



# Investor Relations Presentation

September 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

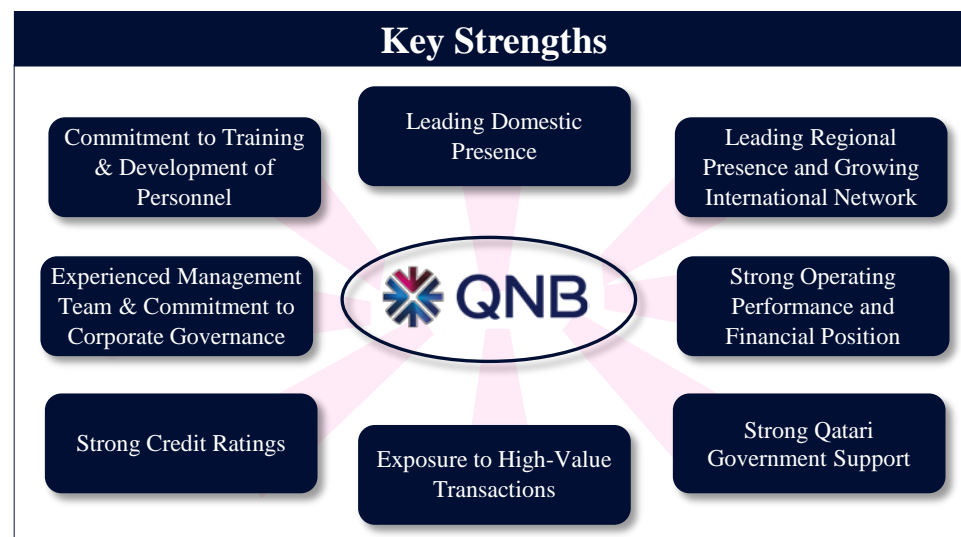
<b>Overview</b>	<ul style="list-style-type: none"> <li>Established in 1964 as the first Qatari owned bank</li> <li>Owned (50%) by the Government of Qatar via the Qatar Investment Authority (QIA)</li> <li>Largest bank in Qatar by market cap., assets, loans, deposits and profit</li> <li>Largest bank in MEA by total assets, loans, deposits and profit</li> </ul>
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<b>Credit Rating</b>					
		Moody's	S&P	Fitch	Capital Intelligence
LT		Aa3	A	A+	AA-
ST		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 1,230 locations, supported by more than 4,200 ATMs and employing more than 27,800 staff.<sup>1</sup></li> </ul>
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<b>Stock/Share Parameters</b>	<ul style="list-style-type: none"> <li>Listed on Qatar Exchange (QNBK)</li> <li>Market cap. of USD31.0bn</li> <li>Share price of USD33.51 per share</li> <li>Price to Book 2.0x (31-Dec-16)</li> <li>Price to Earnings 11.3x (31-Dec-16)</li> </ul>
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Financials <sup>2</sup> (in USD billion)			
	2017	2016	5yr CAGR
Total Assets	217.6	195.9	18%
Loans & Advances	159.0	139.3	19%
Deposits	157.8	137.5	16%
Operating Income <sup>3</sup>	4.66	4.82	15%
Profit <sup>4</sup>	2.82	2.65	10%
Coverage Ratio	111%	130%	-
NPL Ratio	1.8%	1.8%	-
Net Interest Margin	2.67%	2.92%	-









# QNB's International Footprint

## Sub-Saharan Africa

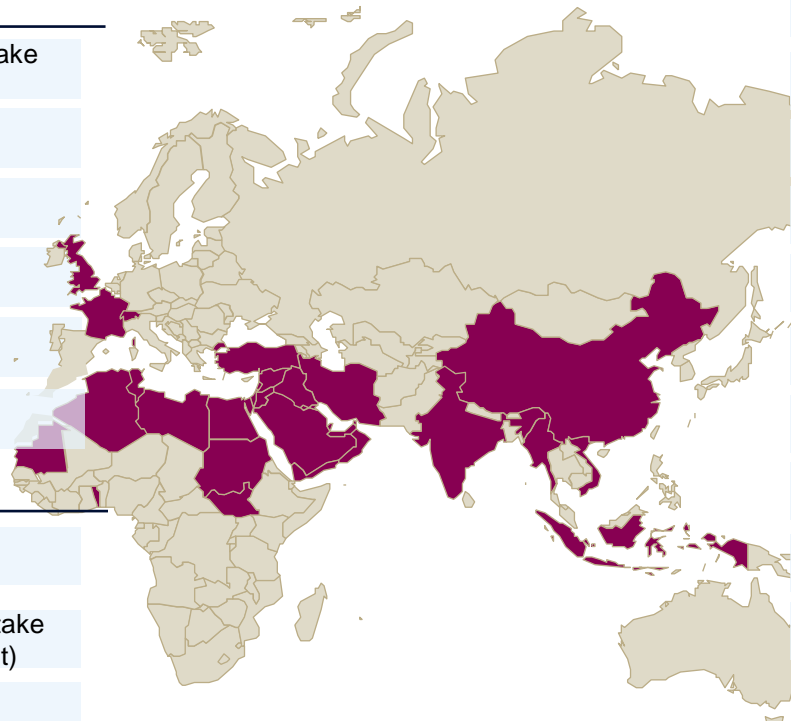
	<b>South Sudan:</b> (1 Branch)
	<b>Togo:</b> (1,265 Branches <sup>1</sup> , 20.1% stake in Ecobank)

## 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> (212 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> (23 (+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> (132 <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> (579 Branches, 99.88% stake in Finansbank A.Ş.)	



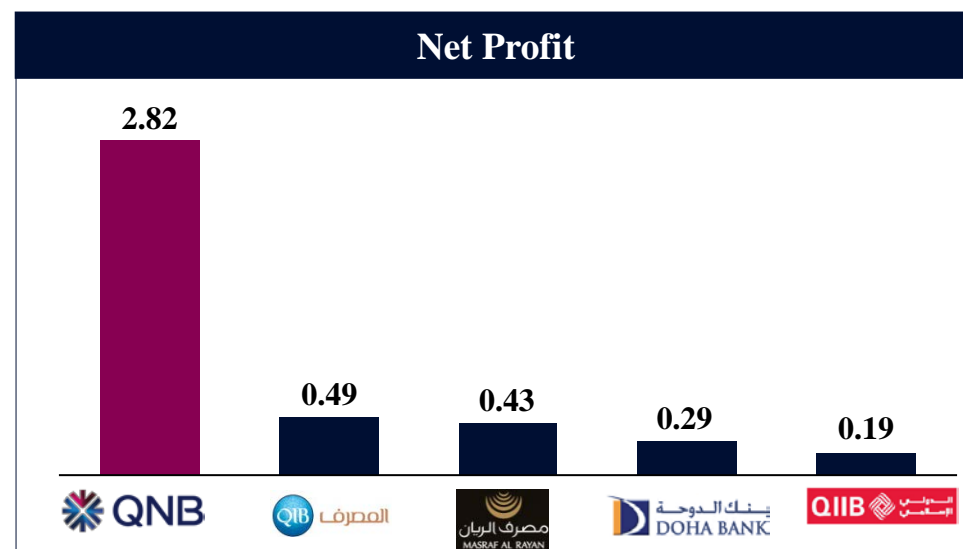
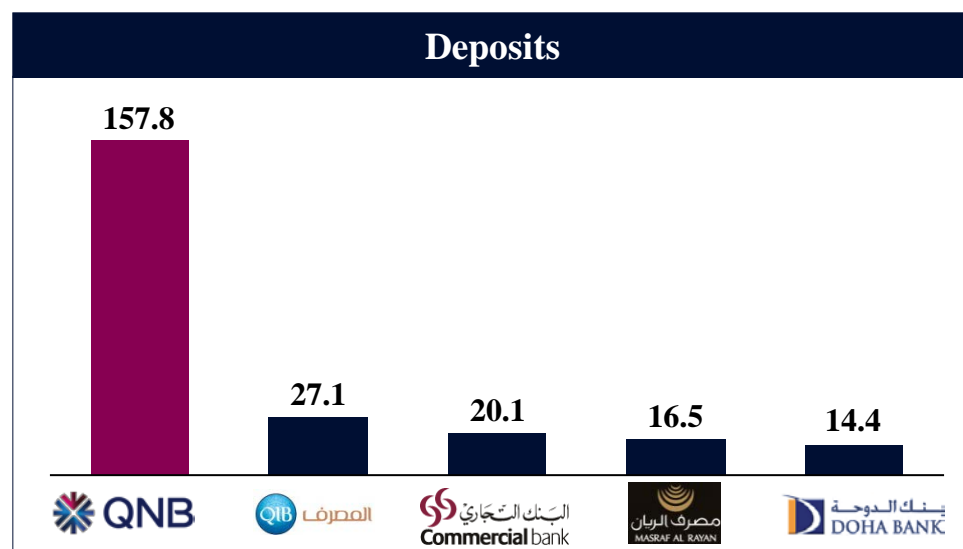
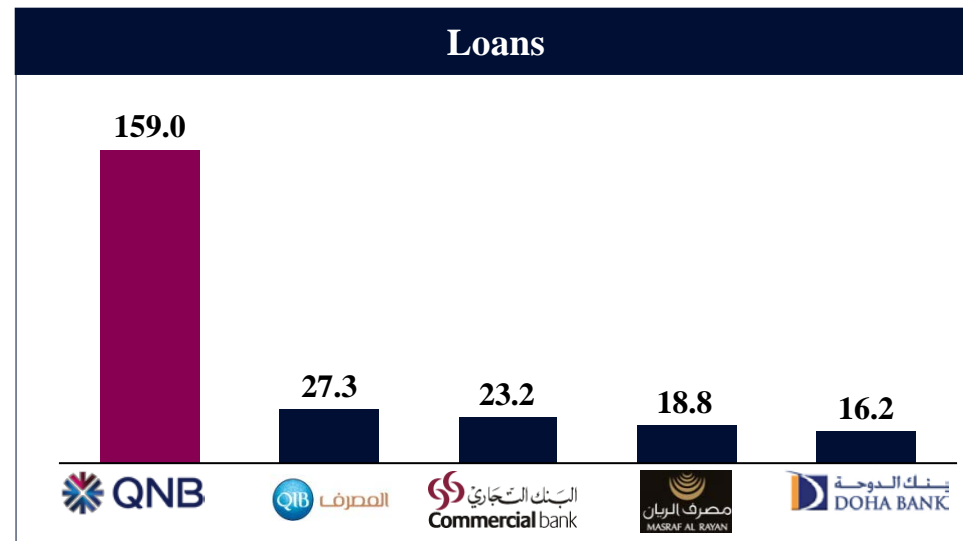
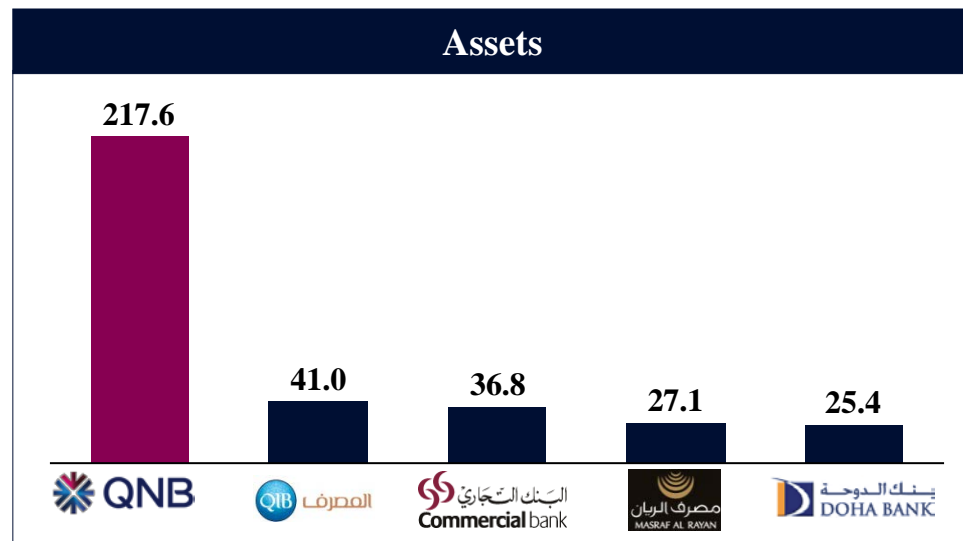
1: The branch data for Ecobank is as at 31 May 2016  
 2: Includes the branches / representative offices from subsidiaries and associates  
 3: Dormant



