Doha Bank (DHBK)

Recommendation	**MARKET PERFORM**	**Risk Rating**	**R-3**
Share Price	**QR2.880**	**Target Price**	**QR2.958**
Implied Upside	**2.7%**		

2Q2026 Earnings In-Line; Retaining PT & Moving to Market Perform

Doha Bank (DHBK) reported a net profit of QR201.6mn in 2Q2026, declining by 6.6% YoY (-14.0% QoQ) due to management booking GMT in 2Q2026 and not restating 2Q2025 for GMT charges; earnings before taxes increased 4.1% YoY, which is healthy given the current geopolitical tensions. Profitability came in-line with our estimate of QR201.9mn (variation of -0.2%). Net operating income increased by 8.7% YoY (-8.5% QoQ) mainly due to strong net interest income (+4.4%) and robust non-funded income (+25.6%); fees & commissions increased 6.4% (+8.7% QoQ), f/x income grew by 31.0% (+11.0% sequentially) and investment income jumped by 163.4%. NIMs remained flat at 1.75% YoY but compressed by 9bps sequentially. The sequential drop in earnings was attributable to margin pressure and a 9.6% drop in non-funded income (investment income declined by 55.0%). 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, after announcing its 10% buy-back program on April 20th 2025, the stock went from trading at 0.5x P/B to 0.8x P/B. Moreover, on a one-year total return basis, DHBK has been the best performing bank stock, with the name up 23.8%, widely outpacing its Qatari peers. Since our last update on Wednesday, May 06 2026, the stock rallied 7.5%, leaving little room for further upside in our view. **Hence, we change our rating from Accumulate to Market perform but retain our PT of QR2.958. Our rating and PT are subject to change once the geopolitical tensions simmer down.**

Highlights

- **RoE remains weak and markedly below CoE.** 2H2026 annualized RoE came in at 7.5% vs. 8.6% in 1H2025 (FY2025: 6.5%, FY2024: 6.1%). RoE is still estimated to normalize at the ~12% level beyond 2030. RoRWAs remained weak and one of the lowest among domestic and regional peers. DHBK generated RoRWAs of 1.0% in 1H2026.
- **C/I ratio remains higher than its peers.** C/I ratio remained flat at 40.7% YoY in 2Q2026 but increased from 1Q2026's 37.7%. C/I remains elevated due to opex outpacing growth in revenue. Revenue increased by 9.9% YoY, while opex moved up by 11.0%. Sequentially, revenue dropped by 3.9%, while opex moved up by 3.6%. 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 remained stable.** DHBK's NPLs increased 1.1% sequentially (+2.5% YoY) to QR4.96bn in 2Q2026. The NPL ratio decreased from 6.60% in FY2025 (1Q2026: 6.43%) to 6.29% in 2Q2026; NPL ratio declined due to stable NPLs coupled with expansion in the loan book. The coverage ratio for Stage 3 loans remained flat at 78% vs. 1Q2026 (FY2025: 76%), which is still positive given *coverage of Stage 3 Loans is expected to increase to 80% in 2026 and eventually reach 90%*. Stage 2 loans contribute 22% to total loans which improved from 26% in FY2025; it still remains on the high side. Stage 2 ECLS increased by 11.9% YTD (+11.9% sequentially) bringing coverage to 10.0% vs. 9.0% in 1Q2026 (FY2025: 8.1%), which is a positive sign.
- **1H2026 CoR moderately improved vs. 1H2025.** DHBK's 1H2026 CoR came in at 112bps vs. 128bps in 1H2025. Net credit provisions decreased by 11.2%/30.0% YoY/QoQ.
- **Net loans expanded sequentially and YTD, which is a positive.** Net loans increased by 3.3% QoQ (+7.6% YTD) to QR72.9bn in 2Q2026. On the other hand, deposits receded by 1.9% sequentially (-3.8% YTD) to QR55.5bn.
- **De-risking the loan book along with optimization of RWAs is helping DHBK maintain its CET1 and Tier-1 positions.** DHBK ended 2Q2026 with a CET1 ratio of 12.9% and a Tier-1 ratio of 17.6%.

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 maintain our QR2.958 price target but change our rating from Accumulate to Market Perform.*** DHBK is trading at a 2026e/27e P/B and P/E of 0.8x/0.7x and 14.4/12.9x, respectively.
- **Risks:** 1) Geopolitical issues 2) Asset quality and 3) Execution risks remain for management's new strategy.

Key Data

Current Market Price (QR)	2.958
Dividend Yield (%)	5.2
Bloomberg Ticker	DHBK QD
Reuters Ticker	DOBK.QA
ISIN	QA0006929770
Sector*	Banks & Fin. Svcs.
52wk High/52wk Low	3.425/2.434
3-m Average Volume (mn)	2.7
Mkt. Cap. ($ bn/QR bn)	2.5/8.9
Shares Outstanding (mn)	3,100.47
FO Limit* (%)	100.0
Current FO* (%)	16.0
1-Year Total Return (%)	+23.8
Fiscal Year End	December 31

Source: Bloomberg (as of July 20, 2026), *Qatar Exchange (as of July 20, 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)	14.6	14.4	12.9	11.6
BVPS (QR)	3.77	3.82	3.90	3.97
P/B (x)	0.8	0.8	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	5.2	5.2	6.1	6.9

Source: Company data, QNB FS Research

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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	3.37	3.49	3.77	3.82	3.90	3.97
RWAs	78,094	78,421	84,510	89,424	90,737	96,311
RWAs/Total Assets	77%	71%	70%	73%	69%	69%
Average IEAs	90,884	95,469	102,119	107,653	113,595	121,877
Average IEAs/Average Assets	90%	87%	85%	88%	86%	87%
Average IBLs	74,122	81,809	91,172	96,281	101,835	109,548
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 *Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price*	
OUTPERFORM	Greater than +20%
ACCUMULATE	Between +10% to +20%
MARKET PERFORM	Between -10% to +10%
REDUCE	Between -10% to -20%
UNDERPERFORM	Lower than -20%

Risk Ratings *Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals*	
R-1	Significantly lower than average
R-2	Lower than average
R-3	Medium / In-line with the average
R-4	Above average
R-5	Significantly above average

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