Qatar International Islamic Bank (QIIB)

Target Price : QAR 11.86

Current Price: QAR 11.06

Executive Summary

- The bank's profits increased by approximately 5.6% by the end of September, totaling QAR 1.02 million. EPS rose to QAR 0.68, up from QAR 0.64 during the same period in 2024. In the third quarter, profits grew by 6.1%, reaching QAR 409 million.

- Revenues from financing activities, similar to interest income in commercial banks, remained consistent throughout the first nine months of the year. This stayed true even though net financing assets (loans) increased by about 5.8% from the previous year.

- Revenues generated from investment activities saw a decline of around 25%, totaling QAR 170 million by the close of September 2025, attributed to reduced returns on fixed-income securities. In contrast, financing costs experienced a decrease of about 40%, reaching QAR 147 million, which led to a reduction in net revenues from financing and investment activities by QAR 18.2 million.

- Total provisions deducted were approximately QAR 235.6 million, compared to QAR 149 million for the same period in 2024. These provisions relate to non-performing loans.

- The primary factor contributing to the increased profits is the reduction in financing costs, along with the lowered profits (interest) disbursed to investment accounts. The cumulative savings from both aspects total QAR 308.7 million.

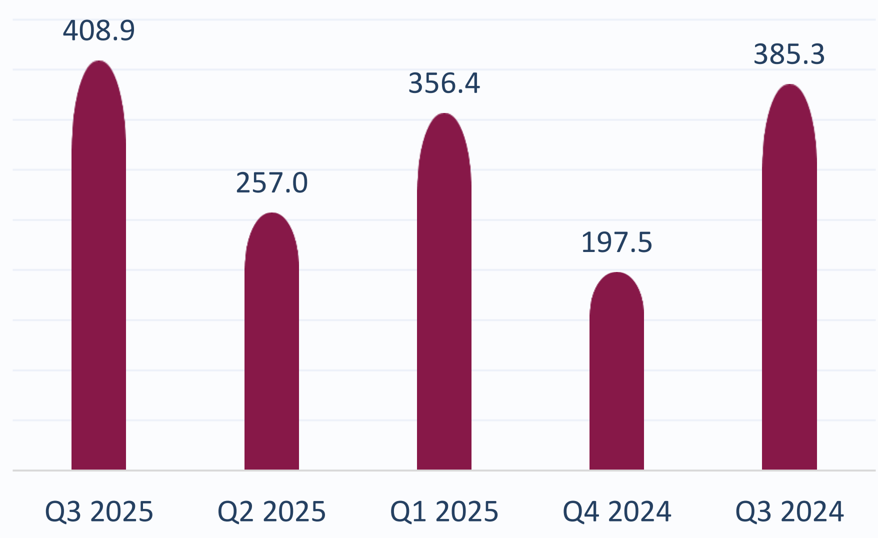
- Financial investments make up around 13.5% of the bank's overall assets, with about 94% of these being in fixed-income instruments like sukuk, whether issued by the government or corporations. The drop in interest rates, and thus the returns from these investments, puts the bank at risk of having to reinvest at lower rates.

- Net financing assets increased by around 5.8% compared to September 2024, which is a healthy growth considering the decline in credit demand. Exposure to the real estate sector accounts for approximately 24% of the loan portfolio, while personal loans make up over 50%.

