

Target Price : QAR 22.05

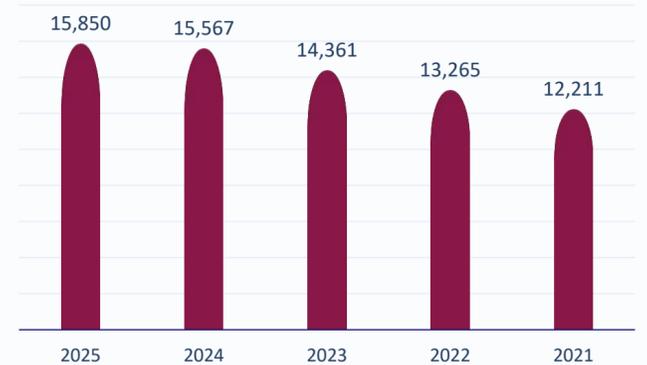
Qatar National Bank

Current Price: QAR 19.95

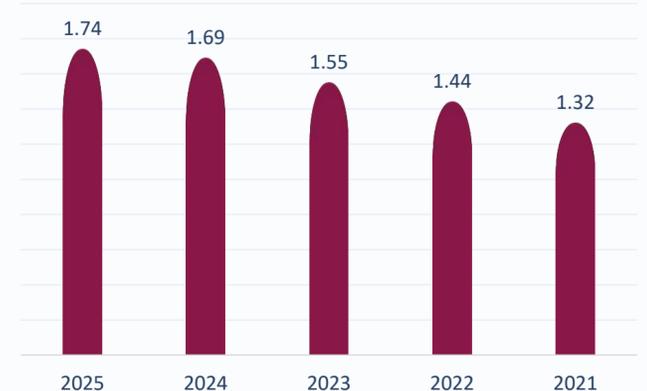
Executive Summary

- QNB reported profits of approximately QAR 15.85 billion for the year 2025. This represents a slight increase from QAR 15.57 billion in 2024, marking a growth of about 1.8%. These figures were calculated after considering the interest owed on the additional capital tranche.
- In the fourth quarter, net profits increased by approximately 4.4% compared to the same quarter in 2024, reaching QAR 3.88 billion, up from QAR 3.72 billion. It is important to highlight that the final quarter of the year typically represents the least profitable period for banks, as a significant portion of provisions is set aside during this time.
- The bank's loans to the government sector account for approximately 34%, excluding investments in government securities, demonstrating its willingness to engage with higher-risk assets for potential returns.
- QNB could encounter challenges in sustaining the typical annual growth rates of its loan portfolio, which have been around 9% over the past five years, due to the nearing completion of infrastructure projects and a reduction in government borrowing demand. Nevertheless, the monetary easing policies implemented in Egypt and Turkey may help mitigate this local downturn.
- Net interest income experienced a notable improvement, increasing by 9% year-over-year. The top line remained stable, as loan portfolio growth offset lower interest rates, reduced deposit costs, and other funding sources, enabling the bank to achieve this net interest income growth.
- Net loans have exceeded the trillion-riyal mark for the first time in the bank's history, demonstrating a year-over-year growth of approximately 11.8%. It is important to note that the total amount of government loans increased by about 9%. QNB's exposure to the real estate and construction sector is approximately 8.5%, which is one of the lowest in the Qatari banking sector.
- At the close of 2025, non-performing loans showed improvement, decreasing to 2.60% from 2.77% at the end of 2024. This positive change was driven by a net loan growth of around 12% and the reclassification of certain non-performing loans.
- Maintaining asset quality and coverage ratios continues to affect profitability. The bank has allocated approximately QAR 9.34 billion in provisions for the impairment of non-performing loans in 2025, an increase from QAR 8.34 billion at the end of 2023. The coverage ratios for these loans are above 100%. Cost at risk around 77bp, amid rising provisions at QNB Finansbank (Turkey).
- The bank recently obtained digital banking licenses in Saudi Arabia and Egypt, in partnership with another party. QNB also plans to expand its operations in Africa through its investment in Ned Banks
- QNB is moving forward with its share buyback program, which totaled around 8.28 million shares by the conclusion of 2025, leading to enhanced earnings per share.
- Buying treasury shares significantly improves earnings per share and return on equity.

