GBB39RMD9.L
Reuters Ticker	COMB.QA
ISIN	QA0007227752
Sector*	Banks & Financial Svcs.
52wk High/52wk Low (QR)	69.82/49.50
3-m Average Volume ('000)	376.6
Mkt. Cap. ($ bn/QR bn)	4.5/16.4
Shares Outstanding (mn)	326.6
FO Limit* (%)	49.0
Current FO* (%)	13.7
1-Year Total Return (%)	(20.9)
Fiscal Year End	December 31

Source: Bloomberg (as of November 18, 2015), *Qatar Exchange (as of November 18, 2015); Note: FO is foreign ownership

Key Financial Data and Estimates

	FY2014	FY2015e	FY2016e	FY2017e
Attributable EPS (QR)	5.24	4.85	4.95	5.78
EPS Growth (%)	9.4	(7.5)	2.2	16.6
P/E (x)	8.7	10.3	10.1	8.7
BVPS (QR)	43.4	44.2	46.0	48.7
P/B (x)	1.2	1.1	1.1	1.0
DPS (QR)	3.18	3.25	3.25	3.25
Dividend Yield (%)	6.4	6.5	6.5	6.5

Source: Company data, QNBFS estimates; Note: All data based on current number of shares

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Revising Estimates

We adjust some of our assumptions for 2015 and 2016: We revise our 2015 net interest income downward due to muted loan growth. Moreover, we significantly revised our non-interest income downward due to weak investment income (which we now expect to decline by 35.8% to QR108.4mn) and lackluster income from associates as a result of UAB's loss in 3Q2015 (we now expect a drop of 49.0% to QR194.4mn). On the other hand, we kept 2015 provisions and investment impairments broadly unchanged at QR745mn vs. QR751mn. Net-net, our bottom-line estimate drops by 17.7% vs. our previous estimate. As far as 2016 is concerned, we further decrease NIMs since we assume more margin pressure along with lower-than-expected loan growth and increasing funding pressure complemented with high deposit growth. Previously we had assumed a 12.9% growth in loans for 2016. However, we revise the loan growth to 7.0%. The negative change in 2016's non-interest income is based on lower investment gains, lower fees & commissions and lower income from associates. On the other hand we increased net provisions & impairments to QR763.0mn vs. QR701.0mn. As such, we drop our 2016 net income by 29.3% to QR1,618mn. *Our changes in estimates are based on our cautious outlook on 2016.*

Major Estimate Changes

	2015e			2016e		
	Old	New	Change (%)	Old	New	Change (%)
Net Interest Income	2,828	2,560	-9.5	3,132	2,642	-15.7
Non Interest Income	1,829	1,617	-11.6	2,037	1,779	-12.7
Net Operating Income	2,962	2,505	-15.4	3,309	2,645	-20.1
Net Income	1,923	1,583	-17.7	2,288	1,618	-29.3

Source: QNBFS estimates

Valuation

Based on our revised estimates, we decrease our price target to QR55.00 from QR72.00 and revise our rating to Market Perform vs. our Outperform rating previously. Our revision reflects a subdued fundamental outlook in 2016. *Despite falling oil prices, Qatar remains relatively* insulated *compared to its GCC neighbors. However, if oil prices remain depressed for an extended period, our estimates could well be revised downward.* We have also made some changes to our valuation assumptions. We revised our cost of equity to 11.4% vs. 10.5% previously and changed our terminal growth rate to 4.0% vs. 5.0% previously. Moreover, our new forecasted average RoAE is 13.3% vs 14.0%. *Based on our revised estimates, the WEV and RI methods yield a price target of QR55.00 and QR54.00 respectively, yielding a blended fair value of QR55.00.*

We value CBQK using a blended valuation methodology, which assigns a 50%:50% weighting to a) Warranted Equity Valuation (WEV) and b) Residual Income Model (RI).

a) We utilize a WEV technique derived from the Gordon Growth Model: P/B = (RoAE-g)/(Ke-g).

This model uses sustainable return on average equity (RoAE) based on the mean forecast over the next eight years, cost of equity (Ke) and expected long-term growth in earnings (g) to arrive at a fair value for this stock. We consider this method best suited to arriving at an intrinsic valuation through the economic cycle.

b) We also derive CBQK's fair value by employing the RI valuation technique, 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).

The RI model is suitable for the following reasons: 1) when the company does not pay dividends or the pattern of dividend payments is unpredictable; 2) the company is expected to generate negative free cash flows for the foreseeable future and 3) as the traditional free cash flow to equity (FCFE) formula does not apply to banks. A major advantage of RI in equity valuation is a greater portion of the company's intrinsic value is recognized from the beginning BVPS as opposed to the terminal value (common in traditional FCFE methodology).

In Commercial Bank's case, 80% of the fair value is derived from the bank's beginning BVPS vs. 15% from the terminal value. Both valuation methodologies are based on a common Cost of Equity (CoE) assumption of 11.4%.

We calculate a risk free rate of 4.5% and factor in an adjusted beta of 1.07 vs. 0.77 (actual from Bloomberg) as we believe banks are a direct proxy for the economy. Finally, we add a local equity risk premium of 6.5% to arrive at a CoE of 11.4%.

