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

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

Ratings Score Snapshot

Issuer Credit Rating
A+ / Stable / A-1

SACP: **bbb** → **Support: +4** → **Additional factors: 0**

Anchor	bbb-		ALAC support	0	<table border="1"> <tr> <th colspan="2">Issuer credit rating</th> </tr> <tr> <td colspan="2" style="text-align: center; vertical-align: middle;"> A+ / Stable / A-1 </td> </tr> </table>	Issuer credit rating		A+ / Stable / A-1	
Issuer credit rating									
A+ / Stable / A-1									
Business position	Strong	+1	GRE support	+4					
Capital and earnings	Adequate	0	Group support	0					
Risk position	Adequate	0	Sovereign support	0					
Funding	Adequate	0							
Liquidity	Adequate								
CRA adjustment	0								

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
A leading domestic banking franchise.	Operations in Turkiye and Egypt carry higher risks than domestic exposures.
Strong earnings capacity through economic cycles.	A high dependence on external funding.
High systemic importance in Qatar and 50% ownership by the Qatari government.	

Qatar National Bank (QNB) will maintain sound fundamentals. Our ratings on QNB consider its leading position in a small but wealthy domestic market, as well as its international operations in Egypt and Turkiye, which we deem riskier than its home market. We note that the operating environment and economic outlook in these two countries are improving on the back of structural reforms and external support, particularly in Egypt. Notwithstanding these pockets of higher-risk operations, we expect QNB to maintain sound balance sheet fundamentals.

Sound profitability and a conservative dividend payout ratio will help maintain adequate capitalization. We expect the bank to continue to display solid profitability in 2024. As rates start declining in the fourth quarter of the year, we expect the interest margin to decline slightly. However, QNB's superior operating efficiency will continue to support its bottom line. We expect the bank's risk-adjusted capital (RAC) ratio (S&P Global Ratings' proprietary measure of capitalization) to stabilize at 8.9%-9.5% over the next 12-24 months. QNB's board recently approved a Qatari riyal

(QAR) 2.9 billion stock repurchase. If this is fully implemented, we expect the impact on the RAC ratio to hover at about 30 bps.

We expect QNB's asset quality indicators to deteriorate slightly. This is due to the bank operating in riskier countries, as well as the pressure on the local real estate sector in Qatar caused by oversupply. In our base-case scenario, we expect a nonperforming loan (NPL) ratio of about 3.0% over the next 12-24 months, and the coverage of NPLs by loan-loss provisions to remain comfortably above 100%.

We see QNB's high dependence on external funding as a source of risk. The bank's international deposits--excluding its structural position in Turkiye and Egypt--accounted for about 29.2% of total deposits in the first half of 2024. We also note that interbank funding accounted for 12.6% of the bank's funding base in the same period. That said, longer tenors of non-resident customer and interbank deposits, and the likelihood of strong government support from a highly rated sovereign, serve as mitigating factors.

We regard QNB as a government-related entity (GRE) with a very high likelihood of receiving timely support, if needed. Consequently, the long-term rating on the bank incorporates a four-notch uplift from its stand-alone credit profile (SACP). The very high likelihood of extraordinary government support is based on our assessment of QNB's:

- Very strong link to the government of Qatar, which is the bank's controlling shareholder and has a record of providing extraordinary support to the bank. The government controls 50% of QNB; and
- Very important role for the government of Qatar. The bank has a privileged relationship with the government and maintains key account relationships with many Qatari government departments and GREs.

Outlook

Our stable outlook on QNB reflects its leading position in the local market and its role as a GRE that would benefit from extraordinary support.

Potential risks from weaker international exposure could marginally weaken its asset quality indicators while the bank's capitalization remains at comfortable levels. A sound liquidity position and expected government support in case of stress also mitigate the risk associated with QNB's external funding reliance.

Upside scenario

We could raise the ratings on QNB over the next 12-24 months if it strengthens capitalization significantly or materially derisks its lending book through lower exposure to riskier countries and, at the same time, we upgrade the sovereign.

Downside scenario

We could lower our ratings on QNB over the next 12-24 months if its asset quality deteriorates significantly due to a higher level of domestic or foreign risk than we expect. Although unlikely, a large acquisition in a high-risk country could also put pressure on our ratings on the bank.

