Global
بيت الاستثمار العالمي
Global Investment House

Global Research - Qatar

Results Update

Qatar

Doha Bank

Expanding geographical presence

Reuters Code:
DOBK.QA

August, 2007

HOLD

Listing:
Doha Securities Market

CMP:
QR82.8 (As on August 27, 2007)

Key Data

CMP (QR)	82.8
EPS* (QR)	6.8
BVPS* (QR)	25.4
P/E	12.1
P/BV	3.3
Avg. daily vol.	0.156mn
52 week Hi / Lo	113.4 /57.6

Current Market Price as on Aug. 27, 2007
** Projected for FY2007*
*Source: **Global** Research*

Highlights

- Doha Bank's operating performance for 2006 was below our expectations, the bank's net interest income as well as its net profit fell short of our estimates as they reached QR523.5mn and QR743.9mn as compared to our estimate of QR567.6mn and QR857.9mn respectively.

- During 2006, the interest income of the bank increased by 57.3% to QR1,063.3mn from QR676mn registered a year before. The interest expenses witnessed a significant y-o-y rise of 111% during 2006 to reach QR539.8mn.

- Despite steep growth in interest expense as compared to interest income, the bank reported a growth of 24.6% in its net interest income to QR523.5mn in 2006.

- Due to the sharp increase in operating expenses and provision for impairment of financial investments, the net profit attributable to shareholders declined by 5.8% to QR743.9mn as compared to over QR789.9mn reported during 2005.

- At the end of 2006, the total assets of the bank stood at QR21.7bn representing a y-o-y growth of 42.5%. Its gross loans & advances grew by 56.8% to QR14.2bn and it achieved a y-o-y growth of 32.5% in its customers' deposit base to reach QR14.6n.

- During 1H-2007, net interest income of the bank registered a y-o-y growth of 27.1% to reach QR319.6mn. The bank reported a y-o-y increase of 36.9% in its non-interest income to reach QR390.3mn. Its net profit grew by 5.7% on a y-o-y basis to QR462.6mn.

- We value the bank's stock at an intrinsic value of QR87.8 per share, representing a premium of 6% as compared to the current market price. Hence, we maintain our "**HOLD**" recommendation on the stock.

Omar M. El-Quqa, CFA
Executive Vice President
omar@global.com.kw
Phone No:(965) 2400551 Ext.104

Faisal Hasan, CFA
Head of Research
fhasan@global.com.kw
Phone No:(965) 2400551 Ext.304

Chandresh Bhatt
Senior Financial Analyst
cbhatt@global.com.kw
Phone No:(965) 2400551 Ext 270

Abeer Gouda
Financial Analyst
agouda@global.com.kw
Phone No:(965) 2400551 Ext.501

Recent Developments

- In August 2007, Doha Bank successfully completed its borrowing of US$350mn syndicated loan in August 2007. The facility was oversubscribed by 46.14% against the launch amount of US$350mn. The five year facility has been provided to finance Doha Bank's general corporate purposes with an interest margin of 26 bps above LIBOR and with bullet repayment. This is the second international syndicated loan for Doha Bank. It may be recalled that Doha Bank had successfully completed its debut subordinated bond (EMTN) issue of US$340mn in 2006, which was the first international subordinated bond by any bank in the State of Qatar.

- In August 2007, the bank received the regulatory approval from the China Banking Regulatory Commission for establishing its representative office in Shanghai, P.R. China. The opening up of the bank's new representative office in Shanghai, compliment its overseas offices in addition to it existing full branches in New York and Dubai and other offices in Singapore, Tokyo and Turkey. Doha bank also converted recently its representative office in Dubai into a full-fledged branch to widen its global foot print and to cater to the ever growing trade and business needs of various clients dealing in/ from Qatar and Dubai.

- In May 2007, Doha Bank inaugurated its new Islamic branch at Aswaq Muaither. With the opening of Aswaq Muaither branch, Doha Islamic network has now reached to 4 branches.

- In May 2007, the bank inaugurated its new branch at D-Ring Road. With the opening of D-Ring Road branch, Doha Bank's network of conventional branches reached 27. With these branch expansion, the domestic network of the bank expanded to 31 branches including 4 Islamic branches, 10 Electronic branches and 5 Pay Offices in addition to the 3 Mobile Banking Unit with wide ATM network numbering 100 in the State of Qatar.