Valuation Matrix

WEV	
Sustainable RoAE (%)	13.3%
Book Value of 2015e (QR)	44.16
Estimated Cost of Equity (%)	11.4%
Terminal Growth Rate (%)	4.0%
Intrinsic Value (QR)	55.00
Current Market Price (QR)	50.10
Upside/(Downside) Potential (%)	9.8%
Equity Value (QR mn)	17,965

RI	
Beginning BVPS (2015) (QR)	43.38
Present Value of Interim Residuals (QR)	4.65
Present Value of Terminal Value (QR)	7.86
Terminal Growth Rate (%)	4.0%
Intrinsic Value (QR)	54.00
Current Market Price (QR)	50.10
Upside/(Downside) Potential (%)	7.8%
Equity Value (QR mn)	17,638

Source: Bloomberg, QNBFS estimates

Price Target Calculation

Methodology	Equity Value (QR mn)	Weight (%)	Fair Value (QR mn)
WEV	17,965	50	8,982
Residual Income	17,638	50	8,819
Blended Equity Value			17,801
Shares Outstanding (mn)			326.629
Target Price (QR)			55.00
Upside/(Downside)			**9.8%**

Source: Bloomberg, QNBFS estimates

We present below a scenario analysis of possible price targets based on a Base, Bull and Bear scenario

Scenario Analysis	Bear	Base	Bull
Sustainable RoAE	12.3%	13.3%	14.3%
G	3.0%	4.0%	5.0%
Ke	12.4%	11.4%	10.4%
P/B	0.99	1.25	1.71
Blended Fair Value Based on WEV & RI	44.00	55.00	76.00

Source: QNBFS estimates

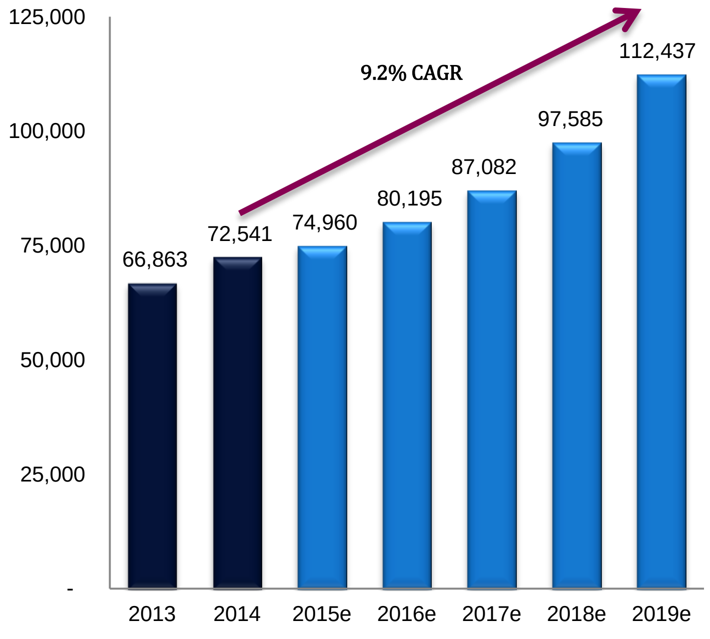
Key Forecasts

Loan Book

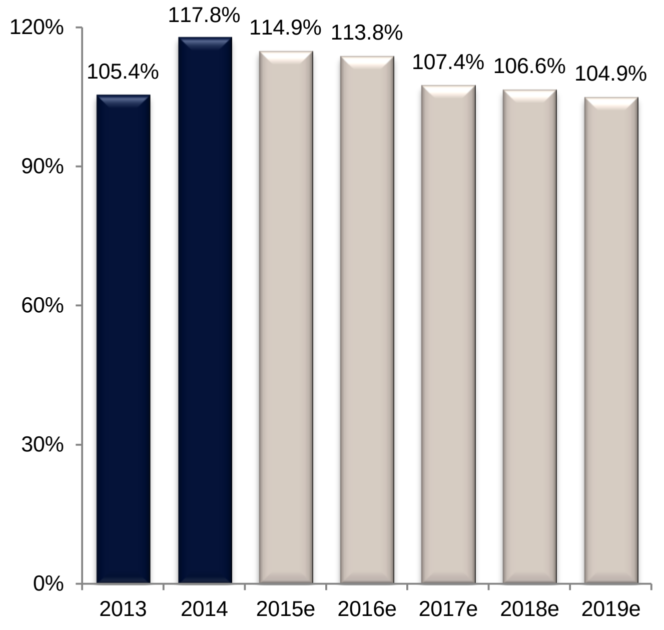
We estimate loans and deposits (including CDs) to grow by CAGRS of 9.2% and 13.2% for 2014-19e. CBQK decreased its exposure to the real estate sector in 2014 to 26% of total loans from 2013's 32% and 2012's 33% (2011: 31%). It seems that management has adopted a conservative approach and wants the loan portfolio not to be skewed to real estate. It appears that this stance was adopted due to a problematic real estate loan from 2013 (was resolved in 2Q2015). Hence, going forward we do not factor in a lot of weight from the real estate segment. We pencil in loan book growth of 3.3%, 7.0% and 8.6% in 2015, 2016 and 2017, respectively. We expect the corporate segment (CBQK's historical niche) to drive loan growth going forward. *However, we do note that our 2016 estimate could be subject to significant revision given overall business conditions.* We expect the loan book to grow to QR112.4bn in 2019e from QR72.5bn in 2014.

