FitchRatings

Banks
Universal Commercial Banks
Qatar

Qatar National Bank (Q.P.S.C.)

Key Rating Drivers

Qatar National Bank (Q.P.S.C.)'s (QNB) Issuer Default Rating (IDR) is based on potential support from the Qatari authorities, as reflected in a Government Support Rating (GSR) of 'a+'. The Stable Outlook reflects that on the sovereign rating (AA/Stable).

QNB's Viability Rating (VR) reflects the bank's flagship status and dominant franchise in the country, underpinned by its close links to the government. It also balances sound asset quality, solid profitability and adequate capitalisation against risks stemming from its international presence in challenging markets and a high reliance on external funding.

GSR of 'a+': The Qatari authorities have a strong propensity to support domestic banks, irrespective of their size or ownership. They also have a strong ability to do so, as indicated by the sovereign rating and substantial net foreign assets and revenue, although this is weakened by the local banking sector's large size relative to the domestic economy and a high reliance on external funding. QNB's GSR is one notch above the 'a' GSR for domestic systemically important banks (D-SIBs) due to its flagship status.

Stable Domestic Operating Environment: Continued high hydrocarbon revenue and resuming credit growth support Qatari banks' domestic operating environment. However, QNB's non-domestic operations (end-2024: 28% of assets), part of which are in more challenging markets (notably Turkiye and Egypt), weigh on Fitch Ratings' view of its operating environment. QNB's 'bbb-' operating environment score is therefore a notch below that of domestic banks.

Flagship Bank: QNB is Qatar's flagship bank and is 50% owned by the Qatar Investment Authority (QIA). Its dominant domestic franchise (end-1Q25: 55% market share of net loans) is underpinned by its strong links with the state, resulting in high volumes of lower-risk, public sector business. International operations (3M25: 37% of net profit) provide diversification benefits but expose the bank to higher-risk jurisdictions, mainly Turkiye and Egypt.

Focus on GRE Lending: The bank's underwriting standards compare well with peers'. Its lending in Qatar (end-1Q25: 78.4% of total loans) is low-risk, supported by lending to government-related entities (GREs; 36.5%) and moderate exposure to the real estate and contracting sectors (a combined 8.8%, in line with the bank's internal limit). Contributions from international operations add diversification but also expose the bank to lower-rated markets.

Sound Asset Quality: QNB's impaired loans ratio remained low at 2.8% at end-1Q25, unchanged from end-2024. The bank's asset quality compares well with domestic peers', supported by fairly low-risk lending to Qatari GREs. Coverage of impaired loans is solid (end-1Q25: 131%; specific coverage: 100%). Fitch expects asset quality to be stable in 2025.

Solid Profitability: QNB consistently generates solid operating profits (1Q25: 3.8% of risk-weighted assets (RWAs); annualised), underpinned by its strong competitive advantages, including close ties to the Qatari government, and increasing net interest margins. Fitch expects QNB's operating profit to remain strong, at about 3.5% of RWAs in 2025.

Adequate Capitalisation: Capitalisation is adequate (end-1Q25: common equity Tier 1 (CET1) ratio of 14.8%) and compares well with most peers'. Capitalisation is also supported by the availability of ordinary support from the Qatari authorities. We expect QNB's capital to remain stable due to a strong ability to generate capital internally and moderate growth targets.

Reducing, but High, External Funding: Non-resident funding was above the sector average at 58% of the parent bank's total funding at end-1Q25, although this was reduced from 62% at end-2021. QNB's funding profile is supported by its leading regional franchise, large volumes of GRE deposits and strong access to market liquidity and ordinary support.

