



Doha Bank (DHBK)

Full Year 2025 Financial Results & Valuation Review

★ Key Highlights



Net Profit (FY 2025)

QAR 919.7M

↑ 8.0% YoY Growth



Earnings Per Share

QAR 0.30

vs QAR 0.27 in 2024



Proposed Dividend

QAR 0.15

15% of Paid-up Capital

📊 Asset Quality & Returns

ROE

6.0 %

ROA: 0.9%

ROA

0.8%

Stable YoY

NPL Ratio

6.60%

↓ Improved from 7.43%

Coverage Ratio

76.0%

↑ Strengthened

⚖️ Capital & Efficiency

CET1 Ratio

13.57%

Capital Adequacy

19.46%

Loan-to-Deposit

127.2%

Elevated

Cost-to-Income

39.2%

Investment Rating

HOLD

Current Price

QAR 2.80

Target Price

QAR 2.61

Fair Value Range

2.55 – 2.68

Implied Downside

-6.8%

*Valuation based on Residual Income Model (RIM) and Peer Comparison

Profitability Analysis | 5-Year Comparison (2021–2025)

● Consolidated Trends

Return on Equity (ROE) Evolution

+101 bps since 2021



Return on Assets (ROA) Evolution

Asset efficiency remains stable



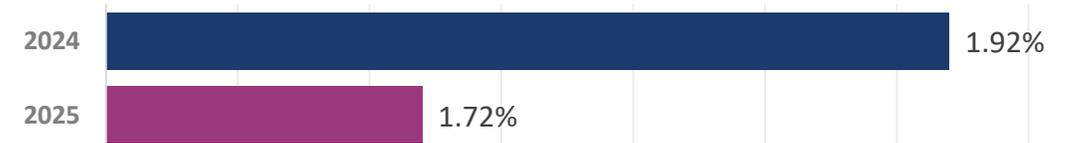
Net Income Margin %

Highest level in 5 years



Net Interest Margin (NIM) Pressure

-20 bps YoY



Total Operating Income (FY 2025)

QAR 2.62B

↓ 1.2% YoY

vs QAR 2.65B in FY 2024

Revenue Dynamics

Total operating income faced headwinds, declining by 1.2% to QAR 2.62 billion. This was primarily driven by drop in investment income (-7%) and lower FX gains (-47%), while Net Interest Income (NII) remained relatively flat despite loan growth, reflecting margin compression.

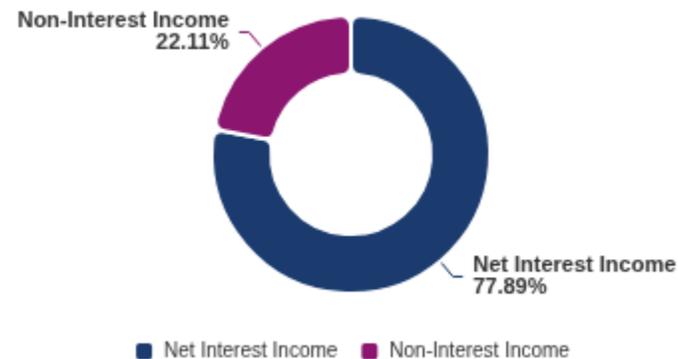
Efficiency Metrics

Cost discipline faced pressure as the Cost-to-Income (CTI) ratio expanded to 39.2% from 36.4% in the previous year. The combination of lower top-line revenue and sticky operating expenses contributed to this efficiency decline.

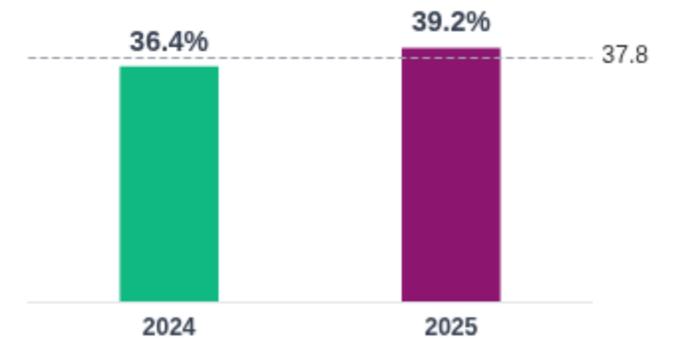
Operating Income Comparison (QAR Billion)



