

QNBFS Alert – QIBK Reports In-Line 4Q2016 Earnings of QR555mn; Raises Divs. To QR4.75

- **4Q2016 earnings in-line with our expectations.** Qatar Islamic Bank (QIBK) reported a net profit of QR555mn in 4Q2016, inching up by 0.9% QoQ (+2.0% YoY), in-line with our estimate of QR561mn (-1.1% variation).
- **Dividends was a positive surprise.** QIBK announced a DPS of QR4.75/share (implying a yield of 4.3%) vs. our estimate of QR4.25/share. *Expect the stock to outperform its peers on higher than expected dividends.*
- **Net Loans displayed robust performance; in-line with our estimate.** net loans gained by 1.6% QoQ (+12.6% YoY) to QR98.20bn (in-line with our estimate of QR98.03) while deposits receded by 1.0% QoQ (+4.2% YTD) to QR95.40bn. As such QIBK's LDR moved to 103% vs. 95% in FY2015.
- **Asset quality remains strong.** The bank's NPL ratio moved to 1% vs. 0.7% at the end of 2015. Moreover, QIBK's coverage ratio decreased to 87% vs. 101% at the end of 2015.
- **Capitalization improved.** QIBK ended 2016 with a CAR of 16.7% vs. 14.1% in 2015.
- **Recommendation and valuation:** QIBK trades at a P/E and P/TB of 13.2x and 1.7x on our 2017 estimates respectively. For now we maintain 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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