

Target Price : QAR 26.45

Qatar Islamic Bank

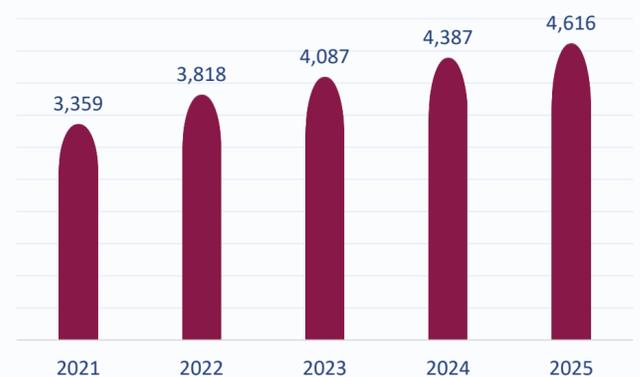
Current Price: QAR 24.80

Executive Summary

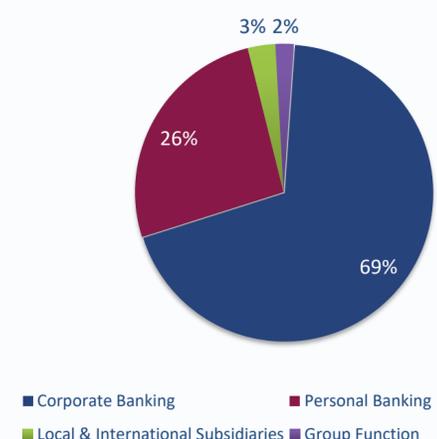
- By the end of 2025, the bank's profits had grown by around 5% in comparison to the previous year, totaling 230 million riyals and reaching 4.835 billion riyals. The earnings per share rose to QAR 1.95, up from QAR 1.86.
- Profits in the fourth quarter, it increased by approximately 23% in comparison to the same quarter of 2024, and by around 7.8% when compared to the third quarter of 2025.
- The decrease in financing costs (payments to investment account holders) by about QAR 260 million is the main reason for the increase in profits. Additionally, the expense related to the provision subtracted from profits has decreased by approximately QAR 274 million as a result of the decline in financial assets (loans).
- Net financing activities revenue experienced a decline of approximately 5.1% by the close of December, despite a 10.5% increase in net loans. Nevertheless, the impact of the interest rate cut started to manifest in the results. As a result, we note that the net interest margin decreased to 2.78%, compared to 3.07% during the equivalent period in 2024. In spite of an 8.5% rise in investment activities revenue, there was a 3.8% reduction in net financing and investment revenue.
- The bank aims to secure investment returns; however, it allocates around 97.5% of its investment portfolio to fixed-income assets, with around 88% of that allocated to debt securities issued by the Qatari government. The bank's investment strategy is quite conservative in terms of risk tolerance, and as interest rates continue to fall, the bank might need to diversify its investment portfolio to enhance returns.
- Achieving an improvement of around 3.0%, and ancillary activities saw an increase during this period. This growth was attributed to higher commission fees Associates and other revenue sources account for the majority of profits generated. Supporting revenues are approximately 9% of total revenue.
- The cost-to-income ratio decreased slightly to 16.5%, compared to 17.5% in 2024, preserving the best ratio in the Qatari banking sector.
- The net loan portfolio grew by around 10.5%, with government financing accounting for only 7.2%. Of the total loan portfolio, one of the lowest ratios among Qatari banks. The bank's loans are approximately 28.5% exposed to the real estate sector.
- The bank persists in holding the lowest non-performing loan (NPL) ratio in the industry, recorded at 1.65% in December 2025, in contrast to 1.86% for the corresponding period in 2024 and roughly 1.78% at the conclusion of the third quarter of 2025. The quality of assets continues to be robust. A loan growth rate surpassing 10% year-on-year has played a significant role in enhancing NPL ratios.
- In terms of funding, the conditions are stable, with a CASA ratio close to 30%, while QIB exhibits a relatively stronger liquidity position compared to domestic competitors.

Annual Net Income (m)

After deducting the profit for the sukuk holders



Revenue by segment



Net Interest Margin %



Cost- Income %



Stock Info

Weight in QSE index	15.00%
Current Market Price	24.46
Shares Outstanding (Mn)	2,363
Market Cap (Mn)	57,797
52-Wk High (14 Aug 25)	25.97
52 Wk Low (7 Apr 25)	19.25
Average Trading Price YTD	19.54

Per Share Data

EPS Trailing 12M	1.950
EPS Annualized	1.950
EPS expected	1.950
Book Value Per Share	12.54
Dividends Per Share	0.900

Valuation Ratios

P/E using TTM EPS	12.54
P/E using Ann EPS	12.54
P/E using expected EPS	12.54
Average PE in a year	10.02
P/BV	1.95
Dividends Yield	3.68%

