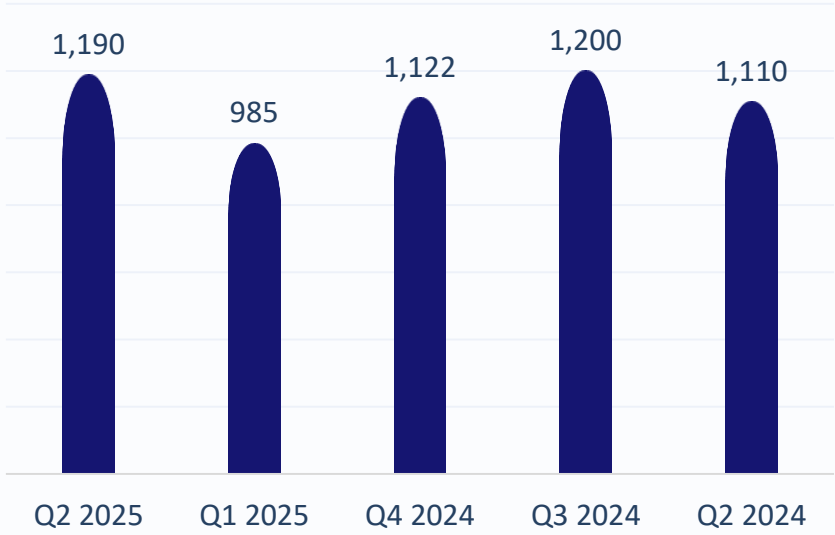


Qatar Islamic Bank (QIB)

