

Target Price : QAR 2.440

## Doha Bank

Current Price: QAR 2.500

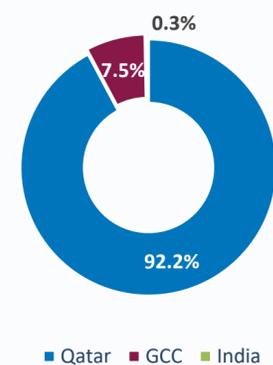
### Executive Summary

- The bank conducts its banking activities through 15 branches located in Qatar, along with a corporate branch. Additionally, it maintains four international branches in Kuwait, the UAE, and India. The bank also has representative offices in various countries, such as Turkey, China, South Africa, the United Kingdom, and others. Furthermore, the bank manages its insurance operations through its fully-owned subsidiary, Al Sharq Insurance.
- Doha Bank's profits for the first nine months increased by 8%, amounting to QAR 54.9 million, bringing the total to QAR 745.3 million. EPS rose to QAR 0.24, up from QAR 0.22.
- Profits for the third quarter increased by 7.7% to around QAR 278 million, up from QAR 258 million for the same period last year.
- The primary factor contributing to the enhanced profits is the reduction in the cost of provisions for doubtful debts by QAR 26.5 million, along with the recovery of the provision for these debts, which has been returned to revenues amounting to approximately QAR 104 million.
- Upon examining the top line, we observe that interest income decreased by about 3.3% over the nine-month period, despite a 3.4% rise in net loans and a 3.7% increase in financial investments, which includes bonds and fixed-income instruments. This trend highlights the effects of lower interest rates.
- Interest income derived from loans accounts for roughly 67% of this category, whereas investment income from bonds makes up about 27%, with the remaining portion being produced from balances maintained by financial institutions.
- Shifting our focus to net interest income, we observe that it remains nearly unchanged between September 2025 and 2024, with a notable decrease in the net interest margin from 2.10% in September 2024 to 1.85% in September 2025.
- Total income fell by around 1.9% in September, totaling QAR 1.99 billion. This decline was attributed to a drop in investment revenues of about QAR 46.2 million, or 47%, along with a 7% decrease in exchange rate gains.
- The cost-to-income ratio was about 39.2%, ranking it among the highest for Qatari banks. In comparison, this ratio stood at 36.4% during the same period in 2024.
- At the end of September 2025, total assets increased by about 8.6% compared to the same time last year, driven by higher balances with other banks, net loans, and financial investments.
- Net loans rose by almost QAR 2 billion during the same timeframe in 2024. The bank has significant exposure to the real estate sector, surpassing 40% of its overall loan portfolio, which presents a genuine challenge for the bank in managing concentrations and enhancing asset quality.
- The NPL's ratio was approximately 6.75% at the end of the first nine months, an improvement from 7.43% at the end of September 2024. This positive change was due to debt write-offs during the period, along with growth in the loan portfolio.

Quarterly Net Income (m)



Net Profit by Geographic Region



Net Interest Margin %



Cost- Income %



| Stock Info                |       |
|---------------------------|-------|
| Weight in QSE index       | 2.54% |
| Current Market Price      | 2.50  |
| Shares Outstanding (Mn)   | 3,100 |
| Market Cap (Mn)           | 7,751 |
| 52-Wk High (14 Aug 25)    | 2.748 |
| 52 Wk Low (24 Oct 24)     | 1.718 |
| Average Trading Price YTD | 2.07  |

| Per Share Data       |      |
|----------------------|------|
| EPS Trailing 12M     | 0.29 |
| EPS Annualized       | 0.32 |
| EPS expected         | 0.28 |
| Book Value Per Share | 3.78 |
| Dividends Per Share  | 0.10 |

| Valuation Ratios       |       |
|------------------------|-------|
| P/E using TTM EPS      | 8.62  |
| P/E using Ann EPS      | 7.81  |
| P/E using expected EPS | 8.93  |
| Average PE in a year   | 7.15  |
| P/BV                   | 0.66  |
| Dividends Yield        | 4.00% |

