

## Qatar International Islamic Bank (QIIB)

Recommendation	MARKET PERFORM	Risk Rating	R-3
Share Price	QR10.23	Target Price	QR11.26
Implied Upside	10.0%		

### 1Q2025 In-Line; Bottom-Line Driven by NIM Expansion

Qatar International Islamic Bank (QIIB) reported a net profit of QR356.4mn in 1Q2025, increasing by 6.3% YoY (sequentially surging by 62.1%). The bottom-line came in-line with our estimate of QR357.1mn (variation: +0.2%). Net-net, the bottom-line increased YoY due to margin expansion (net interest income gained by 11.5%; NIM expanded by 46bps). Non-funded income (fees and f/x income) was weak, declining by 8.2%. Sequentially, earnings surged due a 78.5% drop in provisions and impairments (net operating income declined by 9.2% due to a sharp decline in non-funded income coupled with an increase in opex), which is in-line with historical trends. **We maintain our TP of QR11.26 and Market Perform rating.**

#### Highlights

- **Margins expanded YoY and sequentially.** NIMs increased by ~46bps YoY in 1Q2025 to 2.96%. This was due to an increase yields vs. a drop CoFs. Net interest & investment income increased by 11.5% YoY to QR416.2mn (+1.2% QoQ).
- **Healthy RoE generator (>CoE):** QIIB generated annualized 1Q2025 RoE of 19.1% vs. 18.2% in 1Q2024.
- **The bank remains cost efficient.** QIIB posted a cost-to-income ratio of 19.1% in 1Q2025 vs. 19.2% in 1Q2024 (4Q2024: 17.2%). The bank generated JAWs of 1.0% YoY in 1Q2025.
- **Net loans and deposits both expanded sequentially.** Net loans gained by 1.4% sequentially to QR39.9bn. Deposits increased by 2.2% QoQ to QR42.3bn in 1Q2025. Thus, QIIB's LDR (excluding wholesale stable sources of funds) was a healthy 94%.
- **1Q2025 CoR significantly dropped vs. 1Q2024.** QIIB booked net credit provisions of QR22.0mn in 1Q2025 vs. QR52.0mn in 1Q2024 (4Q2024: QR155.8mn). The sequential drop in provisions is in-line with historical trends. 1Q2025 annualized CoR decreased to 21bps from 53bps in 1Q2024. Generally, first quarter CoR is not an indication for full year CoR.
- **Asset quality improved with strong coverage of Stage 3 loans.** NPL ratio decreased from 3.28% in FY2024 to 2.92% in 1Q2025 (FY2023: 2.88%; FY2022: 2.79%). At the same time, NPLs decreased by 9.6% sequentially. Moreover, coverage of Stage 3 loans improved from 92% in FY2024 to 97% (strong coverage). Stage 2 loans comprise 10% of total loans with a coverage of 24%, which is relatively healthy.
- **Capitalization remains healthy/strong and above the QCB minimum.** QIIB ended 1Q2025 with CET1/Tier-1 ratios of 14.7/18.8%.

#### Recommendation, Valuation and Risks

- **Recommendation and valuation:** *We maintain our Market Perform rating and price target of QR11.26.* QIIB is trading at a 2025/26e P/TB and P/E of 1.9x/1.8x and 12.5x/11.6x, 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 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)	13.7	12.5	11.6	10.8
Tangible BVPS (QR)	4.9	5.3	5.6	6.0
P/TBV (x)	2.1	1.9	1.8	1.7
RoE (%)	15.4	16.6	16.7	16.9
DPS (QR)	0.500	0.550	0.600	0.625
Dividend Yield (%)	4.9	5.4	5.9	6.1

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

#### Key Data

Current Market Price (QR)	10.23
DY (%)	4.9
Bloomberg Ticker	QIIB.QD
Reuters Ticker	QIIB.QA
ISIN	QA0006929879
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low (QR)	11.24/9.11
3-m Average Volume (000)	753.3
Mkt. Cap. (\$ bn/QR bn)	4.3/15.5
Shares Outstanding (000's)	1,513.7
FO Limit* (%)	100.0
Current Institutional FO*	19.5
1-Year Total Return (%)	+6.3
Fiscal Year End	December 31

Source: Bloomberg (as of April 22, 2025), \*Qatar Exchange (as of April 22, 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
<b>Non-Interest Income</b>	<b>370</b>	<b>396</b>	<b>486</b>	<b>482</b>	<b>516</b>	<b>520</b>
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)
<b>Net Profit (Headline/Reported)</b>	<b>1,075</b>	<b>1,165</b>	<b>1,260</b>	<b>1,368</b>	<b>1,461</b>	<b>1,563</b>
Payment on Tier-1 Sukuk	(108)	(99)	(95)	(95)	(95)	(95)
Social & Sports Contribution Fund	(27)	(29)	(32)	(34)	(37)	(39)
<b>Net Profit (Attributable)</b>	<b>940</b>	<b>1,036</b>	<b>1,134</b>	<b>1,239</b>	<b>1,329</b>	<b>1,429</b>
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
<b>Total Assets</b>	<b>56,393</b>	<b>61,626</b>	<b>59,979</b>	<b>65,894</b>	<b>67,981</b>	<b>73,571</b>
<b>Liabilities</b>						
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
<b>Total Liabilities</b>	<b>49,411</b>	<b>54,213</b>	<b>52,472</b>	<b>57,902</b>	<b>59,493</b>	<b>64,562</b>
<b>Total Shareholders' Equity</b>	<b>6,983</b>	<b>7,414</b>	<b>7,508</b>	<b>7,991</b>	<b>8,488</b>	<b>9,009</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>56,393</b>	<b>61,626</b>	<b>59,979</b>	<b>65,894</b>	<b>67,981</b>	<b>73,571</b>
<b>Risk Weighted Assets</b>	<b>49,109</b>	<b>52,598</b>	<b>50,573</b>	<b>54,165</b>	<b>56,424</b>	<b>61,505</b>
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
<b>Profitability (%)</b>						
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
<b>Efficiency (%)</b>						
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
<b>Liquidity (%)</b>						
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
<b>Asset Quality (%)</b>						
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
<b>Capitalization (%)</b>						
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
<b>Growth (%)</b>						
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>	
<b>OUTPERFORM</b>	Greater than +20%	<b>R-1</b>	Significantly lower than average
<b>ACCUMULATE</b>	Between +10% to +20%	<b>R-2</b>	Lower than average
<b>MARKET PERFORM</b>	Between -10% to +10%	<b>R-3</b>	Medium / In-line with the average
<b>REDUCE</b>	Between -10% to -20%	<b>R-4</b>	Above average
<b>UNDERPERFORM</b>	Lower than -20%	<b>R-5</b>	Significantly above average

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