

QNBFS Alert – MARK 4Q2013 Net Income In Line with Estimates

- **In-line 4Q2013 results.** Masraf Al Rayan (MARK) reported a net income to shareholders of QR452.0mn vs. our estimate of QR436.8mn and Bloomberg consensus of QR440.0mn. On a QoQ basis, the bottom-line is up 5.2% versus QR429.5mn in 3Q2013. The growth primarily came on the back of reversals in provisions on financing assets, which stood at QR26.2mn in the first nine months of 2013 versus a reversal of QR11.3mn for full year 2013. The bank increased its cash dividend to QR1.50 for 2013.
- **2013 analysis:** MARK posted a full year net profit of QR1.7bn in 2013, up 13.2% YoY. EPS stood at QR2.27 in 2013. The bank's total assets rose to QR66.5bn in 2013, indicating an 8.0% YoY growth. Financing activities reached QR41.4bn, down 0.7% YoY, while total customer deposits rose to QR48.3bn, an increase of 7.4% YoY.
- **Recent developments:** MARK has recently acquired the majority stake in Islamic Bank of Britain (IBB) from QIHK. IBB is one of the few standalone Islamic retail banks in the UK and has a high street presence with five branches and ~50,000 customers. Furthermore, MARK has also expressed its intention to buy a 40% stake in a Libyan bank. The acquisition will cost around QR1bn. Both these transaction are in line with our view that the bank will expand for long-term growth potential.
- **Valuation and price performance:** On YTD basis, the stock is up 10.06% vs. the QE All Share Banks & Financial Services Index, which is also up 8.31%.

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

Saugata Sarkar
Head of Research
+974 4476 6534
saugata.sarkar@qnbfs.com.qa

Abdullah Amin, CFA
Senior Research Analyst
+974 4476 6569
abdullah.amin@qnbfs.com.qa

Shahan Keushgerian
Senior Research Analyst
+974 4476 6509
Shahan.keushgerian@qnbfs.com.qa

DISCLAIMER: This publication has been prepared by QNB Financial Services SPC ("QNBFS") a wholly-owned subsidiary of Qatar National Bank ("QNB"). QNBFS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange; QNB is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNBFS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNBFS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. While this publication has been prepared with the utmost degree of care by our analysts, QNBFS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. QNBFS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report.

COPYRIGHT: No part of this document may be reproduced without the explicit written permission of QNBFS.