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

# Top 5 Domestic Banks – September 2017

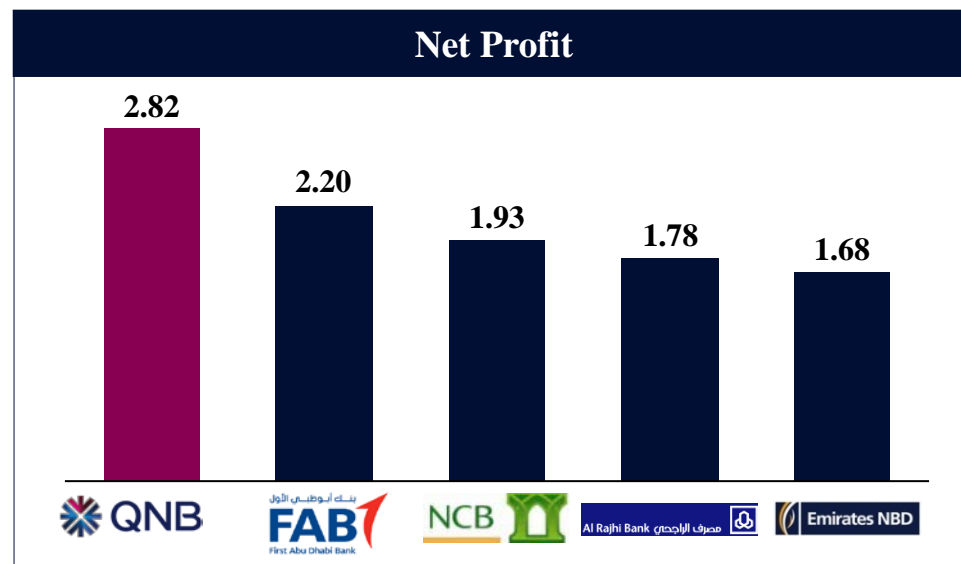
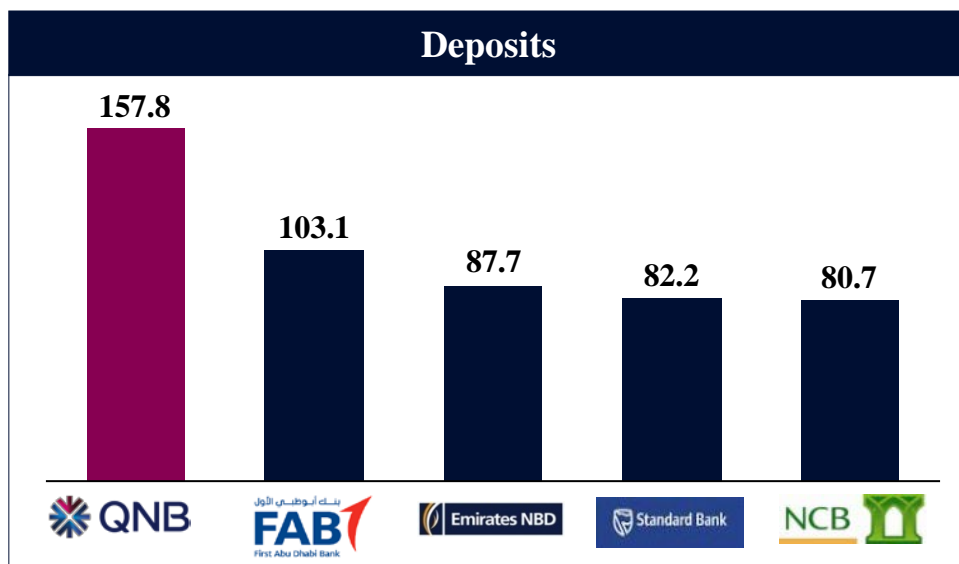
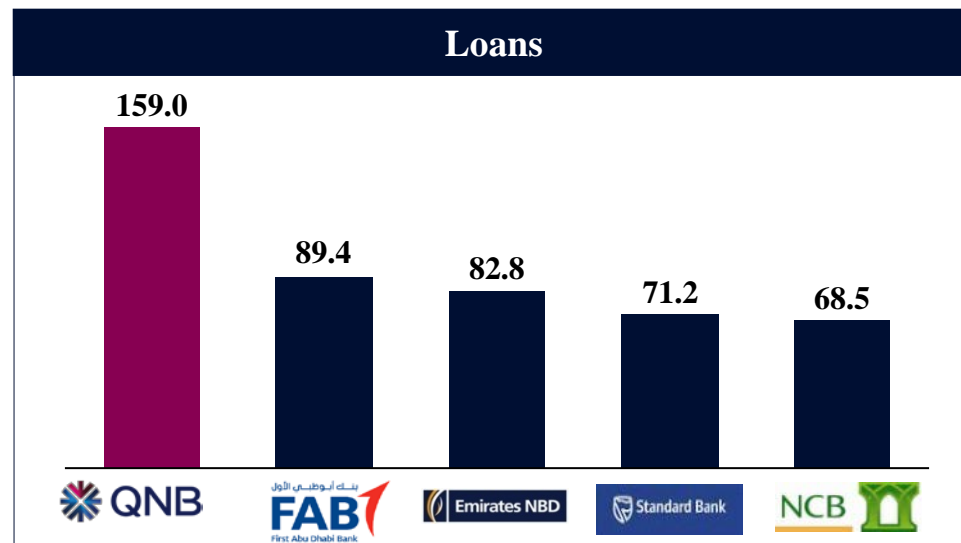
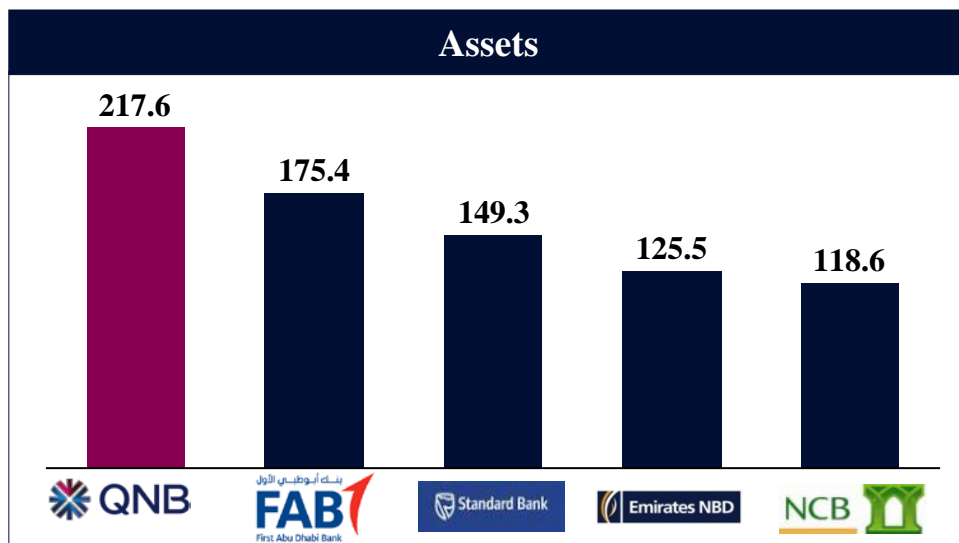
QNB continues to excel in the domestic market



