

Doha Bank

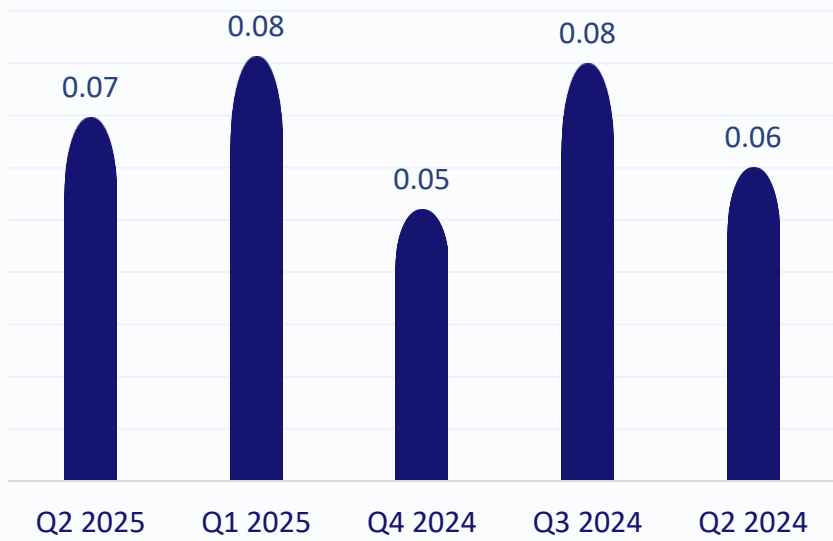
Executive Summary

- The bank reported profits of around QAR 467.3 million for the first half of 2025, an increase from QAR 432.3 million during the same timeframe in 2024, reflecting a growth rate of 8%. Additionally, EPS reached QAR 0.15 up from QAR 0.14
- Doha Bank reported a net income of approximately QAR 215.7 million for Q2 '25, an increase from QAR 201.0 million during the same period in 2024, reflecting a growth of 7.3%. It is important to note that the net income for Q1 '25 reached QAR 251.6 million.
- The primary factor contributing to the increase in profits during this period is the reversal of the loan impairment provision, which totals around QAR 104 million, positively influencing profitability.
- At the end of June, the net interest margin experienced a significant decline, falling to 1.84%, compared to 2.21% in the same period of 2024. This shift suggests that the bank is facing higher financing costs or needs to improve the returns on its income-generating assets ( earning assets).
- Operating revenues for the initial half of the year fell by around 1.8%, totaling QAR 24 million, as a result of reduced income from auxiliary activities, including profits derived from trading in foreign currencies and stocks.
- The bank is still grappling with its most significant challenge regarding asset quality, as the share of NPL’s rose to 7.66% from 7.43% at the end of 2024, and around 7.46% at the close of June 2024. This increase is linked to the effects of the Corona pandemic, leading to some of the highest levels of NPL’s in the country.
- As non-performing loans increased, coverage ratios rose to 92.1%, up from 75.2% at the close of June 2024; however, this represents a decline from the end of the previous year, when the ratio stood at 107%.
- Net loan growth was about 1.7% compared to the same period last year. loans make up approximately 48.8% of total assets, which is lower than the average of 70% for Qatari banks.
- The total amount of loans written off during the period was around QAR 70 million, in contrast to QAR100 million at the year's conclusion.
- The Bank's Board of Directors has approved the purchase of up to 10% of its fully paid issued shares, as treasury shares, pending approval from regulatory authorities.
- The Qatar Investment Authority has declared a decrease in its ownership of Doha Bank from 17.15% to around 5%, as part of a regular adjustment of its investment portfolio.
- The high loan-to-deposit ratio of 126.88% combined with a decrease in deposit growth of -1.23% indicates a necessity to improve deposit acquisition strategies and refine the funding framework.

