

Qatar National Bank

Executive Summary

- The bank's profits for H1 2025 were approximately QAR 8,401 million, up from QAR 8,162 million for the same period of 2024, reflecting a 2.9% growth. EPS QAR0.85 versus QAR 0.82.
- Net income for the second quarter reached QAR 4,140 million, up from QAR 4,019 million in the same period of 2024. Q1'2025 profits were QAR 4,260 million.
- Net interest income saw an enhancement of around QAR 1.4 billion , along with a rise in net commission income of about 1.6 billion. This helped offset the rise in credit provision expenses for the period.
- QNB is in an excellent position to maintain its earnings stability, supported by a strong capital and liquidity base. Government support significantly enhances the bank's business performance, which ranks first among regional banks in terms of assets.
- The bank's strong liquidity position positively impacted its interest margin, allowing it to maintain a net interest margin of 2.81% for both the first and second quarters of 2025. Any potential decline in earnings due to US rate cuts could be partially balanced by asset growth, securities repricing, and trading gains amid market volatility.
- The net loan portfolio saw an increase of approximately 9.4% compared to the same period in 2024, and a rise of about 5.6% compared to the end of 2024. Net loans constitute approximately 71% of the bank's total assets, while income-generating assets represent approximately 93.7%.
- The signing of multiple partnership agreements between Qatari companies and the Syrian government, focused on large-scale projects in the infrastructure sector, may indicate a potential rise in loan demand from the bank.
- NPL ratio up slightly to 2.81% in June 2025 compared to 2.77% in December 2024.
- Although there has been a minor rise in non-performing loans, the bank is still enhancing its coverage ratios, which stood at around 135% (including collaterals) by the end of June 2025, up from 128% at the close of 2024.
- The Board of Directors approved a temporary cash dividend of 35% of the nominal share value (QAR0.35 per share) for eligible shareholders as of the close of trading on 17 July 2025.
- The bank reported a revaluation gain of about QAR 1.3 billion in its comprehensive income statement, in contrast to a loss of QAR 2.4 billion during the same timeframe. This positive change was aided by a reduction in currency valuation losses, specifically from the Egyptian pound and the Turkish lira.



Stock Info			
Weight in QSE index		14.95%	
Current Market Price		17.48	
Shares Outstanding (Mn)		9,205	
Market Cap (Mn)		160,900	
52-Wk High (17 Oct)		17.80	
52 Wk Low (18 July)		14.74	
Average Trading Price YTD		16.68	
Per Share			
EPS Trailing 12M		1.690	
EPS Annualized		1.720	
EPS expected		1.70	
Book Value Per Share		10.59	
Dividends Per Share		0.72	
Valuation Ratios			
P/E using TTM EPS		10.34	
P/E using Ann EPS		10.16	
P/E using expected EPS		10.28	
Average PE during 2025		9.87	
P/BV		1.65	
Dividends Yield		4.12%	
Key Financials		H1 ' 25	H1 ' 24
Total Income (Mn)	21,464		19,853
Net Profit (Mn)	7,826		7,587
Net equity (Mn)	97,447		88,854
Total Assets (Mn)	1,235		1,151
Net Loans (Mn)	961,802		879,357
Total Deposits (Mn)	934,857		890,561

	Q2'25	Q1'25	Q2'24
Total Loans/Total Deposits	106.93	105.64	102.5
Total Loans/Total Assets	73.85	74.25	72.4
Deposits/Assets	69.06	70.29	70.63
Deposits/Funding	79.35	80.41	80.62
Free Funding	21.28	21.55	20.8

Operational ratios	Q2'25	Q1'25	Q2'24
CASA	21.1	21.5	20.4
Cost - Income	22.7	22.9	23.5
Annualized cost of risk	0.99	0.82	0.80

Financials Ratios	H1 ' 25	H1 ' 24
ROE (LTM)	16.1%	17.1%
Tier 1 capital ratio	19.20%	19.20%
Provision for loan losses	6,307.0	4,215.0
Coverage loan losses	134.8%	124.5%
loans / Deposits ratio	102.90%	99.80%
Stock Performance	QNB	Index
YTD Return	1.1%	2.5%
3Month Return	15.5%	9.2%
6 Month Return	2.7%	3.5%
1 Year	17.0%	6.3%
Share Holdings Pattern		
Qatar Investment Authority		51.90%
Sjunde AP- fonden Sweden		0.11%
State Street Global Advisors		0.06%
Geographic ownership		
Qatar		86.50%
USA		6.98%
Norway		1.90%