Ratings

Foreign Currency	
Long-Term IDR	A+
Short-Term IDR	F1
Long-Term IDR (xgs)	BBB+(xgs)
Short-Term IDR (xgs)	F2(xgs)
Viability Rating	bbb+
Government Support Rating	a+
Sovereign Risk (Qatar)	
Long-Term Foreign-Currency IDR	AA
Long-Term Local-Currency IDR	AA
Country Ceiling	AA+
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Affirms Qatar National Bank at 'A+'; Stable Outlook (June 2025)

GCC Banks Face Limited Direct Impact from Tariffs; Oil Prices Are Key (April 2025)

Fitch Affirms Qatar at 'AA'; Outlook Stable (March 2025)

Qatari Banks Report Solid 2024; Sound Growth to Continue (February 2025)

Qatari Banks Continue to Face Asset Quality Pressures (October 2024)

Qatari Banks – Peer Review 2025 (December 2024)

Middle East Banks Outlook 2025 (December 2024)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of the sovereign rating or a negative change in Fitch's assessment of the government's propensity to provide support would be likely to result in a downgrade of QNB's GSR and Long-Term IDR. However, this is unlikely given the Stable Outlook on the sovereign.

QNB's VR is sensitive to further material expansion in more challenging operating environments that undermine its risk profile and asset quality. A weakening in QNB's CET1 ratio to below 13% and its tangible leverage ratio to below 6%, alongside a weaker ability to access capital markets or the QIA, its majority shareholder, could put downward pressure on the VR. A large increase in non-resident funding or a material decline in liquidity buffers could lead to a VR downgrade.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

QNB's GSR and Long-Term IDR could be upgraded if the sovereign's ability to support the sector has strengthened, as reflected by a sovereign upgrade, although this is unlikely given the Stable Outlook on Qatar.

An upgrade of the VR is unlikely unless the bank sharply reduces its exposure to more challenging markets, which would be likely to be accompanied by an improvement in QNB's operating environment score.

Other Debt and Issuer Ratings

QNB Finance Ltd

Rating Level	Rating
Senior unsecured: long term	A+
Senior unsecured: short term	F1
Senior unsecured: long term(xgs)	BBB+(xgs)
Senior unsecured: short term(xgs)	F2(xgs)

Source: Fitch Ratings

QNB's Short-Term IDR of 'F1' is the lower of the two options mapping to an 'A+' Long-Term IDR because a large portion of the banking sector's funding is government-related, and financial stress at the bank is likely to arise when the sovereign is experiencing stress.

QNB's Long-Term IDR (xgs) is at the level of the VR. The Short-Term IDR (xgs) is in accordance with the Long-Term IDR (xgs) and Fitch's short-term rating mapping.

The ratings of senior debt issued by QNB Finance Ltd, the bank's special purpose vehicle, are in line with its IDRs and IDRs (xgs) because the likelihood of default on any senior unsecured obligation issued by the special purpose vehicle is the same as that of the bank.

