

Qatar International Islamic Bank (QIIB)

Recommendation	MARKET PERFORM	Risk Rating	R-3
Share Price	QR11.15	Target Price	QR11.26
Implied Upside	1.0%		

2Q2025 Moderately Falls Short; BoD Announces DPS Of QR0.24

Qatar International Islamic Bank (QIIB) reported a net profit of QR332.8mn in 2Q2025, increasing by 4.0% YoY (sequentially declining by 6.6%). The bottom-line came in moderately below our estimate of QR339.8mn (variation: -2.1%). Net-net, the bottom-line only increased by 4.0% YoY due to a 93.9% surge in provisions and impairments. Margin expansion (net interest income gained by 18.9%; NIM expanded by 59bps) led to an 18.5% growth in net operating income. Fees were strong, gaining by 15.0%, while f/x income declined by 39.5%. Sequentially, earnings declined by 6.6% on the back of a 131.2% surge in provisions and impairments, which is in-line with historical trends. On a positive note, NIMs expanded by 17bps, fees increased by 26.4% and f/x income moved up by 38.4%. This led to a 10.8% increase in net operating income. **We maintain our TP of QR11.26 and Market Perform rating.**

Highlights

- **The board announced an interim DPS of QR0.24 vs. QR0.23 in 1H2024, an increase of 4.3%.** This corresponds to an annualized yield of 4.3% and a payout ratio of 53%.
- **Margins expanded YoY and sequentially.** NIMs increased by ~59bps YoY in 2Q2025 to 3.12% (+17bps QoQ). This was due to a sharp drop in CoFs vs. yields. Net interest & investment income increased by 18.9% YoY to QR444.7mn (+6.8% QoQ).
- **Healthy RoE generator (>CoE):** QIIB generated annualized 1H2025 RoE of 18.4% vs. 17.7% in 1H2024.
- **The bank remains cost efficient.** QIIB posted a cost-to-income ratio of 18.7% in 2Q2025 vs. 20.8% in 2Q2024 (1Q2025: 19.1%). The bank generated JAWs of 11.2% YoY in 2Q2025 (+2.2% sequentially).
- **Net loans declined sequentially, while deposits were flat.** Net loans receded by 2.3% sequentially to QR39.0bn (-0.9% YTD). Deposits were flat QoQ at QR42.2bn in 2Q2025 (+2.0% YTD). Thus, QIIB's LDR (excluding wholesale stable sources of funds) was a healthy 92%.
- **1H2025 CoR increased vs. 1H2024.** QIIB booked net credit provisions of QR112.3mn in 2Q2025 vs. QR65.8mn in 2Q2024 (1Q2025: QR22.0mn). The sequential increase in provisions is in-line with historical trends. 1H2025 annualized CoR increased to 65bps from 58bps in 1H2024 (FY2024: 83bps).
- **Asset quality remains stable with strong coverage of Stage 3 loans.** NPL ratio decreased from 3.28% in FY2024 to 2.97% in 2Q2025 (1Q2025: 2.92%). At the same time, NPLs decreased by 0.5% sequentially (-10.0% vs. FY2024). Moreover, coverage of Stage 3 loans was a strong 93%. Stage 2 loans comprise 11% of total loans with a 24% coverage, which is healthy. Moreover, QIIB allocated most provisions to Stage 1 loans, which is very conservative. Coverage of Stage 1 loans increased from 14% in FY2024 to 22% in 2Q2025.
- **Capitalization remains healthy/strong and above the QCB minimum.** QIIB ended 2Q2025 with CET1/Tier-1 ratios of 14.4%/18.5%.

Recommendation, Valuation and Risks

- **Recommendation and valuation:** *We maintain our Market Perform rating and price target of QR11.26.* QIIB is trading at a 2025e/26e P/TB and P/E of 2.1x/2.0x and 13.6x/12.7x, respectively.
- **Risks:** 1) Exposure to the real estate and consumer segments creates concentration risk, which could result in further impairments and 2) Geopolitical risks.

Key Financial Data and Estimates

	2024	2025e	2026e	2027e
Attributable EPS (QR)	0.749	0.818	0.878	0.944
EPS Growth (%)	9.4	9.3	7.3	7.5
P/E (x)	14.9	13.6	12.7	11.8
Tangible BVPS (QR)	4.9	5.3	5.6	6.0
P/TBV (x)	2.3	2.1	2.0	1.9
RoE (%)	15.4	16.6	16.7	16.9
DPS (QR)	0.500	0.550	0.600	0.625
Dividend Yield (%)	4.5	4.9	5.4	5.6

Source: Company data, QNB FS Research; Note: All data based on current number of shares

Key Data

Current Market Price (QR)	11.15
1H2025 Annualized DY (%)	4.3
Bloomberg Ticker	QIIB QD
Reuters Ticker	QIIB.QA
ISIN	QA0006929879
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low (QR)	11.24/9.304
3-m Average Volume (mn)	11.0
Mkt. Cap. (\$ bn/QR bn)	4.6/16.9
Shares Outstanding (000's)	1,513.7
FO Limit* (%)	100.0
Current Institutional FO*	19.7
1-Year Total Return (%)	+13.9
Fiscal Year End	December 31

Source: Bloomberg (as of July 20, 2025), *Qatar Exchange (as of July 20, 2025); Note: FO is foreign institutional ownership

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Detailed Financial Statements

