

Doha Bank (DHBK)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR2.490	Target Price	QR2.884
Implied Upside	15.8%		

3Q2025 Beats Estimates on Lower CoR; Stay Accumulate

Doha Bank (DHBK) reported a net profit of QR277.9mn in 3Q2025, growing by 7.7% YoY (+28.8% QoQ) on the back of a significant drop in provisions & impairments. Profitability bested our estimate of QR219.6mn (variation of +26.6%) due to lower provisions and impairments as revenue was moderately ahead of our model (variation: +2.4%). Net operating income dropped by 2.2% YoY (+9.9% QoQ) mainly due to weak non-funded income stemming from investment income. NIM contracted by ~19bps YoY (+14bps) to 1.87%. The sequential surge in earnings was attributable to margin expansion (net interest income: +11.9%) and a 34.0% drop 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 2025 to 2028. Having said this, DHBK has rallied by 26% after announcing its 10% buy-back program on April 20th – the stock went from trading at 0.5x P/B to 0.7x P/B. Moreover, on a one-year total return basis, DHBK has been the best performing bank stock, with the name up 51.8%, widely outpacing its Qatari peers. **We still maintain our PT of QR2.884 and Accumulate rating.**

Highlights

- **RoE remains weak and markedly below CoE.** 9M2025 annualized RoE came in at 9.2% vs. 8.8% in 9M2024.
- **9M2025 annualized CoR moderately improved vs. 9M2025.** DHBK's 9M2025 annualized CoR came in at 108bps vs. 118bps in 9M2024. Net credit provisions dropped by 26.5%/34.0% YoY/QoQ, which pushed the bottom-line up by 7.7% as net operating income decreased by 4.3% mainly due to weak non-funded income.
- **C/I ratio remains higher than its peers.** C/I ratio increased from 38.0% in 3Q2024 to 39.3% in 3Q2025 (40.4% in 2Q2025). C/I remains elevated due to weak revenue emanating from non-funded income (mainly investment income), with opex increasing at the same time. Revenue declined by 2.2% YoY, while opex moved up by 1.3%. Sequentially, revenue increased by 9.9%, while opex moved up by 7.0%. On a positive note, core banking revenue increased by 0.9%/8.6% YoY/QoQ.
- **Asset quality improved, which is encouraging.** DHBK's NPLs decreased 7.7% sequentially (-5.4% YTD) to QR4.6bn in 3Q2025. The NPL ratio decreased from 7.66% in 2Q2025 (FY2024: 7.43%) to 6.75%. The coverage ratio for Stage 3 loans remained flat at 78% QoQ vs. 75% in FY2024, which is still positive. Stage 2 loans still contribute 28% to total loans which are still on the high side. Stage 2 ECLS increased by 23.6% YTD bringing coverage to 8.6% vs. 7.0%.
- **Net loans expanded sequentially and YTD, which is a positive.** Net loans increased by 5.4% QoQ to QR63.2bn in 3Q2025 (+3.7% YTD). Moreover, deposits marched up by 4.7% sequentially (+4.9% YTD) to QR53.3bn.
- **De-risking the loan book along with optimization of RWAs is helping DHBK maintain its CET1 and Tier-1 positions.** DHBK ended 3Q2025 with a CET1 ratio of 13.6% and a Tier-1 ratio of 18.3%.

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.** DHBK is trading at a 2025e/26e P/B and P/E of 0.7x and 10.6/9.2x, respectively.
- **Risks:** 1) Asset quality. 2) Execution risks remain for management's new strategy.

Key Data

Current Market Price (QR)	2.490
Dividend Yield (%)	4.0
Bloomberg Ticker	DHBK QD
Reuters Ticker	DOBK.QA
ISIN	QA0006929770
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low	2.748/1.695
3-m Average Volume (mn)	3.3
Mkt. Cap. (\$ bn/QR bn)	2.1/7.7
Shares Outstanding (mn)	3,100.47
FO Limit* (%)	100.0
Current FO* (%)	16.0
1-Year Total Return (%)	+51.8
Fiscal Year End	December 31

Source: Bloomberg (as of October 13, 2025), *Qatar Exchange (as of October 13, 2025); Note: FO is foreign institutional ownership

Key Financial Data and Estimates

	2024	2025e	2026e
EPS (QR)	0.206	0.234	0.271
Growth	14.3	13.5	15.8
P/E (x)	12.1	10.6	9.2
BVPS (QR)	3.49	3.62	3.78
P/B (x)	0.7	0.7	0.7
RoE (%)	6.1	6.7	7.5
DPS (QR)	0.100	0.115	0.120
Dividend Yield (%)	4.0	4.6	4.8

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)	2022	2023	2024	2025e	2026e	2027e
Net Interest Income	2,322	2,116	1,992	2,091	2,254	2,423
Fees & Commissions	371	376	402	424	451	436
FX Income	153	105	140	123	133	130
Other Income	63	55	122	139	142	146
Non-Interest Income	587	536	663	687	726	712
Total Revenue	2,909	2,652	2,655	2,777	2,980	3,135
Operating Expenses	(894)	(930)	(1,010)	(1,074)	(1,125)	(1,168)
Net Operating Income	2,015	1,722	1,645	1,703	1,855	1,967
Net Provisions	(1,201)	(857)	(787)	(754)	(787)	(790)
Net Profit Before Tax	814	865	858	949	1,068	1,177
Tax	(48)	(95)	(7)	(9)	(11)	(11)
Net Profit (Reported/Headline)	765	769	851	940	1,057	1,167
Interest on Tier-1 Note	(190)	(190)	(190)	(190)	(190)	(190)
Social & Sports Contribution Fund	(19)	(19)	(21)	(23)	(26)	(29)
Attributable Net Profit	556	560	640	726	841	948
EPS	0.179	0.181	0.206	0.234	0.271	0.306