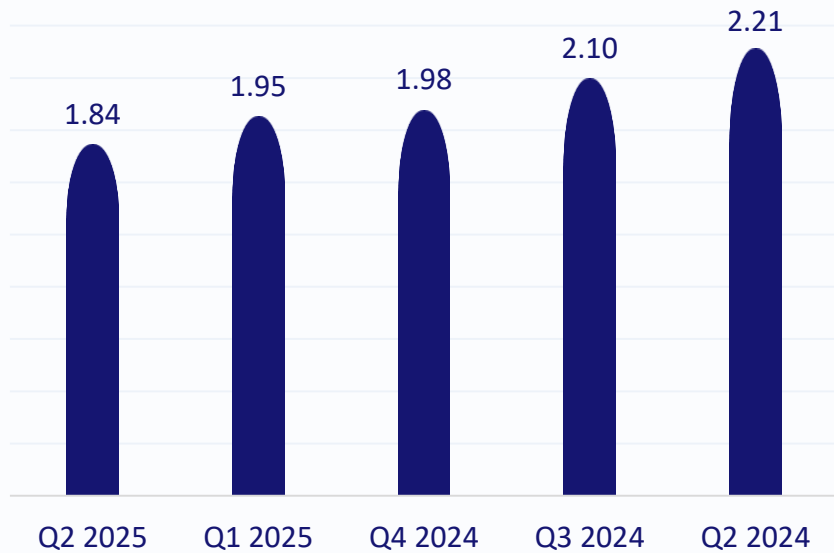
Quarterly Net Income (million)



Quarterly EPS (QAR)



Net Interest Margin %



ROE %



Stock Info		
Weight in QSE index		2.158%
Current Market Price		2.500
Shares Outstanding (Mn)		3,057.7
Market Cap (Mn)		7,644
52-Wk High (9 July25)		2.555
52 Wk Low (15 July24)		1.431
Average Trading Price YTD		2.114
Per Share		
EPS Trailing 12M		0.280
EPS Annualized		0.300
EPS expected		0.260
Book Value Per Share		3.500
Dividends Per Share		0.100
Valuation Ratios		
P/E using TTM EPS		8.92
P/E using Ann EPS		8.33
P/E using expected EPS		10.28
Average PE during 2025		9.60
P/BV		0.71
Dividends Yield		4.00%
Key Financials	H1 ' 25	H1 ' 24
Total Income (Mn)	1,305	1,329
Net Profit (Mn)	467.3	432.3
Net equity (Mn)	10,879	10,640
Total Assets (Mn)	123,046	105,885
Net Loans (Mn)	59,978	58,953
Total Deposits (Mn)	50,934	51,566

	Q2'25	Q1'25	Q2'24
Total Loans/Total Deposits	126.9	132.1	130.3
Total Loans/Total Assets	53.5	57.7	59.9
Deposits/Assets	41.4	43.5	48.7
Deposits/Funding	48.4	51.1	58.2
Free Funding	21.3	22.2	22.3

Operational ratios	Q2'25	Q1'25	Q2'24
CASA	27.9	27.0	22.4
Cost - Income	37.6	37.9	35.5
Annualized cost of risk	1.14	1.18	1.38

Financials Ratios	H1 ' 25	H1 ' 24
ROE (LTM)	8.02%	7.71%
Tier 1 capital ratio	19.20%	19.70%
Provision for loan losses	4,647.3	4,215.0
Coverage loan losses	92.2%	75.1%
loans / Deposits ratio	126.9%	123.0%

Stock Performance	Doha	Index
YTD Return	25.5%	1.88%
3Month Return	28.8%	6.24%
6 Month Return	24.9%	3.80%
1 Year	73.8%	5.98%

Share Holdings Pattern		
General Retirement	6.67%	
Qatar Investment Authority	5.00%	

