



# Investor Relations Presentation

March 2018

# Contents

1. QNB at a Glance
2. QNB Comparative Positioning – Qatar and MEA
3. Financial Highlights – as at 31 March 2018
4. Economic Overview

*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

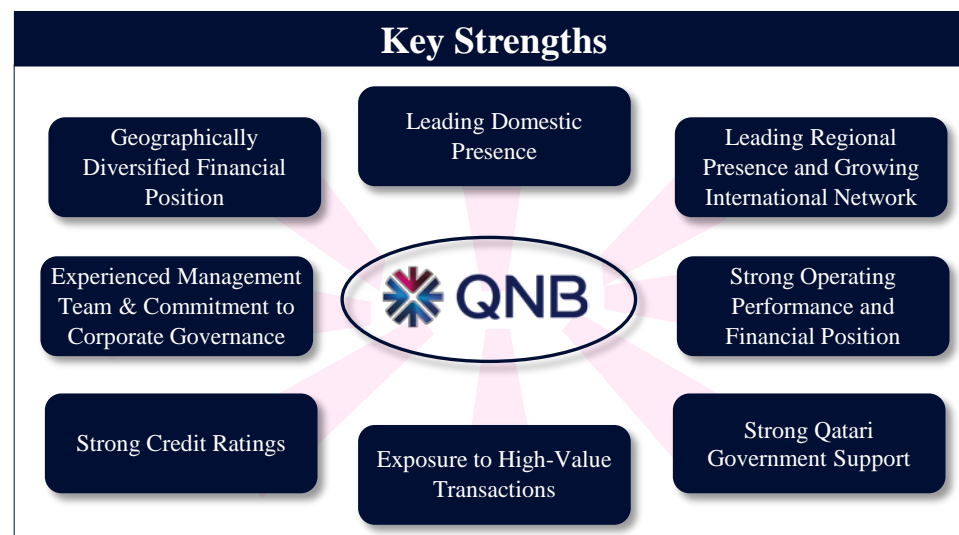
<b>Overview</b>	<ul style="list-style-type: none"> <li>Established in 1964 as the first Qatari owned bank</li> <li>Owned (50%) by the Government of Qatar via the Qatar Investment Authority (QIA)</li> <li>Largest bank in Qatar by market cap., assets, loans, deposits and profit</li> <li>Largest bank in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

<b>Credit Rating</b>					
		<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>	<b>Capital Intelligence</b>
<b>LT</b>		Aa3	A	A+	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 31 countries around the world across 3 continents, through more than 1,200 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 USD33.0bn</li> <li>Share price of USD35.71 per share</li> <li>Price to Book 1.6x (31-Dec-17)</li> <li>Price to Earnings 9.2x (31-Dec-17)</li> </ul>
-------------------------------	--

<b>Financials<sup>2</sup> (in USD billion)</b>			
	2018	2017	5yr CAGR
Total Assets	229.0	204.1	17%
Loans & Advances	164.2	147.2	18%
Deposits	165.9	148.6	17%
Operating Income <sup>3</sup>	1.67	1.49	15%
Profit <sup>4</sup>	0.94	0.88	10%
Coverage Ratio <sup>5</sup>	110%	114%	-
NPL Ratio	1.8%	1.8%	-
Loans to Deposits ratio	99.0%	99.0%	-



1: Source: QNB

2: Source: March 2018 Financial Report



3: Operating Income includes Share of Results of Associates

4: Profit Attributable to Equity Holders of the Bank







5: Based on Stage 3 ECL provisions

# QNB's International Footprint





## Sub-Saharan Africa

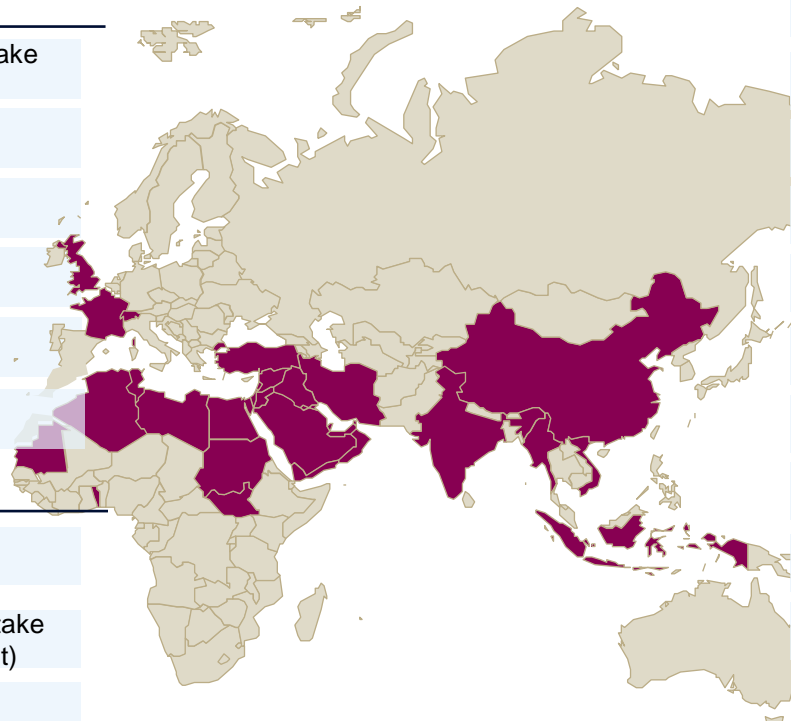
	<b>South Sudan:</b> (1 Branch)
	<b>Togo:</b> (927 Branches <sup>1</sup> , 20.1% stake in Ecobank)

## Asia

	<b>Indonesia:</b> (48 Branches, 90.96% stake In QNB Indonesia)
	<b>Singapore:</b> (1 Branch)
	<b>India:</b> (1 Branch)
	<b>China:</b> (1 Representative office)
	<b>Vietnam:</b> (1 Representative office)
	<b>Myanmar:</b> (1 Representative office)

## North Africa

	<b>Egypt:</b> (216 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> (64 Branches)	
<b>KSA:</b> (1 Branch)	
<b>UAE:</b> (16 (+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> (10 (+1 <sup>2</sup> ) Branches, 54.2% stake in Bank Mansour)	
<b>Oman:</b> (6 Branches)	
<b>Bahrain:</b> (1 <sup>2</sup> (+1 <sup>2</sup> ) Branch)	
<b>Kuwait:</b> (2 Branches)	
<b>Lebanon:</b> (1 Branch)	
<b>Yemen:</b> (1 Branch)	
<b>Iran:</b> (1 Representative office <sup>3</sup> )	
<b>Jordan:</b> (127 <sup>2</sup> (+3 <sup>2</sup> ) Branches, 34.5% stake in Housing Bank of Trade & Finance)	
<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> (541 Branches, 99.88% stake in QNB Finansbank)	



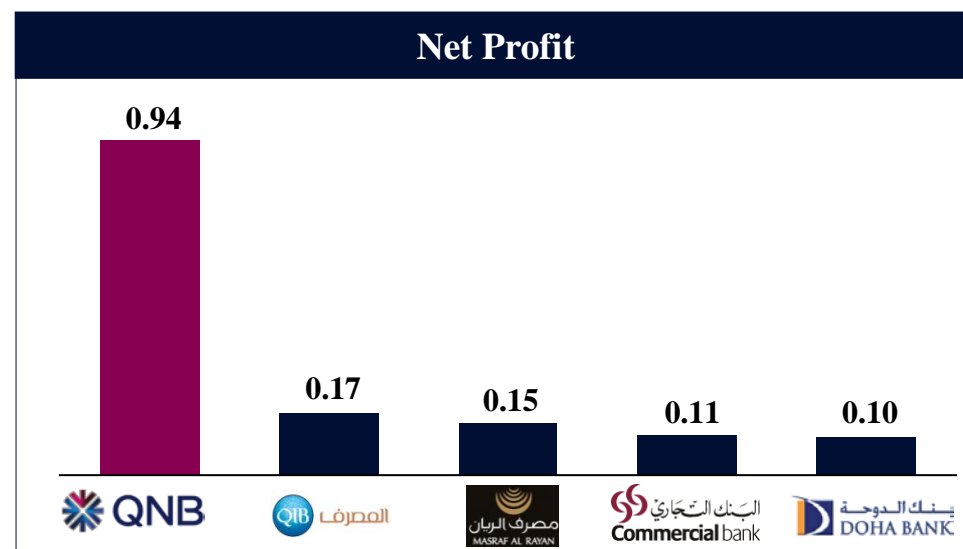
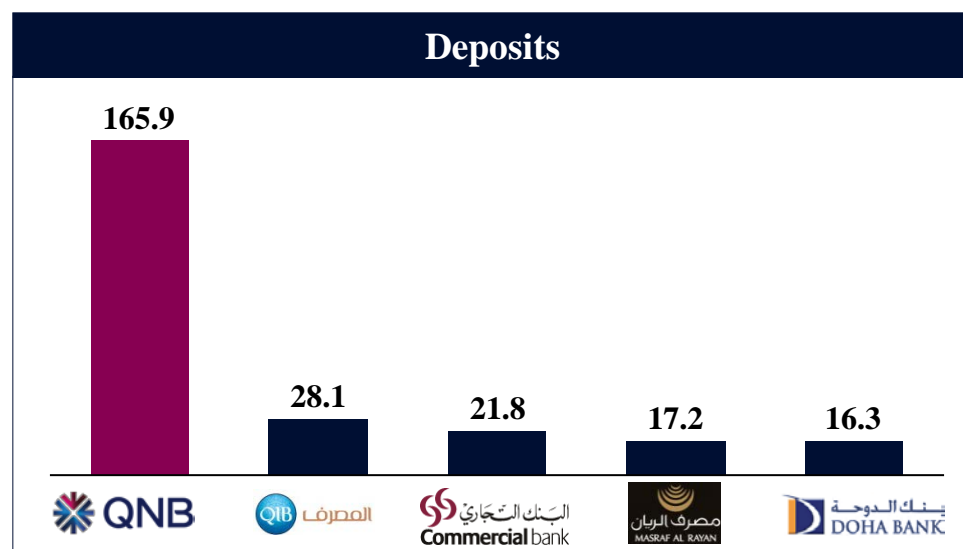
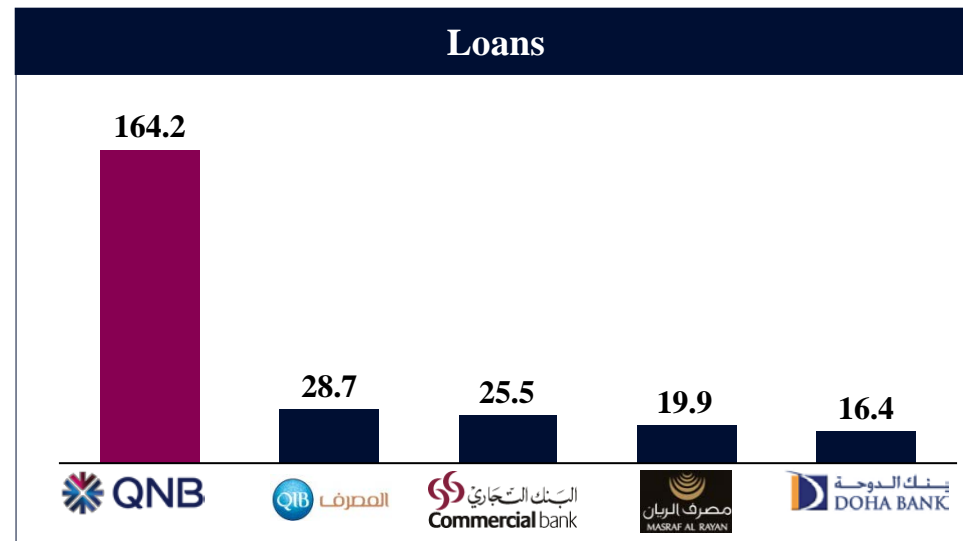
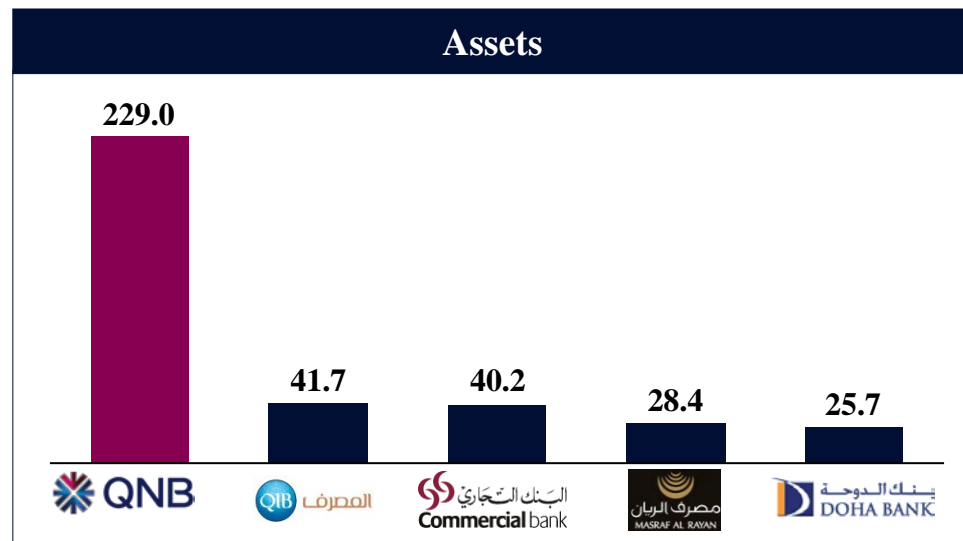
1: The branch data for Ecobank is as at 31 December 2017  
 2: Includes the branches / representative offices from subsidiaries and associates  
 3: Dormant



