



# Investor Relations Presentation

March 2017

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*Notes:*

*All figures in US Dollars have been converted from Qatari Riyals based on the exchange rate of 1 US Dollar = 3.6405 Qatari Riyals*

*In certain cases, numbers may be rounded for presentation purposes*

# QNB at a Glance



# QNB at a Glance: Overview

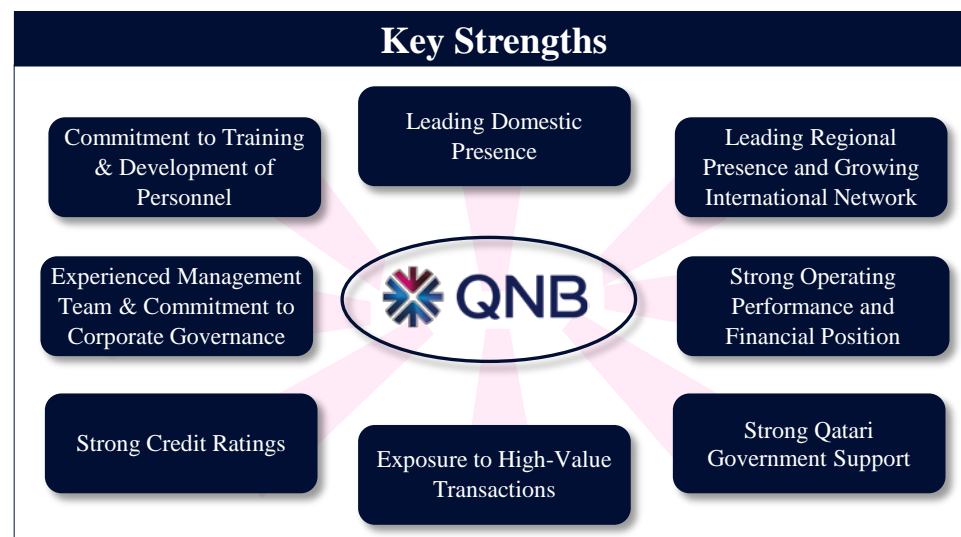
|                 |  |
|-----------------|--|
| <b>Overview</b> | <ul style="list-style-type: none"> <li>Established in 1964 as the first Qatari owned bank</li> <li>Owned (50%) by the Government of Qatar via the Qatar Investment Authority (QIA)</li> <li>Largest bank in Qatar by market cap., assets, loans, deposits and profit</li> <li>Largest bank in MEA by total assets, loans, deposits and profit</li> </ul> |
|-----------------|--|

|                      |  |                |                |              |                             |
|----------------------|--|----------------|----------------|--------------|-----------------------------|
| <b>Credit Rating</b> |  |                |                |              | <b>Capital Intelligence</b> |
|                      |  | <b>Moody's</b> | <b>S&amp;P</b> | <b>Fitch</b> |                             |
| <b>LT</b>            |  | Aa3            | A+             | AA-          | AA-                         |
| <b>ST</b>            |  | P-1            | A-1            | F1+          | A1+                         |

|                 |  |
|-----------------|--|
| <b>Presence</b> | <ul style="list-style-type: none"> <li>QNB Group, subsidiaries and associate companies operate in more than 30 countries around the world across 3 continents, through more than 1,250 locations, supported by more than 4,300 ATMs and employing more than 28,000 staff.<sup>1</sup></li> </ul> |
|-----------------|--|



|                               |   |
|-------------------------------|---|
| <b>Stock/Share Parameters</b> | <ul style="list-style-type: none"> <li>Listed on Qatar Exchange (QNBK)</li> <li>Market cap. of USD37.1bn</li> <li>Share price of USD40.13 per share</li> <li>Price to Book 2.0x (31-Dec-16)</li> <li>Price to Earnings 11.3x (31-Dec-16)</li> </ul> |
|-------------------------------|---|

| <b>Financials<sup>2</sup> (in USD billion)</b> |       |       |          |
|--|-------|-------|----------|
|  | 2017  | 2016  | 5yr CAGR |
| Total Assets                                   | 204.1 | 151.1 | 19%      |
| Loans & Advances                               | 147.2 | 110.4 | 22%      |
| Deposits                                       | 148.6 | 110.7 | 20%      |
| Operating Income <sup>3</sup>                  | 1.49  | 1.12  | 14%      |
| Profit <sup>4</sup>                            | 0.88  | 0.79  | 10%      |
| Coverage Ratio                                 | 114%  | 120%  | -        |
| NPL Ratio                                      | 1.8%  | 1.4%  | -        |
| Net Interest Margin                            | 2.73% | 2.78% | -        |









# QNB's International Footprint


## Sub-Saharan Africa

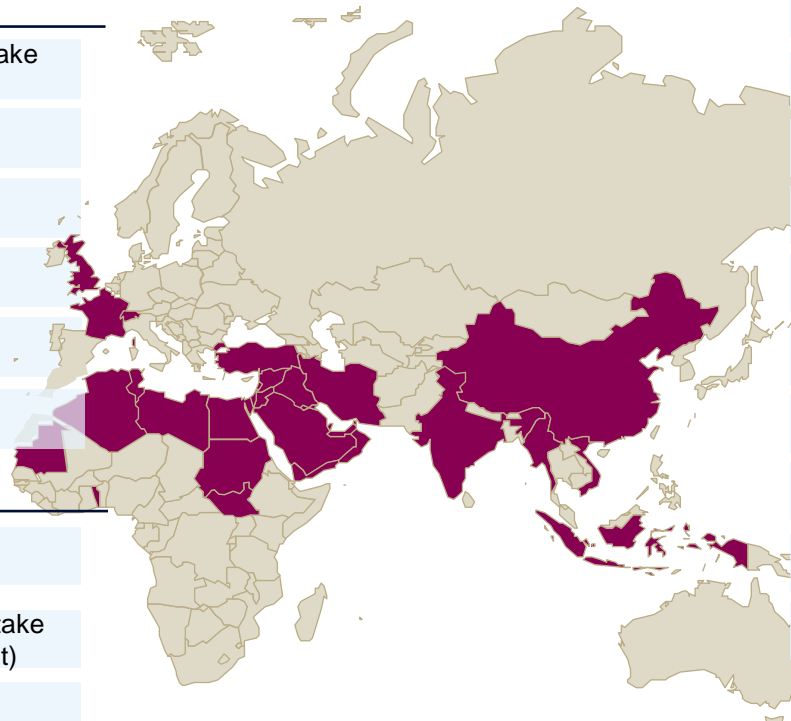
|  |   |
|--|---|
|  | <b>South Sudan:</b> (1 Branch)                                      |
|  | <b>Togo:</b> (1,268 Branches <sup>1</sup> , 20.0% stake in Ecobank) |

## Asia


















|  |  |
|--|--|
|  | <b>Indonesia:</b> (48 Branches, 82.59% stake In QNB Indonesia) |
|  | <b>Singapore:</b> (1 Branch)                                   |
|  | <b>India:</b> (1 Office, 100% stake)                           |
|  | <b>China:</b> (1 Representative office)                        |
|  | <b>Vietnam:</b> (1 Representative office)                      |
|  | <b>Myanmar:</b> (1 Representative office)                      |

## North Africa

|  |  |
|--|--|
|    | <b>Egypt:</b> (208 Branches, 97.1% stake in QNB ALAHLI)  |
|    | <b>Libya:</b> (36 <sup>2</sup> (+1 <sup>2</sup> ) Branches, 49.0% stake in Bank of Commerce & Development) |
|   | <b>Tunisia:</b> (34 Branches, 99.9% stake in QNB Tunisia)  |
|  | <b>Sudan:</b> (5 Branches)   |
|  | <b>Algeria:</b> (7 <sup>2</sup> Branches)  |
|  | <b>Mauritania:</b> (1 Branch)  |



## Middle East

|   |   |
|---|---|
| <b>Qatar:</b> (66 Branches)   |    |
| <b>KSA:</b> (1 Branch)  |    |
| <b>UAE:</b> (27 (+1 <sup>2</sup> ) Branches, 40.0% stake in CBI)  |    |
| <b>Syria:</b> (15 (+30 <sup>2</sup> ) Branches, 50.8% stake in QNB-Syria)                                     |    |
| <b>Palestine:</b> (15 <sup>2</sup> Branches)  |    |
| <b>Iraq:</b> (9 (+1 <sup>2</sup> ) Branches, 50.8% stake in Bank Mansour)                                     |    |
| <b>Oman:</b> (6 Branches)   |    |
| <b>Bahrain:</b> (1 <sup>2</sup> (+1 <sup>2</sup> ) Branch)  |    |
| <b>Kuwait:</b> (1 Branch)   |    |
| <b>Lebanon:</b> (1 Branch)  |    |
| <b>Yemen:</b> (1 Branch)  |    |
| <b>Iran:</b> (1 Representative office <sup>3</sup> )  |   |
| <b>Jordan:</b> (134 <sup>2</sup> (+3 <sup>2</sup> ) Branches, 34.5% stake in Housing Bank of Trade & Finance) |  |
| <b>Europe</b>   |   |
| <b>United Kingdom:</b> (1 (+1 <sup>2</sup> ) Branch)  |  |
| <b>France:</b> (1 Branch)   |  |
| <b>Switzerland:</b> (1 Office, 100% stake in QNB Suisse SA)   |  |
| <b>Turkey:</b> (603 Branches, 99.88% stake in Finansbank A.Ş.)  |  |



1: The branch data for Ecobank is as at 31 December 2015  
 2: Includes the branches / representative offices from subsidiaries and associates  
 3: Dormant

# Rating Excerpts

**STANDARD  
& POOR'S**  
RATINGS SERVICES

“A+”

*“QNB has an unrivalled leading market position in Qatar, which supports our assessment of its business position as strong. QNB's large size and government majority ownership are key advantages in financing large GRE projects. Our assessment also reflects the quality of management and the bank's well-defined strategy.”*

*“Our assessment of QNB's business position reflects the bank's ability to effectively manage its ambitious international expansion plans. To offset the limitations of the domestic market, QNB aims to capture the retail and corporate banking dynamics of under-banked emerging countries.”*

March 17<sup>th</sup>, 2017

**MOODY'S**

“Aa3”

*“The Rating reflects (1) consistently high profitability, supported by the bank's dominant market position and government relationships; (2) strong asset quality and sound capitalisation; (3) solid and diversified funding supported by growth in both its domestic private and international deposit base; and (4) increasing business diversification derived from non-domestic operations.”*

April 3<sup>rd</sup>, 2017

**FitchRatings** “AA-”

*“Profitability is stronger than that of most peers. Risk appetite is fairly conservative despite rapid growth and expansion into some higher-risk markets. We note however that QNB has a good track record of integrating and managing subsidiaries in weaker operating environments”*

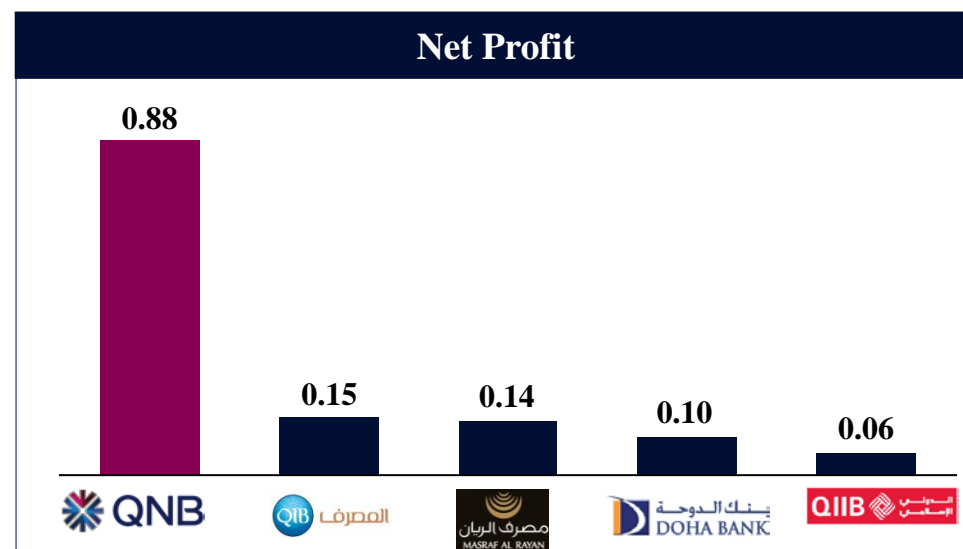
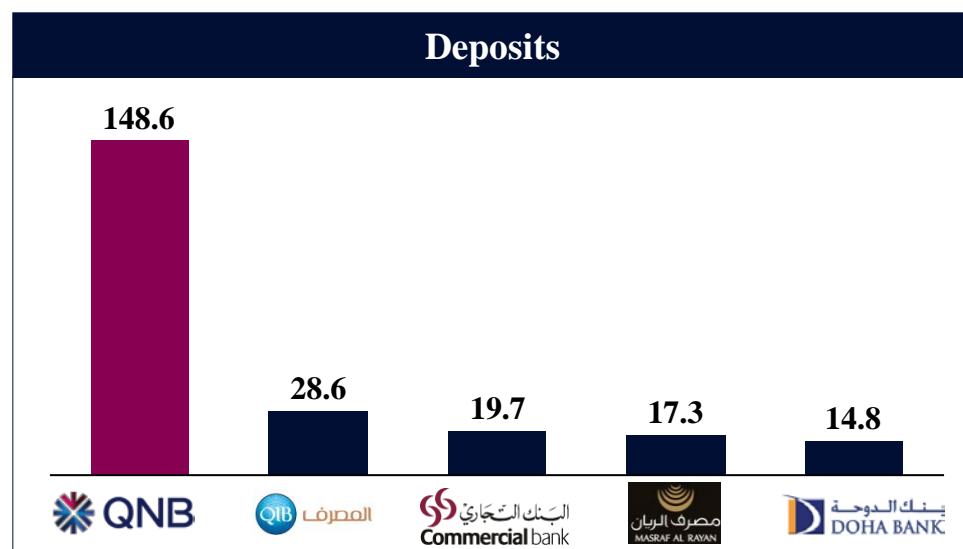
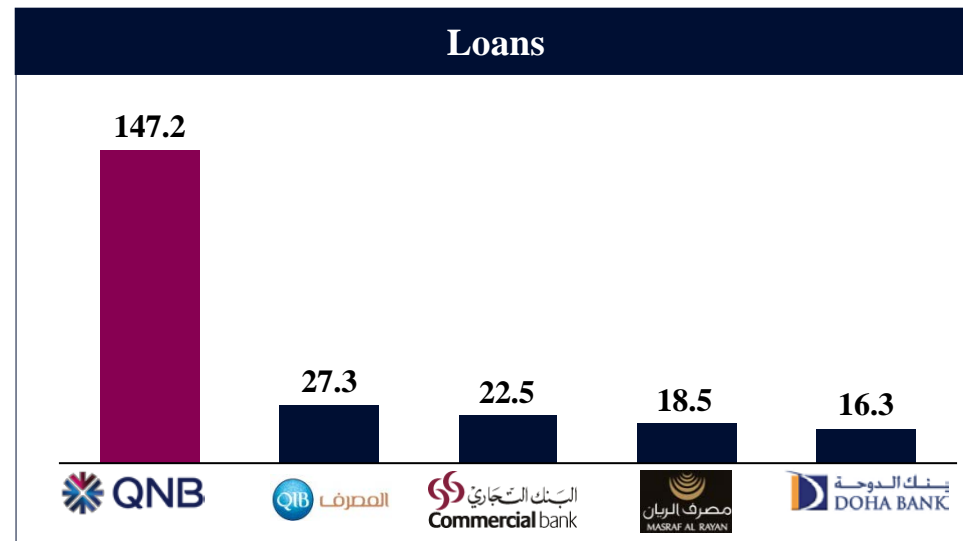
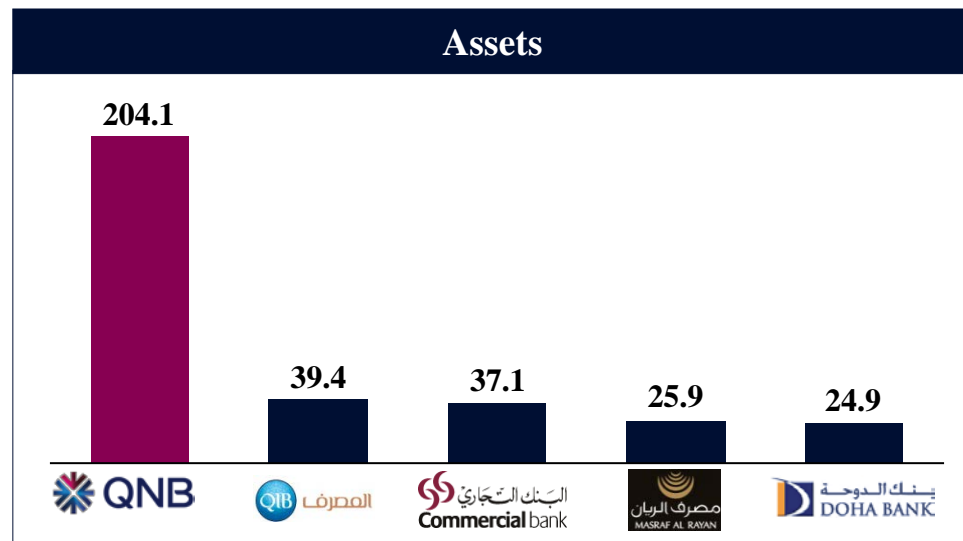
April 21<sup>st</sup>, 2016