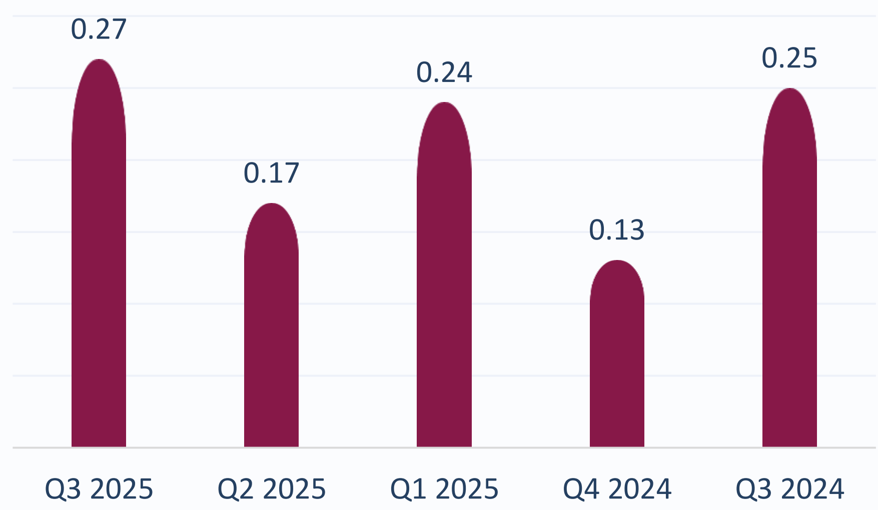
- Despite the rise in financing assets, the total of non-performing loans fell by around QAR 136 million from September 2024 to September 2025, due to the rescheduling of some loans. As a result, the non-performing loan ratio dropped to 2.86%, down from 3.37% at the close of September 2024.

- The bank is persistently enhancing its provisions and improving coverage ratios for non-performing loans. As of the end of last September, coverage ratios stood at around 165%, a significant increase from 130% at the close of September 2024, positioning it among the top ratios in the banking industry.

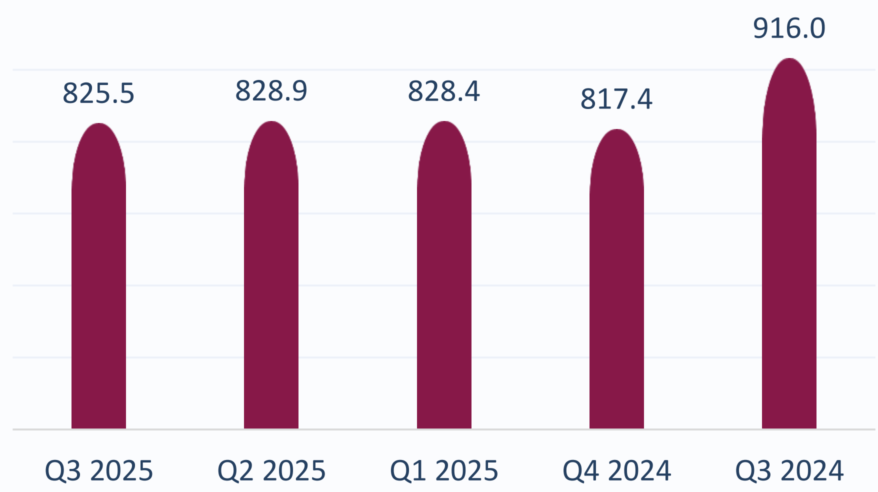
Quarterly Net Income (million)



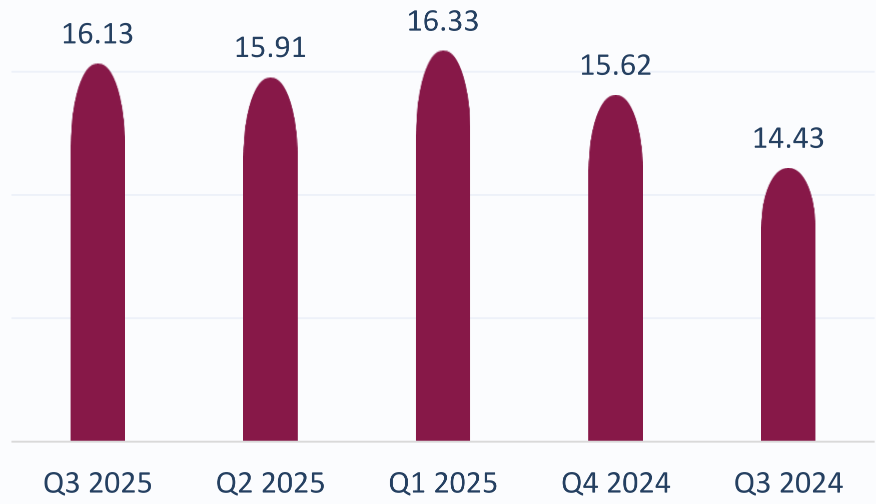
Quarterly EPS (QAR)