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

# Top 5 MEA Banks – September 2017

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



Note: All amounts are in USD billions

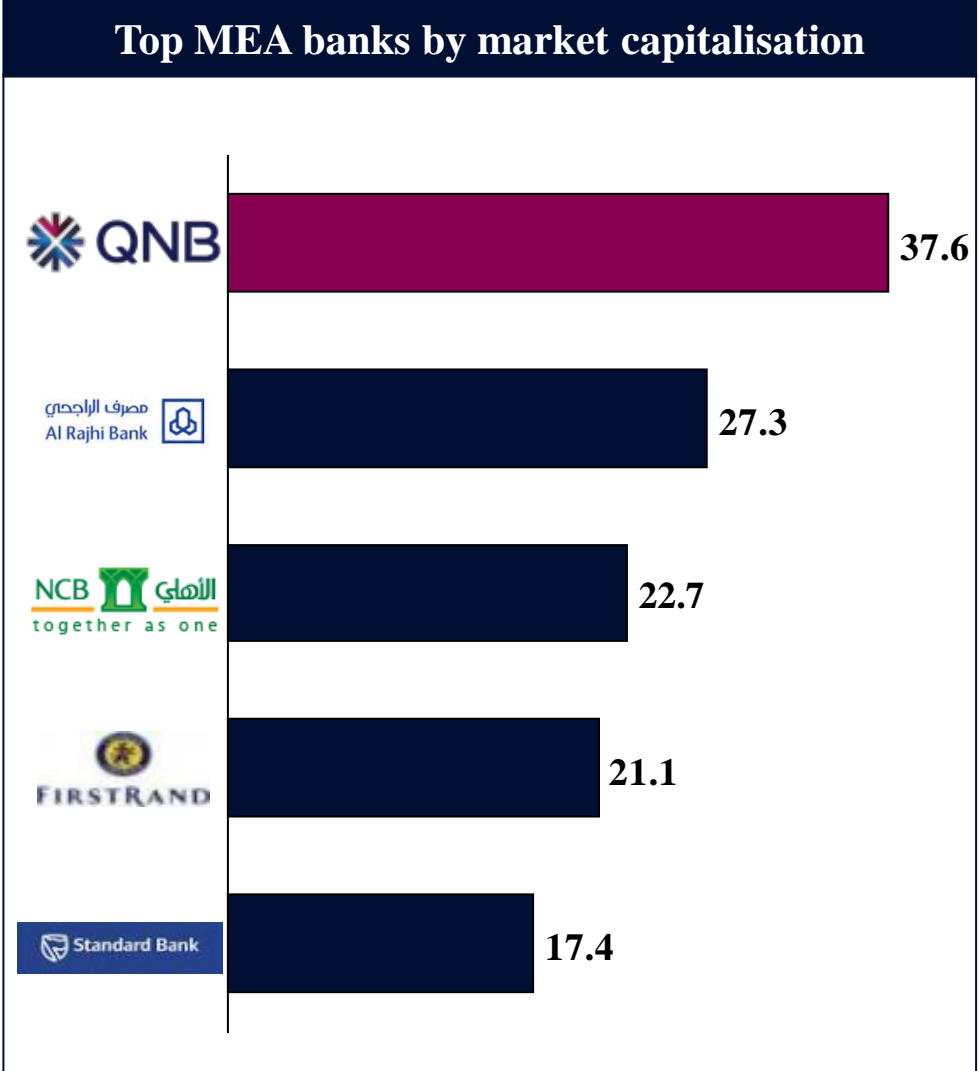
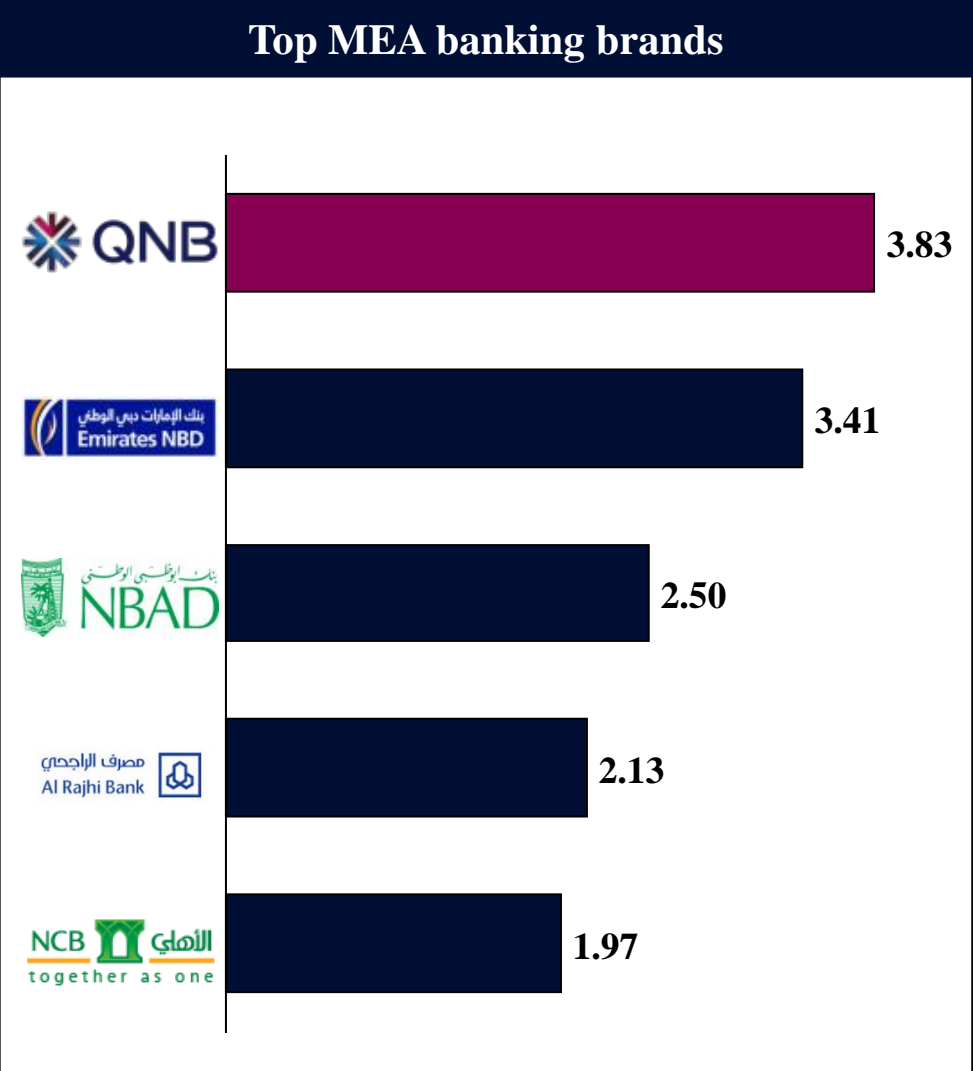
Source: Companies' September 2017 Press Release or Financial Statements if available.

Standard Bank's results are on June 2017 basis, due to unavailability of September 2017 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-16)




Source: Brand Finance 2017, Bloomberg

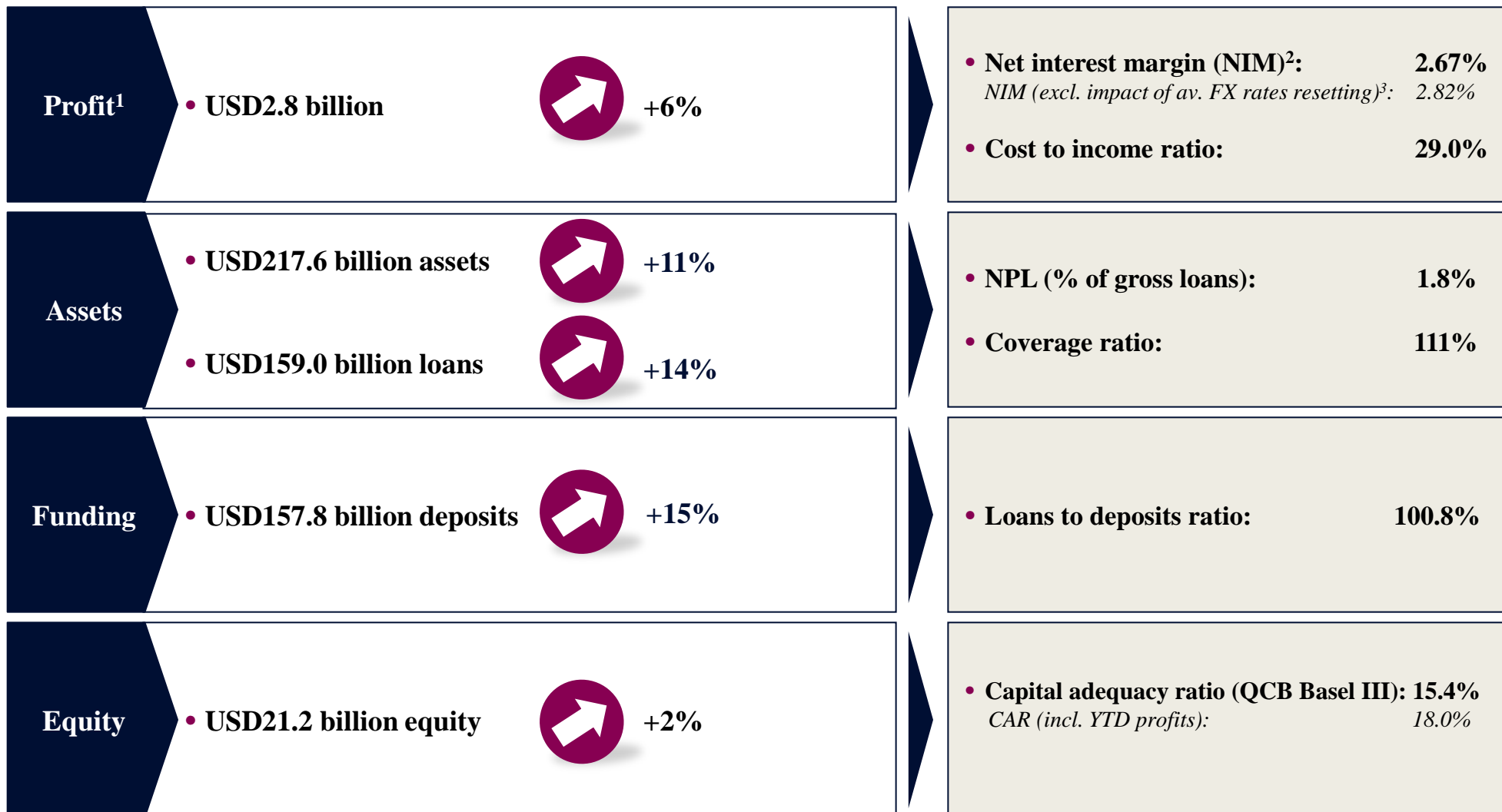


## **Financial Highlights – as at 30 September 2017**

# QNB demonstrate sustainable profit growth


Financial Highlights (as at 30 September 2017)