## **QNB Comparative Positioning – Qatar and MEA**

# Top 5 Domestic Banks – March 2017

QNB continues to excel in the domestic market

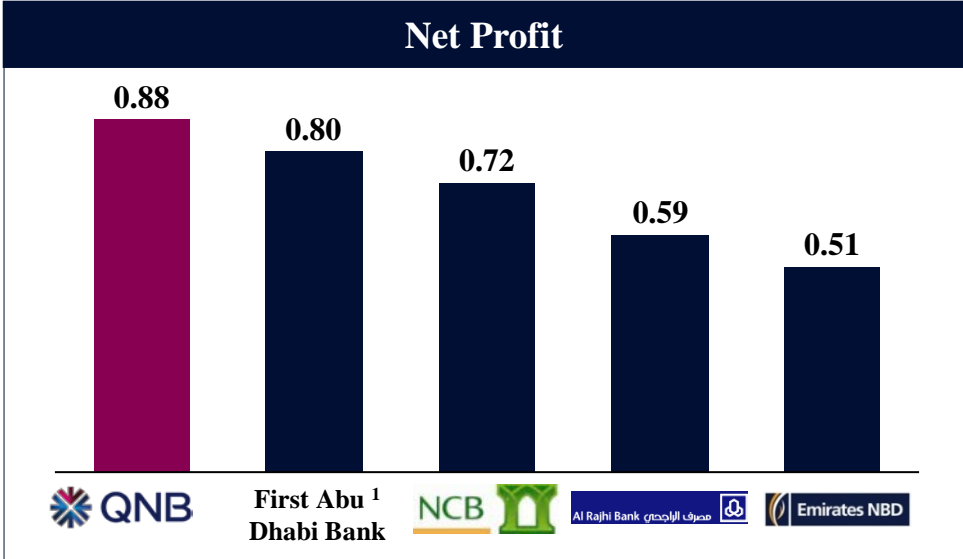
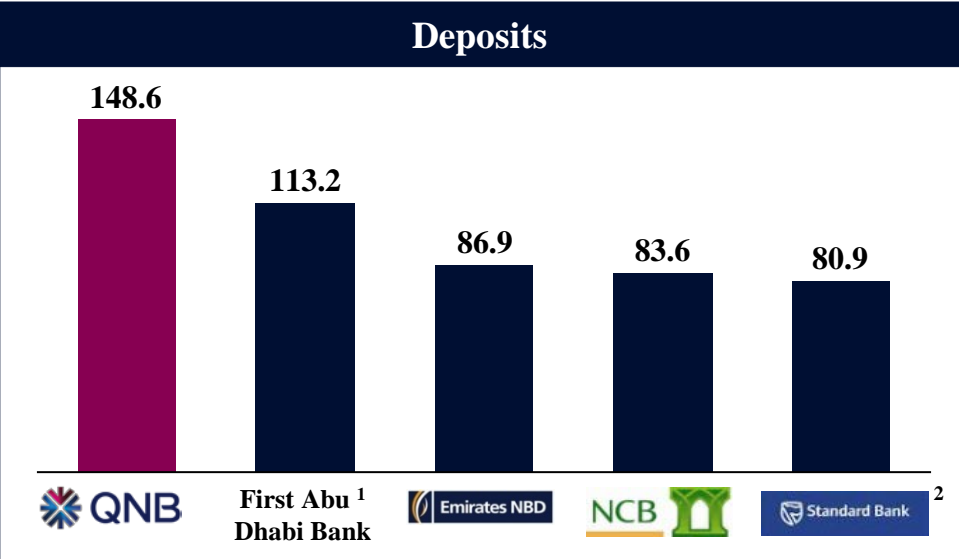
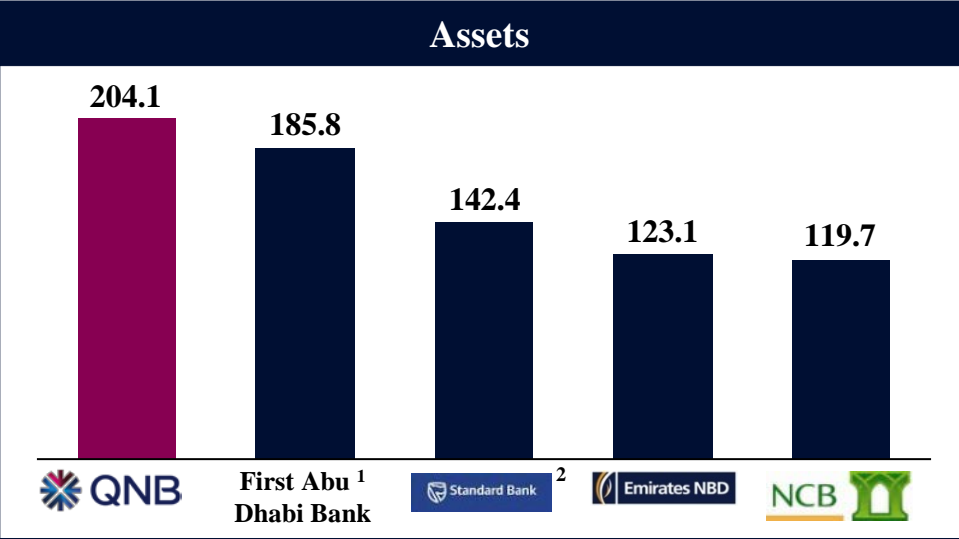


Note: All amounts are in USD billions  
Source: Companies' March 2017 Press Release or Financial Statements if available



# Top 5 MEA Banks – March 2017

QNB improved its position as the leading bank in the region



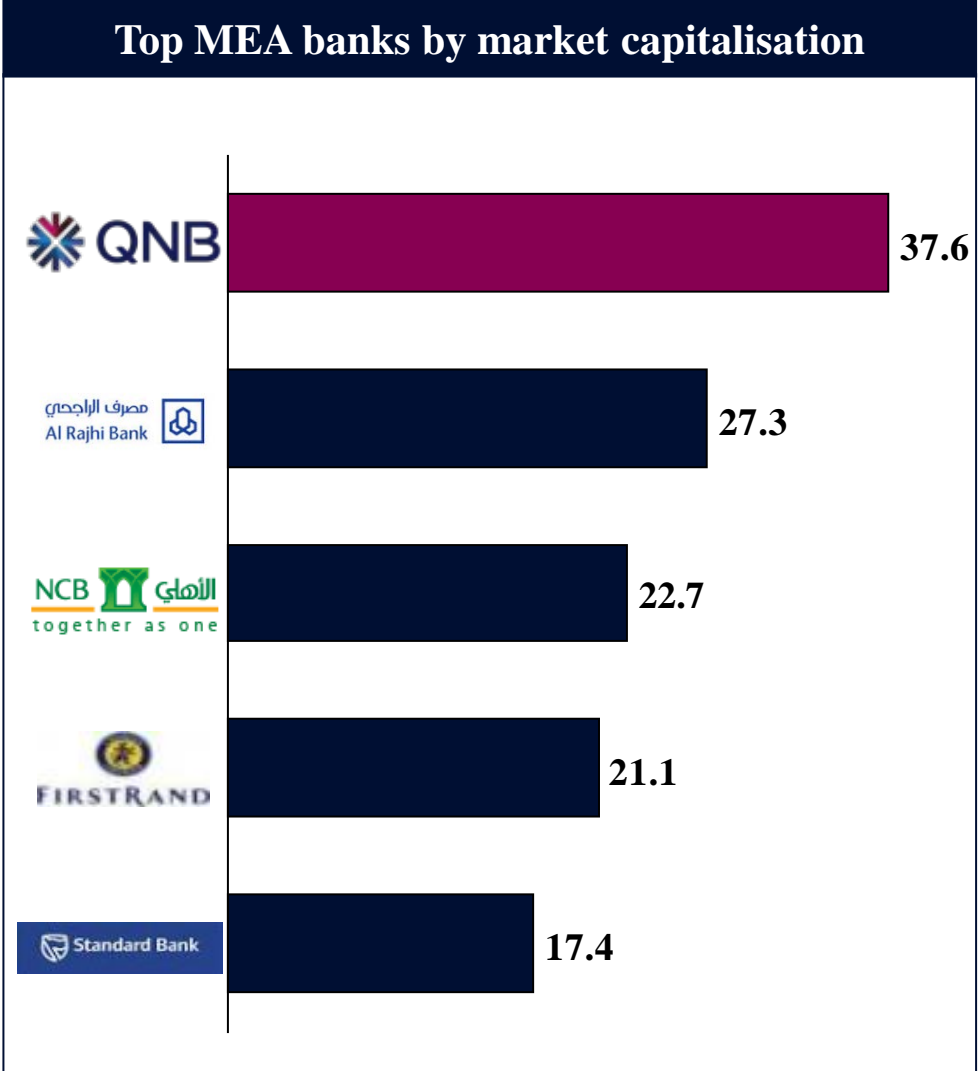
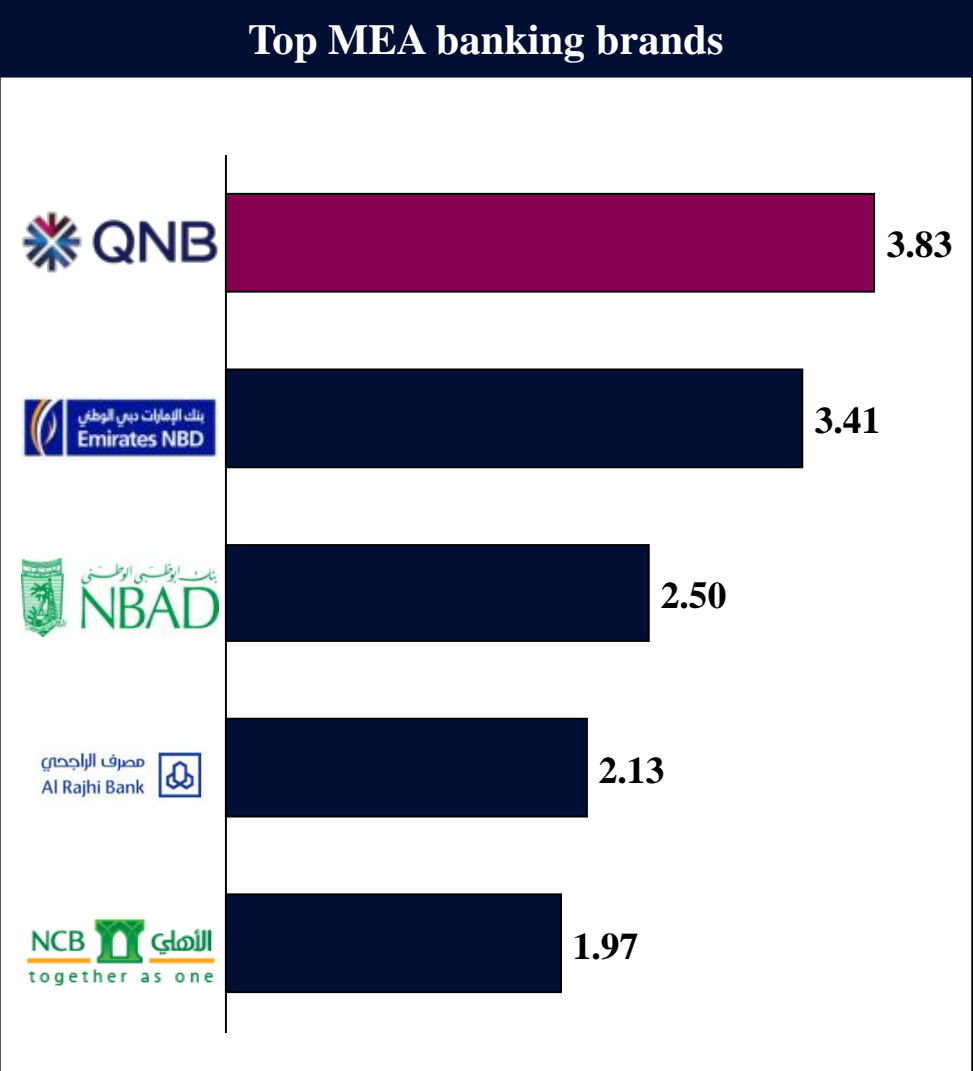
Note: All amounts are in USD billions  
 Source: Companies' March 2017 Press Release or Financial Statements if available.