| Key Financials         | 9M ' 25 | 9M ' 24 |
|------------------------|---------|---------|
| Operating Income (Mn)  | 1,989   | 2,029   |
| Net Profit (Mn)        | 745     | 690     |
| Net equity (Mn)        | 11,707  | 10,933  |
| Total Assets (Mn)      | 119,355 | 109,893 |
| Total Loans (Mn)       | 67,846  | 64,887  |
| Customer Deposits (Mn) | 53,339  | 51,864  |

| Financials Ratios          | 9M ' 25 | 9M ' 24 |
|----------------------------|---------|---------|
| ROE (LTM)                  | 7.8%    | 7.6%    |
| ROA                        | 0.9%    | 1.0%    |
| Tier 1 Common Equity Ratio | 13.6    | 13.5    |
| NPL's                      | 6.8%    | 7.4%    |
| Total Loans/Total Deposits | 127.2%  | 125.1%  |

| Stock Performance | DHBK  | Index |
|-------------------|-------|-------|
| YTD Return        | 26.1% | 2.7%  |
| 1 Month Return    | 1.0%  | -2.4% |
| 6 Month Return    | 27.7% | 6.4%  |
| 1 Year            | 44.1% | 1.1%  |

| Share Holdings Pattern                  |       |
|---|-------|
| Retirement & Social Insurance Authority | 6.47% |
| Qatar Investment Authority              | 5.00% |
| Vanguard                                | 3.62% |

| Geographic ownership |        |
|----------------------|--------|
| Qatar                | 61.80% |
| USA                  | 29.80% |
| Norway               | 4.20%  |

| Ownership Type        |        |
|-----------------------|--------|
| Investment Advisor    | 35.97% |
| Pension Fund          | 33.86% |
| Sovereign Wealth Fund | 25.94% |

| Assets side            | Q3' 25  | Q2' 25  | Q3' 24  |
|------------------------|---------|---------|---------|
| Earning Assets         | 116,123 | 118,737 | 105,060 |
| Total Assets           | 119,355 | 123,046 | 109,893 |
| Risk-Weighted Assets   | 84,462  | 81,409  | 79,025  |
| Tangible Common Equity | 11,707  | 10,879  | 10,933  |

| Liquidity                | Q'3 25 | Q'2 25 | Q'3 24 |
|--------------------------|--------|--------|--------|
| Total Loans/Total Assets | 56.9   | 52.5   | 59.1   |
| Deposits/Assets          | 44.7   | 41.4   | 47.2   |
| Deposits/Funding         | 53.0   | 48.4   | 56.4   |
| Free Funding             | 23.4   | 21.3   | 22.1   |

| Year   | DPS   | Div. YLD | Pay out |
|--------|-------|----------|---------|
| 2025 e | 0.11  | 4.4%     | 40.0%   |
| 2024   | 0.10  | 3.8%     | 36.4%   |
| 2023   | 0.075 | 4.1%     | 32.0%   |
| 2022   | 0.075 | 3.8%     | 40.4%   |
| 2021   | 0.075 | 2.3%     | 45.8%   |