- In July 2007, Moody's has maintained Doha Bank's ratings. Moody's has rated the bank as follows: Bank Financial Strength Rating of D+, Global Local Currency Issuer Ratings of A2/Prime-1, Foreign Currency deposit Ratings of A2/Prime-1.

Analysis of FY2006 Results

- During 2006, the interest income of the bank increased by 57.3% to QR1,063.3mn from QR676mn registered a year before. In line with rising interest rates, the interest expenses witnessed a significant y-o-y rise of 111% during 2006 to reach QR539.8mn.

- Despite the faster growth in interest expense as compared to interest income, the bank reported a growth of 24.6% in its net interest income to QR523.5mn in 2006.

- During 2006, the bank's non-interest income declined by 7.4% as against 147.3% growth achieved in 2005. Its non-interest income was at QR549.6mn in 2006 as compared to QR593.4mn in 2005. Among the major components of non-interest revenue, the bank registered a y-o-y growth of 33.7% in fees & commission income whereas income from financial investments declined by 41.6%.

- During 2006, net interest income accounted for 49% of the total operating income while non-interest income accounted for 51% which were 41% and 59% respectively during the previous year.

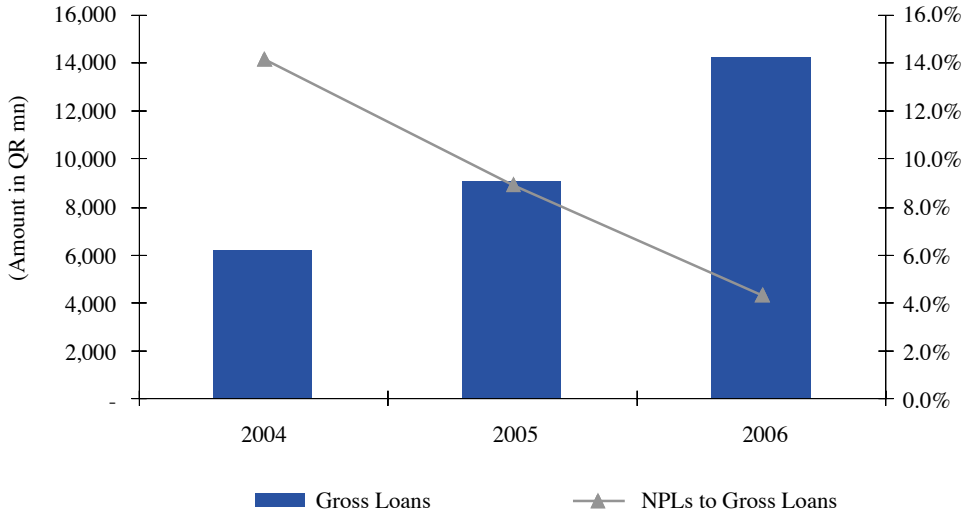
- Total operating income (net of provisions) of the bank grew by 4.4% in 2006 to QR1,064.3mn, while operating expenses grew by 30.5% to QR298.3mn.

- The net profit attributable to shareholders declined by 5.8% to QR743.9mn as compared to QR789.9mn reported during 2005. EPS declined to QR6 per share in 2006 from QR11.4 in 2005.

- At the end of 2006, the total assets of the bank stood at QR21.7bn representing a y-o-y growth of 42.5%. Among the major components, gross loans & advances grew significantly by 56.8% to QR14.2bn, due from banks & FIs registered a growth of 20.6% to QR4.5bn and financial investments stood at QR2.6bn, which shows a marginal increase of 2.7%.

- The quality of the bank's asset portfolio is improving as its NPLs as a percentage of gross loans has been declining consistently since last few years. In 2006, it improved to 4.3% from 8.9% a year before.

Exhibit 1: Gross Loans and NPLs to Gross Loans



Source: Doha Bank

- The bank achieved a y-o-y growth of 32.5% in its customers deposit base to reach QR14.6bn. The bank's Islamic operations have also made significant contributions to its deposit base as well to its loan portfolio.