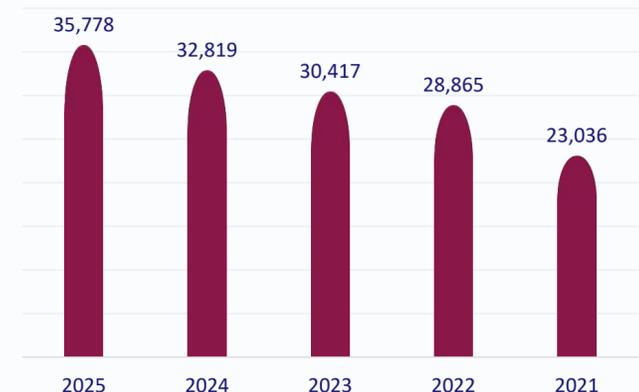
Net Income (QAR M)



EPS (QAR)



Net Interest Income(QAR M)



*ROE



*Without the impact of share buybacks

Stock Info	
Weight in QSE index	15.00%
Current Market Price	19.95
Shares Outstanding (Mn)	9,236
Market Cap (Mn)	184,258
52-Wk High (10 Aug 25)	20.49
52 Wk Low (6 Apr 25)	14.82
Average Trading Price YTD	17.89

Per Share Data	
EPS Trailing 12M	1.740
EPS Annualized	1.740
EPS expected	1.740
Book Value Per Share	10.92
Dividends Per Share	0.725

Valuation Ratios	
P/E using TTM EPS	11.47
P/E using Ann EPS	11.47
P/E using expected EPS	11.47
Average PE in a year	10.28
P/BV	1.83
Dividends Yield	3.63%

Key Financials (m)	2025	2024
Net interest income (Mn)	35,778	32,819
Net Profit (Mn)	15,850	15,567
Total equity (Mn)	124,716	113,785
Total Assets (Mn)	1,391,346	1,297,917
Total Loans (Mn)	1,055,707	944,422
Customer Deposits (Mn)	955,412	887,010

Liquidity	2025	2024	2023
Total Loans/Total Deposits %	110.5	106.5	103.5
Deposits/ Assets %	68.7	68.3	69.6
Total Loans/Total Assets %	75.9	72.8	72.1
Earning Assets	1,313,077	1,215,718	1,146,418

Operational ratios	2025	2024	2023
CASA	21.8	20.2	20.7
Cost - Income	23.3	22.4	20.1
cost of risk	77bp	90bp	100bp

Financials Ratios	2025	2024
ROE	16.2%	17.1%
ROA	1.3%	1.3%
T. Loans/T. Deposits	104.1	105.5
T. Loans/T. Assets	67.1%	69.2%
Tier 1 ratio	24.1%	22.5%

Stock Performance	QNB	Index
YTD Return	7.2%	4.3%
1 Month Return	5.6%	3.2%
6 Month Return	14.8%	4.0%
1 Year	21.6%	7.9%

Share Holdings Pattern	
Qatar Investment Authority	51.74%
Vanguard	2.10%
Blackrock	1.45%

Geographic ownership	
Qatar	86.60%
USA	6.99%
Norway	1.93%

Ownership Type	
Sovereign Wealth Fund	53.10%
Investment Advisor	18.25%
Others	30.5%

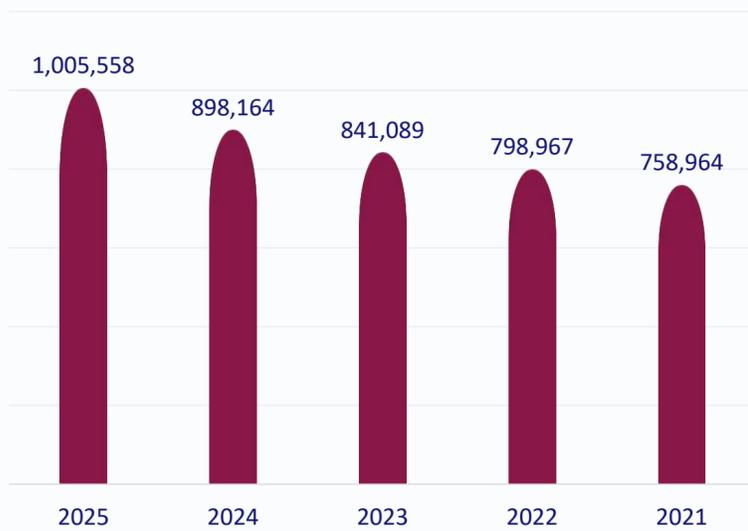
Net Interest Income by Sector	2025	2024	2023
Corporate Banking	15.02	15.98	16.92
Consumer Banking	1.17	1.03	0.87
Asset and Wealth Management	0.872	0.845	0.754
Unallocated and Intra-Group Transactions	0.452	0.398	0.245
International Banking	18.27	14.56	11.63

Ex-Div date	DPS	Note
TBD	0.375	Semi year
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