Revenue Mix Breakdown



Cost-to-Income Ratio (%)



Asset Quality & Coverage Analysis

FY 2025 Review - Improving Trends in NPLs and Coverage

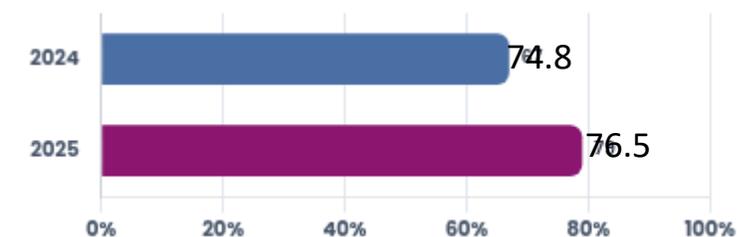
Doha Bank

Equity Research

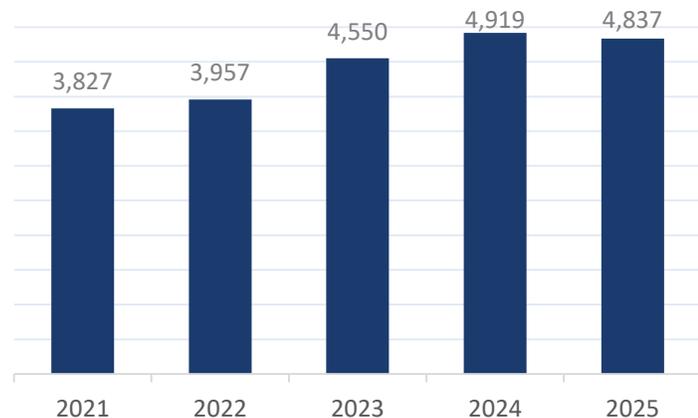
NPL Ratio Evolution (2021-2025)



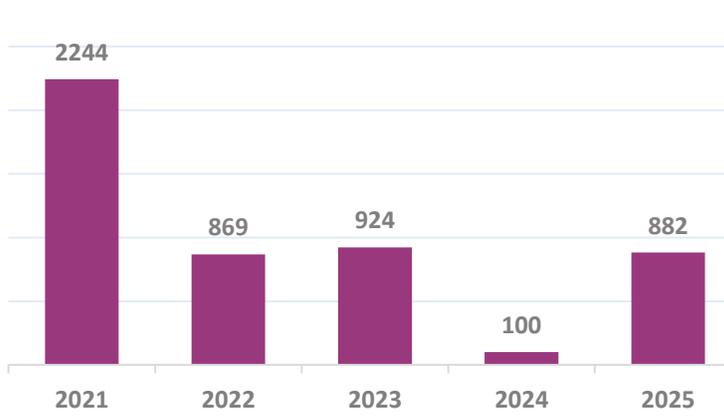
Stage 3 Coverage Ratio



NPL Balance Trend (QAR Bn)



Write-offs History (QAR Mn)



Key Observations

Current NPL Ratio

6.60%

Improved from 7.43% in 2024

↓ 0.8% YoY

Total Write-offs (2025)