LDR expected to gradually drop complemented with rising funding costs. We should remind the reader that in the beginning of 2004, the QCB issued a directive asking banks to comply with a simple LDR (denominator consists of only customer deposits excluding any wholesale funds) of 100% by the end of 2017 or Jan 01, 2018. Although banks are still in discussions with the QCB about amending variables in the ratio, nevertheless we assume the new policy goes into effect. Thus, Commercial Bank would have to grow deposits (including CDs) by 19% in 2016 and 14% in 2017. *This implies aggressive growth complemented with higher funding costs. We note that our modest loan book growth is partially due to CBQK needing to fix its LDR ratio.*

Loans to Exhibit 9.2% CAGR (QR mn)

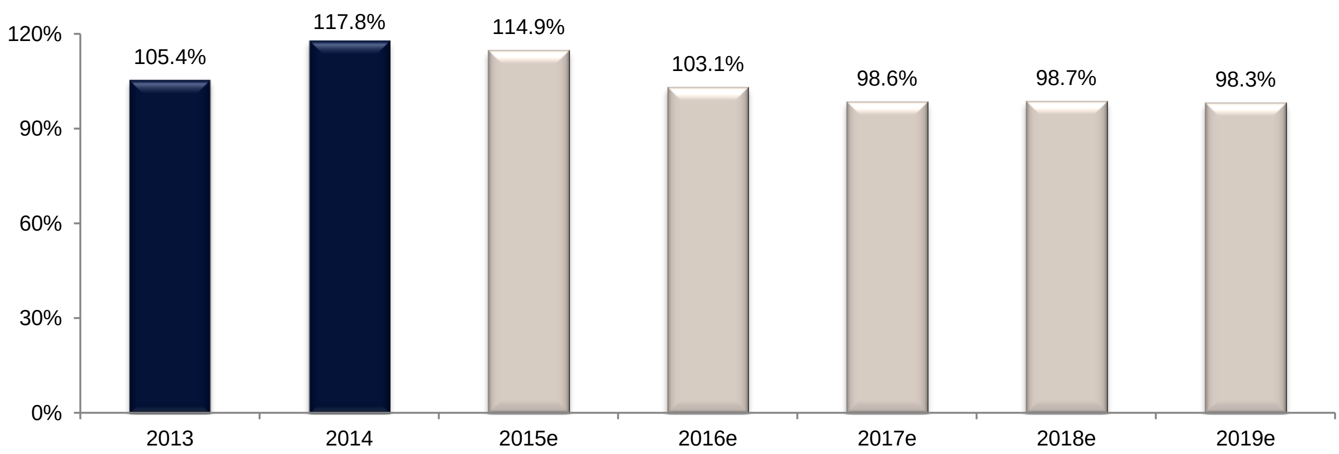


LDR to Drop



Source: Company data, QNBFS estimates

LDR With the Help of CDs to Drop; In-Line With QCB Regulations

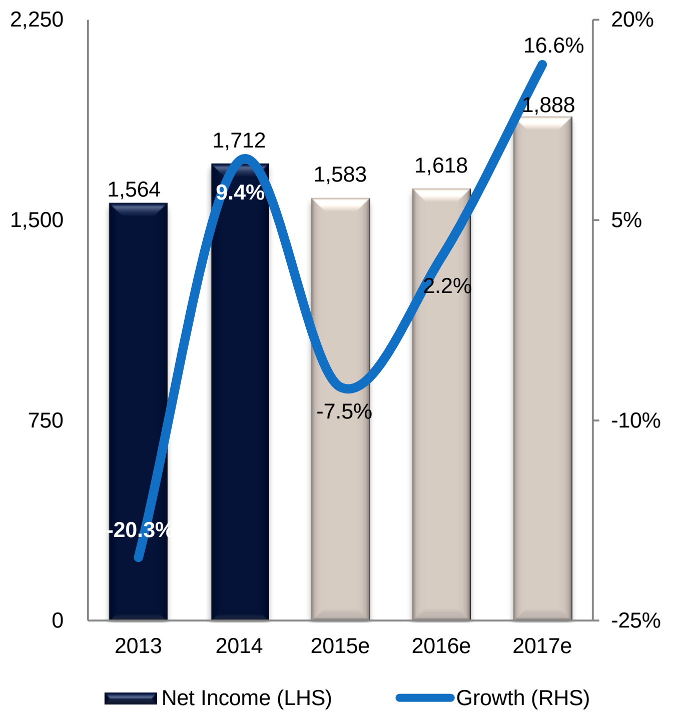


Source: Company data, QNBFS estimates

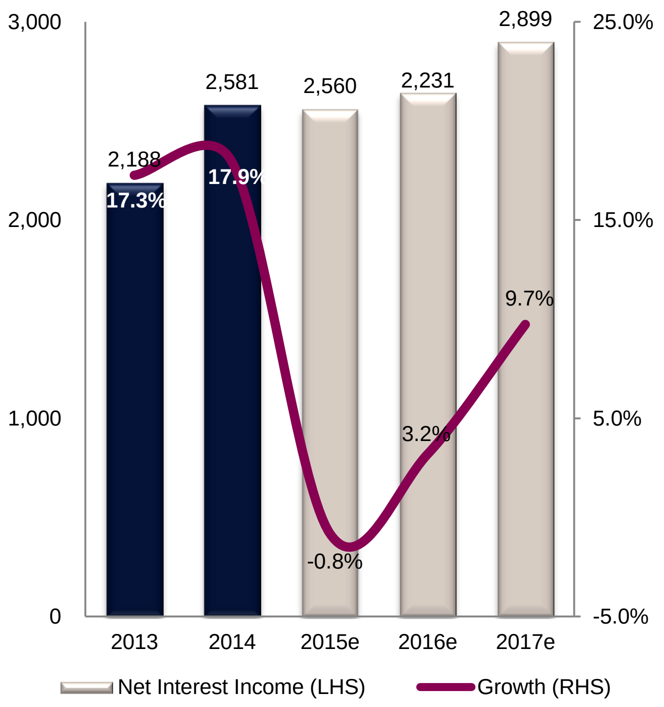
Operating Performance

We expect weak performance in 2015, subdued performance in 2016 and a rebound in 2017. We have revised our 2015 and 2016 net profit estimates downward. We now expect attributable net profit to reach QR1.58bn and QR1.62bn in 2015 and 2016, respectively (previously QR1.92bn and QR2.29bn). In 2015, we expect a marginal decline in net interest income (down 0.8% YoY) due to muted loan growth. From a NIMs perspective, competition within the banking industry during 2012, 2013 and 2014 was strong as most banks saw the yields on their assets and NIMs take a drop while the cost of funding remained rigid. Thus, CBQK's NIMs contracted by ~70 