



# Investor Relations Presentation

September 2018

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*Notes:*

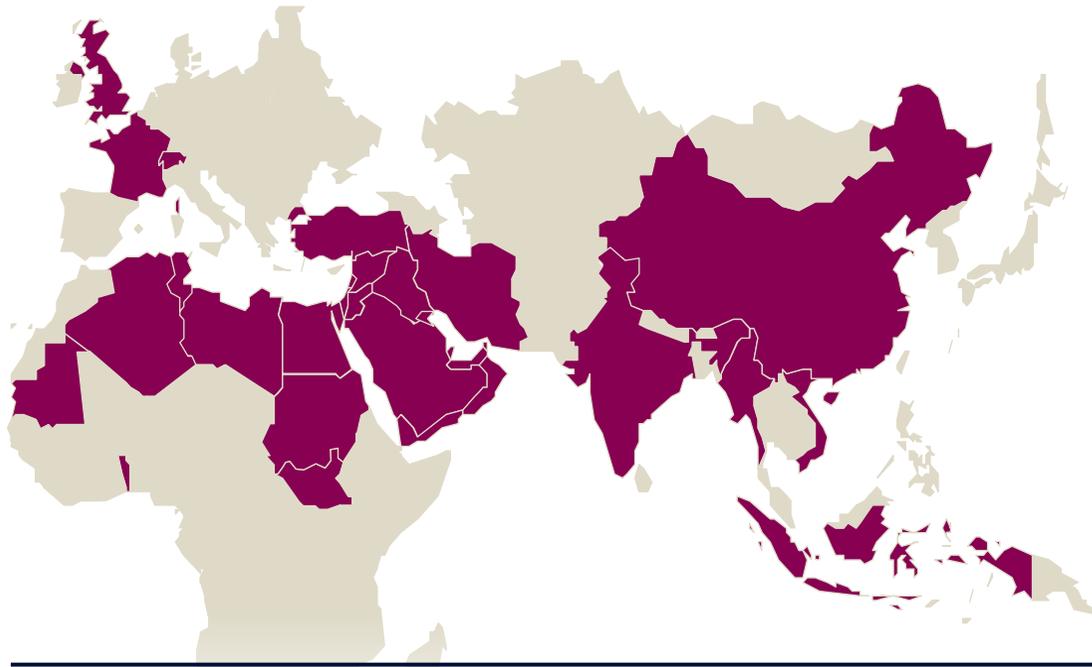
*All figures in US Dollars have been converted from Qatari Riyals based on the exchange rate of 1 US Dollar = 3.6405 Qatari Riyals*

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

# QNB at a Glance



# QNB is a strong and highly rated bank with a growing international footprint



-  **#1 bank in the Middle East and Africa across all financial metrics**
-  **International network with presence in more than 31 countries**
-  **Most valuable banking brand in the Middle East and Africa, worth USD 4.2 Bn<sup>1</sup>**
-  **Over 29,000 employees serving more than 23 million customers**

## Solid financial strength

## Top-tier credit ratings

**USD 44.9 Bn**      **USD 2.97 Bn**  
 Market Cap.      Net Profit

**A**      **Aa3**  
 Standard & Poor's      Moody's

**USD 234.3 Bn**      **USD 3.1**  
 Assets      EPS

**AA-**      **A+**  
 Capital Intelligence      Fitch

## Key Strengths



<sup>1</sup> Brand Finance © 2018  
 Source: September 2018 Financial Report

# QNB's International Footprint

## Sub-Saharan Africa

 **South Sudan:** (1 Branch)

 **Togo:** (927 Branches<sup>1</sup>, 20.1% stake in Ecobank)

## Asia

 **Indonesia:** (41 Branches, 90.96% stake In QNB Indonesia)

 **Singapore:** (1 Branch)

 **India:** (1 Branch)

 **China:** (1 Representative office)

 **Vietnam:** (1 Representative office)

 **Myanmar:** (1 Representative office)

## North Africa

 **Egypt:** (216 Branches, 95.0% stake in QNB ALAHLI)

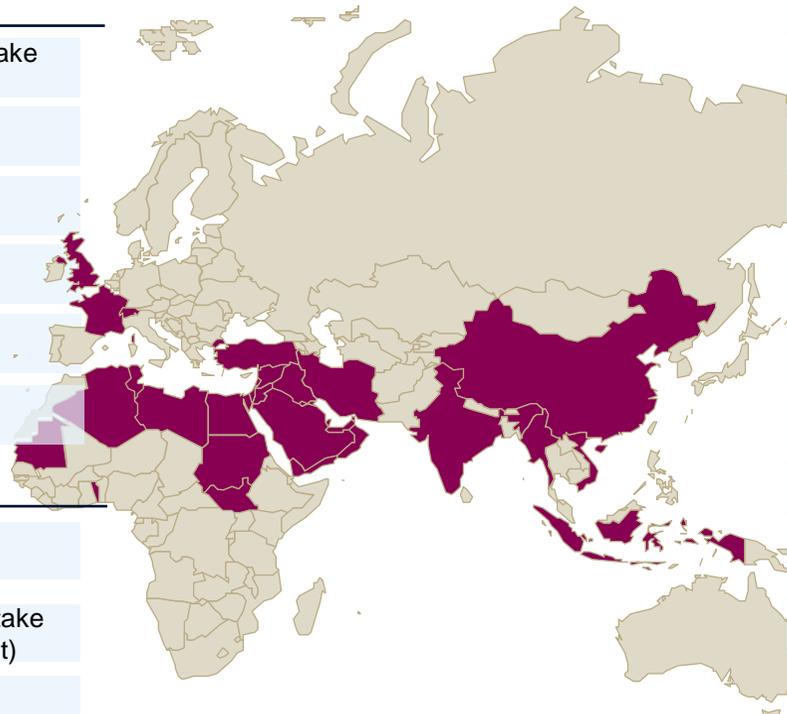
 **Libya:** (36<sup>2</sup> (+1<sup>2</sup>) Branches, 49.0% stake in Bank of Commerce & Development)

 **Tunisia:** (34 Branches, 99.9% stake in QNB Tunisia)

 **Sudan:** (5 Branches)

 **Algeria:** (7<sup>2</sup> Branches)

 **Mauritania:** (1 Branch)



## Middle East

**Qatar:** (64 Branches) 

**KSA:** (1 Branch) 

**UAE:** (14 (+1<sup>2</sup>) Branches, 40.0% stake in CBI) 

**Syria:** (15 (+30<sup>2</sup>) Branches, 50.8% stake in QNB-Syria) 

**Palestine:** (15<sup>2</sup> Branches) 

**Iraq:** (9 (+1<sup>2</sup>) Branches, 54.2% stake in Mansour Bank) 

**Oman:** (7 Branches) 

**Bahrain:** (1<sup>2</sup> (+1<sup>2</sup>) Branch) 

**Kuwait:** (2 Branches) 

**Lebanon:** (1 Branch) 

**Yemen:** (1 Branch) 

**Iran:** (1 Representative office<sup>3</sup>) 

**Jordan:** (130<sup>2</sup> (+3<sup>2</sup>) Branches, 34.5% stake in Housing Bank of Trade & Finance) 

**United Kingdom:** (1 (+1<sup>2</sup>) Branch) 

**France:** (1 Branch) 

**Switzerland:** (1 Office, 100% stake in QNB Suisse SA) 

**Turkey:** (541 Branches, 99.88% stake in QNB Finansbank) 



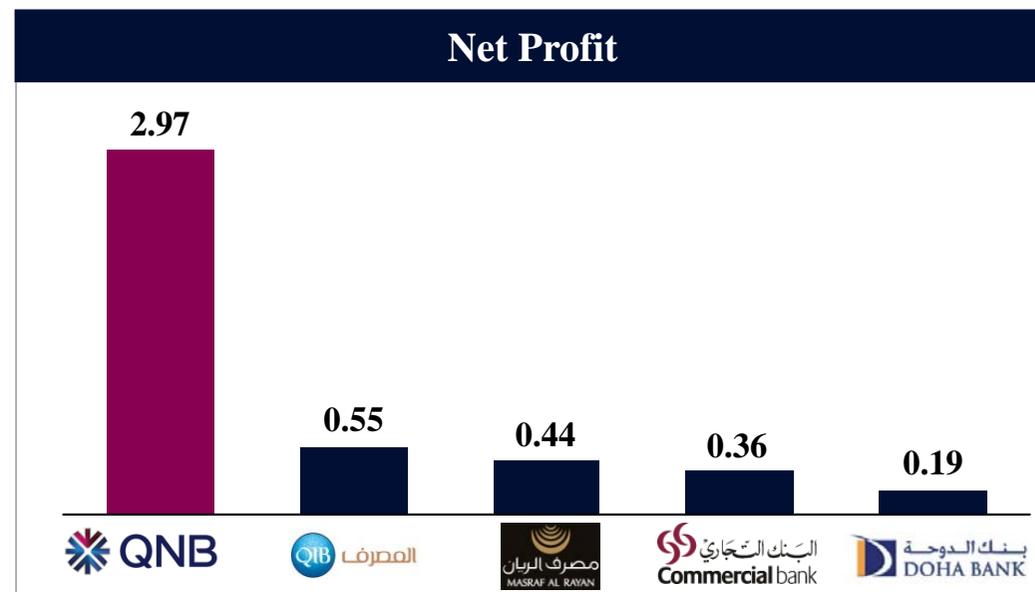
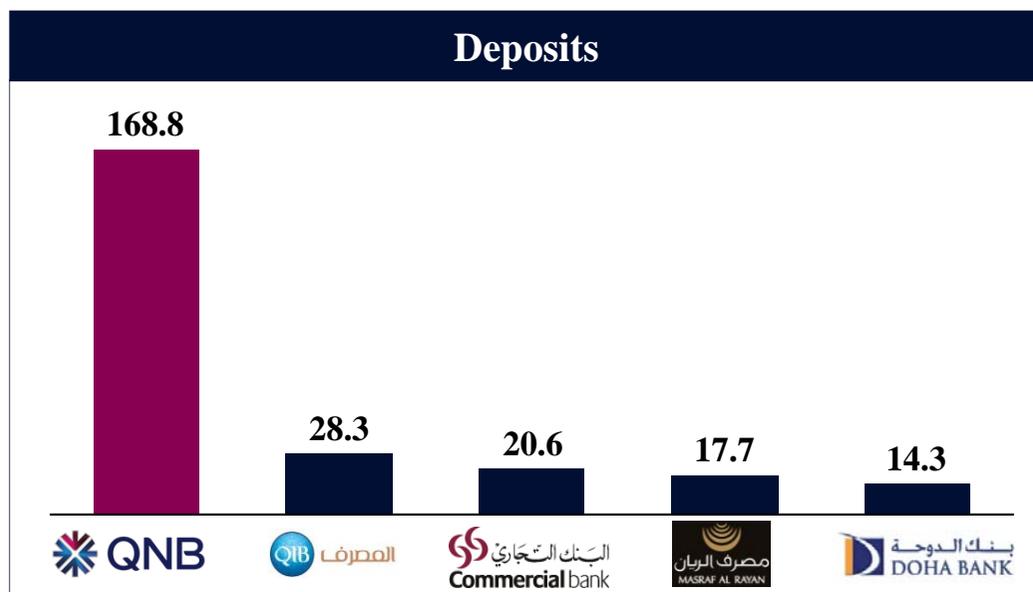
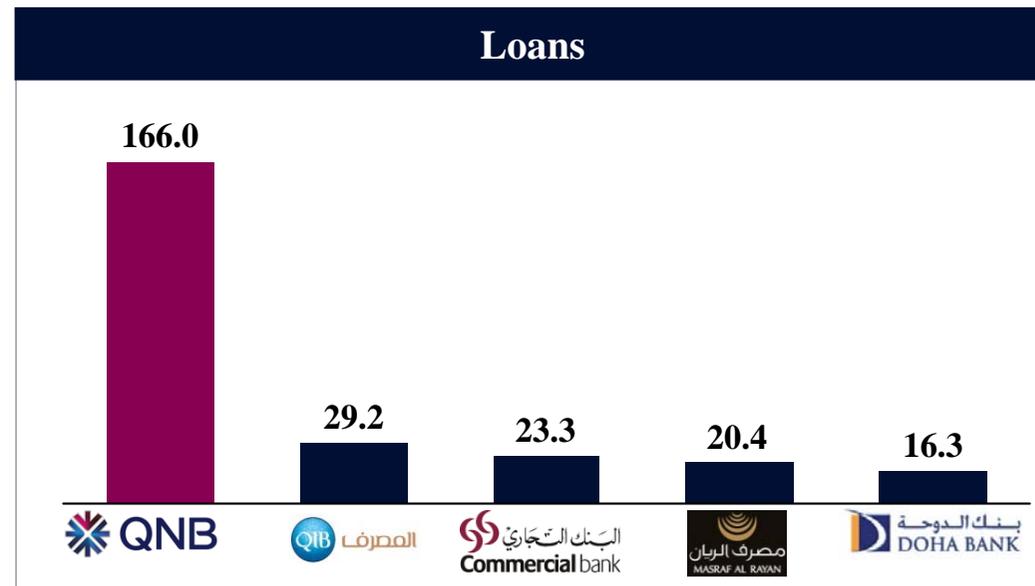
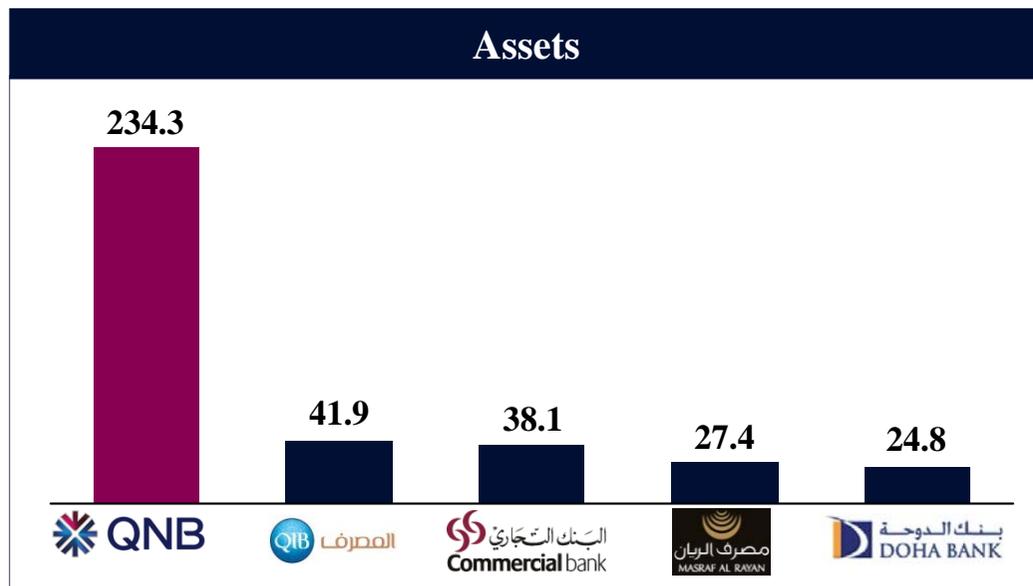
1: The branch data for Ecobank is as at 30 June 2018  
 2: Includes the branches / representative offices from subsidiaries and associates  
 3: Dormant