- The bank's capital adequacy ratio (CAR) declined to 18.4% in 2006 from 22.7% in 2005, however, it is well above the 10% requirement of Qatar Central Bank and the 8% under Basel requirements.

Table 1: Interim Financial Results

Amount in Qatari Riyal '000	1H-2006	1H-2007	% Change	Q2-2006	Q2-2007	% Change
Interest income	477,948	757,363	58.5%	247,259	401,188	62.3%
Interest expense	(226,476)	(437,784)	93.3%	(114,444)	(237,294)	107.3%
Net interest income	**251,472**	**319,579**	**27.1%**	**132,815**	**163,894**	**23.4%**
Add : Fees and commission	121,134	159,101	31.3%	62,729	75,713	20.7%
Add : Gain on foreign exchange activities	19,209	21,918	14.1%	13,575	12,915	-4.9%
Add: Dividend income	7,400	19,462	163.0%	2,273	4,847	113.2%
Add: Income from financial investments	119,416	92,076	-22.9%	57,288	59,684	4.2%
Add: Gain on revaluation of derivatives	7,335	185	-97.5%	3,135	185	-94.1%
Add: Other operating income	1,699	22,359	1216.0%	776	19,272	2383.5%
Add: Income from Islamic financing & investment activities	8,839	75,162	750.3%	5,181	48,214	830.6%
Total Non-Interest Income	285,032	390,263	36.9%	144,957	220,830	52.3%
Total Income	**536,504**	**709,842**	**32.3%**	**277,772**	**384,724**	**38.5%**
Recovery for impairment of loans & advances	49,487	20,468	-58.6%	37,137	1,446	-96.1%
Provision for impairment of financial investments	(18,716)	(24,733)	32.1%	(16,622)	(4,241)	-74.5%
Other recoveries	9,743	-	-	-	-	-
Operating Income (net of provisions)	**577,018**	**705,577**	**22.3%**	**298,287**	**381,929**	**28.0%**
General & Administration expenses	(123,559)	(207,978)	68.3%	(64,643)	(125,555)	94.2%
Depreciation	(11,316)	(14,992)	32.5%	(5,826)	(7,741)	32.9%
Absolute investment depositors share of profit & risk reserve	(4,620)	(20,020)	333.3%	(3,163)	(9,444)	198.6%
Net Profit	**437,523**	**462,587**	**5.7%**	**224,655**	**239,189**	**6.5%**

*Source: Company Reports & **Global** Research*

Analysis of 1H-2007 Results

- During 1H-2007, interest income grew by 58.5% y-o-y to QR757.4mn while interest expense registered a steep y-o-y growth of 93.3% to QR437.8mn. With this the net interest income of the bank registered a y-o-y growth of 27.1% to QR319.6mn.

- The bank reported a y-o-y growth of 36.9% in its non-interest income to QR390.3mn as compared to QR285.0mn reported during the corresponding period of the previous year.

- During the period under review, the bank also realized some of its bad loans which led to net reversal of provisions for loans and advances to the extent of QR20.5mn which was at QR49.5mn in 1H-2006.

- In 1H-2007, the bank reported a y-o-y growth of 5.7% in its net profit to reach QR462.6mn as compared to QR437.5mn reported in 1H-2006.

Table 2: Key Balance Sheet Data

(Amount in QR '000)	FY 2005	FY 2006	June-07	YTD Change (%)
Loans and advances (Gross)	9,064,829	14,217,687	17,118,012	20.4%
Investments	2,529,129	2,597,620	2,690,111	3.6%
Customer deposits	11,023,760	14,602,291	16,171,195	10.7%
Total Assets	15,230,229	21,696,260	26,648,046	22.8%

Source: Doha Bank

- On the balance sheet side, on a y-t-d basis, total assets registered a growth of 22.8% to QR26.6bn, loans & advances grew by 20.4% to QR17.1bn and customer deposits increased by 10.7% to QR16.2bn.

Outlook and Valuation

- The Middle East has emerged as the world's biggest project finance market. Qatar alone is expected to spend about US$130bn across various sectors over the coming six to seven years as indicated by the Minister of Finance H E Yousuf Hussain Kamal. Out of the US$130bn proposed to be invested in Qatar over the next few years, around 50% will come through project finance.