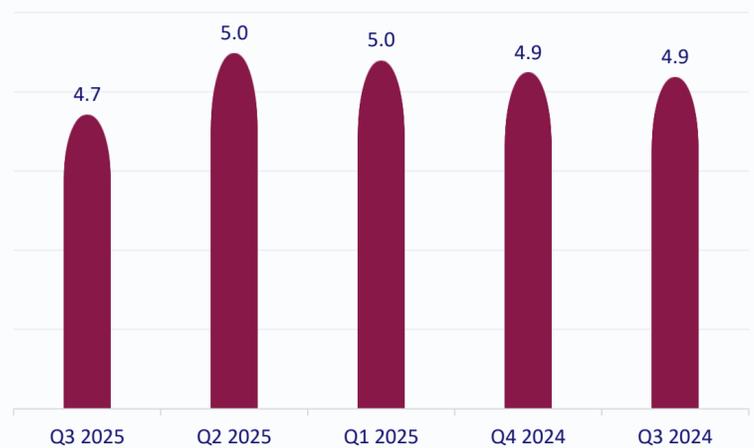
## Asset Quality

- As of the conclusion of September 2025, the total non-performing loans reached around QAR 4.65 billion, a decrease from QAR 5.04 billion in June and QAR 4.92 billion at the close of 2024. The NPL ratio hit 6.75% down from 7.81% in the preceding quarter, although it showed a decline from 7.54% at the end of September 2024.
- The bank has the highest non-performing loan ratio in the banking sector.
- During the period, the bank wrote off approximately QAR 530 million in bad debts, compared to QAR 66 million for the same period in 2024.
- The coverage ratios of provisions for non-performing loans in Stage 3 have significantly strengthened, rising from 67% in September 2024 to an impressive 79% now.
- Banks often deduct the largest portion of their bad debt provisions in the last quarter of each year.

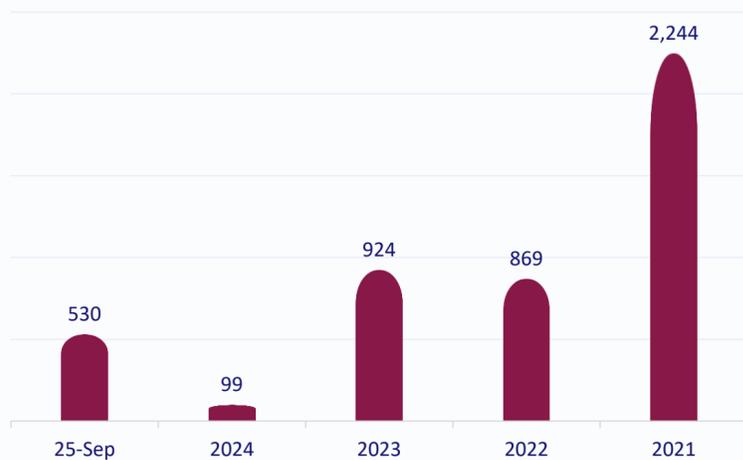
Net loans (Billion)



NPL's (Billion)



Actual loan losses (million)