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

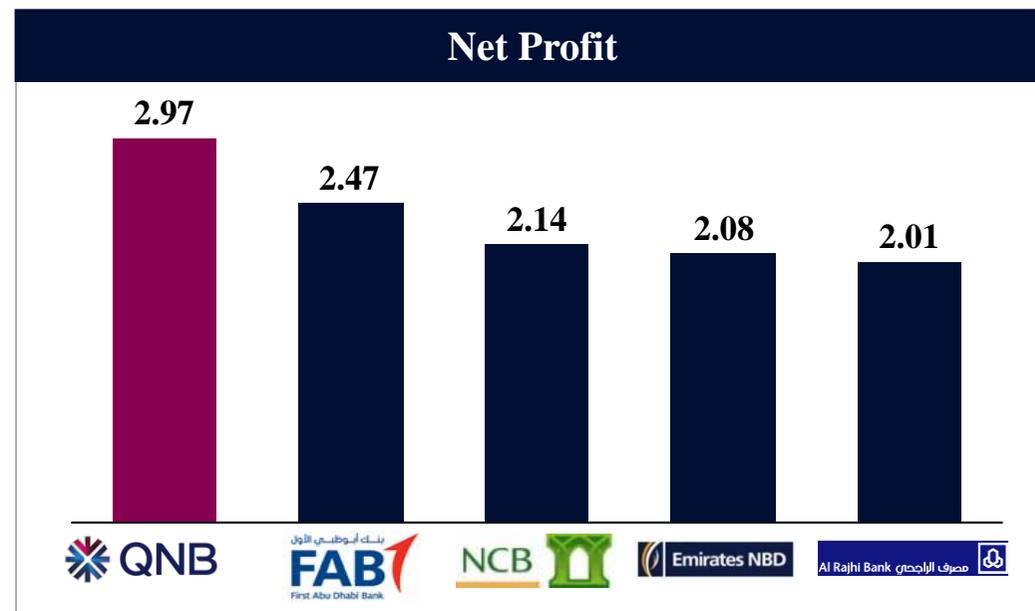
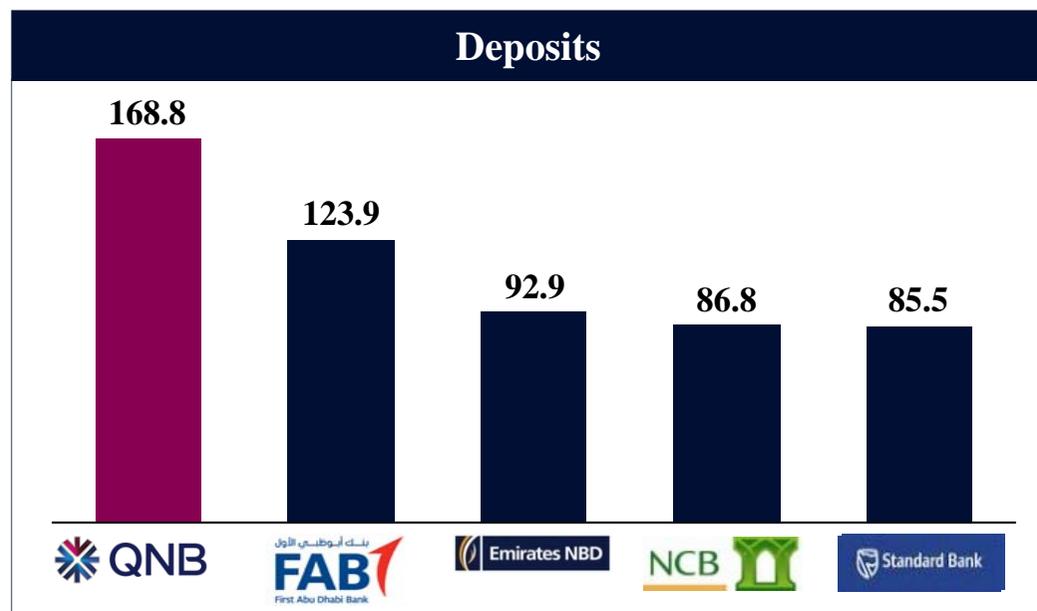
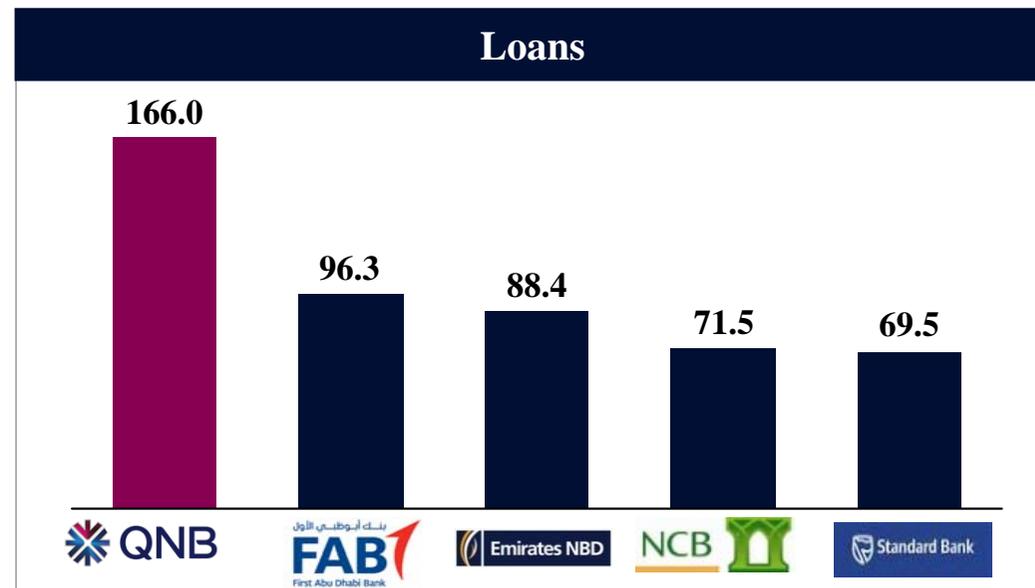
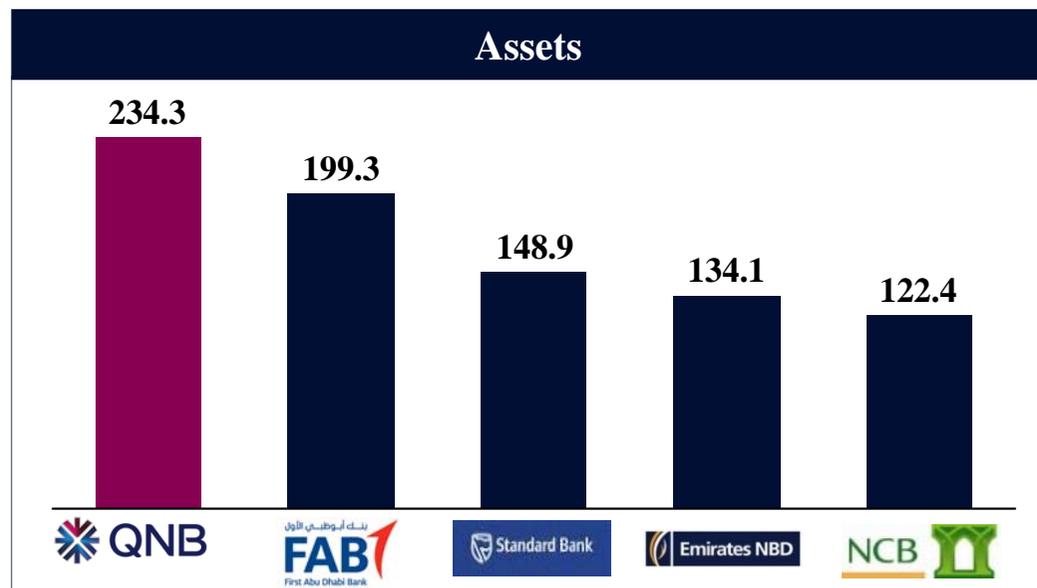
# Top 5 Domestic Banks – September 2018

QNB continues to excel in the domestic market



# Top 5 MEA Banks – September 2018

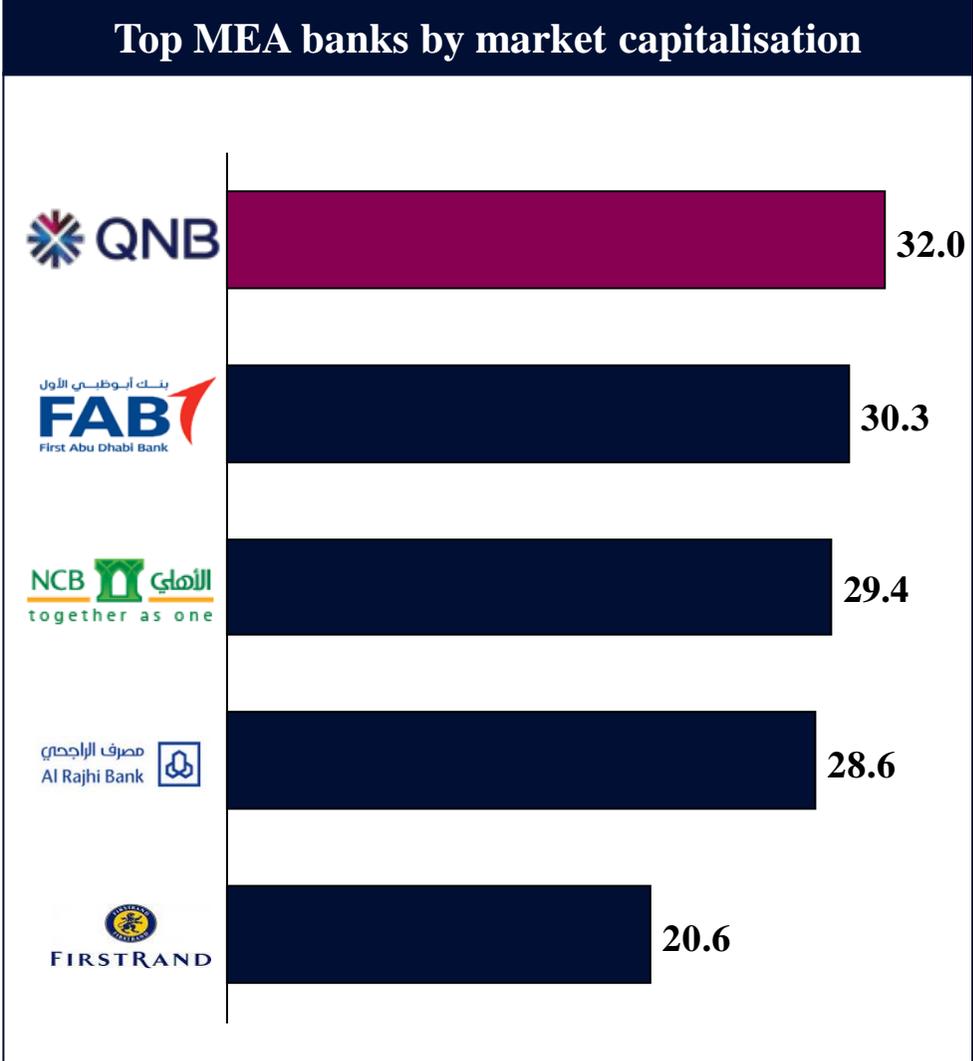
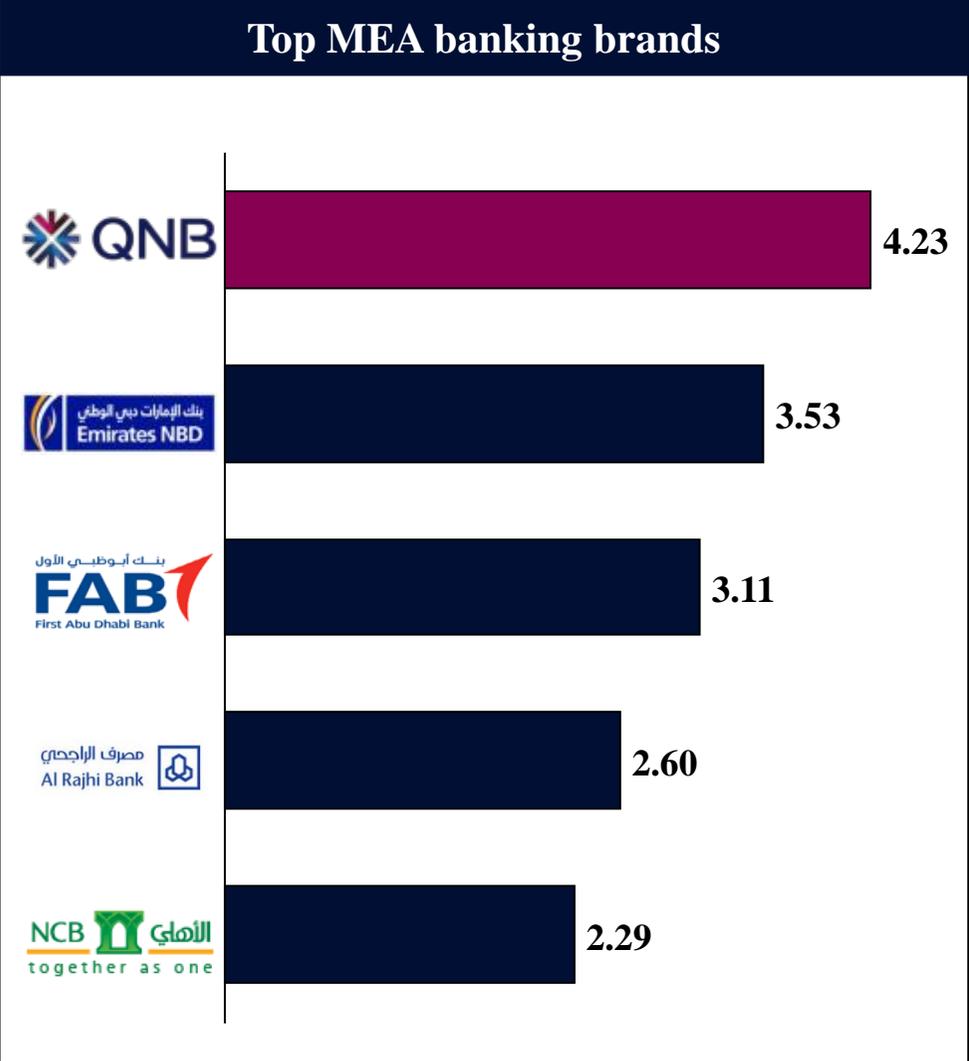
QNB maintained its position as the leading bank in the region across all categories