bps in 2012 reaching 2.87%, declining to 2.67% in 2013 and further dropping to 2.65% in 2014 (one of the lowest in the bank's operating history over 2003-14). Presently, NIMs are still under pressure. We estimate CBQK's NIMs for 2015, 2016 and 2017 at 2.49%, 2.35% and 2.35%, respectively. The contraction in NIMs is mainly due to competition and pressure on funding costs as Commercial Bank has to raise deposits aggressively in 2016 and 2017 in order to comply with QCB's 100% LDR rule. Moreover, after an exceptional performance in fees & commission during 2013 and 2014 (+30.3% and 303.2% YoY), we expect an increase of 16.0% YoY in 2015 (based on 9M2015 trend). Moreover, we expect fees to grow at a decent level of 8.0% in 2016. On the other hand we estimate fees to rebound in 2017 and grow by 15.0%. We pencil in a drop of 35.8% in investment income in 2015, while we expect some growth in 2016 and 2017. We also estimate net provisions & impairments to modestly grow by 2.4% in 2016 (+8.1% in 2017). This implies a cost of risk of ~90bps in 2015-2017. Thus, attributable net profit is modeled to drop by 7.5% in 2015, marginally grow by 2.2% 2016, while jumping by 16.6% in 2017. *As a note, our estimates could be revised upward or downward based on how these variables materialize in the coming quarters; NIMs, investment income, fees, income from associates (particularly UAB), provisions and further capital hikes. Another major variable at play is the Turkish Lira which has depreciated significantly in 2015. As such, the growth achieved at Abank has not translated into proportionate improvements in CBQK.*

Net Income (QR mn)

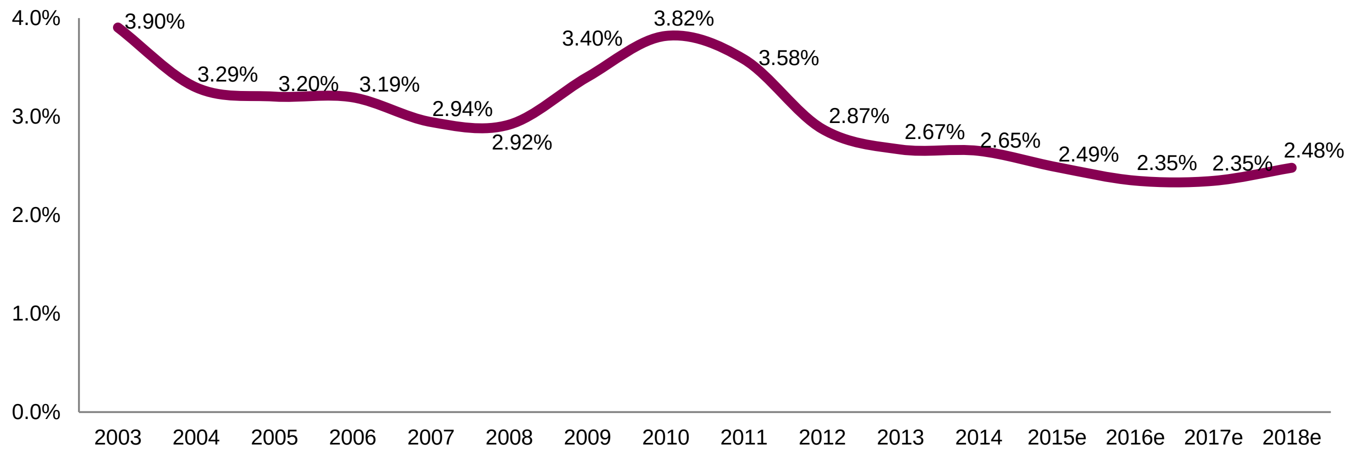


Net Interest Income (QR mn)



