

## Doha Bank (DHBK)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR2.999	Target Price	QR2.884
Implied Upside	(3.8%)		

### 4Q2025 Earnings In-Line; Strong DPS Beats Estimates

Doha Bank (DHBK) reported a net profit of QR174.4mn in 4Q2025, growing by 8.3% YoY (-37.3% QoQ) on the back of reversals of other provisions and investment income; the BoD announced DPS of QR0.150, which translates into a strong DY of 5.0%. Profitability came in-line with our estimate of QR173.5mn (variation of +0.5%). Net operating income ticked up by 0.6% YoY (-14.3% QoQ) mainly due to investment income mitigating margin pressure (net interest income: -10.2% YoY). NIM contracted by ~33bps YoY (-20bps) to 1.67%. The sequential drop in earnings was attributable to margin pressure (net interest income: -13.6% QoQ) and a 39.1% surge in net credit provisions. DHBK still trades at a discount to its BV, as the bank is not expected to generate economic profits in the medium term with RoE still expected to be below CoE over 2026 to 2029. Having said this, DHBK rallied 51.8% after announcing its 10% buy-back program on April 20<sup>th</sup> 2025 and in anticipation of generous 2025 DPS – the stock went from trading at 0.5x P/B to 0.8x P/B. Moreover, on a one-year total return basis, DHBK has been the best performing bank stock, with the name up 56.4%, widely outpacing its Qatari peers. **We still maintain our PT of QR2.884 and Accumulate rating. We could possibly revise our PT/recommendation once we update our model.**

#### Highlights

- **RoE remains weak and markedly below CoE.** FY2025 RoE came in at 6.5% vs. 6.1% in FY2024.
- **DPS beats our estimate.** The BoD recommended a DPS of QR0.150 vs. QR0.100 for 2024, an increase of 50.0%; DPS exceeded our estimate of QR0.115 (variation: +30.4%). The increase in DPS implies a strong DY of 5.0% and payout ratio of 66%.
- **FY2025 CoR moderately improved vs. FY2024.** DHBK's FY2025 CoR came in at 106bps vs. 110bps in FY2024. Net credit provisions increased by 52.5%/39.1% YoY/QoQ. However, the bank booked reversals of other provisions of QR0.188mn vs. provisions of QR61.2mn in 4Q2024, which pushed the bottom-line up by 8.3% as net operating income only inched up only by 0.6%.
- **C/I ratio remains higher than its peers.** C/I ratio increased from 43.5% in 4Q2024 to 43.9% in 4Q2025 (39.3% in 3Q2025). C/I remains elevated due to weak revenue emanating from margin pressure, with opex outpacing growth in revenue. Revenue increased by 1.4% YoY, while opex moved up by 2.4%. Sequentially, revenue dropped by 7.3%, while opex moved up by 3.6%.
- **Asset quality remained stable.** DHBK's NPLs increased 4.0% sequentially (-1.7% YoY) to QR4.8bn in 4Q2025. The NPL ratio decreased from 7.43% in FY2024 (3Q2025: 6.75%) to 6.60%; NPL ratio declined due to stable NPLs coupled with expansion in the loan book. The coverage ratio for Stage 3 loans remained flat at 76% vs. 75% in FY2024, which is still positive. Stage 2 loans contribute 26% to total loans which are still on the high side. Stage 2 ECLS increased by 14.9% YoY (-7.0% sequentially) bringing coverage to 8.1% vs. 7.0%.
- **Net loans expanded sequentially and YTD, which is a positive.** Net loans increased by 7.1% QoQ (+11.0% YoY) to QR67.7bn in 4Q2025. Moreover, deposits expanded by 8.3% sequentially (+13.5% YoY) to QR57.7bn.
- **De-risking the loan book along with optimization of RWAs is helping DHBK maintain its CET1 and Tier-1 positions.** DHBK ended 4Q2025 with a CET1 ratio of 13.2% and a Tier-1 ratio of 17.9%.

#### Catalysts

- **With the stock outperforming its peers over the last 12 months, future gains are incumbent on the management delivering on its growth objectives.** Investors would need to see significant improvements in RoEs and NPLs for the stock to close the gap to its BV.

#### Recommendation, Valuation and Risks

- **Recommendation and valuation: We keep our QR2.884 price target and our Accumulate rating for now.** DHBK is trading at a 2026e/27e P/B and P/E of 0.8x and 11.7/10.3x, respectively.
- **Risks:** 1) Asset quality. 2) Execution risks remain for management's new strategy.

#### Key Data

Current Market Price (QR)	2.999
Dividend Yield (%)	5.0
Bloomberg Ticker	DHBK QD
Reuters Ticker	DOBK.QA
ISIN	QA0006929770
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low	3.000/1.810
3-m Average Volume (mn)	4.0
Mkt. Cap. (\$ bn/QR bn)	2.6/9.3
Shares Outstanding (mn)	3,100.47
FO Limit* (%)	100.0
Current FO* (%)	16.6
1-Year Total Return (%)	+56.4
Fiscal Year End	December 31

Source: Bloomberg (as of January 19, 2026), \*Qatar Exchange (as of January 19, 2026); Note: FO is foreign institutional ownership

#### Key Financial Data and Estimates

	2024	2025	2026e	2027e
EPS (QR)	0.206	0.228	0.255	0.291
Growth	14.3	10.4	12.0	14.0
P/E (x)	14.5	13.2	11.7	10.3
BVPS (QR)	3.49	3.77	3.88	3.99
P/B (x)	0.9	0.8	0.8	0.8
RoE (%)	6.1	6.5	6.8	7.5
DPS (QR)	0.100	0.150	0.175	0.200
Dividend Yield (%)	3.3	5.0	5.8	6.7

Source: Company data, QNB FS Research

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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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