

October 31, 2025

Qatar National Bank (Q.P.S.C), India Branch: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Issuer Rating	-	-	[ICRA]AAA (Stable); reaffirmed
Total	-	-	

*Instrument details are provided in Annexure I

Rationale

The rating for Qatar National Bank (Q.P.S.C), India Branch draws comfort from the strength of Qatar National Bank (Q.P.S.C) (QNB; rated Aa3¹ (Stable) for the long-term deposits by Moody's and baseline credit assessment (BCA) of Baa1). QNB is the largest bank in Qatar and one of the largest banks in the Middle East and Africa (MEA) in terms of assets, which stood at \$371.9 billion (Rs. 31.88 lakh crore) as on June 30, 2025. It has an international network in more than 28 countries across three continents, providing a range of products and services to its customers. ICRA draws comfort from the strong financial and operational linkages of the Indian branch with the head office (HO) in Qatar, which is reflected in liquidity and equity support from QNB to the India branch and HO's involvement in credit sanctions, risk management and liquidity policies.

QNB commenced operations in India in FY2018. The overall operations of Indian branches remain limited to a single branch² and the scale remains small, despite the book witnessing robust growth in the last year, supported by recent capital infusion of Rs. 165.9 crore by HO in Q4 FY2024. Given the limited scale of the branch, the profitability levels remain suboptimal, while advances and deposit profiles remain concentrated. Nevertheless, the overall branch's capitalisation profile is comfortable, but on a relatively smaller book. The Indian branch primarily lends on a short-term basis to match the short tenure of its wholesale deposits, supporting its liquidity profile. In addition, it maintains excess holding of Government securities (G-Secs) and can avail liquidity support of up to 100% of the Tier I capital from the HO in case of urgent liquidity requirement.

QNB, as a whole, reported robust profitability, supported by its strong position in key markets, mainly Qatar, as well as some countries in the MEA. Moreover, the overall capitalisation profile and asset quality remain comfortable. QNB is classified as a systemically important bank (SIB) by the Qatar Central Bank. Going forward, ICRA will continue to closely monitor QNB's profile as this will remain a key driver of the credit profile of the Indian branch.

The Stable outlook reflects ICRA's expectation of the overall bank maintaining a steady credit profile and the India branch continuing to have strong financial and operational linkages with the HO.

Key rating drivers and their description

Credit strengths

High operational and financial linkage with HO – ICRA derives comfort from the high operational and financial linkages of QNB's Indian branch with the HO. The liquidity management and market risk management policies of the Indian branch are in line with those followed by the HO. Moreover, the HO extends assistance to its Indian branch by way of liquidity support, as well as by approving and carrying out due diligence at its level. QNB is classified as an SIB in Qatar, as it is the largest bank in the country and one of the largest banks in the MEA region in terms of assets, advances, and deposits. Its total assets stood at \$371.9 billion (~Rs. 31.88 lakh crore) as on June 30, 2025 (\$346.3 billion as on June 30, 2024).

¹ In the Moody's rationale dated September 10, 2024, long-term counterparty risk rating (CRR) assigned is Aa2 (CRR reaffirmed at Aa2 in Moody's rationale dated August 12, 2025)

² Recently, the bank has opened a branch in the GIFT city, the operations of which would remain separate from the India branch

Comfortable capitalisation – Given the limited presence of the branch in India, with commercial operations commencing only in FY2018, the overall scale of operations remains small, leading to a relatively comfortable capitalisation profile. With a core capital of Rs. 480 crore, the Indian branch reported a common equity tier I (CET-I) to risk-weighted assets ratio of 37.3% as on March 31, 2025 (41.7% as on March 31, 2024). The HO remains committed to supporting the growth of the Indian branch, which is also demonstrated by the infusion of Rs. 165.9 crore in Q4 FY2024. Going forward, stronger growth could potentially moderate the capital ratios from the current level, as the branch's internal capital generation is likely to remain muted. Nevertheless, its capitalisation profile is expected to remain comfortable in the near to medium term, and support from the HO will be extended if required.

QNB, as a whole, reported a comfortable capitalisation profile, with the CET-I, Tier I and CRAR at 14.8%, 18.1% and 19.2%, respectively, as on June 30, 2025, against the regulatory requirements of 12%, 14% and 17%, respectively, including the additional SIB charge of 3.5%.

