

## Qatar International Islamic Bank (QIIB)

Recommendation	MARKET PERFORM	Risk Rating	R-3
Share Price	QR10.65	Target Price	QR10.44
Implied Upside	(2.0%)		

### 4Q2024 Beats Estimates; DPS of QR0.50 (DY: 4.7%) vs. QR0.45 in 2023

Qatar International Islamic Bank (QIIB) reported a net profit of QR219.9mn in 4Q2024, increasing by 17.1% YoY (sequentially dropping by 42.9%). The bottom-line beat our estimate of QR209.9mn (variation: +4.8%) on non-recurring income rising from sale of land. Excluding the sale of land, earnings would have been in-line with our estimate (variation of -0.4%). Net-net, the bottom-line increased YoY due to margin expansion (net interest income gained by 3.3%), strong non-funded income (+46.3%) and 12.9% decrease in net credit provisions. Sequentially, earnings dropped due a surge in provisions and impairments, which is in-line with historical trends. The board announced a DPS of QR0.50 for FY2024 vs. QR0.45 in FY2023, which yields a decent 4.7%; we believe investors would appreciate the 11% increase in DPS. We maintain our TP of QR10.44 and Market Perform rating.

### Highlights

- The board announced an interim DPS of QR0.27 for 2H2024 (1H2024: QR0.23), bringing annual DPS to QR0.500.** This corresponds to a decent yield of 4.7%. DPS beat our annual estimate of QR0.475.
- Margins expanded YoY but remained flat sequentially.** NIMs increased by ~17bps YoY in 4Q2024 to 2.88%. This was due to an increase yields vs. flat CoFs. Net interest & investment income increased by 3.3% YoY to QR411.4mn (-1.0% QoQ), in-line with our estimate of QR414.4mn (variation of -0.7%).
- Healthy RoE generator (>CoE):** QIIB generated a 2024 RoE of 15.4% vs. 14.9% in FY2023.
- The bank remains cost efficient.** QIIB posted a cost-to-income ratio of 17.3% in 4Q2024 vs. 18.5% in 4Q2023 (3Q2024: 18.7%). The bank generated JAWs of 7.3% YoY in 4Q2024 (+7.8% QoQ).
- Net loans and deposits both expanded sequentially and YoY.** Net loans gained by 0.7% sequentially (+7.7% YoY) to QR39.3bn. Deposits increased by 1.0% QoQ (+6.3% YoY) to QR41.4bn in 4Q2024. Thus, QIIB's LDR (excluding wholesale stable sources of funds) was a healthy 95%.
- FY2024 CoR significantly dropped vs. FY2023.** QIIB booked net credit provisions of QR155.8mn in 4Q2024 vs. QR179.0mn in 4Q2023 (3Q2024: QR54.9mn). The sequential surge in provisions is in-line with historical trends. FY2024 CoR decreased to 83bps from 113bps in FY2023.
- Asset quality continually remains under pressure, but coverage of Stage 3 Loans is strong.** NPL ratio increased from 2.88% in FY2023 to 3.28% in 4Q2024 (3Q2024: 3.37%; FY2022: 2.79%). At the same time, NPLs decreased by 1.8% sequentially (+23.4% YoY). On the other hand, coverage of Stage 3 loans improved from 87% in FY2024 to 92% (strong coverage). Management allocated the majority of ECLs to Stage 3 loans. Stage 2 loans comprise 10% of total loans, which is relatively healthy.
- Capitalization remains healthy/strong and above the QCB minimum.** QIIB ended 4Q2024 with a CET1/Tier-1 ratio of 14.1/18.2%.

### Recommendation, Valuation and Risks

- Recommendation and valuation:** We maintain our Market Perform rating and price target of QR10.44. QIIB is trading at a 2024/25e P/TB and P/E of 2.2x/2.0x and 14.2x/13.4x, 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

	2022	2023	2024	2025e
Attributable EPS (QR)	0.621	0.685	0.749	0.794
EPS Growth (%)	8.1	10.2	9.4	6.0
P/E (x)	17.1	15.6	14.2	13.4
Tangible BVPS (QR)	4.6	4.9	4.9	5.2
P/TBV (x)	2.3	2.2	2.2	2.0
RoE (%)	14.3	14.9	15.4	16.1
DPS (QR)	0.400	0.450	0.500	0.500
Dividend Yield (%)	3.8	4.2	4.7	4.7

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

### Key Data

Current Market Price (QR)	10.65
DY (%)	4.7
Bloomberg Ticker	QIIB QD
ADR/GDR Ticker	N/A
Reuters Ticker	QIIB.QA
ISIN	QA0006929879
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low (QR)	11.44/9.11
3-m Average Volume (000)	595.4
Mkt. Cap. (\$ bn/QR bn)	4.4/16.1
Shares Outstanding (000's)	1,513.7
FO Limit* (%)	100.0
Current Institutional FO*	19.5
1-Year Total Return (%)	+7.5
Fiscal Year End	December 31

Source: Bloomberg (as of January 28, 2025), \*Qatar Exchange (as of January 28, 2025); Note: FO is foreign institutional ownership