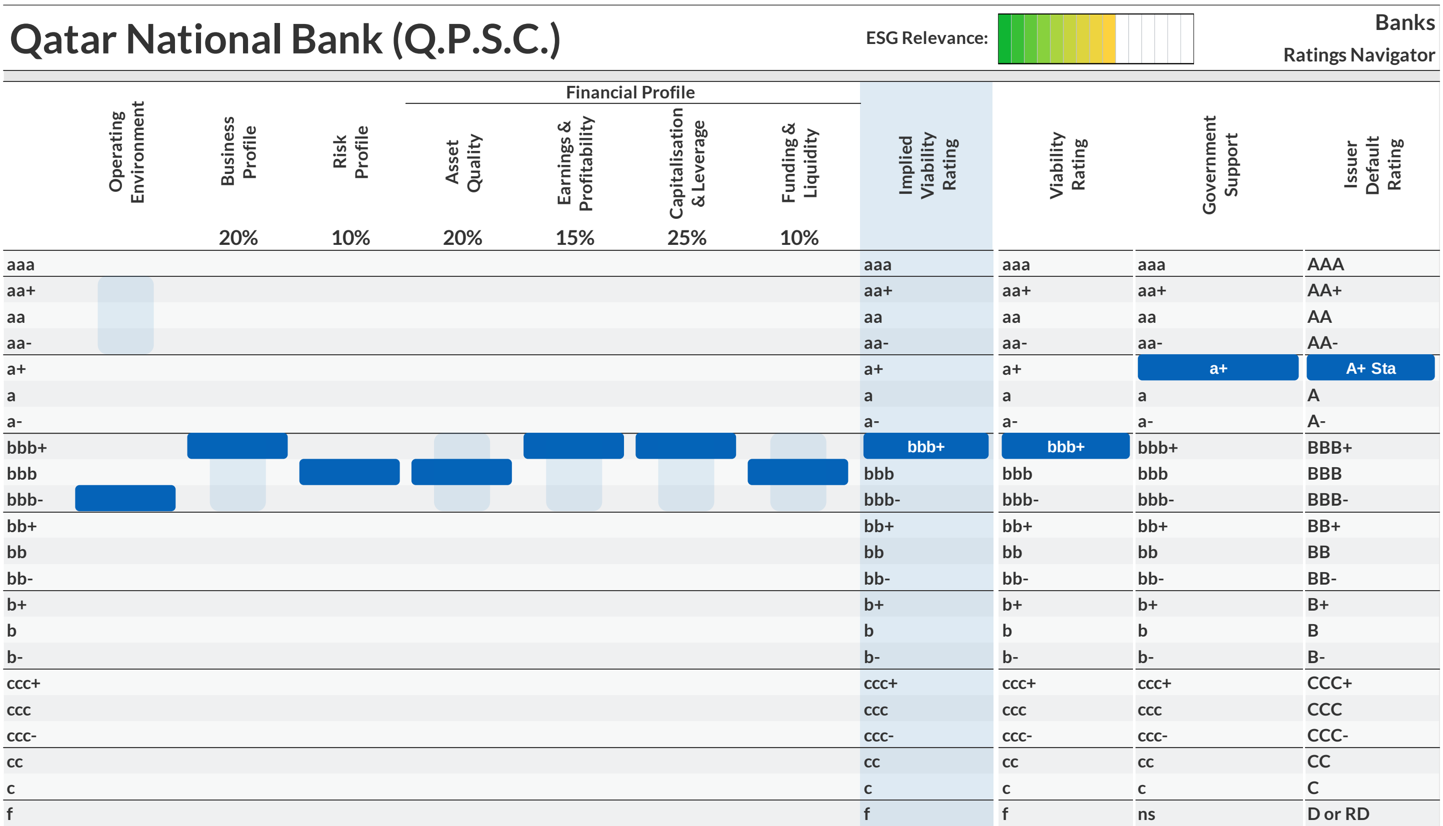
Significant Changes from Last Review

Turkiye's Hyperinflation Credit Negative for QNB's Profitability

QNB, along with other GCC banks with Turkish subsidiaries, adopted hyperinflation reporting in 1H22 under the accounting standard IAS 29 because cumulative inflation in Turkiye exceeded 100% over the previous three years. IAS 29 requires banks to restate non-monetary assets and liabilities to reflect the impact of hyperinflation, leading to net monetary losses in their income statements.

QNB recorded a QAR917 million net monetary loss in 1Q25, equivalent to 17% of its operating profit (1Q24: 25%). The loss would have been even higher without gains on consumer price index-linked bonds. Fitch expects net monetary losses to decline following the likely fall in inflation in Turkiye. Fitch expects the Turkish consumer price index to be 28% at end-2025 and 21% at end-2026 (end-2024: 44.4%).

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The operating environment score of ‘bbb-’ is below the ‘aa’ category implied score due to the following adjustment reasons: size and structure of the economy (negative), financial market development (negative), regulatory and legal framework (negative), and geographical scope (negative).

Company Summary and Key Qualitative Factors

Operating Environment

Neutral 2025 Sector Outlook; Credit Growth Resumes

Fitch expects the business and operating environment for Qatari banks to be generally unchanged in 2025 from 2024. Real GDP growth was 2.4% in 2024, supported by robust non-oil GDP growth of 3.7%. Fitch expects real GDP growth of 2.4% in 2025, picking up to 2.7% in 2026. The agency also forecasts real non-oil GDP growth of 3% in 2025 and 2% in 2026.