Breakdown shareholders		
Institutional	17.64%	
Government	6.67%	

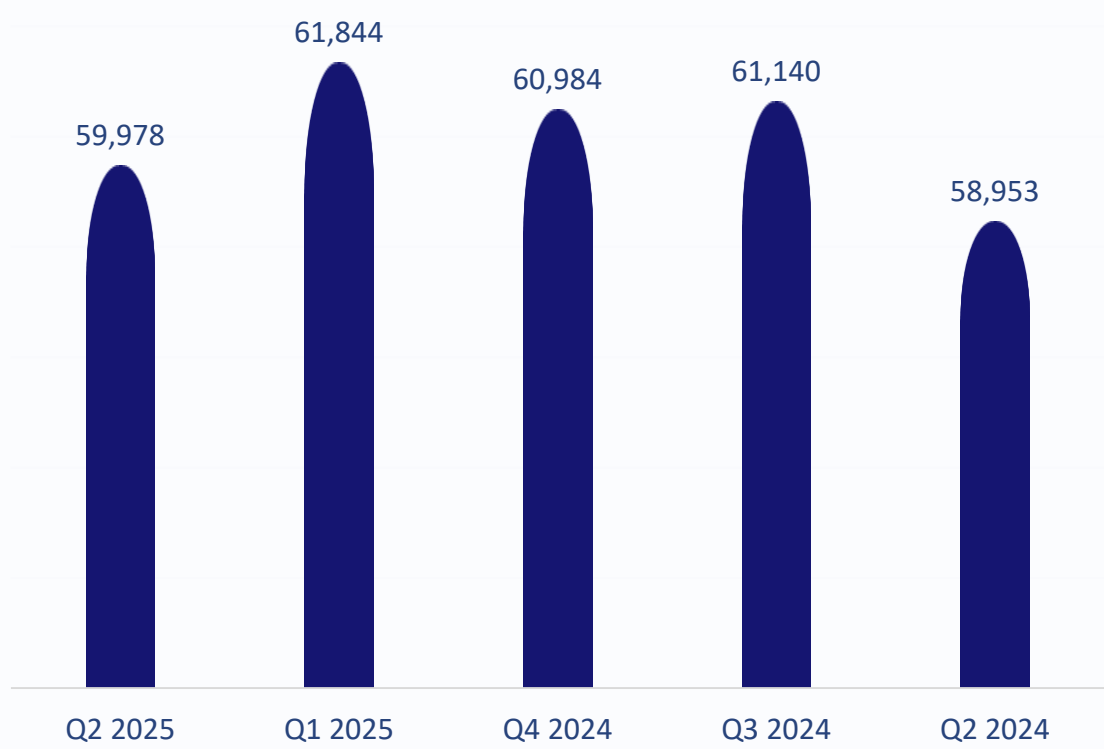
	H1 ' 25	H1 ' 24
Tier 1 Common Equity Ratio	13.13	13.43
Tier 1 Risk-Based Capital Ratio	18.04	18.56
Total Risk-Based Capital Ratio	19.19	19.71
Assets/Equity	8.27	7.23
Total Risk Based Capital	15,624	15,360

Ex-Div date	DPS	Div. Yield
26-Feb-25	0.100	4.88%
18-Mar-24	0.075	4.60%
15-Mar-23	0.075	4.60%
24-Mar-22	0.075	2.78%
16-Mar-21	0.075	3.26%