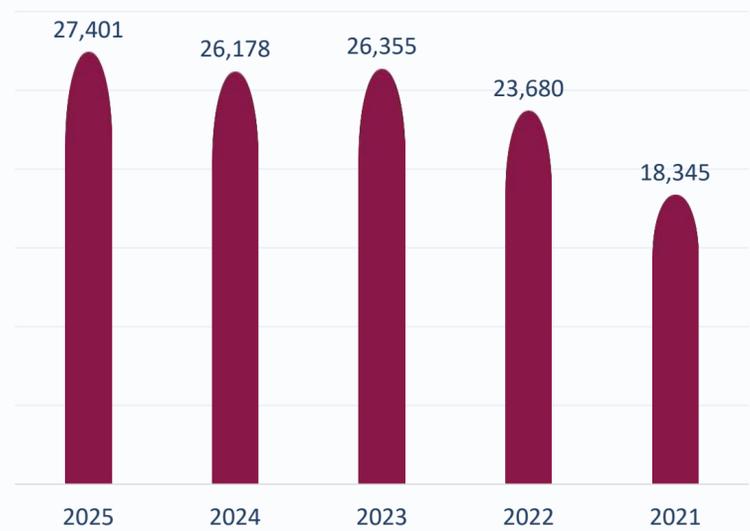
Asset Quality

- By the end of 2025, the total non-performing loans reached around QAR 31.0 billion, an increase from QAR 27.8 billion in 2024. The NPL ratio experienced a minor down to 2.60% from 2.77% in the preceding year.
- In 2025, the bank recovered and reclassified around QAR 6.47 billion in non-performing loans, an increase from QAR 3.48 billion in 2024, which had a favorable effect on the results.
- Persistently low oil prices and growing regional instability in Egypt and Turkey are likely to put pressure on QNB's asset quality. It is anticipated that the cost of risk will decrease to 77 basis points this year, down from a peak of 100 basis points in 2023. With 50% of the loan portfolio allocated to trade and services, a significant economic slowdown poses a threat. However, the bank's exposure to government assets, which stands at 36%, along with a low ratio of risk-weighted assets, provides a strong buffer.

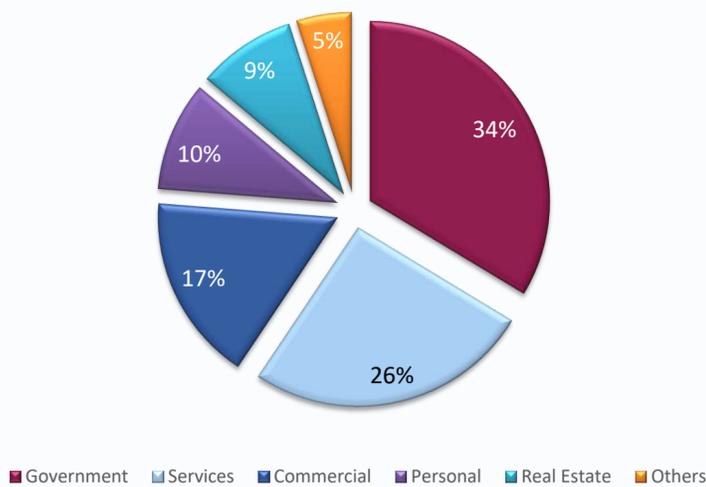
Net loans (million)



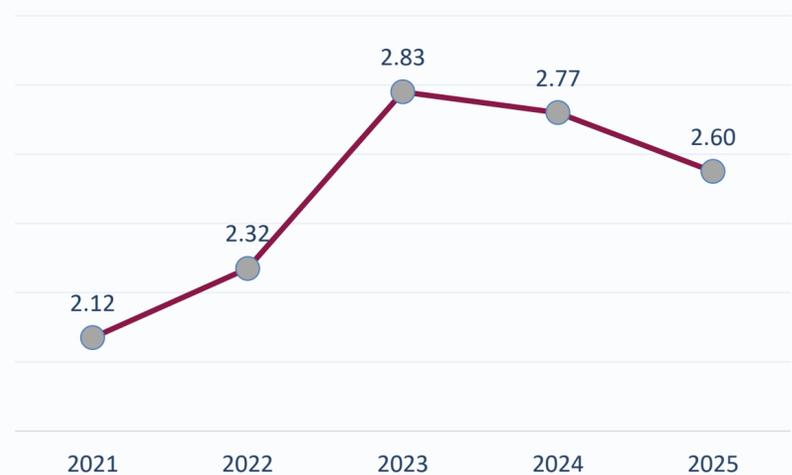
NPL's (million)



Loans by Sector



NPL's ratio %



Valuation

We recommend Hold

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** (no change in our fair value valuation between Sep 2025 results and 2025 results, despite our expectation that ROE may exceed 18% due to buy-back shares)

Residual Income Model Assumptions:

- Growth rate: We expect the bank to grow in earnings between 3% and 5%.
- Cost of equity ranging between 8.0% and 9.0%.
- Terminal Value: The growth rate in perpetuity is 3.0%.
- Return on equity between 15.5% and 16.5%.

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
- Concentration : a large portion of operations and income ties to government entities.
- 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.

Prepared by Ramzi Qasmieh.

Financial Advisor.

+974 44255272.

ramzi.qasmieh@qsc.qa.