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



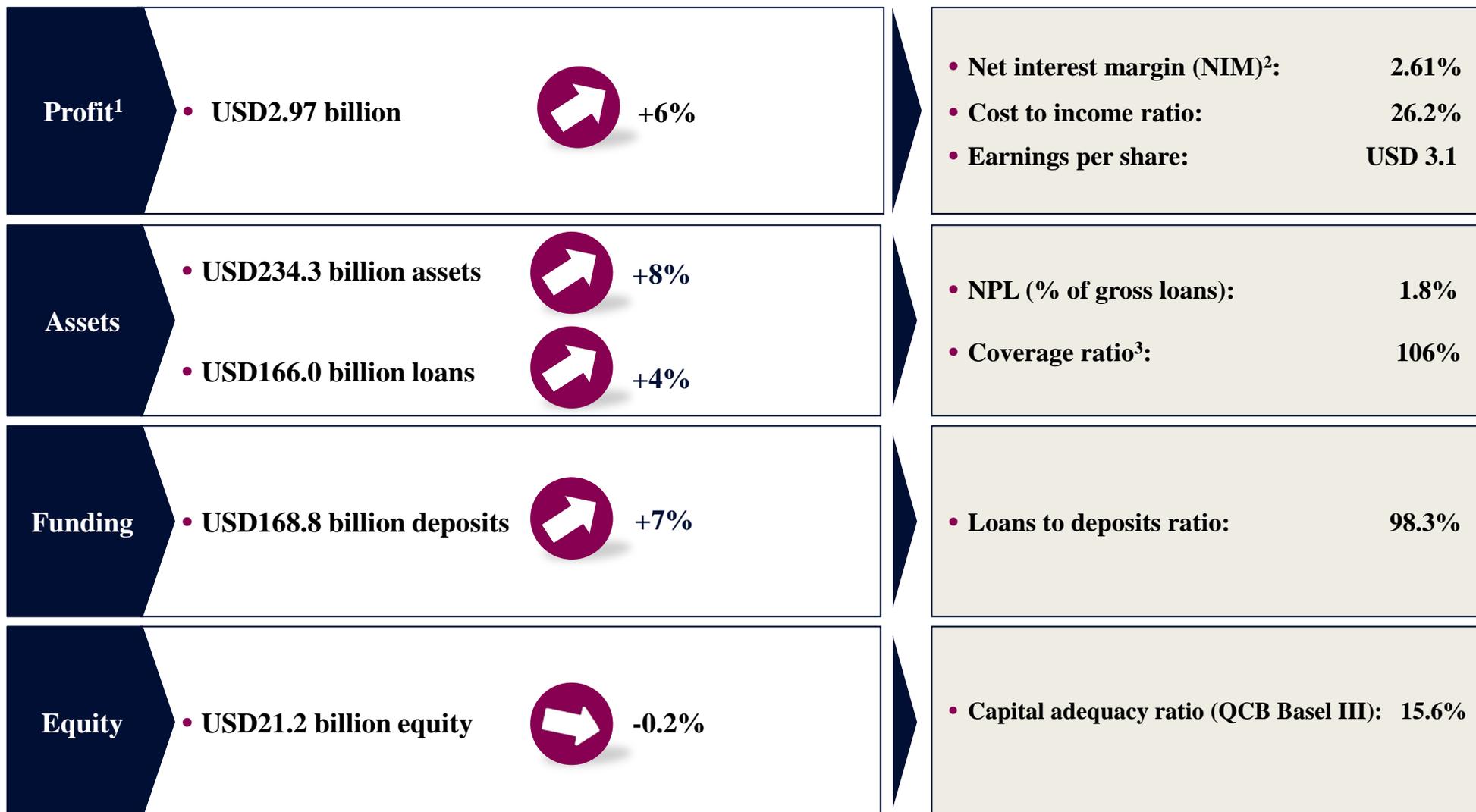


## **Financial Highlights – as at 30 September 2018**

# QNB demonstrate sustainable profit growth

Financial Highlights (as at 30 September 2018)