Total Interest Income (m)



ROE %



Stock Info	
Weight in QSE index	5.01%
Current Market Price	11.06
Shares Outstanding (Mn)	1,514
Market Cap (Mn)	16,741
52-Wk High (27 Jul 25)	12.18
52 Wk Low (7 Apr 25)	9.30
Average Trading Price YTD	10.86

Per Share Data	
EPS Trailing 12M	0.81
EPS Annualized	0.91
EPS expected	0.83
Book Value Per Share	5.13
Dividends Per Share €	0.50

Valuation Ratios	
P/E using TTM EPS	13.58
P/E using Ann EPS	12.09
P/E using expected EPS	13.25
Average PE in a year	13.41
P/BV	2.14
Dividends Yield	4.55%

Key Financials	9M ' 25	9M ' 24
Operating Income (Mn)	2,590	2,597
Net Profit (Mn)	1,022	968
Net equity (Mn)	7,772	7,354
Total Assets (Mn)	60,523	60,048
Total Loans (Mn)	43,365	40,839
Customer Deposits (Mn)	42,321	40,991

Financials Ratios	9M ' 25	9M ' 24
ROE (LTM)	16.1%	14.4%
ROA	2.2%	2.0%
Tier 1 Common Equity Ratio	15.5	14.1
NPL's	2.9%	3.4%
Total Loans/Total Deposits	102.5%	99.6%

Stock Performance	QIIK	Index
YTD Return	1.1%	1.2%
1 Month Return	-1.6%	-3.3%
6 Month Return	5.7%	5.4%
1 Year	1.5%	2.1%

Share Holdings Pattern	
Qatar Investment Authority	16.44%
Vanguard	2.70%
BlackRock	1.56%

Geographic ownership	
Qatar	79.00%
GCC & Foreign	21.00%

Liquidity	Q3'25	Q2' 25	Q3'24
Total Loans/Total Deposits	99.63	97.26	102.47
Total Loans/Total Assets	68.01	67.75	71.65
Deposits/Assets	68.26	69.66	69.92
Deposits/Funding	82.71	84.95	85.55
Total Assets	60,048.2	60,574.3	60,522.9
Total Loans	40,839.4	41,040.3	43,365.1
Customer Deposits	40,991.3	42,195.6	42,320.5
Earning Assets	58,920.2	59,347.5	59,361.3

Growth ratios %	Q2'25	Q1'25	Q2'24
Loans	6.18	1.83	5.99
Deposit	3.24	4.39	7.89
Assets	0.79	2.17	-1.29