1: This information is sourced from the Pro Forma Condensed Consolidated Financial Information for March 2017, published to illustrate the effects of the merger.

2: Standard Bank's results are based on December 2016 Financial Statements, as March 2017 results are not published.

# QNB is the leading financial institution in the MEA region with regards to brand value and market capitalisation

Brand value and market capitalisation (USD Bn as at 31-Dec-16)



Source: Brand Finance 2017, Bloomberg



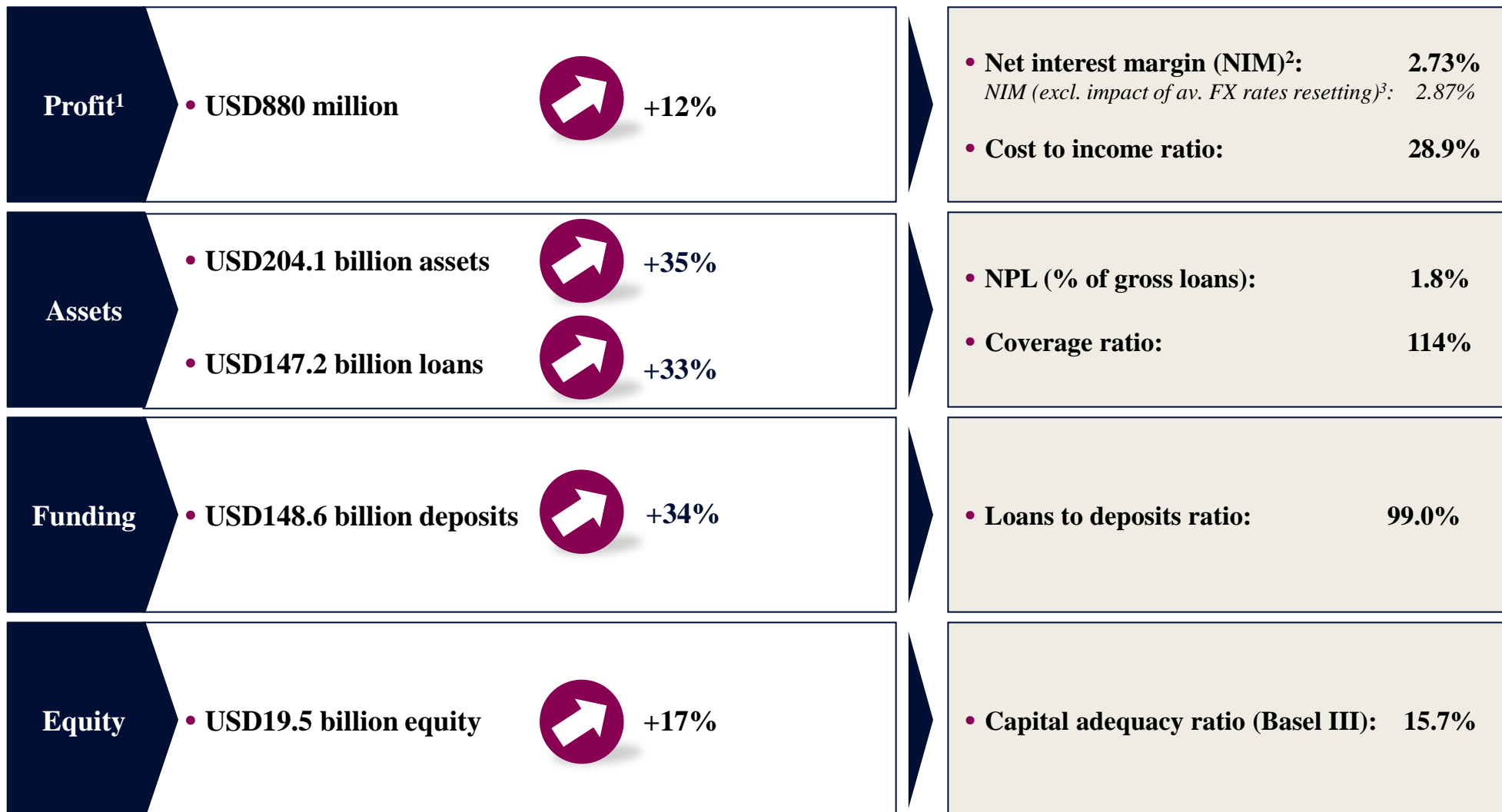
## **Financial Highlights – as at 31 March 2017**

# QNB continues to demonstrate sustainable profitable growth

Financial Highlights (as at 31 March 2017)



Growth vs. March 2016








# QNB ALAHLI

## Highlights (as at 31 March 2017)



Growth vs. March 2016






|                           |  |   |
|---------------------------|--|---|
| <b>Profit<sup>1</sup></b> | <ul style="list-style-type: none"> <li>• <b>USD62.9 million</b><br/>(EGP1,115 million)</li> </ul>  <ul style="list-style-type: none"> <li>• <b>-36%</b><br/>(+41%)</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Net interest margin (NIM)<sup>2</sup>:</b> <b>5.12%</b></li> <li>• <b>Cost to income ratio:</b> <b>27.9%</b></li> </ul> |
| <b>Assets</b>             | <ul style="list-style-type: none"> <li>• <b>USD10.9 billion assets</b><br/>(EGP 198.9 billion)</li> <li>• <b>USD5.3 billion loans</b><br/>(EGP97.6 billion)</li> </ul>  <ul style="list-style-type: none"> <li>• <b>-31%</b><br/>(+42%)</li> </ul>  <ul style="list-style-type: none"> <li>• <b>-26%</b><br/>(+52%)</li> </ul> | <ul style="list-style-type: none"> <li>• <b>NPL (% of gross loans):</b> <b>2.7%</b></li> <li>• <b>Coverage ratio:</b> <b>199%</b></li> </ul>                        |
| <b>Funding</b>            | <ul style="list-style-type: none"> <li>• <b>USD8.7 billion deposits</b><br/>(EGP158.1 billion)</li> </ul>  <ul style="list-style-type: none"> <li>• <b>-31%</b><br/>(+42%)</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Loans to deposits ratio:</b> <b>61.7%</b></li> </ul>  |
| <b>Equity</b>             | <ul style="list-style-type: none"> <li>• <b>USD1.0 billion equity</b><br/>(EGP17.6 billion)</li> </ul>  <ul style="list-style-type: none"> <li>• <b>-38%</b><br/>(+27%)</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Capital adequacy ratio (Basel II):</b> <b>14.6%</b></li> </ul>  |

# QNB FINANSBANK

## Highlights (as at 31 March 2017)



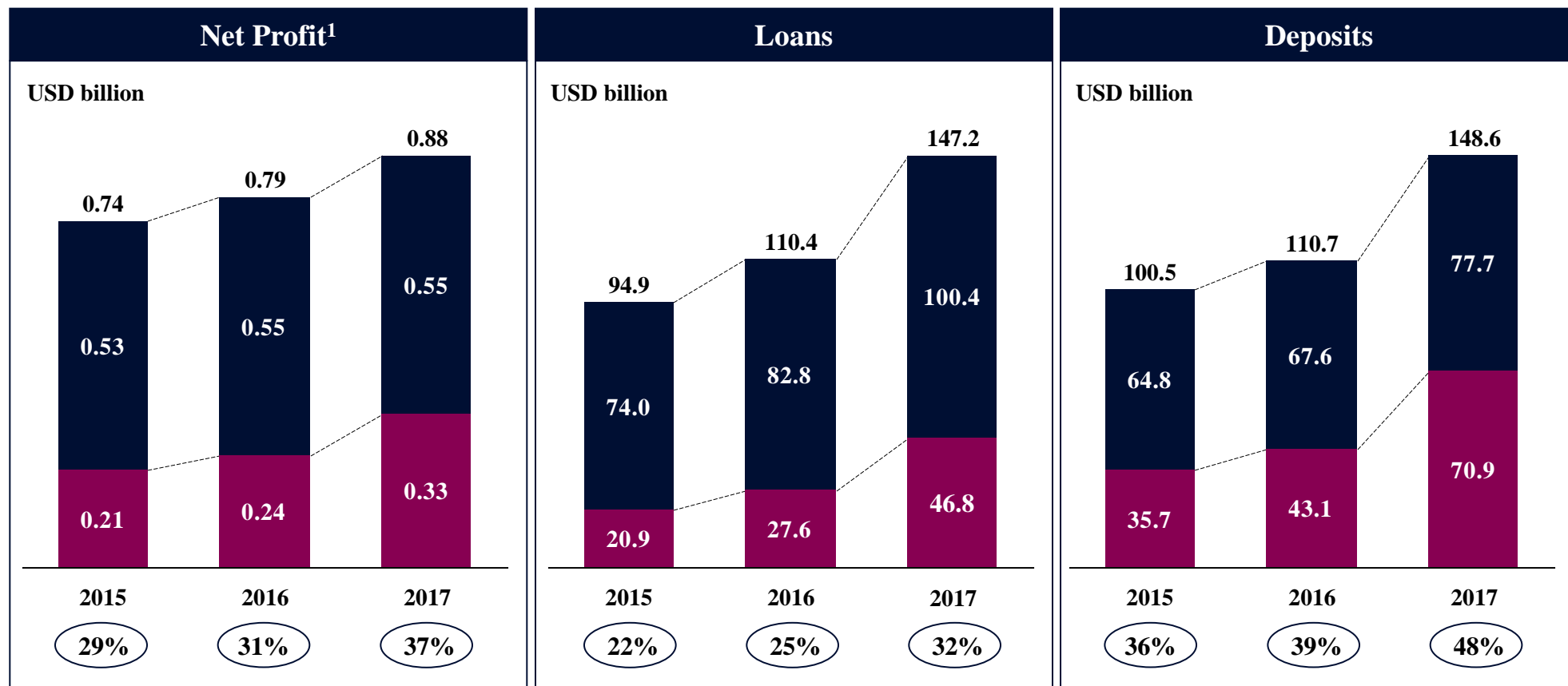
Growth vs. March 2016

|                           |  |   |
|---------------------------|--|---|
| <b>Profit<sup>1</sup></b> | <ul style="list-style-type: none"> <li>• <b>USD105.8 million</b><br/>(TRY390.9 million)  <b>+68%</b><br/>(+111%)</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Net interest margin (NIM)<sup>2</sup>:</b> <b>5.17%</b></li> <li>• <b>Cost to income ratio:</b> <b>46.3%</b></li> </ul> |
| <b>Assets</b>             | <ul style="list-style-type: none"> <li>• <b>USD31.2 billion assets</b><br/>(TRY113.7 billion)  <b>-2%</b><br/>(+27%)</li> <li>• <b>USD20.1 billion loans</b><br/>(TRY73.1 billion)  <b>-7%</b><br/>(+20%)</li> </ul> | <ul style="list-style-type: none"> <li>• <b>NPL (% of gross loans):</b> <b>5.5%</b></li> <li>• <b>Coverage ratio:</b> <b>122%</b></li> </ul>                        |
| <b>Funding</b>            | <ul style="list-style-type: none"> <li>• <b>USD16.2 billion deposits</b><br/>(TRY59.0 billion)  <b>-6%</b><br/>(+21%)</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Loans to deposits ratio:</b> <b>123.9%</b></li> </ul>   |
| <b>Equity</b>             | <ul style="list-style-type: none"> <li>• <b>USD3.3 billion equity</b><br/>(TRY12.2 billion)  <b>-13%</b><br/>(+12%)</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Capital adequacy ratio (Basel III):</b> <b>14.2%</b></li> </ul>   |

# Increasing geographical diversification positively contributes to growth

## Geographical Contribution (as at 31 March)

■ Domestic ■ International (%) Share of International as percentage of the total

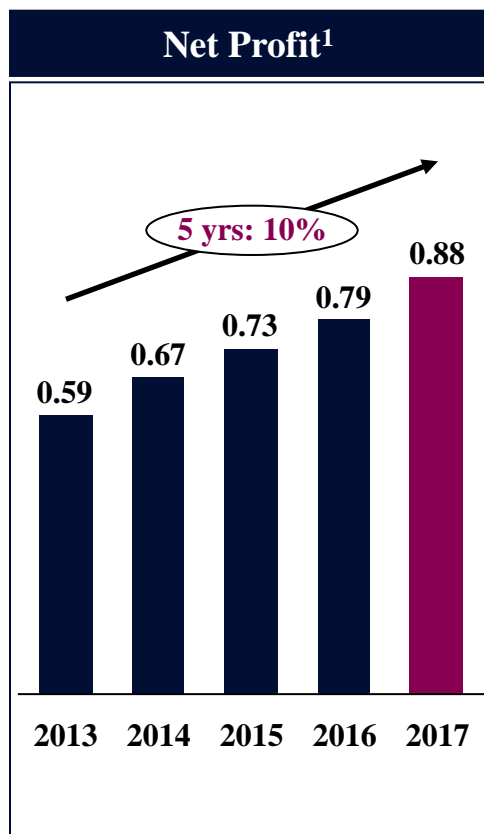


- Profit from international operations increased by USD119 Mn (57%) from 2015 to 2017

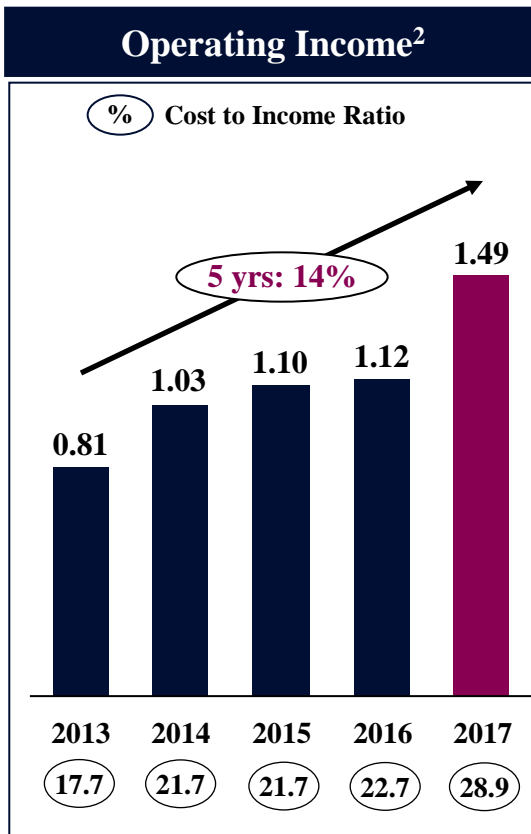
- Loans from international operations increased by USD25.9 Bn (124%) from 2015 to 2017
- Deposits from international operations increased by USD35.2 Bn (99%) from 2015 to 2017