Income Statement (In QR mn)	2022	2023	2024	2025e	2026e	2027e
Net Interest Income	1,423	1,578	1,547	1,624	1,743	1,886
Fees & Commissions	298	292	378	385	415	406
FX Income	85	87	73	79	85	74
Other Income	(13)	17	35	18	16	39
Non-Interest Income	370	396	486	482	516	520
Total Revenue	1,793	1,974	2,032	2,105	2,259	2,406
Operating Expenses	(336)	(353)	(383)	(409)	(430)	(462)
Net Operating Income	1,457	1,621	1,650	1,697	1,829	1,943
Net Provisions & Impairments	(382)	(456)	(389)	(329)	(368)	(380)
Net Profit (Headline/Reported)	1,075	1,165	1,260	1,368	1,461	1,563
Payment on Tier-1 Sukuk	(108)	(99)	(95)	(95)	(95)	(95)
Social & Sports Contribution Fund	(27)	(29)	(32)	(34)	(37)	(39)
Net Profit (Attributable)	940	1,036	1,134	1,239	1,329	1,429
EPS	0.621	0.685	0.749	0.818	0.878	0.944

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2022	2023	2024	2025e	2026e	2027e
Cash & Balances with Central Bank	2,491	3,624	3,453	3,604	3,874	3,496
Interbank Loans	9,760	12,465	8,599	11,304	9,444	11,980
Net Investments	7,752	7,809	7,425	7,943	8,503	9,009
Net Loans	35,022	36,499	39,326	41,868	44,971	47,922
Investment In Associates	192	154	135	137	139	142
Other Assets	275	207	198	194	202	168
Net PP&E	231	226	228	228	233	238
Investments In Real Estate	669	642	616	616	616	616
Total Assets	56,393	61,626	59,979	65,894	67,981	73,571
Liabilities						
Interbank Deposits	5,679	9,468	5,186	8,000	6,865	9,323
Customer Deposits	37,945	38,934	41,383	43,949	46,674	49,241
Term Loans	2,794	2,772	2,798	2,798	2,798	2,798
Tier-1 Perpetual Sukuk	2,092	2,092	2,092	2,092	2,092	2,092
Other Liabilities	900	947	1,012	1,064	1,064	1,108
Total Liabilities	49,411	54,213	52,472	57,902	59,493	64,562
Total Shareholders' Equity	6,983	7,414	7,508	7,991	8,488	9,009
Total Liabilities & Shareholders' Equity	56,393	61,626	59,979	65,894	67,981	73,571
Risk Weighted Assets	49,109	52,598	50,573	54,165	56,424	61,505
TBVPS	4.59	4.88	4.93	5.26	5.59	5.95

Source: Company data, QNB FS Research

Ratios/Indicators	2022	2023	2024	2025e	2026e	2027e
Profitability (%)						
RoE	14.3	14.9	15.4	16.6	16.7	16.9
RoAA	1.6	1.8	1.9	2.0	2.0	2.0
RoRWA	1.9	2.0	2.2	2.4	2.4	2.4
NIM (% of IEAs)	2.59	2.90	2.77	2.80	2.82	2.87
NIM (% of RWAs)	2.89	3.10	3.00	3.10	3.15	3.20
NIM (% of AAs)	2.41	2.67	2.54	2.58	2.60	2.66
Spread	2.08	1.99	1.80	1.82	1.86	1.94
Efficiency (%)						
Cost-to-Income (Headline)	18.7	17.9	18.9	19.4	19.0	19.2
Cost-to-Income (Core)	18.7	18.1	19.2	19.6	19.2	19.6
Liquidity (%)						
LDR	86	88	89	90	91	92
Loans/Assets	62.1	59.2	65.6	63.5	66.2	65.1
Cash & Interbank Loans-to-Total Assets	21.7	26.1	20.1	22.6	19.6	21.0
Deposits to Assets	67.3	63.2	69.0	66.7	68.7	66.9
Wholesale Funding to Loans	24.2	33.5	20.3	25.8	21.5	25.3
IEAs to IBLs	136	127	129	129	129	129
Asset Quality (%)						
NPL Ratio	2.8	2.9	3.3	3.2	3.0	3.2
NPL to Shareholders' Equity	14.6	14.8	18.1	17.5	16.9	18.2
NPL to Tier-1 Capital	12.8	13.2	14.8	14.4	14.1	15.3
Coverage Ratio	147.7	147.8	144.2	165.3	187.9	189.7
ALL/Average Loans	3.9	4.2	4.7	5.1	5.6	6.0
Cost of Risk (bps)	81	113	83	82	84	83
Capitalization (%)						
CET1 Ratio	12.0	11.9	14.0	14.0	14.3	14.0
Tier-1 Ratio	16.3	15.9	18.2	17.8	18.0	17.4
CAR	17.7	17.0	19.3	19.0	19.1	18.5
Leverage (x)	8.1	8.3	8.0	8.2	8.0	8.2
Growth (%)						
Net Interest Income	-0.8	11.0	-2.0	5.0	7.3	8.2
Non-Interest Income	20.2	6.9	19.9	1.5	7.1	0.8
OPEX	2.5	5.2	8.4	6.7	5.2	7.6
Net Operating Income	3.0	11.3	1.1	3.6	7.8	6.3
Net Income (Attributable)	8.1	10.2	9.4	9.3	7.3	7.5
Loans	-5.4	4.2	7.7	6.5	7.4	6.6
Deposits	-1.8	2.6	6.3	6.2	6.2	5.5
Assets	-8.7	9.3	-2.7	9.9	3.2	8.2
RWAs	-0.3	7.1	-3.9	7.1	4.2	9.0

Source: Company data, QNB FS Research

Recommendations		Risk Ratings	
<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>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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