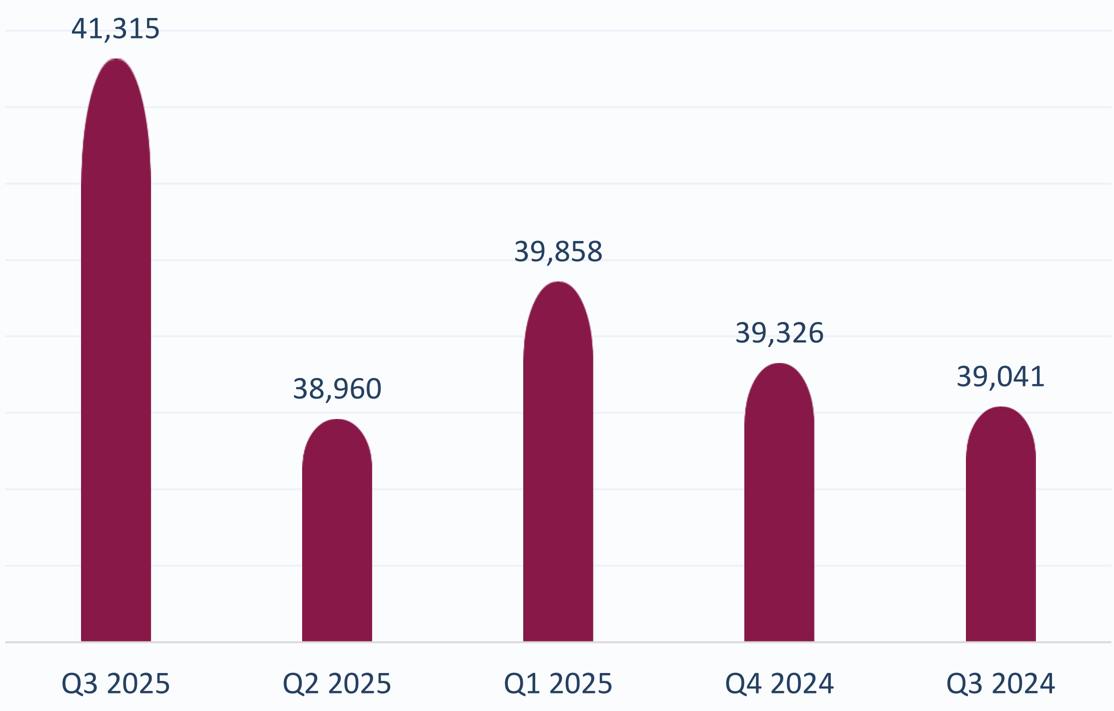
Period	DPS	Div.YLD%
2025 e	0.55	5.00
2024	0.50	4.22
2023	0.45	3.74
2022	0.40	3.61
2021	0.38	3.53

*Expected

Asset Quality

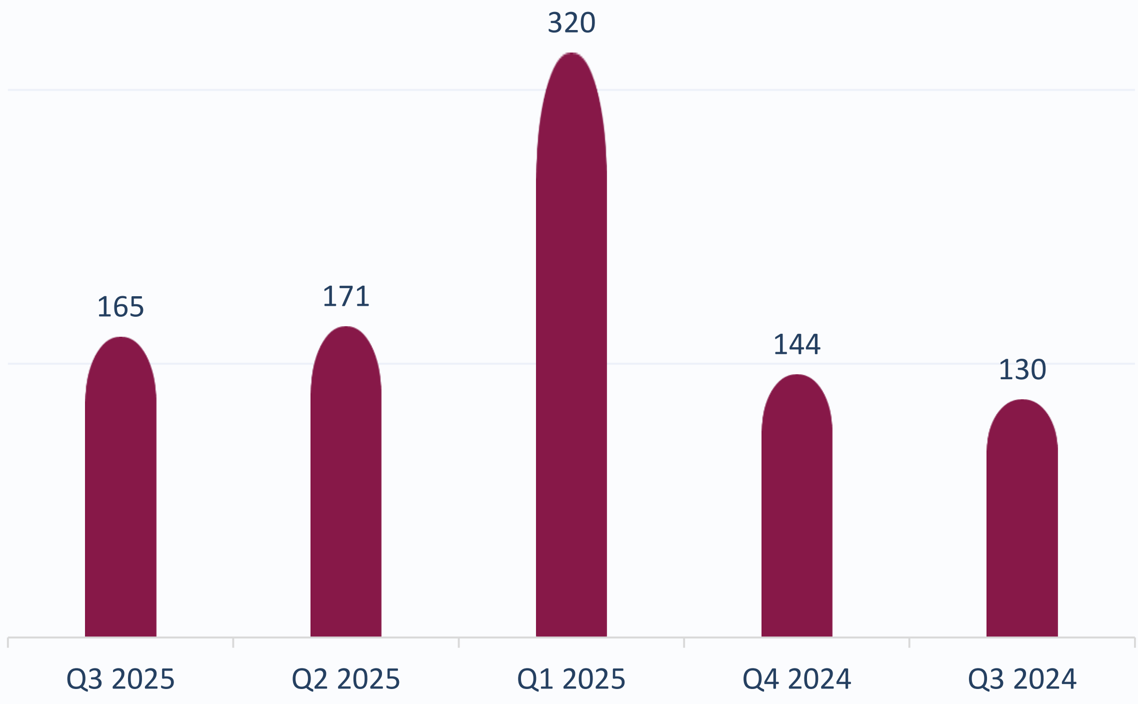
- As of the end of June, total non-performing loans amounted to approximately QAR 1.24 billion, slightly up from QAR 1.22 billion at the end of June 2024. The NPL'S ratio down to 2.87% from 2.97% in the previous quarter, and down from 3.28% at the end of June 2024.
- The ratio of provisions covering total non-performing loans with guarantees stood at around 165%, versus 130% for the corresponding period in 2024.
- Financing provided to the government and its institutions does not exceed 8% of the bank's total portfolio, which is relatively small compared to other banks. In contrast, government deposits make up approximately 28%.