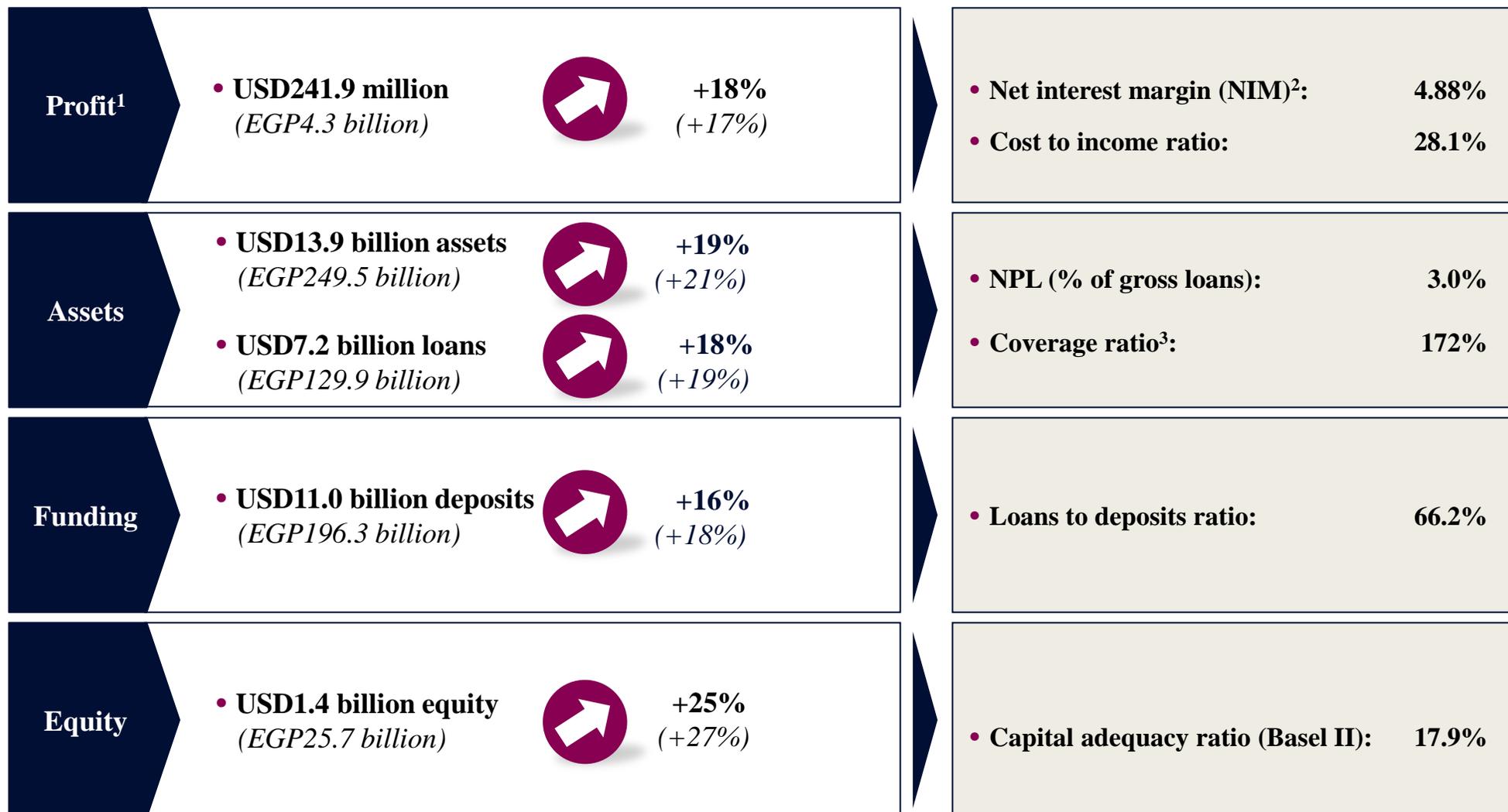
 Growth vs. September 2017



# QNB ALAHLI

## Highlights (as at 30 September 2018)

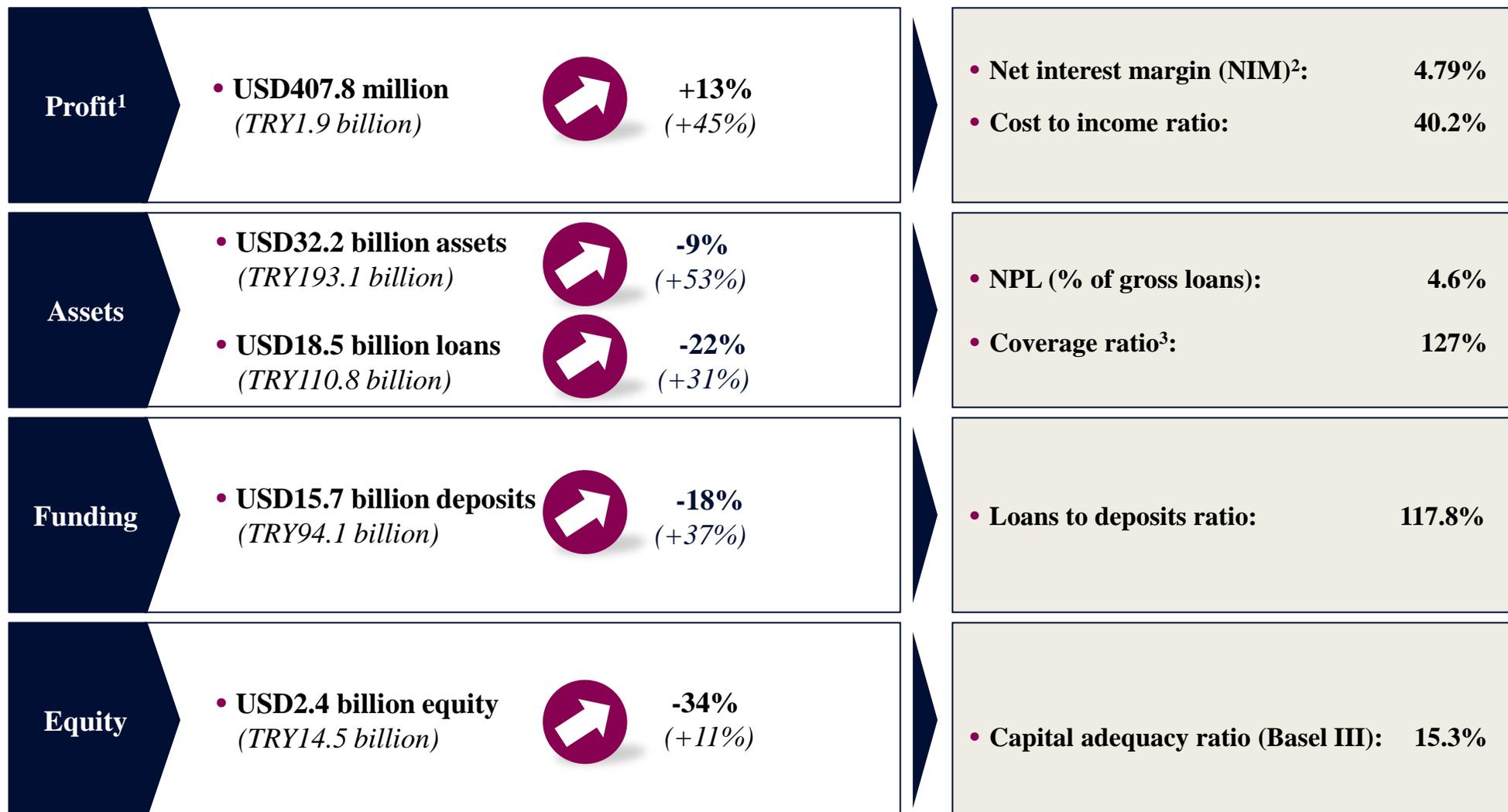
 Growth vs. September 2017



# QNB FINANSBANK

## Highlights (as at 30 September 2018)

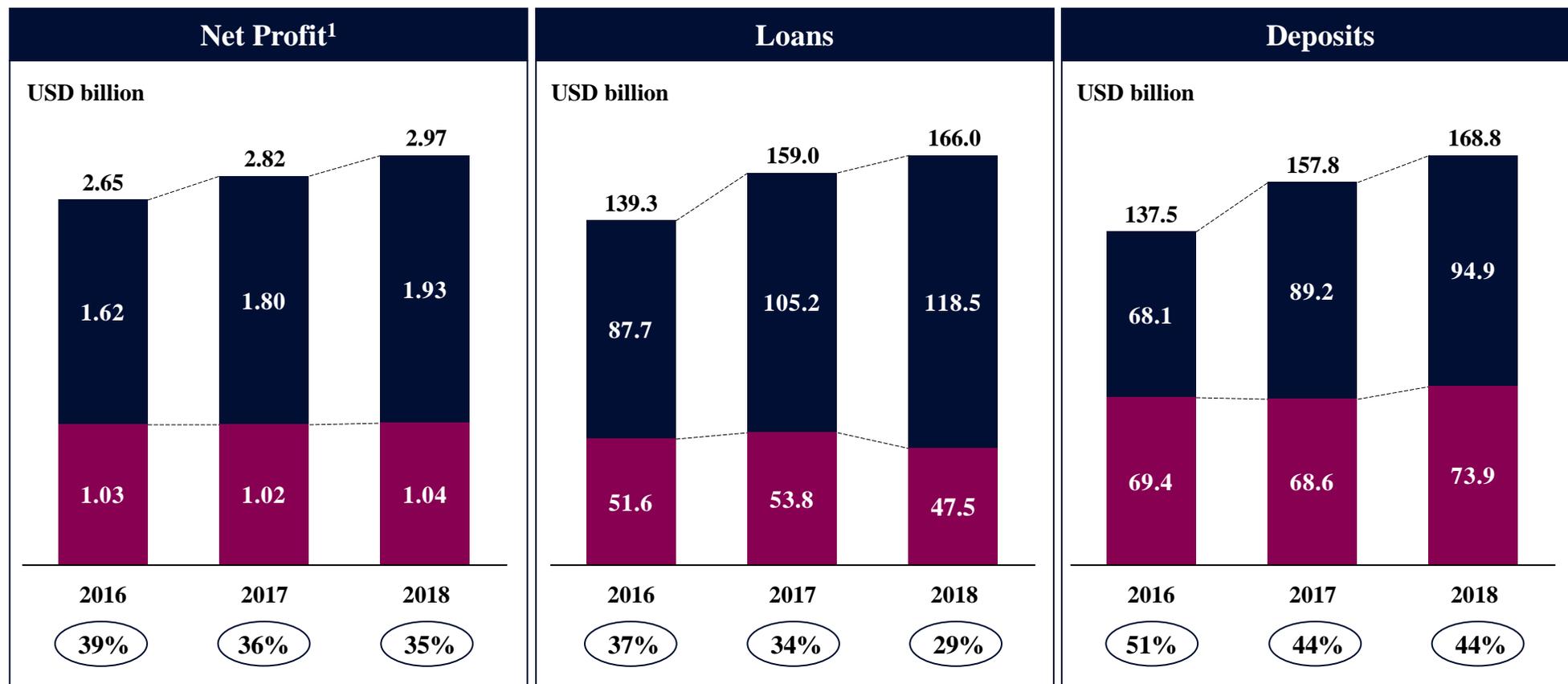
 Growth vs. September 2017



# Increasing geographical diversification positively contributes to growth

## Geographical Contribution (as at 30 September)

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

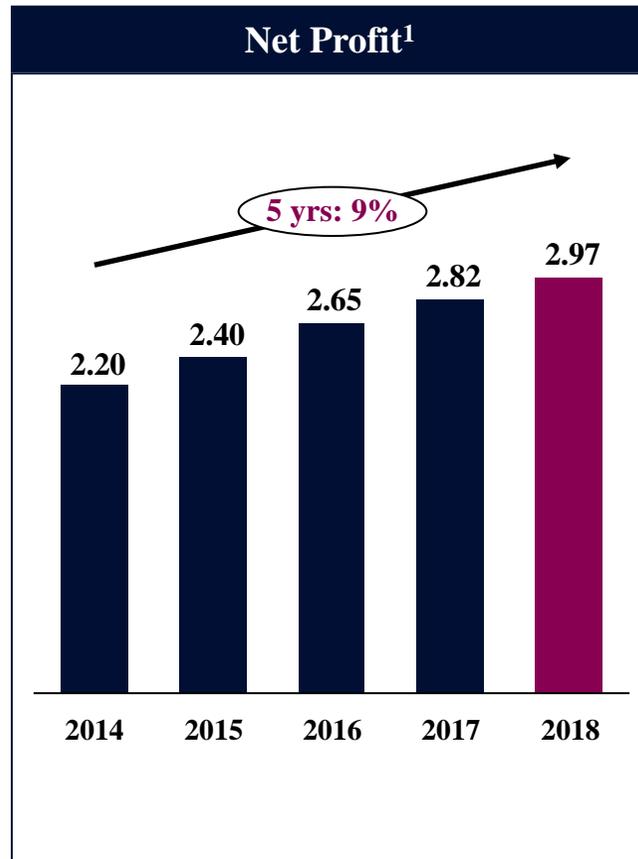


- Profit from international operations increased by USD12 Mn (1%) from Sep-16 to Sep-18

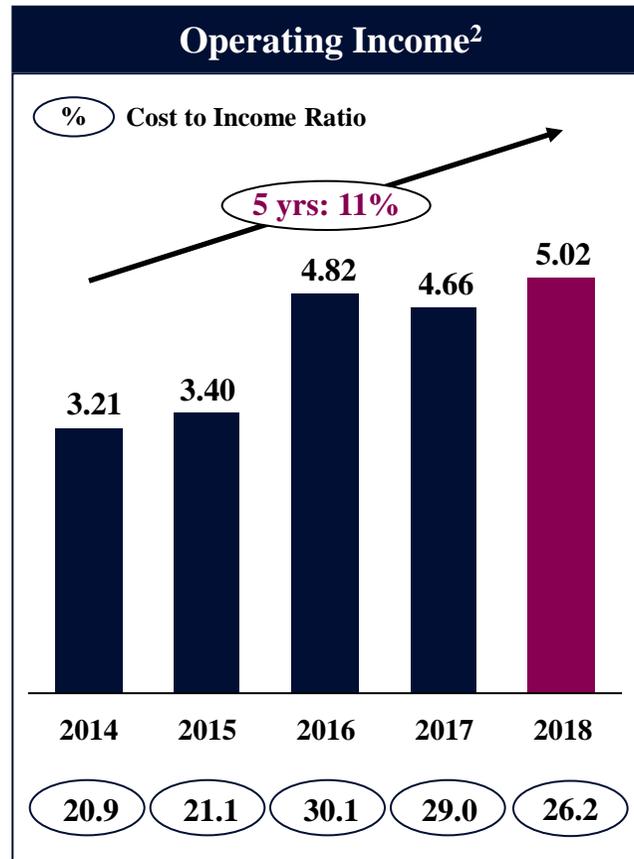
- Loans from Intl operations decreased by USD4.1 Bn (8%) from Sep-16 to Sep-18
- Deposits from Intl operations increased by USD4.4 Bn (6%) from Sep-16 to Sep-18

# Consistent Robust Profitability

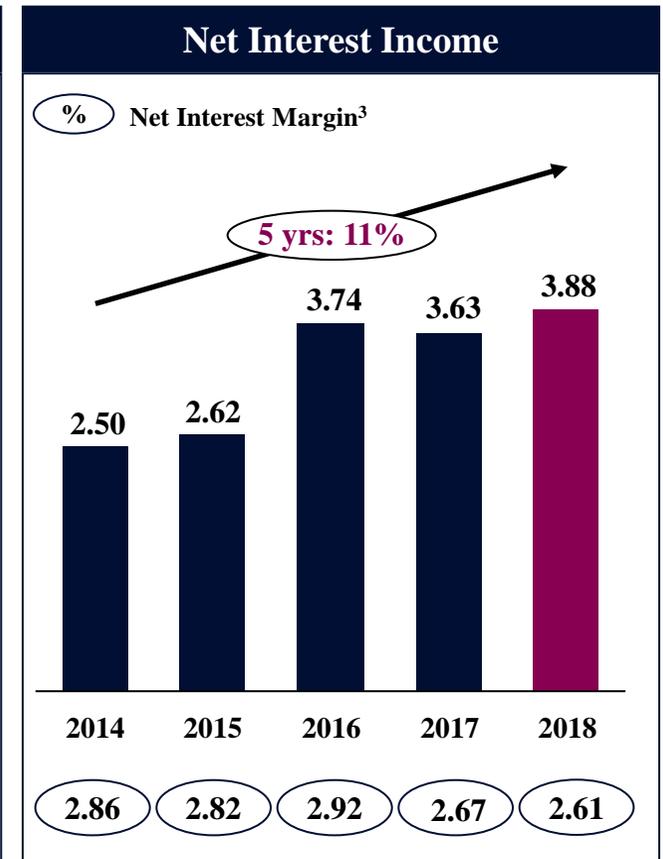
Income Statement Breakdown (USD billion as at 30 September)



- Net profit increased 6% from Sep-17
- 2013-2018 CAGR of 9%



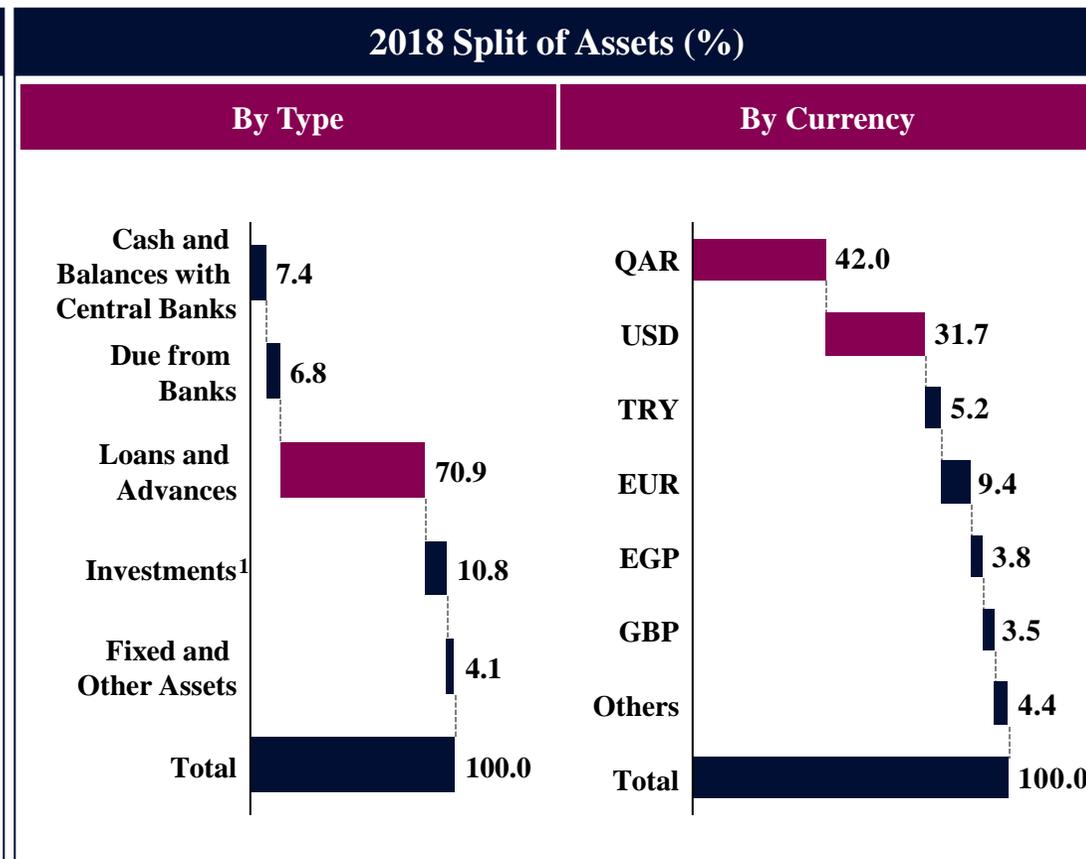
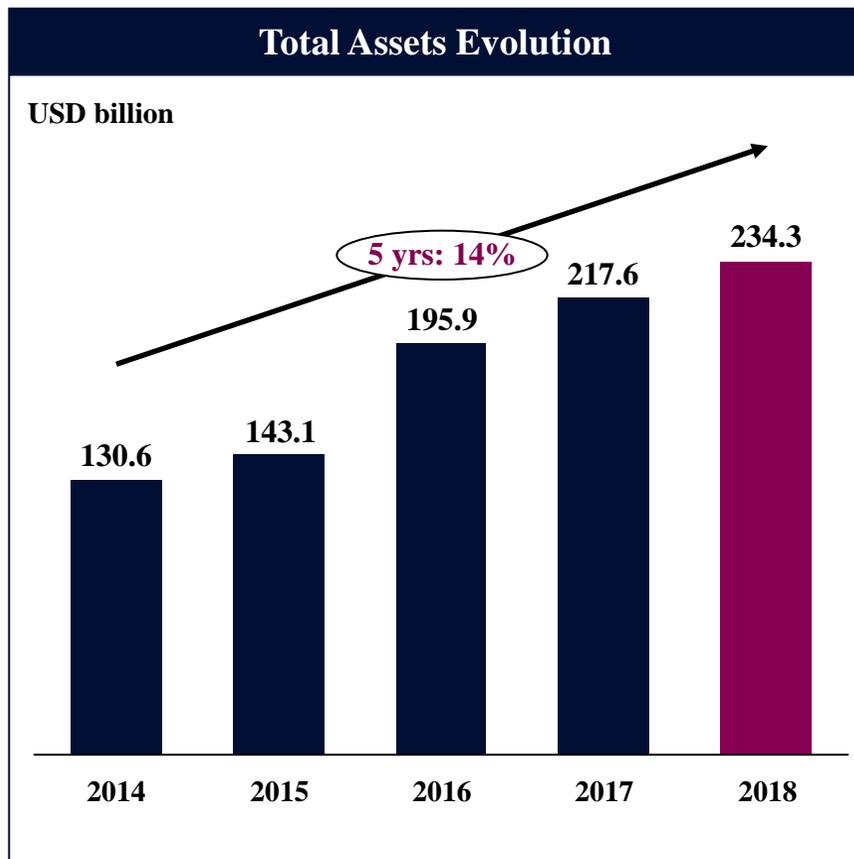
- Operating income increased 8% from Sep-17
- 2013-2018 CAGR of 11%



- NII increased 7% from Sep-17
- Strong NIM with the current size of more than USD230 billion of total assets

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

Assets Analysis (as at 30 September)

