

## Qatar International Islamic Bank (QIIB)

Recommendation	MARKET PERFORM	Risk Rating	R-3
Share Price	QR11.56	Target Price	QR11.26
Implied Upside	(2.6%)		

### Stock Is Trading Around Fair Value; Maintain PT QR11.26

After FY2025 results, we maintain our 5-year (2025-30e) earnings CAGR of 9.0%, in-line with our previous estimate for Qatar International Islamic Bank (QIIB). We immaterially tweak our estimates for 2026 and 2027 (see page 2). As such, we maintain our PT of QR11.26 and Market Perform rating. The stock is now trading at 2026e P/B of 2.1x, in-line with its 3-year average of 2.1x. As a result, we see limited upside from these levels as reflected in our price target. **At these levels, it would imply that QIIB is trading at a 13% premium to QIBK (2026e P/TB 1.9x) and it should be noted that QIBK has better profitability and asset quality indicators.** Further, the market is pricing a sustainable RoE of 17.0%, in-line with our 16.5%.

#### Highlights

- **QIIB's FY2025 comes in-line with our estimates.** Qatar International Islamic Bank reported an attributable net income of QR1.24bn in 2025 vs. our estimate of QR1.24bn (+0.2% variation), increasing by 6.9% YoY; 23bps expansion in margins and healthy fee income supported the bottom-line.
- **Based on our 2026 DPS estimate, the stock offers an attractive yield.** We estimate DPS to increase by 8.5% from QR0.530 in 2025 to QR0.575 in 2026, which translates into a yield of 5.0% and payout ratio of 67%.
- **Healthy RoE generator (>CoE); strong RoRWAs:** QIIB generated a FY2025 RoE of 16.2% vs. 15.4% in FY2024 (14.9% in FY2023). We forecast RoE to reach 16.5%/16.9% in 2026e/27e. Moreover, we estimate RoRWAs to increase from 2.4% in 2025 (2.2% in 2024) to a strong 2.5%/2.6% by 2026e/27e.
- **We model margins to moderately increase as the majority of the loan book is revolving while 80% of funding is short-term.** We expect NIMs to increase from 2.99% in 2025 to 3.06% (2026), 3.10% (2027) and 3.16% (2028).
- **The bank remains cost efficient and has one of the lowest C/I ratios domestically and in the GCC.** QIIB posted a cost-to-income ratio of 18.6% in FY2024 vs. 18.9% in FY2023. The bank also generated positive JAWS and we expect this trend to continue.
- **Net loans are expected to grow by a 5-year CAGR (2025-30e) of 6.5% (in-line with our previous estimate) as lending appetite picks up; we pencil gross loans to increase by 6.4% in 2026.** Net loans increased by 6.7% YoY to QR42.0bn in FY2025. The growth in loans was driven by the public and real estate segments. Deposits increased by 4.6% YoY to QR43.4bn in FY2025. Thus, QIIB's LDR (excluding wholesale stable sources of funds) was a healthy 97%; if we include stable sources of funds, LDR would be 85%. We still expect the LDR to hover around these levels.
- **FY2025 CoR increased vs. FY2024.** QIIB booked net credit provisions of QR413.8mn in FY2025 vs. QR328.7mn in FY2024. Hence, FY2025 CoR increased to 96bps from 84bps in FY2024. After the improvement and strong coverage of Stage 3 loans, we expect CoR to remain in the vicinity of 88bps-84bps during 2026e-30e.
- **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, QIIB allocated the majority of ECLs to Stage 2 loans, which is very conservative.
- **Capitalization remains healthy/strong and above the QCB minimum.** QIIB ended FY2025 with CET1/Tier-1 ratios of 14.8%/19.0%.

#### Catalysts

- 1) We need to see increasing momentum in reported results, in our view (historical 5-year earnings CAGR was only 8.5%).