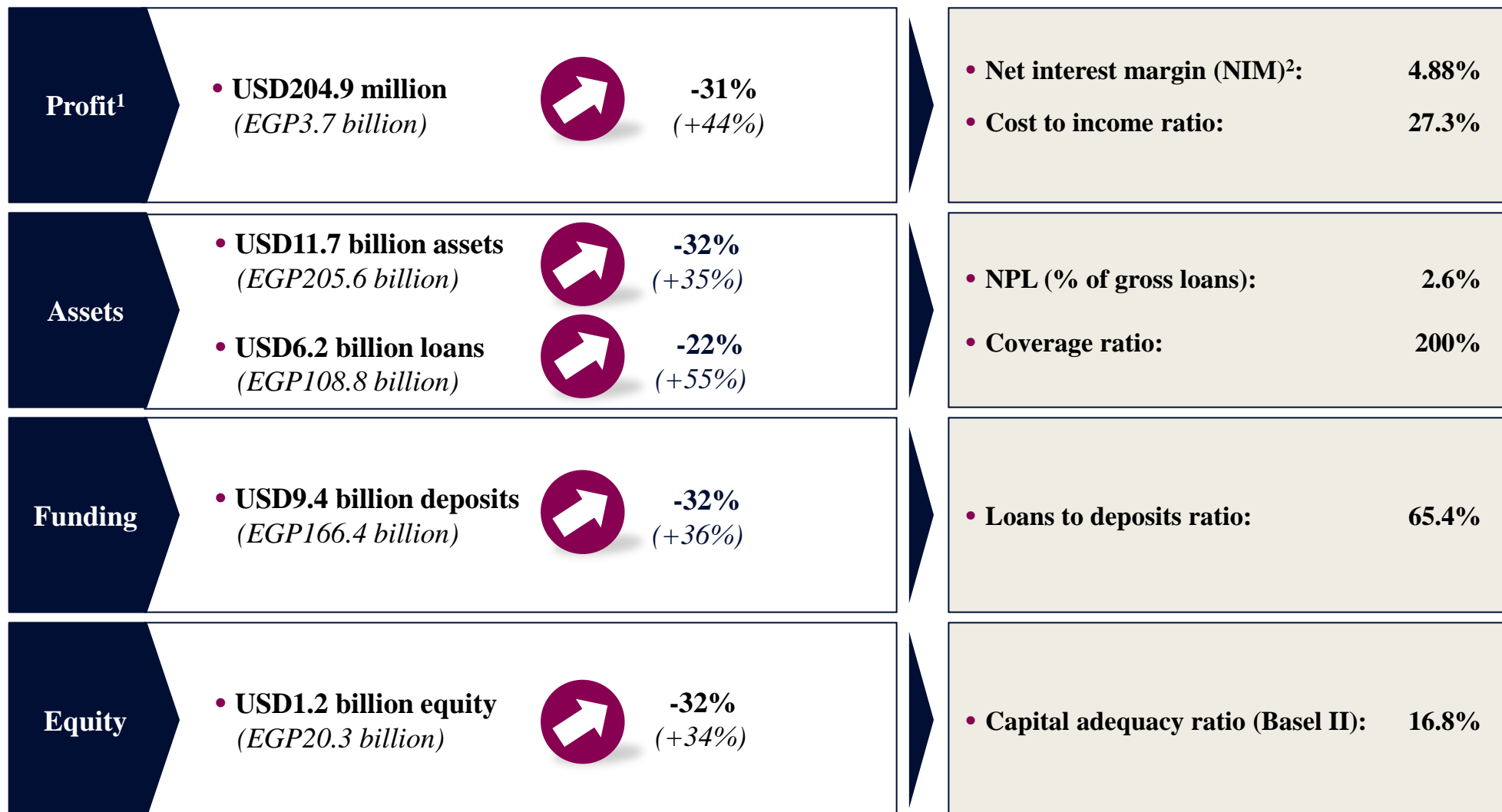
 Growth vs. September 2016



# QNB ALAHLI


## Highlights (as at 30 September 2017)

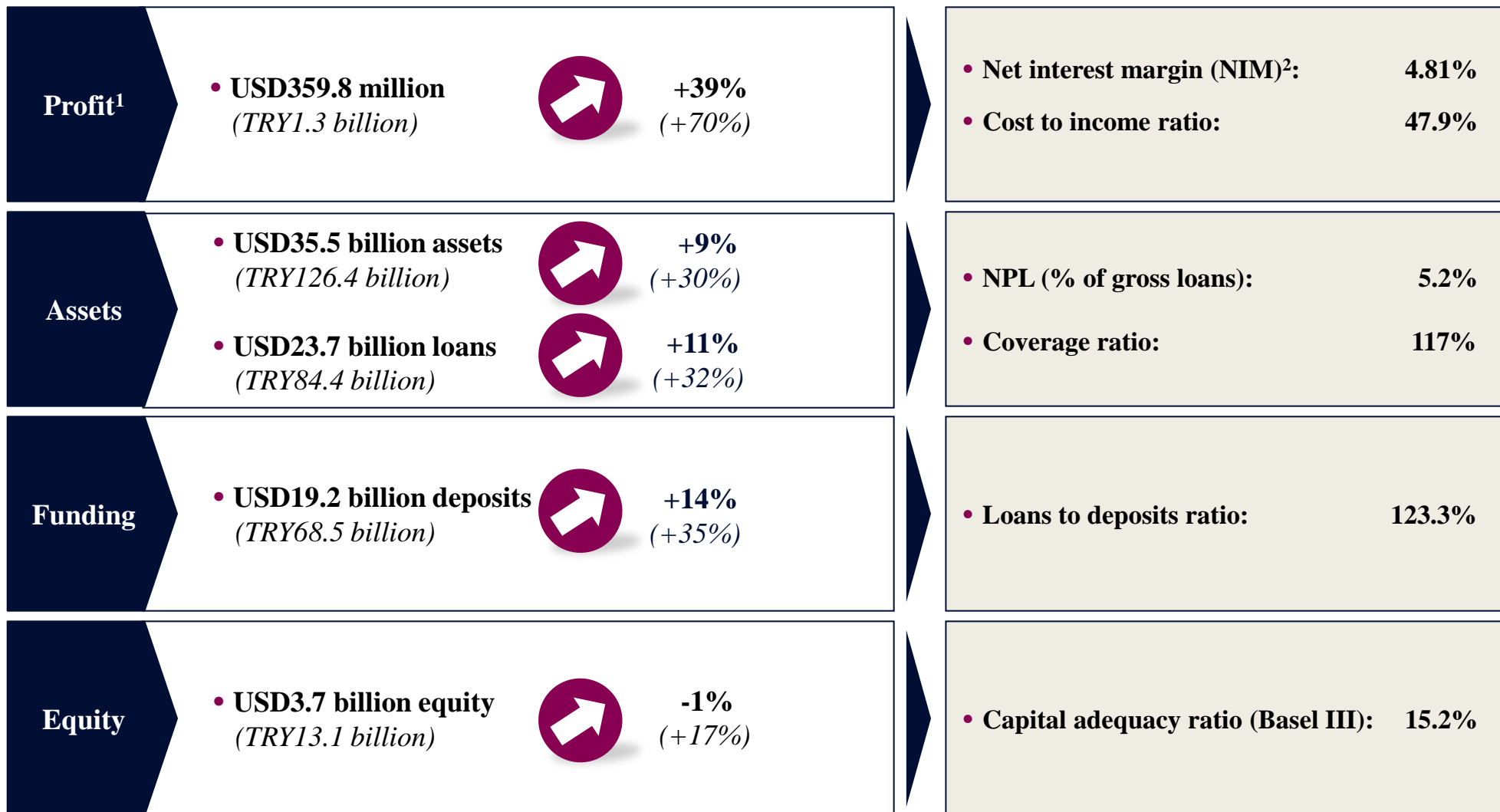
 Growth vs. September 2016



# QNB FINANSBANK

## Highlights (as at 30 September 2017)

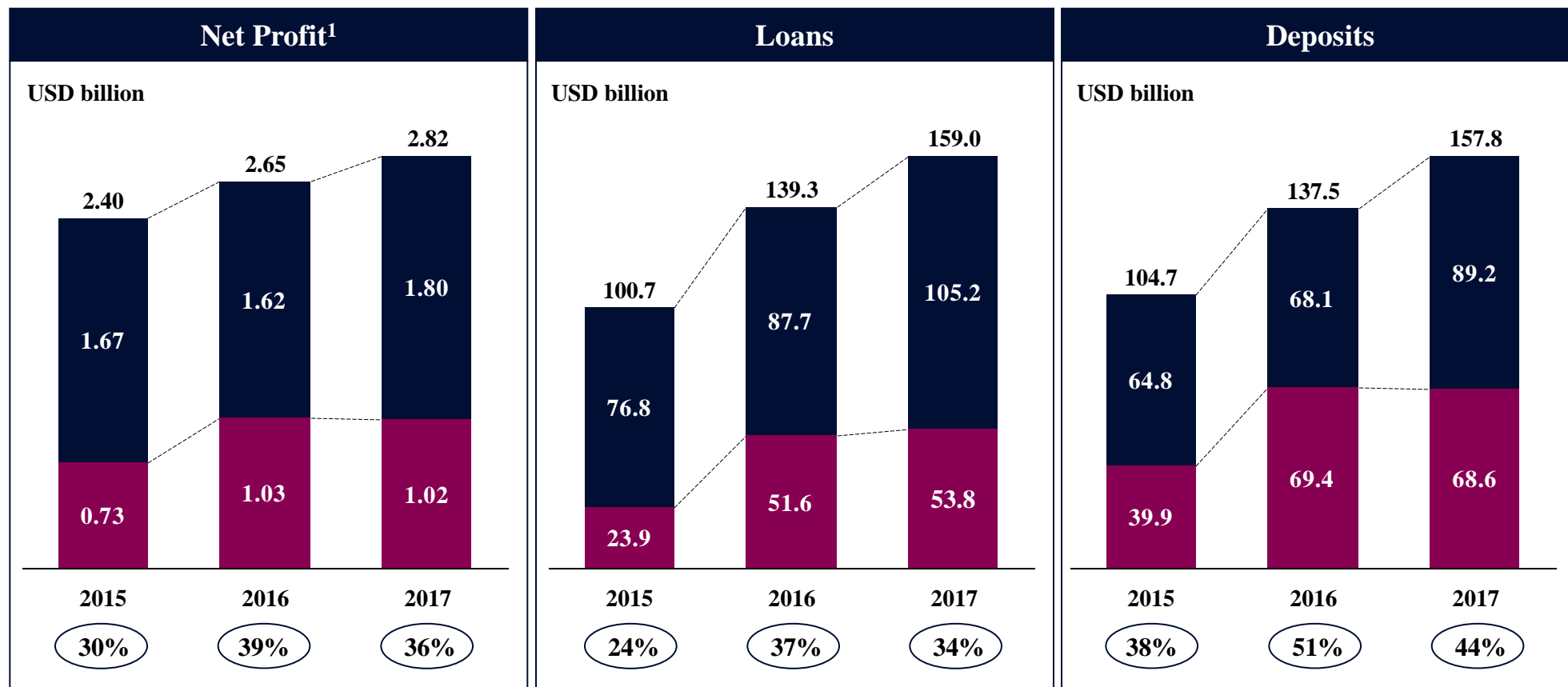
 Growth vs. September 2016



# Increasing geographical diversification positively contributes to growth

## Geographical Contribution (as at 30 September)

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

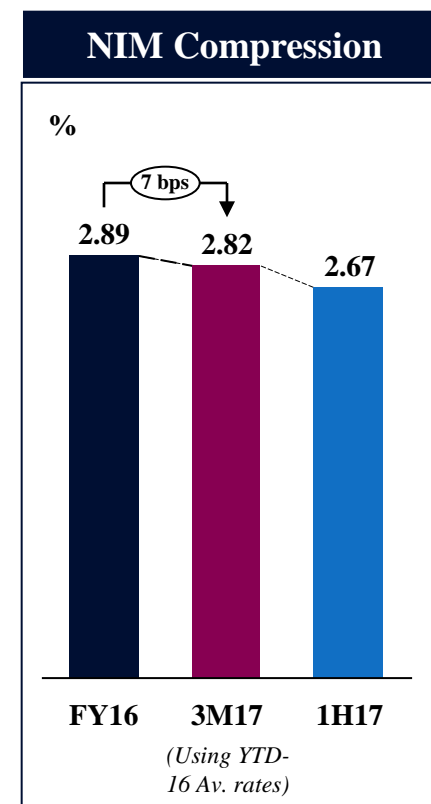
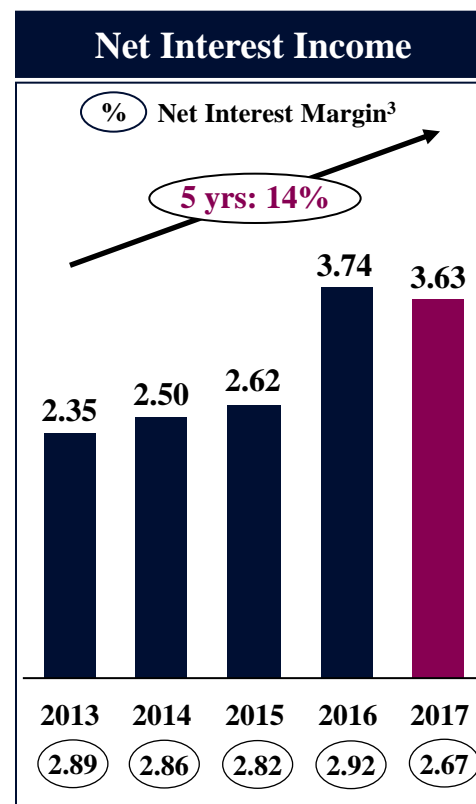
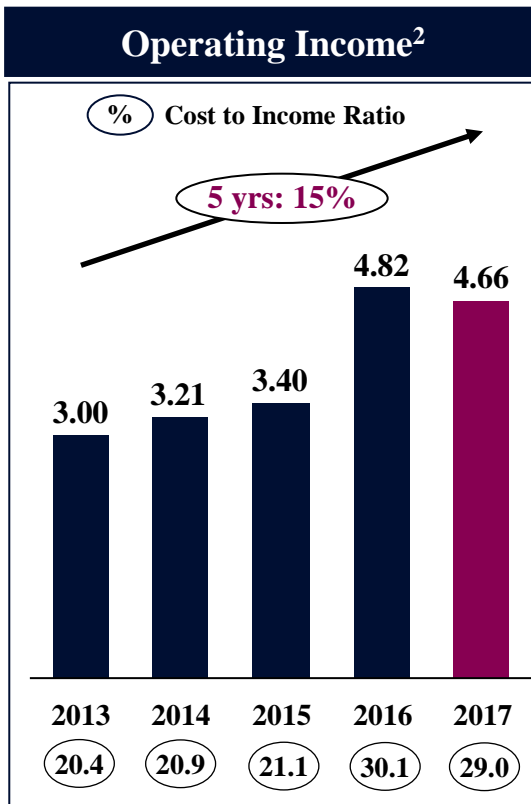
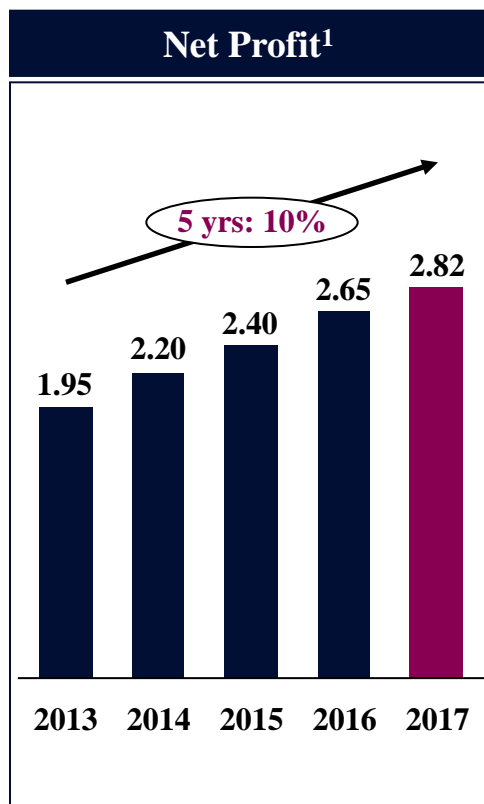


- Profit from international operations increased by USD288 Mn (40%) from 2015 to 2017

- Loans from international operations increased by USD29.9 Bn (125%) from 2015 to 2017
- Deposits from international operations increased by USD28.7 Bn (72%) from 2015 to 2017

# Consistently High Profitability

## Income Statement Breakdown (USD billion as at 30 September)



- Net profit increased 6% from September 2016
