

Doha Bank (DHBK)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR2.679	Target Price	QR2.958
Implied Upside	10.4%	Old Target Price	QR3.062

Lowering Estimates and Price Target; Stay Accumulate On Turnaround Story

We lower our 2025-30e earnings forecast from a CAGR of 13.4% to 11.9%. Moreover, we lower our 2026e-30e estimates (page 2) on lower revenue (margin contraction & lower non-funded income) and GMT. However, our sustainable /terminal RoE remains unchanged at 12%. As such, we lower our PT from QR3.062/sh. to QR2.958/sh. as we raise our CoE due to geo-political tensions. However, we still maintain our Accumulate rating. 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 2026 to 2030. Having said this, DHBK has been the best performing stock in the banking sector, with the name up 15.8% on a 1-year total return basis.

Highlights

- **Doha Bank's (DHBK) 1Q2026 comes ahead of estimates.** Doha Bank reported a net income of QR234.4mn vs. our estimate of QR170.7mn. The bottom-line declined 6.8% YoY, mainly due to booking GMT. However, EBT was up by 3.5% mainly due to strong f/x and investment income.
- **RoE remains weak and markedly below CoE.** 1Q2026 annualized RoE came in at 8.0% vs. 9.3% in 1Q2025 (FY2025: 6.5%, FY2024: 6.1%). We expect a RoE of 5.3%/5.9% in 2026e/27e, reaching 9% by 2030. RoE is still estimated to normalize at the ~12% level beyond 2030.
- **We estimate a CoR of 101bps in 2026 and eventually reaching a reasonable 85bps by 2030 as management increases its coverage ratio; we are being conservative as CoR could reach below 85bps by 2030.** DHBK's 1Q2025 annualized CoR came in at 131bps vs. 136bps in 1Q2025 (FY2025: 106bps).
- **C/I ratio remains higher than its peers; efficiency ratio in 2026 is estimated at 41.3% in-line with management's guidance. We model the C/I ratio to decrease to 36.0%/34.1% in 2029e/2030e, although management is guiding a C/I ratio <30% by 2030; we also estimate positive JAWS from 2027 and onward.** C/I ratio increased from 38.0% in FY2024 to 40.3% in FY2025 (1Q2026: 37.7%). C/I remains elevated due to declining revenue emanating from margin pressure and increasing opex. Opex has been increasing as management has been investing in its IT infrastructure and digitization. Efficiency should significantly improve as the aforementioned upgrade is finalized along with further shutdowns of domestic branches and international representative offices.
- **Asset quality is penciled to improve with the NPL ratio falling from 6.60% in FY2025 to 6.45% in 2026 (1Q2026: 6.43%) and eventually declining to 4.00% by 2030 as the bank sheds some impaired loans while also booking recoveries; coverage of Stage 3 Loans is expected to increase to 80% in 2026 and eventually reach 90%. It should be noted that management is currently guiding an NPL ratio of 6%-6.1% for 2026. However, we remain conservative given the geo-political tension.** DHBK's NPLs increased by 1.3% to QR4.9bn in 1Q2026 vs. FY2025. The NPL ratio decreased from 6.60% in FY2025 (FY2024: 7.43%) to 6.43% in 1Q2026; NPL ratio declined due to stable NPLs coupled with expansion in the loan book. The coverage ratio for Stage 3 loans improved to 78% vs. 76% in FY2025, which is still positive. Stage 2 loans improved, contributing 22% to total loans vs. 26% in FY2025, which is still on the high side. Management allocated the majority of ECLs to Stage 1 loans, which is prudent.
- **We still estimate a loan book CAGR of 6.5% during 2025-2030 (slightly lower than management's guidance of 7.0%), which is conservative as DHBK is taking a prudent approach to lending.** Net loans increased by 4.1% sequentially to QR70.5bn in 1Q2026. Growth in loans was mainly driven by the public sector (+16.1%) and corporates (+7.5%); public sector loans currently contribute 10% to total loans; management is targeting 10% to 14% in the near term with 20% in the long term. On the other hand, deposits receded by 1.9% to QR56.6bn vs. FY2025.
- **De-risking the loan book along with optimization of RWAs is helping DHBK's CET1 and Tier-1 positions.** DHBK ended 1Q2026 with a CET1/Tier-1 ratios of 12.1%/16.7%

Catalysts

- **With the stock outperforming its peers over the last 12 months, future gains are incumbent on the management delivering on growth objectives, along with an end to geo-political tensions.** 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:** DHBK is trading at a 2026e/27e P/B of 0.7x and 2026e DY of 5.6%.
- **Risks:** 1) Ongoing geopolitical conflict, 2) Asset quality and 3) Execution risks remain for management's new strategy.