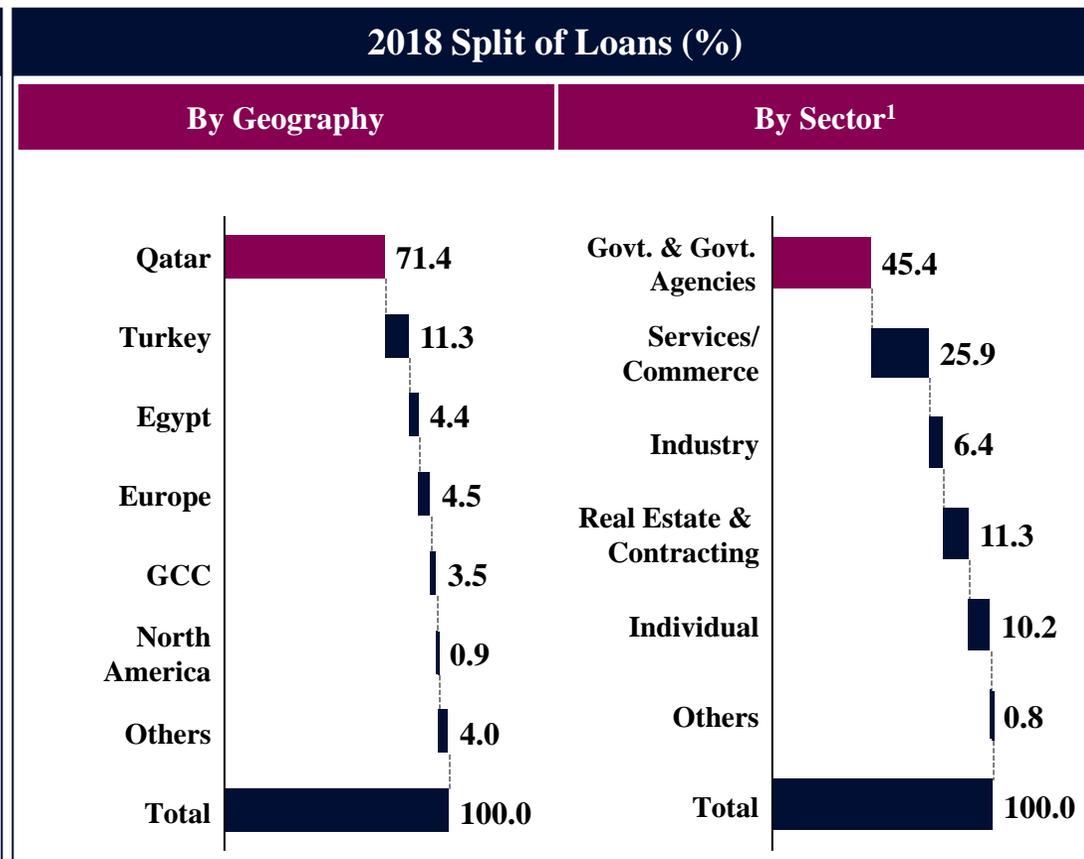
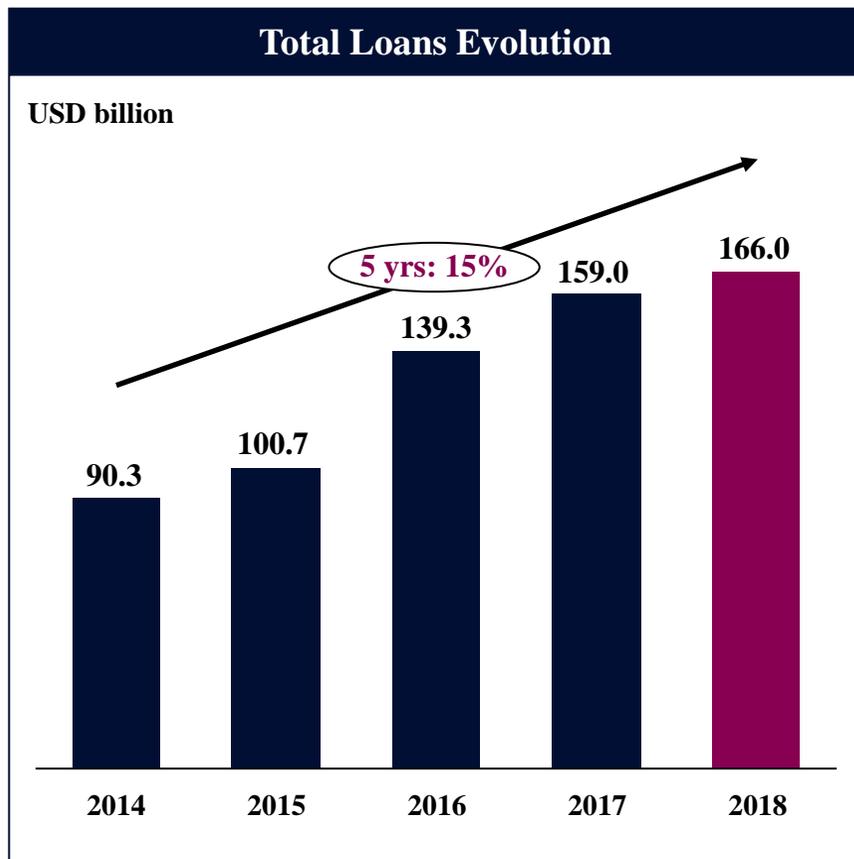


- Assets increased 8% from Sept-17
- 2013-2018 CAGR of 14%

- Loans and advances represent 71% of total assets
- USD and QAR currencies account for 74% of total assets

# Good loan growth

## Loans Analysis (as at 30 September)

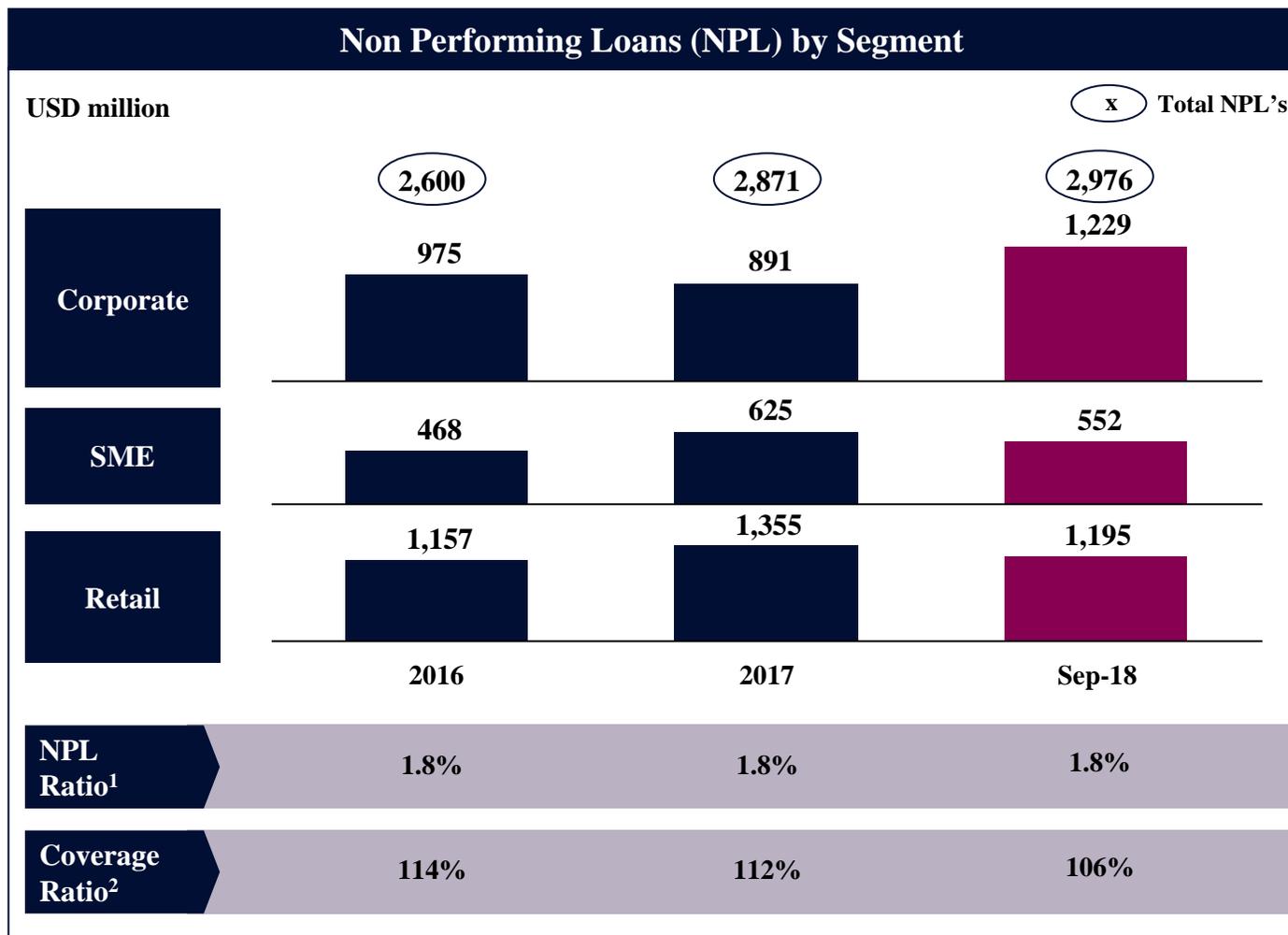


- Loans increased 4% from Sept-17
- 2013-2018 CAGR of 15%

- Loans denominated in USD represent 34% of total loans
- Loan exposures are of a high quality with more than 45% concentration to Government and public sector entities

# High quality lending portfolio is highlighted by low NPL ratios

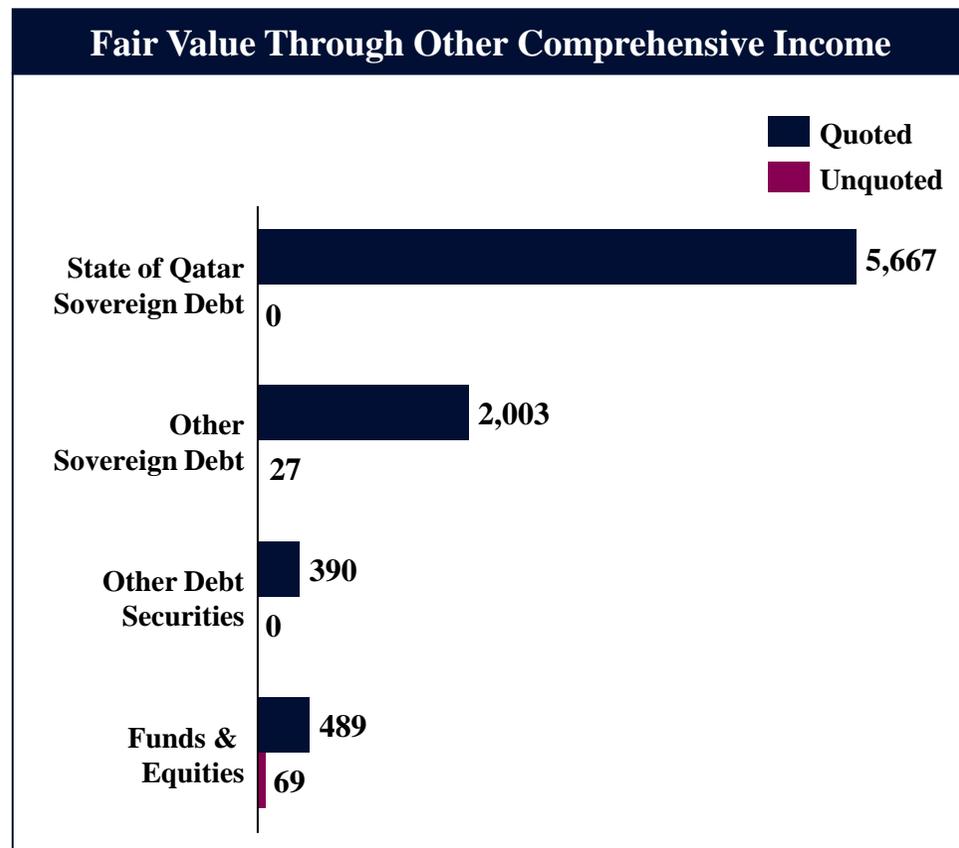
Asset Quality Analysis (as at 31 December unless stated)



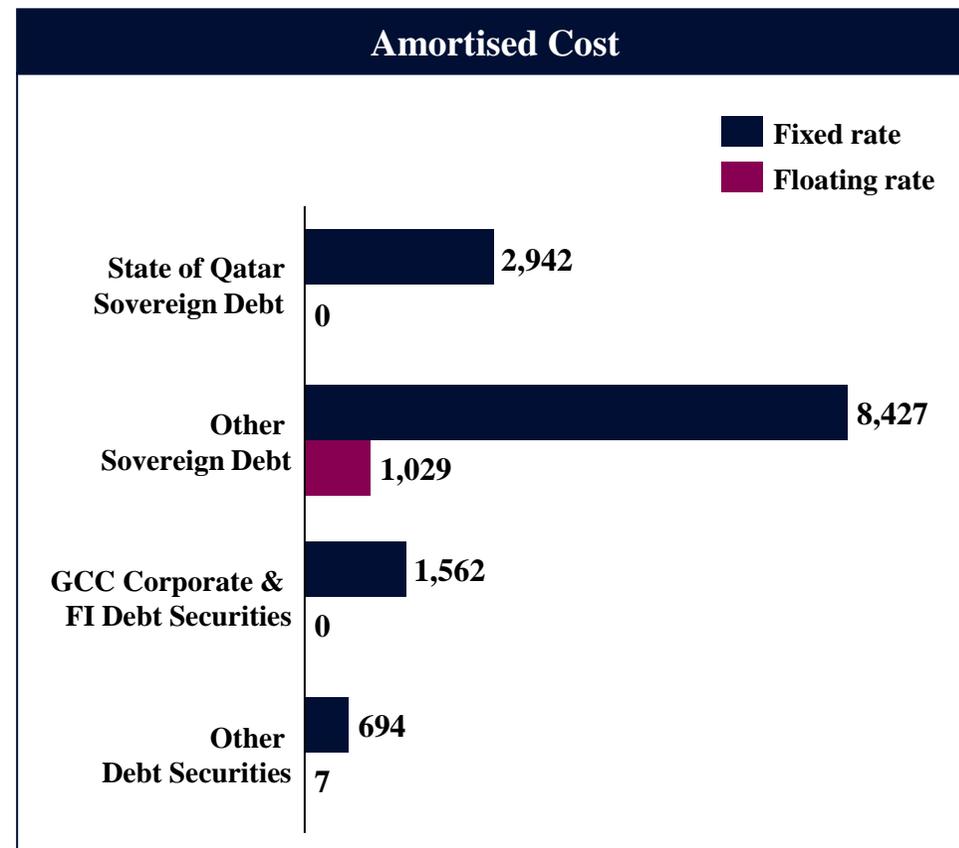
- QNB has continued to increase its provisions in response to the global economic situation
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 106% as at 30 September 2018
- Past dues are NPL after 90 days default
- There is an additional risk reserve of USD2,060 million which is greater than the 2.5% QCB requirements