Key Metrics

Qatar National Bank (Q.P.S.C.)--Key ratios and forecasts					
--Fiscal year ended Dec. 31 --					
(%)	2022a	2023a	2024f	2025f	2026f
Growth in operating revenue	24.0	11.4	2.3-2.8	2.4-3.0	2.6-3.2
Growth in customer loans	6.0	5.9	4.5-5.5	5.4-6.6	5.4-6.6
Growth in total assets	8.8	3.5	3.5-4.3	4.2-5.1	3.8-4.6
Net interest income/average earning assets (NIM)	2.8	2.7	2.5-2.8	2.5-2.7	2.4-2.7
Cost-to-income ratio	19.7	20.0	20.5-21.6	21.6-22.7	22.0-23.1
Return on average common equity	17.5	17.8	15.8-17.4	14.5-16.0	13.9-15.4
Return on assets	1.3	1.3	1.1-1.4	1.1-1.3	1.1-1.3
New loan loss provisions/average customer loans	1.1	1.1	1.1-1.2	1.1-1.2	1.0-1.1
Gross nonperforming assets/customer loans	2.8	3.0	2.9-3.2	2.9-3.2	2.9-3.2
Net charge-offs/average customer loans	0.2	0.3	0.3-0.3	0.3-0.3	0.2-0.2
Risk-adjusted capital ratio	8.7	8.9	8.9-9.4	9.1-9.5	9.1-9.6

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb-'

Our bank criteria use our Banking Industry Country Risk Assessment's (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for QNB is 'bbb-' and reflects a blended economic risk score of '5' combined with Qatar's industry risk score of '6'. The anchor factors in our expectation of a reduction in Türkiye's contribution to the bank's lending book.

Banks in Qatar are well-capitalized and profitable, and S&P Global Ratings expects this to persist. However, we still view the banking sector's significant net external debt position--equivalent to about 30% of total domestic credit (US\$107.9 billion at June 30, 2024)--as a key risk. Interbank deposits still represent a significant portion of external debt--28.5% as of June 30, 2024--which we still view as a potential source of risk. We note that external debt resumed its upward trend over the past couple of months. However, due to lower private sector credit demand and consequently lower funding requirements, we do not expect a significant pickup in external funding. Domestic deposits in Qatar accounted for about 41% of total system liabilities at mid-year 2024, which is low compared to regional peers.

Qatar's banking system is large compared with the relatively narrow, but very wealthy, hydrocarbon-based economy. Qatar's banks have assets of US\$540 billion, which we estimate are equivalent to 2.4x our 2023 GDP estimates. Corporate credit dominates lending, with most retail credit extended to Qatari nationals. The role of the country's public sector in the economy is highly visible, including generating credit demand and providing system support when needed. Lending is relatively stratified, with bigger players extending larger-ticket, higher-quality loans that are often related to the public sector. The system is dominated by QNB, an important GRE.

Consecutive years of high credit growth have led to material levels of corporate leverage (84% of GDP at year-end

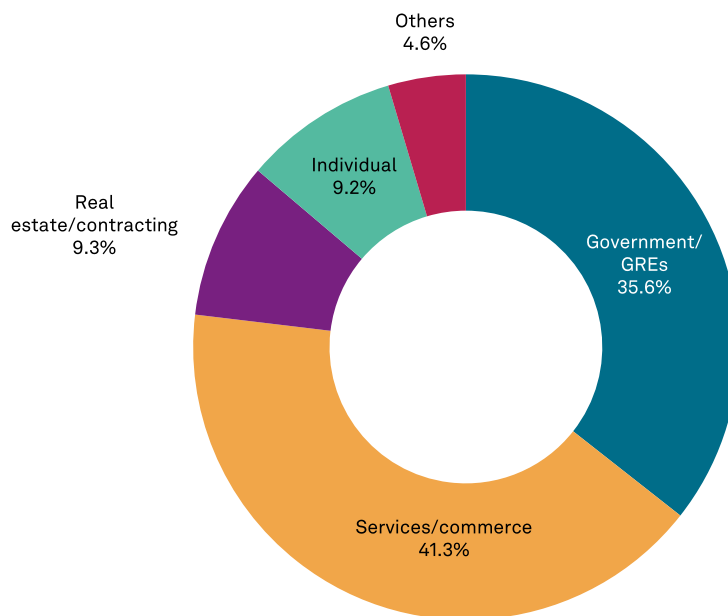
2023). Total credit, including credit to the public sector, is about 151% of GDP at year-end 2023, which can still pose a threat to banks, especially if operating conditions deteriorate sharply and harm corporate cash flows. We think asset quality will remain sound, but that NPLs will rise slightly, in line with muted economic growth, pressure on the real estate sector caused by oversupply, persistently high interest rates, and risks originating from Turkiye and Egypt. Despite having material exposure to riskier sectors, Qatari banks possess good capacity to cover unexpected losses.