Key Financials

	2025	2024
Operating Income (Mn)	4,767	4,563
Net Profit (Mn)	4,617	4,387
Net equity (Mn)	29,625	27,157
Total Assets (Mn)	221,051	200,780
Total Loans (Mn)	146,173	132,962
Total Deposits (Mn)	142,727	124,995

Financials Ratios

	2025	2024
ROE	15.6%	16.2%
ROA	2.1%	2.2%
T. Loans/T. Deposits	102.4%	106.4%
T. Loans/T. Assets	66.1%	66.2%
Tier 1 ratio	18.5%	17.1%

Stock Performance

	QIB	Index
YTD Return	0.4%	4.3%
1 Month Return	0.8%	3.2%
6 Month Return	3.2%	4.0%
1 Year	18.2%	7.9%

Balance sheet ratios

	2025	2024	2023
Common Equity/Total Assets	13.40	13.53	13.42
Assets/Equity	6.55	6.32	6.30
Book Value per Share	12.54	11.49	10.75
Price/Book Value per Share	1.91	1.86	2.00
Tier 1 Common Equity Ratio	18.50	17.10	16.40

Share Holdings Pattern

Qatar Investment Authority	16.67%
Sh. Hamad Bin Jasim AL- Thani	6.54%
Vangard	3.36%

Geographic ownership

Qatar	81.0%
Foreigners	17.0%
GCC	2.0%

Quarterly Results

	2025 Q4	2025 Q3	2025 Q2	2025 Q1
Net Income (m)	1,161.40	1,279.90	1,190.10	985.1
EPS	0.49	0.54	0.50	0.42

	2025	2024	2023
Loan Growth	9.94	2.75	3.32
Deposit Growth	14.19	3.44	-1.26
Earning Assets Growth	12.90	3.78	3.63
Assets Growth	10.10	6.14	2.80
Net Interest Income Growth	-2.66	3.80	2.85
Net Revenue Growth	0.90	3.04	3.03

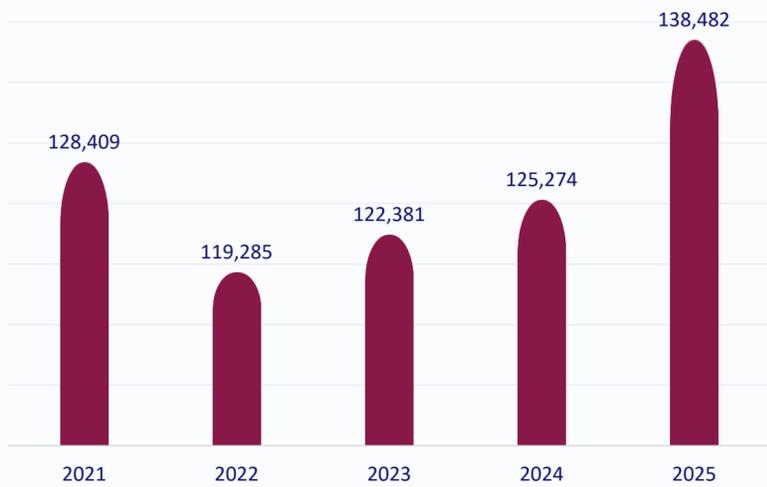
	2025	2024	2023
Total Loans/Total Deposits	102.41	106.37	107.09
Total Loans/Total Assets	66.13	66.22	68.41
Deposits/Assets	64.57	62.25	63.88
Deposits/Funding	80.27	76.80	77.49
Free Funding	24.40	24.87	24.47

Year	DPS	Div. YLD	Pay out
2025	0.90	3.68%	46.2%
2024	0.80	2.34%	43.1%
2023	0.73	2.91%	42.0%
2022	0.63	3.10%	39.1%
2021	0.58	2.18%	40.5%