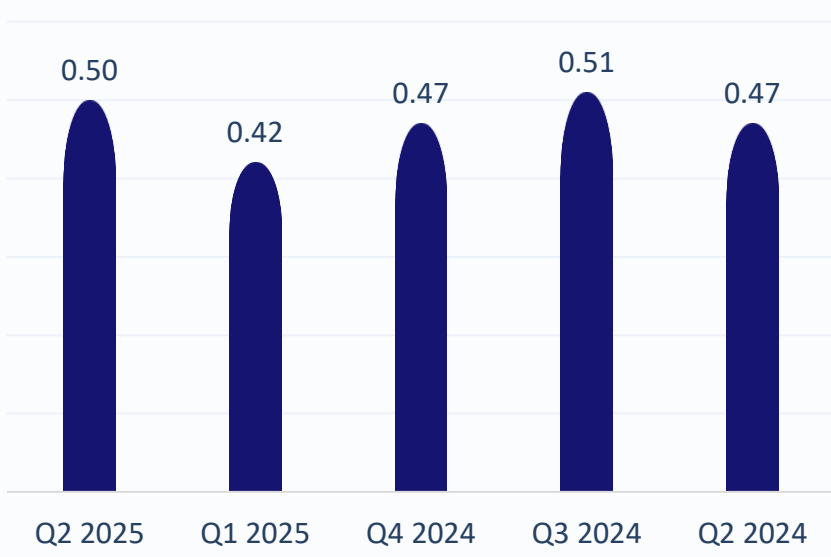
Executive Summary

- Qatar Islamic Bank reported a profit increase of approximately 5.3% for the first half of the year, amounting to QAR110 million, in comparison to the same timeframe in 2024. EPS reached QAR 0.92, up from QAR 0.87.
- In Q2' 25, profits reached QAR1,190 million, up from QAR 1,110 million in the same quarter last year. Additionally, it's worth noting that profits for Q1 '25 amounted to QAR 985 million.
- Interest income from financing assets fell by 2.1% despite an increase in net financing assets. However, a 15% rise in investment revenue offset this decline, keeping net financing and investment revenue stable by June 2025 compared to the previous year.
- QIB's forecast for stable net interest income could encounter difficulties due to falling US interest rates, although the bank's asset-liability duration framework provides a degree of safeguard against margin variations.
- Total half-year revenues grew marginally by 0.60%, supported by supporting activities such as the bank's share in associate companies and other revenues.
- QIB has consistently shown robust growth in its financing portfolio, which has seen an increase of 3.1% since June 2024. Additionally, when compared to the end of the previous year, the portfolio has grown by 4.4%.
- The bank holds the lowest non-performing loan ratio among Qatari banks, currently at 1.75%. This figure has improved from the end-2024 ratio of 1.86% as a result of an expansion in the financing portfolio; however, it was recorded at 1.68% at the close of June 2024.
- The bank boasts one of the industry's top cost-to-income ratios, standing at 16.2% as of the end of June 2025, which highlights the bank's adaptability.
- The coverage ratio for non-performing loans in the third stage has reached about 95.1%, a figure that the bank has aimed to sustain for over a year.
- The Bank's Board of Directors has approved a 40% interim cash dividend (QAR 0.40 per share) for shareholders, pending Qatar Central Bank approval. Dividends are payable to shareholders as of July 24, 2025.
- The total shareholders' equity was approximately QAR 32.7 billion, which included QAR 4 billion in additional capital transaction Sukuk that have no maturity date and are unsecured.
- By the end of June 2025, the average return on financed assets was about 7%, a decrease from 7.5% during the same period the previous year. Concurrently, the average cost of deposits was roughly 3.5%, down from 4% at the end of June 2024, indicating that the bank successfully preserved its margin.

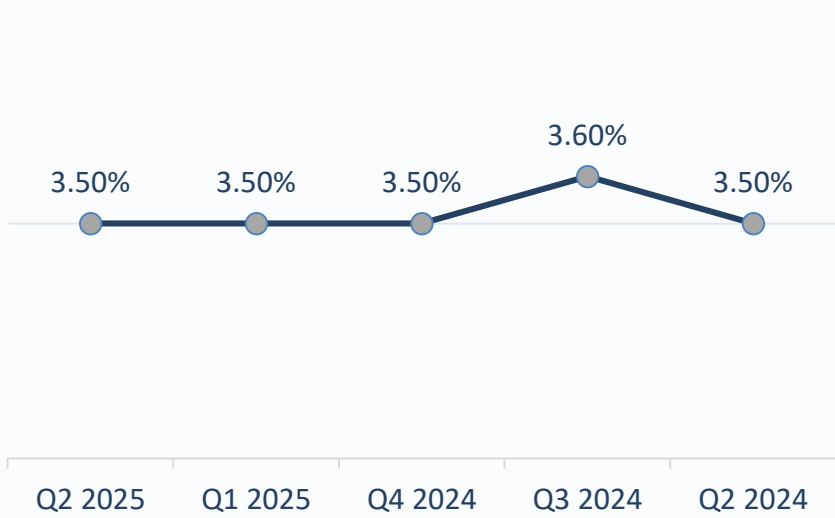
Quarterly Net Income (million)



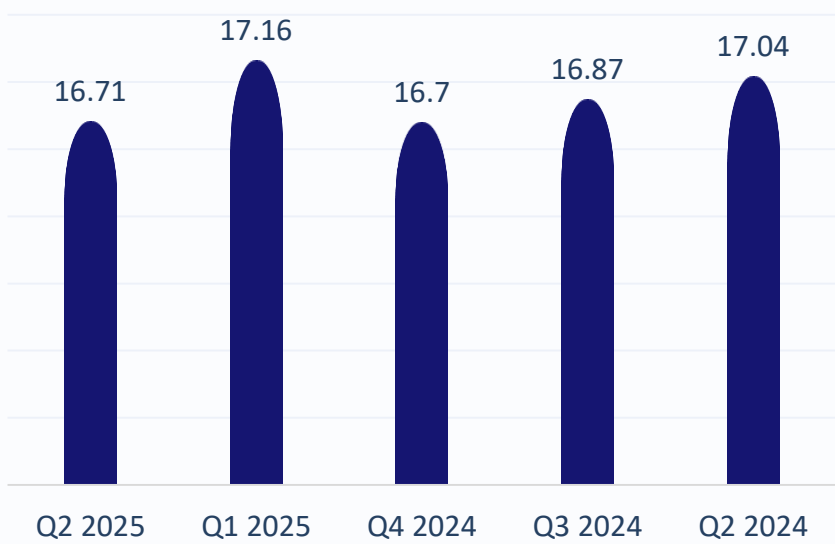
Quarterly EPS (QAR)