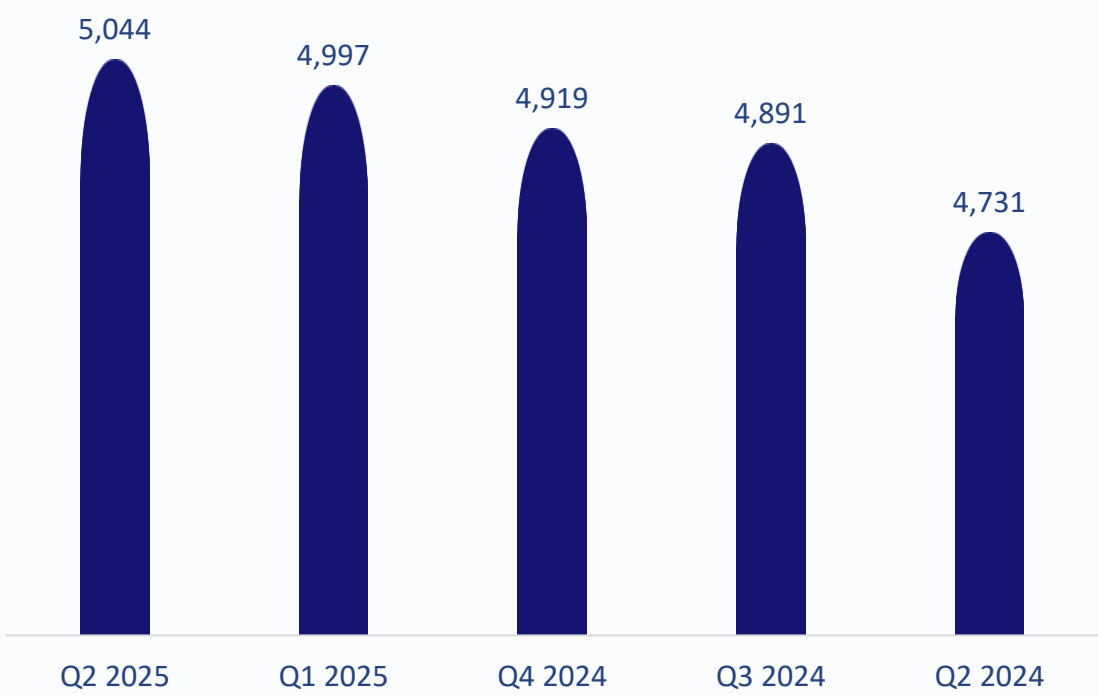
## Asset Quality

- As of the end of June, total non-performing loans amounted to approximately QAR 5.04 million, up from QAR 5.0 million in March 2025 and QAR 4.9 million at the end of 2024. The NPL'S ratio increased slightly to 7.81% from 7.53% in the previous quarter, and from 7.43% at the end of 2024.
- The bank has a significant portion of its loan portfolio allocated to the real estate & contracting sector, representing approximately 52% of its overall financing. This scenario explains the high level of non-performing loans, which arises from the challenges faced by the real estate industry in Qatar following the World Cup.

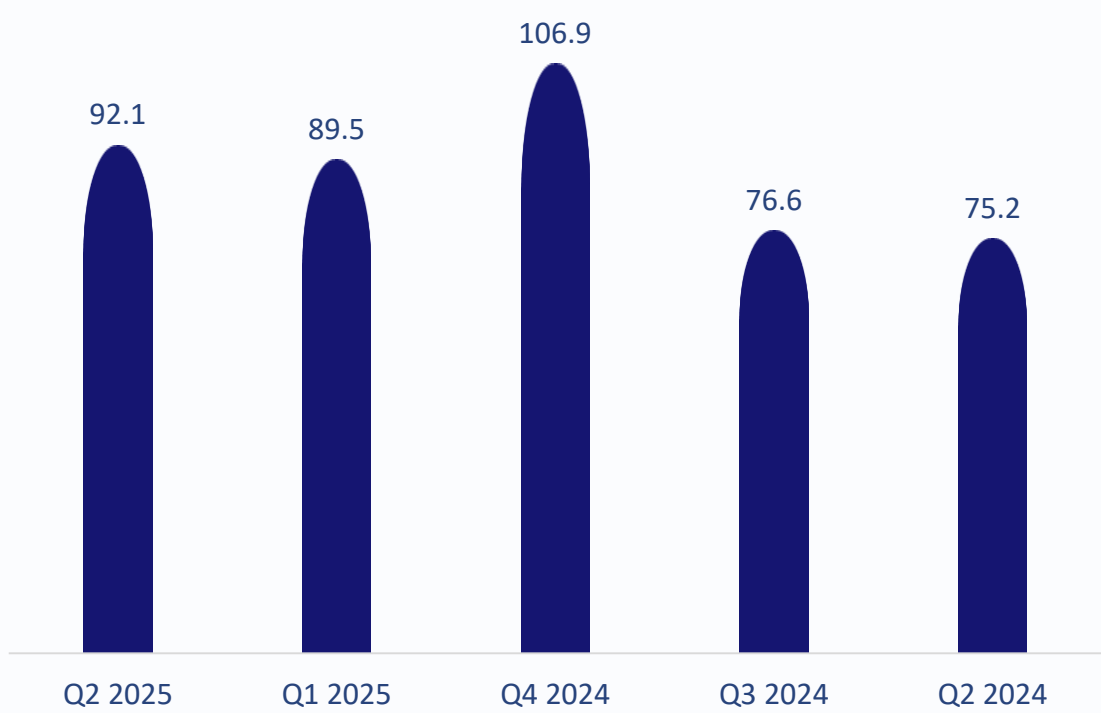
Net loans (million)



