

# QNBFS Alert – QIIK 1Q2013 Results In line With Estimates

- **1Q2013 results in line with our estimate; maintain Accumulate rating with QR57.18 price target.** Qatar International Islamic Bank (QIIK) reported a net profit of QR185.3mn for 1Q2013, up 5.6% YoY. On a QoQ basis the results were up 25.0%. The results were inline with our estimate of QR182.3mn and Bloomberg consensus estimate of QR183.0mn. The growth was driven by lower provisions and higher income from investment securities.
- **Recent developments:** Subsequent to the successful issuance of its first \$700mn sukuk in 2012, QIIK has taken an approval for another \$2bn sukuk plan from its shareholders. This is further confirmation of its aggressive intent to increase the bank's balance sheet size and loan book. In fact in 2012, the bank grew its loan book by 38.6% YoY with the bulk of the growth coming from the services & others segment.
- **We maintain our estimates and reiterate our price target of QR57.18.** For 2013 and 2014, we expect QIIK to post earnings of QR729mn and QR782mn, respectively. We feel the bank will increase DPS to QR3.75 for 2013 (QR3.50 DPS for the last two years). Going forward, we expect the dividend payout ratio to be in the vicinity of 75%.
- **Valuation appears fair.** We believe the bank is fairly valued relative to its Qatari peers. The bank trades on a P/E and P/B multiple of 10.6x and 1.5x on our 2013 estimates.
- **Smallest listed player in the Shari'a compliant segment.** QIIK is the smallest of the three listed Islamic banks (7th out of the 8-listed banks).