- Current projects in the oil and gas sector in Qatar currently amount to more than US$60bn. With the government's drive on infrastructure and other developmental projects there will certainly be a spillover effect on all the sectors of the economy and banking sector will be the biggest beneficiary. This will help in growing further the revenue and profitability of the banking sector as a whole.

- We believe that Doha Bank's growth strategies, which encompass expanding domestic network, pursuing growth opportunities in other emerging markets, its diversification into Islamic banking, and also raising of funds through international borrowings are in right direction.

- For valuation purposes, we have used a combination of Dividend Discounting Method (DDM) and relative valuation method. Under DDM valuation approach, we have increased the risk-free rate assumed in our previous report from 5.7% to 6.25%. We have maintained a market risk premium of 5.5% and a beta of 1. Based on the above assumptions and CAPM model, the cost of equity for the bank works out to 11.75%. We have used a 4-year forecast period for the DDM. This approach resulted in a fair value of QR88.5 per share for Doha Bank.

- For peer group valuation, we have used P/BV multiple of the sector. The average P/BV multiple is estimated at 3.34x. Based on that the peer group valuation method resulted in a fair value of QR84.7 per share. We have assigned 80% weight to the DDM valuation and 20% to peer group valuation. The combination of both methods resulted in a weighted average value of QR87.8 per share.

- The estimated fair value of QR87.8 per share for Doha Bank represents a premium of 6% as compared to the current market price of QR82.8. We, therefore, maintain our "**HOLD**" recommendation on the stock.

BALANCE SHEET

	Doha Bank						
Amount in Qatari Riyal '000	**2004**	**2005**	**2006**	**2007 (F)**	**2008 (F)**	**2009 (F)**	**2010 (F)**
Assets							
Cash & deposits with Central Banks	318,001	469,213	647,621	662,670	577,124	585,172	559,011
Due from Banks and Other FIs	2,447,830	3,702,958	4,466,222	6,476,022	7,771,226	8,859,198	10,631,038
Loans and advances (Gross)	6,248,081	9,064,829	14,217,687	20,615,646	26,181,871	32,138,246	38,083,822
Provisions	(811,260)	(770,111)	(587,628)	(598,967)	(631,694)	(679,901)	(756,069)
Other assets	73,836	117,549	173,514	737,435	855,424	992,292	1,151,059
Investment securities - Debt	1,948,647	1,669,318	1,681,633	1,772,876	1,896,977	2,048,735	2,212,634
Investment securities - Others	671,507	859,811	915,987	954,625	1,021,449	1,103,165	1,191,418
gross fixed assets	210,693	249,885	338,555	440,122	528,146	623,212	735,390
less: accumulated depreciation	(114,677)	(133,223)	(157,331)	(189,240)	(228,851)	(276,215)	(332,840)
net fixed assets	96,016	116,662	181,224	250,882	299,295	346,997	402,550
Total Assets	**10,992,658**	**15,230,229**	**21,696,260**	**30,871,188**	**37,971,672**	**45,393,903**	**53,475,462**
Liabilities							
Customer deposits	8,068,134	11,023,760	14,602,291	18,690,932	23,363,666	28,270,035	33,782,692
Due to banks and other financial institutions	1,115,920	1,383,996	1,950,984	5,819,793	7,092,615	8,547,268	9,965,556
Subordinated debt	-	-	1,231,910	1,231,774	1,231,774	1,231,774	1,231,774
Other liabilities	214,490	396,552	553,464	1,057,116	1,300,253	1,560,304	1,872,364
Proposed dividends	-	-	62,408	187,513	499,494	748,945	998,741
Total Liabilities	9,398,544	12,804,308	18,401,057	26,987,128	33,487,802	40,358,326	47,851,127
Absolute Investment Depositors' Accounts	-	25,085	589,617	530,655	636,786	751,408	886,661
Owner's Equity							
Paid-up equity capital	407,900	693,430	1,248,175	1,248,175	1,248,175	1,248,175	1,248,175
Statutory reserve	281,493	439,466	1,244,967	1,248,175	1,248,175	1,248,175	1,248,175
Other reserve	159,652	159,652	-	-	-	-	-
Risk reserve	48,501	80,614	146,532	180,503	180,503	180,503	180,503
Fair value reserve	404,068	425,723	65,912	33,699	33,699	33,699	33,699
Proposed bonus Shares	285,530	554,745	-	-	-	-	-
Retained earnings	6,970	47,206	-	642,853	1,136,532	1,573,618	2,027,122
Total Shareholder's Equity	1,594,114	2,400,836	2,705,586	3,353,405	3,847,083	4,284,169	4,737,673
Total Liabilities & Shareholders' Equity	**10,992,658**	**15,230,229**	**21,696,260**	**30,871,188**	**37,971,672**	**45,393,903**	**53,475,462**