Business Position: A Leading Market Position In Qatar With Geographical Diversification In Riskier Countries

QNB has an unrivaled market position in Qatar with a market share of about 50% of the banking system as of June 30, 2024. The bank's large size and majority government ownership are key advantages in financing large GRE projects. As of June 30, 2024, exposure to the government and its agencies accounted for 35.6% of QNB's overall loans, which is comparatively higher than other banks' government exposure in the region.

Chart 1

QNB's loan portfolio split by sector

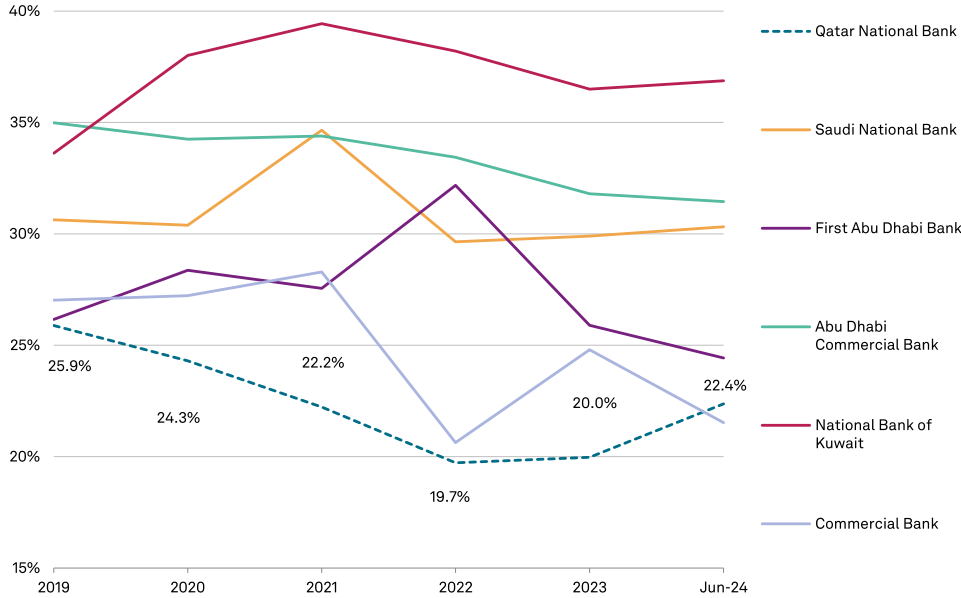


QNB--Qatar National Bank (Q.P.S.C.). GRE--Government-related entity. Data as of June 2024. Source: S&P Global Ratings.

Stable income sources and improving operating efficiency support QNB's strong business position. The bank derives about 80% of its revenues from net interest income, indicating revenue stability. Its cost-to-income ratio is one of the lowest in the region due to strict cost control. This is despite the bank's geographically diverse operations.

Chart 2

QNB's cost-to-income ratio points to strong efficiency



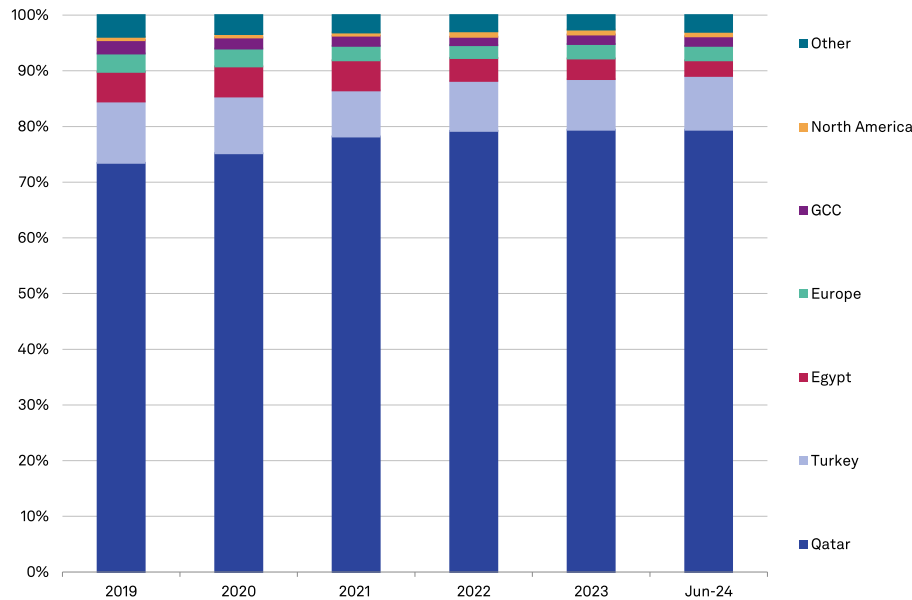
QNB--Qatar National Bank (Q.P.S.C.). Source: S&P Global Ratings.
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The stability of the management team, its track record, and QNB's well-defined strategy also support the ratings. We think the bank will pursue its ambitious expansion plans, although at a slower pace than previously.