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

# Top 5 Domestic Banks – March 2018

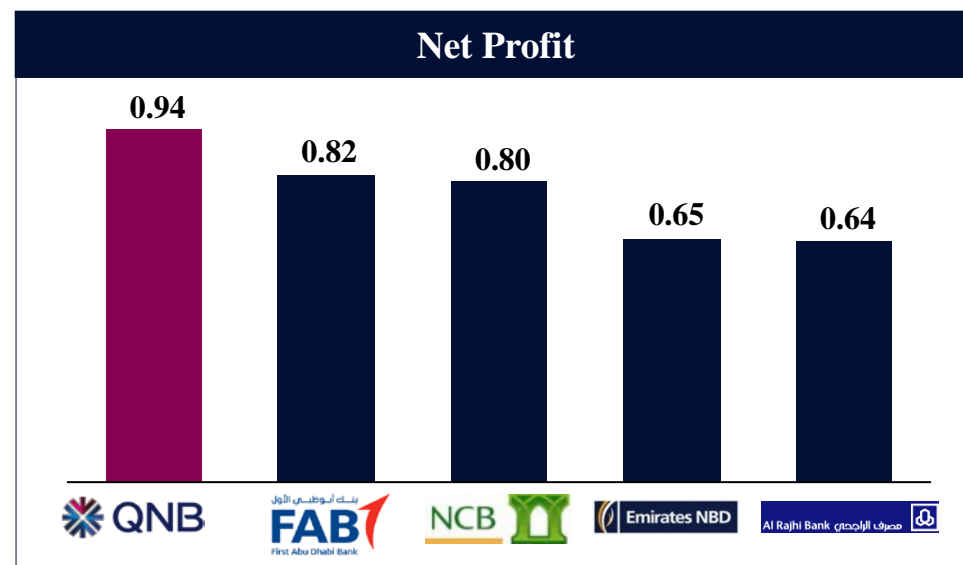
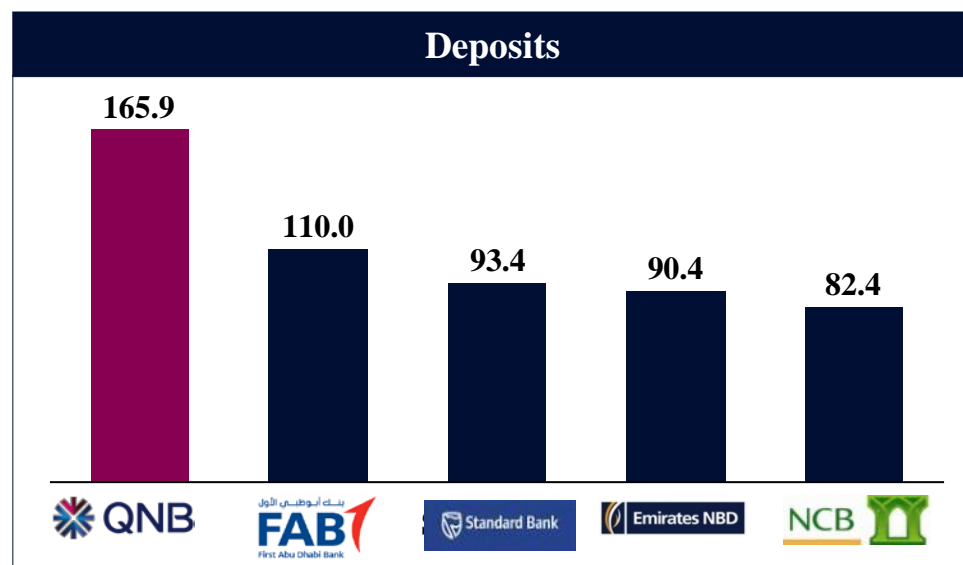
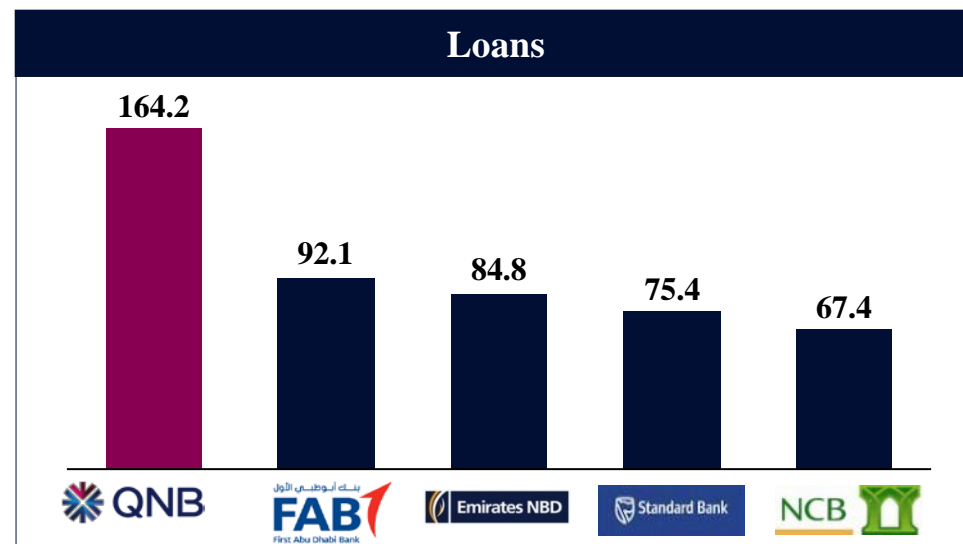
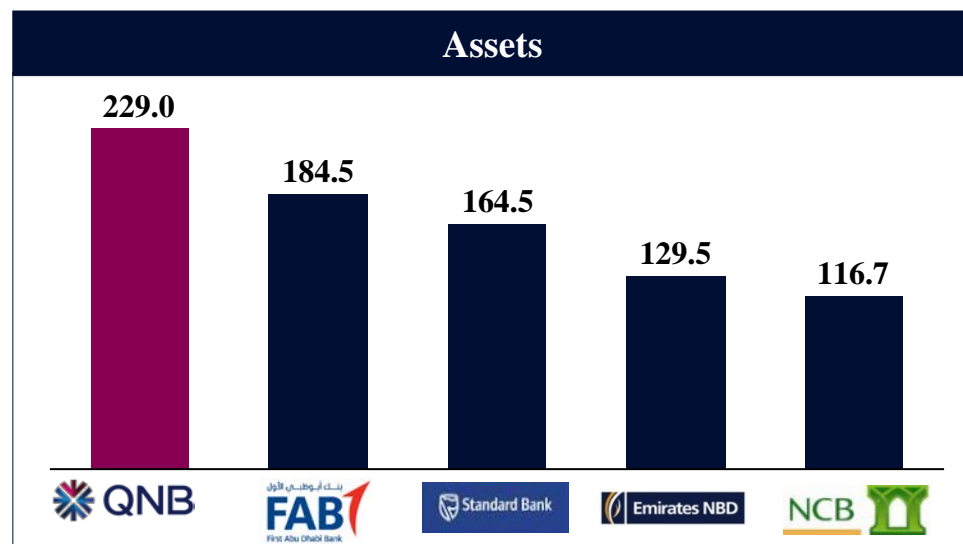
QNB continues to excel in the domestic market



Note: All amounts are in USD billions  
Source: Banks' March 2018 Press Release or Financial Statements, if available

# Top 5 MEA Banks – March 2018

QNB maintained its position as the leading bank in the region across all categories

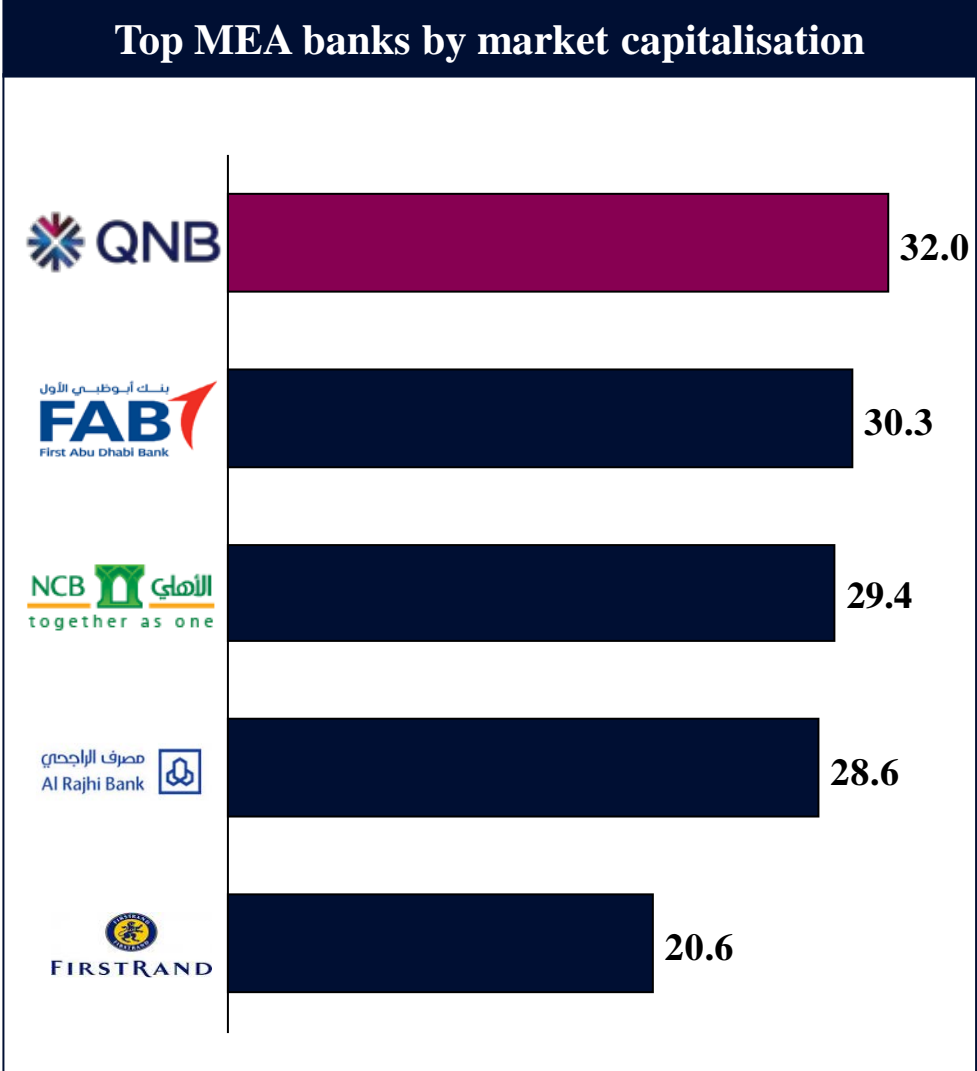
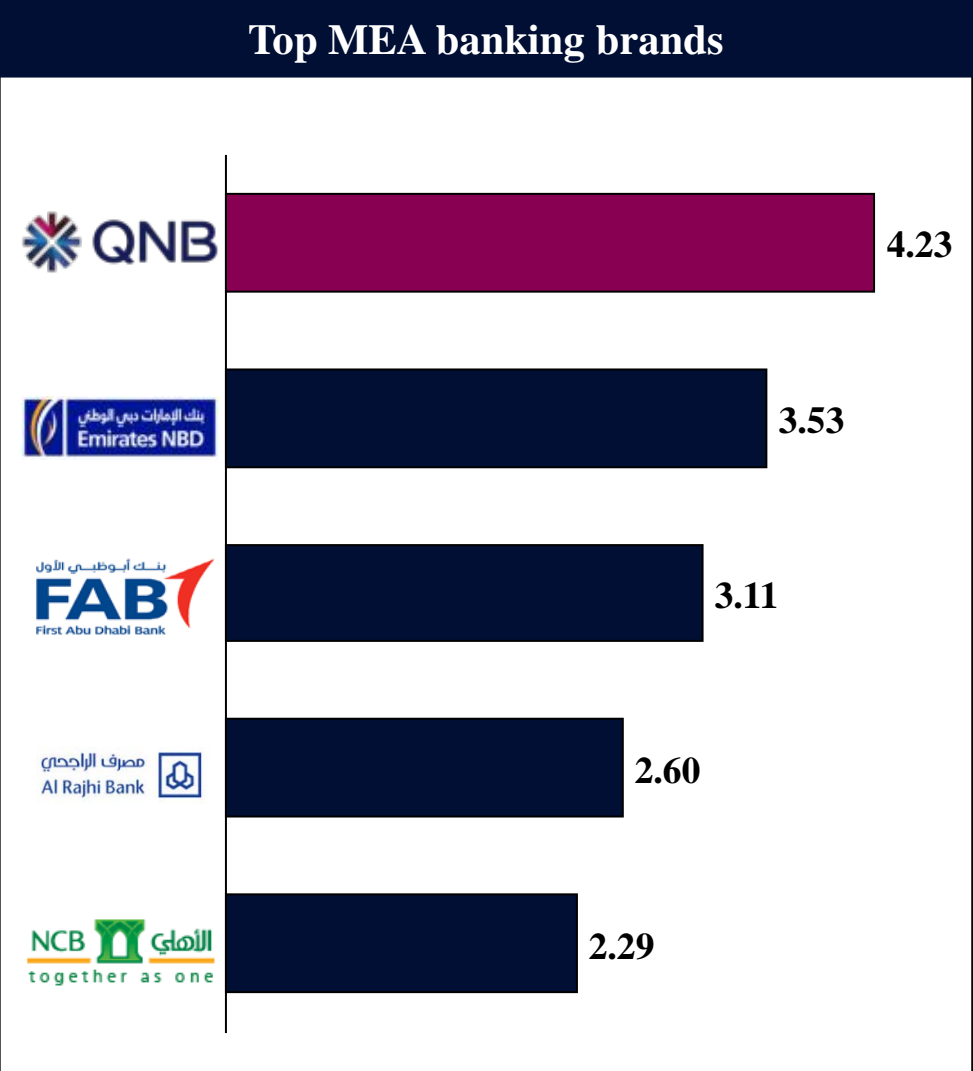


Note: All amounts are in USD billions  
 Source: Banks' March 2018 Press Release or Financial Statements, if available.  
 Standard Bank's results are as of December 2017 due to unavailability of March 2018 results.