Bank credit growth picked up to 4.6% in 2024 (2023: 3%; 2022: 3.3%; 2021: 7.8%) after slowing in recent years due to large government repayments and limited public sector demand, given higher hydrocarbon revenue and higher rates constraining credit demand from the private sector. This continued in 3M25, with credit growth of 3% (not annualised). We expect loan growth of 5%–6% in 2025, supported by spending related to the North Field expansion project and sound non-oil GDP growth, but to remain below most other Gulf Cooperation Council (GCC) countries.

Fitch expects Qatari banks' profitability metrics to remain broadly stable in 2025, with reducing rates benefitting the sector's funding costs, mitigating the impact on the banks' asset yield and net interest income. Fitch also expects loan impairment charges to be contained in 2025 as banks generally have adequate reserve coverage. Fitch expects the sector average operating profit/RWAs ratio to remain about 3% in 2025.

Resilient Asset Quality; Cost of Risk Remains High

Qatari banks' asset quality remains resilient. The sector's average Stage 3 loans ratio has been broadly stable and was a sound 3.4% at end-1Q25 (end-2024: 3.5%; end-2023: 3.6%), supported by contained origination of impaired loans but also resuming growth.

Qatari banks still have a higher cost of risk than other GCC banking sectors, despite the stable operating environment and resuming credit growth. This has been exacerbated by weaker credit growth in a GCC context in previous years but is also due to Qatari banks' conservative approach to provisioning, as pressures in the real estate sector persist. Fitch expects any asset-quality deterioration and increase in the banks' cost of risk to be reasonable in 2025. The sector remains supported by high coverage of problem loans at most banks.

Reduced, but Still-High, Reliance on Foreign Funding

Of all banking sectors in the GCC, Qatar's is the most dependent on non-domestic funding. This comprised a high 43% of sector funding at end-1Q25, despite reducing from its end-2021 peak of 47% due to improved liquidity conditions, supported by high oil prices in recent years. As a result, the banking sector's net external debt has fallen, but is still high, at 54% of GDP at end-2024 (end-2021: 71%). This makes Qatari banks' funding vulnerable to external political and economic shocks.

Significant Portion of Assets in Foreign Markets

Given QNB's geographical diversification, with international operations representing 28% of total assets at end-2024, Fitch applies a weighted average approach for the bank's operating environment score. Based on the bank's geographical distribution of assets at end-2024, the weighted average score is one notch below the operating environment score of domestically focused Qatari banks.

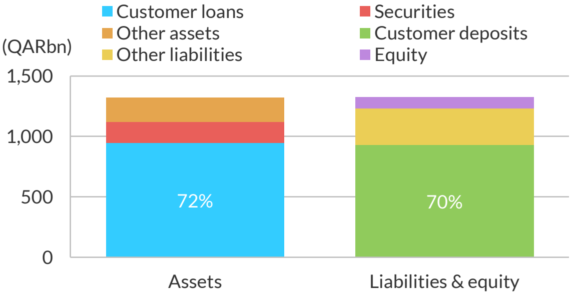
Business Profile

QNB was established in 1964 as the country's first Qatari-owned commercial bank. It has exceptionally high systemic importance in Qatar as the largest bank, with dominant market shares (end-1Q25: 55% of total sector net loans). QNB is also the largest bank in the Middle East and Africa, with total assets of about USD364 billion at end-1Q25.

The bank's shareholding structure has remained stable since its incorporation. It is 50% owned by the government through the QIA, which participated in rights issues in 2008 and 2011. The bank's board of directors is typically equally split between the QIA and private sector representatives. Three board members are independent.

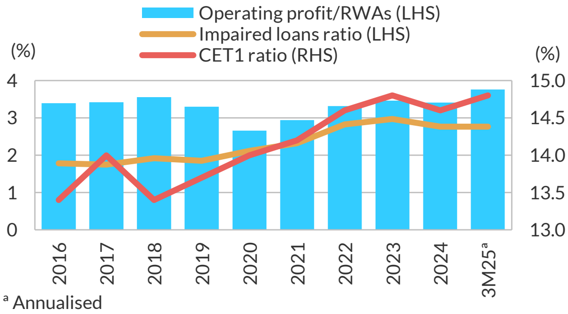
QNB is correlated with Qatar's 2030 National Vision plan and international strategy. The bank benefits from strong ties to the government and receives the largest share of government business and flow of funds among Qatari banks.