Key Data

Current Market Price (QR)	2.679
Dividend Yield (%)	5.6
Bloomberg Ticker	DHBK QD
Reuters Ticker	DOBK.QA
ISIN	QA0006929770
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low (QR)	3.425/2.246
3-m Average Volume (mn)	6.7
Mkt. Cap. (\$ bn/QR bn)	2.3/8.3
Shares Outstanding (mn)	3,100.47
FO Limit* (%)	100.0
Current FO* (%)	16.0
1-Year Total Return (%)	+15.8
Fiscal Year End	December 31

Source: Bloomberg (as of May 05, 2026), *Qatar Exchange (as of May 05, 2026); Note: FO is foreign institutional ownership

Key Financial Data and Estimates

	2025	2026e	2027e	2028e
EPS (QR)	0.198	0.200	0.224	0.247
Growth	-4.3	1.1	12.2	10.5
P/E (x)	13.6	13.4	12.0	10.8
BVPS (QR)	3.77	3.82	3.90	3.97
P/B (x)	0.7	0.7	0.7	0.7
RoE (%)	5.7	5.3	5.9	6.4
DPS (QR)	0.150	0.150	0.175	0.200
Dividend Yield	5.6	5.6	6.5	7.5

Source: Company data, QNB FS Research

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Valuation

We value DHBK using the Residual Income Model (RI) based on a fundamental P/B:

We derive DHBK's fair value by employing the RI valuation technique (*based on a fundamental P/B*), which is calculated based on the sum of its beginning book value, present value of interim residuals (net income minus equity charge) and the present value of the terminal value (we apply a fundamental P/B multiple based on the Gordon Growth Model to the ending book value at the end of our forecast horizon). We derive the P/B from the Gordon Growth Model: $P/B = (RoE-g)/(Ke-g)$. This model uses sustainable return on equity (RoE) based on the median over our forecast period, cost of equity (Ke) and expected long-term growth in earnings (g) to arrive at fundamental/justified P/B. **Based on this method, we arrive at a fundamental P/B of 1.1x.**

We add Qatar's 10-year CDS rate of 64bps to the 10-year US government bond yield (4.3%) to arrive at a risk-free rate of 4.9%. We factor in an adjusted beta of 1.0x. Finally, we add a local equity risk premium of 7.0% to arrive at a Ke of 11.9%. However, we assume a terminal CoE of 11.0%

Valuation Methodologies

Fundamental P/B		RI Based on Fundamental P/B	
Sustainable RoE (%)	11.5	Beginning BVPS (2025) (QR)	3.772
Cost of Equity (%)	11.9	Present Value of Interim Residuals (QR)	-0.930
Terminal Growth Rate (%)	3.5	Present Value of Terminal Value (QR)	0.116
Fundamental P/B (x)	1.1	Current Market Price (QR)	2.679
		12-Month Target Price (QR)	2.958
		Upside/(Downside) Potential (%)	+10.4

Source: QNB FS Research

Forecast

	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e
Beginning BVPS	3.772	3.822	3.896	3.968	4.069	4.165	4.269	4.384	4.510	4.627
EPS Forecast	0.200	0.224	0.247	0.301	0.346	0.379	0.414	0.452	0.492	0.532
DPS Forecast	0.150	0.150	0.175	0.200	0.250	0.275	0.300	0.325	0.375	0.400
Adjustment	-	-	-	-	-	-	-	-	-	-
Forecast BVPS	3.822	3.896	3.968	4.069	4.165	4.269	4.384	4.510	4.627	4.759
Equity Charge	0.450	0.456	0.465	0.474	0.486	0.497	0.510	0.523	0.539	0.509
Residual Income	-0.251	-0.232	-0.218	-0.173	-0.140	-0.118	-0.095	-0.072	-0.047	0.023
Discounted Interim Residuals	-0.232	-0.192	-0.161	-0.114	-0.082	-0.062	-0.045	-0.030	-0.018	0.008
Terminal Value (Based on Fundamental P/B)										0.317
Discounted Terminal Value										0.116
Growth	1.1%	12.2%	10.5%	21.5%	15.1%	9.6%	9.2%	9.0%	8.9%	8.2%
RoE	5.3%	5.9%	6.4%	7.6%	8.5%	9.1%	9.7%	10.3%	10.9%	11.5%
Implied P/B	0.8x	0.8x	0.7x	0.7x	0.7x	0.7x	0.7x	0.7x	0.6x	0.6x