- Profit growth is inline with the 2017 profit growth target range
- 2012-2017 CAGR of 10%

- Operating income decreased 3% from September 2016, mainly due to av. FX rate movements for QNBAA (EGP)
- When excluding the EGP devaluation impact the operating income would have increased by 5%
- Efficiency ratio well within the target range

- NII decreased 3% from September 2016, mainly due to av. FX rate movements for QNBAA (EGP)
- When excluding the EGP devaluation impact the NII would have increased by 6%
- Strong NIM with the current size of more than USD210 billion of total assets

- Decline of 7bps in the NIM observed, when calculated using YTD-16 av. FX rates for QNBAA & QNB Finansbank
- The remaining decline in NIM of 15bps is due to resetting of the av. FX rates in 2017



Source: September 2017 Financial Report

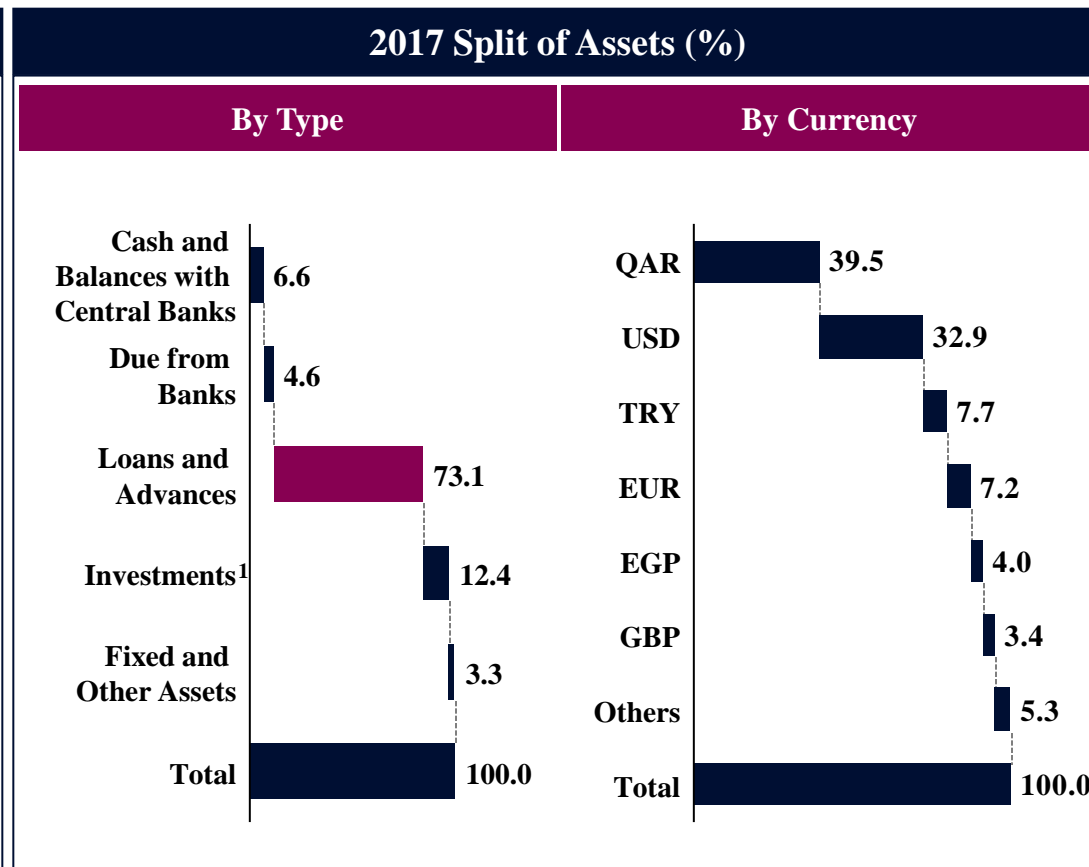
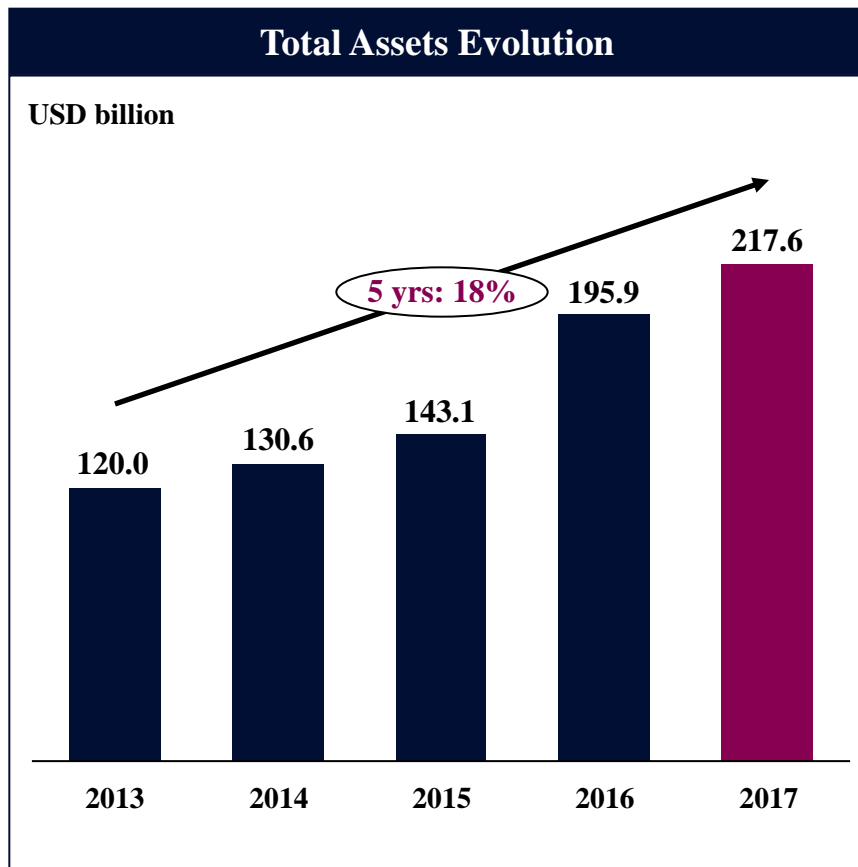
1: Profit Attributable to Equity Holders of the Bank

