

Doha Bank (DHBK)

Recommendation **ACCUMULATE**

Risk Rating **R-3**

Share Price **QR2.500**

Target Price **QR3.062**

Implied Upside **15.4%**

Old Target Price **QR2.884**

Raising PT to QR3.062 on Higher Estimates & RoE; Maintain Accumulate Rating

After FY2025 results, we increase our CAGR (2025-30e) to 13.4% vs. 11.8% previously. Doha Bank (DHBK) reported a net profit of QR706.7mn in FY2025, growing by 8.1% YoY on the back of reversals of other provisions, mitigating margin pressure and weak non-funded income. Profitability came in-line with our estimate of QR705.8mn (variation of +0.1%). NIM compressed by ~16bps YoY to 1.93% (net interest income pulled back by 1.2%), non-funded income declined by 1.0% (f/x income was down 12.7%). 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 2030. Having said this, the stock rallied by 40% after announcing its 10% buy-back program on April 20th 2025. The stock went from a 0.5x P/B to a 0.7x P/B. Despite this rally, the name trades on a PEG of 0.8x, which is relatively inexpensive and attractive. Further, on a TTR basis, DHBK has been the best performing stock in the banking sector, with the name up 40.1%. **We have increased our PT to QR3.062 on higher estimates (2026, 2027 & 2028) and higher RoE (12%) in the terminal year coupled with a lower CoE. We still maintain our Accumulate rating.**

Highlights

- RoE remains weak and markedly below CoE.** FY2025 RoE came in at 6.5% vs. 6.1% in FY2024. We expect RoE to reach 10% by 2030. RoE is estimated to normalize at the 12% level beyond 2030.
- We estimate flat CoR of 105bps in 2026 and eventually reach a reasonable 85bps by 2030 as management increases its coverage ratio; we are being conservative as CoR could reach below 85bps by 2030.** DHBK's FY2025 CoR came in at 106bps vs. 110bps in FY2024 (FY2023: 145bps).
- C/I ratio remains higher than its peers; efficiency ratio in 2026 is estimated at 39.7% in-line with management's guidance. We model the C/I ratio to decrease to 34.4%/32.5% in 2029e/2030e.** C/I ratio increased from 38.0% in FY2024 to 40.3% in FY2025. C/I remains elevated due to declining revenue emanating from margin pressure increasing opex. Opex has been increasing as management has been investing in its IT infrastructure and digitization. Efficiency should significantly improve as the aforementioned upgrade is finalized along with further shutdowns of domestic branches.
- Asset quality is penciled to improve with the NPL ratio falling from 6.60% in FY2024 to 6.05% in 2026 and eventually declining to 4.00% by 2030 as the bank sheds some impaired loans while also booking recoveries; coverage of Stage 3 Loans is expected to increase to 80% in 2026 and eventually reach 90%.** DHBK's NPLs declined by 1.7% YoY to QR4.8bn in FYQ2025. The NPL ratio decreased from 7.43% in FY2024 (FY2023: 7.36%) to 6.60% in FY2025; 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%.
- We estimate a loan book CAGR of 6.3%, which is conservative as DHBK is taking a prudent approach to lending.** Net loans increased by 11.0% YoY to QR67.7bn in FY2025. Moreover, deposits expanded by 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%. We expect capitalization to hover around these levels in our forecast horizon.

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 raise our PT from QR2.884 to QR3.062 and retain our Accumulate rating.** DHBK is trading at a 2026e/27e P/B of 0.7x and 2026e DY of 5.5%.
- Risks:** 1) Asset quality. 2) Execution risks remain for management's new strategy.