# Consistently High Profitability

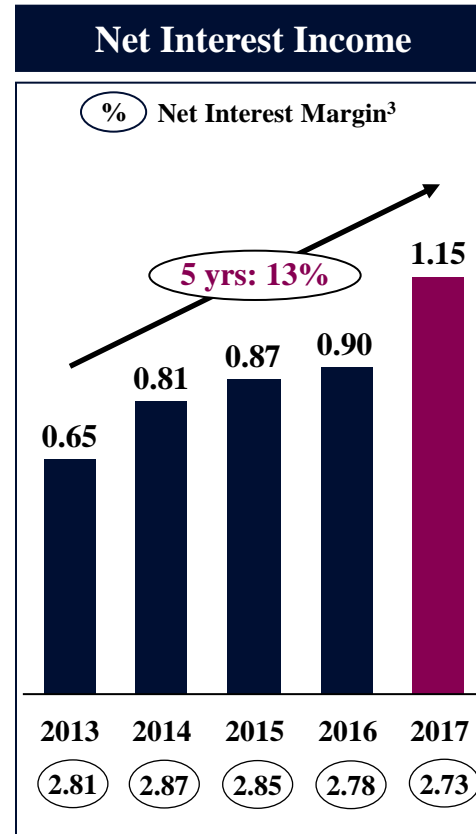
## Income Statement Breakdown (USD billion as at 31 March)



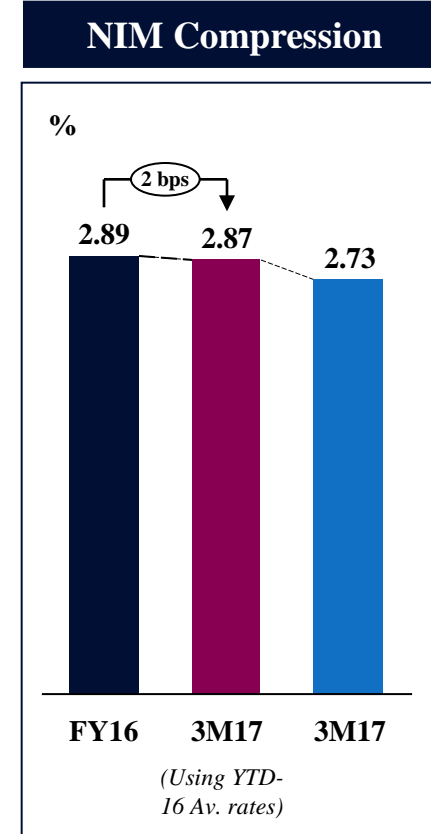
- Net profit increased 12% from March 2016
- Profit growth is ahead of the 2017 profit growth target range
- 2012-2017 CAGR of 10%



- Operating income increased 34% from March 2016
- Efficiency ratio well within the target range
- 2012-2017 CAGR of 14%



- NII increased 27% from March 2016
- Strong NIM with the current size of more than USD200 billion of total assets
- 2012-2017 CAGR of 13%

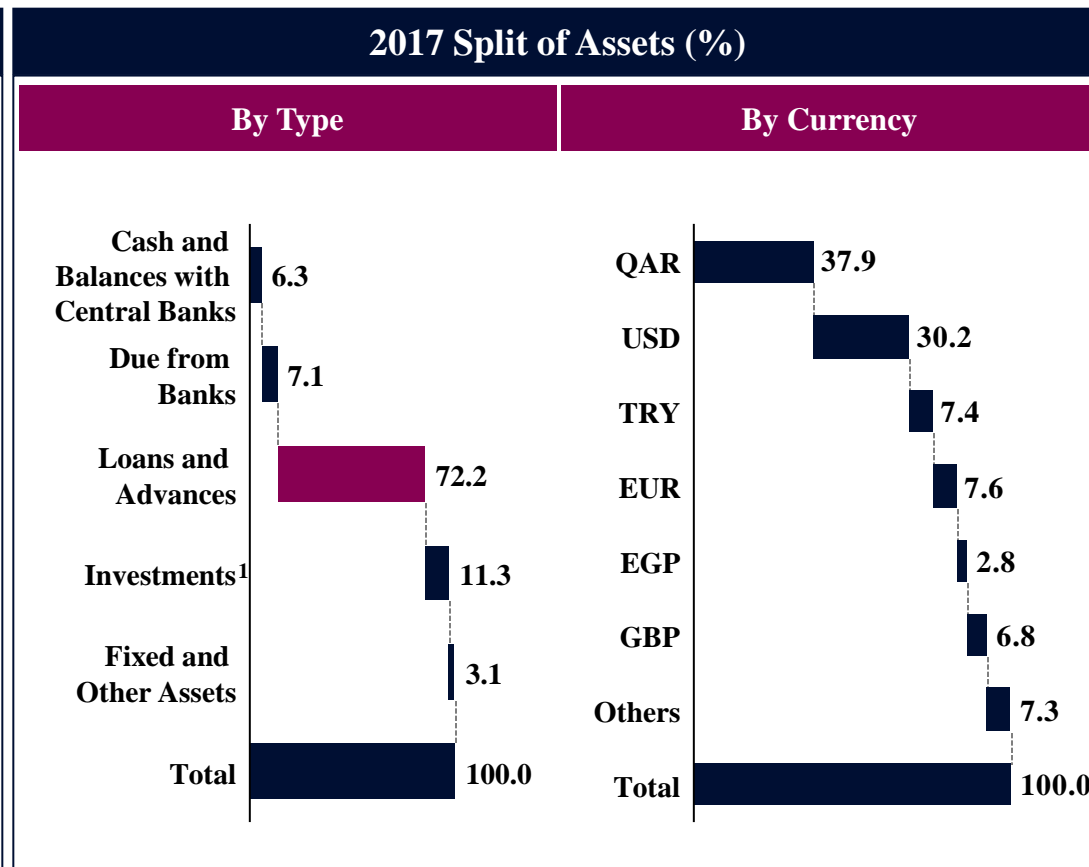
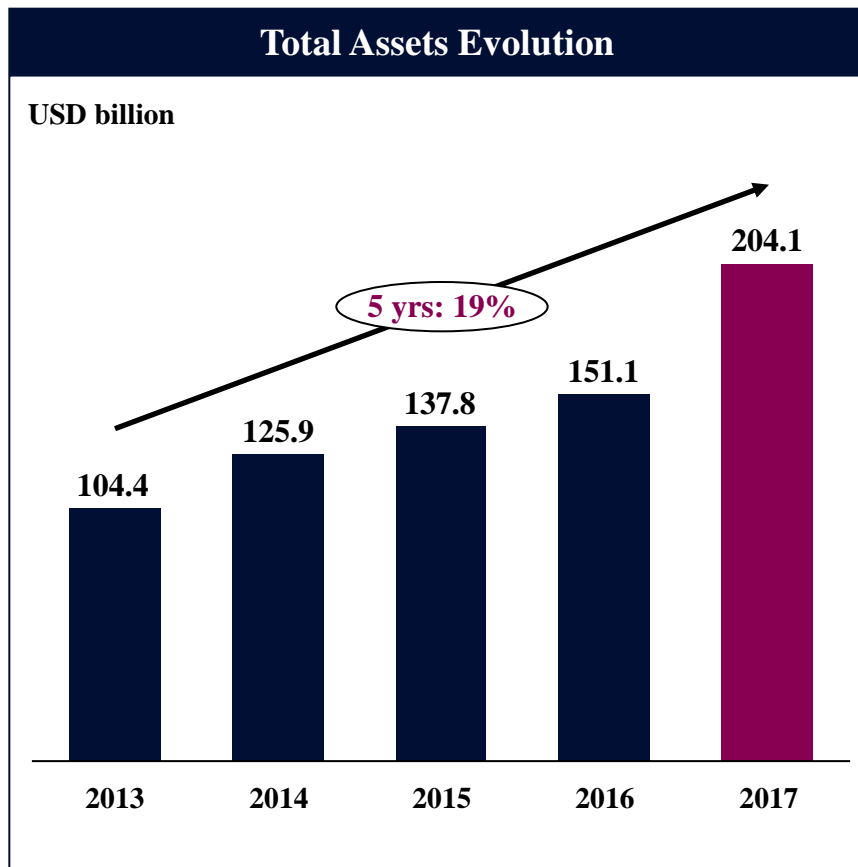


- Decline of 2bps in the NIM observed, when calculated using YTD-16 av. FX rates for QNBAA & QNB Finansbank
- The remaining decline in NIM of 14bps is due to resetting of the av. FX rates in 2017



# Good asset growth driven by lending activities mainly in QAR and USD

## Assets Analysis (as at 31 March)

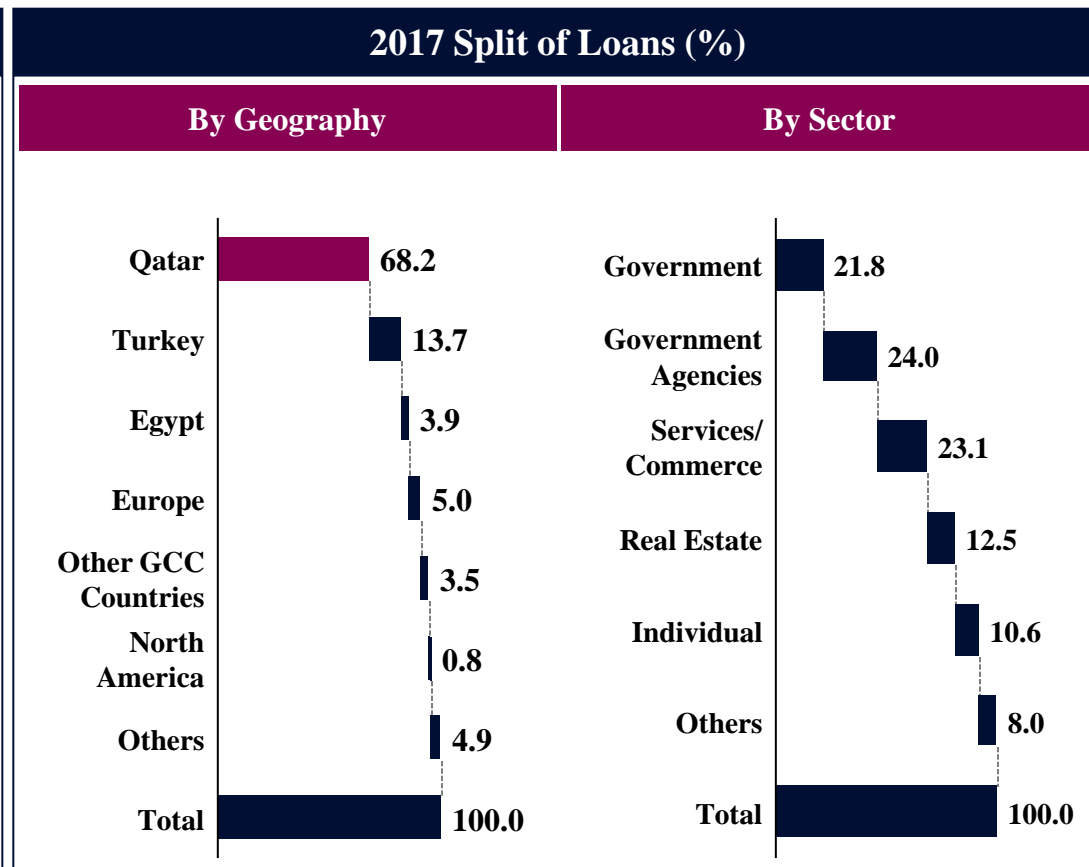
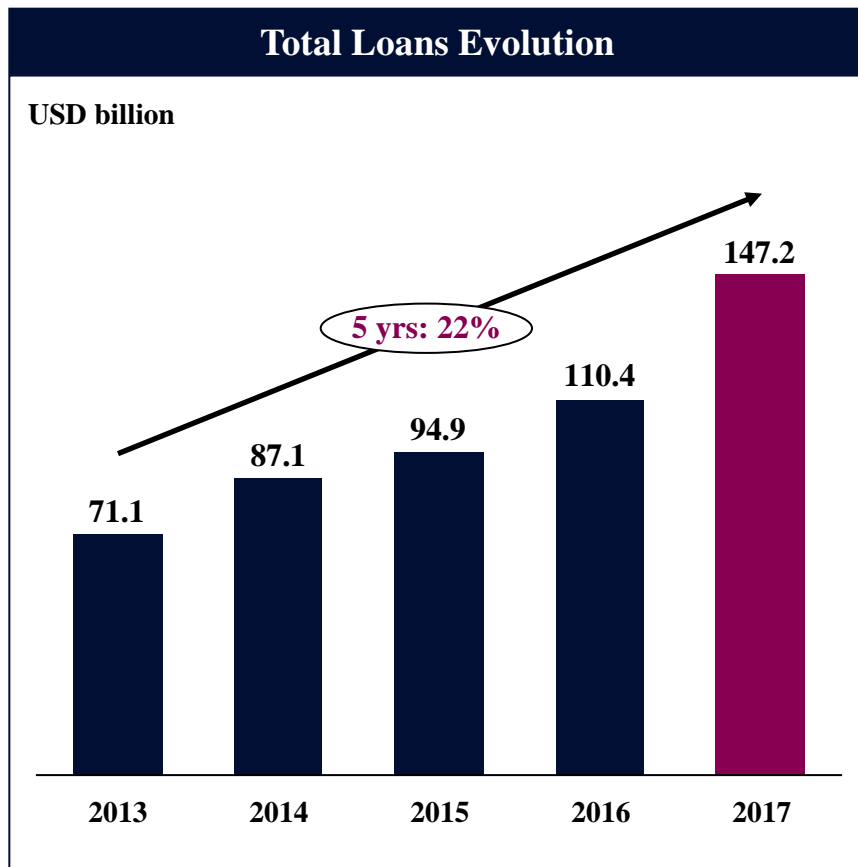


- Assets increased 35% from March 2016
- 2012-2017 CAGR of 19%

- Loans and advances represent 72% of total assets
- USD and QAR currencies account for 68% of total assets

