Qatar International Islamic Bank (QIIK)

Recommendation	MARKET PERFORM	Risk Rating	R-3
Share Price	QR11.82	Target Price	QR11.26
Implied Upside	(4.7%)		

4Q2025 In-Line With Estimates; DPS Falls Short Of Estimates

Qatar International Islamic Bank (QIIK) reported a net profit of QR253.0mn in 4Q2025, increasing by 15.1% YoY (sequentially dropping by 38.1%). The bottom-line came in-line with our estimate of QR250.2mn (variation: +1.1%). Net-net, the bottom-line increased due to a reversal in other provisions/impairments as net operating income receded by 1.3% due to weak non-funded income (fees and f/x income declined by 7.2%/10.4%, respectively) and an increase in opex; the bank booked a large reversal in other impairments of QR87.7mn vs. impairments of QR84.5mn in 4Q2024. Sequentially, earnings dropped by 38.1% (in-line with historical trends) on the back of margin pressure, increase in opex and a 55.4% surge in net credit provisions and impairments; net operating income decreased by 6.2%. **We maintain our TP of QR11.26 and Market Perform rating**.

Highlights

- **DPS came below our estimates.** The BoD recommended 2H2025 DPS of QR0.29 (1H2025: QR0.24) bringing full year DPS to QR0.53 (FY2024: QR0.50) vs. our full year estimate of QR0.55. This translates into a yield of 4.5% and a payout ratio of 66%.
- **Strong RoE generator (>CoE):** QIIK generated FY2025 RoE of 16.2% vs. 15.4% in FY2024 (FY2023: 14.9%).
- **4Q2025 Margins were flat YoY but compressed sequentially.** NIMs were flat at 2.89% YoY but contracted by 20bps QoQ.
- **The bank remains cost-efficient and enjoys one of the lowest C/I ratios domestically and regionally.** QIIK posted a cost-to-income ratio of 19.1% in 4Q2025 vs. 17.3% in 4Q2024 (3Q2025: 17.5%). For FY2025, the bank generated a C/I ratio of 18.6%. The bank generated JAWs of 2.1% YoY in FY2025.
- **Net loans and deposits expanded both sequentially and YoY.** Net loans increased by 1.6% sequentially to QR42.0bn (+6.7% YoY). Growth in loans was attributed to the public and real estate segments as loans to retail and corporates receded. Deposits increased by 2.3%/4.6% QoQ/YoY to QR43.3bn in 4Q2025. Thus, QIIK's LDR (excluding wholesale stable sources of funds) was a healthy 97%.
- **FY2025 CoR increased vs. FY2024.** QIIK booked net credit provisions of QR278.7mn in 4Q2025 vs. QR155.8mn in 4Q2024 (3Q2025: QR761K). Hence, FY2025 CoR increased from 83bps in FY2024 to 96bps in FY2025 (FY2023: 113bps).
- **Asset quality remains stable with strong coverage of Stage 3 loans.** NPL ratio decreased from 3.28% in FY2024 to 2.88% in FY2025 (3Q2025: 2.86%). At the same time, NPLs decreased by 5.7% YoY. Moreover, coverage of Stage 3 loans was a strong 93%. Stage 2 loans comprise 10.6% of total loans with a 33% coverage, which is robust and conservative. Moreover, QIIK allocated the majority of ECLs to Stage 2 loans, which is very conservative.
- **Capitalization remains healthy/strong and above the QCB minimum.** QIIK ended 4Q2025 with CET1/Tier-1 ratios of 14.8%/19.0%.

Recommendation, Valuation and Risks

- **Recommendation and valuation: We maintain our Market Perform rating and price target of QR11.26.** QIIK is trading at a 2026e/27e P/TB and P/E of 1.9x/1.8x and 13.7x/12.6x, 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)	11.82
1H2025 Annualized DY (%)	4.5
Bloomberg Ticker	QIIK 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)	0.6
Mkt. Cap. ($ bn/QR bn)	4.9/17.9
Shares Outstanding (000's)	1,513.7
FO Limit* (%)	100.0
Current Institutional FO*	19.1
1-Year Total Return (%)	+17.2
Fiscal Year End	December 31

Source: Bloomberg (as of January 26, 2026), *Qatar Exchange (as of January 26, 2026); Note: FO is foreign institutional ownership

Key Financial Data and Estimates

	2025	2026e	2027e
Attributable EPS (QR)	0.800	0.865	0.938
EPS Growth (%)	6.9	8.0	8.4
P/E (x)	14.8	13.7	12.6
Tangible BVPS (QR)	5.2	6.1	6.5
P/TBV (x)	2.3	1.9	1.8
RoE (%)	16.2	16.5	15.4
DPS (QR)	0.530	0.600	0.650
Dividend Yield (%)	4.5	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)	2023	2024	2025	2026e	2027e	2028e
Net Interest Income	1,578	1,547	1,702	1,868	2,020	2,229
Fees & Commissions	292	378	394	424	475	465
FX Income	87	73	55	66	70	69
Other Income	17	35	31	27	29	39
Non-Interest Income	**396**	**486**	**479**	**517**	**574**	**574**
Total Revenue	1,974	2,032	2,181	2,385	2,594	2,803
Operating Expenses	(353)	(383)	(405)	(431)	(464)	(494)
Net Operating Income	1,621	1,650	1,776	1,954	2,131	2,310
Net Provisions & Impairments	(456)	(389)	(425)	(503)	(567)	(575)
Net Profit (Headline/Reported)	**1,165**	**1,260**	**1,351**	**1,451**	**1,564**	**1,735**
Payment on Tier-1 Sukuk	(99)	(95)	(106)	(106)	(106)	(106)
Social & Sports Contribution Fund	(29)	(32)	(34)	(36)	(39)	(43)
Net Profit (Attributable)	**1,036**	**1,134**	**1,212**	**1,309**	**1,419**	**1,586**
EPS	0.685	0.749	0.800	0.865	0.938	1.048

