

Commercial Bank of Qatar (CBQK)

Recommendation	OUTPERFORM	Risk Rating	R-3
Share Price	QR4.523	Target Price	QR5.844
Implied Upside	29.2%		

4Q2025 Bottom-Line Weakness Masks Operating Strength; In-Line DPS

CBQK's 4Q2025 bottom-line falls short of our estimates but mostly on provisions; in-line DPS of QR0.30 implies 6.6% DY, the highest among Qatari banks. Commercial Bank of Qatar (CBQK) reported a net profit of QR419.4mn in 4Q2025, decreasing by 39.3% YoY (-20.0% QoQ) and falling short of our estimate of QR603.9mn (variation: -30.6%). The drop in the bottom-line was due to large credit provisions & impairments vs. reversals/recoveries in 4Q2024. Excluding provisions and impairments, net operating profit surged by 69.8%/10.3% YoY/QoQ to QR1,427.1mn. Key positives from the 4th quarter results were strong net interest income/margin expansion (+63.5%/+6.6% YoY/QoQ), fees (+81.7%/+45.7% YoY/sequentially) and income from associates (+18.1%/7.9% YoY/QoQ). Key negatives from the 4th quarter were surge in provisions & impairment both YoY and QoQ. Net-net, large provisions/impairments offset strong operating income, negatively impacting earnings on a YoY and QoQ basis. For the time being we maintain our PT of QR5.844 and Outperform rating.

Highlights

- FY2025 tangible RoE significantly declined YoY.** The company generated a RoTE of 9.1% vs. 14.4% in FY2024, lower than its CoE, which is a concern in our view.
- DPS came in-line with our estimate.** The BoD recommended a DPS of QR0.30, flat vs. 2024. This translates into an attractive DY of 6.6% (highest among domestic banks and one of the highest in the GCC) and a payout ratio of 65%.
- NIMs significantly improved YoY.** CBQK's NIMS expanded by 61bps from 1.60% in 4Q2024 (3Q2025: 2.12%) to 2.21% because of a sharp drop in CoFs. Consequently, net interest income surged by 63.5%/6.6% YoY/sequentially.
- Legacy NPLs remain and are mainly real estate in nature and have not shown signs of improvement; NPLs increased sequentially and YoY.** NPLs increased by 5.0%/13.2% sequentially/YoY to QR6.7bn. The NPL ratio declined to 6.06% in FY2025 vs. 6.16% in FY2024 (3Q2025: 5.83%); the NPL ratio decreased due to a large YoY increase in the loan book. Coverage of Stage 3 loans worsened YoY (flat QoQ), decreasing from 67% in FY2024 to 60% in FY2025. Stage 2 loans % of total loans remain high at 15% but improved from FY2024's 19%. Moreover, 29% of ECLs are Stage 2.
- Increase in CoR and other provisions hindered the bottom-line YoY/QoQ.** CBQK booked credit provisions of QR386.3mn vs. net reversals/recoveries of QR127.6mn in 4Q2024 (3Q2025 credit provisions: QR262.5mn; +47.2%). Moreover, other provisions came in at QR219.5mn vs. QR75.6mn in 4Q2024 (3Q2025: QR40.2mn). FY2025 CoR came in at 86bps vs. 34bps in FY2024. We are of the view that this level of CoR is most likely sustainable in the near-to-medium term. Credit provisions and impairments vs. reversals prevented the bottom-line from increasing YoY (earnings sequentially dropped due to a 91.8% surge in provisions & impairment).
- Net loans continued its growth trajectory, which is a positive.** Net loans inched up 0.5% sequentially (+14.3% YoY) at QR104.5bn. Growth in loans was driven by the corporate segment (+23.2%) and the public sector (+26.4%). The real estate and contracting segments declined. Moreover, deposits expanded by 4.4% QoQ (+16.2% YoY) to QR89.4bn.
- CET1/Tier-1 ratio remained at healthy levels.** CBQK generated a CET1/Tier-1 ratios of 12.2%/16.1%.

Catalysts

- Progress in improvement of asset quality and core-banking income.

Recommendation, Valuation and Risks

- Recommendation and valuation: We maintain our PT of QR5.844 and Outperform rating.** CBQK is trading at a 2026e P/TB and P/E of 0.8x and 7.9x, respectively.
- Risks:** 1) Weakness in Turkish Lira & Hyperinflation & 2) Higher than expected CoR.

Key Data

Current Market Price (QR)	4.523
Dividend Yield (%)	6.6
Bloomberg Ticker	CBQK QD
Reuters Ticker	COMB.QA
ISIN	QA0007227752
Sector*	Banks & Fin Svcs.
52wk High/52wk Low (QR)	5.049/3.850
3-m Average Volume (mn)	2.4
Mkt. Cap. (\$ bn/QR bn)	5.0/18.3
Shares Outstanding (000)	4,047.25
FO Limit* (%)	100.0
Institutional FO* (%)	24.8
1-Year Total Return (%)	+11.3
Fiscal Year End	December 31

Source: Bloomberg (as of January 18, 2026), *Qatar Exchange (as of January 18, 2026); Note: FO is foreign ownership

Key Financial Data and Estimates

(In QR mn)	2024	2025	2026e
EPS	0.660	0.460	0.575
EPS Growth (%)	0.8	-30.3	25.0
P/E (x)	6.8	9.8	7.9
Tangible BVPS (QR)	5.1	5.2	5.5
P/TBV (x)	0.9	0.9	0.8
RoE (%)	14.4	9.1	11.1
DPS (QR)	0.300	0.300	0.350
Dividend Yield (%)	6.6	6.6	7.7

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

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Recommendations		Risk Ratings	
Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price		Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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