

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

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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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