# 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-17)



Source: Brand Finance 2018, Bloomberg



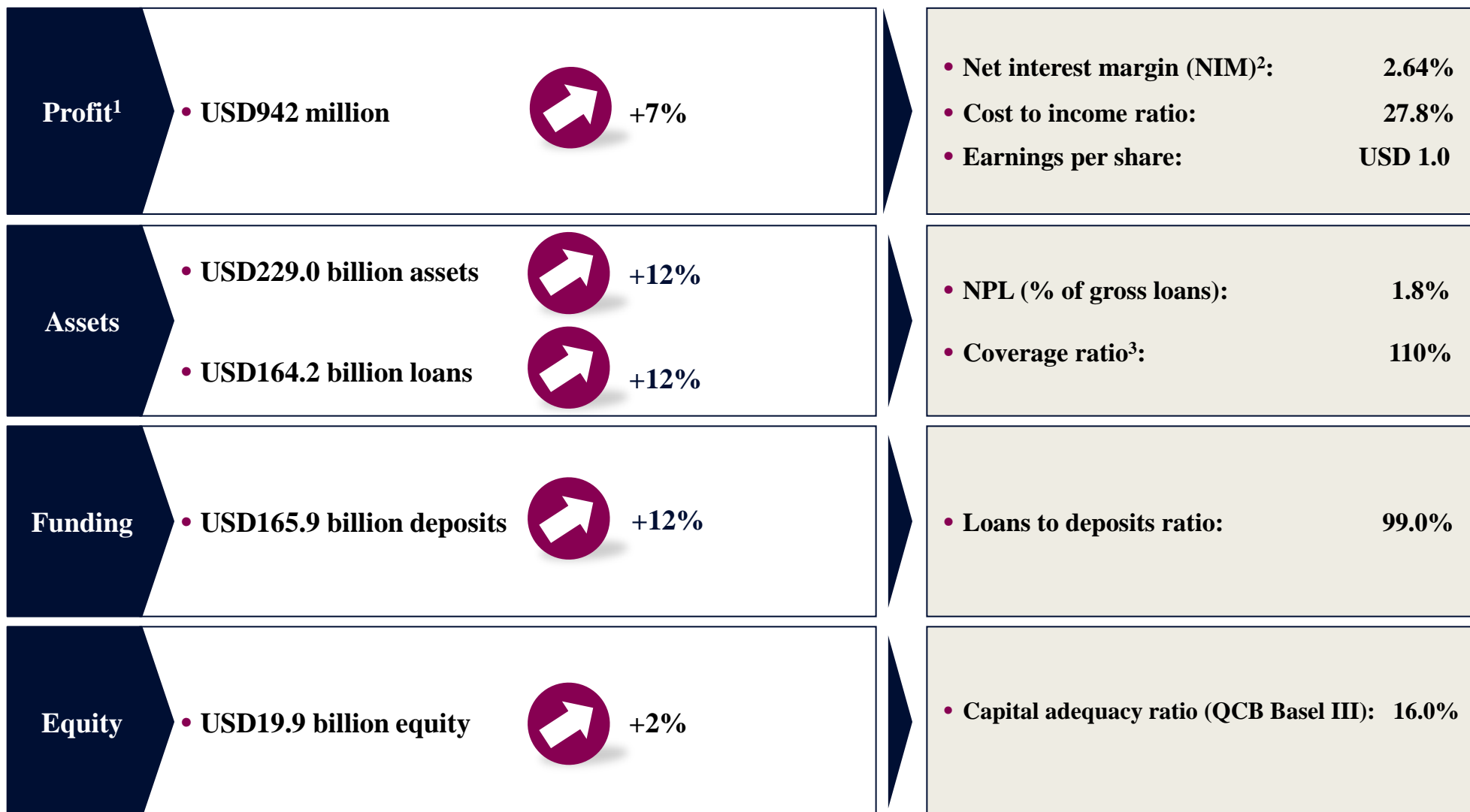
**Financial Highlights – as at 31 March 2018**

# QNB demonstrate sustainable profit growth

Financial Highlights (as at 31 March 2018)



Growth vs. March 2017

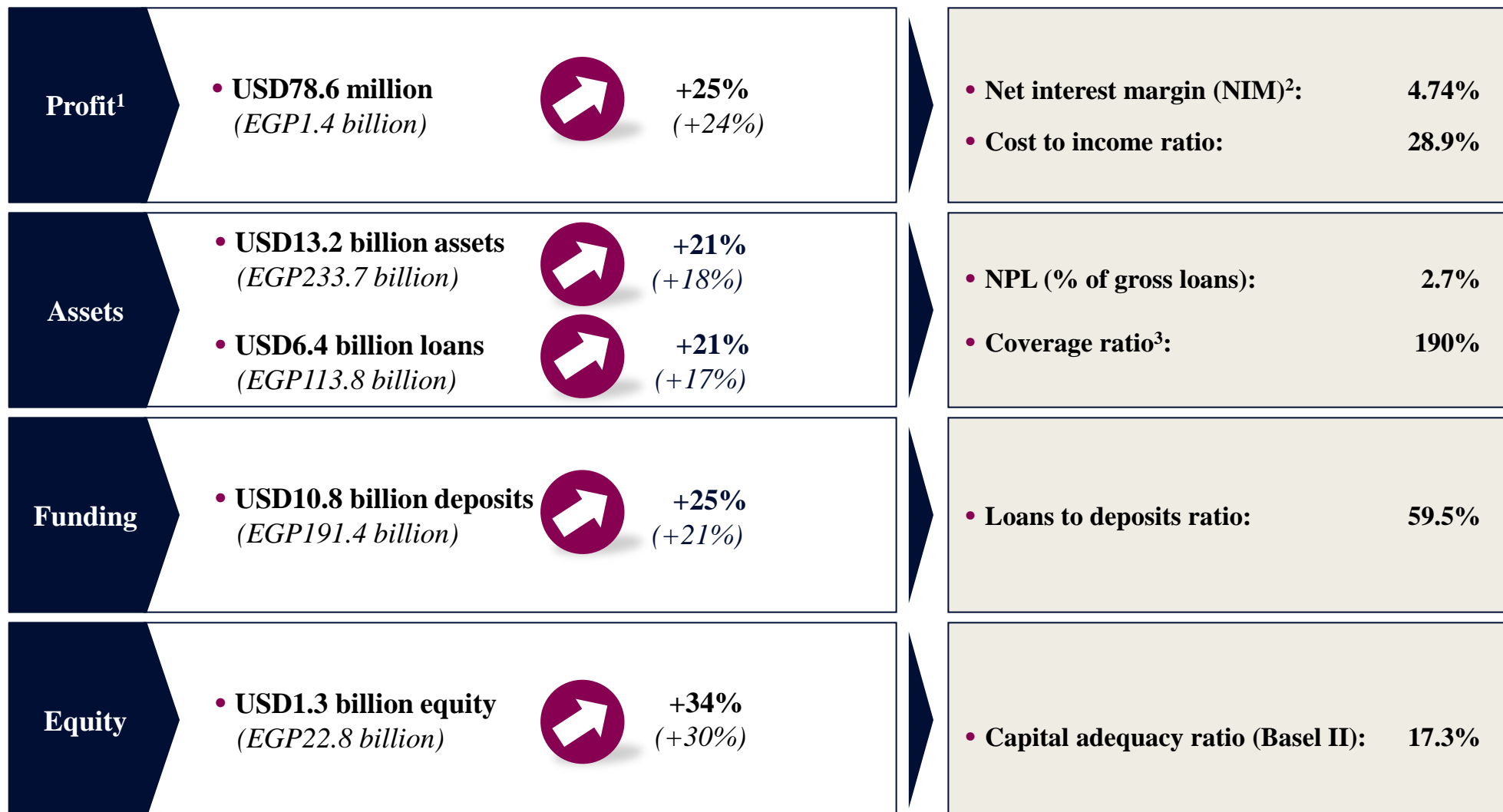


# QNB ALAHLI

## Highlights (as at 31 March 2018)



Growth vs. March 2017

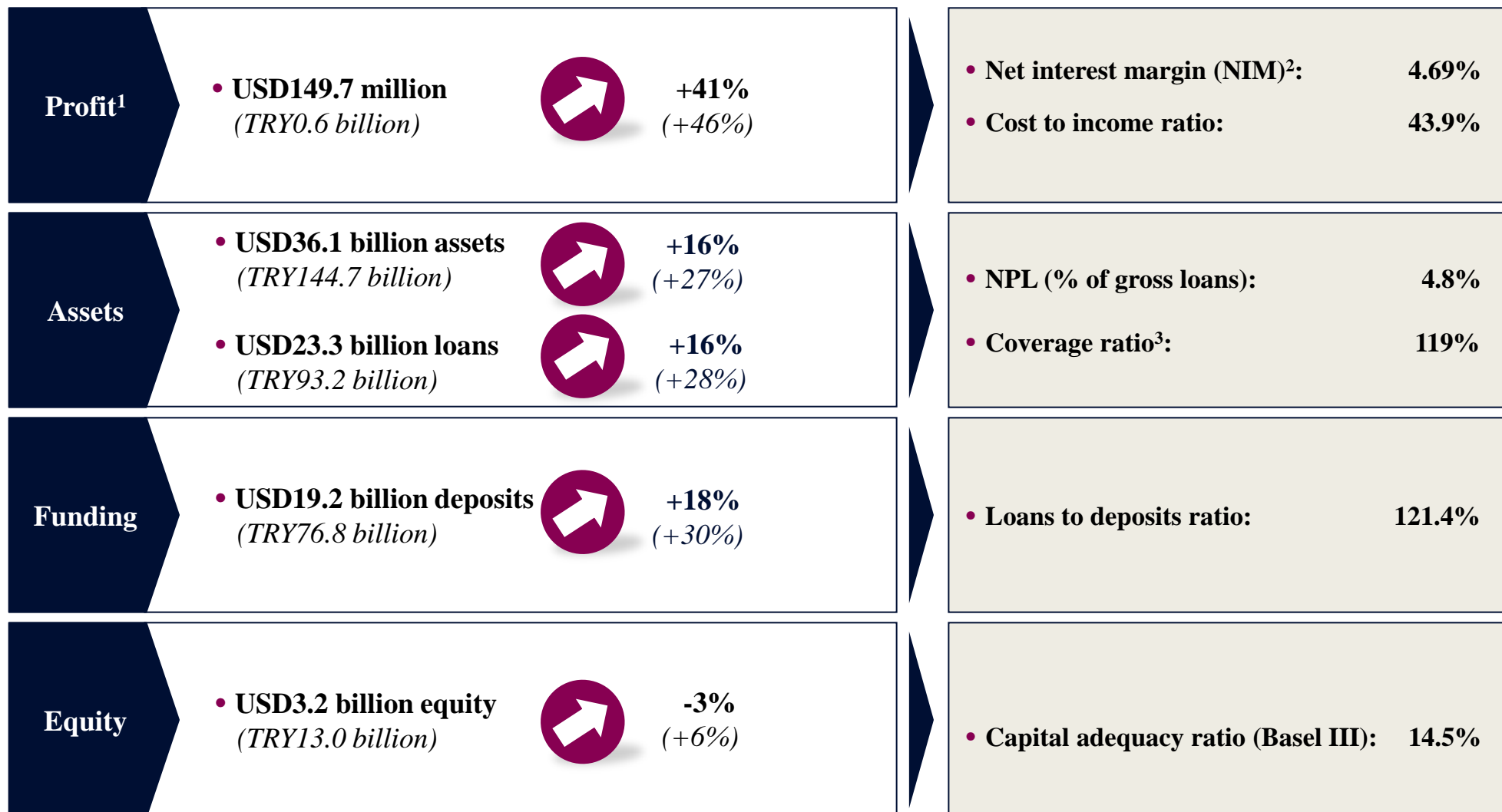


# QNB FINANSBANK

## Highlights (as at 31 March 2018)



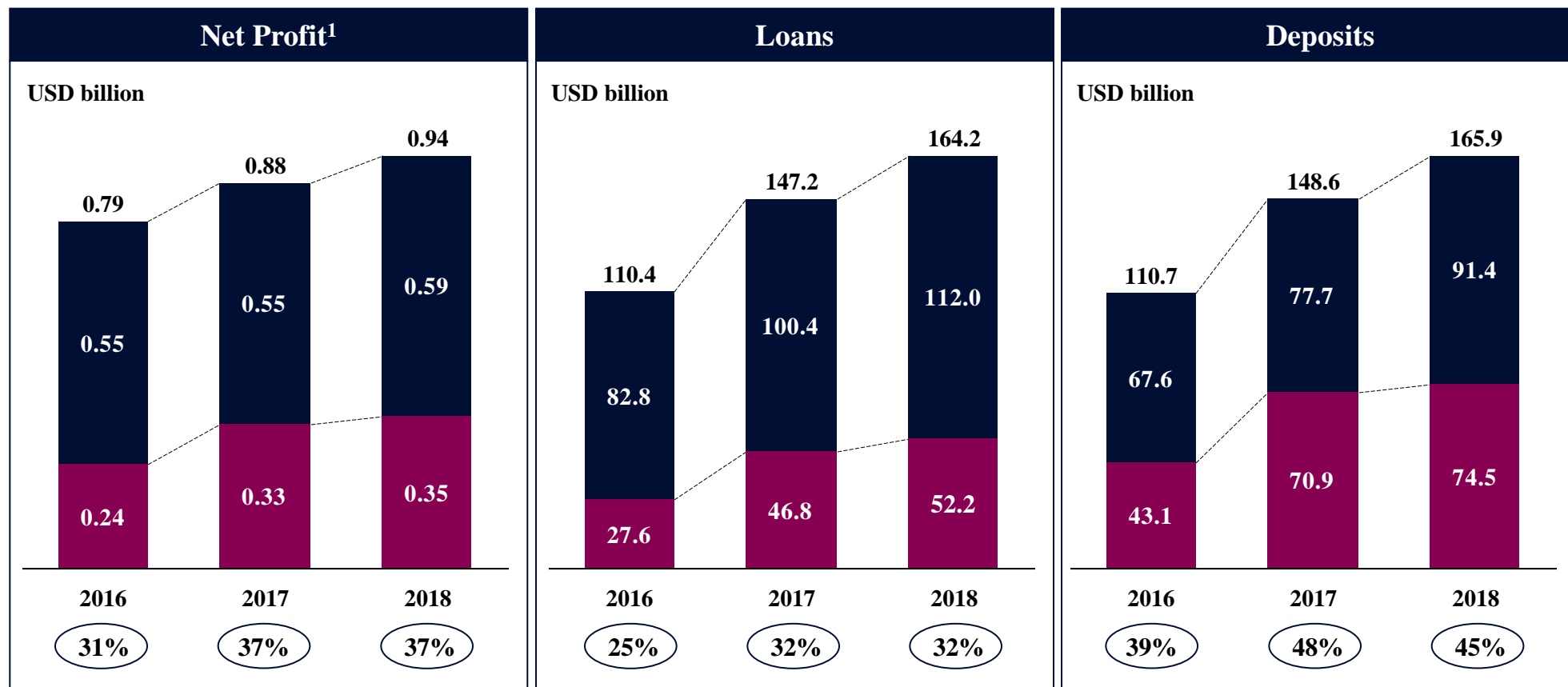
Growth vs. March 2017



# Increasing geographical diversification positively contributes to growth

## Geographical Contribution (as at 31 March)

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

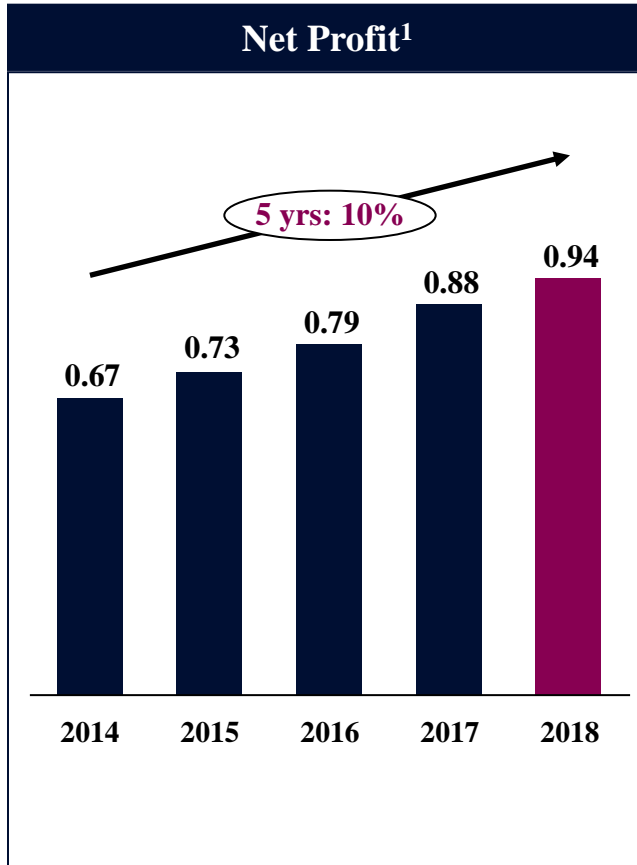


- Profit from international operations increased by USD108 Mn (44%) from 2016 to 2018