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## Detailed Financial Statements

Income Statement (In QR mn)	2022	2023	2024	2025e
Net Interest Income	1,423	1,578	1,547	1,652
Fees & Commissions	298	292	378	359
FX Income	85	87	73	82
Other Income	(13)	17	35	22
<b>Non-Interest Income</b>	<b>370</b>	<b>396</b>	<b>486</b>	<b>464</b>
Total Revenue	1,793	1,974	2,032	2,116
Operating Expenses	(336)	(353)	(383)	(409)
Net Operating Income	1,457	1,621	1,650	1,706
Net Provisions & Impairments	(382)	(456)	(389)	(376)
<b>Net Profit (Headline/Reported)</b>	<b>1,075</b>	<b>1,165</b>	<b>1,260</b>	<b>1,330</b>
Payment on Tier-1 Sukuk	(108)	(99)	(95)	(95)
Social & Sports Contribution Fund	(27)	(29)	(32)	(33)
<b>Net Profit (Attributable)</b>	<b>940</b>	<b>1,036</b>	<b>1,134</b>	<b>1,202</b>
EPS	0.621	0.685	0.749	0.794

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2022	2023	2024	2025e
Cash & Balances with Central Bank	2,491	3,624	3,453	3,493
Interbank Loans	9,760	12,465	8,599	11,347
Net Investments	7,752	7,809	7,425	7,948
Net Loans	35,022	36,499	39,326	42,028
Investment In Associates	192	154	135	137
Other Assets	275	207	198	237
Net PP&E	231	226	228	238
Investments In Real Estate	669	642	616	616
<b>Total Assets</b>	<b>56,393</b>	<b>61,626</b>	<b>59,979</b>	<b>66,044</b>
<b>Liabilities</b>				
Interbank Deposits	5,679	9,468	5,186	8,536
Customer Deposits	37,945	38,934	41,383	43,659
Term Loans	2,794	2,772	2,798	2,798
Tier-1 Perpetual Sukuk	2,092	2,092	2,092	2,092
Other Liabilities	900	947	1,012	1,004
<b>Total Liabilities</b>	<b>49,411</b>	<b>54,213</b>	<b>52,472</b>	<b>58,090</b>
<b>Total Shareholders' Equity</b>	<b>6,983</b>	<b>7,414</b>	<b>7,508</b>	<b>7,955</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>56,393</b>	<b>61,626</b>	<b>59,979</b>	<b>66,044</b>
<b>Risk Weighted Assets</b>	<b>49,109</b>	<b>52,598</b>	<b>50,573</b>	<b>55,015</b>
TBVPS	4.59	4.88	4.93	5.24

Source: Company data, QNB FS Research

Ratios/Indicators	2022	2023	2024	2025e
<b>Profitability (%)</b>				
RoE	14.3	14.9	15.4	16.1
RoAA	1.6	1.8	1.9	1.9
RoRWA	1.9	2.0	2.2	2.3
NIM (% of IEAs)	2.59	2.90	2.77	2.91
NIM (% of RWAs)	2.89	3.10	3.00	3.13
NIM (% of AAs)	2.41	2.67	2.54	2.62
Spread	2.08	1.99	1.80	2.19
<b>Efficiency (%)</b>				
Cost-to-Income (Headline)	18.7	17.9	18.9	19.4
Cost-to-Income (Core)	18.7	18.1	19.2	19.6
<b>Liquidity (%)</b>				
LDR	86	88	89	90
Loans/Assets	62.1	59.2	65.6	63.6
Cash & Interbank Loans-to-Total Assets	21.7	26.1	20.1	22.5
Deposits to Assets	67.3	63.2	69.0	66.1
Wholesale Funding to Loans	24.2	33.5	20.3	27.0
IEAs to IBLs	136	127	129	123
<b>Asset Quality (%)</b>				
NPL Ratio	2.8	2.9	3.3	3.3
NPL to Shareholders' Equity	14.6	14.8	18.1	18.6
NPL to Tier-1 Capital	12.8	13.2	14.8	15.3
Coverage Ratio	147.7	147.8	144.2	159.3
ALL/Average Loans	3.9	4.2	4.7	5.2
Cost of Risk (bps)	81	113	83	93
<b>Capitalization (%)</b>				
CET1 Ratio	12.0	11.9	14.0	13.7
Tier-1 Ratio	16.3	15.9	18.2	17.5
CAR	17.7	17.0	19.3	18.6
Leverage (x)	8.1	8.3	8.0	8.3
<b>Growth (%)</b>				
Net Interest Income	-0.8	11.0	-2.0	6.8
Non-Interest Income	20.2	6.9	19.9	-2.4
OPEX	2.5	5.2	8.4	6.9
Net Operating Income	3.0	11.3	1.1	4.1
Net Income (Attributable)	8.1	10.2	9.4	6.0
Loans	-5.4	4.2	7.7	6.9
Deposits	-1.8	2.6	6.3	5.5
Assets	-8.7	9.3	-2.7	10.1
RWAs	-0.3	7.1	-3.9	8.8

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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