Asset quality likely to remain satisfactory – The Indian branch reported one account as a non-performing advance (NPA) since the commencement of operations in India, amounting to Rs. 52 crore in FY2021. However, the same was technically written off in FY2024. There were no slippages in FY2025. As a result, the gross NPA (GNPA%) and net NPA (NNPA%) were nil as on March 31, 2025. Moreover, the standard restructured book and overdue loans continued to be nil as on March 31, 2025, which remains a source of comfort. Further, ICRA expects the branch's overall asset quality to remain satisfactory, as the borrower profile largely comprises highly rated corporate exposures.

Globally, QNB reported a non-performing loan (NPL) ratio (NPLs as a proportion of gross loans) of 2.9% as of June 2025 and a loan loss coverage ratio of 100%.

Credit challenges

High concentration of deposits and advances in Indian branch – The Indian branch largely depends on wholesale deposits, as the bank currently does not have retail operations in India. This has resulted in high deposit concentration levels, with the top two depositors and top four depositors accounting for 57% and 88% of total deposits, respectively, as on March 31, 2025. Moreover, the share of low-cost current and savings account (CASA) deposits remained negligible at 1.4% of total deposits as on March 31, 2025. Given the deposit concentration levels and the short duration, the branch deals in short-tenor advances to prevent any gaps in asset-liability maturities. ICRA, however, notes that a sizeable portion of deposits is non-callable before maturity (~52% as on March 31, 2025). This, along with access to the interbank market, excess holdings of G-Secs, and support from the HO, mitigates the liquidity risk to some extent.

Similar to the liabilities, the loan book concentration remains high, with the share of the top 20 advances at 63% of total advances and 296% of the total Tier I capital of the branch as on March 31, 2025. While the concentrated nature of advances poses a risk to the asset quality, profitability, and capitalisation metrics in case even a single exposure slips, the borrower profile, mainly comprising highly rated corporates, mitigates this risk significantly.

Globally, QNB's liability profile remains strong with deposits accounting for ~69% of the total liabilities as on June 30, 2025.

Despite improving, scale and profitability of Indian branch remain suboptimal – The branch's overall scale of operations remains small. As a result, the operating leverage remains low, leading to weak operating and net profitability. The operating profit before provisions stood at Rs. 18.51 crore in FY2025 (Rs. 14.70 crore in FY2024), translating into core operating profitability of 0.95% of average total assets (ATA) in FY2025 (1.05% in FY2024). The return on ATA (RoA) stood at 0.66% for FY2025 as compared to -0.54% for FY2024. The RoA was lower in FY2024 due to higher tax expenses on account of the reversal of Deferred Tax Assets following the write-off of an NPA account. Going forward, the overall profitability and internal capital generation are expected to remain modest and will improve gradually as operations scale up, which will continue to depend on the branch's ability to grow the deposit base in a sustained manner.

Globally, QNB reported a healthy RoA and return on equity (RoE) of 1.3% and 15.1%, respectively, for CY2024 (1.3% and 14.1%, respectively, in CY2023). Furthermore, the QNB Group reported a net profit of \$2.31 billion in H1 CY2025 (\$2.24 billion in H1 CY2024).

Liquidity position: Adequate

The overall liquidity position of the Indian branch remains adequate, with positive gaps across all the maturity buckets of up to one year, as per the structural liquidity statement (SLS) as on June 30, 2025. The liquidity coverage ratio stood at 326.06% as on March 31, 2025, which was well above the regulatory requirement of 100%. The excess SLR stood at 37% as on July 25, 2025. However, given the high deposit concentration, the overall liquidity may remain contingent on the ability to roll over these deposits. Nevertheless, the Indian operations can avail liquidity support of up to 100% of the Tier I capital from the HO in case of urgent liquidity requirements and can also borrow from the interbank market.

Rating sensitivities

Positive factors – NA

Negative factors – A material deterioration in QNB's credit profile will lead to a downgrade in the credit rating of its Indian branch.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA Rating Methodology for Banks and Financial Institutions
Parent/Group support	ICRA expects the Indian branch to be supported by the HO – Qatar National Bank (Q.P.S.C), which will extend financial support to the Indian branch, if needed
Consolidation/Standalone	Standalone of Indian Branch

About the company

QNB was established in 1964. It is the largest bank in Qatar and one of the largest financial institutions in the Middle East and Africa (MEA) region in terms of assets, advances, and deposits. The Qatari government is the largest shareholder with a ~50% stake through its investment arm – Qatar Investment Authority. The bank operates in more than 28 countries across three continents.

Given its dominant share, QNB is classified as SIB, which attracts a higher capital requirement; its ratios are comfortably above the minimum required levels. Globally, QNB provides wholesale and commercial banking and retail banking, including a wide range of financial services like wealth management, structured finance, transaction banking, etc. It offers a comprehensive range of advances, products and services to its customers through its subsidiaries and associates.