Net Interest Margin %



ROE %





Stock Info	
Weight in QSE index	15.81%
Current Market Price	23.20
Shares Outstanding (Mn)	2,369
Market Cap (Mn)	54,965
52-Wk High (17 July 25)	22.80
52 Wk Low (05 Aug 24)	18.90
Average Trading Price YTD	20.81

Per Share Data	
EPS Trailing 12M	1.87
EPS Annualized	1.78
EPS expected	1.84
Book Value Per Share	11.36
Dividends Per Share	0.80

Valuation Ratios	
P/E using TTM EPS	12.41
P/E using Ann EPS	13.03
P/E using expected EPS	12.61
Average PE during 2020	11.13
P/BV	2.04
Dividends Yield	3.45%

Key Financials	H1 ' 25	H1 ' 24
Operating Income (Mn)	5,643	5,609
Net Profit (Mn)	2,175	2,065
Net equity (Mn)	28,089	25,720
Total Assets (Mn)	212,069	192,283
Net Loans (Mn)	130,769	126,876
Total Deposits (Mn)	135,024	122,742

Financials Ratios	H1 ' 25	H1 ' 24
ROE (LTM)	17.6%	17.2%
Tier 1 capital ratio	18.2%	16.9%
Provision for loan losses	548.6	580.7
Coverage loan losses	95.1%	95.0%
loans / Deposits ratio	96.8%	98.7%

Operational ratios %	Q2'25	Q1'25	Q2'24
CASA	29.4	29.6	29.3
Cost - Income	16.2	16.6	16.4
Annualized cost of risk	0.62	0.64	0.80

Stock Performance	QIBK	Index
YTD Return	8.4%	3.3%
1 Month Return	6.9%	4.3%
6 Month Return	11.5%	7.0%
1 Year	17.7%	7.1%

Share Holdings Pattern	
Qatar Investment Authority	16.62%
Sheikh Hamad Bin Jasim Al Thani	6.52%
Vanguard	3.25%

Geographic ownership	
Qatar	51.80%
USA	17.70%
Ireland	2.97%

Ownership Type	
Sovereign Funds	51.80%
Investment Advisor	25.90%
Individual	20.00%

	Q2 2025	Q1 2025	Q2 2024
Common Equity/Total Assets	13.25	12.69	13.38
Risk-Weighted Assets (QAR m)	154,841	152,972	149,168
Book Value per Share (QAR)	11.89	11.36	10.79

	Q2 2025	Q1 2025	Q2 2024
Total Loans/Total Deposits	102.78	104.69	109.46
Total Loans/Total Assets	65.44	66.02	69.87
Deposits/Funding	78.05	77.17	77.21
Total Loans (QAR m)	138,782	139,707	134,352
Customer Deposits (QAR m)	135,024	133,454	122,742