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2023	2024	2025	2026e	2027e	2028e
Cash & Balances with Central Bank	3,624	3,453	2,587	3,816	3,735	3,838
Interbank Loans	12,465	8,599	5,836	8,406	11,718	9,955
Net Investments	7,809	7,425	10,979	11,744	12,441	13,188
Net Loans	36,499	39,326	41,966	44,240	46,872	49,777
Investment In Associates	154	135	144	149	157	169
Other Assets	207	198	303	211	164	169
Net PP&E	226	228	225	230	235	240
Investments In Real Estate	642	616	589	589	589	589
Total Assets	**61,626**	**59,979**	**62,629**	**69,385**	**75,910**	**77,925**
Liabilities						
Interbank Deposits	9,468	5,186	3,077	5,877	9,319	8,004
Customer Deposits	38,934	41,383	43,290	45,974	48,503	51,170
Term Loans	2,772	2,798	5,129	5,129	5,129	5,129
Tier-1 Perpetual Sukuk	2,092	2,092	2,092	2,092	2,092	2,092
Other Liabilities	947	1,012	1,079	1,048	1,091	1,151
Total Liabilities	**54,213**	**52,472**	**54,667**	**60,121**	**66,135**	**67,548**
Total Shareholders' Equity	**7,414**	**7,508**	**7,961**	**9,264**	**9,775**	**10,377**
Total Liabilities & Shareholders' Equity	**61,626**	**59,979**	**62,629**	**69,385**	**75,910**	**77,925**
BVPS	4.90	4.96	5.26	6.12	6.46	6.86
TBVPS	4.88	4.93	5.23	6.10	6.46	6.86
RWAs	52,598	50,573	50,665	57,936	63,461	68,574
RWAs/Total Assets	85%	84%	81%	84%	84%	88%
Average IEAs	54,450	55,899	56,854	61,356	67,485	71,738
Average IEAs/Average Assets	92%	92%	93%	93%	93%	93%
Average IBLs	41,486	43,714	43,665	46,934	52,104	55,307
Average IBLs/Average Liabilities	80%	82%	82%	82%	83%	83%

Source: Company data, QNB FS Research

Ratios/Indicators	2023	2024	2025	2026e	2027e	2028e
Profitability (%)						
RoE	14.9	15.4	16.2	16.5	15.4	16.2
RoAA	1.8	1.9	2.0	2.0	2.0	2.1
RoRWA	2.0	2.2	2.4	2.4	2.3	2.4
NIM (% of IEAs)	2.90	2.77	2.99	3.04	2.99	3.11
NIM (% of RWAs)	3.10	3.00	3.36	3.44	3.33	3.38
NIM (% of AAs)	2.67	2.54	2.78	2.83	2.78	2.90
Spread	1.99	1.80	2.17	2.41	2.39	2.50
Efficiency (%)						
Cost-to-Income (Headline)	17.9	18.9	18.6	18.1	17.9	17.6
Cost-to-Income (Core)	18.1	19.2	18.9	18.3	18.1	17.9
Liquidity (%)						
LDR	88	89	87	87	87	88
Loans/Assets	59.2	65.6	67.0	63.8	61.7	63.9
Cash & Interbank Loans-to-Total Assets	26.1	20.1	13.4	17.6	20.4	17.7
Deposits to Assets	63.2	69.0	69.1	66.3	63.9	65.7
Wholesale Funding to Loans	33.5	20.3	19.6	24.9	30.8	26.4
IEAs to IBLs	127	129	132	130	129	130
Asset Quality (%)						
NPL Ratio	2.9	3.3	2.9	3.1	3.2	2.9
NPL to Shareholders' Equity	14.8	18.1	16.1	15.5	16.4	14.9
NPL to Tier-1 Capital	13.2	14.8	13.3	13.2	14.0	12.9
Coverage Ratio	147.8	144.2	182.3	190.5	196.5	231.3
ALL/Average Loans	4.2	4.7	5.2	5.7	6.2	6.6
Cost of Risk (bps)	113	83	96	88	86	84
Capitalization (%)						
CET1 Ratio	11.9	14.0	14.8	15.2	14.7	14.5
Tier-1 Ratio	15.9	18.2	19.0	18.8	18.0	17.5
CAR	17.0	19.3	20.1	20.0	19.1	18.7
Leverage (x)	8.3	8.0	7.9	7.5	7.8	7.5
Growth (%)						
Net Interest Income	11.0	-2.0	10.0	9.7	8.2	10.4
Non-Interest Income	6.9	19.9	0.9	7.9	11.0	0.0
OPEX	5.2	8.4	5.8	6.3	7.6	6.5
Net Operating Income	11.3	1.1	8.4	10.0	9.0	8.4
Net Income (Attributable)	10.2	9.4	6.9	8.0	8.4	11.8
Loans	4.2	7.7	6.7	5.4	5.9	6.2
Deposits	2.6	6.3	4.6	6.2	5.5	5.5
Assets	9.3	-2.7	4.4	10.8	9.4	2.7
RWAs	7.1	-3.9	0.2	14.4	9.5	8.1

Source: Company data, QNB FS Research

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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