# Good loan growth

## Loans Analysis (as at 31 March)

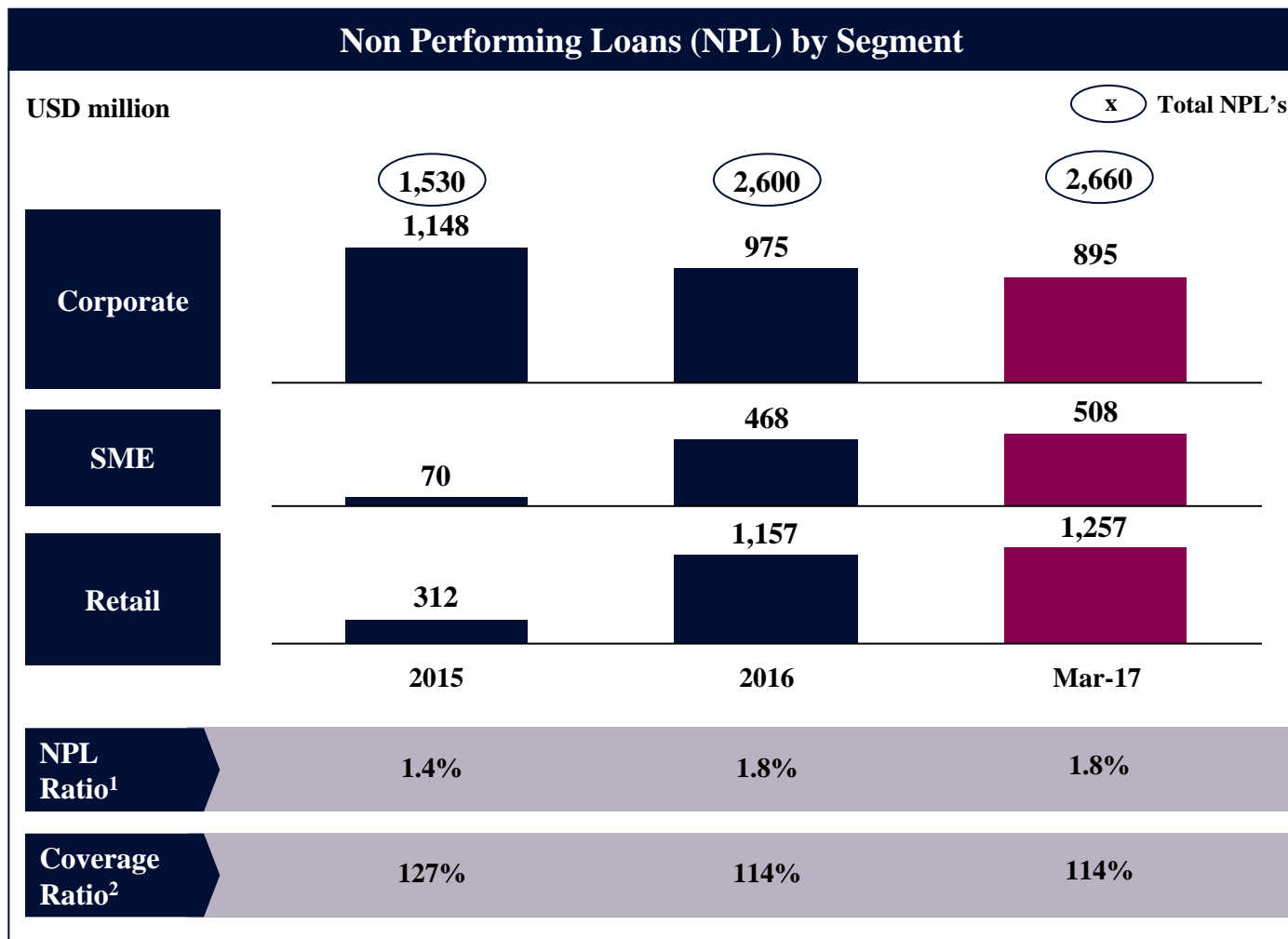


- Loans increased 33% from March 2016
- 2012-2017 CAGR of 22%

- Loans denominated in USD represent 36% of total loans
- Loan exposures are of a high quality with 46% concentration to Government and public sector entities

# High quality lending portfolio is highlighted by low NPL ratios

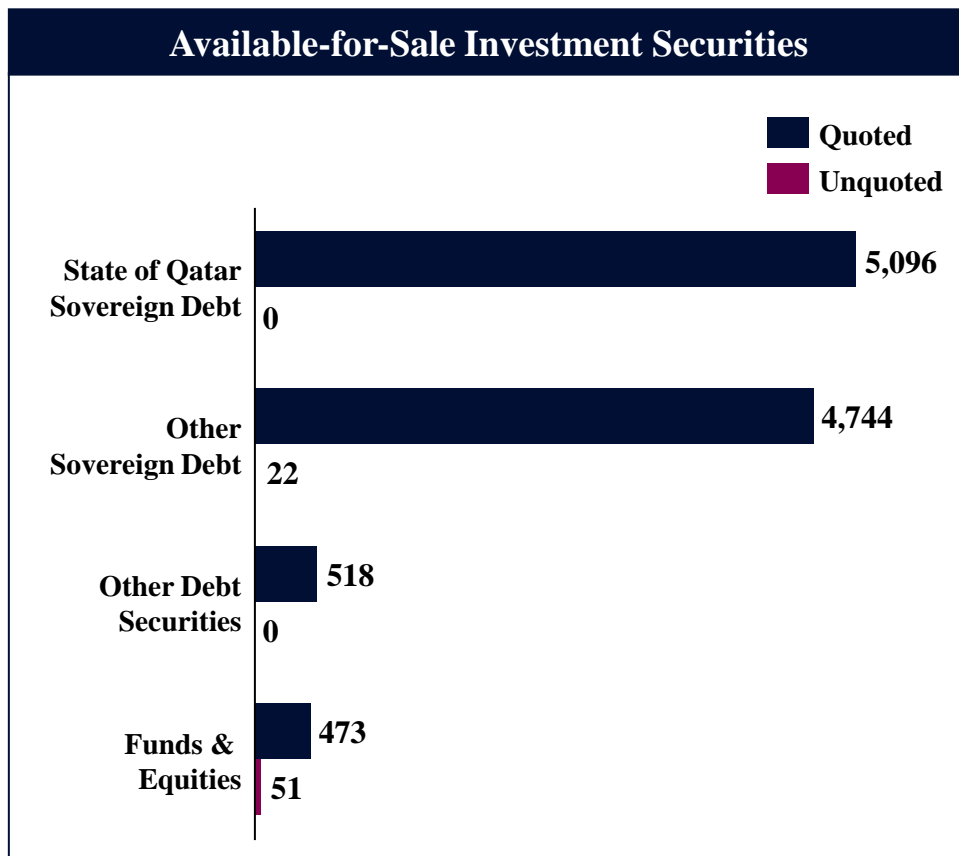
Asset Quality Analysis (as at December unless stated)



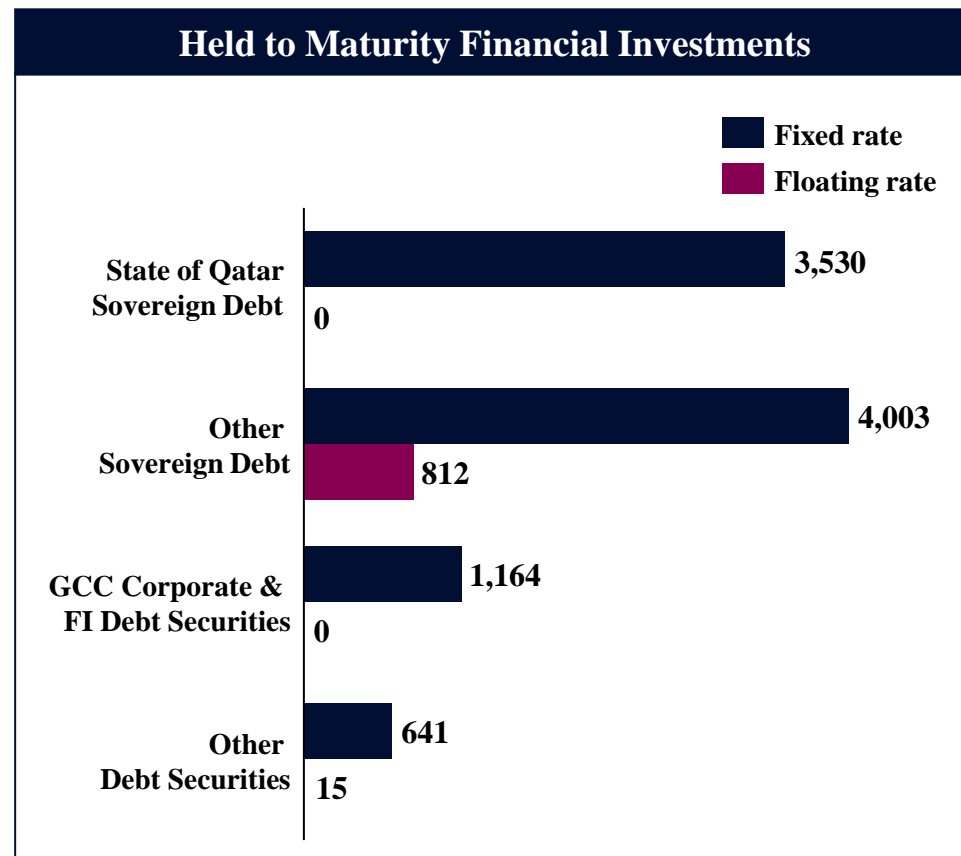
- QNB has continued to increase its provisions in response to the global economic situation
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 114% as at 31 March 2017
- Past dues are NPL after 90 days
- There is the additional security of a risk reserve of USD1,923 million which is greater than the 2.5% QCB requirements

# High quality investment portfolio with 87% of securities rated AA or Sovereign

## Investments Analysis (USD million as at 31 March 2017)



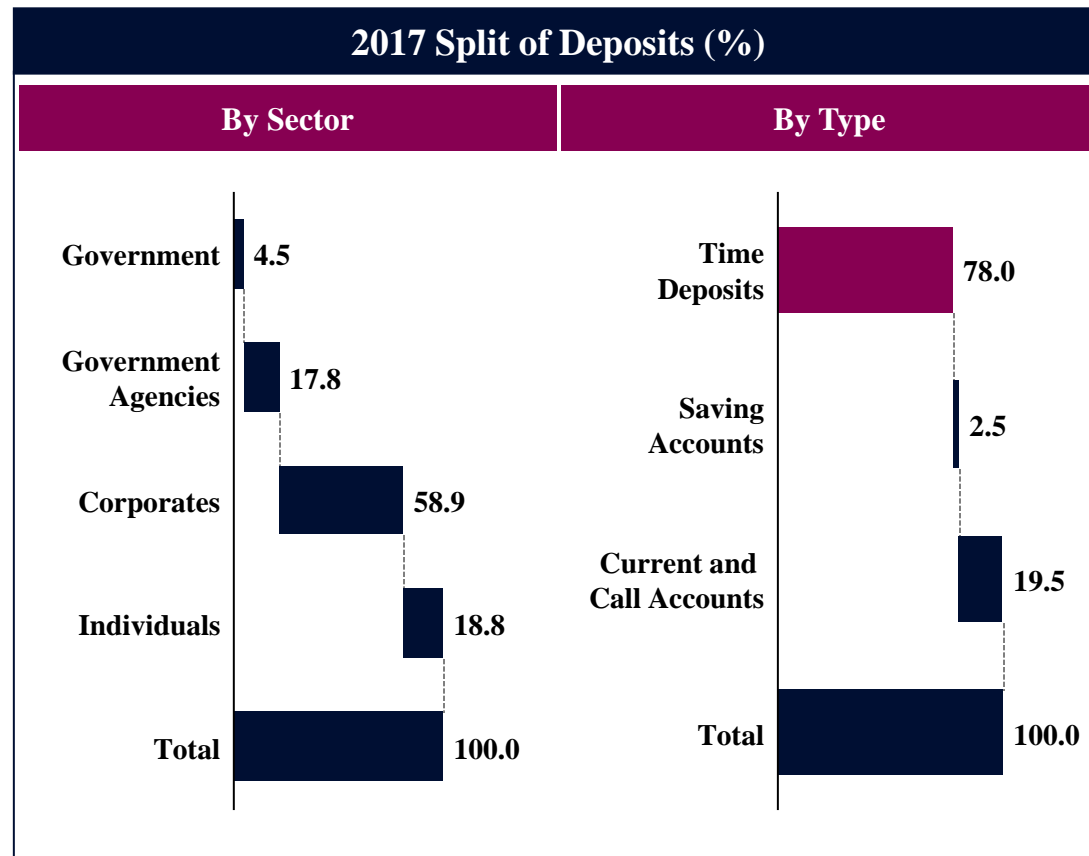
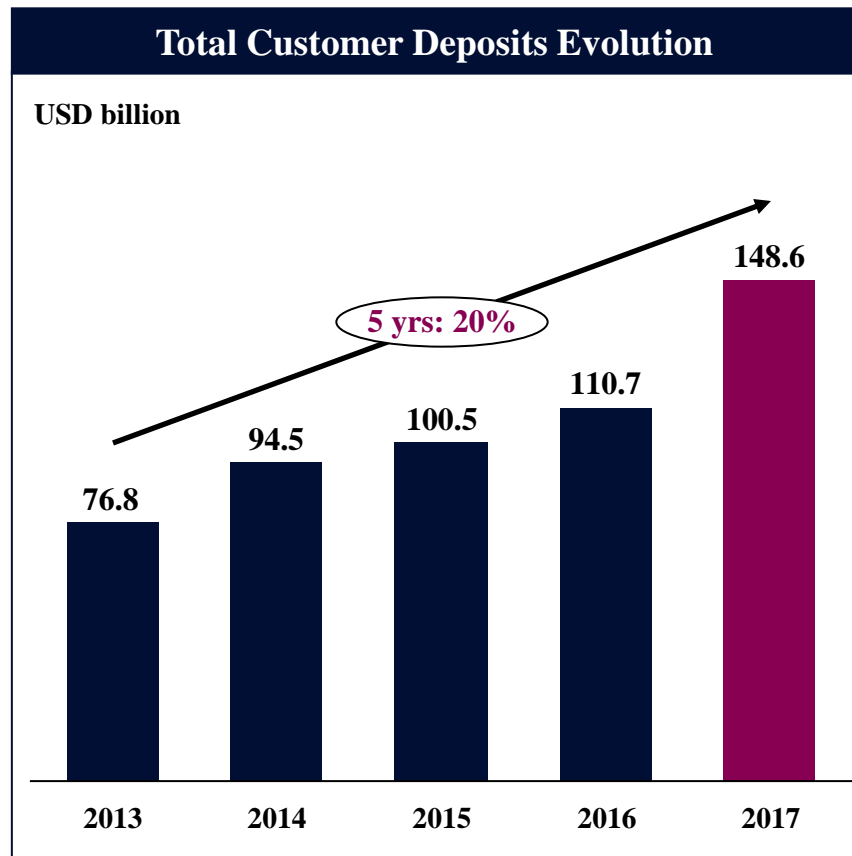
- Quoted securities account for 99% of Available-for-Sale Investment securities