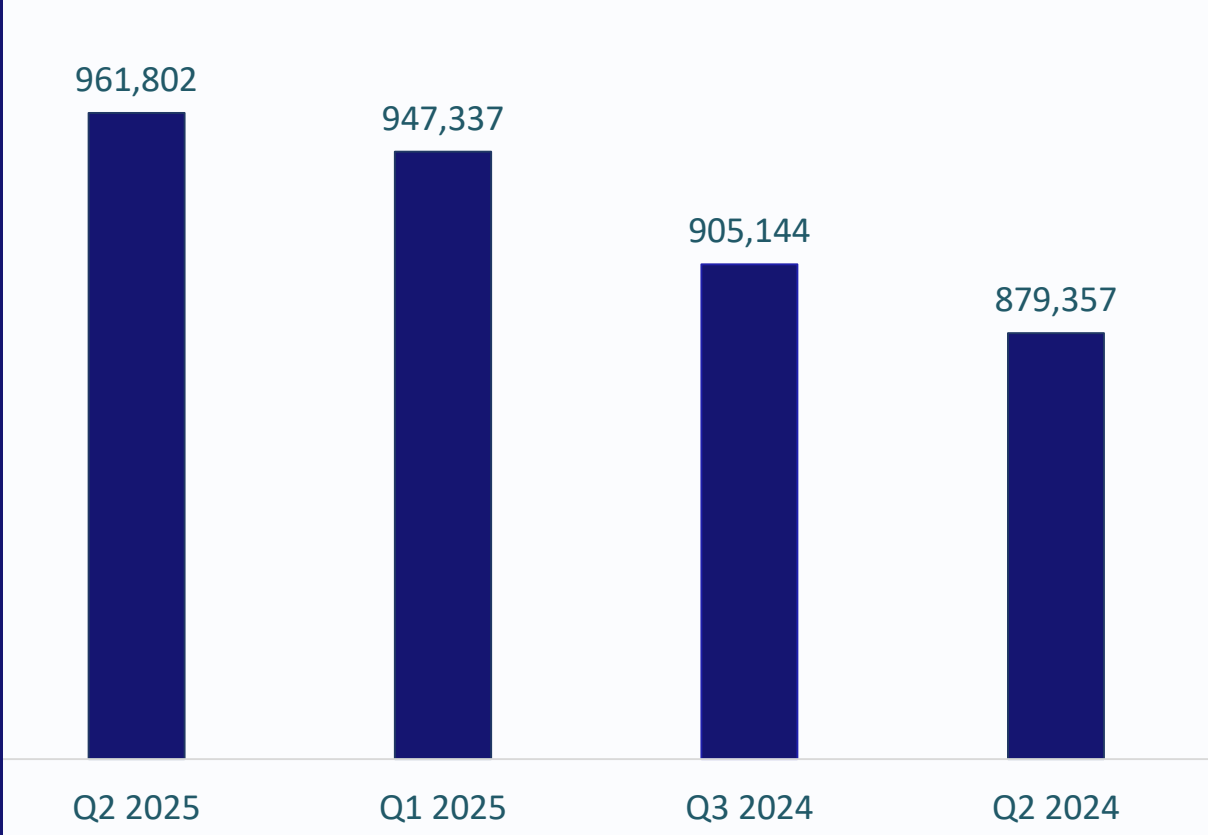
Regulatory Ratios	H1 ' 25	H1 '24
Tier 1 Common Equity Ratio	14.8	14.5
Tier 1 Capital Ratio	18.1	18.1
Total Risk-Based Capital Ratio	19.2	19.2
Liquidity Coverage Ratio	151	185
Net Stable Funding Ratio	103	105

Ex-Div date	DPS	Note
18-Jul-25	0.35	Semi year
24-Feb-25	0.37	Semi year
18-Jul-24	0.33	Semi year
12-Feb-24	0.65	Full year
15-Feb-23	0.60	Full year

