

Al Rayan Bank (MARK)

Recommendation	Market Perform	Risk Rating	R-3
Share Price	QR2.362	Price Target	QR2.623
Implied Upside	12.5%		

4Q2025 Comes Below Estimates; DPS Beats Estimates

Al Rayan Bank reports QR210.0mn net profit in 4Q2025 vs. QR218.9mn in 4Q2024, declining by 4.0% and 57.9% YoY and QoQ, respectively. Bottom-line fell short of our estimate of QR249.0mn (variation of -15.7%). Net profit declined YoY due to significant margin pressure. Margins contracted by 61bps to 1.22% and net interest & investment income dropped by 19.6%. On the positive side, non-funded income surged 23.7%, mainly attributable to fees (+12.7%) and f/x income (+40.0%). Sequentially, the bottom-line declined by 57.9% due to 36bps compression in margins, fees (-46.1%), lack of recoveries and a 6.5% increase in credit provisions & impairments. Net-net, results were mixed YoY: margins significantly compressed, while non-funded income (fees and f/x income) was strong and credit provisions significantly dropped. Sequentially, margins compressed, fee income was weak and recoveries were non-existent. Asset quality/NPL ratio remained stable. We maintain our Market Perform rating and QR2.623 PT.

Highlights

- **RoE continues to be weak and below its CoE.** FY2025 tangible RoE came in at 6.4% vs. 6.5% in FY2024 (FY2023: 6.4%). We estimate it will take more than 5 years for RoE to exceed the 10% level despite expected double-digit growth in earnings.
- **DPS beat estimates.** The BoD recommended a DPS of QR0.11 vs. QR0.10 in FY2024, increasing by 10.0%. It beat our estimate of QR0.10. Current DPS implies a DY of 4.7% and a payout ratio of 71%.
- **C/I ratio spiked on weak revenue (mainly margin compression).** MARK's C/I ratio increased from 29.1% in 4Q2024 to 34.3% in 4Q2025 as a result of revenue dropping 13.2%, while opex increasing by 2.4%. Sequentially, the efficiency ratio weakened due to a 31.5% drop in revenue (margin pressure and weak non-funded income)
- **MARK's asset quality remained stable; the bulk/majority of NPLs is attributed to the construction and real estate segments.** NPLs remained flat QoQ (+1.1% YoY) at QR6.3bn. The NPL ratio improved from 5.45% in FY2024 to 5.11% in FY2025 (3Q2025: 5.34%). Furthermore, Stage 2 loans decreased by 3.4%/6.6% QoQ/YoY, which is a positive. As such, Stage 2 loans % of total loans decreased from 20% in FY2024 to 17.7% (3Q2025: 20%; FY2023: 30%). Stage 2 ECLs increased by 1.6% sequentially (+36.7% YoY) with the coverage ratio increasing to 5% from 3% in FY2024 (10% to 15% coverage of Stage 2 loans is a healthy level). At the same time, coverage of Stage 3 loans improved sequentially to 68% vs. 66% in 3Q2025 (FY2024: 62%) excluding eligible collateral.
- **Net credit provisions decreased YoY but increased sequentially; FY2025 credit provisions significantly dropped.** Net credit provisions decreased by 31.9% YoY (+3.5% QoQ) to QR207.8mn. Moreover, FY2025 provisions significantly dropped by 21.6% YoY. As such MARK's FY2025 CoR improved from 92bps in FY2024 to 69bps.
- **Loans increased sequentially and YoY.** Net loans expanded by 4.2% QoQ to QR118.2bn (+7.4% YoY). The growth in loans was primarily driven by the public and corporate segments (real estate and retail loans pulled back YoY). On the other hand, deposits decreased by 2.2% QoQ (+3.3% YoY) to QR111.1bn.
- **CET1 position remained robust.** MARK ended 4Q2025 with CET1/Tier-1 ratios of 23.3%/24.2%.

Catalysts

- 1) Normalizing CoR, which results in strong RoE ahead of expectations.

Recommendation, Valuation and Risks

- **Recommendation and valuation:** We maintain our PT at QR2.623/share and our Market Perform rating for now. MARK is trading at 2026e/27e P/TB of 0.9x
- **Risks:** 1) Geopolitical factors & 2) Greater-than-expected increase in credit costs and 3) write-offs

Key Data

Current Market Price (QR)	2.362
Dividend Yield (%)	4.7
Bloomberg Ticker	MARK QD
Reuters Ticker	MARK.QA
ISIN	QA000A0M8VM3
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low (QR)	2.560/2.116
3-m Average Volume (mn)	7.9
Mkt. Cap. (\$ bn/QR bn)	5.9/21.7
Shares Outstanding (mn)	9,300
FO Limit* (%)	100.0
Current FO* (%)	15.5
1-Year Total Return (%)	(3.8)
Fiscal Year End	December 31

Source: Bloomberg (as of January 21, 2026), *Qatar Exchange (as of January 21, 2025); Note: FO is foreign institutional ownership

Key Financial Data and Estimates

	2024	2025	2026e	2027e
EPS Attributable (QR)	0.153	0.155	0.167	0.181
EPS Growth (%)	3.9	1.6	7.5	8.5
P/E (x)	15.2	15.0	13.9	12.9
Tangible BVPS (QR)	2.43	2.51	2.58	2.67
P/TBV (x)	1.0	0.9	0.9	0.9
RoE (%)	6.5	6.4	6.7	7.0
DPS (QR)	0.100	0.110	0.110	0.125
Dividend Yield (%)	4.3	4.7	4.7	5.4

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

Shahan Keushgerian

+974 4476 6509

shahan.keushgerian@qnbs.com.qa

Saugata Sarkar, CFA, CAIA

+974 4476 6534

saugata.sarkar@qnbs.com.qa

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

Disclaimer and Copyright Notice: This publication has been prepared by QNB Financial Services Co. W.L.L. ("QNB FS") a wholly-owned subsidiary of Qatar National Bank Q.P.S.C. ("QNB"). QNB FS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange QNB is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNB FS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. QNB FS accepts no liability whatsoever for any direct or indirect losses arising from use of this report. Any investment decision should depend on the individual circumstances of the investor and be based on specifically engaged investment advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNB FS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. QNB FS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. For reports dealing with Technical Analysis, expressed opinions and/or recommendations may be different or contrary to the opinions/recommendations of QNB FS Fundamental Research as a result of depending solely on the historical technical data (price and volume). QNB FS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report. This report may not be reproduced in whole or in part without permission from QNB FS.

COPYRIGHT: No part of this document may be reproduced without the explicit written permission of QNB FS.