

QNBFS Alert – QIIK 4Q2016 Profitability Broadly In-Line; DPS Flat at QR4.00/share

- **4Q2016 earnings broadly in-line with estimates.** Qatar International Islamic Bank (QIIK) reported a net profit of ~QR119mn in 4Q2016, broadly in-line with our expectations (QR126mn) with a variation of -5.6%. Net income decreased by 47% and 7% QoQ and YoY, respectively. Although the financial statements are not yet available, we believe that net provisions came in higher than on our estimate
- **Dividends remained flat in 2016 vs. 2015.** QIIK announced a DPS of QR4.00/share, implying an attractive yield of 5.9%.
- **Loans exhibited strong performance.** Net loans stood at QR27.2bn growing by 1.5% and 8.8% QoQ and YoY, respectively. Customer deposits declined by 1.9% QoQ (flat YoY) to QR26.6bn. *As such, the bank's LDR was elevated to 102% vs. 99% in 3Q2016 (94% at the end of 2015).*
- **Capitalization remained robust.** QIIK ended 2016 with a CAR of 19.5%.
- **Recommendation and valuation:** We maintain our Price Target of QR63.00 for now. QIIK trades at a P/E and P/TB of 13.0x and 1.7x on our 2017 estimates, respectively.

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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