OPERATING STATEMENT

	Doha Bank						
Amount in Qatari Riyals '000	**2004**	**2005**	**2006**	**2007 (F)**	**2008 (F)**	**2009 (F)**	**2010 (F)**
Interest Income	433,585	676,042	1,063,259	1,647,165	1,985,007	2,230,751	2,655,895
Interest Expense	(105,787)	(255,797)	(539,803)	(955,356)	(1,151,304)	(1,282,682)	(1,553,699)
Net interest income	**327,798**	**420,245**	**523,456**	**691,809**	**833,703**	**948,069**	**1,102,197**
Add: Fees and commission	79,704	176,433	235,896	298,408	358,090	422,546	498,605
Add: Profit on Foreign Exchange	12,480	16,702	35,100	43,875	52,650	63,180	75,816
Add: Net gains on financial instruments	132,403	378,949	220,859	173,032	177,847	191,215	206,512
Add: Dividend Income	9,617	10,084	9,349	21,479	21,450	22,063	23,828
Add: Income from Islamic financing and investment activities	-	4,898	34,572	166,115	226,520	317,128	467,043
Add: Other income	5,026	6,313	13,864	30,501	40,261	49,118	59,925
Total Non-Interest Income	239,230	593,379	549,640	733,410	876,818	1,065,252	1,331,729
Total Operating Income	**567,028**	**1,013,624**	**1,073,096**	**1,425,219**	**1,710,522**	**2,013,321**	**2,433,926**
Less: Provision for loan losses	(26,110)	(6,214)	34,540	(11,339)	(32,727)	(48,207)	(76,168)
Less: Impairment losses on financial investments	-	(1,733)	(43,375)	(35,798)	(40,858)	(44,127)	(44,678)
Add: Non-operating Income (Recoveries from BCCI)	350	14,196	-	-	-	-	-
Operating Income (net of provisions)	**541,268**	**1,019,873**	**1,064,261**	**1,378,082**	**1,636,936**	**1,920,987**	**2,313,080**
Less: Staff Cost	(87,158)	(113,069)	(141,877)	(235,161)	(282,236)	(312,065)	(377,259)
Less: General and Administrative Expenses	(67,427)	(96,594)	(131,570)	(220,909)	(256,578)	(301,998)	(340,750)
Less: Depreciation	(17,915)	(18,970)	(24,890)	(31,909)	(39,611)	(47,364)	(56,625)
Less: Absolute investment depositors' share of profit and risk reserve	-	(508)	(21,434)	(37,146)	(44,575)	(52,599)	(62,066)
Net Profit Before Taxation	368,768	790,732	744,490	852,957	1,013,936	1,206,961	1,476,381
Taxation (foreign branches)	(389)	(865)	(521)	(625)	(763)	(931)	(1,135)
Net Profit	**368,379**	**789,867**	**743,969**	**852,332**	**1,013,173**	**1,206,031**	**1,475,245**
P&L Appropriation Account:							
Retained Earnings Broght Forward	3,100	6,970	47,206	-	642,853	1,136,532	1,573,618
Net Profit for the year	368,379	789,867	743,969	852,332	1,013,173	1,206,031	1,475,245
Proposed Dividend	-	-	(62,408)	(187,513)	(499,494)	(748,945)	(998,741)
Dividend Proposed by way of bonus share issue	(285,530)	(554,745)	-	-	-	-	-
Director Fees	(2,100)	(2,800)	(14,000)	(14,000)	(16,000)	(16,000)	(18,000)
Social contributions	(1,000)	(2,000)	(3,000)	(3,000)	(4,000)	(4,000)	(5,000)
Net movement in fair value reserve	(2,754)	(32,113)	-	32,213	-	-	-
Net movement in risk reserve	-	-	(65,918)	(33,971)	-	-	-
Trfr to Statutory Reserve	(73,125)	(157,973)	(645,849)	(3,208)	-	-	-
Trfr (to)/from General Reserve	-	-	-	-	-	-	-
Cl Balance of Retained Earnings	6,970	47,206	-	642,853	1,136,532	1,573,618	2,027,122