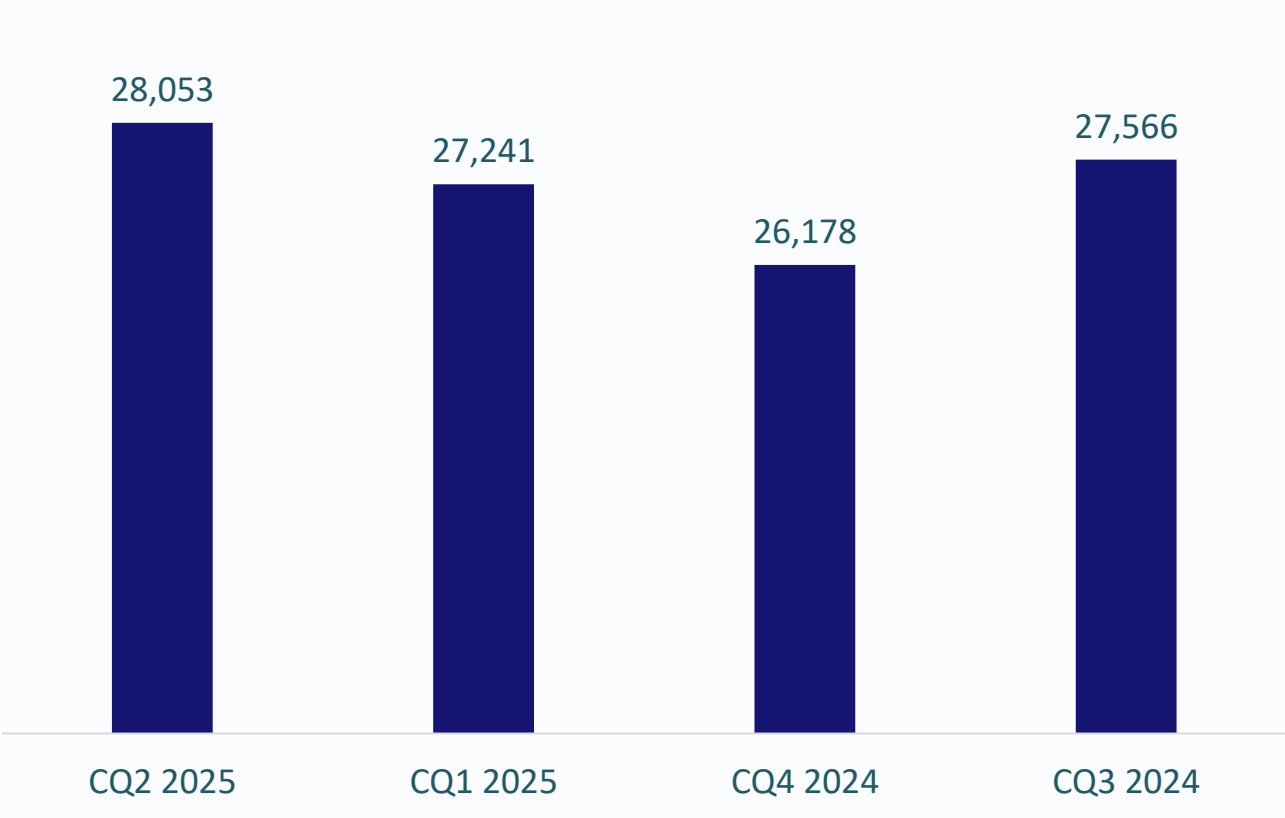
Asset Quality

- As of the end of June, total non-performing loans amounted to approximately QAR 28.05 billion, up from QAR 27.24 billion in March 2025 and QAR 26.18 billion at the end of 2024. The NPL’S ratio increased slightly to 2.81% from 2.77% in the previous quarter, but it decreased from 2.93% at the end of 2024.
- During the first half of the year, the bank wrote off approximately 583 million riyals in NPL’s, compared to QAR 4.2 billion in the same period of 2024.
- In the current reporting period, loans amounting to QAR 189 million were transitioned from the second phase to the third phase. This figure represents a significant decrease compared to the same timeframe last year, when QAR 978 million was moved between these phases.