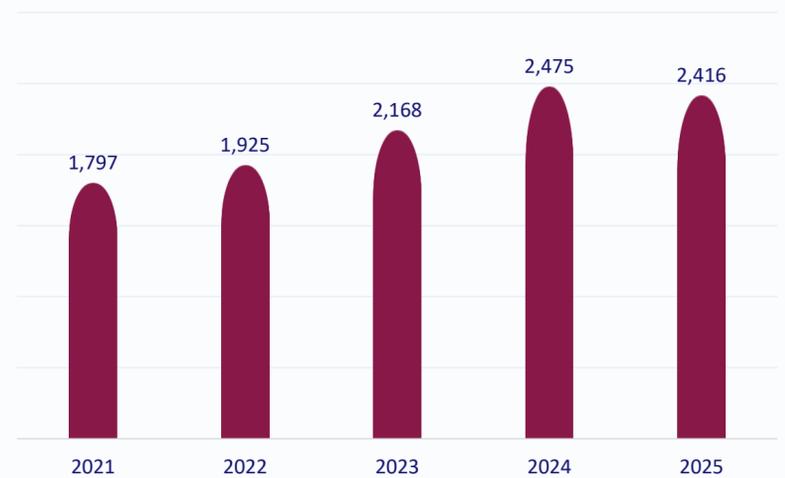
Asset Quality

- By the end of 2025, the value of non-performing loans will have decreased from QAR 2.5 billion in 2024 to QAR 2.4 billion. The NPL ratio down to 1.65% from 1.86% in the preceding year.
- The bank has the lowest non-performing loan ratio in the banking sector.
- The total coverage ratios of provisions for non-performing loans are more than 3 times, and the provisions for stage 3 exceed 95%.
- Banks often deduct the largest portion of their bad debt provisions in the last quarter of each year.

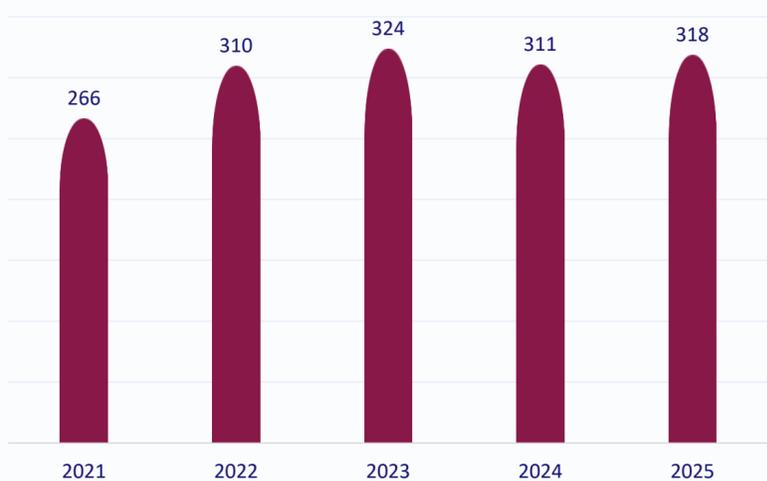
Net loans (Million)



NPL's (Million)