#### Recommendation, Valuation and Risks

- **Recommendation and valuation: We maintain our Market Perform rating and our QR11.26 PT.** QIIB is trading at a 2026e/27e P/TB and P/E of 2.1x/1.9x and 13.4x/12.3x, 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)	11.56
Dividend Yield (%)	4.6
Bloomberg Ticker	QIIB 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)	0.7
Mkt. Cap. (\$ bn/QR bn)	4.8/17.5
Shares Outstanding (000's)	1,513.7
FO Limit* (%)	100.0
Current FO* (%)	19.1
1-Year Total Return (%)	+12.5
Fiscal Year End	December 31

Source: Bloomberg (as of February 17, 2026), \*Qatar Exchange (as of February 17, 2026); Note: FO is foreign institutional ownership

#### Key Financial Data and Estimates

	2025	2026e	2027e	2028e
Attributable EPS (QR)	0.800	0.864	0.944	1.006
EPS Growth (%)	6.9	7.9	9.2	6.6
P/E (x)	14.4	13.4	12.3	11.5
Tangible BVPS (QR)	5.2	5.6	6.0	6.3
P/TBV (x)	2.2	2.1	1.9	1.8
RoE (%)	16.2	16.5	16.9	16.9
DPS (QR)	0.530	0.575	0.625	0.675
Dividend Yield (%)	4.6	5.0	5.4	5.8

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

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## Change in Estimates

QRmn	2026			2027		
	Old	New	Change (%)	Old	New	Change (%)
Net Interest Income	1,743	1,867	7.1	1,886	2,019	7.1
Non Interest Income	516	519	0.5	520	562	8.0
Total Revenue	2,259	2,386	5.6	2,406	2,581	7.3
Opex	430	433	0.7	462	460	-0.4
Net Operating Income	1,829	1,953	6.8	1,944	2,121	9.1
Net Income (Attributable)	1,329	1,308	-1.6	1,429	1,428	-0.1

Source: Company data, QNB FS Research

## Detailed Financial Statements

Income Statement (In QR mn)	2024	2025	2026e	2027e	2028e	2029e
Net Interest Income	1,547	1,702	1,867	2,019	2,187	2,390
Fees & Commissions	378	394	420	457	447	479
FX Income	73	55	66	72	71	77
Other Income	35	31	32	33	41	40
<b>Non-Interest Income</b>	<b>486</b>	<b>479</b>	<b>519</b>	<b>562</b>	<b>559</b>	<b>596</b>
Total Revenue	2,032	2,181	2,386	2,581	2,746	2,986
Operating Expenses	(383)	(405)	(433)	(460)	(494)	(526)
Net Operating Income	1,650	1,776	1,953	2,121	2,252	2,461
Net Provisions & Impairments	(389)	(425)	(503)	(548)	(582)	(631)
<b>Net Profit (Headline/Reported)</b>	<b>1,260</b>	<b>1,351</b>	<b>1,449</b>	<b>1,573</b>	<b>1,670</b>	<b>1,830</b>
Payment on Tier-1 Sukuk	(95)	(106)	(106)	(106)	(106)	(106)
Social & Sports Contribution Fund	(32)	(34)	(36)	(39)	(42)	(46)
<b>Net Profit (Attributable)</b>	<b>1,134</b>	<b>1,212</b>	<b>1,308</b>	<b>1,428</b>	<b>1,523</b>	<b>1,678</b>
EPS	0.749	0.800	0.864	0.944	1.006	1.109

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2024	2025	2026e	2027e	2028e	2029e
Cash & Balances with Central Bank	3,453	2,587	3,200	3,714	3,834	4,083
Interbank Loans	8,599	5,836	7,551	7,061	8,507	8,035
Net Investments	7,425	10,979	11,744	12,651	13,587	14,267
Net Loans	39,326	41,966	44,419	47,073	50,042	53,565
Investment In Associates	135	144	149	155	161	169
Other Assets	198	303	223	233	170	187
Net PP&E	228	225	221	217	212	206
Investments In Real Estate	616	589	589	589	589	589
<b>Total Assets</b>	<b>59,979</b>	<b>62,629</b>	<b>68,096</b>	<b>71,693</b>	<b>77,103</b>	<b>81,102</b>
<b>Liabilities</b>						
Interbank Deposits	5,186	3,077	4,275	3,444	5,229	4,770
Customer Deposits	41,383	43,290	45,714	48,229	51,122	54,445
Term Loans	2,798	5,129	6,412	7,694	7,771	8,159
Tier-1 Perpetual Sukuk	2,092	2,092	2,092	2,092	2,092	2,092
Other Liabilities	1,012	1,079	1,143	1,215	1,293	1,383
<b>Total Liabilities</b>	<b>52,472</b>	<b>54,667</b>	<b>59,636</b>	<b>62,675</b>	<b>67,508</b>	<b>70,850</b>
<b>Total Shareholders' Equity</b>	<b>7,508</b>	<b>7,961</b>	<b>8,460</b>	<b>9,018</b>	<b>9,595</b>	<b>10,252</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>59,979</b>	<b>62,629</b>	<b>68,096</b>	<b>71,693</b>	<b>77,103</b>	<b>81,102</b>
BVPS	4.96	5.26	5.59	5.96	6.34	6.77
TBVPS	4.93	5.23	5.57	5.95	6.34	6.77
RWAs	50,573	50,665	54,477	56,996	60,911	63,665
RWAs/Total Assets	84%	81%	80%	80%	79%	79%
Average IEAs	55,899	56,854	61,025	65,066	69,270	73,798
Average IEAs/Average Assets	92%	93%	93%	93%	93%	93%
Average IBLs	43,714	43,665	46,697	50,214	53,623	57,103
Average IBLs/Average Liabilities	82%	82%	82%	82%	82%	83%