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 30 September)



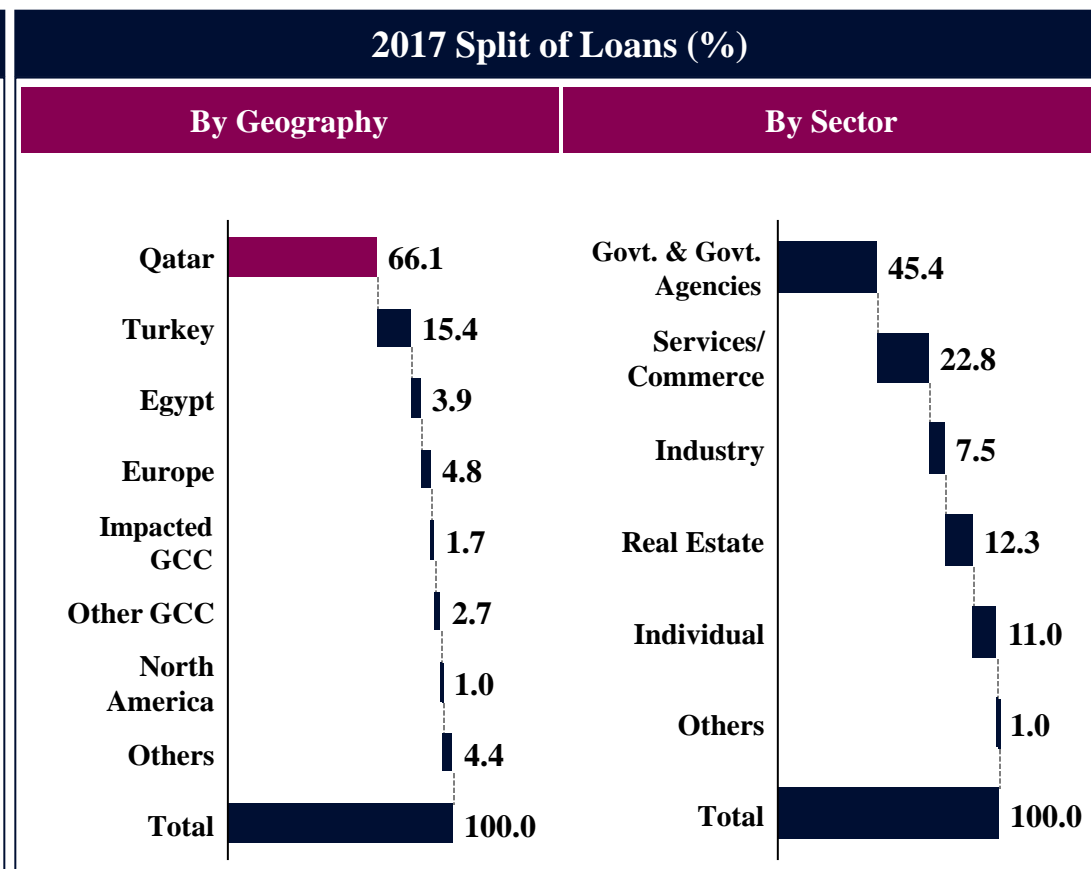
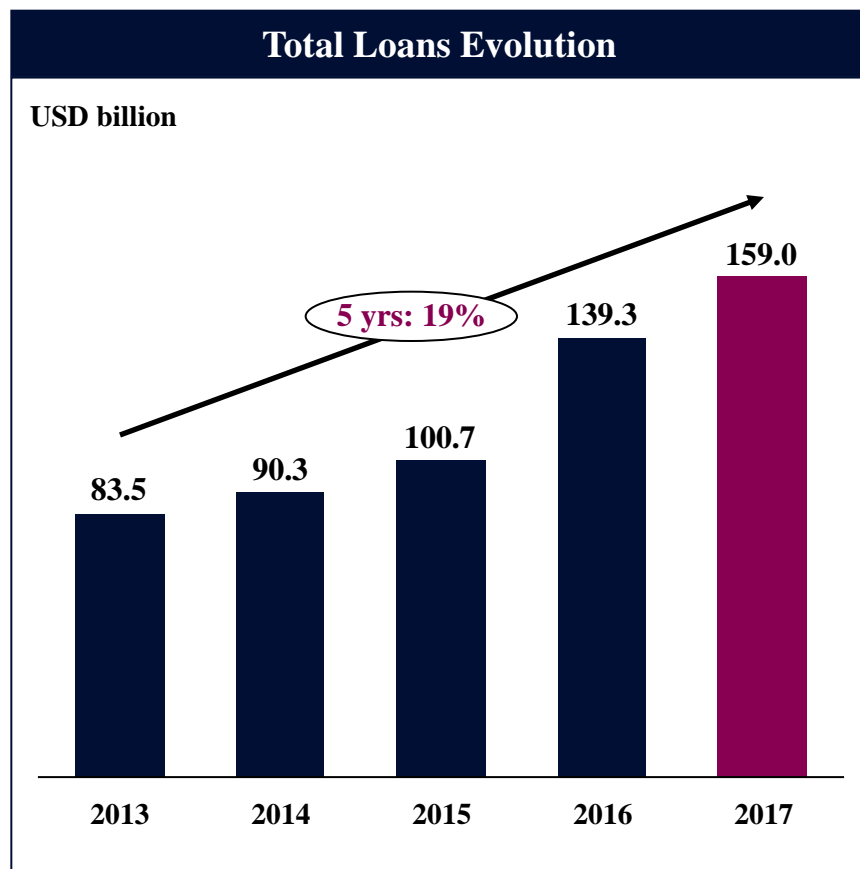
- Assets increased 11% from September 2016
- 2012-2017 CAGR of 18%

- Loans and advances represent 73% of total assets
- USD and QAR currencies account for 72% of total assets