Key Data

Current Market Price (QR)	2.725
Dividend Yield (%)	5.5
Bloomberg Ticker	DHBK QD
Reuters Ticker	DOBK.QA
ISIN	QA0006929770
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low (QR)	3.000/1.810
3-m Average Volume (mn)	4.0
Mkt. Cap. (\$ bn/QR bn)	2.1/7.8
Shares Outstanding (mn)	3,100.47
FO Limit* (%)	100.0
Current FO* (%)	16.1
1-Year Total Return (%)	+40.1
Fiscal Year End	December 31

Source: Bloomberg (as of January 27, 2026), *Qatar Exchange (as of January 27, 2026); Note: FO is foreign institutional ownership

Key Financial Data and Estimates

	2025	2026e	2027e	2028e
EPS (QR)	0.228	0.246	0.276	0.311
Growth	10.4	8.1	12.2	12.7
P/E (x)	12.0	11.1	9.9	8.8
BVPS (QR)	3.77	3.87	3.99	4.13
P/B (x)	0.7	0.7	0.7	0.7
RoE (%)	6.5	6.5	7.1	0.0
DPS (QR)	0.150	0.150	0.175	0.200
Dividend Yield (%)	5.5	5.5	6.4	7.3

Source: Company data, QNB FS Research

Shahan Keushgerian

+974 4476 6509

shahan.keushgerian@qnbfs.com.qa

Saugata Sarkar, CFA, CAIA

+974 4476 6534

saugata.sarkar@qnbfs.com.qa

Detailed Financial Statements

Income Statement (In QR mn)	2023	2024	2025	2026e	2027e	2028e
Net Interest Income	2,116	1,992	1,967	2,027	2,226	2,458
Fees & Commissions	376	402	413	439	468	481
FX Income	105	140	122	132	144	157
Other Income	55	122	122	137	149	167
Non-Interest Income	536	663	657	708	761	805
Total Revenue	2,652	2,655	2,624	2,735	2,986	3,263
Operating Expenses	(930)	(1,010)	(1,058)	(1,086)	(1,134)	(1,183)
Net Operating Income	1,722	1,645	1,566	1,649	1,852	2,080
Net Provisions	(857)	(787)	(634)	(659)	(765)	(882)
Net Profit Before Tax	865	858	932	990	1,088	1,198
Tax	(95)	(7)	(13)	(12)	(14)	(13)
Net Profit (Reported/Headline)	769	851	920	978	1,074	1,185
Interest on Tier-1 Note	(190)	(190)	(190)	(190)	(190)	(190)
Social & Sports Contribution Fund	(19)	(21)	(23)	(24)	(27)	(30)
Attributable Net Profit	560	640	707	764	857	965
EPS	0.181	0.206	0.228	0.246	0.276	0.311

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2023	2024	2025	2026e	2027e	2028e
Cash & Balances with Central Bank	4,842	5,888	5,989	6,878	7,135	7,625
Interbank Loans	5,497	6,843	7,118	7,685	5,249	6,389
Net Investments	30,386	34,205	36,782	39,385	44,019	47,723
Net Loans	58,010	60,984	67,722	71,156	74,985	79,868
Other Assets	1,844	1,798	2,130	1,861	1,662	1,770
Net PP&E	619	530	424	380	344	306
Total Assets	101,198	110,247	120,165	127,345	133,393	143,681
Liabilities						
Interbank Deposits	23,908	30,651	25,045	26,211	25,890	26,997
Customer Deposits	51,573	50,852	57,740	63,688	67,955	74,750
Term Loans	8,517	11,229	18,587	18,587	20,446	22,286
Other Liabilities	2,756	2,697	3,098	2,866	2,718	2,841
Tier-1 Perpetual Notes	4,000	4,000	4,000	4,000	4,000	4,000
Total Liabilities	90,754	99,429	108,470	115,352	121,009	130,873
Total Shareholders' Equity	10,444	10,818	11,695	11,993	12,385	12,808
Total Liabilities & Shareholders' Equity	101,198	110,247	120,165	127,345	133,393	143,681
Risk Weighted Assets	78,094	78,421	84,510	87,868	91,775	99,140
IEAs	92,633	98,306	105,932	112,584	120,041	129,031
IBLs	76,254	87,365	94,979	101,349	106,686	115,675
Tangible BV/share	3.37	3.49	3.77	3.87	3.99	4.13