QAR 882 Mn

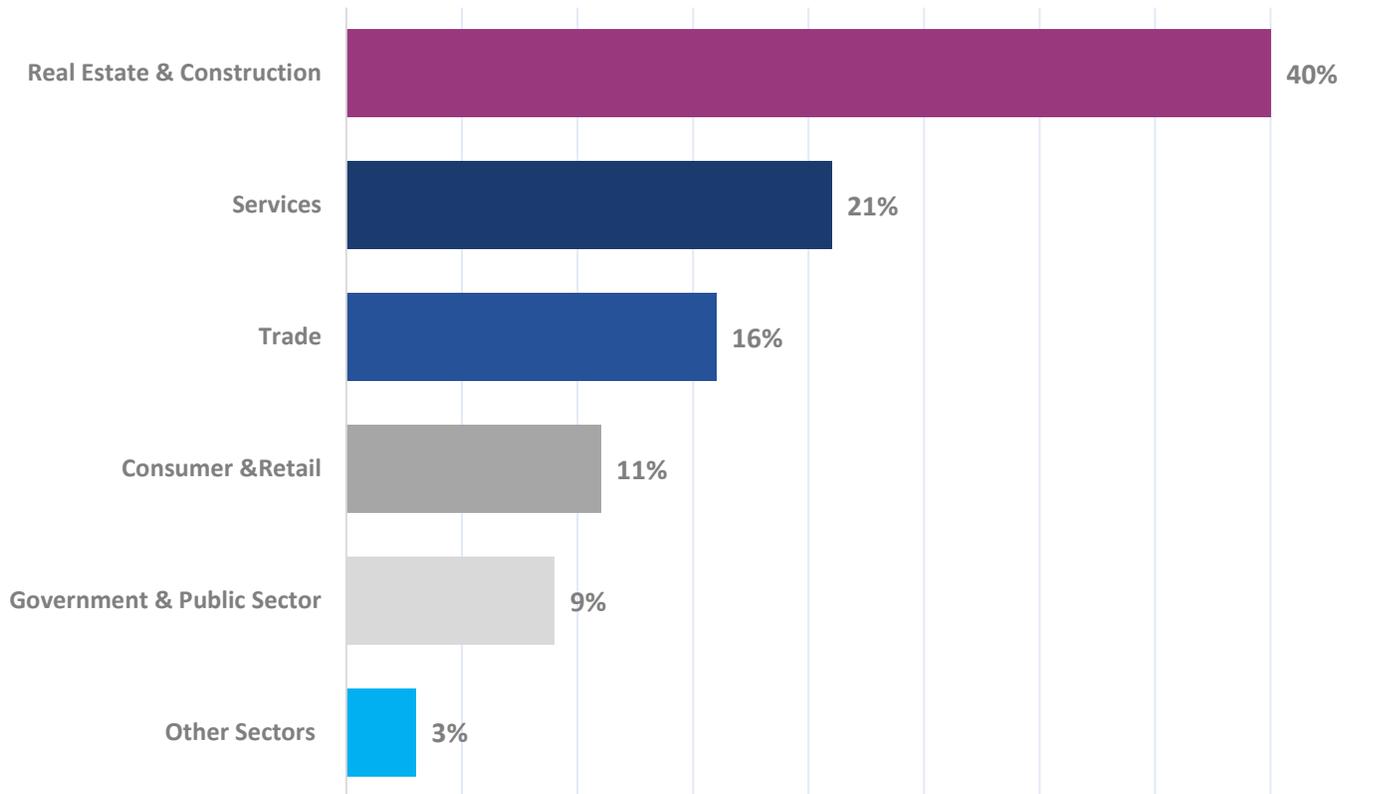
Significant balance sheet cleanup

Aggressive

✓ NPL Balance declined to **QAR 4.84 Bn** in 25 due to active write-off strategy.

✓ Coverage ratio strengthened to **76.5%**, enhancing overall balance sheet resilience.

Sector Allocation (FY 2025)



Largest Exposure

Real Estate & Const.

~41%

Of Total Gross Loans

Public Sector Support

Government

~9%

Sovereign & Public Sector Entities

Concentration Risk Alert

Exposure to **Real Estate & Contracting** remains elevated at ~41%, exceeding the sector average. This concentration poses sensitivity to property market cycles and contracting delays, necessitating strict monitoring of Stage 2 loan migration.