To offset domestic market limitations, QNB aims to capitalize on the retail and corporate banking dynamics of underserved emerging countries. Using this strategy, the bank derived about 20.6% of its loan portfolio from outside Qatar as of June 30, 2024. Turkiye and Egypt represented 9.7% and 2.8%, respectively, while the Gulf Cooperation Council countries, Europe, and other Middle Eastern, African, and Asian countries made up the remaining share.

Chart 3

QNB's loan portfolio split by geography



QNB--Qatar National Bank (Q.P.S.C.). GCC--Gulf Cooperation Council. Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

Due to the consequences of a tight monetary policy in Turkiye and Egypt to address economic imbalances, we anticipate QNB will prioritize preserving its asset quality indicators in both countries, rather than aggressive expansion. Under our base-case scenario, both Turkiye and Egypt's contribution will shrink further due to the depreciating local currencies and lending growth in Qatar. The bank's shareholders appear supportive of the international expansion strategy, which is demonstrated by the capital increase and hybrid issuances to finance acquisitions. Nevertheless, the bank remains subject to execution, integration, and foreign currency volatility risks.

Capital And Earnings: Likely To Remain Adequate

Thanks to its strong earnings capacity, conservative dividend policy, and supportive shareholders, QNB's capital and earnings are adequate, as per our measures. Our RAC ratio reached 8.9% at year-end 2023, slightly up from 8.7% at year-end 2022. The bank's loan book grew by 6% in 2023, supported by QNB's strong entrenchment in the local public sector and focus on expanding its retail business. Supportive oil-price dynamics and projects related to the North Field expansion will benefit QNB's lending portfolio across sectors over 2024-2026, in our view.

Profitability continued to improve in the first half of 2024 with net profit reaching QAR8.2 billion, a 7.3% year-on-year

increase. Higher interest rates and foreign exchange gains helped operating revenues rise 9% compared to last year. However, still-prudent cost of risk and a QAR2.1 billion hyperinflation monetary loss (equivalent to US\$567 million) tempered the impact on the bottom line. The latter was partially compensated by a non-monetary gain of QAR2.0 billion (US\$560.7 million) in comprehensive income. While Turkish Lira volatility may continue to affect QNB's profitability in 2024, we expect the bank to show robust numbers for 2024-2026.

We estimate the bank's RAC ratio before adjustments will stabilize between 8.9% and 9.5% in 2024 and 2025. Under our base-case scenario, we assume the following:

- Growth of 5%-6% in the loan book between 2024 and 2026 due to new government-sponsored projects.
- Net interest margin (NIM) to reduce slightly given our expectation of rate cuts.
- Cost-to-income ratio to hover at about 21%-22% pointing to the bank's strong efficiency.
- Cost of risk at about 110-120 bps since the bank aims to maintain NPL coverage ratio above 100% and continues to build a cushion for risks. We expect a slight deterioration in asset quality indicators between 2024 and 2026 and believe the NPL ratio will stabilize at about 3.0% absent any major unexpected shocks at home or in Egypt or Turkiye.

QNB's board recently approved a QAR2.9 billion stock repurchase. If this is fully implemented, we expect an RAC ratio impact of about 30 bps.

As of June 30, 2024, 20.5% of QNB's total adjusted capital (TAC; numerator of the RAC ratio) comprised hybrid instruments. However, we understand that some of these instruments are placed with other Qatari GREs, which underpins our positive view of the bank's financial flexibility. We assess the bank's underlying earnings capacity as solid, which is indicated by an average earnings buffer of 170 bps over the next two years. A positive earnings buffer indicates that a bank generates sufficient revenue to cover normalized losses--namely, S&P Global Ratings' view of losses we would expect on average throughout a typical credit cycle.

