

Dukhan Bank (DUBK)

Recommendation	Market Perform	Risk Rating	R-3
Share Price	QR3.571	Target Price	QR3.730
Implied Upside/(Downside)	4.5%		

4Q2025 Earnings & DPS In-Line With Estimates; Remain MP

DUBK's 4Q2025 came in-line with our estimates. Dukhan Bank (DUBK) reported a net profit of QR219.9mn in 4Q2025, in-line with our estimate of QR222.3mn (variation of -1.1%). Net income increased by 9.3% YoY. Revenue and net operating income declined due to weak non-funded income and growth in Opex, but a sharp drop in provisions and impairments pushed the bottom-line up, countering the drop in net operating income. Key takeaways from 4Q figures: Revenue declined by 5.6% YoY due to weak non-funded income (fees: -8.7%, f/x income: -55.4%) although net interest & investment income increased by 17.4%. **Sequentially, net income followed historical trends and dropped by 42.2%.** The dip in the bottom-line was due to a 10.0% fall in revenue (margin compression & weak non-funded income) coupled with a 31.1% surge in provisions and impairments.

Highlights

- Tangible RoE slightly improved in FY2025 vs. FY2024.** DUBK generated a RoE of 10.7% in FY2025 vs. 10.3% in FY2024, which remains below its cost of equity. We believe the bank is more than capable of raising its RoE above CoE in the short- to-medium term period.
- DPS came in-line with our estimates and flat vs. FY 2024.** The BoD recommended a DPS of QR0.08 for 2H2025, in-line with 1H2025, bringing total 2025 DPS to QR0.16. This translates into a yield of 4.5% and payout ratio of 64%.
- NIMs improved YoY but contracted QoQ in 4Q2025.** NIMs came in at 1.96% vs. 1.71% in 4Q2024 and 2.04% in 3Q2025. On an annual basis, margins remained flat at 1.98%.
- Positive trajectory in loans' growth continued sequentially and YoY.** Net loans expanded sequentially/YoY by 5.1%/4.4% to QR90.0bn. Growth was mainly driven by the real estate and corporate segments. Moreover, deposits followed suit and moved up by 1.7%/5.3% QoQ/YoY to QR87.8bn.
- Asset quality improved in 4Q2025.** The bank's NPLs declined by 3.6% YoY (negative formation which is a positive), resulting in the NPL ratio moving from 4.58% in FY2024 to 4.22% in FY2025. However, it should be noted that a decent chunk of the NPLs is legacy in nature. Coverage of Stage 3 loans also improved from 73% in FY2024 to 76% in FY2025. On the other hand, Stage 2 loans increased by 8.1% YoY, while coverage increased from 5.3% in FY2024 to 9.0% in FY2025. Stage 2 loans only contribute 10% to total loans.
- FY2025 CoR slightly moved.** DUBK booked net credit provisions of QR231.6mn in 4Q2025 vs. provisions of QR268.5mn in 4Q2024 (3Q2025: QR167.0mn). DUBK booked CoR of 54bps vs. 50bps in FY2024. Materially lower recoveries were mitigated by significantly lower credit provisions, hence only increasing the CoR by 4bps.
- The bank's C/I ratio increased both YoY and sequentially.** DUBK's C/I ratio increased from 34.8% in 4Q2024 to 37.9% in 4Q2025 (3Q2025: 30.0%). On an annual basis, C/I was flat at 33%. The bank generated negative JAWs of 1.3% in FY2025 as growth in opex outpaced growth in revenue.
- DUBK maintains strong capitalization levels.** The bank ended FY2025 with CET1/Tier-1 ratios of 15.1%/17.3%.

Recommendation, Valuation and Risks

- Recommendation and valuation:** *We maintain our Price Target of QR3.730 and our Market Perform rating.* DUBK is trading at a 2026e/27e P/TB and P/E of 1.4x/1.3x and 13.4x/12.5x, respectively.
- Risks:** 1) Geo-political factors and 2) Unexpected asset quality deterioration.

Key Data

Current Market Price (QR)	3.571
DY (%)	4.5
Bloomberg Ticker	DUBK QD
Reuters Ticker	DUBK.QA
ISIN	QA000B982PM1
Sector	Banks
52wk High/52wk Low (QR)	3.830/3.211
3-Month Average Volume (mn)	1.9
Mkt. Cap. (\$ bn/QR bn)	5.1/18.7
Shares Outstanding (mn)	5,234.1
FOL Limit (%)	49.0
Current Institutional FO* (%)	6.5
12-Month Total Return (%)	+3.9
Fiscal Year End	December 31

Source: Bloomberg (as of January 13, 2026), *QSE (as of January 13, 2026); Note: FO is foreign institutional ownership

Key Financial Data and Estimates

	2024	2025	2026e	2027e
Attributable EPS (QR)	0.236	0.249	0.267	0.286
EPS Growth (%)	3.3	5.4	7.1	7.2
P/E (x)	15.1	14.3	13.4	12.5
Tangible BVPS (QR)	2.3	2.5	2.6	2.7
P/TBV (x)	1.5	1.5	1.4	1.3
RoE (%)	10.3	10.7	10.9	11.1
DPS (QR)	0.160	0.160	0.170	0.190
Dividend Yield (%)	4.5	4.5	4.8	5.3

Source: QNB FS Research, Company data; EPS is based on current shares outstanding including treasury shares

Shahan Keushgerian

+974 4476 6509

shahan.keushgerian@qnbfs.com.qa

Saugata Sarkar, CFA, CAIA

+974 4476 6534

saugata.sarkar@qnbfs.com.qa

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

Contacts

QNB Financial Services Co. W.L.L.
 Contact Center: (+974) 4476 6666
info@qnbfs.com.qa
 Doha, Qatar

Saugata Sarkar, CFA, CAIA
 Head of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
 Senior Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
 Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

Dana Al Sowaidi
 Research Analyst
dana.al sowaidi@qnbfs.com.qa

Disclaimer and Copyright Notice: This publication has been prepared by QNB Financial Services Co. WLL ("QNB FS") a wholly-owned subsidiary of Qatar National Bank Q.P.S.C. ("QNB"). QNB FS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange QNB is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNB FS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. QNB FS accepts no liability whatsoever for any direct or indirect losses arising from use of this report. Any investment decision should depend on the individual circumstances of the investor and be based on specifically engaged investment advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNB FS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. QNB FS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. For reports dealing with Technical Analysis, expressed opinions and/or recommendations may be different or contrary to the opinions/recommendations of QNB FS Fundamental Research as a result of depending solely on the historical technical data (price and volume). QNB FS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report. This report may not be reproduced in whole or in part without permission from QNB FS