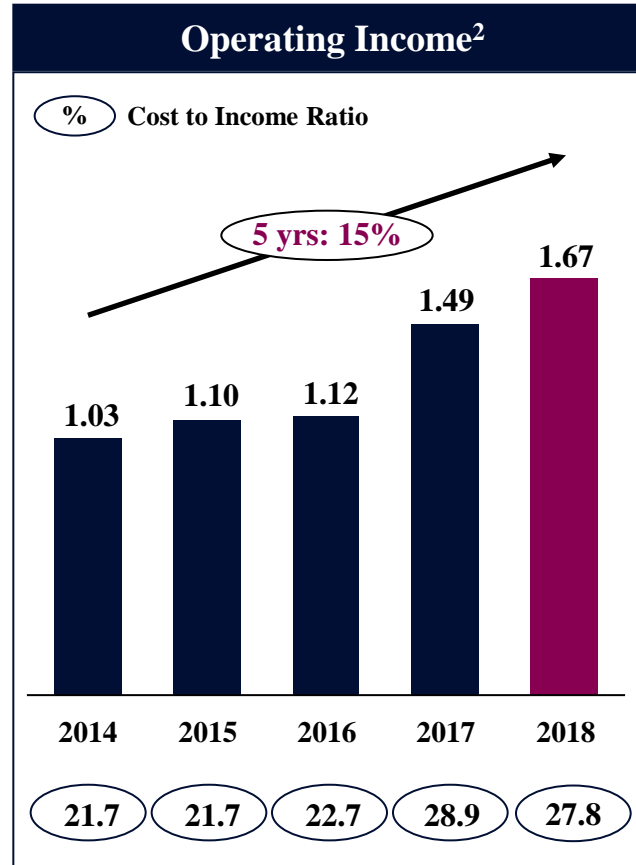
- Loans from international operations increased by USD24.5 Bn (89%) from 2016 to 2018
- Deposits from international operations increased by USD31.4 Bn (73%) from 2016 to 2018

# Consistent Robust Profitability

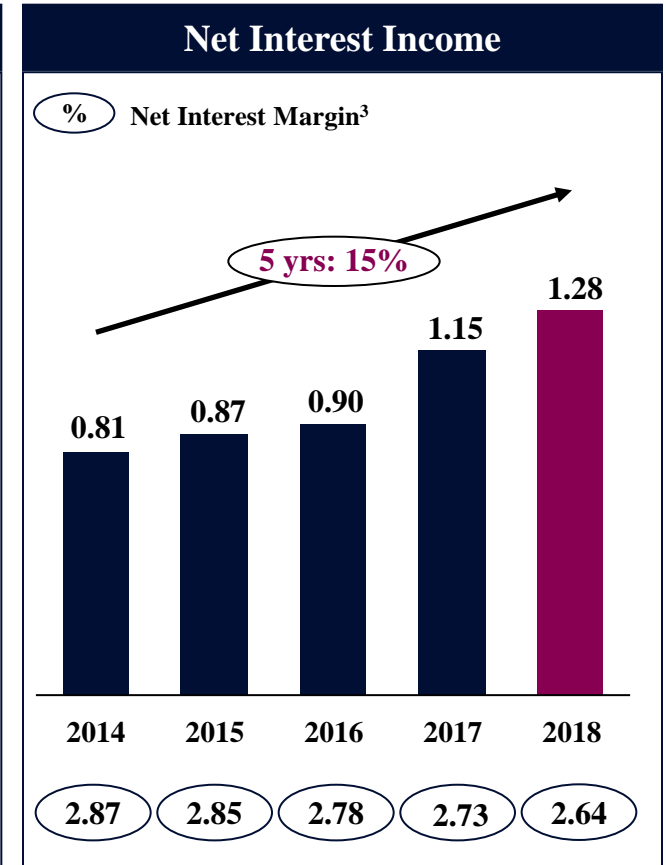
## Income Statement Breakdown (USD billion as at 31 March)



- Net profit increased 7% from March 2017
- 2013-2018 CAGR of 10%



- Operating income increased 12% from March 2017
- 2013-2018 CAGR of 15%



- NII increased 12% from March 2017
- Strong NIM with the current size of more than USD225 billion of total assets



Source: March 2018 Financial Report

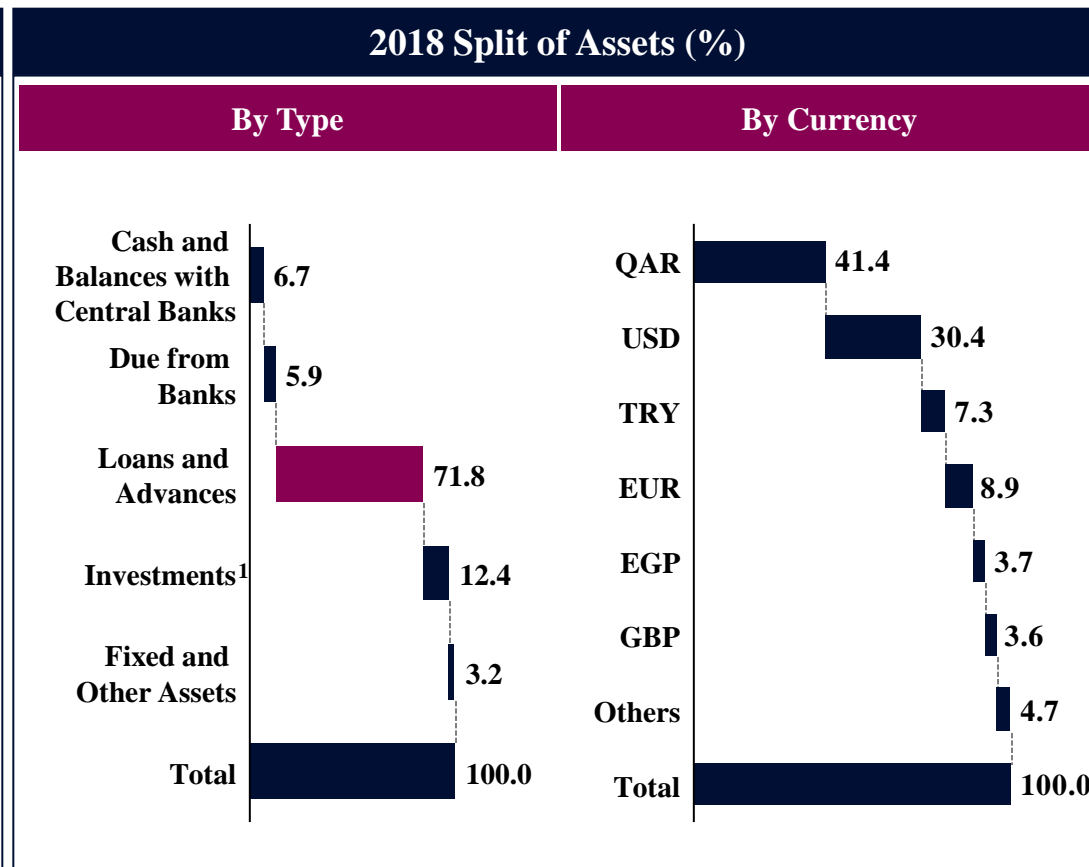
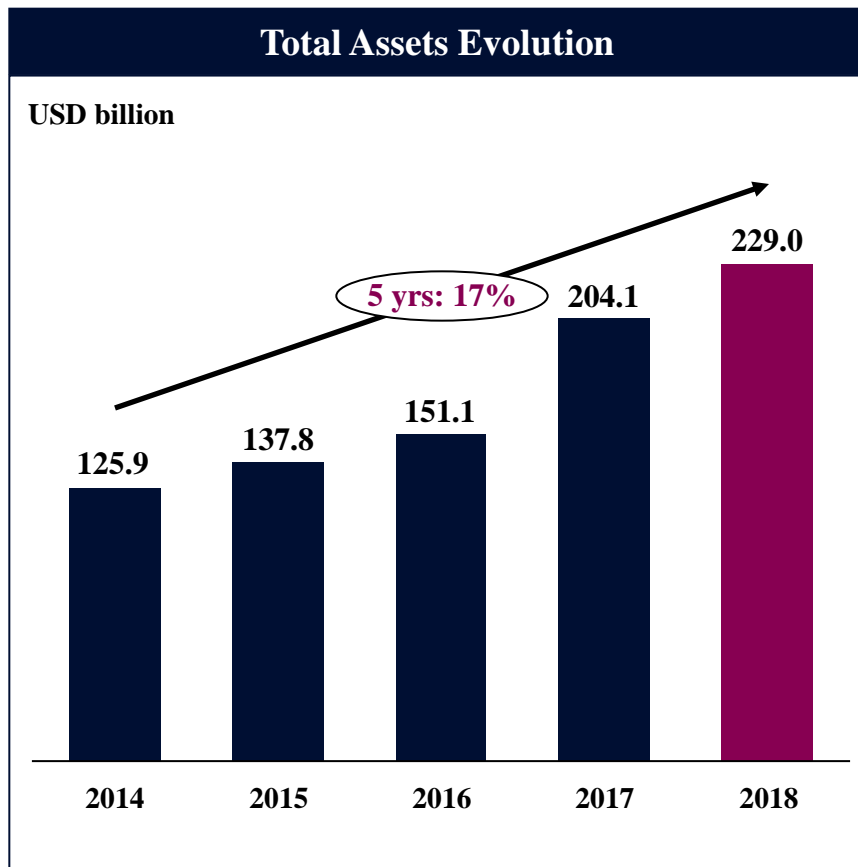
1: Profit Attributable to Equity Holders of the Bank

2: Operating Income includes Share of Results of Associates

3: Net interest margin calculated as net interest income over average interest earning assets

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

## Assets Analysis (as at 31 March)



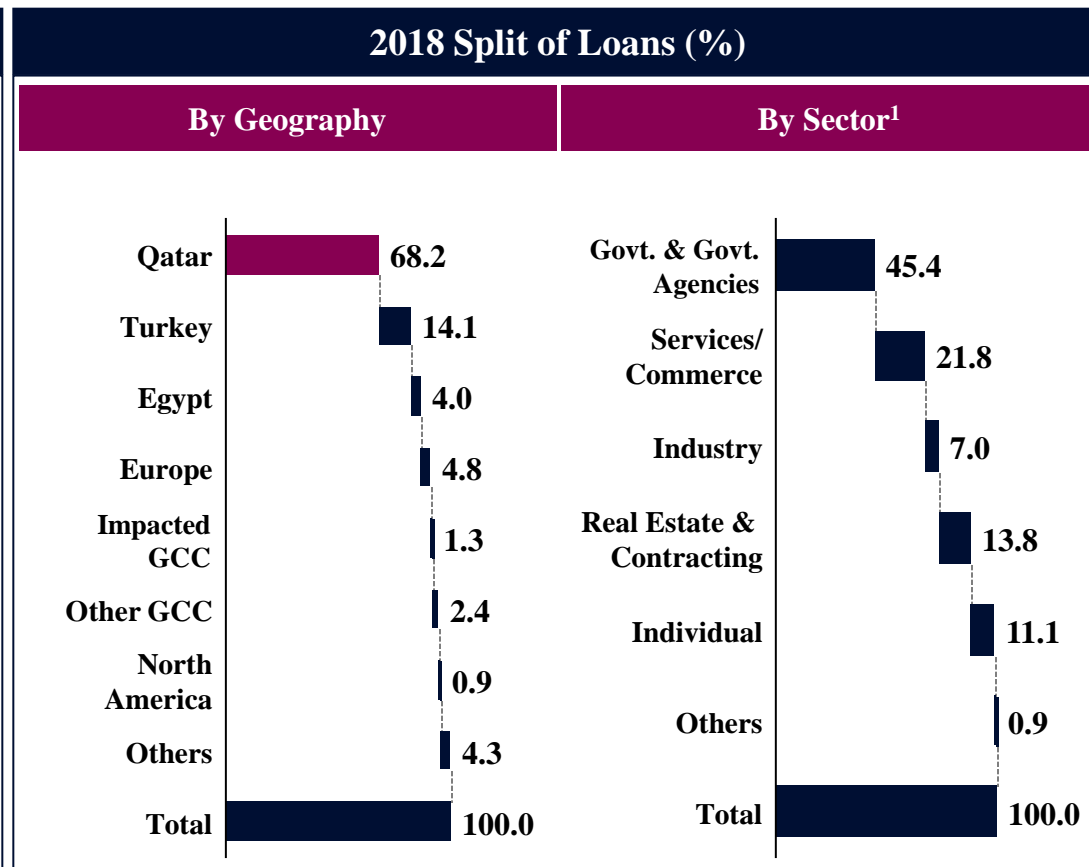
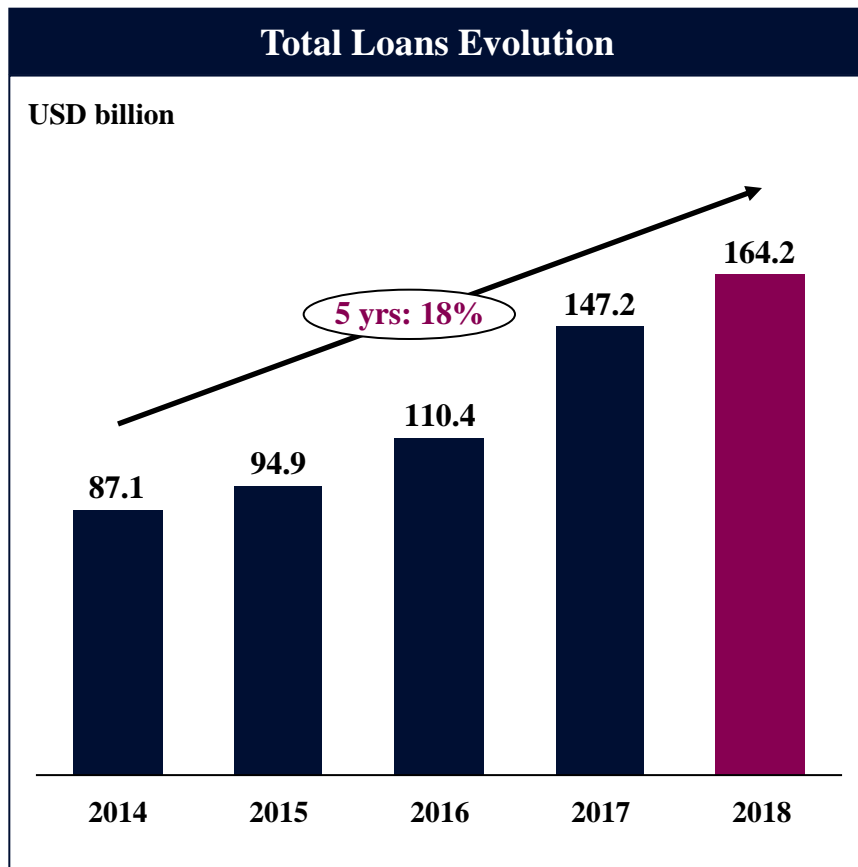
- Assets increased 12% from March 2017
- 2013-2018 CAGR of 17%