Source: QNB FS Research

Sensitivity Analysis

2.958	11.44%	11.69%	11.94%	12.19%	12.44%
2.50%	3.046	2.995	2.945	2.895	2.847
3.00%	3.052	3.001	2.951	2.902	2.853
3.50%	3.059	3.008	2.958	2.909	2.861
4.00%	3.068	3.017	2.966	2.917	2.869
4.50%	3.077	3.026	2.976	2.927	2.878

Change in Estimates

(In QR mn)	2026e			2027e			2028e		
	Old	New	Change (%)	Old	New	Change	Old	New	Change
Net Interest Income	2,027	1,943	(4.1)	2,226	2,136	(4.1)	2,458	2,340	(4.8)
Non-Interest Income	708	709	0.2	761	712	(6.4)	805	813	1.0
Total Revenue	2,735	2,653	(3.0)	2,987	2,848	(4.7)	3,263	3,153	(3.4)
Opex	(1,086)	(1,096)	0.9	(1,134)	(1,146)	1.0	(1,183)	(1,194)	1.0
Net Operating Income	1,649	1,557	(5.6)	1,853	1,702	(8.1)	2,080	1,959	(5.8)
Net Provisions & Impairments	659	630	(4.5)	765	688	(10.0)	882	862	(2.3)
Net Income (Reported)	978	830	(15.1)	1,074	907	(15.5)	1,185	982	(17.2)
Net Income (Attributable)	764	619	(18.9)	857	695	(18.9)	965	767	(20.5)

Source: QNB FS Research

Detailed Financial Statements

Income Statement (In QR mn)	2023	2024	2025	2026e	2027e	2028e
Net Interest Income	2,116	1,992	1,967	1,943	2,136	2,340
Fees & Commissions	376	402	413	401	429	514
FX Income	105	140	122	160	140	140
Other Income	55	122	122	147	143	159
Non-Interest Income	536	663	657	709	712	813
Total Revenue	2,652	2,655	2,624	2,653	2,848	3,153
Operating Expenses	(930)	(1,010)	(1,058)	(1,096)	(1,146)	(1,194)
Net Operating Income	1,722	1,645	1,566	1,557	1,702	1,959
Net Provisions	(857)	(787)	(634)	(630)	(688)	(862)
Net Profit Before Tax	865	858	932	927	1,014	1,097
Tax	(95)	(7)	(107)	(97)	(106)	(115)
Net Profit (Reported/Headline)	769	851	826	830	907	982
Interest on Tier-1 Note	(190)	(190)	(190)	(190)	(190)	(190)
Social & Sports Contribution Fund	(19)	(21)	(23)	(21)	(23)	(25)
Attributable Net Profit	560	640	613	619	695	767
EPS	0.181	0.206	0.198	0.200	0.224	0.247

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2023	2024	2025	2026e	2027e	2028e
Cash & Balances with Central Bank	4,842	5,888	5,989	5,857	6,249	6,966
Interbank Loans	5,497	6,843	7,118	6,762	7,507	6,420
Net Investments	30,386	34,205	36,782	36,049	40,364	43,773
Net Loans	58,010	60,984	67,722	71,183	75,068	80,246
Other Assets	1,844	1,798	2,130	2,574	2,264	1,779
Net PP&E	619	530	424	410	433	398
Total Assets	101,198	110,247	120,165	122,834	131,885	139,581
Liabilities						
Interbank Deposits	23,908	30,651	25,045	27,807	31,090	32,333
Customer Deposits	51,573	50,852	57,740	59,761	63,765	68,293
Term Loans	8,517	11,229	18,587	16,728	18,401	20,057
Other Liabilities	2,756	2,697	3,098	2,689	2,551	2,595
Tier-1 Perpetual Notes	4,000	4,000	4,000	4,000	4,000	4,000
Total Liabilities	90,754	99,429	108,470	110,985	119,807	127,278
Total Shareholders' Equity	10,444	10,818	11,695	11,849	12,079	12,303
Total Liabilities & Shareholders' Equity	101,198	110,247	120,165	122,834	131,885	139,581
BVPS						
BVPS	3.37	3.49	3.77	3.82	3.90	3.97
RWAs						
RWAs	78,094	78,421	84,510	89,424	90,737	96,311
RWAs/Total Assets						
RWAs/Total Assets	77%	71%	70%	73%	69%	69%
Average IEAs						
Average IEAs	90,884	95,469	102,119	107,653	113,595	121,877
Average IEAs/Average Assets						
Average IEAs/Average Assets	90%	87%	85%	88%	86%	87%
Average IBLs						
Average IBLs	74,122	81,809	91,172	96,281	101,835	109,548
Average IBLs/Average Liabilities						
Average IBLs/Average Liabilities	82%	82%	84%	87%	85%	86%

