

QNBFS Alert – QIBK 1Q2013 Net Income down 24.9% YoY

- **1Q2013 net income down 24.9% YoY.** Qatar Islamic Bank (QIBK) reported a net profit of QR291.2mn for 1Q2013 vs. QR387.8mn in 1Q2012, down 24.9% YoY. On a QoQ basis, the net income is up 163.2%. This was lower than our estimate of QR358.7mn and Bloomberg consensus estimate of QR360.2mn.
- **Income from financing activities declined by 16.9% QoQ (-3.9% YoY) to QR471.1mn.** The decline was on the back of 12.3% QoQ decrease in the loan book to QR37.8bn. Deposit book also fell by 6.0% QoQ to QR40.5bn in 1Q2013. Income from investing activities jumped by 20.1% YoY to QR191.0mn. However, net fees and commission income dropped by 45.3% YoY. QIBK was making a spread on the domestic interbank market vs. the GCC interbank market (lower rates) in 2012. However, we saw that as only a short-term window for the bank and probably the decline in fee income could be result of lower activity in the GCC interbank market.
- **Payments to unrestricted investment account holders increased by 39.1% YoY to QR112.1mn for 1Q2013.** Deposit book is up 34.0% YoY. The loan-to-deposit ratio fell to 93.3% in 1Q2013 vs. 100.0% at the end of 2012 (105.4% at the end of 1Q2012). Overall provisions increased by 13.6% YoY to QR96.3mn in 1Q2013.
- **We maintain our estimates for 2013, target price remains at QR74.96.** For the time being, we expect the bank to post EPS of QR6.32 and QR6.71 for 2013 and 2014, respectively. On the DPS front, we expect the bank to pay a cash DPS of QR4.50 and 4.75 for 2013 and 2014, respectively. However, we would like to speak to management regarding the 1Q2013 performance to better analyze the results and will keep clients abreast of any change in estimates.