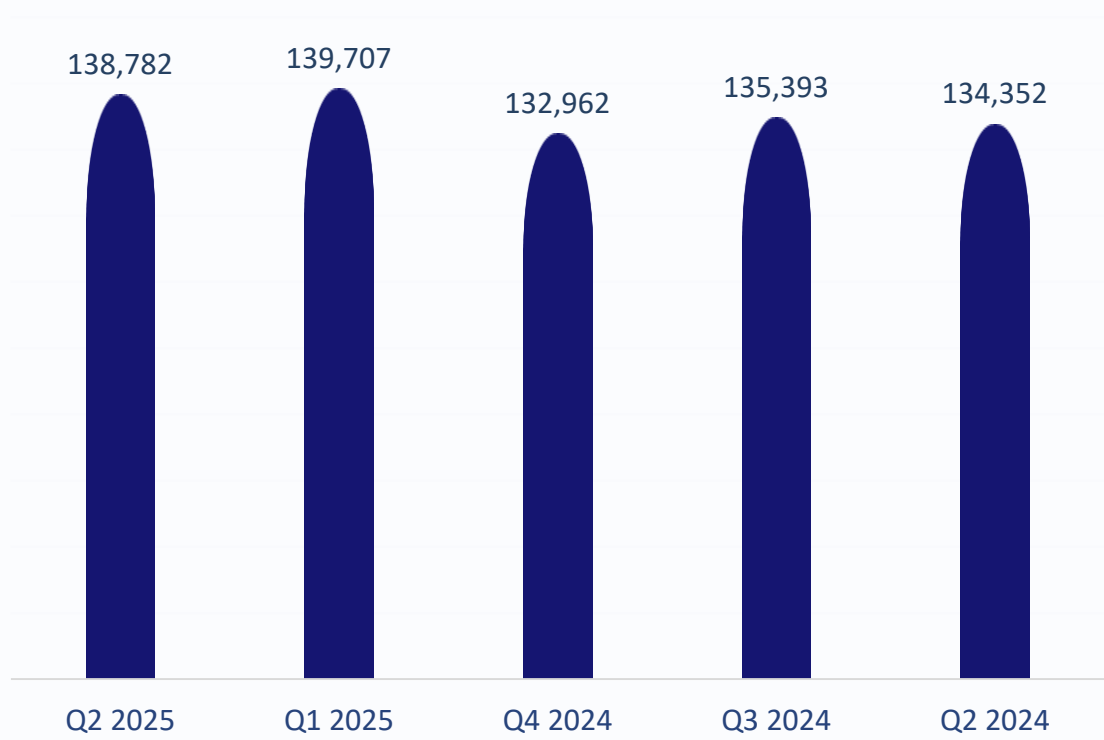
Ex-Div date	DPS	Div. Yield
25-Jul-25	0.40	3.44%
27-Feb-25	0.55	3.76%
25-Jul-24	0.25	5.03%
22-Feb-24	0.73	3.49%
23-Feb-23	0.63	3.08%



## Asset Quality

- As of the end of June, total non-performing loans amounted to approximately QAR 2.43 billion, down from QAR 2.46 billion in March 2025 and QAR 2.48 billion at the end of 2024. The NPL’S ratio increased slightly to 1.75% from 1.76% in the previous quarter, and from 1.68% at the end of June 2024.
- The ratio of provisions covering total non-performing loans with guarantees stood at around 330%, matching the same ratio for the corresponding period in 2024.
- The bank has a significant portion of its loan portfolio allocated to the real estate & contracting sector, representing approximately 30% of its overall financing.

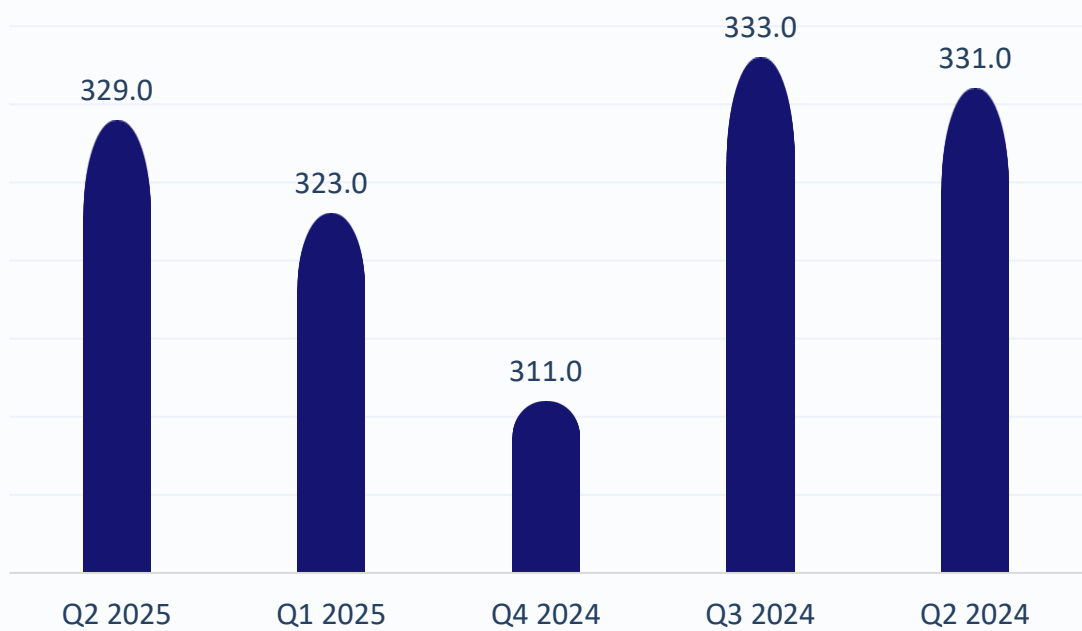
Net loans (million)