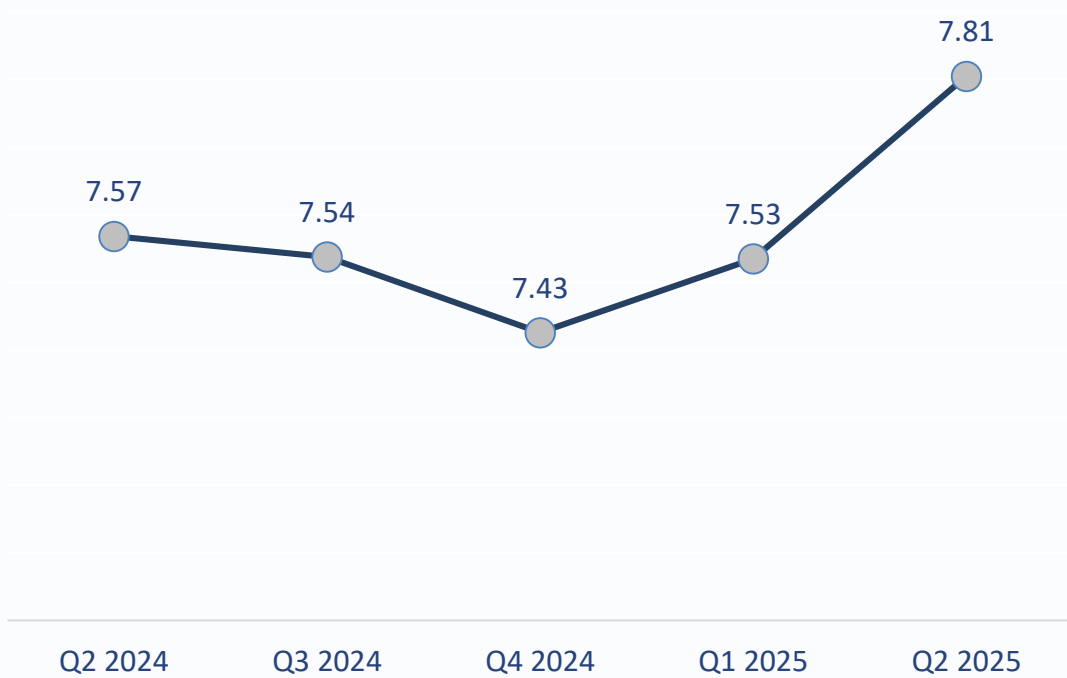
NPL's (million)



Coverage ratio for NPL's %



NPL's ratio %



## Valuation

### We recommend Holding

We use a residual income model and comparable valuation.

Our analysis indicates the fair value of the stock ranges between

**QAR 2.56 and 2.68**

#### Residual Income Model Assumptions:

- Growth rate: We expect the bank to grow in earnings between 3% and 5%.
- Cost of equity ranging between 9.5% and 10.5%.
- Terminal Value: The growth rate in perpetuity is 3.0%.
- Return on equity between 8.0% and 9.0%.

#### Key Risks to Consider

- Significant exposure to the real estate and contracting industry, which is sensitive to economic fluctuations.
- Possible pressure on net interest margins if the US Federal Reserve implements expected rate cuts; the NIM is relatively low with a high cost-to-income ratio.
- The bank's non-performing loans (NPLs) are above the average compared to its peers in Qatar, which is exerting pressure on profitability.
- The bank maintains a high loan-to-deposit ratio, compelling it to seek additional funding sources at a higher cost.
- Geopolitical risks in the Middle East that could impact business growth.

## Disclaimer

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