Source: Company data, QNB FS Research

Ratios/Financial Indicators	2023	2024	2025	2026e	2027e	2028e
Profitability (%)						
RoE (Attributable)	5.6	6.1	6.5	6.5	7.1	7.8
RoAA (Attributable)	0.8	0.8	0.8	0.8	0.8	0.9
RoRWA (Attributable)	0.7	0.8	0.9	0.9	1.0	1.0
NIM (% of IEAs)	2.36	2.09	1.93	1.86	1.91	1.97
NIM (% of RWAs)	2.80	2.55	2.42	2.35	2.48	2.57
NIM (% of AAs)	2.16	1.88	1.71	1.64	1.71	1.77
Spread	1.5	1.3	1.4	1.5	1.5	1.6
Efficiency (%)						
Cost-to-Income (Headline)	33.1	38.0	40.3	39.7	38.0	36.2
Cost-to-Income (Core)	35.5	39.5	41.8	41.3	39.5	37.8
Liquidity (%)						
LDR (stable sources of funds)	104	98	95	95	96	95
Loans/Assets	57.3	55.3	56.4	55.9	56.2	55.6
Cash & Interbank Loans-to-Total Assets	10.2	11.5	10.9	11.4	9.3	9.8
Deposits to Assets	51.0	46.1	48.1	50.0	50.9	52.0
Wholesale Funding to Loans	55.9	68.7	64.4	63.0	61.8	61.7
IEAs to IBLs	1.2	1.1	1.1	1.1	1.1	1.1
Asset Quality (%)						
NPL Ratio	7.36	7.43	6.60	6.05	5.70	5.00
NPL to Shareholders' Equity	43.6	45.5	41.4	39.4	38.5	35.2
NPL to Tier 1 Capital	44.9	47.2	43.5	41.4	40.6	37.3
Coverage Ratio	83.2	106.9	115.8	146.8	179.9	229.9
ALL/Average Loans	6.1	8.2	8.0	9.2	10.6	11.9
Cost of Risk (%)	145	110	106	105	102	96
Capitalization (%)						
CET1 Ratio	13.0	13.3	13.2	13.0	12.8	12.2
Tier-1 Ratio	18.1	18.4	17.9	17.6	17.1	16.2
CAR	19.2	19.5	19.0	18.7	18.3	17.4
Tier-1 Leverage (x)	14.0	13.1	12.6	12.1	11.8	11.2
Growth (%)						
Net Interest Income	-8.9	-5.9	-1.2	3.0	9.8	10.4
Non-Interest Income	18.9	-4.9	-1.0	7.8	7.4	5.8
Total Revenue	-3.3	-5.6	-1.2	4.2	9.2	9.3
Opex	4.0	8.6	4.7	2.6	4.5	4.3
Net Operating Income	-6.5	-12.7	-4.8	5.3	12.3	12.3
Net Income (Headline/Reported)	0.5	10.7	8.0	6.3	9.8	10.4
Net Income (Attributable)	0.7	14.3	10.4	8.1	12.2	12.7
Loans	-0.1	5.1	11.0	5.1	5.4	6.5
Deposits	2.9	-1.4	13.5	10.3	6.7	10.0
Assets	3.6	8.9	9.0	6.0	4.7	7.7
RWAs	6.7	0.4	7.8	4.0	4.4	8.0

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>	
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

Contacts

QNB Financial Services Co. W.L.L.
 Contact Center: (+974) 4476 6666
info@qnbfs.com.qa
 Doha, Qatar

Saugata Sarkar, CFA, CAIA
 Head of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
 Senior Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
 Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

Dana Al Sowaidi
 Research Analyst
dana.al sowaidi@qnbfs.com.qa

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