- Majority of Other Sovereign Debt is Government Guaranteed

# Robust growth in customer deposits and funding

## Funding Analysis (as at 31 March)

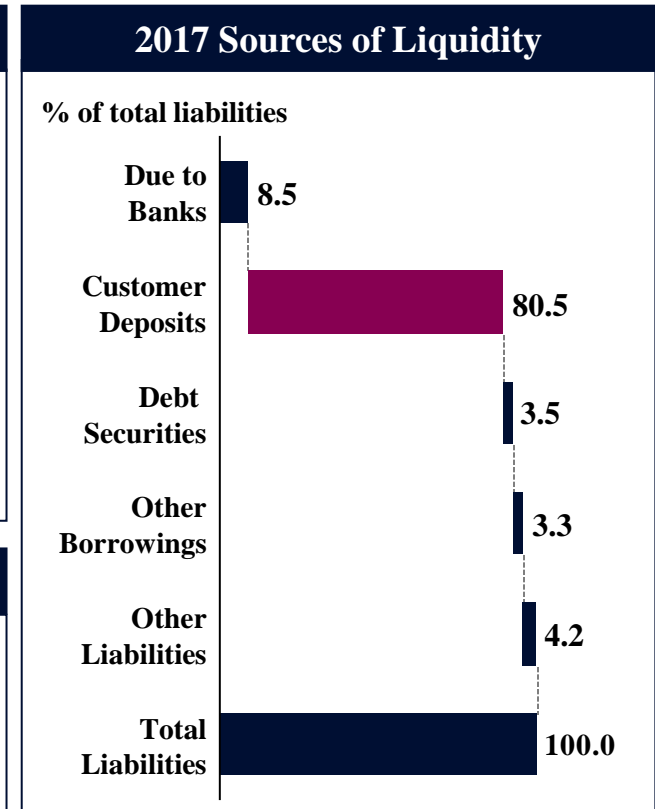
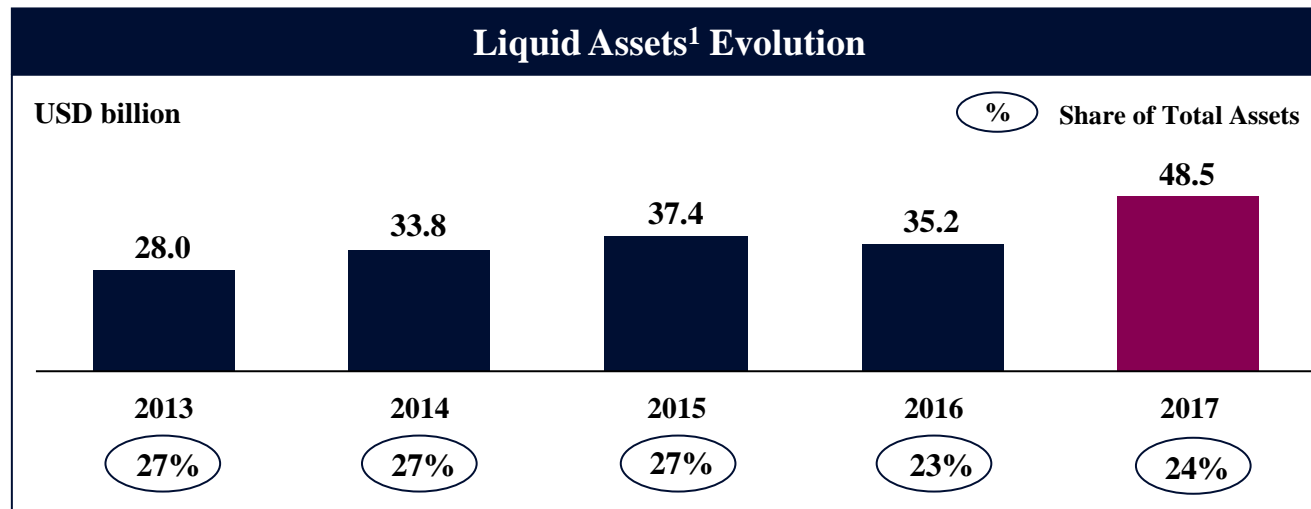
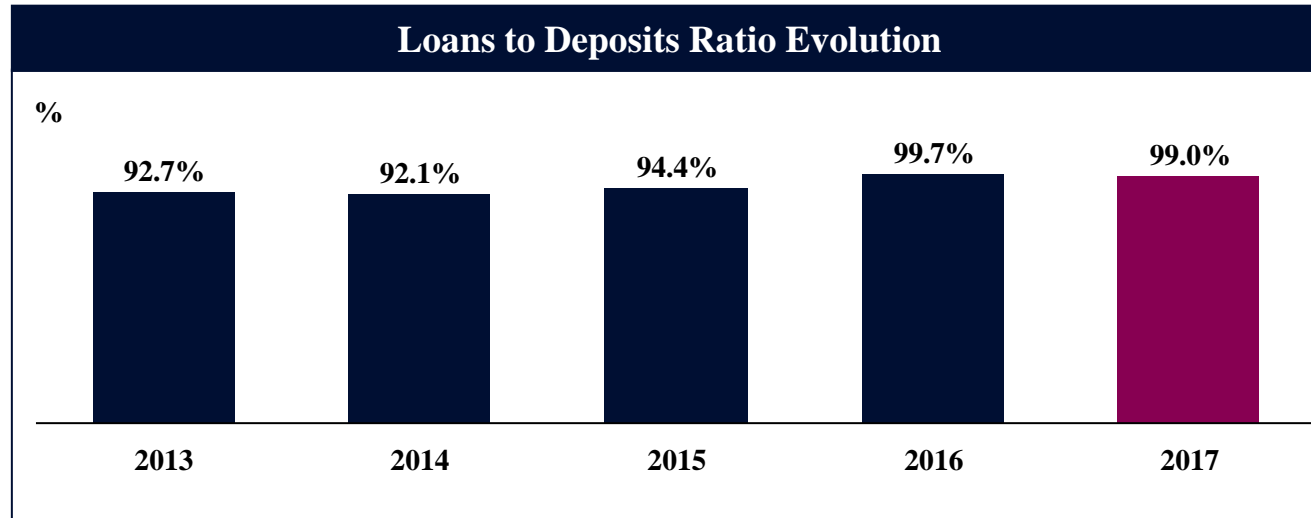


- Deposits increased 34% from March 2016
- 2012-2017 CAGR of 20%

- QNB remains the public sector's preferred bank
- USD, TRY and EGP denominated deposits represent 38%, 6% and 4% of total deposits respectively

# Solid liquidity profile

## Liquidity Analysis (as at 31 March)



# Sources of Institutional Funding

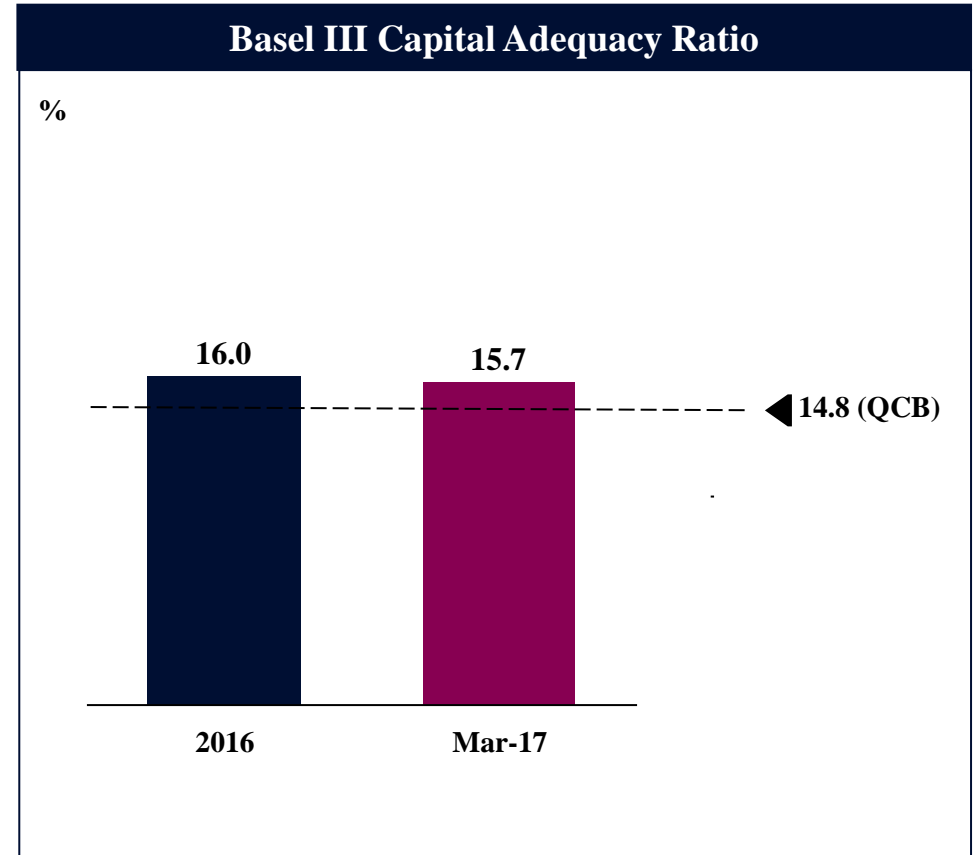
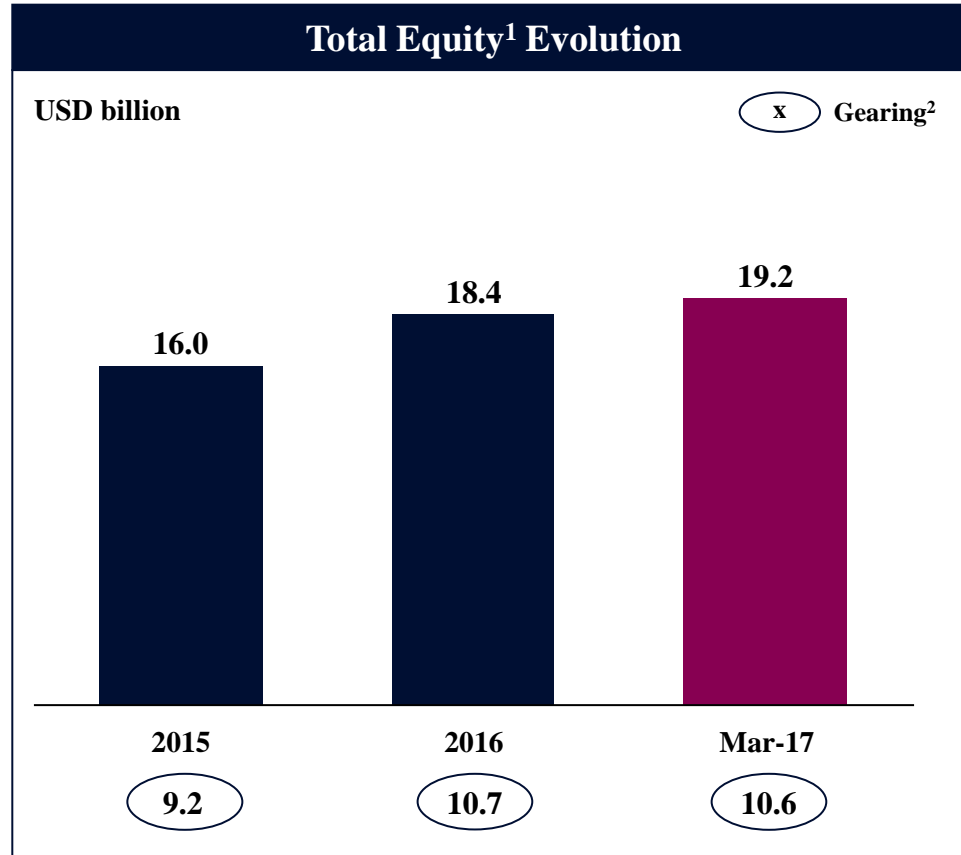
## EMTN and Certificate of Deposits

| EMTN <sup>1</sup>                    |   |
|--------------------------------------|---|
| <b>Set-Up</b>                        | <ul style="list-style-type: none"> <li>November 2011 in Reg S format</li> </ul>   |
| <b>Current Values</b>                | <ul style="list-style-type: none"> <li>Programme limit USD17.5 billion and outstanding is USD10.9 billion</li> </ul>  |
| <b>Currencies</b>                    | <ul style="list-style-type: none"> <li>Issued in AUD, CHF, CNY, EUR, HKD, JPY, SGD and USD</li> </ul>   |
| <b>Daily Postings</b>                | <ul style="list-style-type: none"> <li>Provided to the dealer group</li> </ul>  |
| <b>Dealers</b>                       | <ul style="list-style-type: none"> <li>ANZ Banking Group, Barclays Bank plc, Citigroup Global Markets Limited, Commerzbank AG, Deutsche Bank AG (London Branch), J.P. Morgan Securities plc, Mitsubishi UFJ Securities International plc, Mizuho International plc, QNB Capital LLC, Standard Chartered Bank, HSBC Bank plc and Morgan Stanley</li> </ul> |
| <b>Market Awards</b>                 | <ul style="list-style-type: none"> <li>2016 mtn-i award for '2016 Rising Star – Asia MTN Issuer'</li> </ul>   |
| <b>Allocation from Last Issuance</b> | <ul style="list-style-type: none"> <li>Asia 31% / Europe: 37% / Middle East: 29% / Others 3%</li> </ul>   |

| Certificate of Deposits   |   |
|---------------------------|---|
| <b>Set-Up</b>             | <ul style="list-style-type: none"> <li>Issued by QNB London Branch and regulated by the FCA and the PRA</li> </ul>  |
| <b>Establishment Date</b> | <ul style="list-style-type: none"> <li>Product launched in September 2012</li> </ul>  |
| <b>Current Values</b>     | <ul style="list-style-type: none"> <li>Outstanding is USD11.7 billion</li> </ul>  |
| <b>Average Life</b>       | <ul style="list-style-type: none"> <li>Average residual life of 103 days</li> </ul>   |
| <b>Currencies</b>         | <ul style="list-style-type: none"> <li>Issuances in CHF, EUR, GBP, JPY, USD and other currencies available on request</li> </ul>  |
| <b>Dealers</b>            | <ul style="list-style-type: none"> <li>Bank of America Merrill Lynch, Barclays Bank plc, Citigroup Global Markets Limited, ING Bank NV, BRED Banque Populaire, JP Morgan Securities Plc and The Royal Bank of Scotland plc</li> </ul> |

# Strong capital adequacy ratio maintained above both QCB and Basel III requirements

Capital Analysis (as at 31 December unless stated)