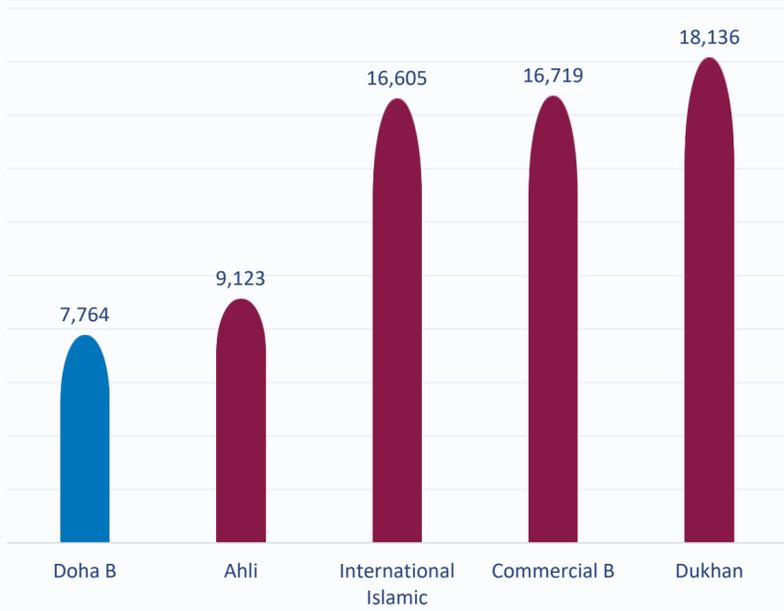


NPL's ratio %

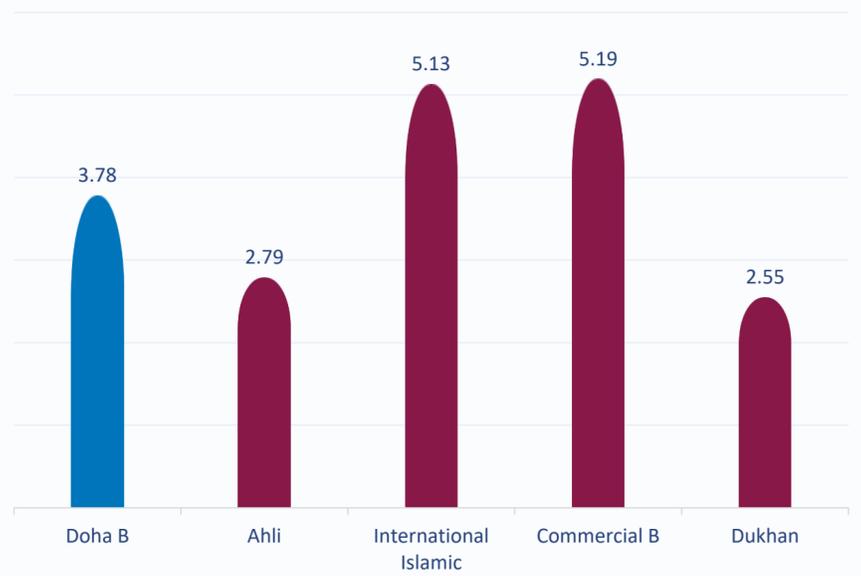


## Comparison

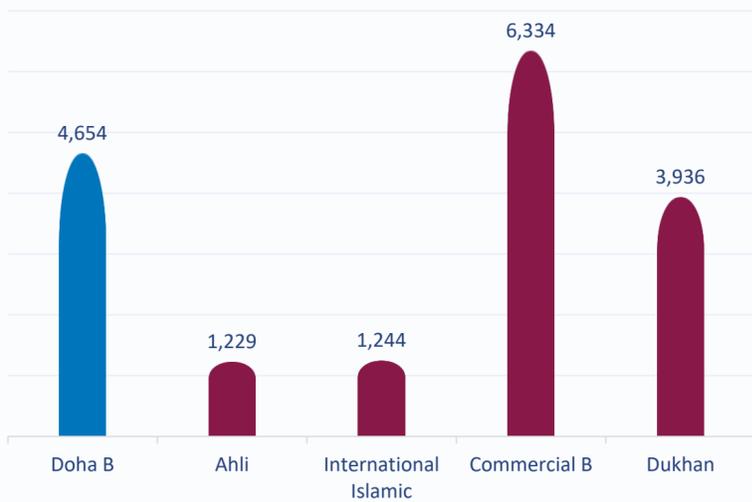
Market Cap (m)



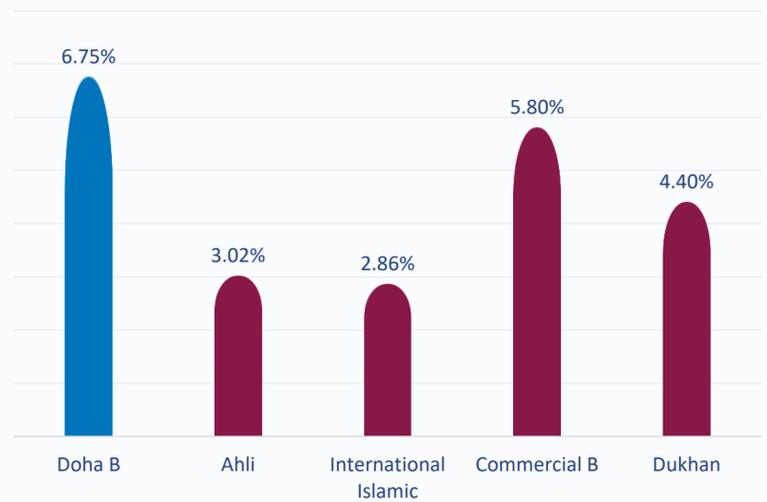
Book Value Per Share (QAR)