Source: Company data, QNB FS Research

Ratios/Financial Indicators	2023	2024	2025	2026e	2027e	2028e
Profitability (%)						
RoE (Attributable)	5.6	6.1	5.7	5.3	5.9	6.4
RoAA (Attributable)	0.8	0.8	0.7	0.7	0.7	0.7
RoRWA (Attributable)	0.7	0.8	0.8	0.7	0.8	0.8
NIM (% of IEAs)	2.36	2.09	1.93	1.81	1.88	1.92
NIM (% of RWAs)	2.80	2.55	2.42	2.23	2.37	2.50
NIM (% of AAs)	2.16	1.88	1.71	1.60	1.68	1.72
Spread	1.5	1.3	1.4	1.4	1.5	1.5
Efficiency (%)						
Cost-to-Income (Headline)	33.1	38.0	40.3	41.3	40.2	37.9
Cost-to-Income (Core)	35.5	39.5	41.8	43.2	41.9	39.3
Liquidity (%)						
LDR (stable sources of funds)	104	98	94	98	97	99
Loans/Assets	57.3	55.3	56.4	58.0	56.9	57.5
Cash & Interbank Loans-to-Total Assets	10.2	11.5	10.9	10.3	10.4	9.6
Deposits to Assets	51.0	46.1	48.1	48.7	48.3	48.9
Wholesale Funding to Loans	55.9	68.7	64.4	62.6	65.9	65.3
IEAs to IBLs	1.2	1.1	1.1	1.1	1.1	1.1
Asset Quality (%)						
NPL Ratio	7.36	7.43	6.60	6.45	5.70	5.00
NPL to Shareholders' Equity	43.6	45.5	41.4	42.5	39.4	36.7
NPL to Tier 1 Capital	44.9	47.2	43.5	44.7	41.7	39.0
Coverage Ratio	83.2	106.9	115.8	137.1	178.2	221.5
ALL/Average Loans	6.1	8.2	8.0	9.1	10.5	11.5
Cost of Risk (%)	145	110	106	101	95	91
Capitalization (%)						
CET1 Ratio	13.0	13.3	13.2	12.6	12.6	12.0
Tier-1 Ratio	18.1	18.4	17.9	17.1	17.0	16.2
CAR	19.2	19.5	19.0	18.2	18.2	17.3
Tier-1 Leverage (x)	14.0	13.1	12.6	12.4	11.7	11.2
Growth (%)						
Net Interest Income	-8.9	-5.9	-1.2	-1.2	9.9	9.6
Non-Interest Income	18.9	-4.9	-1.0	8.0	0.4	14.2
Total Revenue	-3.3	-5.6	-1.2	1.1	7.4	10.7
Opex	4.0	8.6	4.7	3.6	4.6	4.2
Net Operating Income	-6.5	-12.7	-4.8	-0.6	9.3	15.1
Net Income (Headline/Reported)	0.5	10.7	-3.0	0.5	9.3	8.2
Net Income (Attributable)	0.7	14.3	-4.3	1.1	12.2	10.5
Loans	-0.1	5.1	11.0	5.1	5.5	6.9
Deposits	2.9	-1.4	13.5	3.5	6.7	7.1
Assets	3.6	8.9	9.0	2.2	7.4	5.8
RWAs	6.7	0.4	7.8	5.8	1.5	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

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