

Qatar International Islamic Bank (QIIB)

Recommendation	MARKET PERFORM	Risk Rating	R-3
Share Price	QR10.89	Target Price	QR11.26
Implied Upside	3.4%		

3Q2025 Moderately Beats Estimates; Healthy Set of Results

Qatar International Islamic Bank (QIIB) reported a net profit of QR408.9mn in 3Q2025, increasing by 6.1% YoY (sequentially rising by 22.9%). The bottom-line came in moderately ahead of our estimate of QR399.0mn (variation: +2.5%). Net-net, the bottom-line only increased by 6.1% YoY due to a 45.9% surge in provisions and impairments; the bank booked a large impairment on off balance sheet exposures vs. reversals in 3Q2025. Net operating income before impairments was up 10.2% YoY. Margin expansion (net interest income gained by 7.2%; NIM expanded by 21bps), a 16.8% surge in fees and flat opex, led to a 10.2% growth in net operating income. Sequentially, earnings gained by 22.9% on the back of a sharp drop in provisions and impairments; net operating income increased by 4.5% driven by fees (+13.7%) and a 4.2% decline in opex. **We maintain our TP of QR11.26 and Market Perform rating.**

Highlights

- **Margins expanded YoY but were flat sequentially.** NIMs increased by ~21bps YoY in 3Q2025 to 3.09% (flat QoQ). This was due to a lower drop in yields vs. CoFs. Net interest & investment income increased by 7.2% YoY to QR445.4mn (+0.2% QoQ).
- **Healthy RoE generator (>CoE):** QIIB generated annualized 9M2025 RoE of 19.6% vs. 18.7% in 9M2024 (1H2025: 18.4%).
- **The bank remains cost efficient and enjoys one of the lowest C/I ratios regionally.** QIIB posted a cost-to-income ratio of 17.5% in 3Q2025 vs. 18.7% in 3Q2024 (2Q2025: 18.7%). The bank generated JAWs of 9.1% YoY in 9M2025.
- **Net loans expanded sequentially, while deposits were flat.** Net loans increased by 6.0% sequentially to QR41.3bn (+5.1% YTD). Deposits were flat QoQ at QR42.3bn in 3Q2025 (+2.3% YTD). Thus, QIIB's LDR (excluding wholesale stable sources of funds) was a healthy 98%.
- **9M2025 CoR significantly decreased vs. 9M2024.** QIIB booked nil net credit provisions of in 3Q2025 vs. QR54.9mn in 3Q2024 (2Q2025: QR112.3mn). Hence, 9M2025 annualized CoR dropped to 41bps from 56bps in 9M2024 (FY2024: 83bps). On the other hand, QIIB booked impairments of QR63.7mn on off balance sheet items/exposures
- **Asset quality remains stable with strong coverage of Stage 3 loans.** NPL ratio decreased from 3.28% in FY2024 to 2.86% in 3Q2025 (2Q2025: 2.97%). At the same time, NPLs decreased by 8.2% YoY. Moreover, coverage of Stage 3 loans was a strong 93%. Stage 2 loans comprise 11% of total loans with a 26% coverage, which is healthy. Moreover, QIIB allocated most ECLs to Stage 2 loans, which is very conservative.
- **Capitalization remains healthy/strong and above the QCB minimum.** QIIB ended 3Q2025 with CET1/Tier-1 ratios of 15.5%/19.6%.

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/1.9x and 13.3x/12.4x, 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 Data

Current Market Price (QR)	10.89
1H2025 Annualized DY (%)	4.4
Bloomberg Ticker	QIIB QD
Reuters Ticker	QIIB.QA
ISIN	QA0006929879
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low (QR)	12.18/9.304
3-m Average Volume (mn)	0.8
Mkt. Cap. (\$ bn/QR bn)	4.5/16.5
Shares Outstanding (000's)	1,513.7
FO Limit* (%)	100.0
Current Institutional FO*	19.3
1-Year Total Return (%)	+5.3
Fiscal Year End	December 31

Source: Bloomberg (as of October 15, 2025), *Qatar Exchange (as of October 14, 2025); Note: FO is foreign institutional ownership

Key Financial Data and Estimates

	2024	2025e	2026e
Attributable EPS (QR)	0.749	0.818	0.878
EPS Growth (%)	9.4	9.3	7.3
P/E (x)	14.5	13.3	12.4
Tangible BVPS (QR)	4.9	5.3	5.6
P/TBV (x)	2.2	2.1	1.9
RoE (%)	15.4	16.6	16.7
DPS (QR)	0.500	0.550	0.600
Dividend Yield (%)	4.6	5.1	5.5

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

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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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