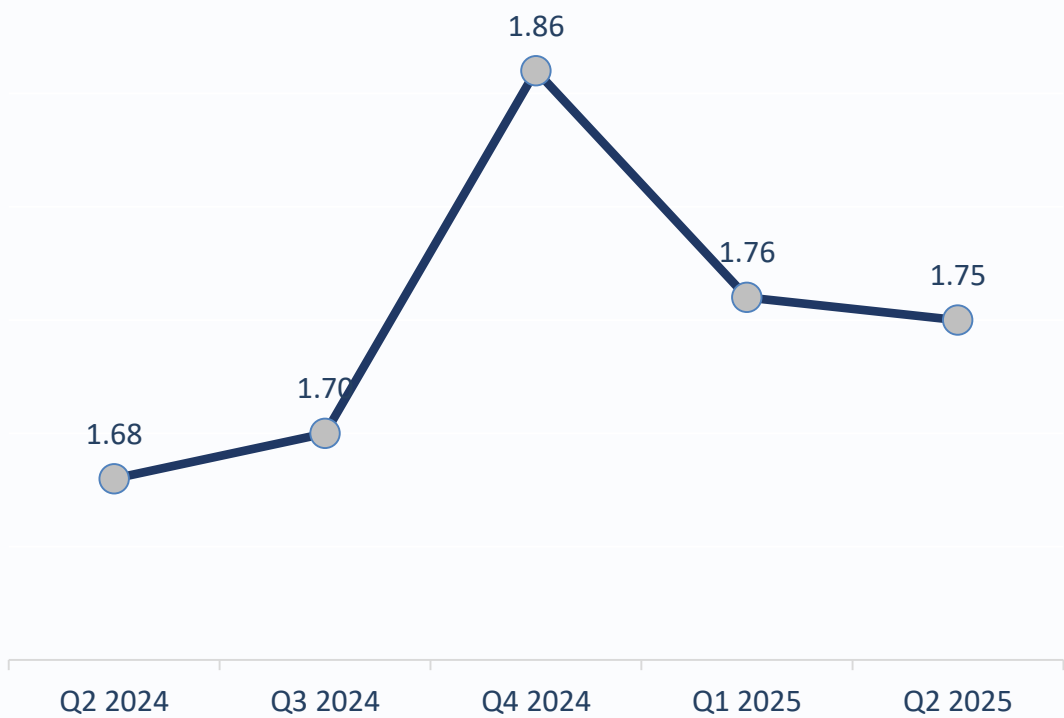
NPL’s (million)



Coverage ratio for NPL's %



NPL’s ratio %





## Valuation

### We recommend Buying

We use a residual income model and comparable valuation.

Our analysis indicates the fair value of the stock ranges between  
**QAR 25.80 and 27.10**

#### Residual Income Model Assumptions:

- Growth rate: We expect the bank to grow in earnings between 3% and 5%.
- Cost of equity ranging between 8.5% and 9.5%.
- Terminal Value: The growth rate in perpetuity is 3.0%.
- Return on equity between 16.5% and 17.5%.

#### Key Risks to Consider

- Significant exposure to the real estate and contracting industry, which is sensitive to economic fluctuations.
- Possible pressure on net interest margins if the US Federal Reserve implements expected rate cuts.
- The risk of concentration arises from providing loans to a limited number of large corporations.
- Geopolitical risks in the Middle East that could impact business growth.



## Disclaimer

Qatar Securities Company has prepared this report to provide an unbiased analysis of the business's performance. It's important to note that the assessment is based on assumptions that may vary in interpretation and may not be entirely accurate. This document focuses on evaluating the company's financial status, not as a solicitation to buy or sell. There may be a conflict of interest since this stock is part of investment portfolios managed by Qatar Securities Company.

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