Balance Sheet
End-Mar 2025



Source: Fitch Ratings, Fitch Solutions, QNB

Performance Through the Cycle



[a] Annualised
Source: Fitch Ratings, Fitch Solutions, QNB

Risk Profile

Focus on Low-Risk Qatari Underwriting

QNB's underwriting standards in Qatar (end-1Q25: 78.4% of total loans) are low-risk and compare well with peers', supported by high GRE lending (36.5%) and moderate exposure to the real estate and contracting sectors (a combined 8.8%, in line with the bank's internal limit). The latter are mainly related to the domestic market, government-related projects and tier 1 contractors. In retail lending (end-1Q25: 9% of total loans), the bank is focused domestically on high-quality government employees with lending extended against salary assignments.

QNB has high loan book concentration by single obligors, with the 20 largest loans (both funded and unfunded) representing 3.8x CET1 capital at end-2024. However, the majority of these exposures are to GREs or guaranteed by the government and covered by real estate or cash collateral, which mitigates the concentration risk.

International Network Raises Risk Profile

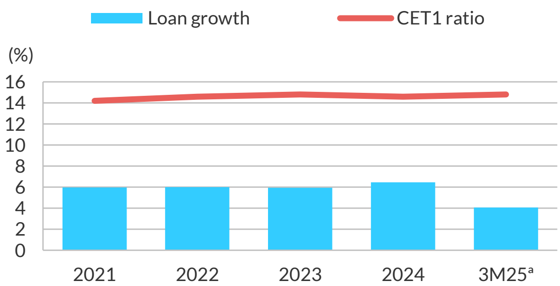
QNB is the most geographically diversified Qatari bank, with subsidiaries and associates in more than 28 countries across three continents. This helps diversify the bank's business model, which is otherwise constrained by the fairly small and concentrated Qatari economy. However, it also adds exposure to higher-risk and more volatile jurisdictions.

International operations are material (end-1Q25: 22% of loans, 43% of deposits and 37% of net profit), but concentration in higher-risk markets such as Turkiye (QNB Bank A.S.; BB-/Stable; end-1Q25: 10.3% of total assets) and Egypt (Qatar National Bank (S.A.E.): 3%) is falling due to the depreciation of the Turkish lira and the Egyptian pound. QNB's other main foreign markets are Indonesia, Tunisia, Syria, Switzerland, Iraq, Jordan, Togo and the UAE.

Risk limits and reporting tools are good and closely monitored. However, we believe loan underwriting standards at some foreign operations are not of the same quality as in Qatar. In Egypt and Turkiye, large exposures to the high-risk SME segment, along with high foreign-currency (FC) lending in Turkiye, heighten credit risks. These risks are mitigated by prudent provisioning, and lending is now almost entirely extended in local currency.

QNB is exposed to currency risks from its investments in Egypt and Turkiye. The bank had FC translation losses of QAR0.4 billion in 1Q25 (0.4% of equity), declining from 5% in 1Q24. These losses were offset by the impact of hyperinflation (QAR0.7 billion) through other comprehensive income. Revaluation on securities held at fair value through other comprehensive income is limited given the small size and good quality of the portfolio. Securities (13% of assets) mainly comprised debt from sovereigns and Qatari investment-grade corporate and financial institutions. The bank's FC assets and liabilities were well matched at end-2024. The majority of FC assets are denominated in US dollars, and this is mitigated by the Qatari riyal's long-standing peg to the dollar.

Loan Growth



[a] Not annualised
Source: Fitch Ratings, Fitch Solutions, QNB

Financial Profile

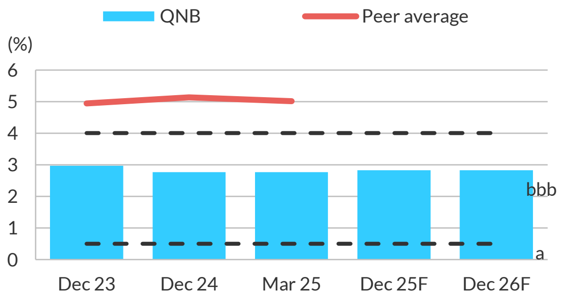
Asset Quality

QNB's asset quality compares well with peers' and is supported by its concentration in low-risk lending to Qatari GREs that forms most of its largest exposures. These entities are liquid with strong credit quality and have a record of zero defaults.