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2022	2023	2024	2025e	2026e	2027e
Cash & Balances with Central Bank	3,668	4,842	5,888	5,873	6,226	6,039
Interbank Loans	8,651	5,497	6,843	5,769	6,780	5,697
Net Investments	24,964	30,386	34,205	37,232	39,865	42,617
Net Loans	58,079	58,010	60,984	64,100	67,801	71,213
Other Assets	1,618	1,844	1,798	1,723	1,368	1,650
Net PP&E	665	619	530	484	437	401
Total Assets	97,645	101,198	110,247	115,181	122,476	127,616
Liabilities						
Interbank Deposits	19,239	23,908	30,651	30,254	35,468	32,982
Customer Deposits	50,130	51,573	50,852	53,394	56,598	60,390
Term Loans	11,408	8,517	11,229	13,362	12,427	15,534
Other Liabilities	2,790	2,756	2,697	2,937	2,264	2,416
Tier-1 Perpetual Notes	4,000	4,000	4,000	4,000	4,000	4,000
Total Liabilities	87,566	90,754	99,429	103,947	110,757	115,321
Total Shareholders' Equity	10,079	10,444	10,818	11,234	11,719	12,295
Total Liabilities & Shareholders' Equity	97,645	101,198	110,247	115,181	122,476	127,616
Risk Weighted Assets	73,175	78,094	78,168	82,931	89,163	94,563
IEAs	89,136	92,633	98,306	105,769	112,945	118,084
IBLs	71,990	76,254	92,645	96,859	104,316	108,741
Tangible BV/share	3.25	3.37	3.49	3.62	3.78	3.97

Source: Company data, QNB FS Research

Ratios/Financial Indicators	2022	2023	2024	2025e	2026e	2027e
Profitability (%)						
RoE (Attributable)	5.4	5.6	6.1	6.7	7.5	8.1
RoAA (Attributable)	0.8	0.8	0.8	0.8	0.9	0.9
RoRWA (Attributable)	0.8	0.7	0.8	0.9	1.0	1.0
NIM (% of IEAs)	2.57	2.36	2.09	2.05	2.06	2.10
NIM (% of RWAs)	3.20	2.80	2.55	2.60	2.62	2.64
NIM (% of AAs)	2.34	2.16	1.88	1.85	1.90	1.94
Spread	2.1	1.5	1.5	1.8	1.8	1.9
Efficiency (%)						
Cost-to-Income (Headline)	30.7	33.1	38.0	38.7	37.8	37.3
Cost-to-Income (Core)	31.0	35.5	39.5	40.4	39.3	38.8
Liquidity (%)						
LDR (stable sources of funds)	94	97	98	96	98	94
Loans/Assets	59.5	57.3	55.3	55.7	55.4	55.8
Cash & Interbank Loans-to-Total Assets	12.6	10.2	11.5	10.1	10.6	9.2
Deposits to Assets	51.3	51.0	46.1	46.4	46.2	47.3
Wholesale Funding to Loans	52.8	55.9	68.7	68.0	70.6	68.1
IEAs to IBLs	1.2	1.2	1.1	1.1	1.1	1.1
Asset Quality (%)						
NPL Ratio	6.43	7.36	7.43	7.32	7.00	6.50
NPL to Shareholders' Equity	39.3	43.6	45.5	45.9	44.9	42.1
NPL to Tier 1 Capital	40.6	44.9	47.2	47.6	46.6	43.7
Coverage Ratio	87.0	83.2	106.9	122.5	140.6	164.1
ALL/Average Loans	5.4	6.1	8.2	9.2	10.2	11.0
Cost of Risk (%)	153	145	110	108	106	101
Capitalization (%)						
CET1 Ratio	13.3	13.0	13.3	13.1	12.7	12.5
Tier-1 Ratio	18.8	18.1	18.4	17.9	17.2	16.8
CAR	19.9	19.2	19.6	19.0	18.3	17.9
Tier-1 Leverage (x)	14.1	14.0	13.1	12.9	12.5	12.4
Growth (%)						
Net Interest Income	-10.2	-8.9	-5.9	5.0	7.8	7.5
Non-Interest Income	12.4	18.9	-4.9	3.5	5.7	-1.9
Total Revenue	-6.4	-3.3	-5.6	4.6	7.3	5.2
Opex	2.1	4.0	8.6	6.4	4.8	3.8
Net Operating Income	-9.7	-6.5	-12.7	3.5	8.9	6.0
Net Income (Headline/Reported)	8.8	0.5	10.7	10.4	12.5	10.3
Net Income (Attributable)	13.6	0.7	14.3	13.5	15.8	12.7
Loans	-7.3	-0.1	5.1	5.1	5.8	5.0
Deposits	-0.4	2.9	-1.4	5.0	6.0	6.7
Assets	-3.4	3.6	8.9	4.5	6.3	4.2
RWAs	1.8	6.7	0.1	6.1	7.5	6.1

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
Senior Associate - Research
Dana.alsowaidi@qnbfs.com.qa

Disclaimer and Copyright Notice: This publication has been prepared by QNB Financial Services Co. WLL ("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.