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



# Good loan growth

## Loans Analysis (as at 31 March)

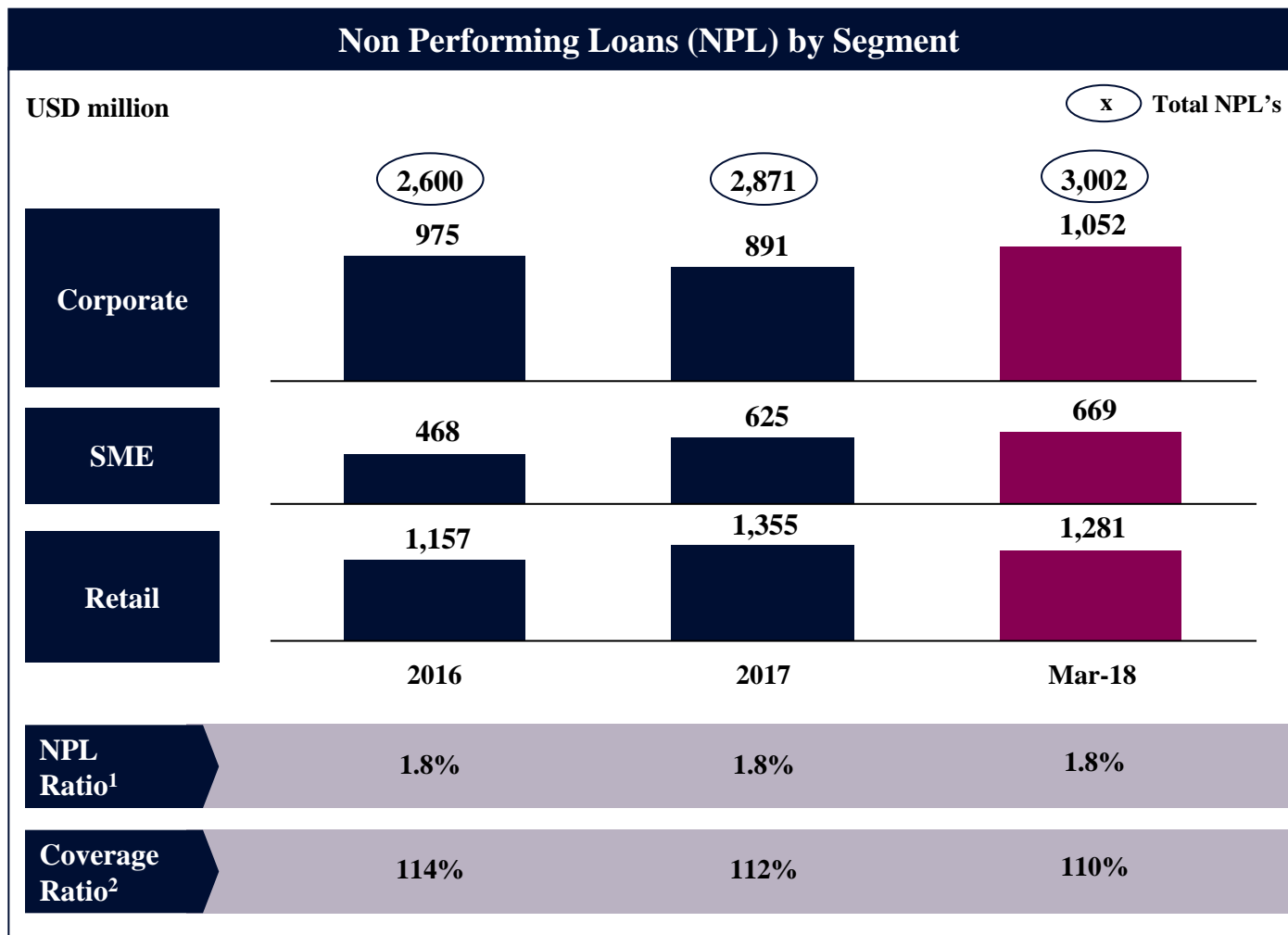


- Loans increased 12% from March 2017
- 2013-2018 CAGR of 18%

- Loans denominated in USD represent 33% of total loans
- Loan exposures are of a high quality with 45% concentration to Government and public sector entities

# High quality lending portfolio is highlighted by low NPL ratios

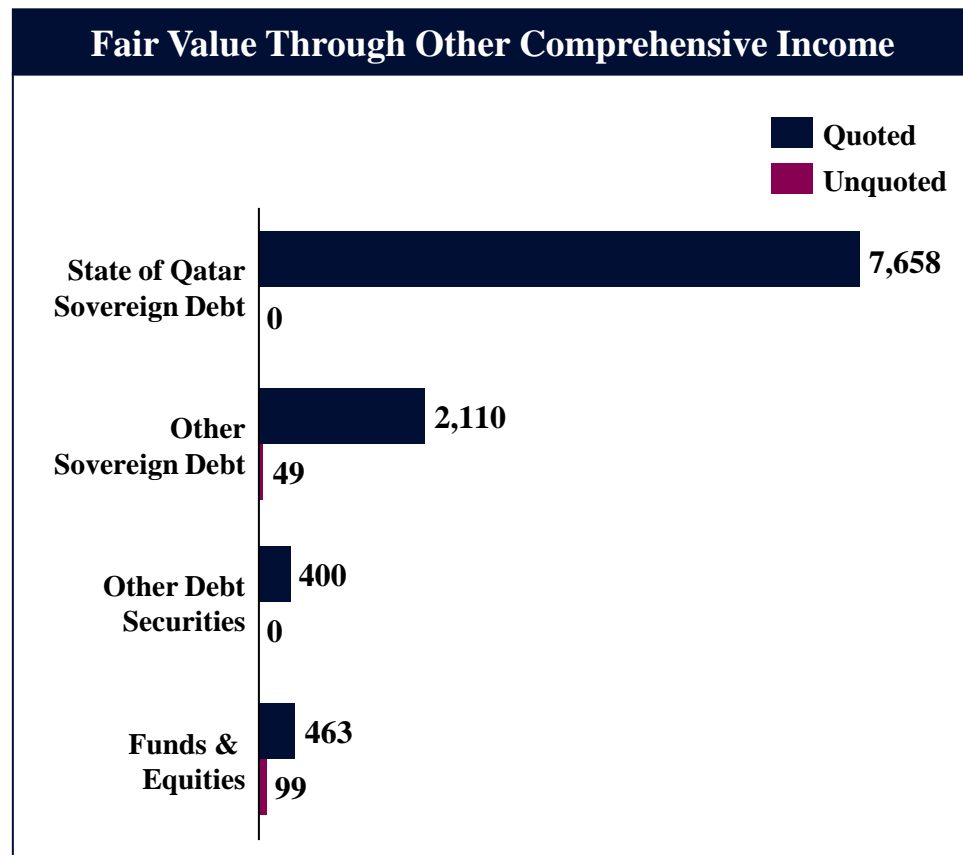
Asset Quality Analysis (as at 31 December unless stated)



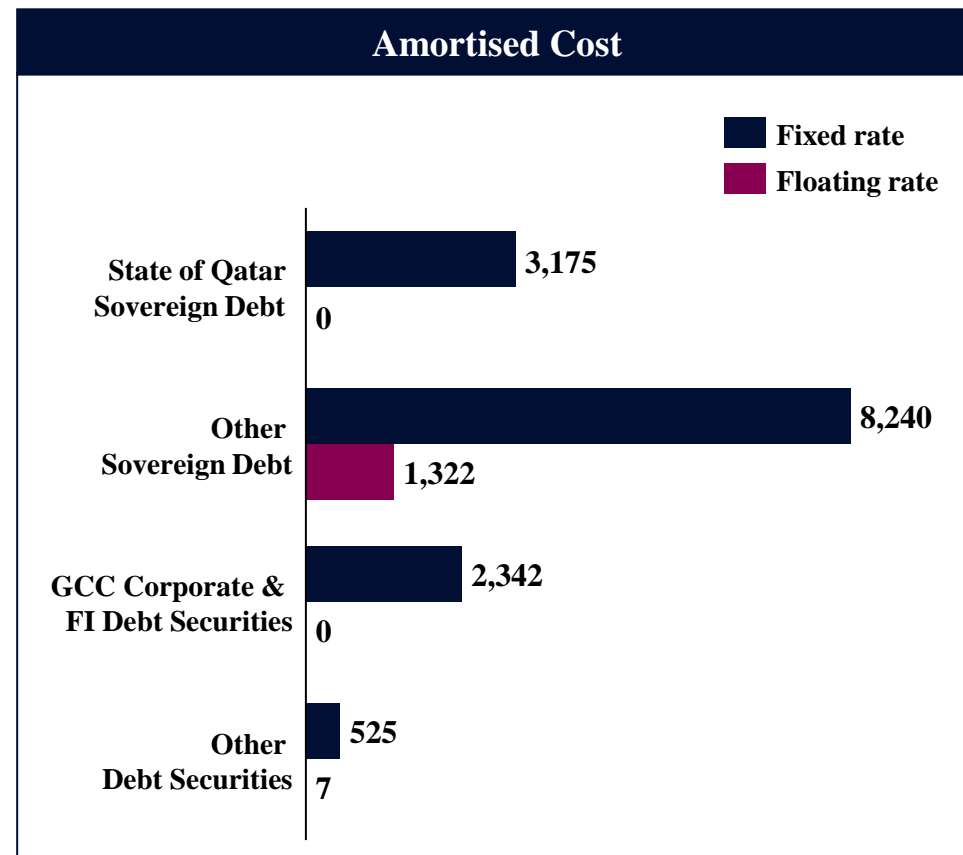
- QNB has continued to increase its provisions in response to the global economic situation
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 110% as at 31 March 2018
- Past dues are NPL after 90 days default
- There is the additional security of a risk reserve of USD2,060 million which is greater than the 2.5% QCB requirements

# High quality investment portfolio with 88% of securities rated AA or Sovereign

## Investments Analysis (USD million as at 31 March 2018)



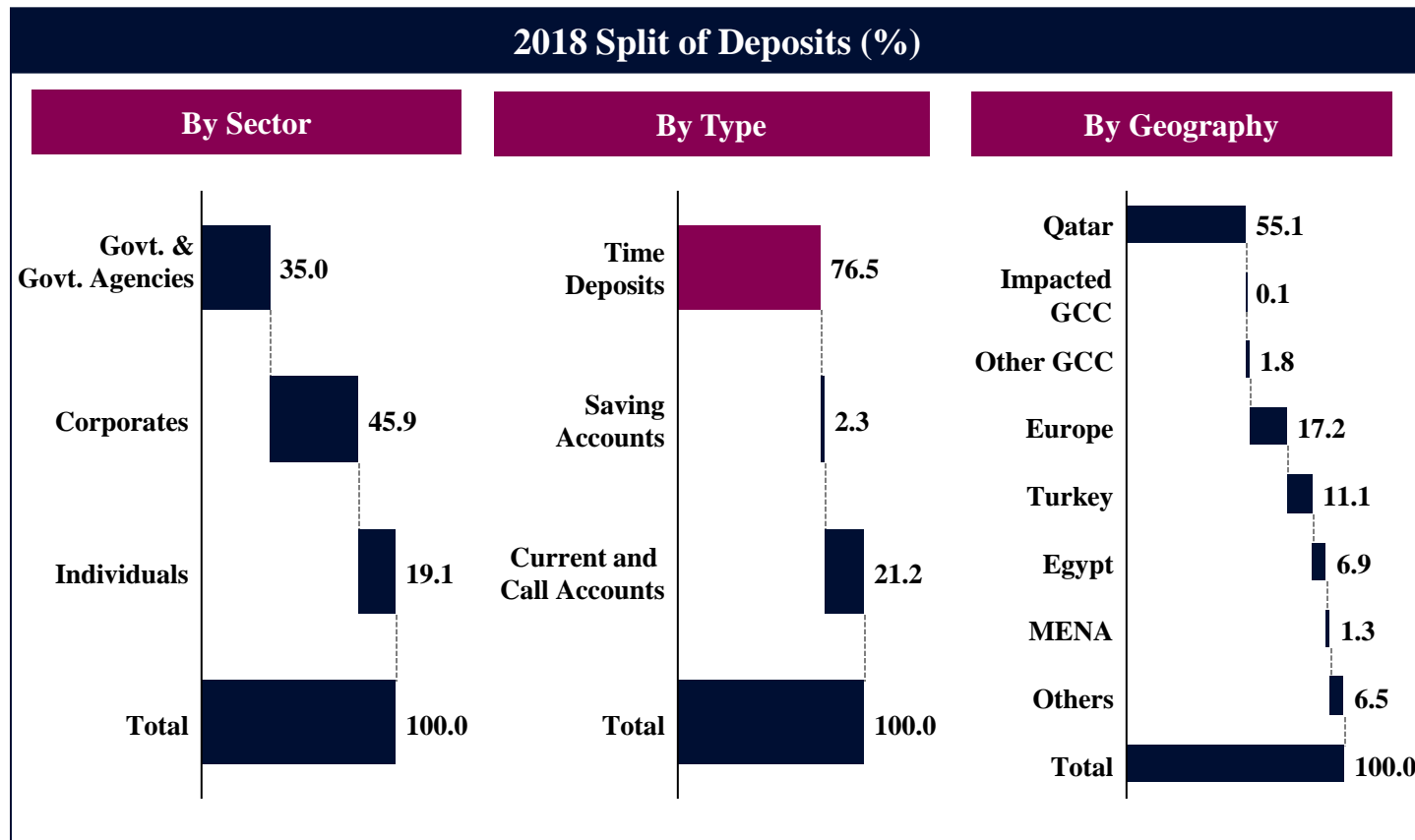
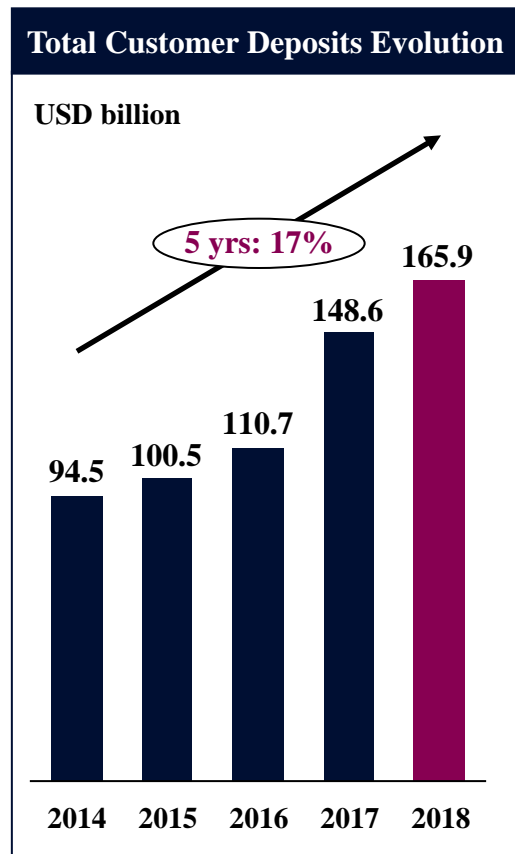
- Quoted securities account for 99% of FVOCI Investment securities