# High quality investment portfolio with 89% of securities rated AA or Sovereign

## Investments Analysis (USD million as at 30 September 2018)



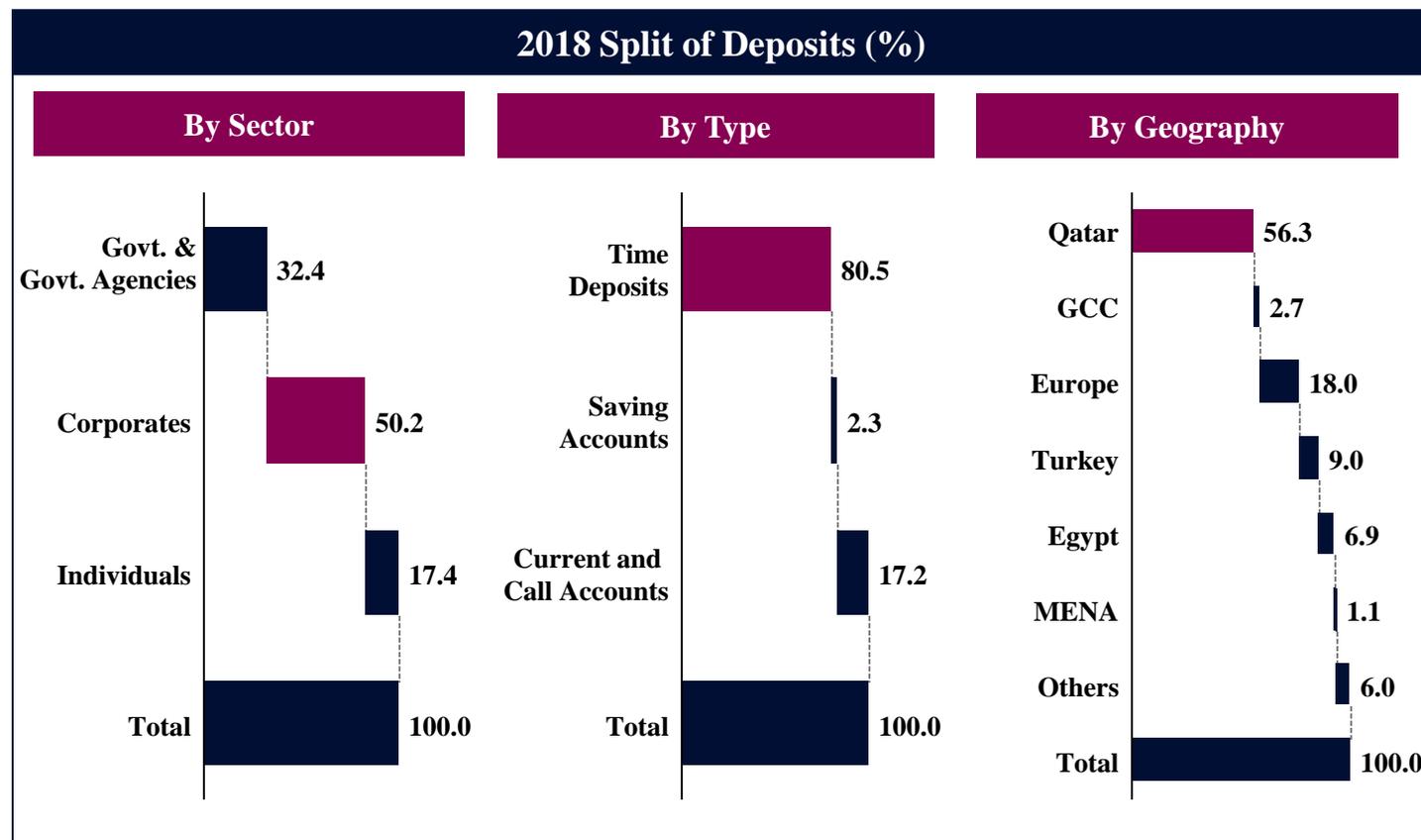
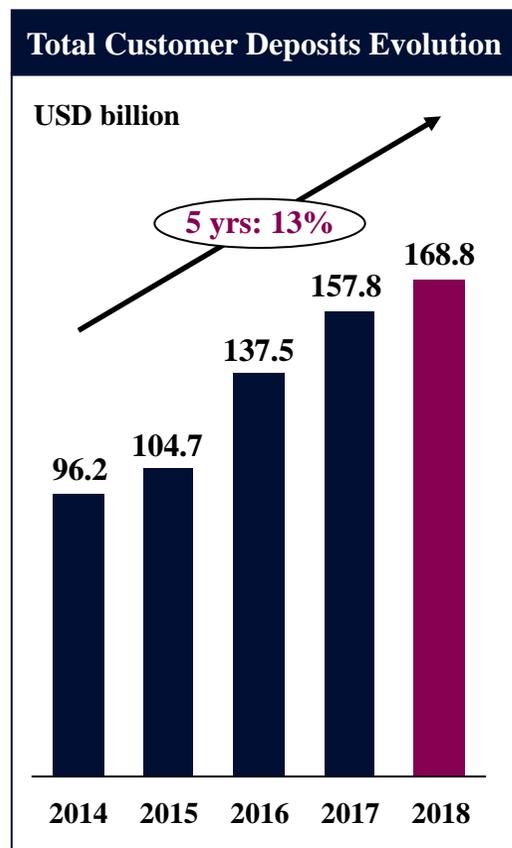
- Quoted securities account for 99% of FVOCI Investment securities



- Majority of the Amortised Cost Investment Securities are Government Guaranteed

# Robust growth in customer deposits and funding

## Funding Analysis (as at 30 September)

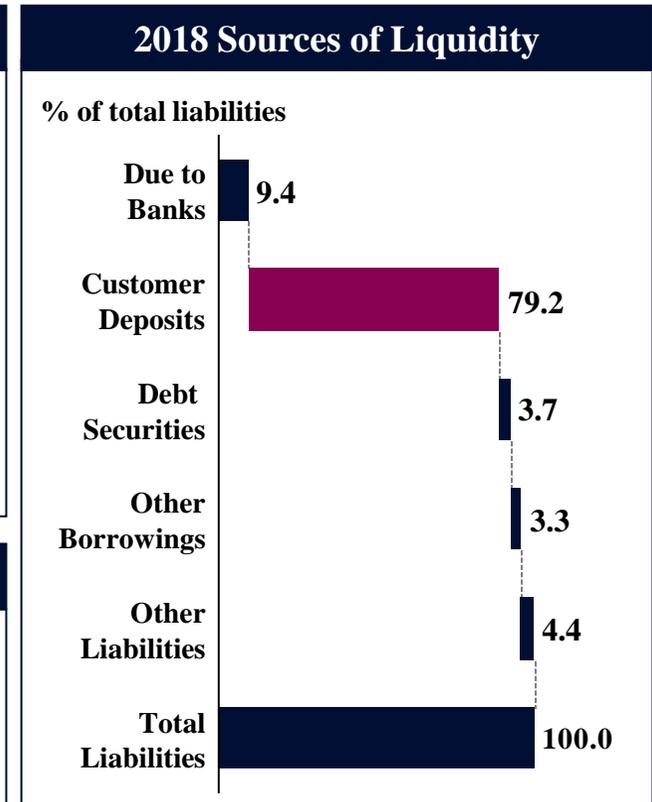
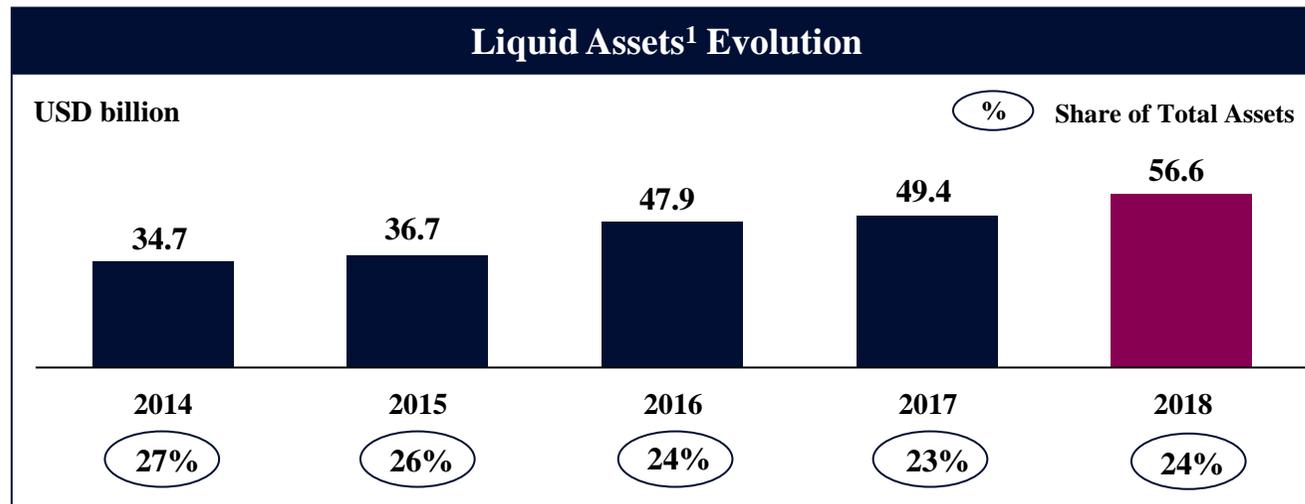
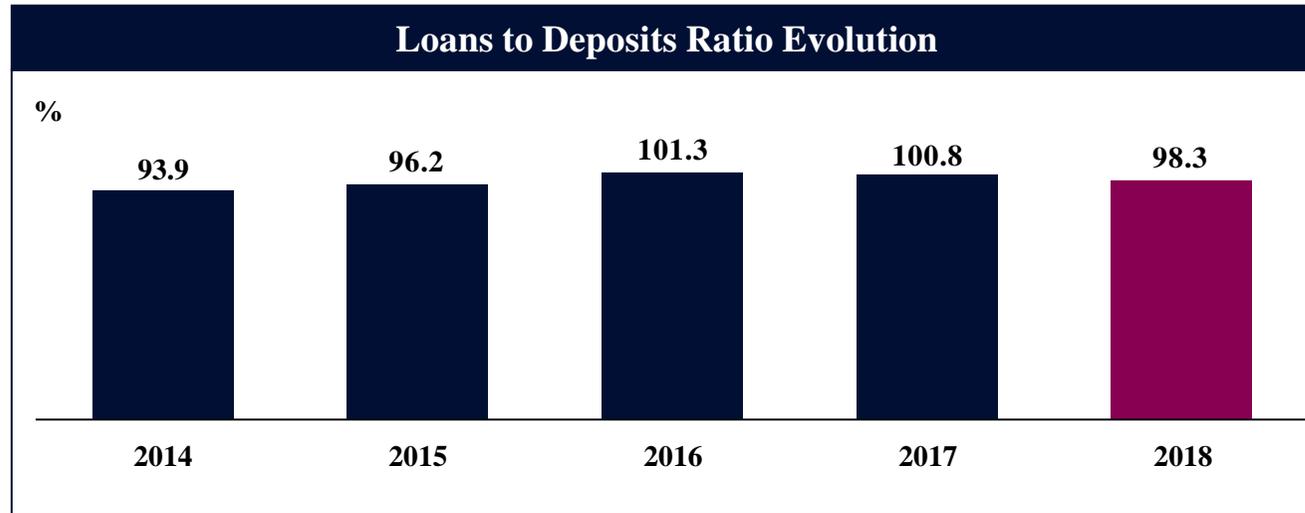


- Deposits increased 7% from Sept-17
- 2013-2018 CAGR of 13%

- QNB remains the public sector's preferred bank
- USD, EGP and TRY denominated deposits represent 50%, 5% and 4% of total deposits respectively