Total Assets



QAR 120.17B

↑ 9.0% YoY

Net Loans



QAR 67.7B

↑ 11.0% YoY

Customer Deposits



QAR 57.7B

↑ 13.5% YoY

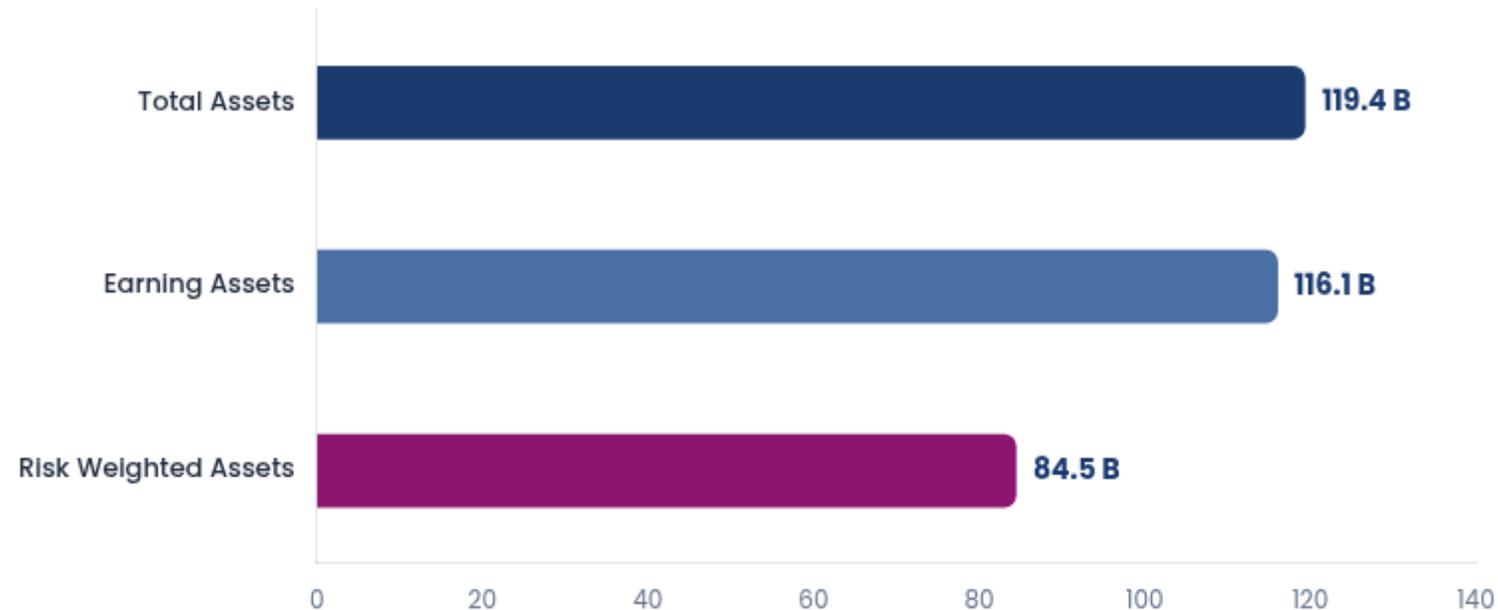
Equity



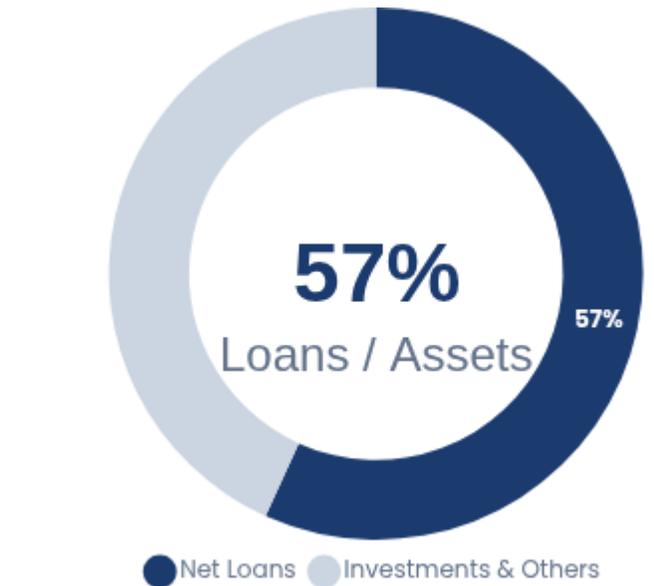
QAR 11.7B

✓ Strong Capital

Balance Sheet Composition (QAR Bn)