- Majority of Other Sovereign Debt is Government Guaranteed

# Robust growth in customer deposits and funding

## Funding Analysis (as at 31 March)

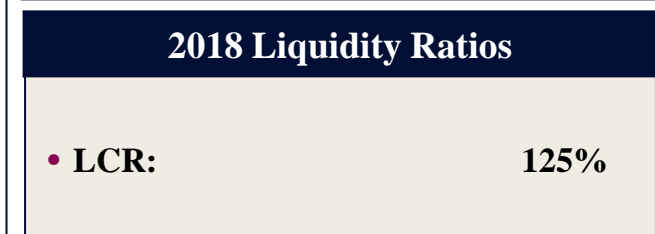
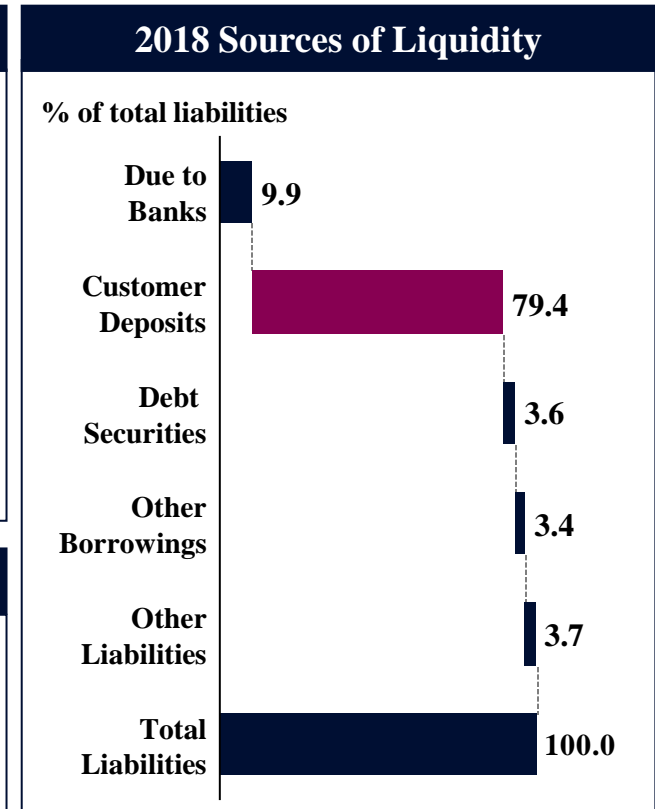
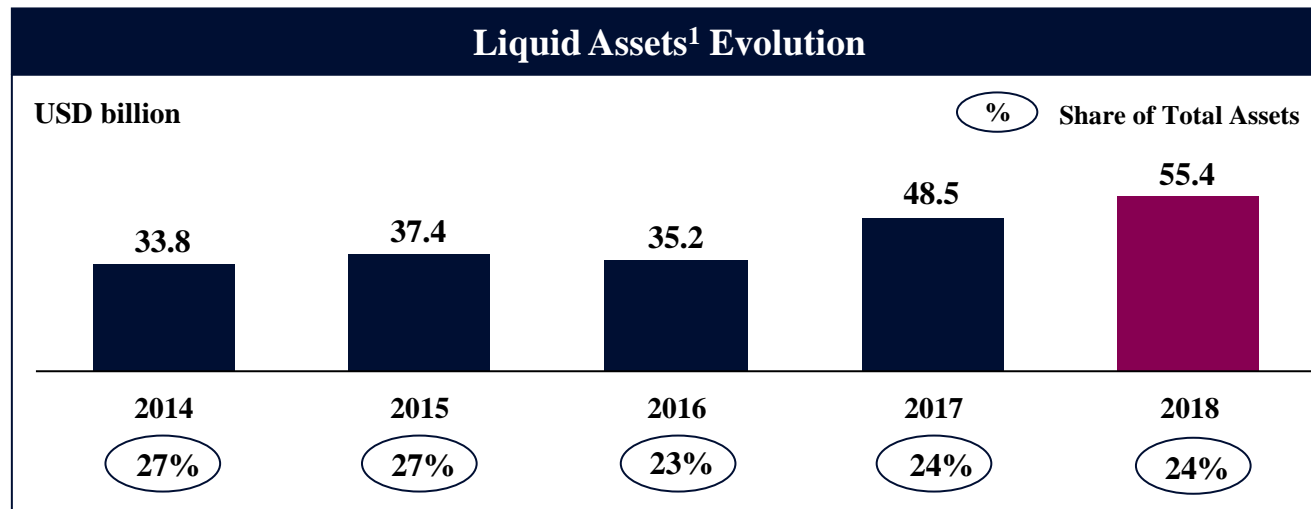
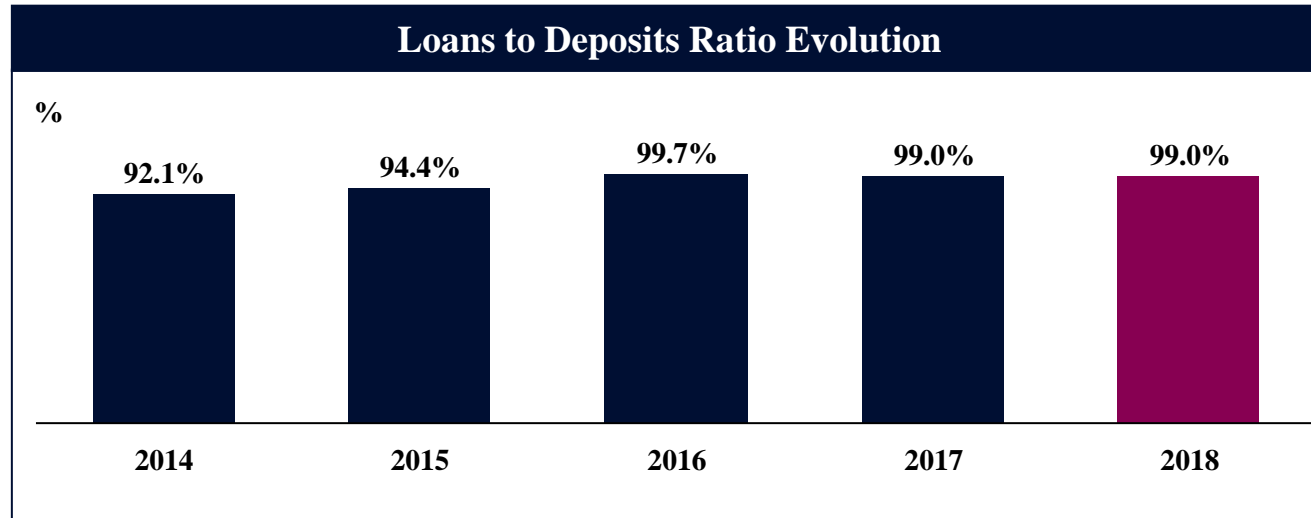


- Deposits increased 12% from March 2017
- 2013-2018 CAGR of 17%

- QNB remains the public sector's preferred bank
- USD, TRY and EGP denominated deposits represent 46%, 7% and 5% of total deposits respectively

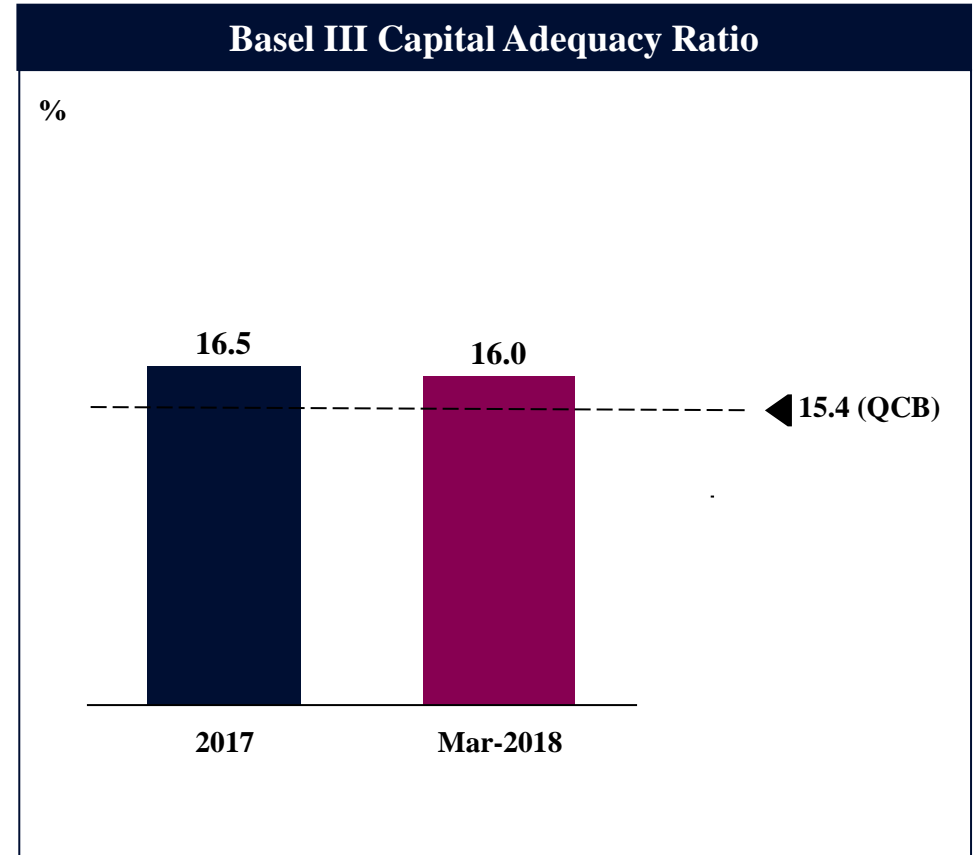
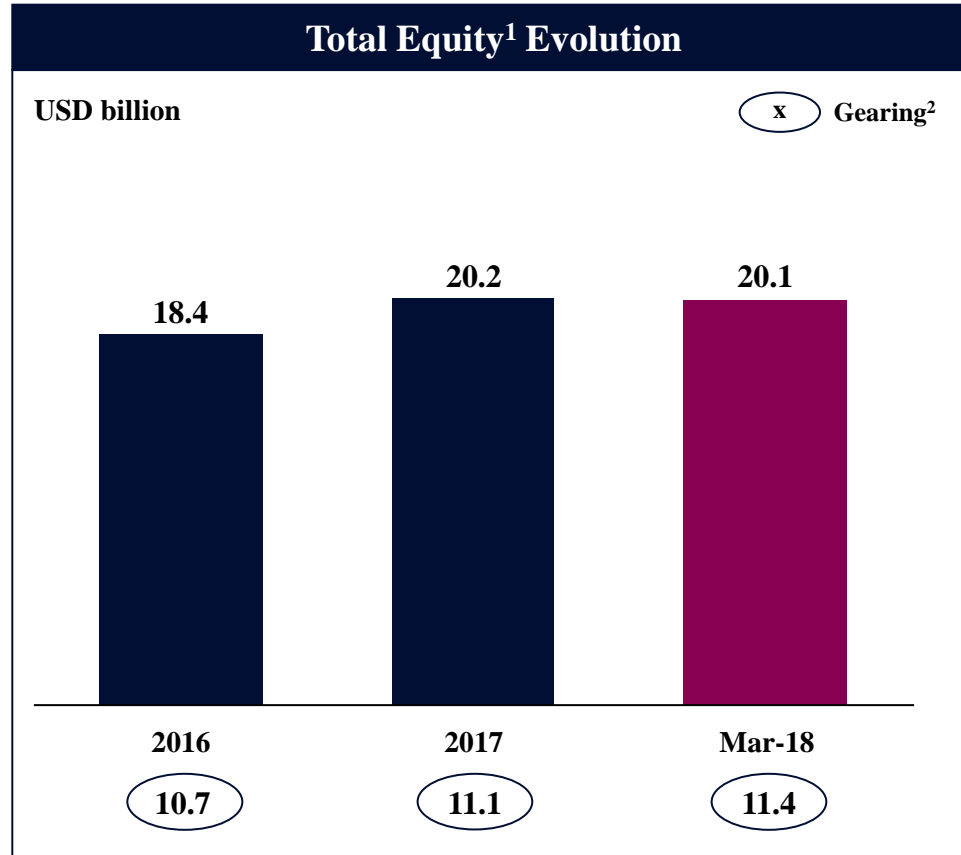
# Solid liquidity profile