# Good loan growth

## Loans Analysis (as at 30 September)

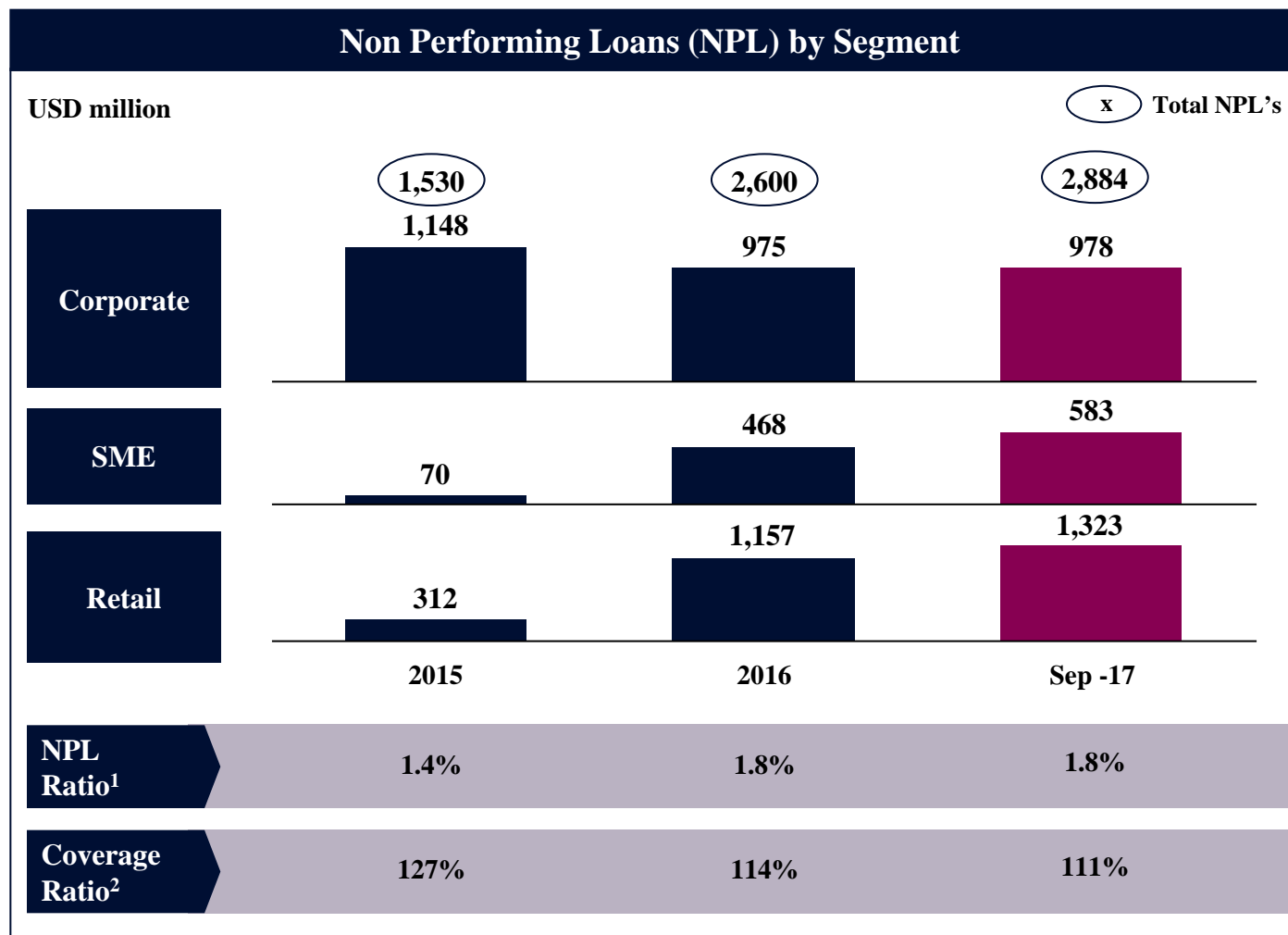


- Loans increased 14% from September 2016
- 2012-2017 CAGR of 19%

- 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

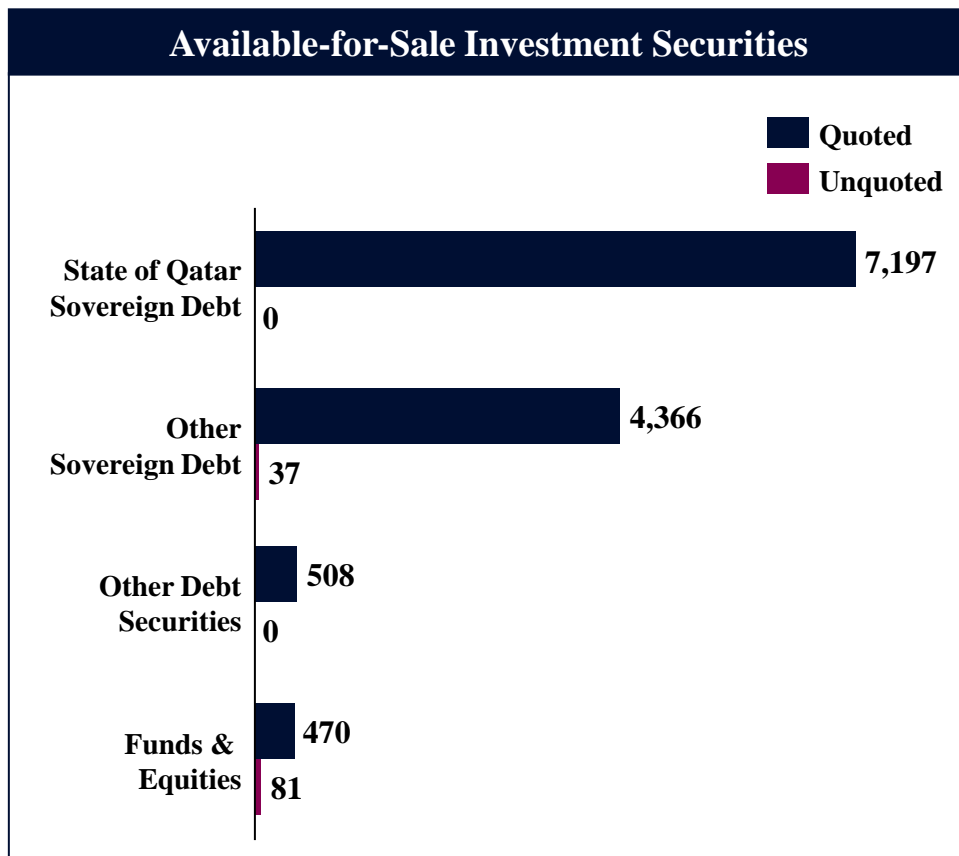
Asset Quality Analysis (as at December unless stated)



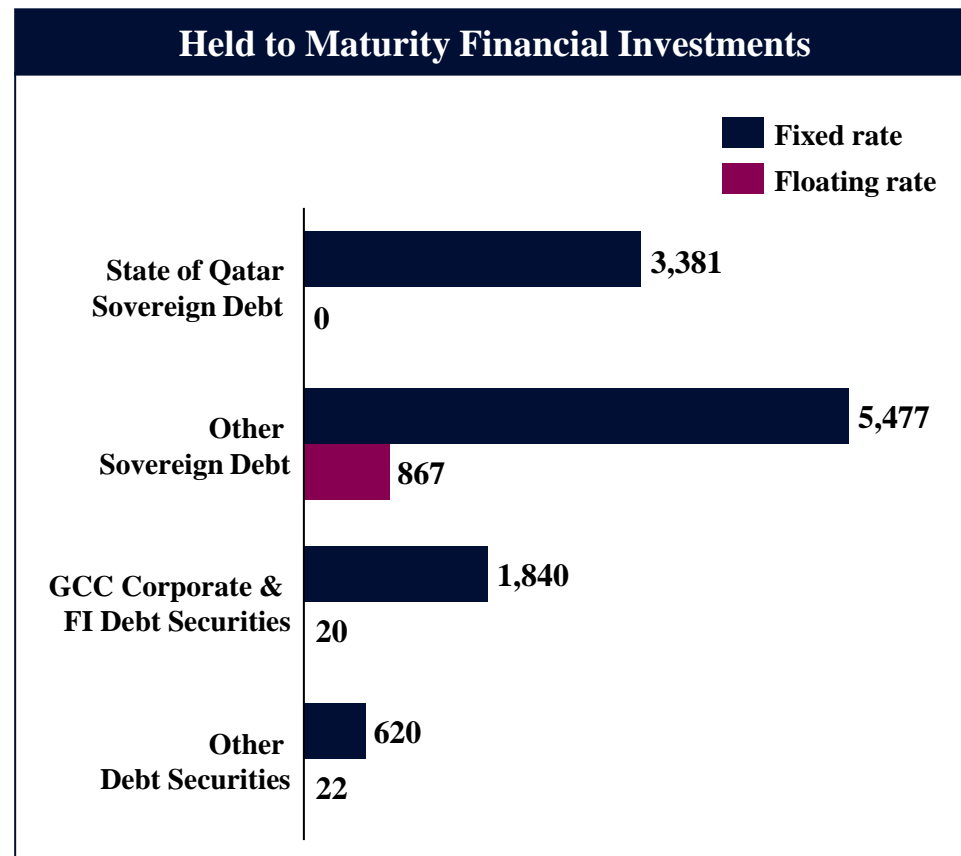
- QNB has continued to increase its provisions in response to the global economic situation
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 111% as at 30 September 2017
- Past dues are NPL after 90 days
- There is the additional security of a risk reserve of USD1,923 million which is greater than the 2.5% QCB requirements

# High quality investment portfolio with 83% of securities rated AA or Sovereign

## Investments Analysis (USD million as at 30 September 2017)



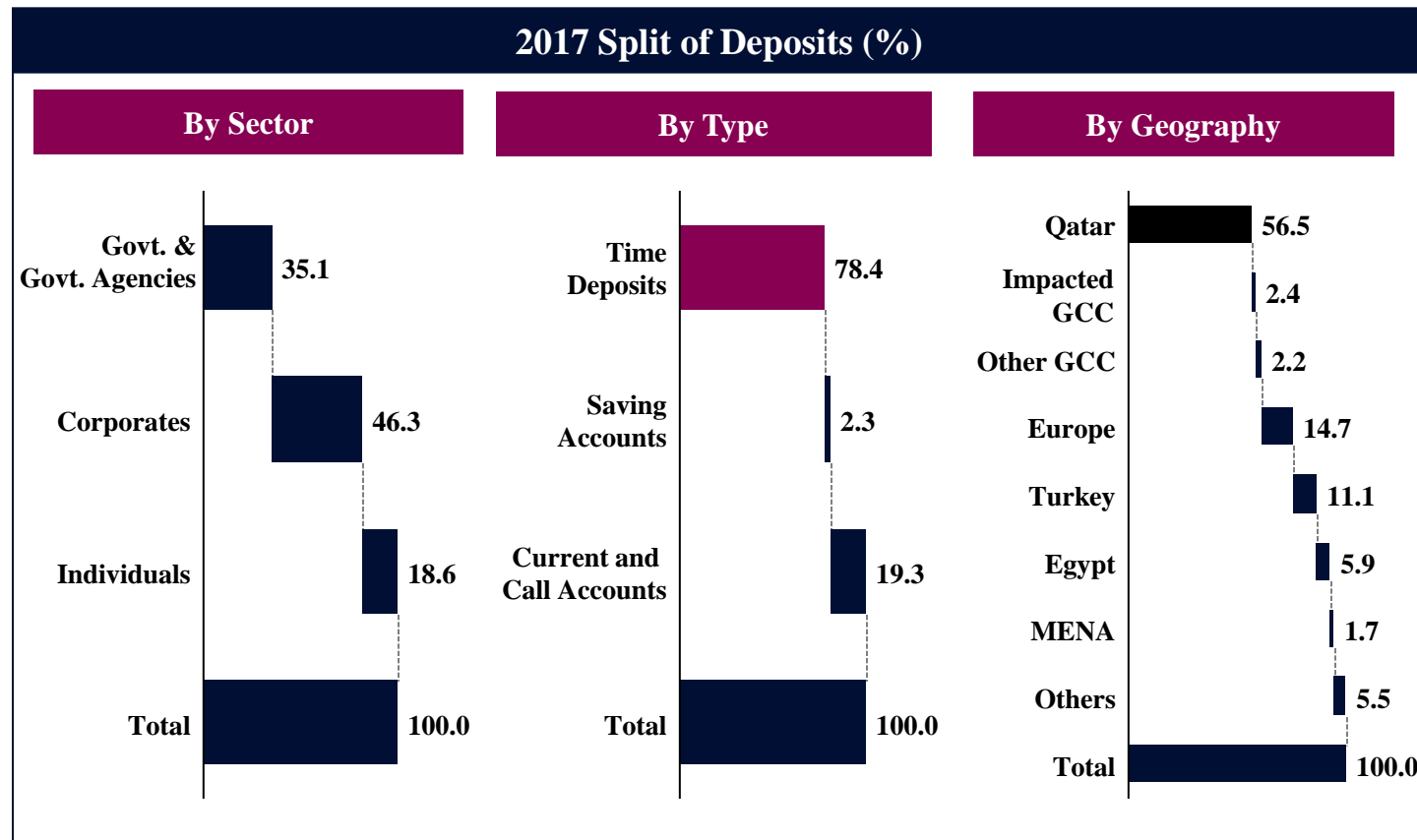
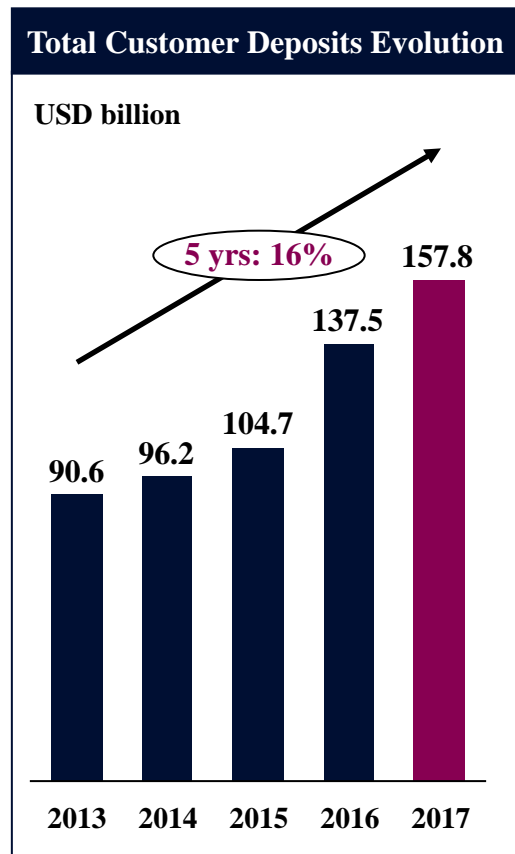
- Quoted securities account for 99% of Available-for-Sale Investment securities