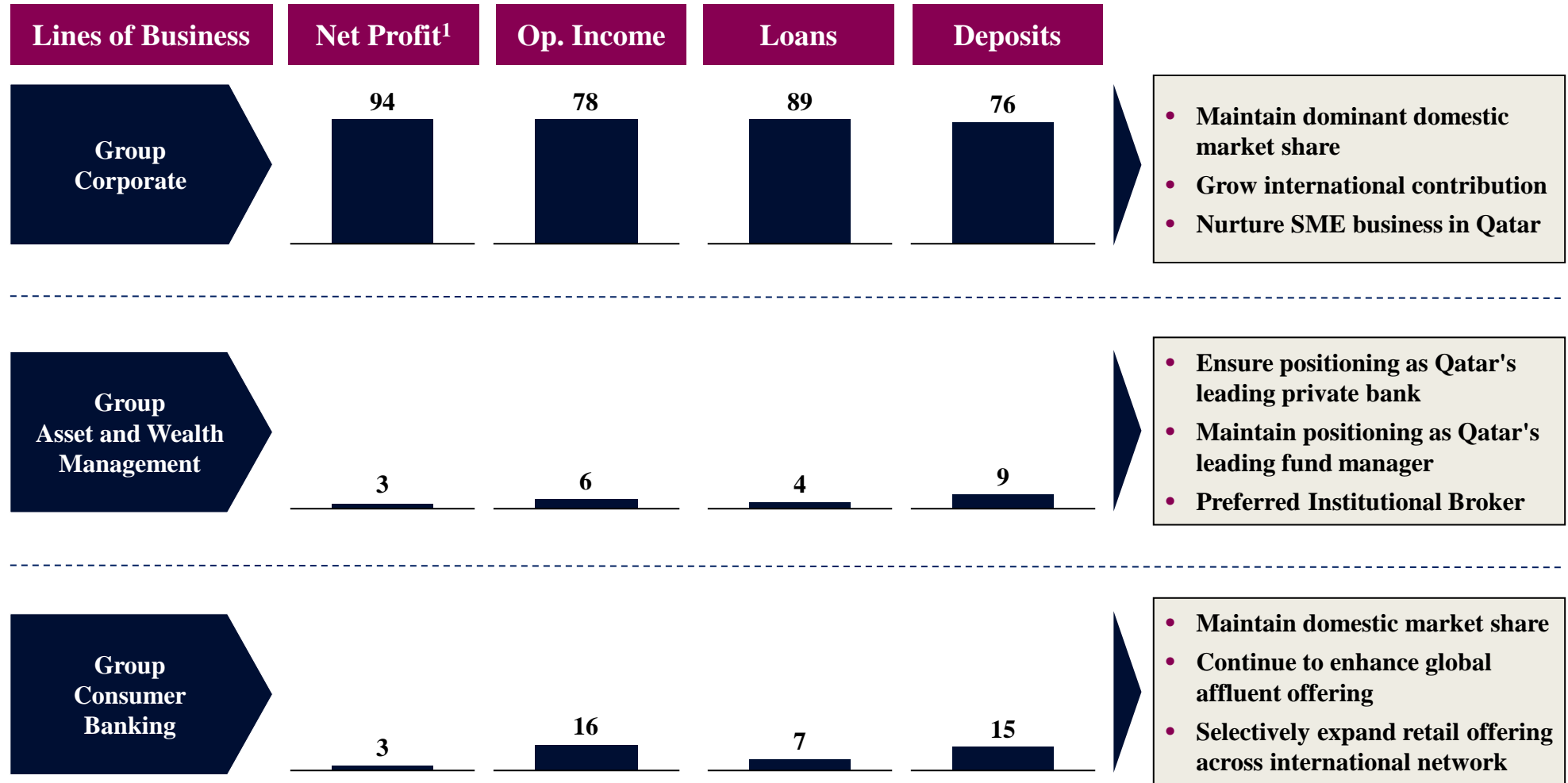
- Capital base has been regularly increased in line with the strong performance of QNB's balance sheet

- Capital adequacy ratio is above QCB and Basel III requirements including the applicable DSIB buffer of 0.625%



# Diversifying business mix will bolster sustainable growth

Business Mix Contribution (% share as at 31 March 2017)



# QNB Group Financials

Key data (as at 31 March 2017)

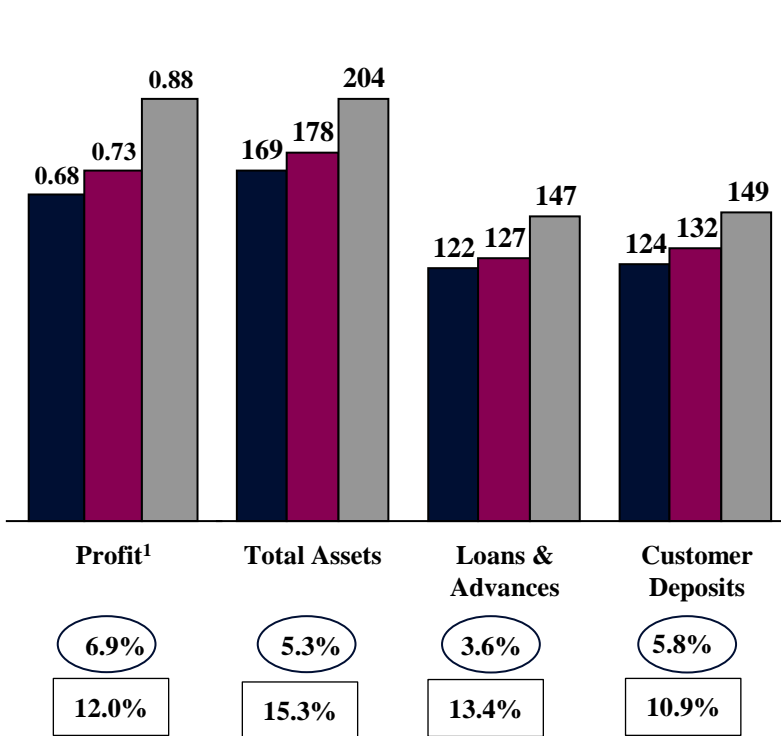
■ QNB ■ QNB incl. QNB ALAHLI ■ QNB incl. QNB Finansbank

○ Contribution of QNB AA

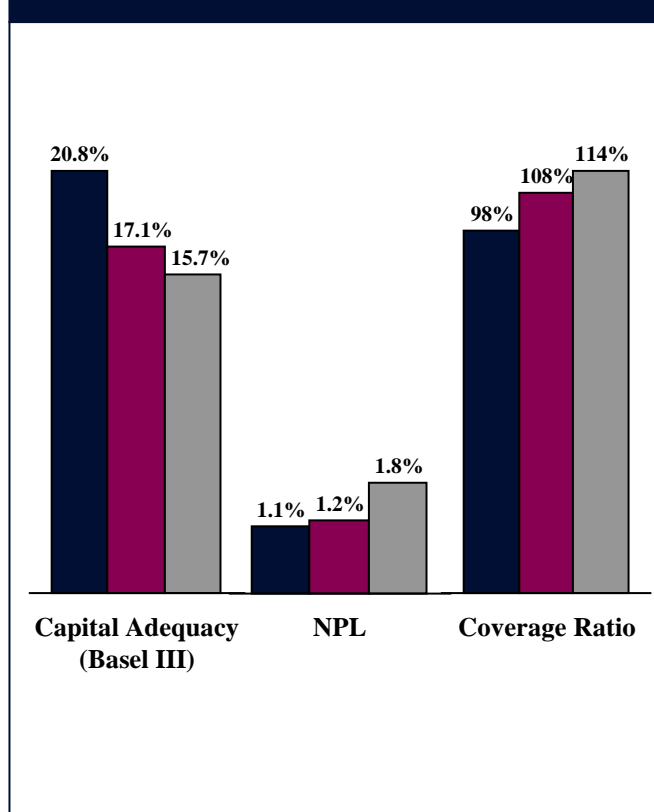
□ Contribution of QNB Finansbank

## Financials

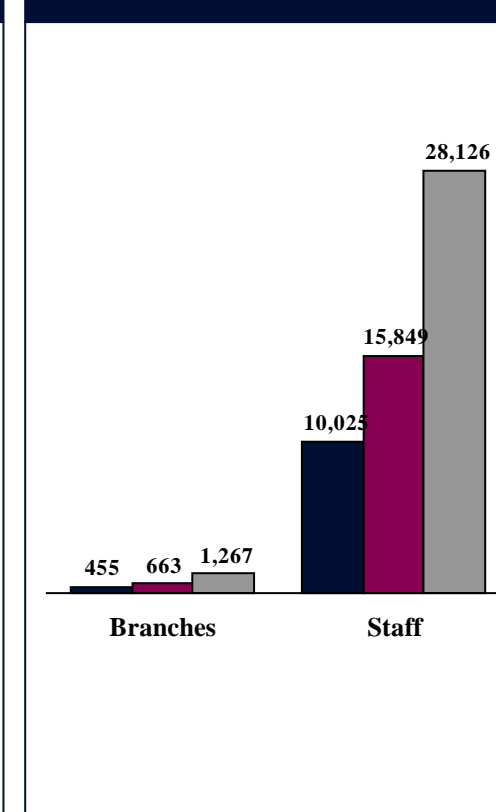
USD billion



## Ratios



## Presence



- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy (Basel III) on consolidation 15.7%

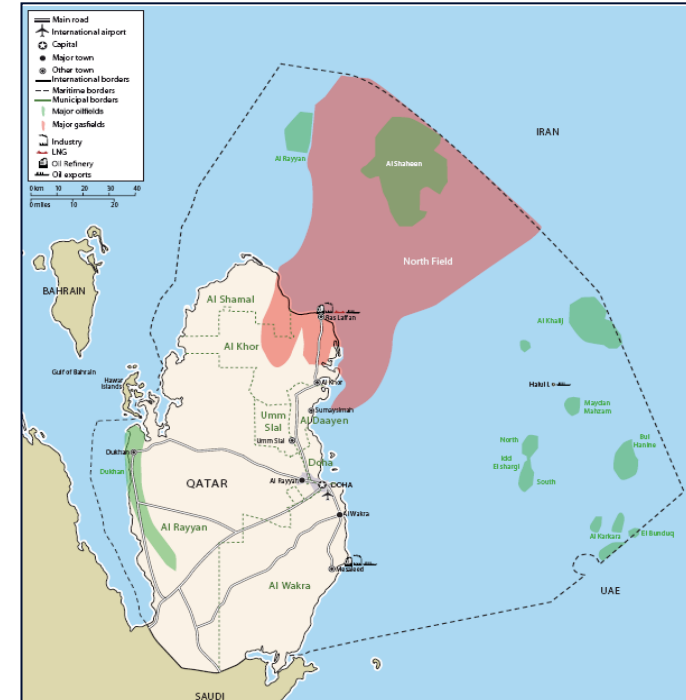
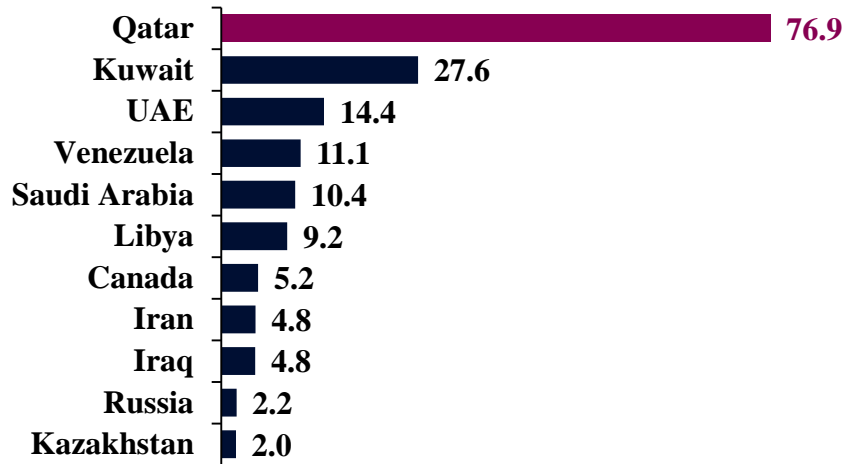


# **Economic Overview**

# Qatar oil and gas wealth per capita is the highest in the world

## Oil and Gas Reserves Per Capita (2015)

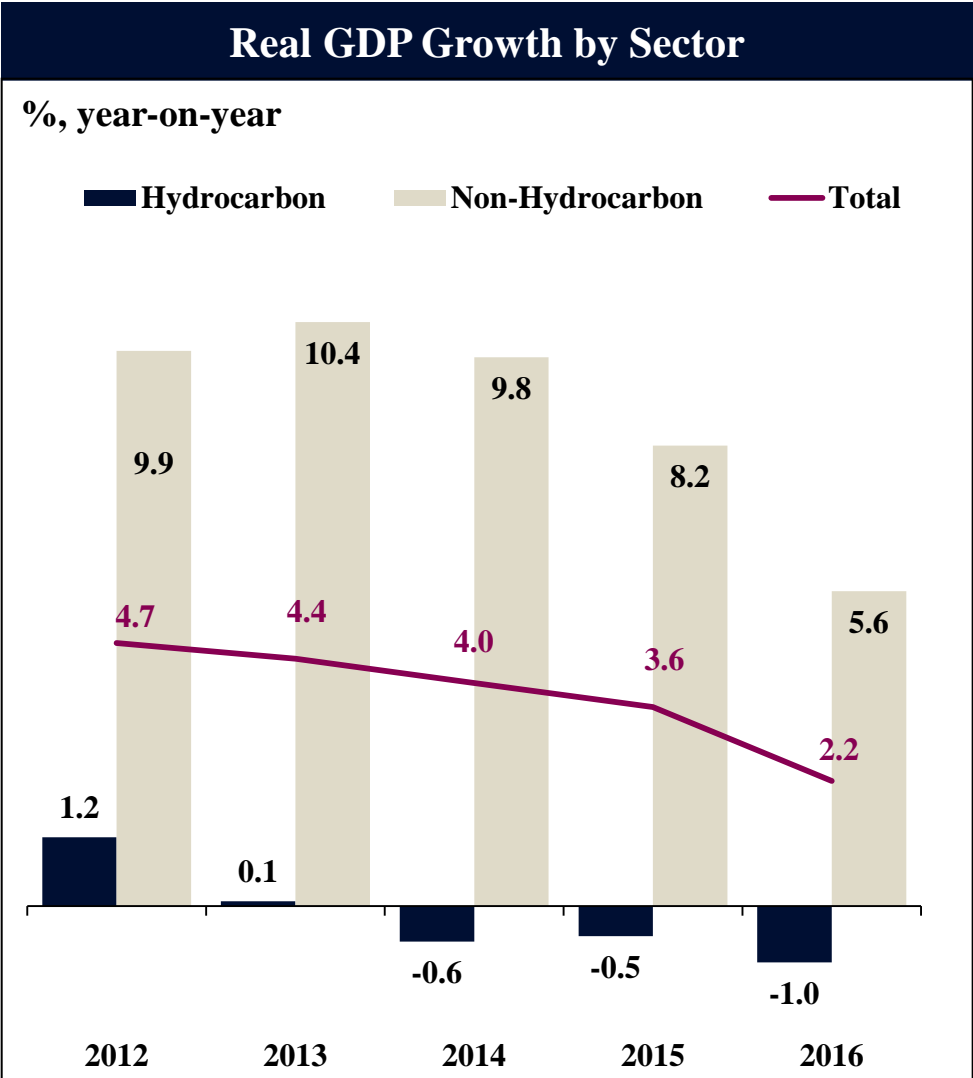
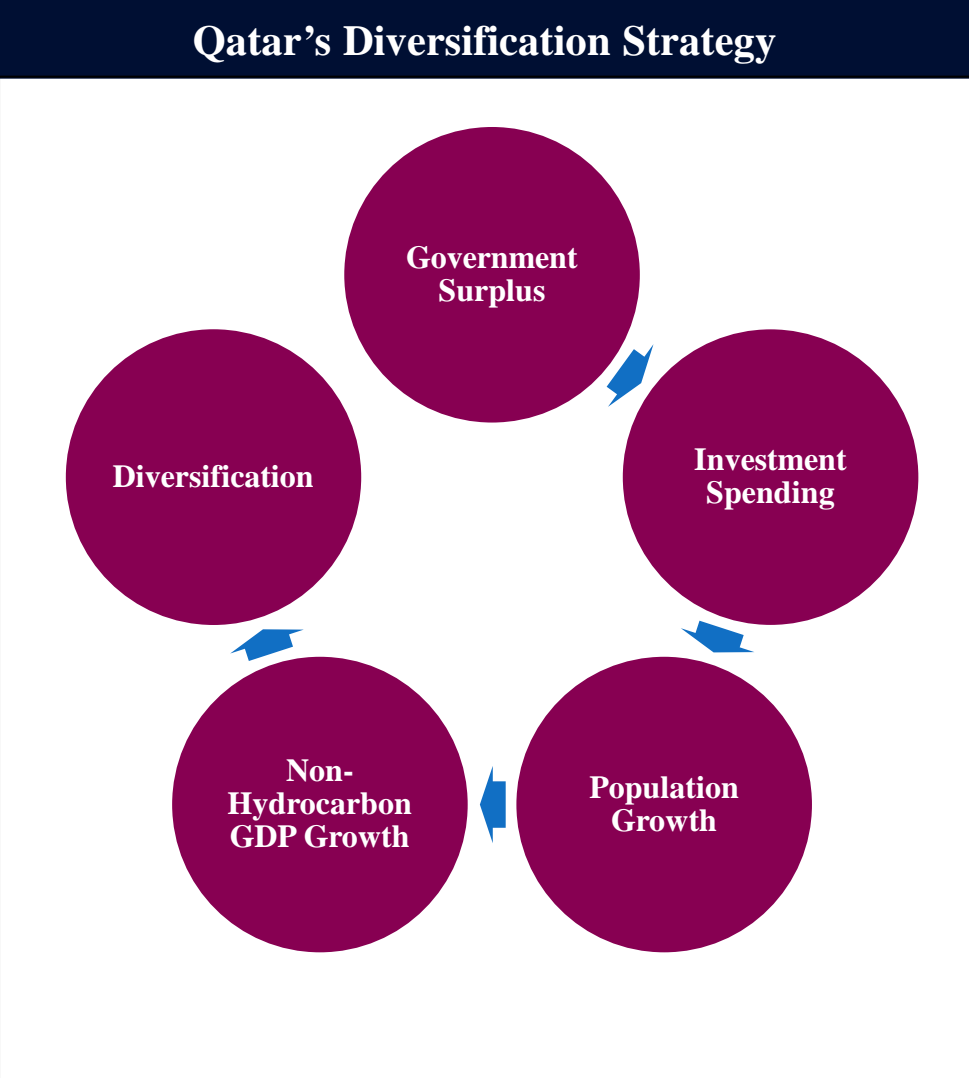
k barrels of oil equivalent (boe)