Risk Position: Neutral To The Rating

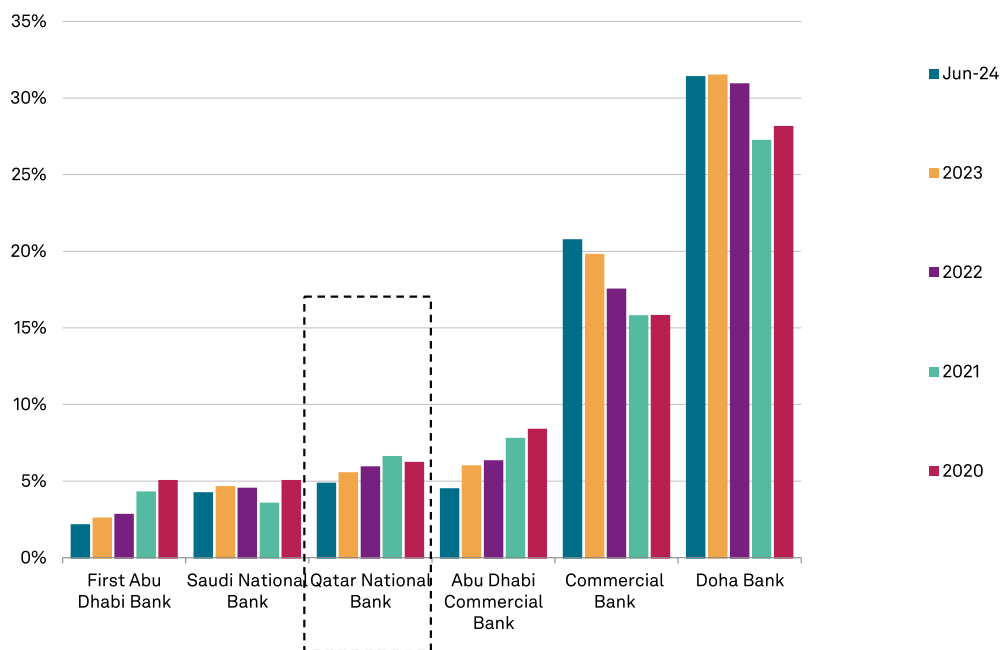
QNB's asset quality metrics compare well with those of its peers. Credit risk dominates QNB's risk profile, particularly in light of its presence in riskier countries. We expect the NPL ratio will deteriorate slightly but remain at about 3.0% in the next 12-24 months. Exposure to small and midsize enterprises (SMEs) and the trading sector will likely contribute to the formation of new NPLs. Exposure to real estate and construction remains at about 10% of QNB's loan book, which is below the domestic industry average and mitigates risks related to the relatively weak performance of this sector in Qatar. This is underpinned by the overcapacity and relatively high vacancy rates resulting from the significant expansion of supply leading up to the 2022 FIFA World Cup.

Traditionally, lending to government entities in Qatar has been an important part of QNB's business model, resulting in the significant concentration of its loan portfolio. The top 20 funded and unfunded exposures represented about 3.1x the bank's TAC at the end of 2023. However, about 68% of these exposures were to governments and GREs, which somewhat mitigates the risks.

The pandemic, shocks in specific sectors, and QNB's strategy of building up provisions led to an uptick in stage 2 loans, which accounted for 5.5% of total loans as of year-end 2023 (up from 4.7% in December 2019 but stable over the last two years). However, this trend started to reverse in the first half of 2024 with stage 2 loans dropping to 4.8% as of June 30, 2024, which is almost the same level as in December 2019. QNB's stage 2 loans still compare favorably in the local and regional context. QNB's coverage ratio remains at comfortable levels. We expect cost of risk to stay in the range of 110-120 bps over 2024-2026 since the bank allocates more provisions to absorb the potential losses from the deteriorated operating environment abroad.

Chart 4

Stage 2 loans as a proportion of QNB's loan book

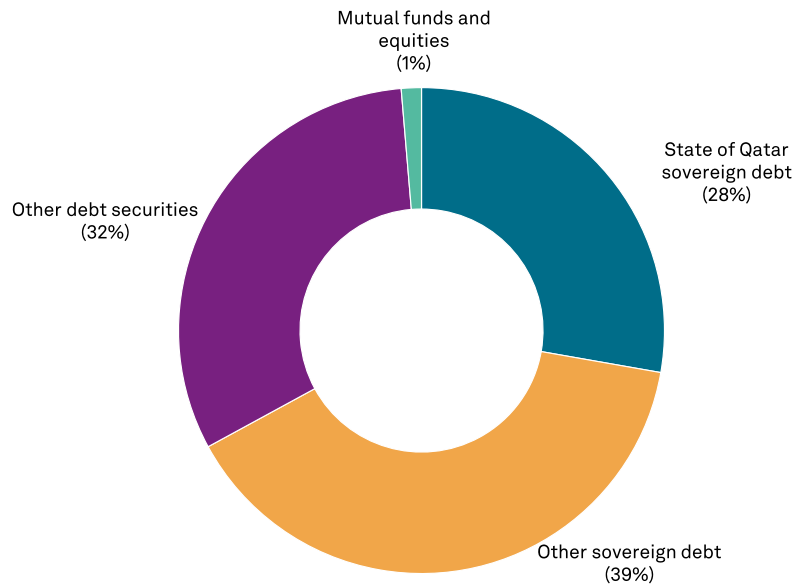


QNB--Qatar National Bank (Q.P.S.C.). Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

The quality of QNB's investment portfolio is good because of the dominance of Qatari and other sovereign bonds. Moreover, the portfolio is held primarily for liquidity management purposes, rather than for trading. The portion of risky instruments (equities and funds) stood at about 2% of the bank's investment portfolio at year-end 2023. QNB's revaluation reserves as of June 30, 2024, indicated a small loss of QAR741.5 million, making up less than 1% of total equity.