CASH FLOW STATEMENT

	Doha Bank						
Amount in Qatari Riyal '000	**2004**	**2005**	**2006**	**2007 (F)**	**2008 (F)**	**2009 (F)**	**2010 (F)**
Operating							
Operating Activities	276,936	432,653	539,801	878,579	1,065,512	1,281,602	1,585,038
Profit Before Taxation	368,768	790,732	744,490	852,957	1,013,936	1,206,961	1,476,381
Provision for imapirment of loans & advances	26,110	6,214	(34,540)	11,339	32,727	48,207	76,168
Profit on sale of property, furnitureand equipment	-	(39)	(98)	-	-	-	-
Profit on sale of financial investments	(145,268)	(373,548)	(217,535)	-	-	-	-
(Gain) loss on revaluation of investments and derivatives	12,096	(7,059)	(3,312)	-	-	-	-
Provision for impairment of investments	804	3,048	43,375	-	-	-	-
Depreciation	17,915	18,970	24,890	31,909	39,611	47,364	56,625
Amortisation of financing cost	-	-	52	-	-	-	-
Income Tax Settled	(389)	(865)	(521)	(625)	(763)	(931)	(1,135)
Director Fees	(2,100)	(2,800)	(14,000)	(14,000)	(16,000)	(16,000)	(18,000)
Social contributions paid	(1,000)	(2,000)	(3,000)	(3,000)	(4,000)	(4,000)	(5,000)
Net Increase/Decrease in Operating Activities	**506,601**	**(732,103)**	**(1,255,236)**	**(569,539)**	**(684,595)**	**(445,520)**	**(497,923)**
(Inc.)/Dec. in loans and advances to customers	(589,930)	(2,864,111)	(5,300,805)	(6,397,959)	(5,566,224)	(5,956,376)	(5,945,576)
(Inc.)/Dec. in due from banks & other financial institutions	(327,097)	(1,255,128)	(763,264)	(2,009,800)	(1,295,204)	(1,087,972)	(1,771,840)
Inc./(Dec.) in Due to banks	751,796	268,076	566,988	3,868,809	1,272,822	1,454,654	1,418,287
Increase in customer deposits	641,391	2,980,711	4,143,063	4,029,680	4,778,864	5,020,991	5,647,910
(Inc.)/Dec. in other assets	(37,857)	(43,713)	(58,506)	(563,921)	(117,990)	(136,868)	(158,767)
Inc./(Dec.) in other liabilities	68,298	182,062	157,288	503,652	243,137	260,051	312,061
Net cash from operatig activities	**783,537**	**(299,450)**	**(715,435)**	**309,041**	**380,916**	**836,083**	**1,087,115**
Investing activites							
Net movement in investments	(1,863,966)	(916,207)	(1,781,203)	(129,881)	(190,925)	(233,474)	(252,152)
Proceeds from sale of financial Investments (net)	965,311	1,406,446	1,527,065	-	-	-	-
Acquisition of property, plants and equipment	(22,573)	(39,795)	(89,452)	(101,567)	(88,024)	(95,066)	(112,178)
Proceeds from sale of property, plants and equipment	912	218	98	-	-	-	-
Proceeds from disposal of derivatives	-	-	5,477	-	-	-	-
Total Investing	**(920,316)**	**450,662**	**(338,015)**	**(231,448)**	**(278,949)**	**(328,540)**	**(364,330)**
Financing activities							
Net proceeds from subordinated debt issued	-	-	1,231,858	(136)	-	-	-
Dividend paid	-	-	-	(62,408)	(187,513)	(499,494)	(748,945)
Total Financing	**-**	**-**	**1,231,858**	**(62,544)**	**(187,513)**	**(499,494)**	**(748,945)**
Net Change in Cash	(136,779)	151,212	178,408	15,049	(85,546)	8,048	(26,161)
Opening Cash balance	454,780	318,001	469,213	647,621	662,670	577,124	585,172
Net Cash at end	318,001	469,213	647,621	662,670	577,124	585,172	559,011