Net loans (million)

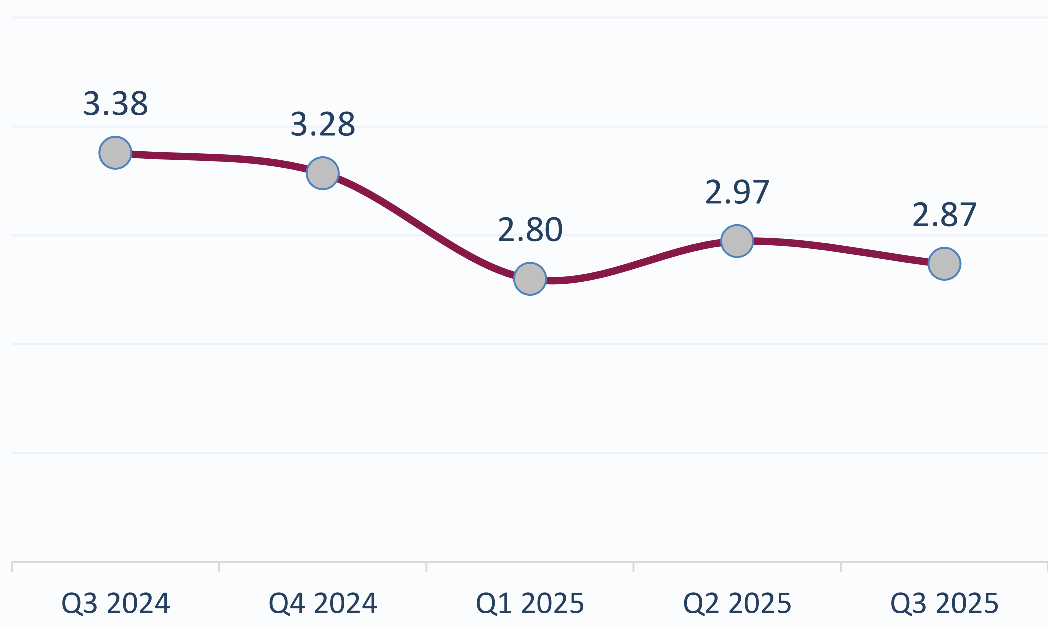


NPL's (million)

Coverage ratio for NPL's %



NPL's ratio %



Valuation

We recommend Holding

We use a residual income model and comparable valuation.

Our analysis indicates the fair value of the stock ranges between

QAR 11.60 and QAR 12.12

Residual Income Model Assumptions:

- Growth rate: We expect the bank to grow in earnings between 3% and 4%.
- Cost of equity ranging between 8.0% and 9.0%.
- Terminal Value: The growth rate in perpetuity is 3.0%.
- Return on equity between 15.0% and 15.5%.

Key Risks to Consider

- Significant exposure to the real estate and contracting industry, which is sensitive to economic fluctuations.
- The bank is encountering challenges concerning the quality of its investments, especially with its real estate subsidiary, Mekin, which necessitates additional funding for this investment, alongside its investments in Umniah Bank located in Morocco.
- 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.

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QATAR SECURITIES Co.(P.Q.S.C)

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