Source: Company data, QNBFS estimates

NIMs To Remain Under Some Pressure On the Back of Funding Costs

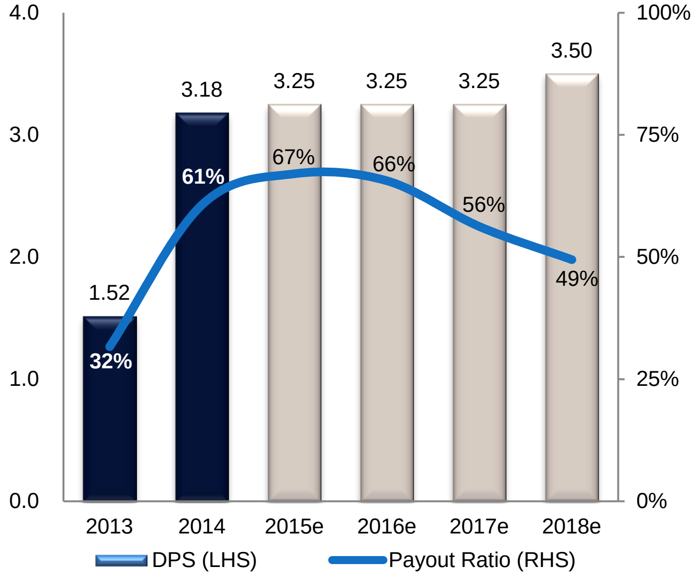


Source: Company data, QNBFS estimates

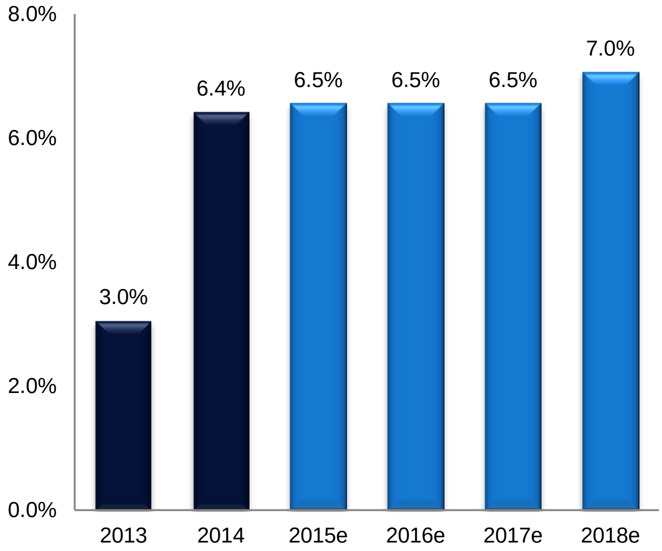
Dividends

We expect the company to marginally increase the dividend to QR3.25/share vs. QR3.18/share in 2014. Commercial Bank was known to be generous in dividend distributions with an average payout ratio of 86.1% (2008-2012). We assume a cash dividend QR3.25/share in 2015 and 2016, respectively. We believe management will try to maintain dividends at this level after slashing it by 67% in 2013 and then raising it by 110% in 2014. Having said that, we do not expect management to shell out dividends the way they did historically. However, the stock still offers an attractive dividend yield of 6.5% in both 2015 and 2016, respectively.