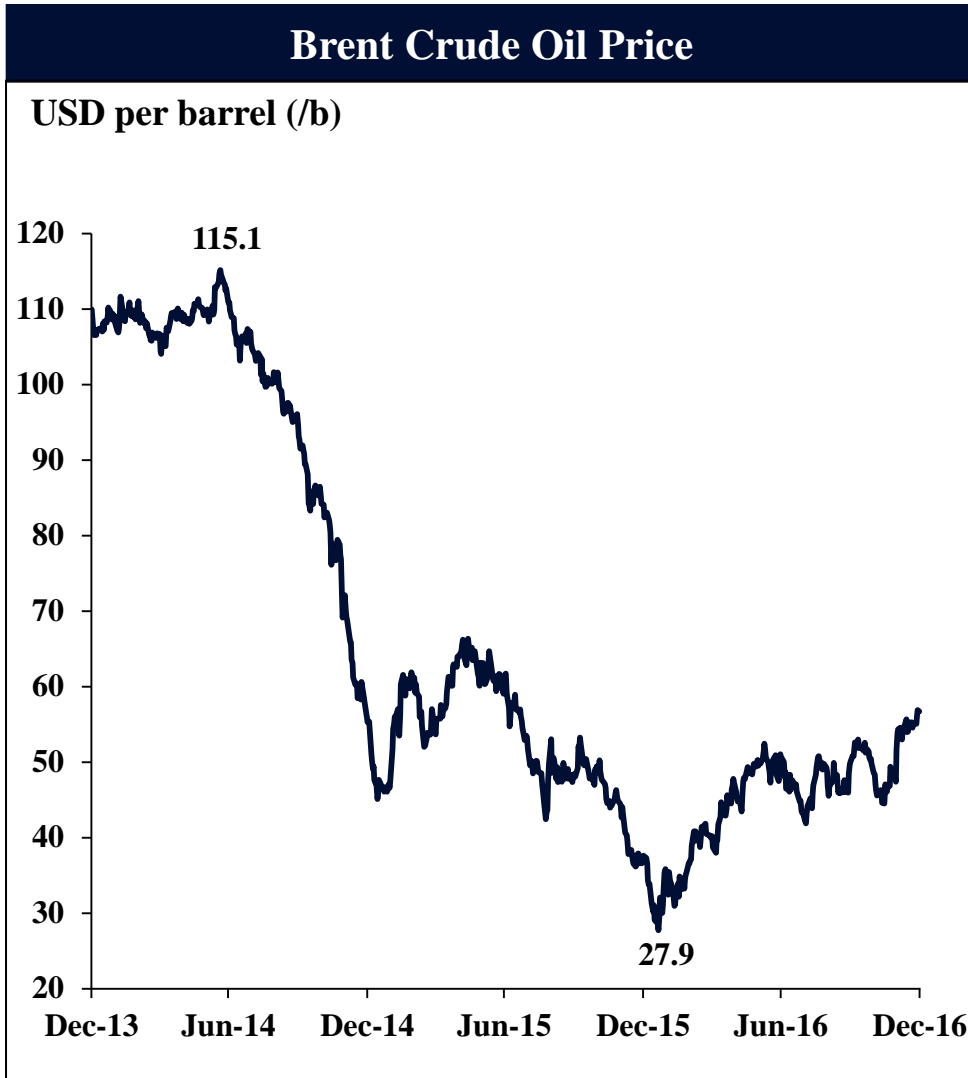
- Qatar is endowed with major oil and gas resources, especially in relation to the size of its population
- At current extraction rates, Qatar's proven gas reserves will last at least another 134 years and oil reserves for 39 years

- Qatar's hydrocarbons reserves are mostly held in the North Field, which contains 59% of GCC gas reserves and 13% of global gas reserves
- Qatar has 26bn barrels of crude oil and condensate reserves (1.5% of global reserves)

# Large infrastructure investment projects have driven diversification and strong growth in the non-hydrocarbon sector



# Over 2016, oil prices rebounded from multi-year lows as excess supply in oil markets diminished



- At the start of 2016, Brent crude prices fell close to a 13-year low, reaching USD27.9/b
- Since then, oil prices have made a steady recovery, mainly owing to two factors:
  - 1) High-cost producers were pushed out of the market in the face of low global oil prices
  - 2) Markets rallied on OPEC agreement to curb output by about 1.2 million barrels per day (m b/d), the first such cut in eight years

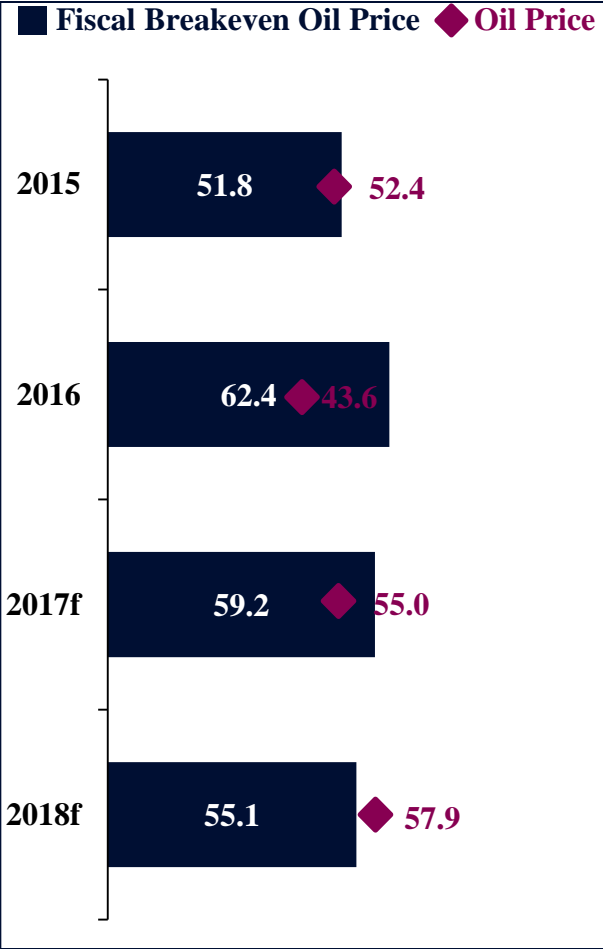
# We expect Brent oil prices to be range-bound at USD55-60/b in 2017



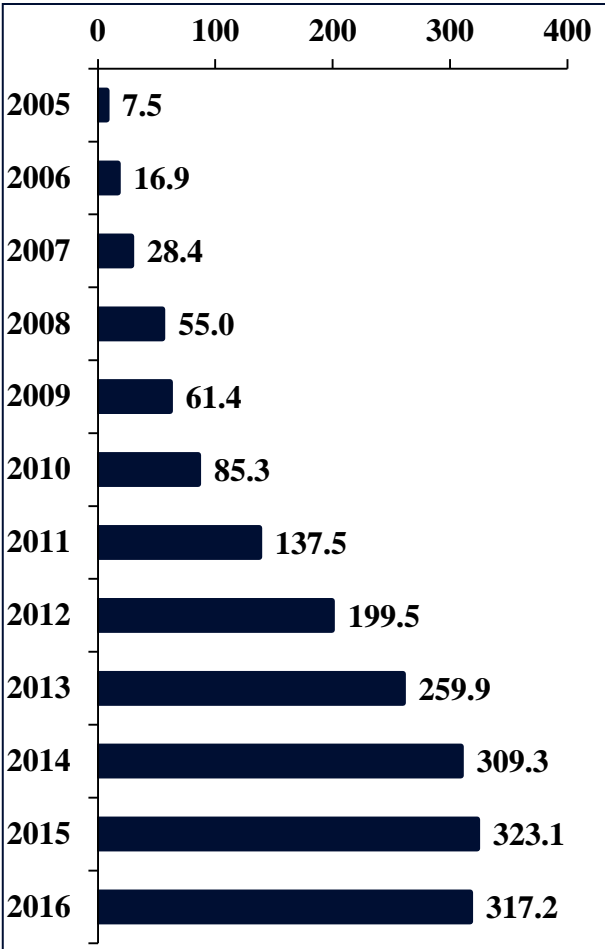
- OPEC cuts have expedited the clearing of oil markets
- However, higher oil prices will encourage re-entrance of high-cost producers, which will place a cap on oil prices
- The average breakeven price for US shale is estimated at around USD55/b
  - Having been in steady decline since April 2015, US production has increased since November 2016

# Low breakeven oil prices, accumulated savings and moderate public debt place Qatar in a strong position to withstand low oil prices

**Fiscal Breakeven Oil Prices**



**Accumulated Current Account Surpluses (bn USD, 2005-16)**

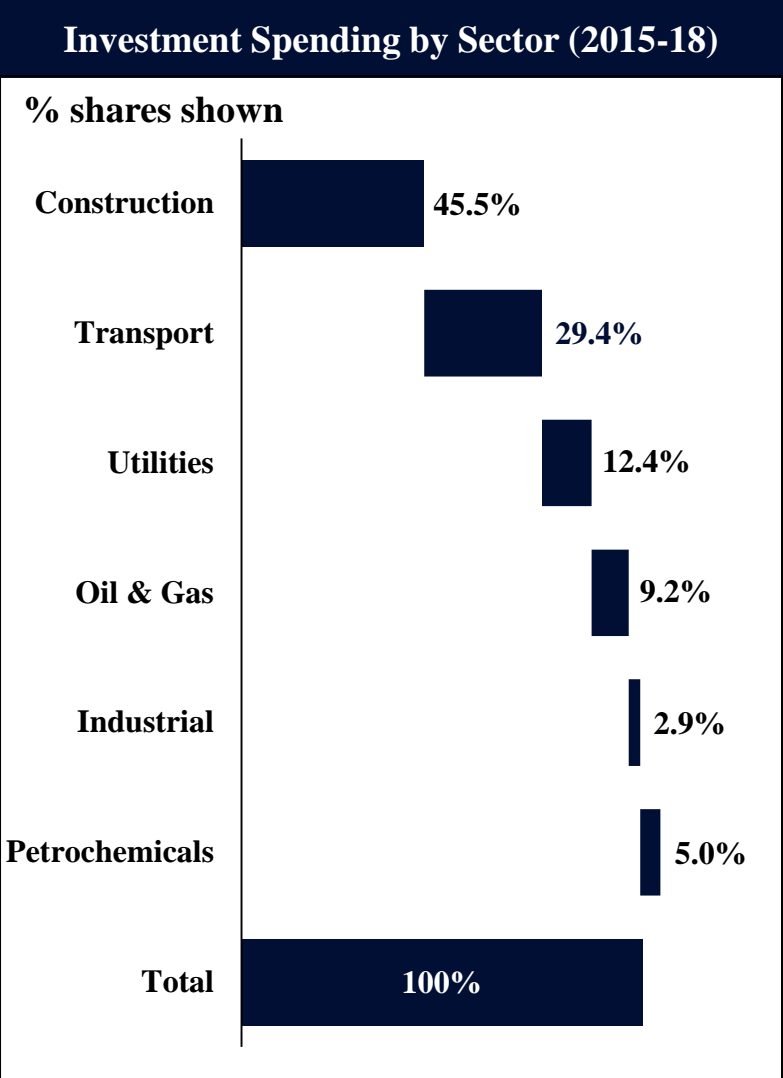


**Public Debt (% GDP)**





# Large investment spending focused on construction and transport will be a key driver of the economy going forward



|              | Project                                   | Budget (bn USD) | End  |
|--------------|---|-----------------|------|
| Construction | Lusail Mixed-Use Development              | 45.0            | 2019 |
|              | Barwa Al Khor Development                 | 10.0            | 2025 |
| Transport    | Qatar Integrated Rail                     | 40.0            | 2026 |
|              | Hamad International Airport, Phase I & II | 23.5            | 2020 |
|              | Ashghal Expressway Programme              | 20.0            | 2018 |
|              | Ashghal Local Roads & Drainage            | 14.6            | 2019 |
|              | Hamad Port                                | 7.4             | 2020 |
| Oil and Gas  | Bul Hanine Oilfield Redevelopment         | 11.0            | 2028 |
|              | Barzan Gas Development                    | 10.3            | 2020 |

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