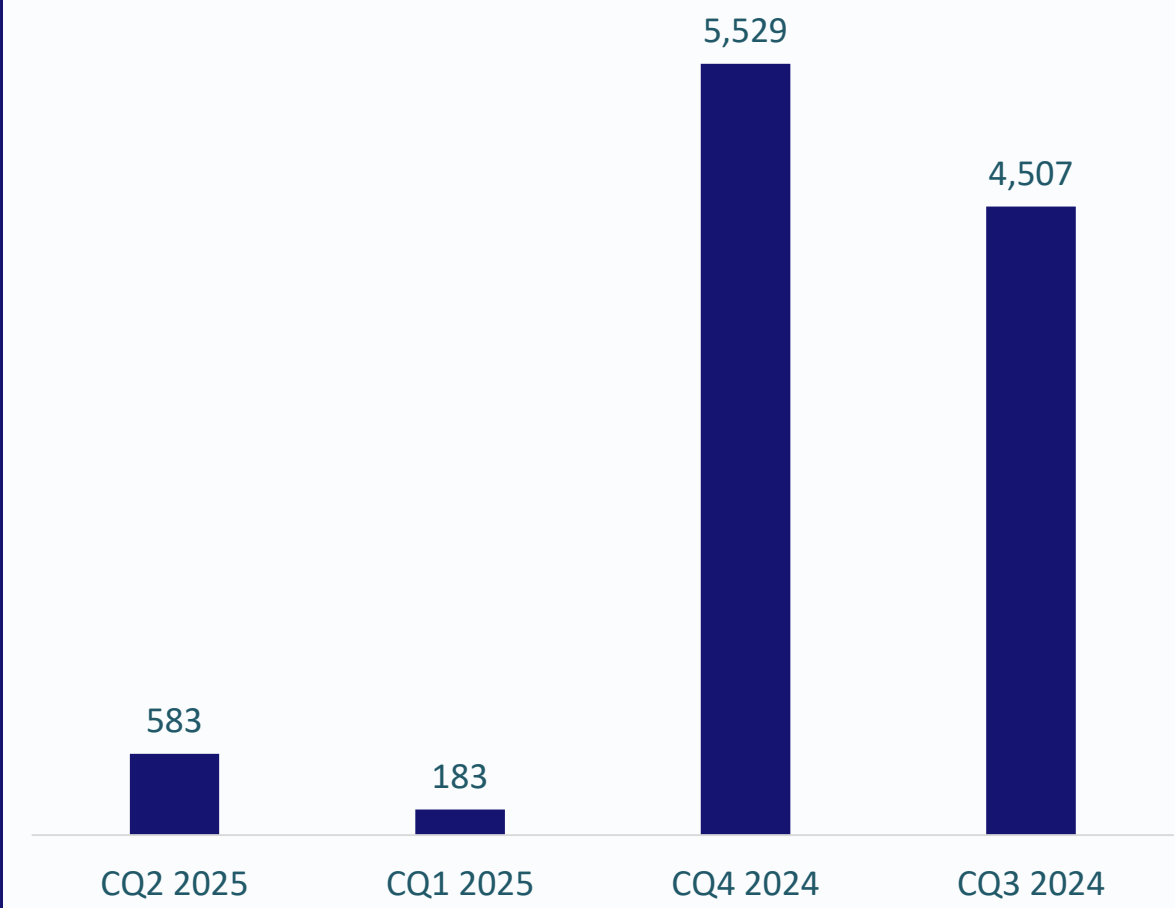
Net loans (million)