Source: Company data, QNB FS Research

Ratios/Indicators	2024	2025	2026e	2027e	2028e	2029e
<b>Profitability (%)</b>						
RoE	15.4	16.2	16.5	16.9	16.9	17.5
RoAA	1.9	2.0	2.0	2.0	2.0	2.1
RoRWA	2.2	2.4	2.5	2.6	2.6	2.7
NIM (% of IEAs)	2.77	2.99	3.06	3.10	3.16	3.24
NIM (% of RWAs)	3.00	3.36	3.55	3.62	3.71	3.84
NIM (% of AAs)	2.54	2.78	2.86	2.89	2.94	3.02
Spread	1.80	2.17	2.42	2.47	2.51	2.57
<b>Efficiency (%)</b>						
Cost-to-Income (Headline)	18.9	18.6	18.1	17.8	18.0	17.6
Cost-to-Income (Core)	19.2	18.9	18.5	18.1	18.3	17.9
<b>Liquidity (%)</b>						
LDR	89	87	85	84	85	86
Loans/Assets	65.6	67.0	65.2	65.7	64.9	66.0
Cash & Interbank Loans-to-Total Assets	20.1	13.4	15.8	15.0	16.0	14.9
Deposits to Assets	69.0	69.1	67.1	67.3	66.3	67.1
Wholesale Funding to Loans	20.3	19.6	24.1	23.7	26.0	24.1
IEAs to IBLs	129	132	130	129	129	129
<b>Asset Quality (%)</b>						
NPL Ratio	3.3	2.9	2.8	2.8	2.8	2.7
NPL to Shareholders' Equity	18.1	16.1	15.7	15.5	15.4	14.9
NPL to Tier-1 Capital	14.8	13.3	13.1	13.1	13.1	12.8
Coverage Ratio	144.2	182.3	205.6	224.8	242.2	264.6
ALL/Average Loans	4.7	5.2	5.7	6.2	6.6	7.0
Cost of Risk (bps)	83	96	88	86	85	85
<b>Capitalization (%)</b>						
CET1 Ratio	14.0	14.8	14.7	15.1	15.0	15.4
Tier-1 Ratio	18.2	19.0	18.6	18.7	18.5	18.7
CAR	19.3	20.1	19.7	19.8	19.6	19.8
Leverage (x)	8.0	7.9	8.0	7.9	8.0	7.9
<b>Growth (%)</b>						
Net Interest Income	-2.0	10.0	9.7	8.2	8.3	9.3
Non-Interest Income	19.9	0.9	8.2	8.3	-0.4	6.6
OPEX	8.4	5.8	6.9	6.3	7.5	6.3
Net Operating Income	1.1	8.4	9.9	8.6	6.2	9.3
Net Income (Attributable)	9.4	6.9	7.9	9.2	6.6	10.2
Loans	7.7	6.7	5.8	6.0	6.3	7.0
Deposits	6.3	4.6	5.6	5.5	6.0	6.5
Assets	-2.7	4.4	8.7	5.3	7.5	5.2
RWAs	-3.9	0.2	7.5	4.6	6.9	4.5

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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