NPL's Coverage ratio %

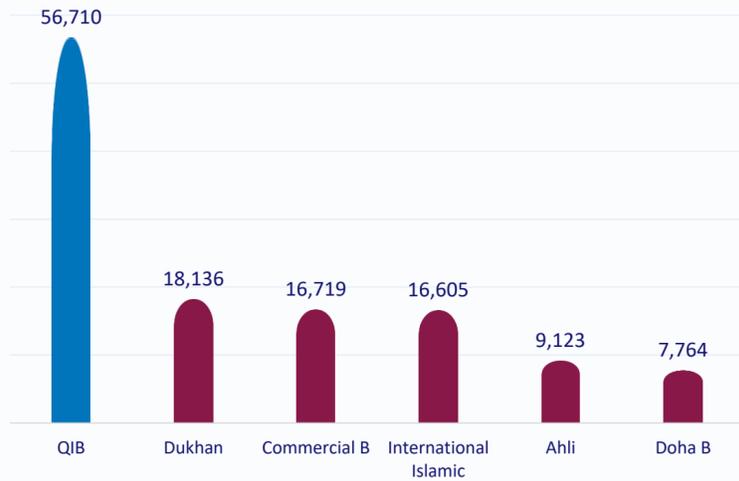


NPL's ratio %

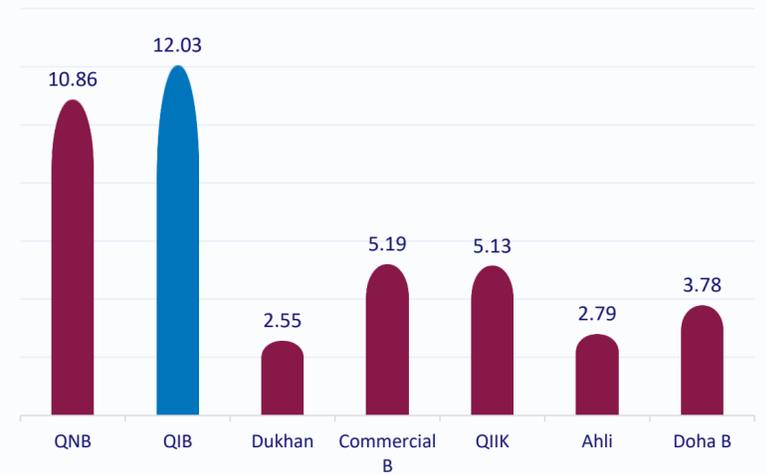


Comparison based on Sep 2025 Results

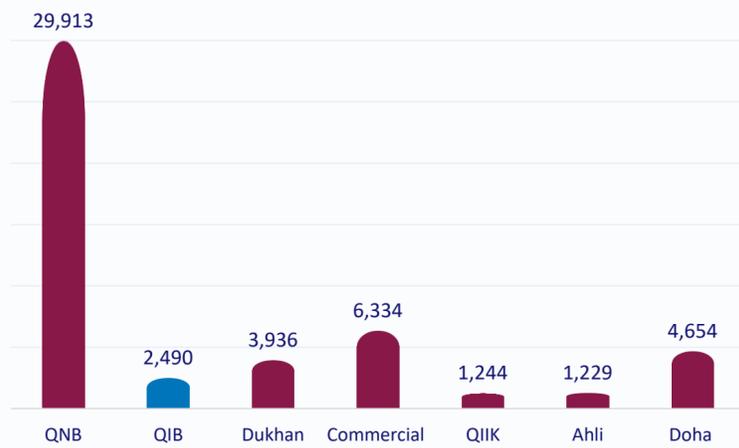
Market Cap (m)



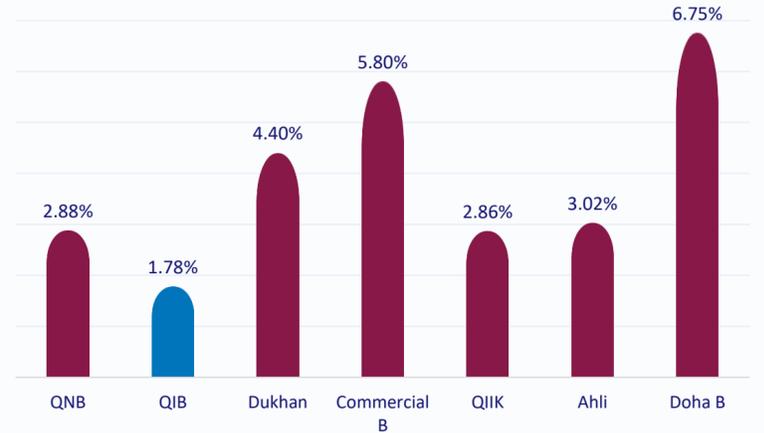
Book Value Per Share (QAR)



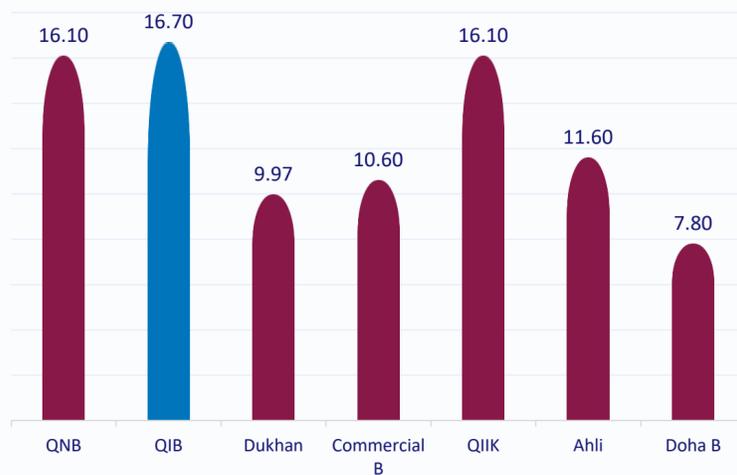
NPL's (m)



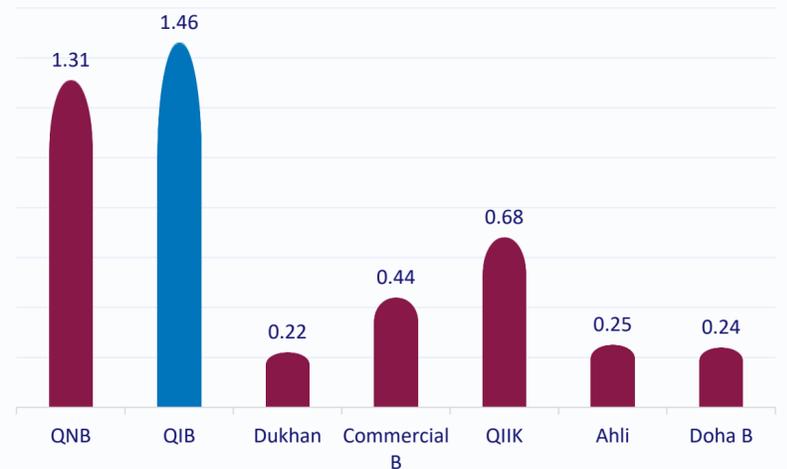
NPL's %



ROE (LTM)%



EPS for 9M (QAR)



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 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(30% of loans), 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.

Prepared by Ramzi Qasmieh.

Financial Advisor.

+974 44255272.

ramzi.qasmieh@qsc.qa.