The Stage 3 loans ratio was stable at 2.8% at end-1Q25 (end-2024: 2.8%; end-1Q24: 2.8%). Stage 2 loans accounted for a low 4.6% of gross loans (end-2024: 4.7%) and were largely concentrated in real estate, services and trade. The bank's strategy to fully cover Stage 3 loans (specific coverage of 100% at end-1Q25) also underpins our asset-quality assessment.

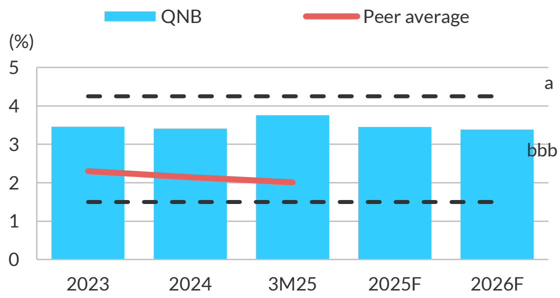
Residual pressures in the bank's real estate (including limited exposure to hospitality) and contracting lending portfolios, as well as risks from exposures in weaker operating environments, particularly Egypt and Turkiye, could continue to exert some pressure on asset-quality metrics. However, we expect the Stage 2 and Stage 3 loans ratios to be broadly stable in 2025.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

QNB is one of the strongest and most consistent banks in Qatar across most profitability metrics, supported by its flagship status, long-term strategy and stable management. QNB's operating profit increased to 3.8% of RWAs in 1Q25 (annualised; 2024: 3.4%), mainly driven by a higher net interest margin as the cost of funding declined slightly following rate cuts, as well as by solid net fees and commission income. The ratio was the highest in the sector and benefits from QNB's fairly low RWA density (end-1Q25: 45%). The ratio was about 60bp higher when excluding net monetary losses arising from hyperinflation in Turkiye.

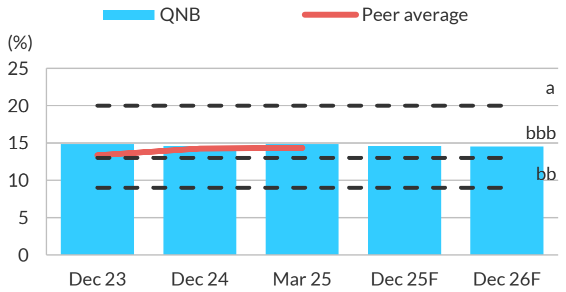
The bank's cost/income ratio remained stable year on year at 25% in 1Q25 and compares well to domestic peers. Its cost of risk (1Q25: 83bp; 2024: 89bp) is likely to remain at 80bp–90bp through 2025.

Capitalisation and Leverage

QNB's CET1 ratio (end-1Q25: 14.8%; end-2024: 14.6%; end-1Q24: 14.4%) is adequate considering its 12% regulatory minimum, including a 3.5% D-SIB add-on. The total capital adequacy ratio was 19.3% at end-1Q25 (end-2024: 19.2%), comfortably over the 17% total regulatory requirement. This ratio is supported by additional Tier 1 notes (end-1Q25: 17% of total eligible capital).

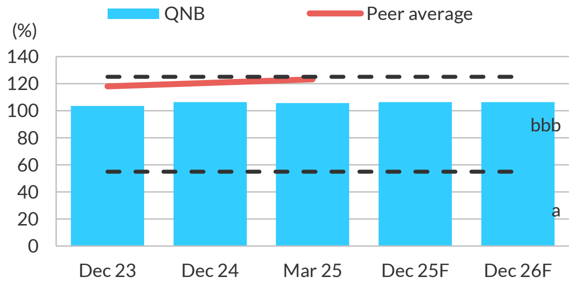
However, capitalisation remains sensitive to potential FC translation and fair-value losses, and should be viewed in light of high borrower concentration, although the borrowers are of strong credit quality given the high proportion of government lending and sovereign guarantees. QNB's tangible leverage ratio (7% at end-1Q25) is lower than at domestic and GCC peers; unlike regulatory capital ratios, it does not benefit from the 0% risk-weighting on large government lending and sovereign securities.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