Chart 5

QNB's investment portfolio (FVOCI + amortized cost) spilt by instruments



QNB--Qatar National Bank (Q.P.S.C.). Data as of June 30, 2024. Source: S&P Global Ratings.

Exposure to interest rate risk in the banking book appears manageable. For every 100 bps drop in the U.S. and the Qatari rates--which are correlated in light of the peg between the Qatari riyal and U.S. dollar--the net interest income of QNB is expected to drop by 3.8% from the level reported at year-end 2023, all else being equal.

Another important risk for the bank stems from its exposure to the volatile Turkish lira and Egyptian pound. As of June 30, 2024, the bank had QAR31.1 billion (about US\$8.5 billion) of foreign currency translation losses. We anticipate volatility in the Turkish lira and to a lesser extent the Egyptian pound will continue in the next 12-24 months. This revaluation loss is already reflected in our TAC calculation, so the effect on QNB is neutral.

QNB did not report any material cyber risk events over the past three years and continues to strengthen its cyber risk management framework. The group has established a sustainability strategy, policy, and framework. It has also introduced an Environmental and Social Risk Management (ESRM) framework and we understand that it is integrated to lending decision making process.

Funding And Liquidity: Reliance On External Debt Is A Source Of Risk

Although QNB maintains a visibly diversified funding base relative to its peers in the region, we consider its significant reliance on external funding as a source of risk. As of June 30, 2024, customer deposits accounted for 80.6% of the bank's funding sources. We note that 29.2% of these deposits, equivalent to US\$71.4 billion, came from abroad, excluding Turkiye and Egypt as of the same date. This proportion started to increase again in the first half of 2024 after its relative stability in 2023. We understand that a portion of non-resident deposits relates to Qatari or foreign companies with business interests in Qatar. We do not expect a significant increase in reliance on external funding over the next 12-24 months. At the same time, we note that interbank deposits have decreased slightly in the first half of 2024, reaching QAR139.7 billion (\$38.4 billion) as of June 30, 2024. We consider these deposits more volatile in times of stress. QNB's intrinsic liquidity and likelihood of government support mitigate the risks of any unexpected disorderly customer or interbank deposit outflows. The bank's stable funding ratio stood at 111% as of June 30, 2024.

QNB maintains an adequate level of liquid assets on its balance sheet. Cash and interbank deposits made up about 14.1% of its balance sheet as of June 30, 2024. The bank's ratio of broad liquid assets to short-term wholesale funding liabilities stood at 2.1x, equal to 33.7% of customer deposits, as of the same date. QNB has almost QAR21.7 billion of wholesale funding coming to maturity in 2024. We expect these will be refinanced when due.

Chart 6

QNB's stable funding ratio and broad liquid assets to short-term wholesale funding



QNB--Qatar National Bank (Q.P.S.C.). Source: S&P Global Ratings.
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Support: A GRE With A Very High Likelihood Of Extraordinary Government Support

We view QNB as a GRE with a very high likelihood of receiving timely and sufficient extraordinary support from the government of Qatar in the event of financial distress. This is underpinned by our view of the bank's:

- Very strong link to the government of Qatar, which is QNB's controlling shareholder and has a record of providing extraordinary support to the bank; and
- Very important role for the government of Qatar. The bank has a privileged relationship with the government and maintains key account relationships with many Qatari government departments and GREs.

Therefore, the long-term rating on QNB includes four notches of support above our assessment of the bank's SACP.

Environmental, Social, And Governance: Broadly In Line With Regional Peers

We see environmental, social, and governance credit factors for QNB as broadly in line with those of industry and regional peers. The bank's direct exposure to carbon-intensive activities, including gas and coal mining, is low at about 1% of loans as of Dec. 31, 2023. QNB has implemented an environmental and social management (ESRM) framework and we understand that it is integrated in lending decision making process. The bank has also expanded its volume of sustainable financing, reaching about \$9.0 billion on Dec. 31, 2023. We expect this number will continue growing in the future. That said, we view QNB's indirect exposure to environmental risks as significant, considering the high contribution of the hydrocarbon sector to the Qatari economy. The biggest contribution comes from gas, which will continue to be a key energy source within the transition to low carbon sources of energy.