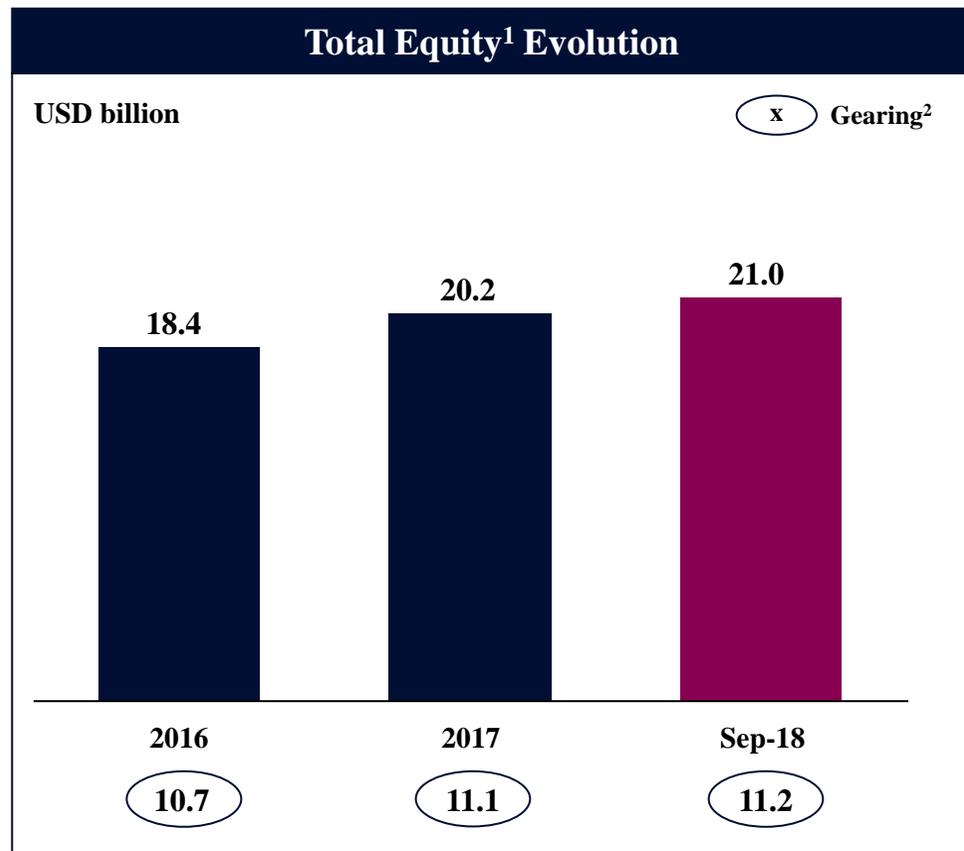
# Solid liquidity profile

## Liquidity Analysis (as at 30 September)

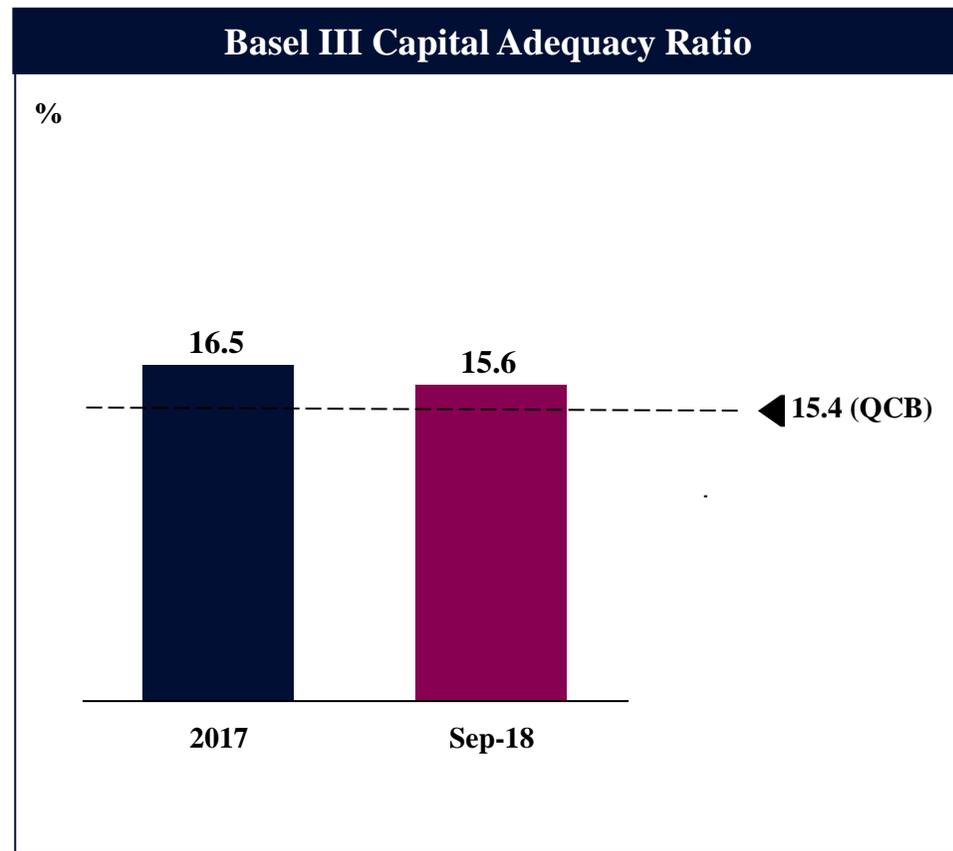


# Strong capital adequacy ratio maintained above both QCB and Basel III requirements

Capital Analysis (as at 31 December unless stated)



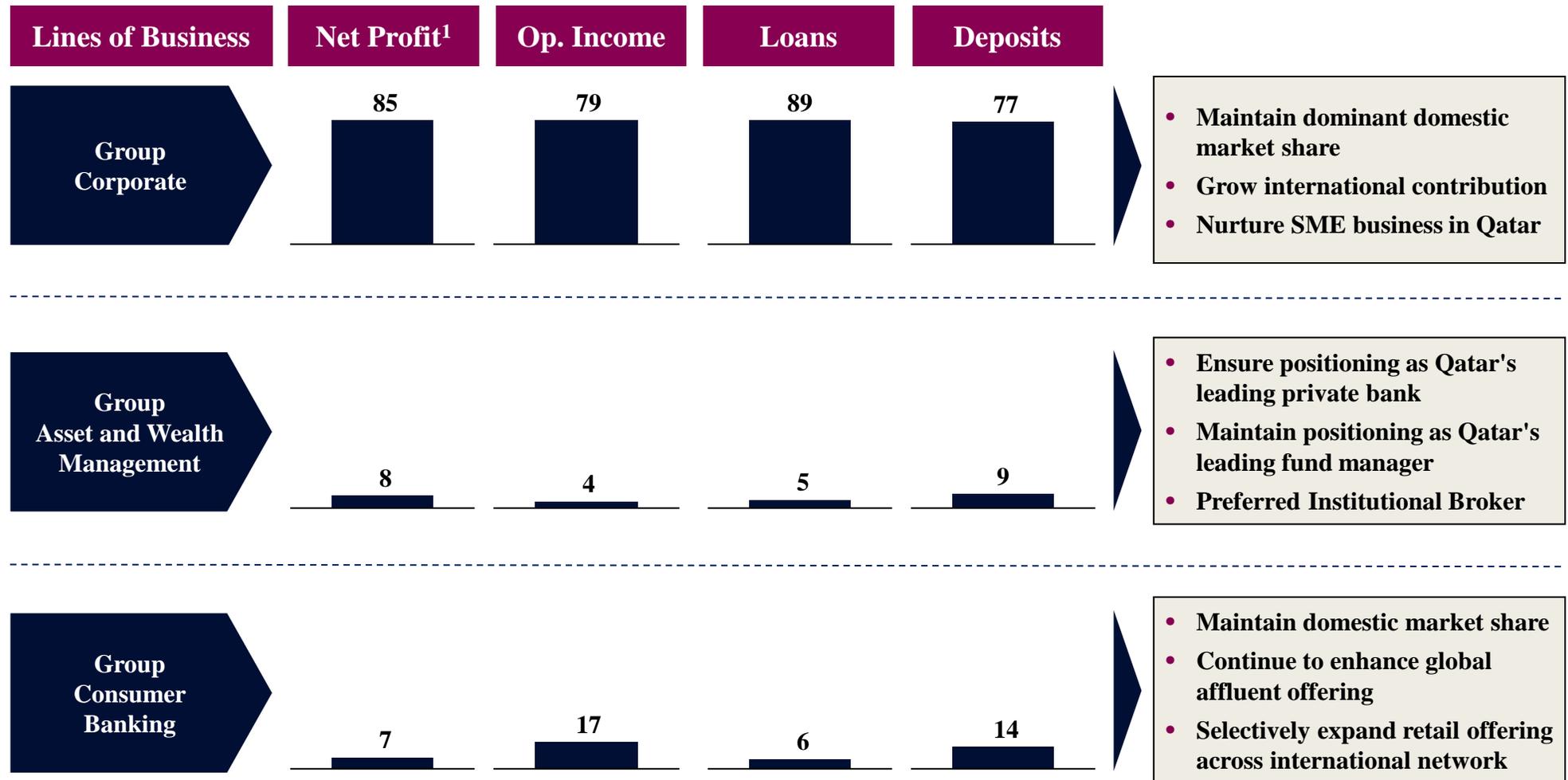
- Capital base has been regularly increased in line with the strong performance of QNB's balance sheet



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

# Diversifying business mix will bolster sustainable growth

Business Mix Contribution (% share as at 30 September 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 30 September 2018</i>	Stage1	Stage2	Stage3 (NPL)
<b>Due from Banks and Balances with Central Banks</b>	0.1%	3.4%	-
<b>Loans</b>	0.2%	9.1%	106.2%
<b>Investments</b>	0.1%	2.5%	113.1%

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

<i>30 September 2018</i>	Stage1	Stage2	Stage3 (NPL)	Total
<b>Cost of Risk</b>	3bps	4bps	34bps	41bps

# QNB Group Financials

Key data (as at 30 September 2018)

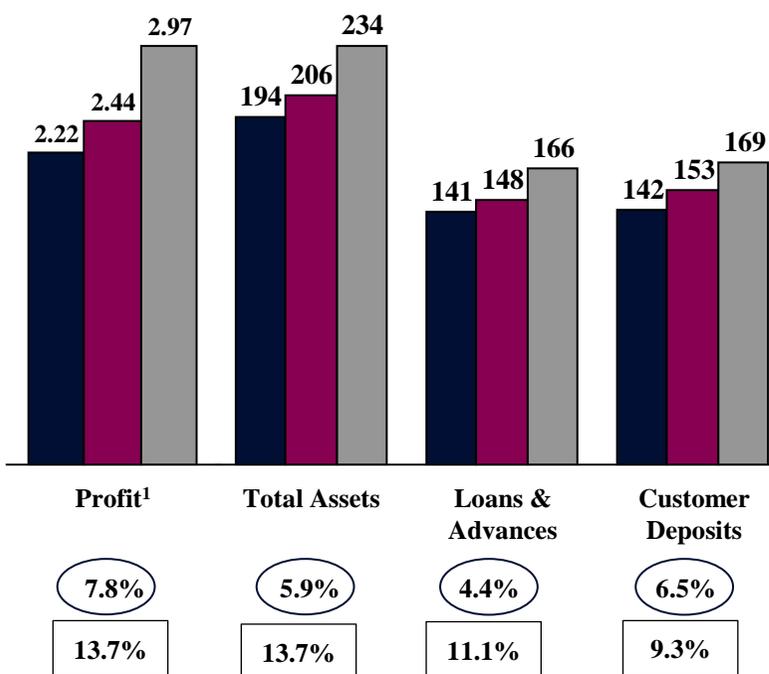
■ QNB ■ QNB incl. QNB ALAHLI ■ QNB incl. QNB Finansbank

○ Contribution of QNB AA

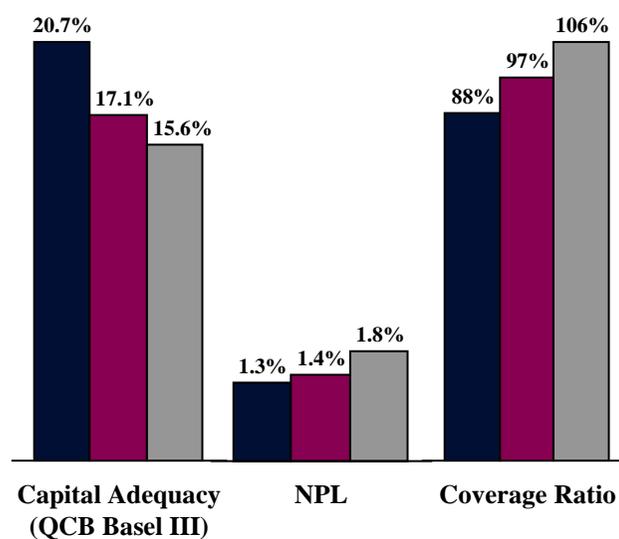
□ Contribution of QNB Finansbank

## Financials

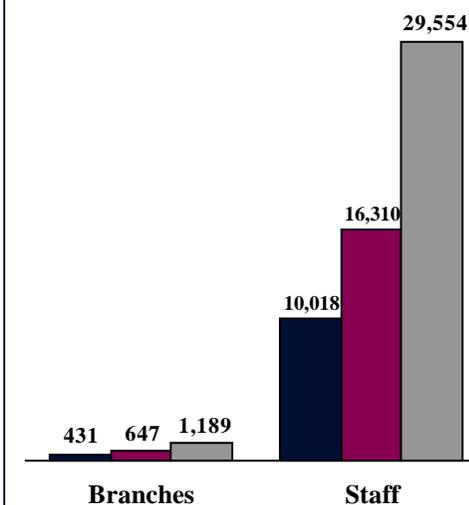
USD billion



## Ratios



## Presence



- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy Ratio: 15.6%

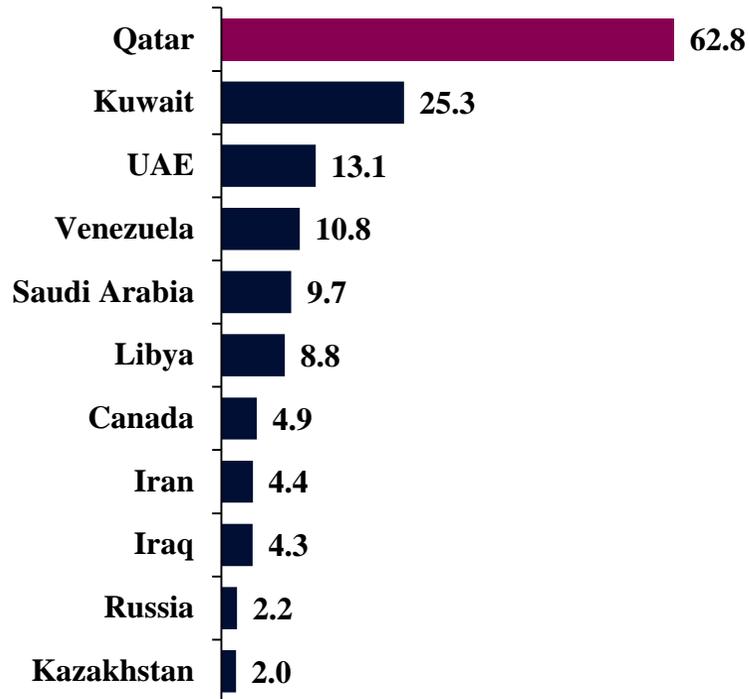


## **Economic Overview**

# Qatar's hydrocarbon wealth makes it the world's richest country

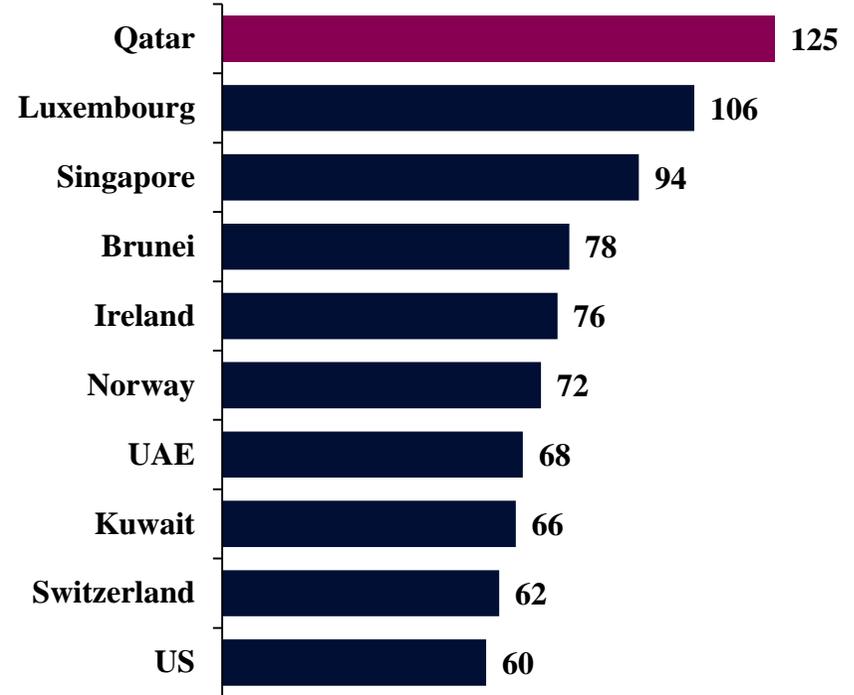
## Oil and gas reserves per capita (2017)

k barrels of oil equivalent (boe)