## Liquidity Analysis (as at 31 March)



# 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

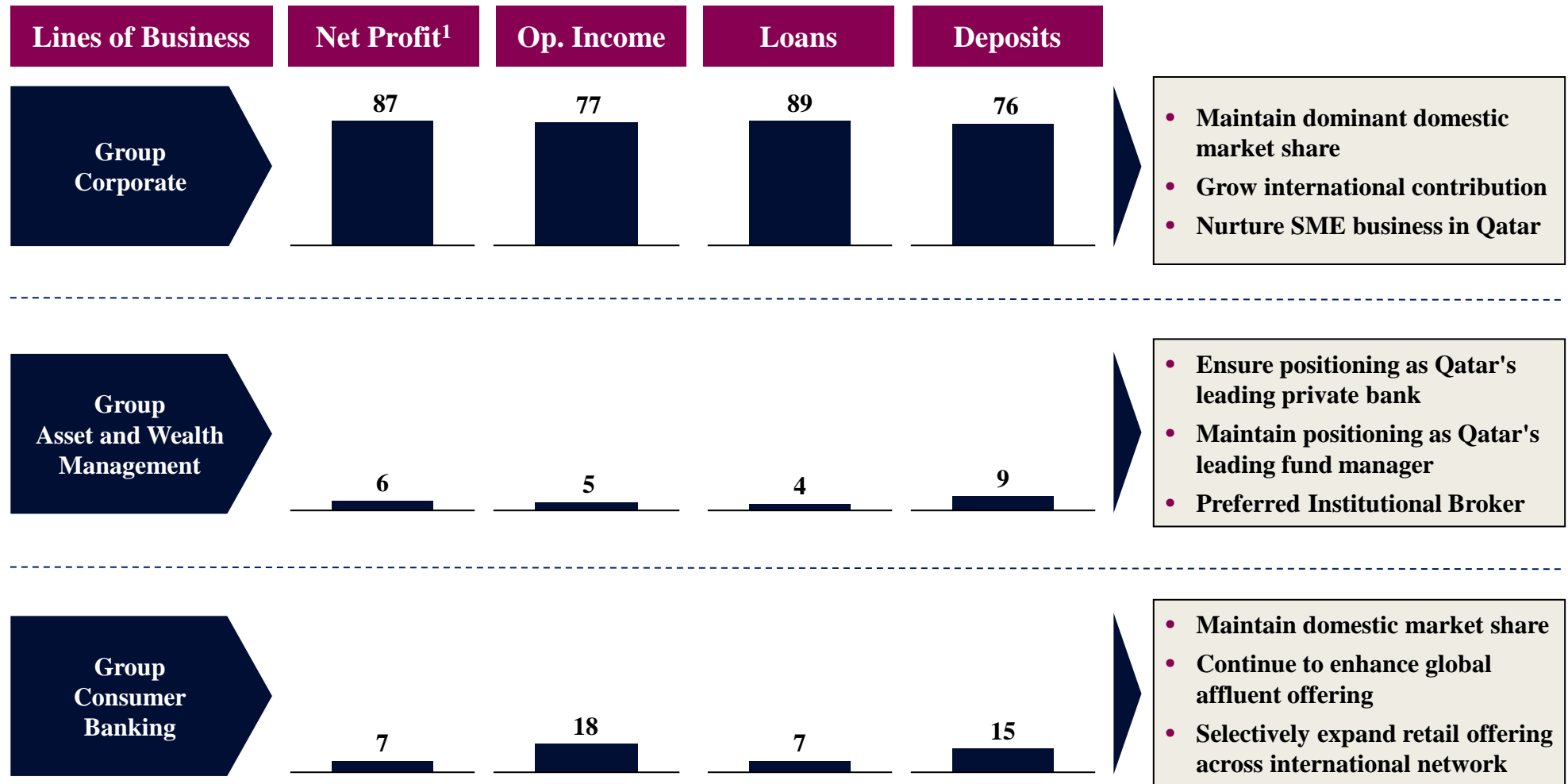
- Capital adequacy ratio is above QCB and Basel III requirements including the applicable DSIB buffer of 1.875%



Source: March 2018 Financial Report  
 1: Total Equity excludes fair value reserve, proposed dividend and non-controlling interest  
 2: Defined as total assets to total equity

# Diversifying business mix will bolster sustainable growth

Business Mix Contribution (% share as at 31 March 2018)



# IFRS 9 Implementation: Additional buffer for long term earnings stability

## Financial Impacts

- QNB implemented IFRS 9 with effect from 1 January 2018 based on the QCB guidelines.
- Day1 transition impact amounted to USD696 million (net of tax) from IFRS 9 has been charged to the opening retained earnings as of 1 January 2018.
- As per QCB instructions, ECL impact has been treated as Tier 2 Capital for CAR purposes with no amortisation of the transition impact.
- Impact of 'Classification and Measurement' (C&M) requirements are not significant to the QNB.

### Coverage ratio<sup>1</sup>

<i>As of 31March 2018</i>	Stage1	Stage2	Stage3 (NPL)
<b>Due from Banks and Balances with Central Banks</b>	0.1%	3.2%	-
<b>Loans</b>	0.2%	10.1%	109.9%
<b>Investments</b>	0.1%	3.5%	111.6%

### Cost of Risk<sup>2</sup>

<i>31March 2018</i>	Stage1	Stage2	Stage3 (NPL)	Total
<b>Cost of Risk</b>	3bps	8bps	28bps	40bps



# QNB Group Financials

Key data (as at 31 March 2018)

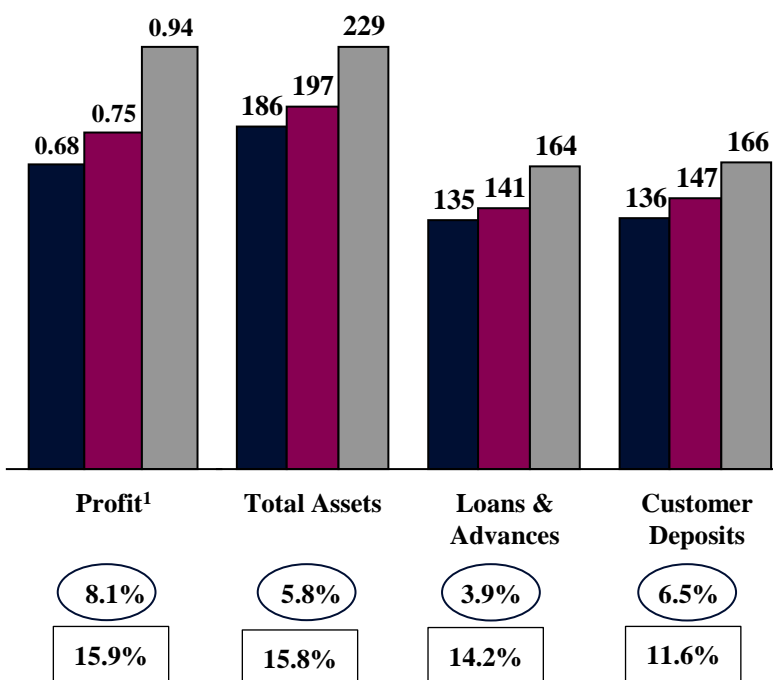
■ QNB ■ QNB incl. QNB ALAHLI ■ QNB incl. QNB Finansbank

○ Contribution of QNB AA

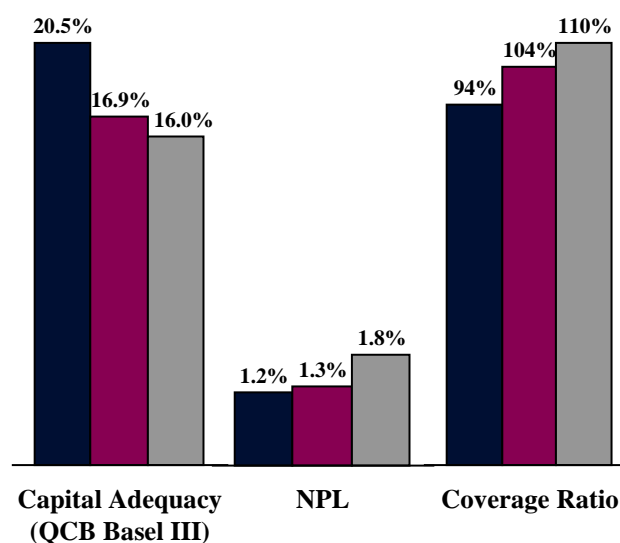
□ Contribution of QNB Finansbank

## Financials

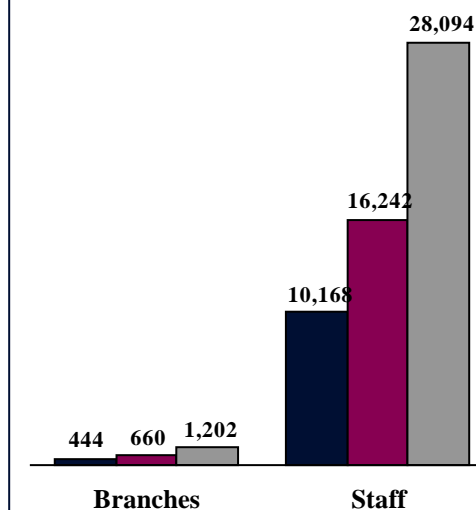
USD billion



## Ratios



## Presence



- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy Ratio: 16.0%

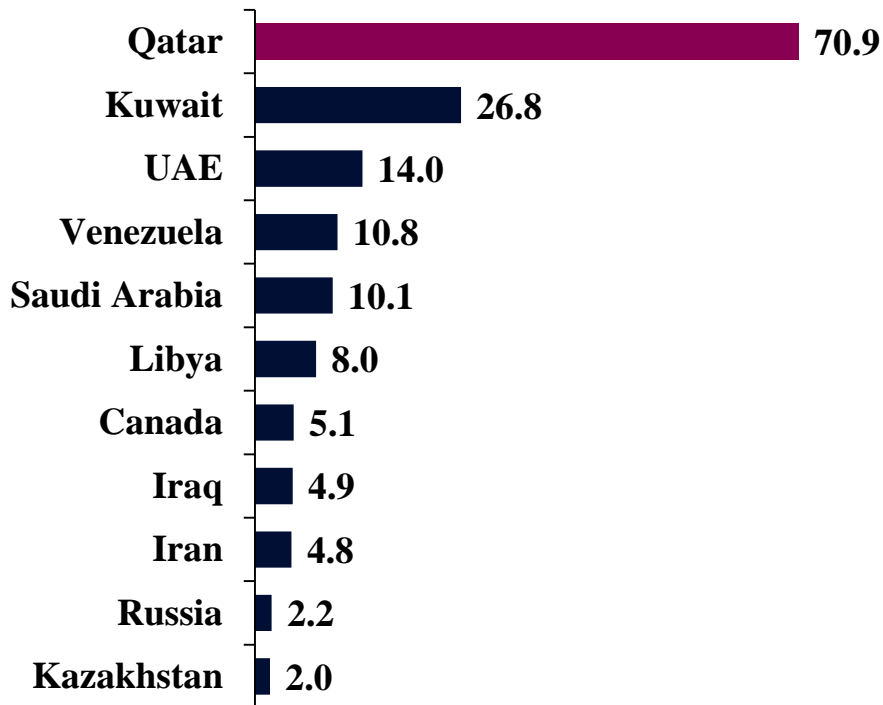


# **Economic Overview**

# Qatar is endowed with major oil and gas reserves, making it the richest country in the world

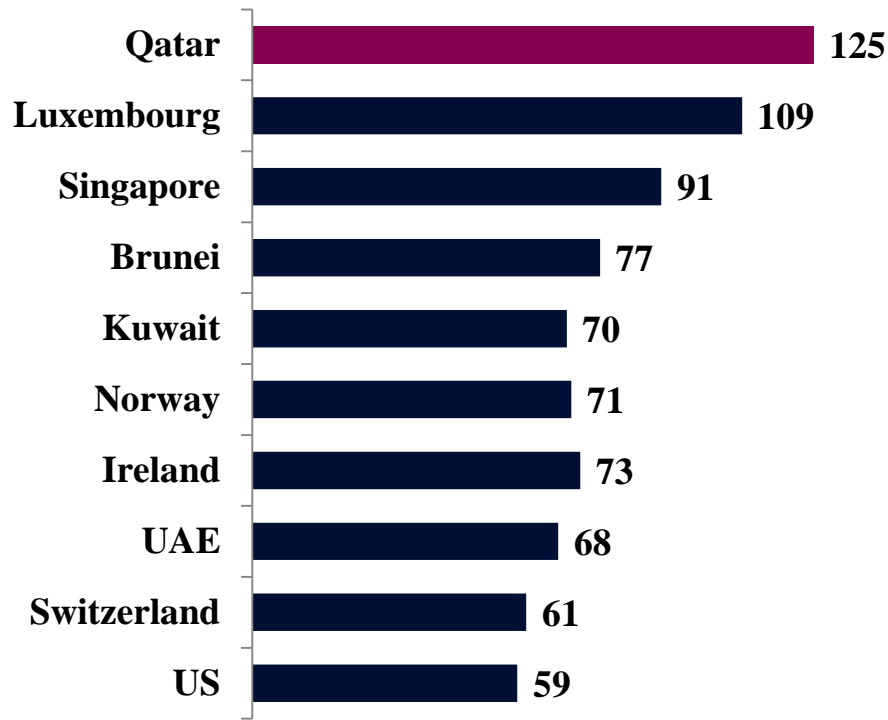
## Oil and gas reserves per capita (2017)

k barrels of oil equivalent (boe)