QNB benefits from a stronger governance track record and disclosure practices compared with local and regional companies. Although Qatar's political institutions are still developing, we think this has not been detrimental to the bank's strategic choices or sound business development. The bank is present in countries with weaker governance standards than Qatar's, which necessitates a strong framework to control a variety of risks.

QNB has not experienced any incidents related to non-compliance with laws and regulations and has not been subject to legal or regulatory fines or settlements. It has also reported no material data security breaches over the past 12 months.

Key Statistics

Table 1

Qatar National Bank (Q.P.S.C.)--Key figures							
--Year-ended Dec. 31--							
(Mil. QAR)	2024*	2023	2022	2021	2020	2019	2018
Adjusted assets	1,258,608.0	1,228,342.4	1,186,040.6	1,089,150.8	1,021,068.1	940,704.5	858,316.6
Customer loans (gross)	912,814.0	887,208.3	837,470.6	789,882.9	745,354.8	695,458.1	628,649.4

Table 1

Qatar National Bank (Q.P.S.C.)--Key figures (cont.)							
--Year-ended Dec. 31--							
(Mil. QAR)	2024*	2023	2022	2021	2020	2019	2018
Adjusted common equity	77,688.0	74,299.2	68,544.2	64,792.4	63,544.8	59,414.8	52,142.8
Operating revenues	20,117.0	39,123.5	35,104.5	28,313.5	25,540.0	25,636.3	24,549.9
Noninterest expenses	4,501.0	7,813.1	6,924.2	6,292.1	6,205.5	6,636.5	6,344.1
Core earnings	10,423.0	18,853.1	15,995.5	13,355.2	12,159.5	14,534.8	13,953.9

*Data as of June 30. QAR--Qatari riyal.

Table 2

Qatar National Bank (Q.P.S.C.)--Business position							
--Year-ended Dec. 31--							
(%)	2024*	2023	2022	2021	2020	2019	2018
Total revenues from business line (currency in millions)	20,117.1	39,123.5	35,105	28,313	25,540	25,636	24,550
Commercial banking/total revenues from business line	44.8	49.0	47.5	53.3	48.5	41.1	40.4
Retail banking/total revenues from business line	51.1	47.2	48.7	42.7	45.8	53.6	55.2
Commercial & retail banking/total revenues from business line	95.9	96.2	96.2	96.0	94.3	94.8	95.7
Asset management/total revenues from business line	3.1	3.1	3.7	3.7	5.4	5.0	3.9
Other revenues/total revenues from business line	1.0	0.7	0.1	0.2	0.3	0.3	0.4
Return on average common equity	18.4	17.8	17.5	17.1	16.1	20.4	20.4

*Data as of June 30. QAR--Qatari riyal.

Table 3

Qatar National Bank (Q.P.S.C.)--Capital and earnings							
--Year-ended Dec. 31--							
(%)	2024*	2023	2022	2021	2020	2019	2018
Tier 1 capital ratio	18.1	18.7	18.5	18.2	18.1	18.0	18.1
S&P Global Ratings' RAC ratio before diversification	N/A	8.9	8.7	9.1	9.3	9.3	9.7
S&P Global Ratings' RAC ratio after diversification	N/A	9.3	9.1	9.3	9.4	9.7	10.1
Adjusted common equity/total adjusted capital	79.5	78.8	77.4	76.4	76.1	75.2	75.2
Double leverage	N.M.	30.2	30.3	31.2	32.1	32.4	34.2
Net interest income/operating revenues	78.6	77.7	82.2	81.4	82.2	78.8	77.5
Fee income/operating revenues	11.0	9.7	9.6	11.3	11.8	14.5	14.8
Market-sensitive income/operating revenues	8.9	9.8	6.4	5.1	5.3	4.7	5.3
Cost to income ratio	22.4	20.0	19.7	22.2	24.3	25.9	25.8
Preprovision operating income/average assets	2.5	2.6	2.5	2.1	2.0	2.1	2.2
Core earnings/average managed assets	1.7	1.6	1.4	1.3	1.2	1.6	1.7

*Data as of June 30. QAR--Qatari riyal. N/A--Not applicable. N.M.-- Not meaningful. RAC--Risk-adjusted capital.