Payout Ratio on the Decline



Dividend Yield Remains Attractive

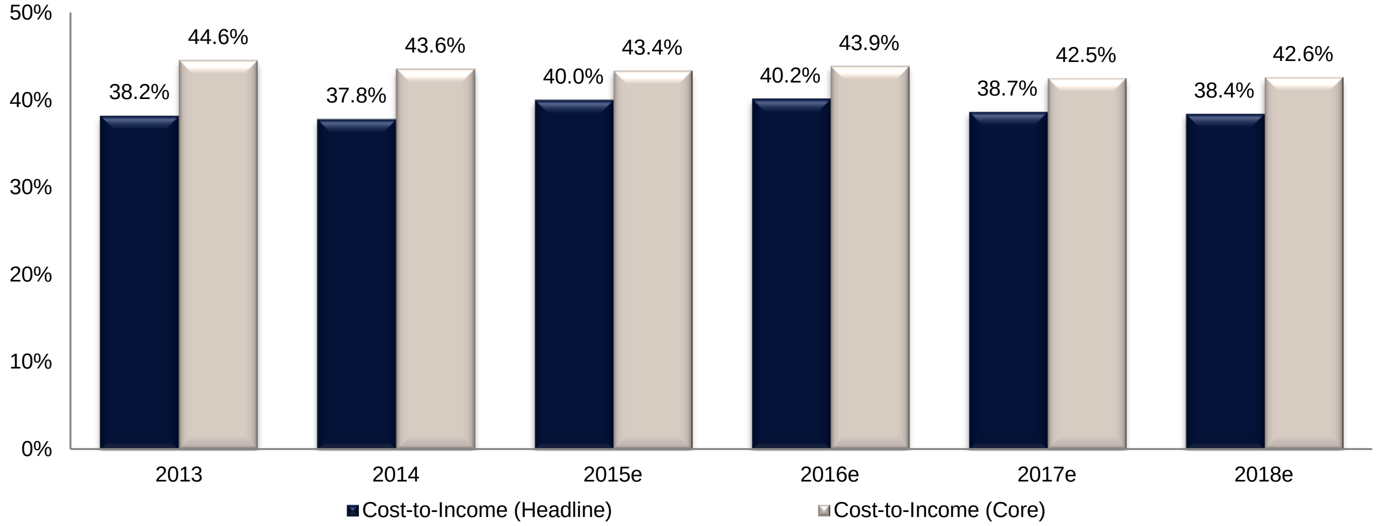


Source: Company data, QNBFS estimates

Efficiency

CBQK's cost-to-income ratio to remain elevated in the coming two years, albeit some improvement. Historically, CBQK has maintained a healthy efficiency ratio at an average of ~28% (2005-12), which is mostly in-line with its GCC peers. However, it jumped to 38.2% in 2013 due to the ABank deal. ABank's cost-to-income ratio has always been on the high side averaging 47% (2006-2014). CBQK's efficiency ratio marginally improved in 2014 to 37.8%. Moreover, management indicated that bringing down the cost-to-income ratio to the mid-30s (%) is one of their primary objectives. So far in 9M2014, Commercial Bank's cost-to-income ratio (headline) increased to 40.2%, while core cost-to-income (excludes investment income, one-time gains/losses and income/loss from associates) stood at 43.6%. The main factors contributing to the elevated efficiency ratio are weak net interest income (due to muted loan growth), weak investment income and UAB's loss in 3Q2015. Thus, we estimate a cost-to-income ratio of 40.0% in 2015 and 40.2% in 2016 due to weakening revenue. However, we pencil in 38.7% in 2017 as we expect growth in revenue to outpace growth in opex.

Operating Efficiency to Gradually Improve

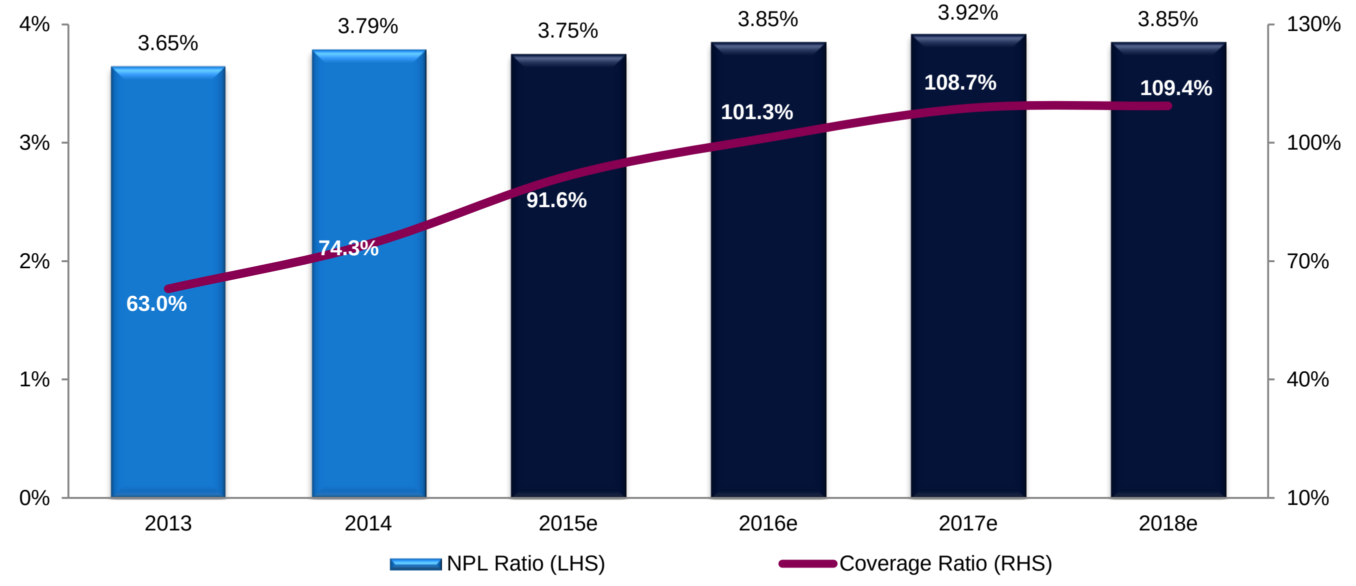


Source: Company data, QNBFS estimates

Asset Quality

Asset quality could worsen in 2016. We forecast some deterioration in asset quality during 2016 as is likely during periods of economic softness. Consequently, the real estate and contracting segments suffer the most. In this regard, CBQK's loan portfolio is exposed to real estate (26%) and contracting (8%). It is worth noting that the company has had some bad experience with real estate in the past. Thus, we model an NPL ratio 3.85% in 2016 (the NPL ratio could increase above our estimate). CBQK was mired with asset quality issues mainly from the impairment of a domestic real estate loan in 2Q2013. Consequently, the NPL ratio spiked to 3.65% (2012: 1.09%) and the coverage ratio dropped to 63.0% (2012: 116.3%) as of 2013. In 2014, the bank's NPL ratio further deteriorated to 3.79%. However, the coverage ratio improved considerably to 74.3%. In 2Q2015, management resolved the issue with the real estate company. Nevertheless we pencil in an average (2016e-2019e) coverage ratio of 107%. Further, we are of the view that management would like to remain conservative and maintain a coverage ratio above the 100s (%).