QNB is mainly funded by customer deposits (end-1Q25: 79% of total funding). The gross loans/deposits ratio is stable (end-1Q25: 106%) and below most domestic peers'. The bank has diversified its funding profile by tenor, geography and source in recent years. QNB's funding profile is supported by a strong domestic franchise, large volumes of government and GRE deposits (end-1Q25: 26% of total deposits), and good access to capital markets, including during challenging market conditions.

Non-resident funding comprised an above-average 58% of QNB's total unconsolidated funding at end-1Q25. This has reduced from 62% at end-2021 but remains high. Higher levels of liquidity in the local market due to still-high hydrocarbon prices continue to support domestic deposit growth and, in turn, have lessened QNB's reliance on non-Qatari deposits. However, non-resident deposits are much shorter-term, with 50% maturing within six months at end-2024 and a further 28% maturing within a year, although are stickier on a behavioural basis. Non-resident deposits are geographically diversified across Asia, Europe, the GCC, North America and North Africa.

Corporate deposits accounted for the majority (58%) of total deposits. Reliance on non-resident deposits and on wholesale funding increases the bank's exposure to investor sentiment. Market funding comprises various debt securities issued in international debt capital markets. Liquidity remains underpinned by ordinary support from the Qatari authorities, if required.

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's *Bank Rating Criteria*. They are based on a combination of Fitch's macroeconomic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'bbb' category.

The peer average includes Qatar Islamic Bank (Q.P.S.C) (VR: bbb), The Commercial Bank (P.S.Q.C.) (bb+), Doha Bank Q.P.S.C. (bb).

Financials

Financial Statements

	31 Mar 25		31 Dec 24	31 Dec 23	31 Dec 22
	1st quarter (USDm) Reviewed – unqualified	1st quarter (QARm) Reviewed – unqualified	12 months (QARm) Audited – unqualified	12 months (QARm) Audited – unqualified	12 months (QARm) Audited – unqualified
Summary income statement					
Net interest and dividend income	2,398	8,727	32,919	30,524	28,920
Net fees and commissions	338	1,230	4,565	3,781	3,374
Other operating income	26	96	3,866	4,818	2,810
Total operating income	2,762	10,053	41,349	39,124	35,105
Operating costs	694	2,527	13,147	11,509	8,792
Pre-impairment operating profit	2,068	7,526	28,203	27,615	26,312
Loan and other impairment charges	545	1,985	8,436	9,653	9,144
Operating profit	1,522	5,541	19,767	17,962	17,169
Other non-operating items (net)	–	–	–	–	–
Tax	329	1,196	2,824	2,297	2,719
Net income	1,193	4,344	16,942	15,665	14,449
Other comprehensive income	93	338	-2,121	-4,281	-1,804
Fitch comprehensive income	1,286	4,683	14,822	11,385	12,645
Summary balance sheet					
Assets					
Gross loans	270,035	982,926	944,422	887,208	837,471
– Of which impaired	7,484	27,241	26,178	26,355	23,680
Loan loss allowances	9,777	35,589	33,664	34,221	29,869
Net loans	260,257	947,337	910,758	852,987	807,601
Interbank	21,743	79,143	79,138	86,477	96,260
Derivatives	–	–	7,518	7,128	10,595
Other securities and earning assets	49,980	181,929	183,184	181,056	167,815
Total earning assets	331,980	1,208,408	1,180,598	1,127,648	1,082,271
Cash and due from banks	24,719	89,978	101,371	87,820	91,564
Other assets	6,981	25,410	15,948	15,517	15,384
Total assets	363,680	1,323,796	1,297,917	1,230,985	1,189,219
Liabilities					
Customer deposits	255,624	930,470	887,010	857,106	842,279
Interbank and other short-term funding	40,496	147,407	171,203	156,991	142,815
Other long-term funding	21,792	79,325	73,516	65,689	60,746
Trading liabilities and derivatives	–	–	9,915	5,492	6,055
Total funding and derivatives	317,913	1,157,202	1,141,643	1,085,279	1,051,895
Other liabilities	14,424	52,502	42,489	35,499	31,268
Preference shares and hybrid capital	5,495	20,000	20,000	20,000	20,000
Total equity	25,850	94,093	93,785	90,207	86,057
Total liabilities and equity	363,680	1,323,796	1,297,917	1,230,985	1,189,219
Exchange rate		USD1 = QAR3.64	USD1 = QAR3.64	USD1 = QAR3.64	USD1 = QAR3.64