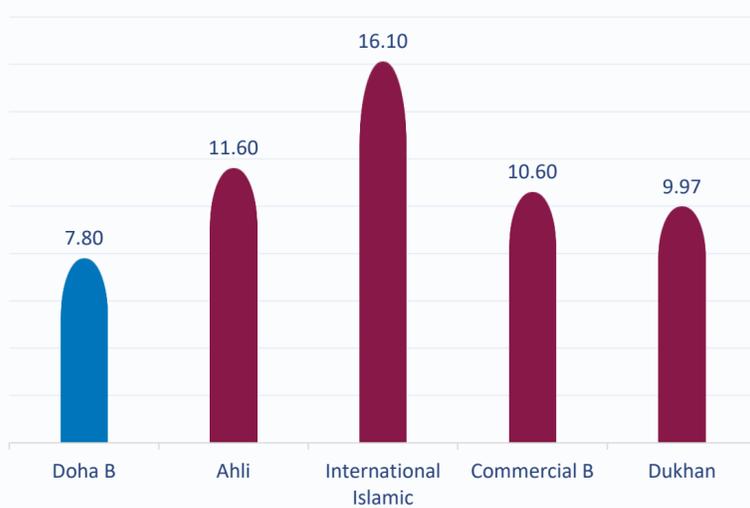
NPL's (m)



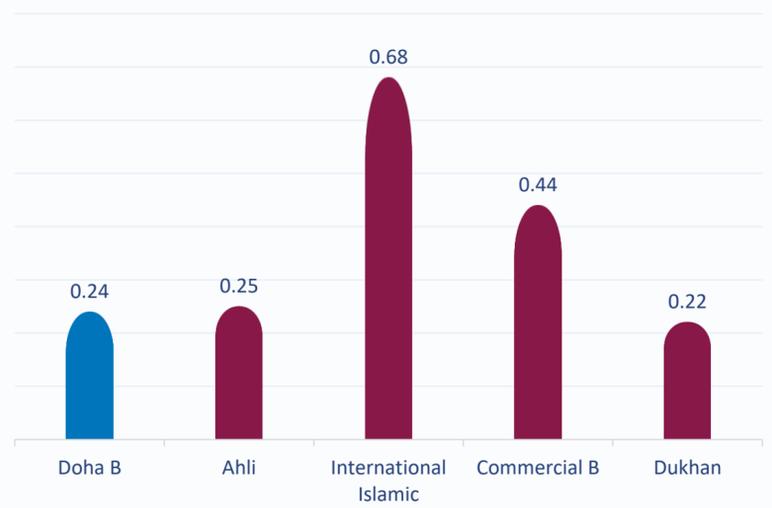
NPL's %



ROE (LTM)%



EPS for 9M (QAR)



# 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 2.37 – QAR 2.49**

### Residual Income Model Assumptions:

- Growth rate: We expect the bank to grow in earnings between 3% and 5%.
- Cost of equity ranging between 9.50% and 9.75%.
- Terminal Value: The growth rate in perpetuity is 3.0%.
- Return on equity between 8.5% and 8.75%.

### Key Risks to Consider

- Quality of assets: high NPL's ( higher among Qatari bank), movements from stage 2 to 3 should be watched carefully.
- Concentration risk : Significantly involved in the real estate and contracting industry, around 42% of the loan portfolio.
- Possible pressure on net interest margins if the US Federal Reserve carries out anticipated rate cuts
- Liquidity risk: Based on a commentary from a rating agency, Doha Bank maintains a comparatively high loans-to-deposits ratio (approximately 125%), indicating significant dependence on wholesale financing and foreign deposits (which generally exhibit less stability).
- Geopolitical risks in the Middle East that could impact business growth

# Disclaimer

Qatar Securities Company has prepared this report to provide an unbiased analysis of the business's performance. It's important to note that the assessment is based on assumptions that may vary in interpretation and may not be entirely accurate. This document focuses on evaluating the company's financial status, not as a solicitation to buy or sell. There may be a conflict of interest since this stock is part of investment portfolios managed by Qatar Securities Company.

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