RATIOS

	Doha Bank						
	2004	**2005**	**2006**	**2007 (F)**	**2008 (F)**	**2009 (F)**	**2010 (F)**
Profitability Ratios							
- Return on Average Assets	3.67%	6.02%	4.0%	3.2%	2.9%	2.9%	3.0%
- Return on Average Equity	27.1%	39.5%	29.5%	29.3%	31.1%	35.0%	40.6%
- Net interest income/ Op. Income (net of provisions)	55.8%	42.0%	52.4%	49.4%	48.9%	46.8%	44.4%
- Non-interest income/ Total Op. Income	44.2%	58.2%	51.6%	53.2%	53.6%	55.5%	57.6%
Margins							
- Interest Expense to Interest Income	24.4%	37.6%	51.1%	54.7%	54.1%	52.4%	51.7%
- Interest Income to Average Interest Earning Assets	4.5%	5.4%	6.3%	7.4%	6.8%	6.5%	6.6%
- Interest Expense to Average Interest Bearing Liabilities	1.2%	2.4%	3.6%	4.4%	4.1%	3.8%	3.8%
- Net Spread	3.2%	3.1%	2.7%	2.9%	2.8%	2.7%	2.8%
- Net Interest Margin	3.4%	3.4%	3.1%	3.3%	3.1%	3.1%	3.2%
Efficiency							
- Cost to Total Op Income	31.9%	22.4%	28.0%	35.4%	35.3%	34.4%	33.5%
- Staff Cost to Total Op. Income	16.1%	11.1%	13.3%	17.1%	17.2%	16.2%	16.3%
- Cost to Average Total Assets	1.7%	1.7%	1.6%	1.9%	1.7%	1.6%	1.6%
Liquidity							
- Loans to Interest Earning Assets	59%	63%	70%	71%	73%	75%	75%
- Gross Loans to Customer Deposits	77%	82%	97%	110%	112%	114%	113%
- Due from Banks to Due to Banks	219%	268%	229%	142%	134%	122%	122%
Credit Quality							
- Loan Provisions to total Op Income	5%	1%	-3%	1%	2%	2%	3%
- Provisions to Average loans	0.44%	0.08%	-0.30%	0.07%	0.14%	0.17%	0.22%
- Non Performing Loans (QR'000)	885,370	809,850	609,500	761,875	914,250	1,097,100	1,316,520
- Loan Loss Reserve (QR'000)	811,260	770,111	587,628	598,967	631,694	679,901	756,069
- NPL's to Gross Loans	14.2%	8.9%	4.3%	3.7%	3.5%	3.4%	3.5%
- Loan Loss Reserve to Gross Loans	13.0%	8.5%	4.1%	2.9%	2.4%	2.1%	2.0%
- NPL Coverage	91.6%	95.1%	96.4%	78.6%	69.1%	62.0%	57.4%
Capital Adequacy							
- Equity to Total Assets	15%	16%	12%	11%	10%	9%	9%
- Equity to Gross Loans	26%	26%	19%	16%	15%	13%	12%
Constitution of Total Income							
- Interest Income to Total Op Income	55.8%	42.5%	51.6%	58.8%	60.3%	61.1%	62.6%
- Fees & Comm. to Total Op. Income	14.7%	17.3%	22.2%	21.7%	21.9%	22.0%	21.6%
- Investment Income to Total Op Income	26.2%	38.1%	21.6%	14.1%	12.2%	11.1%	10.0%
- FX Income to Total Op. Income	2.3%	1.6%	3.3%	3.2%	3.2%	3.3%	3.3%
- Other Income to Total Op. Income	0.9%	0.6%	1.3%	2.2%	2.5%	2.6%	2.6%
Operating Performance							
- Change in Interest Income	76.3%	38.9%	41.4%	42.9%	21.4%	18.4%	22.7%
- Change in Fees and Commission	37%	121%	34%	27%	20%	18%	18%
- Change in Investment Income	106%	186%	-42%	-22%	3%	8%	8%
- Change in Other Income	-44%	26%	120%	120%	32%	22%	22%
Shareholder's Data							
- Shares in Issue ('000)	40,790	69,343	124,818	124,818	124,818	124,818	124,818
- EPS (QR)	9.0	11.4	6.0	6.8	8.1	9.7	11.8
- Book Value Per Share (QR)	39.1	34.6	21.2	25.4	26.8	28.3	30.0
- Market Price Year End (QR)	72.91	175.11	99.5	82.8	82.8	82.8	82.8
- P/E	8.1	15.4	16.7	12.1	10.2	8.6	7.0
- P/BV	1.9	5.1	4.7	3.3	3.1	2.9	2.8