Asset Quality Could Worsen in 2016

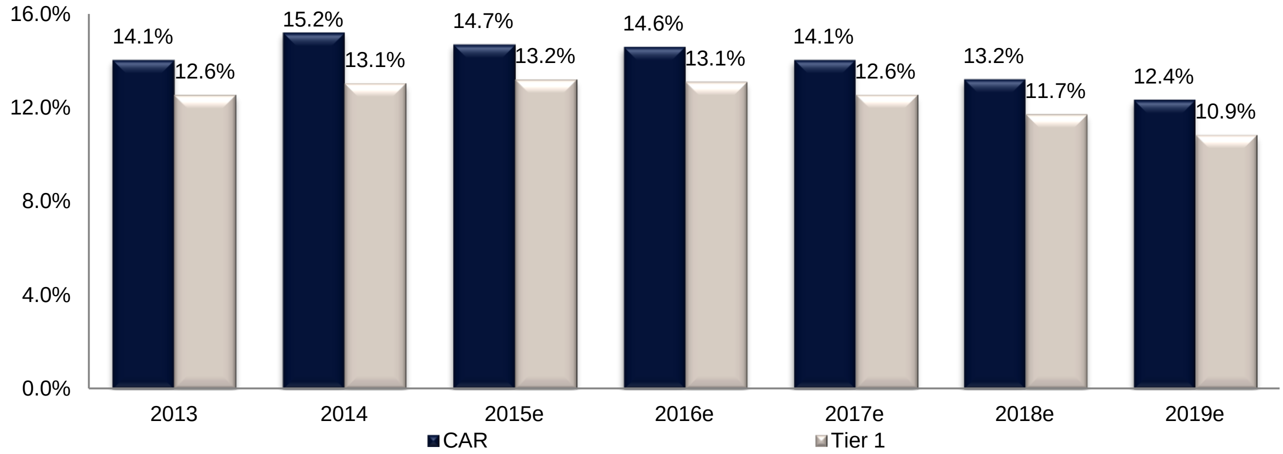


Source: Company data, QNBFS estimates

Capitalization

More capital needed. Commercialbank issued Tier-1 perpetual capital notes worth ~QR2bn in December 2013 in order to boost its Tier-1 capital. The bank ended 2013 with a Tier 1 ratio and CAR of 12.6% and 14.1%, respectively. Moreover, the bank's 2014 Tier-1 ratio and CAR rested at 13.1% and 15.2%, respectively. Moreover, the bank announced that it may raise Additional Tiel-1 or Tier-2 capital up to a maximum of QR3.6bn (management has not yet issued paper). Currently, we do not factor this in our model and we estimate a Tier-1 ratio and CAR of 13.1 and 14.7% in 2015, respectively. On the other hand, based on our 2015 and 2016 estimates, CBQK's CET 1 Ratio remains pretty low (one of the lowest domestically) at 11.4% and 11.3%, respectively. *If we assume an additional QR3.6bn in 2015 then we end up with a Tier-1 ratio and CAR of 16.4% and 17.9%, respectively. The flow-through effect would be a Tier-1 and CAR of 16.0% and 17.5% in 2016, respectively. However, in order for the bank to grow and to add extra buffers, it would need to raise additional capital to the tune of ~QR3bn between 2016 and 2018.*

More Capital Required



Source: Company data, QNBFS estimates

4Q2015 Estimates

We expect CBQK to exhibit a 60.7% QoQ surge in net income (+19.8% YoY). We estimate CBK to report a net income of QR443.4mn in 4Q2015 vs. QR275.9mn in 3Q2015 (QR370.1mn in 4Q2014). We expect the QoQ surge in net income to be mainly attributed to a low base affect as the bank's associate (UAB) reported a loss in 3Q2015. We expect the YoY growth to emanate from a drop in provisions.

	4Q2014	3Q2015	4Q2015e	Change QoQ (%)	Change YoY (%)
Net Interest Income	626	651	656	0.8	4.9
Non-Interest Income	407	268	400	49.7	(1.6)
Net Operating Income	649	486	641	31.7	(1.3)
Net Income (Headline)	370	276	443	60.7	19.8

