

KCBK Alert – Adjusting Price Target to Reflect 10-for-1 Stock Split; No Impact on Capital or Market Cap

- **KCBK's 10-for-1 stock split goes into effect today.** Al Khalij Commercial Bank's (KCBK) 10-for-1 stock split has resulted in 3,600,000,000 shares vs. 360,000,000 previously.
- **Much Needed liquidity.** The 10-for-1 stock split could inject some liquidity in the name, which has historically faced thin trading volumes.
- **Price will change.** Following the stock split, the price has changed to QR1.17 vs. previous close of QR11.70.
- **Our Price Target will be adjusted following the stock split.** Our Price Target on KCBK will be adjusted to QR1.50 from QR15.00.
- **No Impact on capital.** The bank's capital will remain the same at QR5.5bn as of 1Q2019.
- **No impact on market cap.** Market cap remains the same at QR4.2bn/\$1.2bn.
- **No Impact on ownership structure.** Ownership structure will remain the same.
- **Recommendation & valuation:** KCBK trades at 2019 P/E and P/TB of 7.8x and 0.7x. We retain our Market Perform rating.

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

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