** Market price for 2007 and subsequent years are as per closing prices on DSM on August 27, 2007.*

This page is left blank intentionally

This page is left blank intentionally

The following is a comprehensive list of disclosures which may or may not apply to all our researches. Only the relevant disclosures which apply to this particular research has been mentioned in the table below under the heading of disclosure.

Disclosure Checklist				
Company	Recommendation	Ticker	Price	Disclosure
Doha Bank	Hold	DOBK.QA	QR82.8	1, 10

1. Global Investment House did not receive and will not receive any compensation from the company or anyone else for the preparation of this report.
2. The company being researched holds more than 5% stake in Global Investment House.
3. Global Investment House makes a market in securities issued by this company.
4. Global Investment House acts as a corporate broker or sponsor to this company.
5. The author of or an individual who assisted in the preparation of this report (or a member of his/her household) has a direct ownership position in securities issued by this company.
6. An employee of Global Investment House serves on the board of directors of this company.
7. Within the past year , Global Investment House has managed or co-managed a public offering for this company, for which it received fees.
8. Global Investment House has received compensation from this company for the provision of investment banking or financial advisory services within the past year.
9. Global Investment House expects to receive or intends to seek compensation for investment banking services from this company in the next three month.
10. Please see special footnote below for other relevant disclosures.

Global Research: Equity Ratings Definitions	
Global rating	Definition
Buy	Fair value of the stock is >10% from the current market price
Hold	Fair value of the stock is between +10% and -10% from the current market price
Reduce	Fair value of the stock is between -10% and -20% from the current market price
Sell	Fair value of the stock is < -20% from the current market price

This material was produced by Global Investment House KSCC ('Global'),a firm regulated by the Central Bank of Kuwait. This document is not to be used or considered as an offer to sell or a solicitation of an offer to buy any securities. Global may, from time to time,to the extent permitted by law, participate or invest in other financing transactions with the issuers of the securities ('securities'), perform services for or solicit business from such issuer, and/or have a position or effect transactions in the securities or options thereof. Global may, to the extent permitted by applicable Kuwaiti law or other applicable laws or regulations, effect transactions in the securities before this material is published to recipients.

Information and opinions contained herein have been compiled or arrived by Global from sources believed to be reliable, but Global has not independently verified the contents of this document. Accordingly, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. Global accepts no liability for any loss arising from the use of this document or its contents or otherwise arising in connection therewith. This document is not to be relied upon or used in substitution for the exercise of independent judgement. Global shall have no responsibility or liability whatsoever in respect of any inaccuracy in or ommission from this or any other document prepared by Global for, or sent by Global to any person and any such person shall be responsible for conducting his own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document.

Opinions and estimates constitute our judgment and are subject to change without prior notice.Past performance is not indicative of future results. This document does not constitute an offer or invitation to subscribe for or purchase any securities, and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person.

Neither this report nor any copy hereof may be distributed in any jurisdiction outside Kuwait where its distribution may be restricted by law. Persons who receive this report should make themselves aware of and adhere to any such restrictions. By accepting this report you agree to be bound by the foregoing limitations.