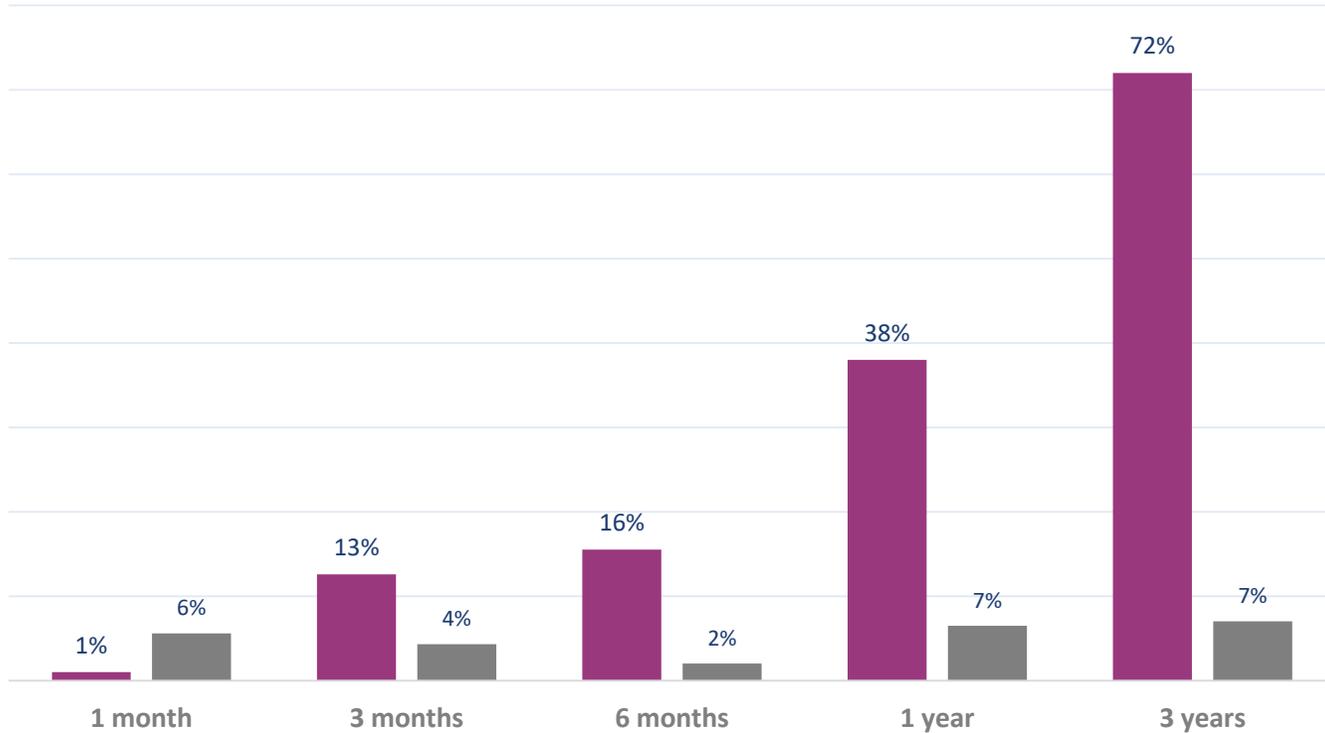


Key Asset Metrics



Return Comparison

● DHBK ● QSE Index



52-Week Price Range



i Current price is trading near the upper quartile of the 52-week range, reflecting positive sentiment post results. The stock has recovered **55%** from its October lows.

Stock Chart



3 Months Alpha

+14%

Outperformance vs Index

1-Year Alpha

+31%

Significant Momentum

Avg Trading Price

QAR 2.48

One Year

Valuation Metrics

Market Multiples & Shareholder Returns Analysis

Doha Bank (DHBK)

Price: QAR 2.80

Equity Research FY 2025

Earnings Multiples

P/E Ratio (TTM)

9.3x

 Trailing 12 Months



P/E (Annualized)

9.7x

Based on current run-rate



P/E (Expected)

8.3x

Forward looking estimate



1-Year Avg P/E

7.5x

Historical benchmark



Price to Book (P/BV)

0.66x

Trading at discount



Book Value / Share

QAR 3.78



Proposed Dividend

QAR 0.15

FY 2025 Distribution



Dividend Yield

5.3% - 5.5%

Updated Yield Range



- With the current price at **QAR 2.80**, the stock trades at a P/BV of **0.66x**, suggesting a significant discount to its book value (QAR 3.78). Coupled with an attractive dividend yield of **5.3% - 5.5%**, the valuation presents a compelling entry point for income-focused investors despite near-term headwinds.