## GDP per capita (2017)

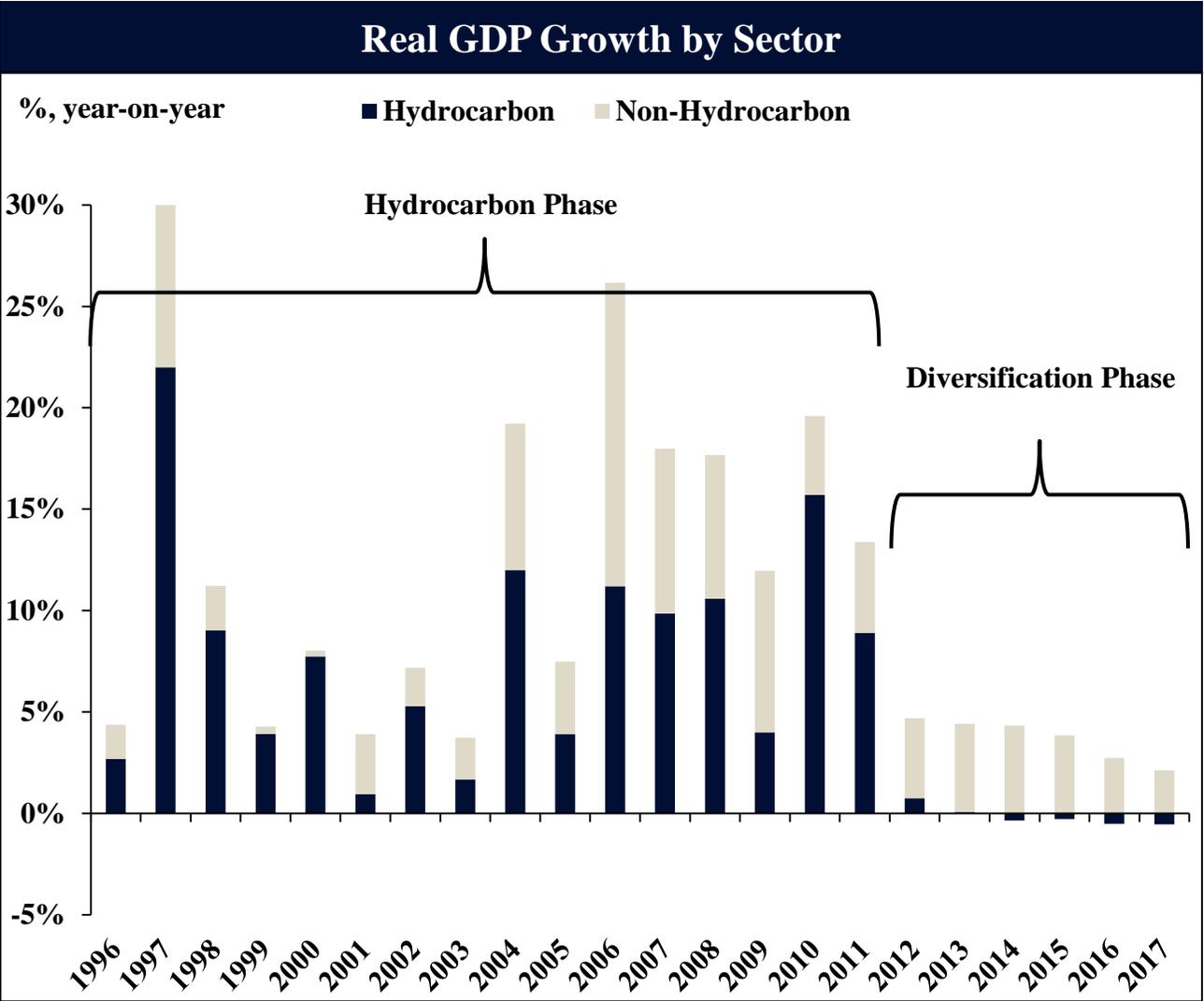
k USD PPP



At current extraction rates, Qatar's proven gas reserves would last for another 141 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 National Vision 2030 is supported by a large infrastructure investment programme

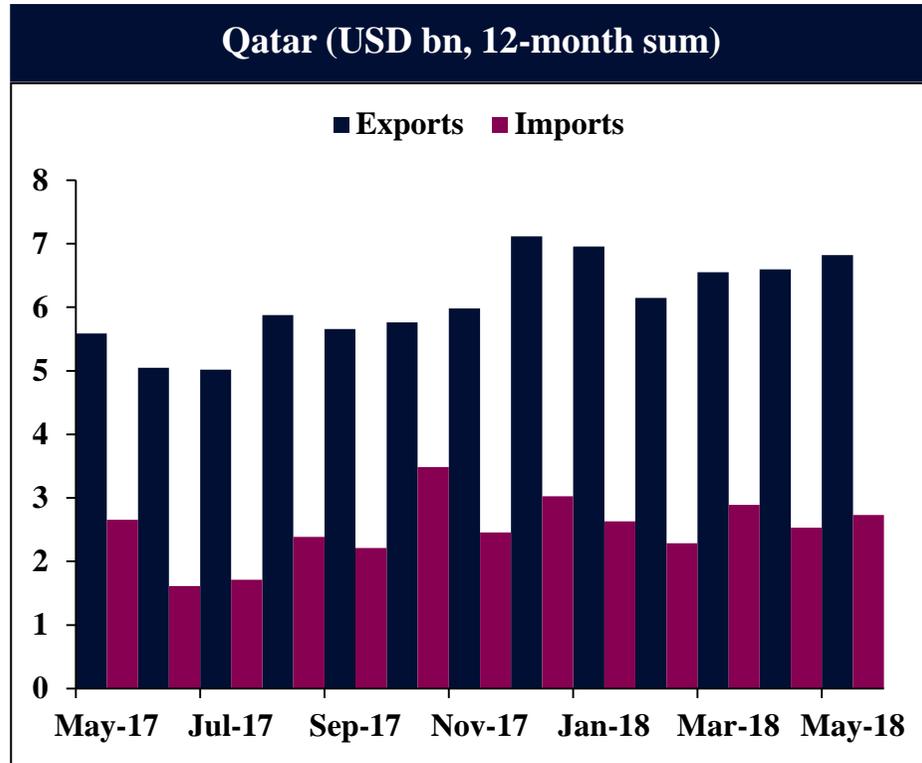
Major Projects Pipeline as of September 2018

	Project	Budget (bn USD)	End
Construction	Lusail Mixed-Use Development	45.0	2022
	Education City	8.8	2019
	FIFA World Cup Stadiums	4.0	2020
Transport	Qatar Integrated Rail	40.0	2026
	Ashghal Expressway Programme	20.0	2020
	Hamad International Airport, Phase I, II & III	23.5	2020
	Ashghal Local Roads & Drainage	14.6	2022
	Hamad Port, Phases II & III	9.4	2025
Oil	Bul Hanine Oilfield Redevelopment	11.0	2021

## Comments

- New investment sectors are opening up to support self sufficiency and long-term growth
- Focus areas for investment are the transport, construction, logistics and manufacturing sectors
- In parallel to the diversification phase, new investment opportunities are expected to arise from the increase in LNG production over the medium-term

# Qatar's fundamentals resilient despite the blockade



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

**Financial Soundness Indicators (2015-2017, %)**

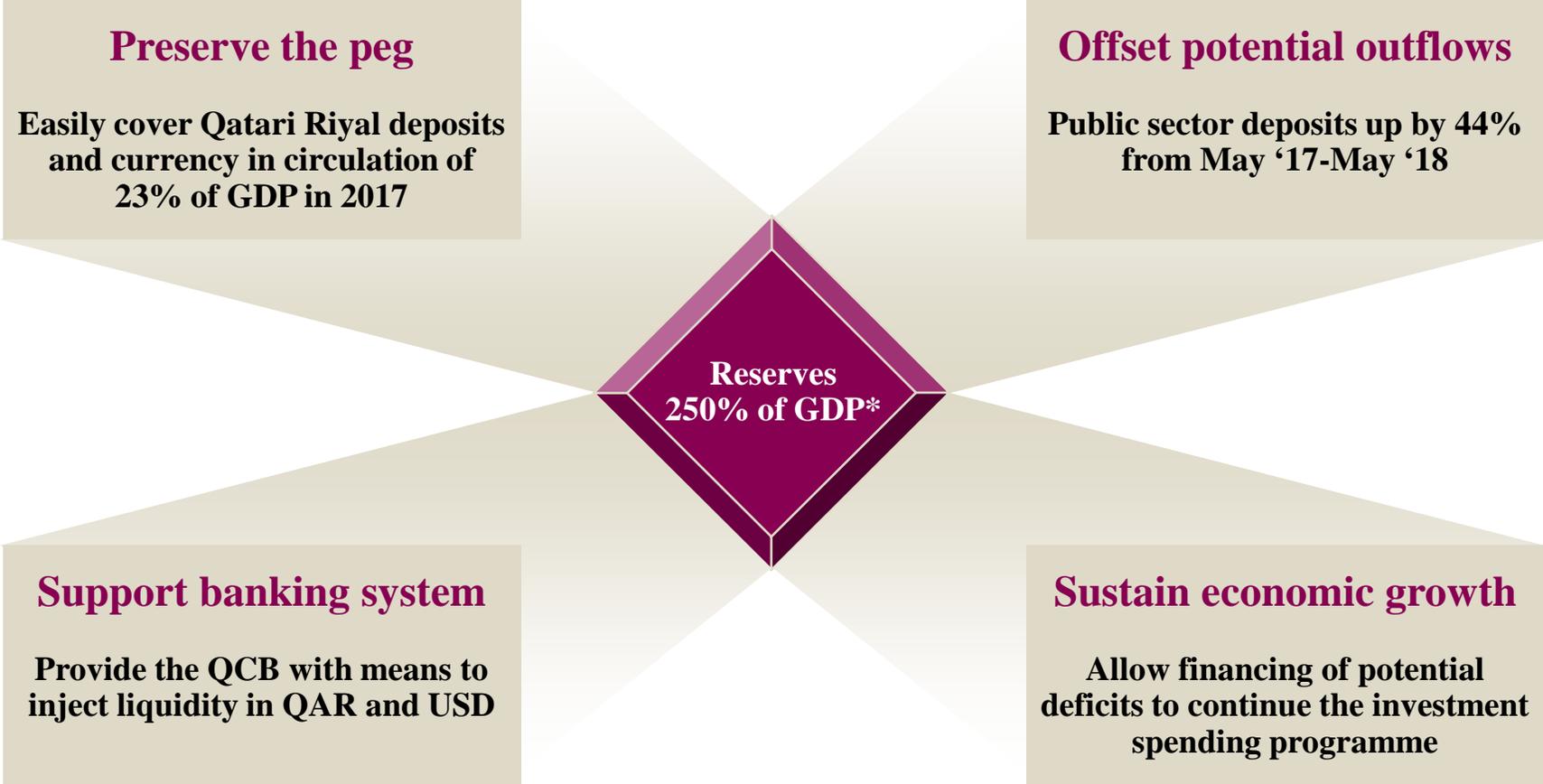
	2015	2016	2017
<b>Capital Adequacy</b>			
Tier 1 capital/risk-weighted assets	15.2	15.7	16.5
Regulatory capital/risk-weighted assets	15.6	16.1	16.8
<b>Asset Quality</b>			
Non-performing loans/capital	1.9	1.7	1.7
Non-performing loans/total loans	1.6	1.3	1.6
<b>Liquidity</b>			
Liquid assets/total assets	28.5	29.6	28.2
Total loans/total deposits	112.4	113.7	108.8
Total loans/total assets	67.5	66.7	67.1
<b>Profitability</b>			
Return on assets	2.0	1.7	1.5
Return on equity	16.2	14.6	13.9

- Financial system remains resilient and healthy
- Capital adequacy and liquidity metrics improved in 2017 while asset quality was steady
- Robust public-sector deposit mobilization helped drive overall deposit growth at 13.2% in 2017

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

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									
	Aa3	<b>Qatar</b> , Belgium, Taiwan, Macau, Cayman Islands, Faroe Islands									
	A1	Chile, 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, Indonesia, Italy, Spain, Uruguay, Philippines, Bulgaria, Panama, Colombia									
	Baa3	Oman, Hungary, South Africa, Kazakhstan, Bahamas, Romania									
Non-Investment Grade											
Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	

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



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