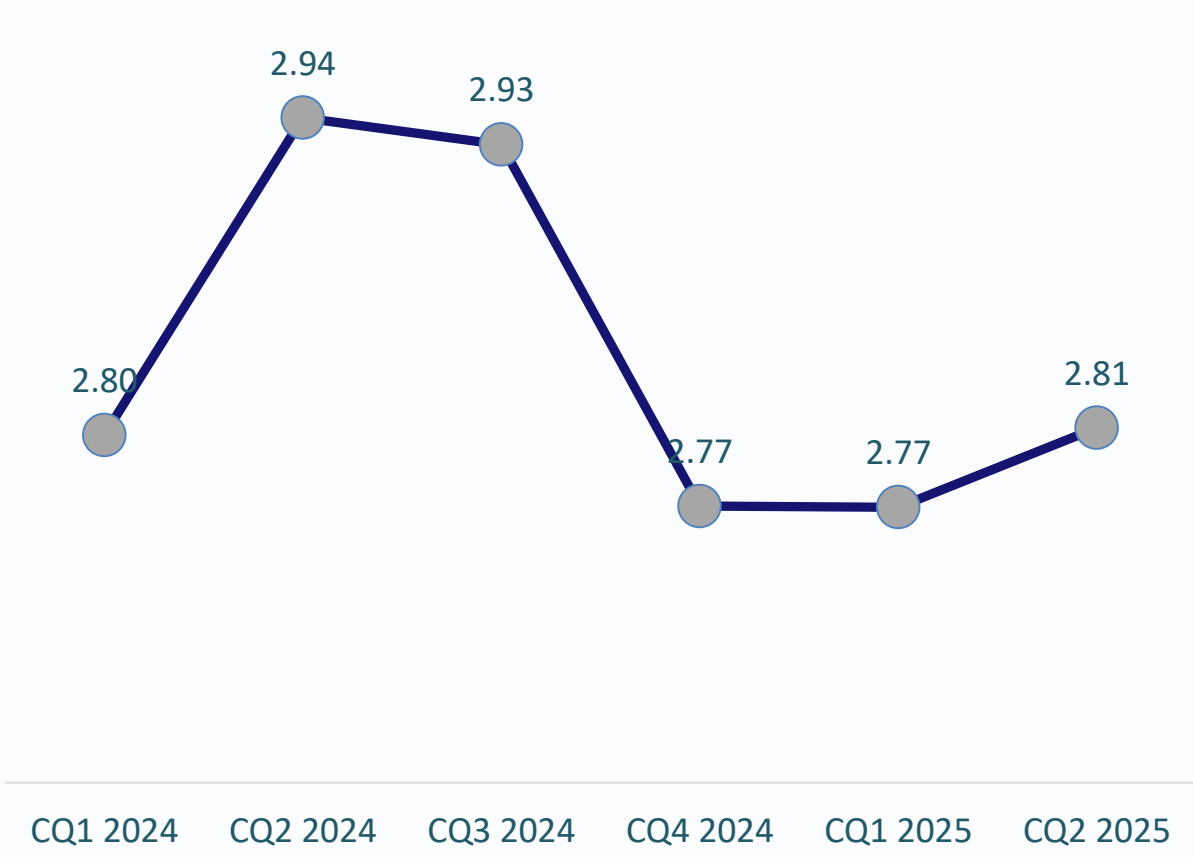
NPL’s (million)



Actual loan losses (million)



NPL’s ratio %



Valuation

We recommend holding

We use a residual income model and comparable valuation.

Our analysis indicates the fair value of the stock ranges between
QAR 21.80 and 22.30

Residual Income Model Assumptions:

- Growth rate: We expect the bank to grow in earnings between 3% and 5%.
- Cost of equity ranging between 8.5% and 9.5%.
- Terminal Value: The growth rate in perpetuity is 3.0%.
- Return on equity between 16.5% and 17.5%.

Key Risks to Consider

- Although our valuation suggests considerable upside potential, investors need to be aware of various risk factors that may influence QNB's performance:
- Possible pressure on net interest margins if the US Federal Reserve carries out anticipated rate cuts
- Risks associated with currency valuation, especially concerning the Egyptian pound and Turkish lira
- A minor upward trend in the NPL ratio, which requires close observation
- Geopolitical risks in the Middle East that could impact business growth

Disclaimer

Qatar Securities Company has prepared this report to provide an unbiased analysis of the business's performance. It's important to note that the assessment is based on assumptions that may vary in interpretation and may not be entirely accurate. This document focuses on evaluating the company's financial status, not as a solicitation to buy or sell. There may be a conflict of interest since this stock is part of investment portfolios managed by Qatar Securities Company.

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