QNB was granted a banking licence in India in October 2016 and commenced operations in June 2017 through its Mumbai branch. The Indian branch offers a wide range of services, including wholesale commercial banking and trade finance.

Key financial indicators

(QNB – India Branch)	FY2024	FY2025
Total operating income [^]	54.90	63.55
Profit after tax	-7.58	12.83
Total assets	1,637	2,276
Return on average total assets	-0.54%	0.66%
CET-I	41.70%	37.31%
CRAR	42.06%	37.78%
Gross NPA	0.00%	0.00%
Net NPA	0.00%	0.00%

Source: QNB & ICRA Research; Amount in Rs. crore

All ratios as per ICRA's calculations

[^] Includes net interest income and non-interest income

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2026)			Chronology of Rating History for the Past 3 Years		
	Type	Amount Rated	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
		(Rs. crore)	Oct 31, 2025	Oct 04, 2024	Sep 18, 2023	Sep 19, 2022
Issuer Rating	Long term	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)

Source: ICRA Research

Complexity level of the rated instrument

Instrument	Complexity Indicator
Issuer Rating	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Issuer Rating	-	-	-	-	[ICRA]AAA (Stable)

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Sachin Sachdeva
+91 124 4545 307
sachin.sachdeva@icraindia.com

Varun Dhapade
+91 22 6114 3463
varun.dhapade@icraindia.com

Anil Gupta
+91 124 4545 314
anilg@icraindia.com

Nikita Garg
+91 22 6114 3465
nikita.garg@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

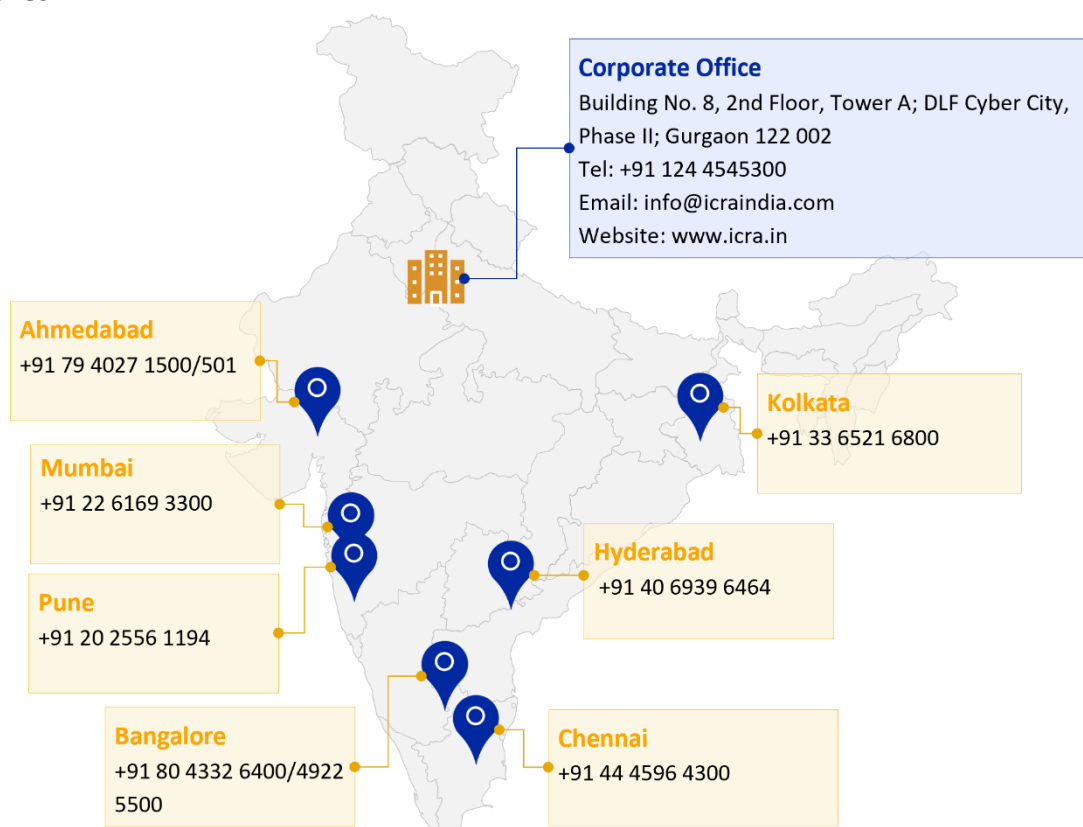


Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.