Fair Value Range

QAR 2.55 – 2.68

🎯 Target Price: QAR 2.61

Calculated based on 9.0% ROE & 9.5% COE

Key Assumptions

✂ Cost of Equity (COE) 9.50%

📈 Long-term Growth 3.0%

🔄 Sustainable ROE 9.0%

📅 Forecast Period 5 Years (2026-2030)

📊 Sensitivity Analysis (Fair Value in QAR)

Impact of changes in Cost of Equity (COE) and Return on Equity (ROE)

	Return on Equity (ROE)				
	8.50%	8.75%	9.00%	9.25%	9.50%
COE 10.00%	2.29	2.36	2.43	2.50	2.57
COE 9.75%	2.37	2.45	2.52	2.60	2.67
COE 9.50%	2.44	2.53	2.61	2.70	2.78
COE 9.25%	2.52	2.61	2.71	2.80	2.89
COE 9.00%	2.61	2.70	2.80	2.91	3.01

Methodology Note

We utilize a Residual Income Model (RIM) given the bank's book value focus. The model assumes an initial explicit forecast period of 5 years followed by a terminal value calculated using the Gordon Growth Model. The cost of equity is derived using CAPM with a beta of 0.95 and risk-free rate of 4.5%.



Strengths

- **Solid Capital Position:** Strong capitalization with CET1 at **13.1%** and CAR at **19.0%**, providing a robust buffer.
- **Shareholder Returns:** Improving profitability supporting EPS growth and consistent dividend payout.
- **Network Reach:** Established brand with diverse domestic branch network and international presence.



Weaknesses

- **Asset Quality:** NPL ratio (6.60%) remains elevated compared to top-tier peer banks in Qatar.
- **Funding Structure:** High Loan-to-Deposit ratio at **127%**, indicating reliance on wholesale funding.
- **Operational Efficiency:** Cost-to-Income ratio at **39.2%** is on the higher side relative to sector efficiency leaders.



Opportunities

- **Fee Income Growth:** Potential to expand non-interest income through digital services and wealth management.
- **Sector Recovery:** Anticipated stabilization in the real estate cycle could improve loan book performance.
- **Cost Optimization:** Digital transformation initiatives can drive down operating expenses over time.



Threats

- **Margin Compression:** Potential rate cuts by central banks could pressure Net Interest Margins (NIM).
- **Concentration Risk:** High exposure to Real Estate sector (~41%) increases vulnerability to market corrections.
- **Geopolitical Risks:** Regional uncertainties could impact economic growth and funding stability.



Asset Quality Risk

Elevated NPL levels compared to sector peers require continuous monitoring. Key focus on potential migration of loans from Stage 2 to Stage 3.



NPL Ratio: 6.60%



Concentration Risk

Significant exposure to Real Estate & Construction sectors creates sensitivity to property market cycles and project delays.



Sector Exposure: ~41%



Margin Pressure Risk

Net Interest Margin (NIM) compression due to anticipated rate cuts and competitive pricing pressures in the banking sector.



NIM Decline: 2.10% → 1.85%



Liquidity & Funding Risk

High Loan-to-Deposit ratio indicates reliance on wholesale funding and foreign deposits, which may be more volatile.



Macro / Geopolitical

Regional uncertainties and global economic slowdown could impact credit growth and increase funding costs.

Impact Areas:

Trade Flows

Cost of Funds

Investor Sentiment

Risk Assessment

- ✔ While capital buffers remain robust (CAR 19.0%), the combination of asset quality legacy issues and sector concentration warrants a cautious stance.
- ✔

Key Indicators

Strong Capital Adequacy

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