

QNBFS Alert - QIIK 2014 Net Income and Dividend In-Line with Estimates

- **2014 net income and dividend in-line with our estimates:** QIIK (Qatar International Islamic Bank) posted a net profit of QR825.8mn (up 10.1% YoY) in 2014 vs. our estimate of QR819.7mn. EPS amounted to QR5.45 in 2014 vs. QR4.96 in 2013. QIIK's board of directors proposed cash DPS of QR4.00 (QR3.75 in 2013) in-line with our estimate of QR4.00. Going forward, we maintain a cash DPS of QR4.00 for 2015, implying a dividend yield of 4.7%.
- **Solid balance sheet performance in 2014:** Total assets reached QR38.4bn at the end of 2014, up 12.8% YoY. Customer deposits stood at QR26.6bn at the end of 2014 vs. QR24.2bn in 2013. Financing assets posted a strong growth of 14.8% YoY to reach QR21.8bn. Total shareholders' equity stood at QR5.4bn in 2014 as compared to QR5.1bn in 2013.
- **Tier 1 Sukuk announced.** QIIK's capital adequacy ratio under Basel II stood at 16.27% at the end of 2014 as compared to 18.86% at the end of 2013. The board has proposed to the general assembly to issue additional Tier 1 Sukuk, up to QR3bn, to support the bank's future capital requirements.
- **Catalyst/Key Events in the pipeline:** Going forward, given the appreciation in real estate prices over the last few quarters, we expect QIIK to sell some of its real estate portfolio. This could potentially improve the bottom-line in coming quarters (not incorporated in our estimates) and act as a catalyst for the stock price. The bank is also actively looking at international expansion. Any newsflow in this regard could also act as a catalyst for the stock.
- **We maintain our estimates and price target of QR85.00; reiterate Market Perform rating.** For 2015 and 2016, we expect QIIK to post earnings of QR903mn and QR984mn, respectively. The bank trades on P/E and P/B multiples of 14.3x and 2.2x on our 2015 estimates, respectively.

Recommendations	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>	
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	
<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
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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