## GDP per capita (2017)

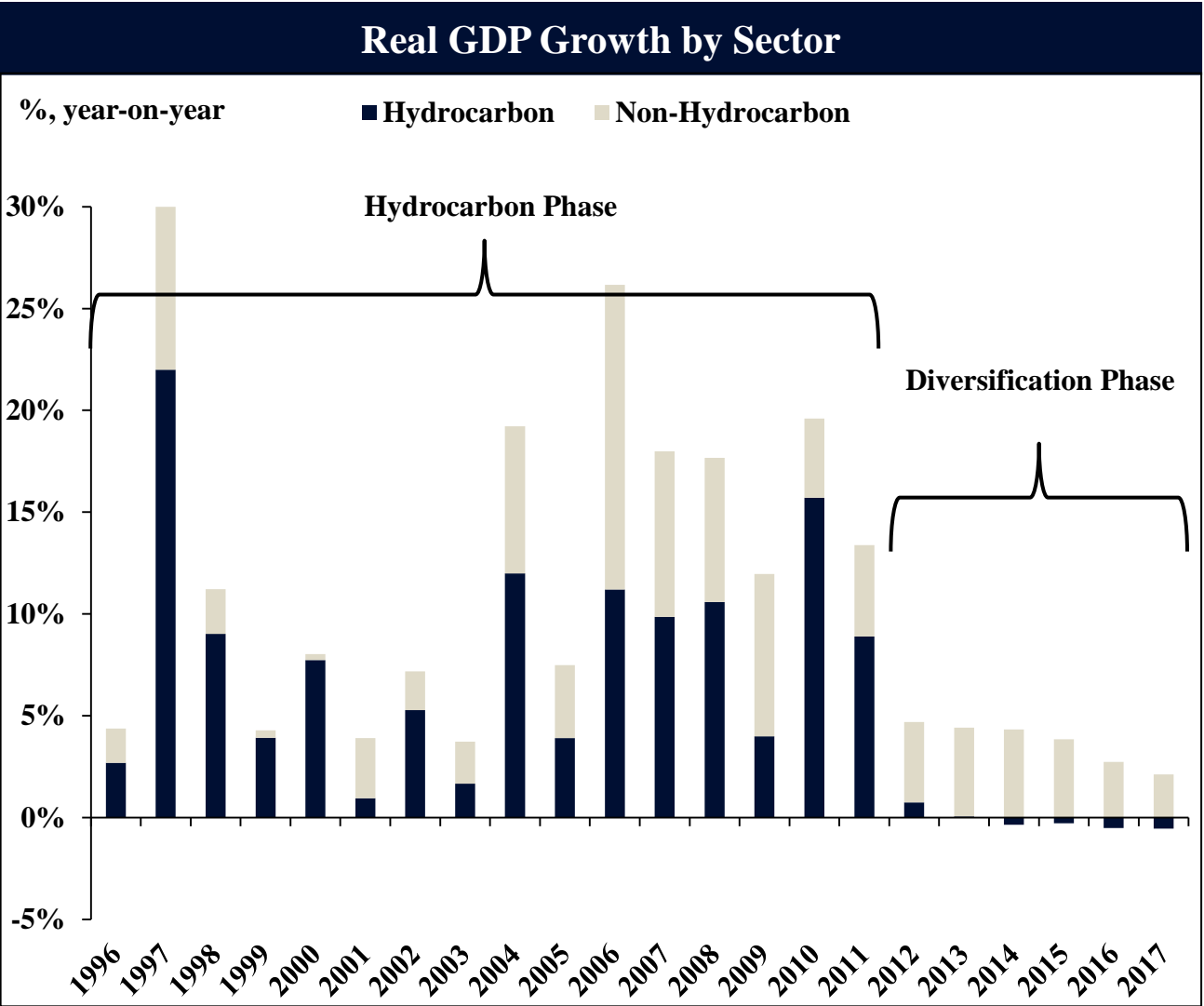
k USD PPP



• At current extraction rates, Qatar's proven gas reserves would last for another 135 years

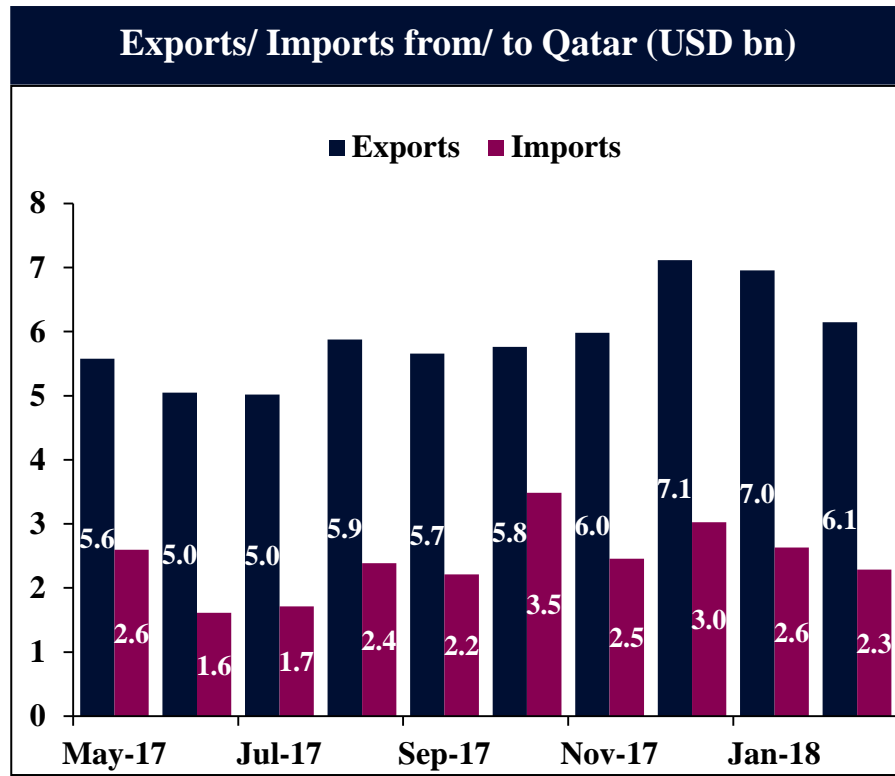
• Development of the hydrocarbon sector has made Qatar the world's richest country

# Qatar accumulated large reserves during its hydrocarbon expansion and is now using these reserves to diversify the economy through major investments

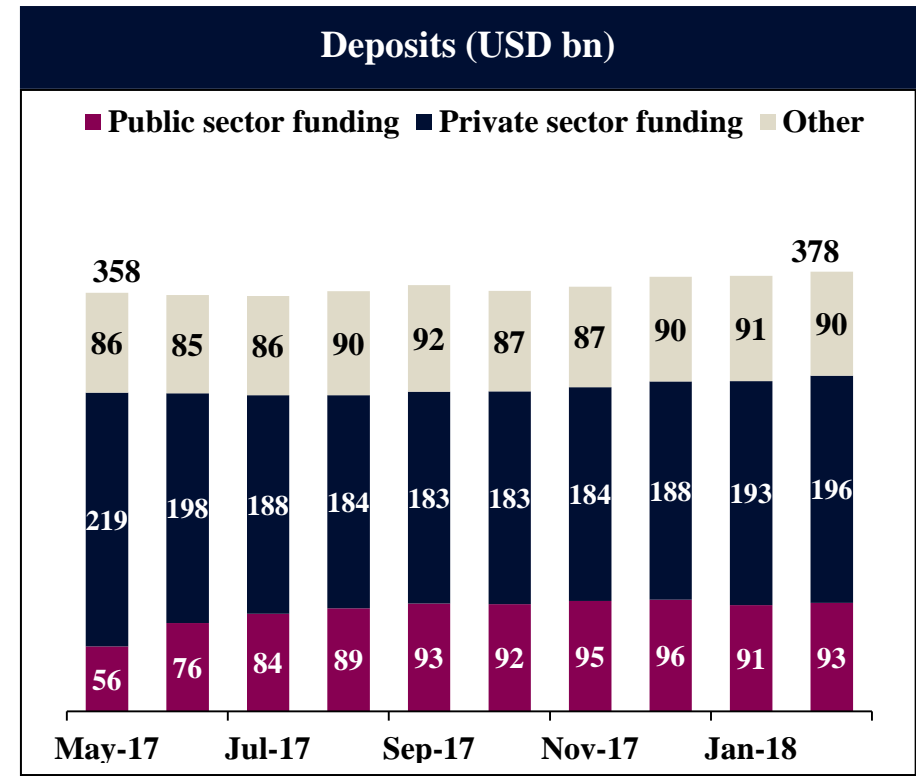


**Qatar's National Vision 2030 aims to create a knowledge based and diversified economy**

# Qatar's fundamentals remain on a stable footing



- Imports have recovered since the blockade
- New trade routes have been established
- Exports have grown despite the blockade



- Outflows from the banking system have been more than offset by public sector inflows
- Private funding flows have been positive for the last five months

# Qatar remains one of the highest rated sovereigns in the world

Moody's Sovereign Ratings <sup>1</sup>											
Investment Grade	AAA	US, Germany, Canada, Australia, N Zealand, Switz'nd, Norway, Sweden, Denmark, Neth'lands, Lux'bourg, Singapore									
	Aa1	Austria, Finland									
	Aa2	UK, France, South Korea, Hong Kong, Isle of Man									
	<b>Aa3</b>	<b>Qatar, Belgium, Chile, Taiwan, Macau, Cayman Islands, Faroe Islands</b>									
	A1	China, Japan, Saudi Arabia, Estonia, Czech									
	A2	Bermuda, Slovakia, Poland, Botswana, Ireland									
	A3	Iceland, Mexico, Latvia, Lithuania, Malaysia, Malta, Peru									
	Baa1	Thailand, Slovenia, Mauritius									
	Baa2	India, Italy, Spain, Uruguay, Philippines, Bulgaria, Panama, Colombia									
	Baa3	Oman, Hungary, South Africa, Kazakhstan, Bahamas, Romania, Indonesia									
Non-Investment Grade											
Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	

- Qatar is one of the highest rated sovereigns in the world, ranking above a number of advanced economies

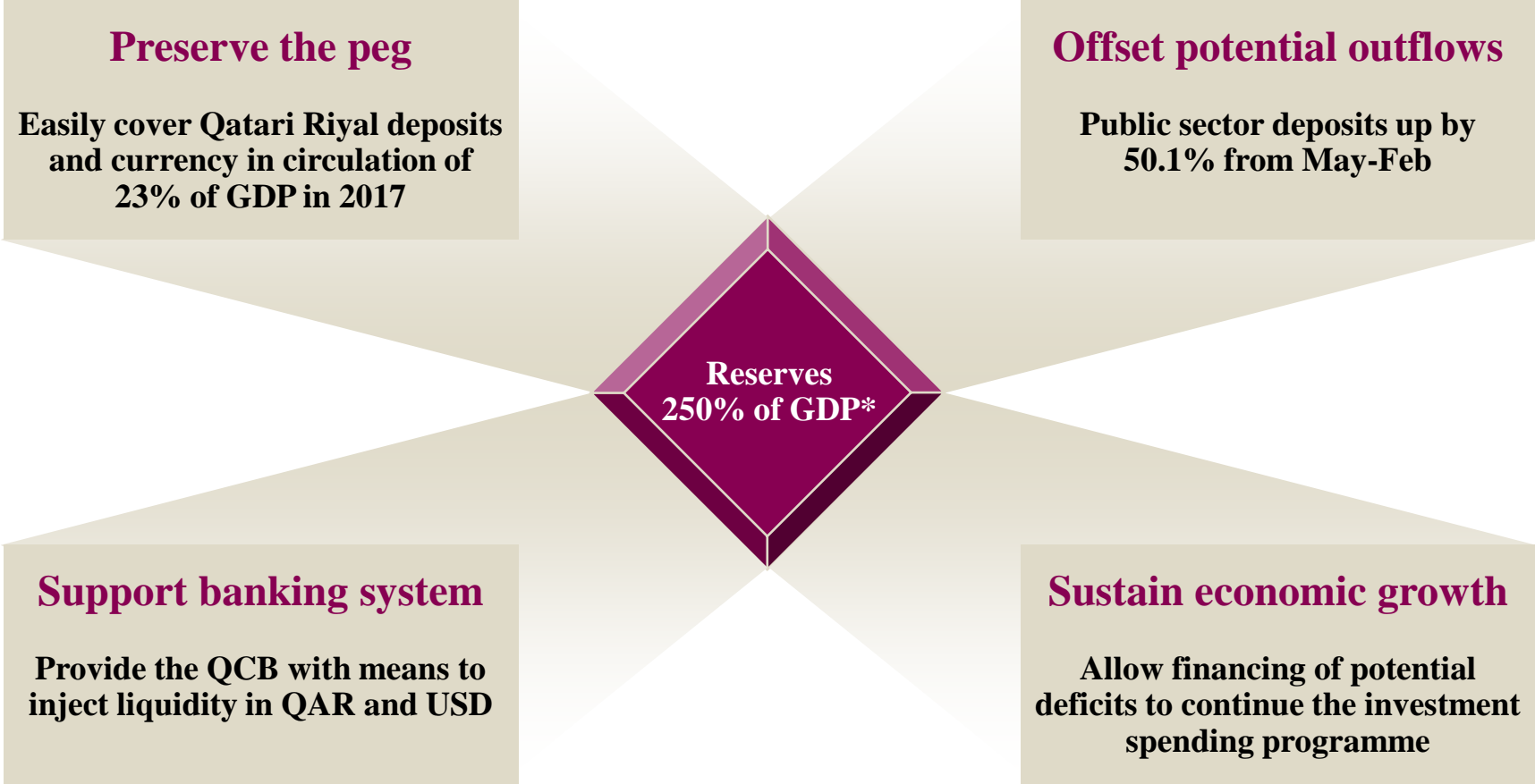
# Qatar’s large infrastructure investment programme remains undisrupted; new potential for further investment is arising in the medium to long-term

Project Pipeline			
	Project	Budget (bn USD)	End
Cons- truction	Lusail Mixed-Use Development	45.0	2022
	Education City	9.0	2019
	Qetaifan Island North	3.0	2023
Transport	Qatar Integrated Rail	40.0	2026
	Hamad International Airport, Phase I & II	23.5	2020
	Ashghal Expressway Programme	20.0	2020
	Ashghal Local Roads & Drainage	14.6	2022
Oil and Gas	Bul Hanine Oilfield Redevelopment	11.0	2021
	Barzan Gas Development	10.3	2023

### Potential Investment Opportunities

- New investment sectors are opening up to support self sufficiency, such as:
  - 1) **Transport and logistics:** to build on increased activity at Hamad port
  - 2) **Food production:** to create large-scale dairy and poultry facilities
  - 3) **Tourism:** to relax visa regulations and investment in new leisure facilities
  - 4) **LNG:** to build infrastructure to enable the planned 30% increase in LNG production in 5-7 years time

# With sustainable and growing reserves Qatar can maintain the peg, offset outflows, support banks and continue its investment spending





# Disclaimer

*By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations:*

- These materials contain statements about future events and expectations that are forward-looking statements.*
- These statements typically contain words such as "expects" and "anticipates" and words of similar import.*
- Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.*
- None of the future projections, expectations, estimates or prospects in this presentation should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the presentation.*
- Past performance cannot be relied on as a guide to future performance.*
- The Bank assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.*
- The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice.*
- The Bank relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.*