Table 4

Qatar National Bank (Q.P.S.C.)--Risk-adjusted capital framework data					
(Mil. QAR)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government & central banks	281,573	34,567	12	160,082	57
Of which regional governments and local authorities	0	0	0	0	0
Institutions and CCPs	107,518	28,558	27	58,362	54
Corporate	760,648	278,031	37	511,762	67
Retail	88,763	68,159	77	148,052	167
Of which mortgage	2,005	1,504	75	1,564	78
Securitization§	0	0	0	0	0
Other assets†	38,048	36,203	95	82,124	216
Total credit risk	1,276,550	445,519	35	960,382	75
Credit valuation adjustment					
Total credit valuation adjustment	--	6,543	--	0	--
Market risk					
Equity in the banking book	2,592	14,921	576	23,003	888
Trading book market risk	--	1,825	--	5,475	--
Total market risk	--	16,746	--	28,478	--
Operational risk					
Total operational risk	--	50,231	--	66,064	--
(Mil. QAR)	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification	--	519,039	--	1,054,923	100
Total Diversification/ Concentration Adjustments	--	--	--	(42,393)	(4)
RWA after diversification	--	519,039	--	1,012,530	96
(Mil. QAR)		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio before adjustments		102,910	19.8	94,299	8.9
Capital ratio after adjustments‡		102,910	19.8	94,299	9.3

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. QAR--Qatari riyal. Sources: Company data as of Dec. 31, 2023, and S&P Global Ratings.

Table 5

Qatar National Bank (Q.P.S.C.)--Risk position							
--Year-ended Dec. 31--							
(%)	2024*	2023	2022	2021	2020	2019	2018
Growth in customer loans	5.8	5.9	6.0	6.0	7.2	10.6	5.5
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(4.0)	(4.8)	(2.4)	(1.9)	(4.7)	(3.7)

Table 5

Qatar National Bank (Q.P.S.C.)--Risk position (cont.)							
(%)	--Year-ended Dec. 31--						
	2024*	2023	2022	2021	2020	2019	2018
Total managed assets/adjusted common equity (x)	16.2	16.6	17.3	16.9	16.1	15.9	16.5
New loan loss provisions/average customer loans	0.8	1.1	1.1	0.9	0.8	0.5	0.5
Net charge-offs/average customer loans	0.9	0.3	0.2	(0.1)	(0.1)	0.3	0.0
Gross nonperforming assets/customer loans + other real estate owned	2.9	3.0	2.8	2.3	2.1	1.8	1.9
Loan loss reserves/gross nonperforming assets	124.5	129.8	126.1	143.0	136.4	130.7	132.5

*Data as of June 30. QAR--Qatari riyal. N/A--Not applicable. RWA--Risk-weighted asset.

Table 6

Qatar National Bank (Q.P.S.C.)--Funding and liquidity							
(%)	--Year-ended Dec. 31--						
	2024*	2023	2022	2021	2020	2019	2018
Core deposits/funding base	80.6	79.3	80.5	81.5	82.3	83.3	83.2
Customer loans (net)/customer deposits	98.7	99.5	95.9	97.2	98.0	99.2	99.3
Long-term funding ratio	88.3	87.1	88.4	90.6	91.3	93.3	92.2
Stable funding ratio	111.2	104.9	110.1	110.6	109.8	112.1	109.5
Short-term wholesale funding/funding base	12.8	14.2	12.8	10.3	9.6	7.5	8.7
Regulatory net stable funding ratio	105.0	105.4	95.9	104.1	103.8	103.8	N/A
Broad liquid assets/short-term wholesale funding (x)	2.1	1.6	2.0	2.3	2.4	3.0	2.6
Broad liquid assets/total assets	23.8	20.1	22.2	20.5	19.8	19.8	19.2
Broad liquid assets/customer deposits	33.7	28.9	31.3	28.5	27.5	27.3	26.8
Net broad liquid assets/short-term customer deposits	23.4	14.5	22.1	26.2	25.9	27.5	23.8
Regulatory liquidity coverage ratio (LCR) (x)	185.0	206.1	104	147	164	160	N/A
Short-term wholesale funding/total wholesale funding	60.4	63.0	59.7	50.1	48.1	39.0	44.9
Narrow liquid assets/3-month wholesale funding (x)	3.5	2.6	2.9	3.2	5.0	4.0	4.1

*Data as of June 30. QAR--Qatari riyal. N/A--Not applicable.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Methodology For Rating Sukuk, Jan. 19, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (As Of October 1, 2024)*	
Qatar National Bank (Q.P.S.C.)	
Issuer Credit Rating	A+/Stable/A-1
Issuer Credit Ratings History	
08-Nov-2022	A+/Stable/A-1
10-Dec-2018	A/Stable/A-1
11-Sep-2017	A/Negative/A-1
Sovereign Rating	
Qatar	AA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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