Source: Company data, QNBFS estimates

Detailed Financial Statements

Ratios	FY2014	FY2015e	FY2016e	FY2017e
Profitability (%)				
RoAE (Attributable)	11.8	10.5	10.6	11.8
RoAA (Attributable)	1.5	1.3	1.3	1.3
RoRWA (Attributable)	3.1	2.7	3.2	3.3
NIM (% of IEAs)	2.65	2.49	2.35	2.35
NIM (% of RWAs)	2.66	2.47	2.38	2.44
NIM (% of AAs)	2.26	2.14	2.05	2.07
Spread	2.3	2.2	2.0	1.9
Efficiency (%)				
Cost-to-Income (Headline)	37.8	40.0	40.2	38.7
Cost-to-Income (Core)	43.6	43.4	43.9	42.5
Liquidity (%)				
LDR	118	115	114	107
LDR (including CDs)	118	115	103	99
Loans/Assets	63	61	60	59
Cash & Interbank Loans-to-Total Assets	19.4	16.3	16.2	16.3
Deposits to Assets	53	53	53	55
Wholesale Funding to Loans	46	50	43	40
IEAs to IBLs	117	117	125	123
Asset Quality (%)				
NPL Ratio	3.8	3.8	3.9	3.9
NPLs to Shareholder's Equity	18.8	19.3	20.6	21.7
NPLs to Tier 1 Capital	21.9	20.3	21.6	22.9
Coverage Ratio	74.3	91.6	101.3	108.7
ALL/Average Loans	2.9	3.5	4.0	4.4
Cost of Risk	0.87	0.93	0.91	0.90
Capitalization (%)				
Tier 1 Ratio	13.1	13.2	13.1	12.6
CAR	15.2	14.7	14.6	14.1
Tier 1 Capital to Assets	11.2	11.6	11.1	10.6
Tier 1 Capital to Loans	17.8	19.1	18.5	17.9
Tier 1 Capital to Deposits	21.0	22.0	21.1	19.3
Leverage (x)	7.7	8.2	8.6	8.9
Growth (%)				
Net Interest Income	17.9	-0.8	3.2	9.7
Non-Interest Income	8.4	-5.0	10.0	11.9
Net Income (Attributable)	9.4	(7.5)	2.2	16.6
Loans	8.5	3.3	7.0	8.6
Deposits	-2.9	6.0	8.0	15.0

Source: Company data, QNBFS estimates

Income Statement (In QR mn)	FY2014	FY2015e	FY2016e	FY2017e
Net Interest Income	2,581	2,560	2,642	2,899
Fees & Commissions	880	1,020	1,102	1,267
FX Income	120	165	182	173
Other Income	704	432	496	551
Non-Interest Income	**1,703**	**1,617**	**1,779**	**1,991**
Total Income	**4,284**	**4,177**	**4,421**	**4,890**
Operating Expenses	(1,620)	(1,672)	(1,776)	(1,891)
Net Operating Income	**2,663**	**2,505**	**2,645**	**2,999**
Net Provisions	(673)	(745)	(763)	(825)
Net Profit Before Taxes & Non-Recurring Items	**1,991**	**1,760**	**1,882**	**2,174**
Non-Recurring Income	-	90	-	-
Net Profit After Non-Recurring Income	**1,991**	**1,850**	**1,882**	**2,174**
Tax	(50)	(53)	(47)	(54)
Net Profit Before Minority Interest	**1,940**	**1,797**	**1,835**	**2,120**
Minority Interest	(60)	(53)	(55)	(64)
Net Profit (Headline/Reported)	**1,880**	**1,744**	**1,780**	**2,056**
Interest on Tier-1 Note	(120)	(120)	(120)	(120)
Social & Sports Contribution Fund	(49)	(41)	(41)	(48)
Net Profit (Attributable)	**1,712**	**1,583**	**1,618**	**1,888**

Source: Company data, QNBFS estimates

Balance Sheet (In QR mn)	FY2014	FY2015e	FY2016e	FY2017e
Assets				
Cash & Balances with Central Bank	6,941	6,003	5,638	6,484
Interbank Loans	15,494	14,242	16,039	17,416
Net Investments	11,621	18,692	22,316	25,583
Net Loans	72,541	74,960	80,195	87,082
Investment In Associates	4,447	4,544	4,656	4,784
Other Assets	2,438	3,448	3,208	3,483
Net PP&E	1,311	1,332	1,358	1,389
Goodwill & Other Intangibles	860	620	567	515
Total Assets	**115,652**	**123,842**	**133,977**	**146,736**
Liabilities				
Interbank Deposits	14,125	16,799	13,887	14,656
Certificate of Deposits	-	-	7,280	7,280
Customer Deposits	61,561	65,255	70,475	81,047
Term Loans	18,884	20,435	20,435	20,435
Tier-1 Perpetual Notes	2,000	2,000	2,000	2,000
Other Liabilities	3,386	3,589	3,524	4,052
Total Liabilities	**99,956**	**108,078**	**117,601**	**129,470**
Shareholders' Equity				
Share Capital	2,969	3,266	3,266	3,266
Statutory Reserves	8,820	8,820	8,820	8,820
General Reserves	27	27	27	27
Banking Risk Reserve	1,709	1,766	1,889	2,051
Other Reserves	54	(474)	(474)	(474)
Proposed Dividends	1,039	1,062	1,062	1,062
Proposed Bonus Shares	297	-	-	-
Retained Earnings	113	578	1,011	1,675
Total Shareholders' Equity	**15,028**	**15,044**	**15,601**	**16,427**
Total Liabilities & Shareholders' Equity	**115,652**	**123,842**	**133,977**	**146,736**

Source: Company data, QNBFS estimates

Recommendations *Based on the range for the upside / downside offered by the 12 - month target price of a stock versus the current market price*	
OUTPERFORM	Greater than +20%
ACCUMULATE	Between +10% to +20%
MARKET PERFORM	Between -10% to +10%
REDUCE	Between -10% to -20%
UNDERPERFORM	Lower than -20%

Risk Ratings *Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals*	
R-1	Significantly lower than average
R-2	Lower than average
R-3	Medium / In-line with the average
R-4	Above average
R-5	Significantly above average

Contacts

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