Source: Fitch Ratings, Fitch Solutions, Qatar National Bank (Q.P.S.C.)

Key Ratios

	31 Mar 25	31 Dec 24	31 Dec 23	31 Dec 22
(%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.8	3.4	3.5	3.3
Net interest income/average earning assets	3.0	2.9	2.8	2.8
Non-interest expense/gross revenue	25.5	32.3	29.9	25.4
Net income/average equity	18.8	18.7	18.2	17.5
Asset quality				
Impaired loans ratio	2.8	2.8	3.0	2.8
Growth in gross loans	4.1	6.5	5.9	6.0
Loan loss allowances/impaired loans	130.7	128.6	129.9	126.1
Loan impairment charges/average gross loans	0.8	0.9	1.0	1.1
Capitalisation				
Common equity Tier 1 ratio	14.8	14.6	14.8	14.6
Total capital ratio	19.3	19.2	19.8	19.6
Tangible common equity/tangible assets	7.0	7.1	7.1	7.0
Net impaired loans/common equity Tier 1	-9.4	-8.5	-9.5	-7.6
Funding and liquidity				
Gross loans/customer deposits	105.6	106.5	103.5	99.4
Liquidity coverage ratio	160	179.0	206.0	104.0
Customer deposits/total non-equity funding	79.0	77.0	77.9	79.0
Net stable funding ratio	105	101.0	105.0	103.8

Source: Fitch Ratings, Fitch Solutions, Qatar National Bank (Q.P.S.C.)

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a or a-
Actual jurisdiction D-SIB GSR	a
Government Support Rating	a+
Government ability to support D-SIBs	
Sovereign Rating	AA/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Positive
Government propensity to support D-SIBs	
Resolution legislation	Neutral
Support stance	Positive
Government propensity to support bank	
Systemic importance	Positive
Liability structure	Neutral
Ownership	Positive

The colours indicate the weighting of each KRD in the assessment.
Higher influence   Moderate influence   Lower influence

Fitch considers the Qatari authorities as having a strong propensity to support all domestic banks, regardless of their size or ownership, based on past support. For example, the authorities placed significant deposits with the banks to support sector liquidity in 2H17 following the start of the blockade between Qatar and some of its neighbours, while between 2009 and 2011 some banks received capital injections to enhance their capital buffers, and the government purchased some problem assets from the banks. The government owns stakes in all Qatari banks.

Qatar has a strong ability to support domestic banks, as reflected in its 'AA'/Stable rating, and substantial net foreign assets (end-2024: equivalent to 187% of GDP) and revenue. Non-resident funding accounted for a still-high 43% of the banking sector's funding at end-3M25, and the sector's net external funding was a substantial 54% of GDP at end-2024. Total banking system assets accounted for a high 265% of GDP at end-2024.

The 'a' GSR for Qatari D-SIBs is three notches below the sovereign 'AA' Long-Term IDR. QNB's 'a+' GSR is one notch higher than all other Qatari banks' GSRs. This reflects QNB's flagship status, role in the Qatari banking sector, and close links with the state.

Environmental, Social and Governance Considerations

FitchRatings **Qatar National Bank (Q.P.S.C.)**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Qatar National Bank (Q.P.S.C.) has 5 ESG potential rating drivers

- Qatar National Bank (Q.P.S.C.) has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
not a rating driver	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation of the materiality and relevance of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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