- Majority of Other Sovereign Debt is Government Guaranteed

# Robust growth in customer deposits and funding

## Funding Analysis (as at 30 September)

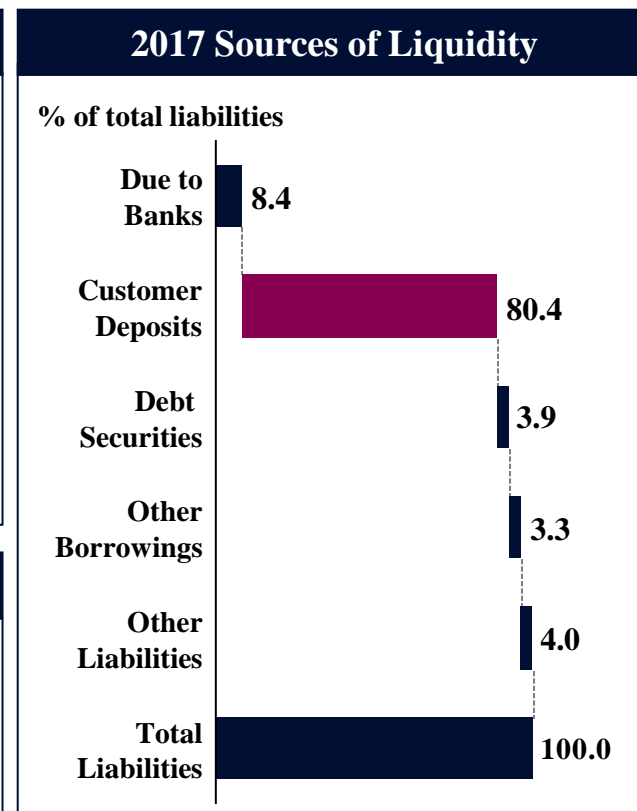
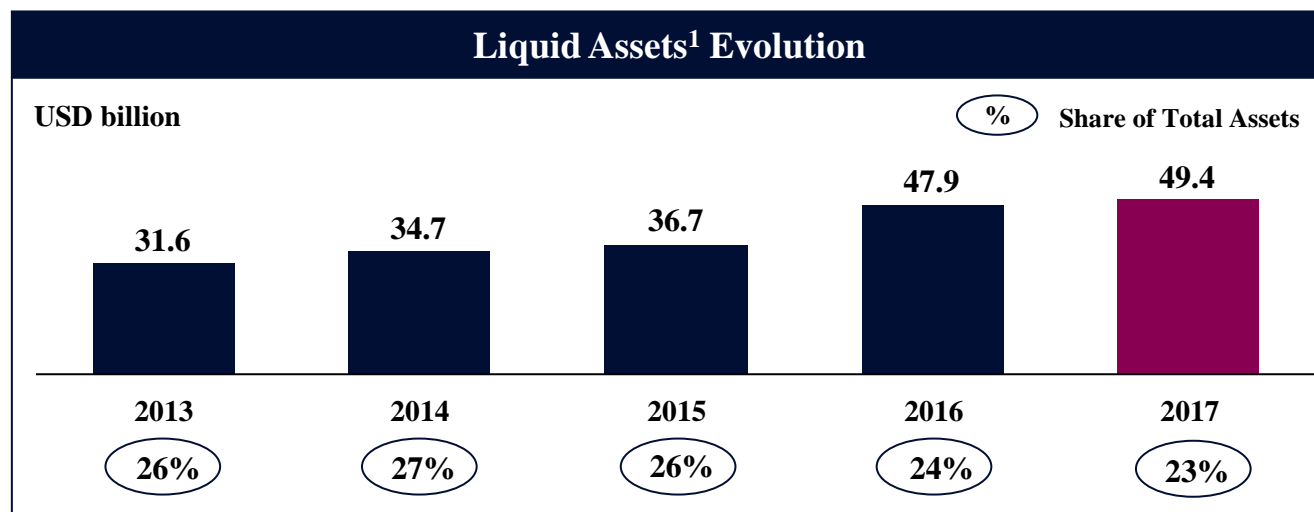
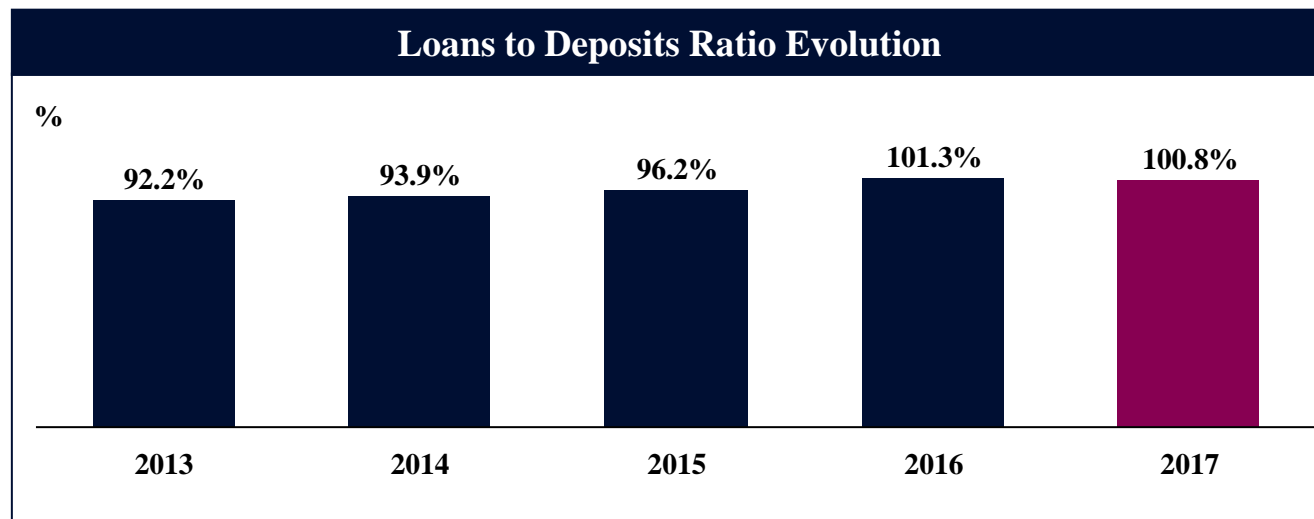


- Deposits increased 15% from September 2016
- 2012-2017 CAGR of 16%

- QNB remains the public sector's preferred bank
- USD, TRY and EGP denominated deposits represent 47%, 7% and 5% of total deposits respectively

# Solid liquidity profile

## Liquidity Analysis (as at 30 September)

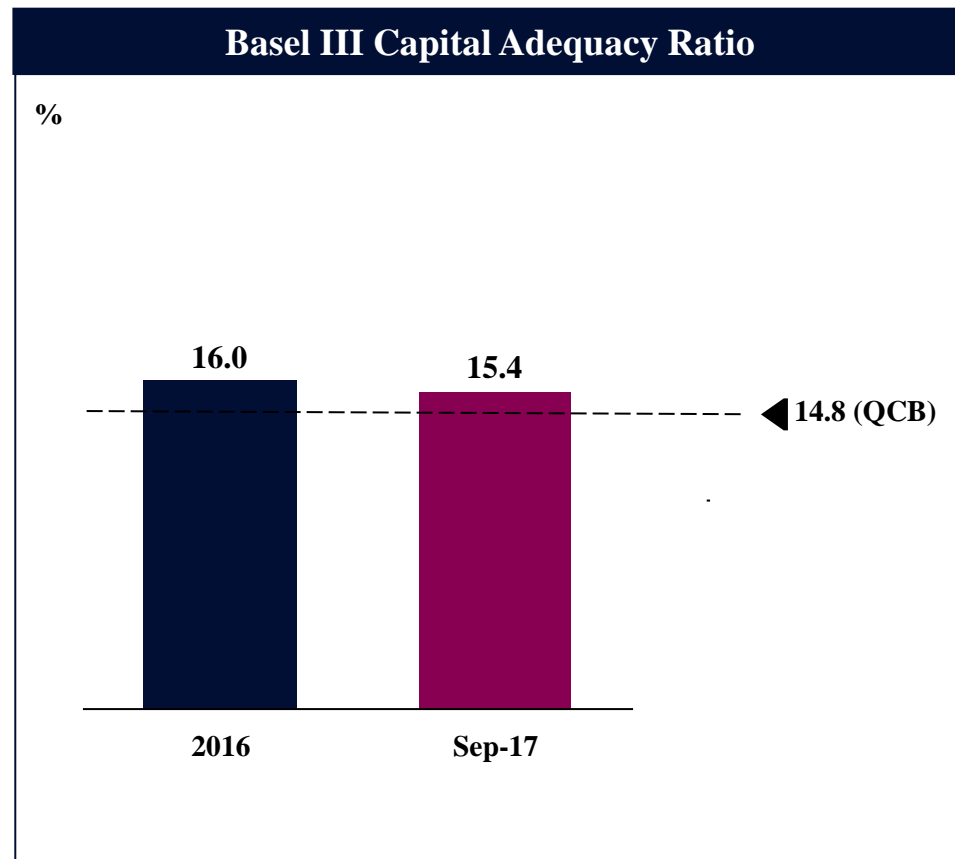
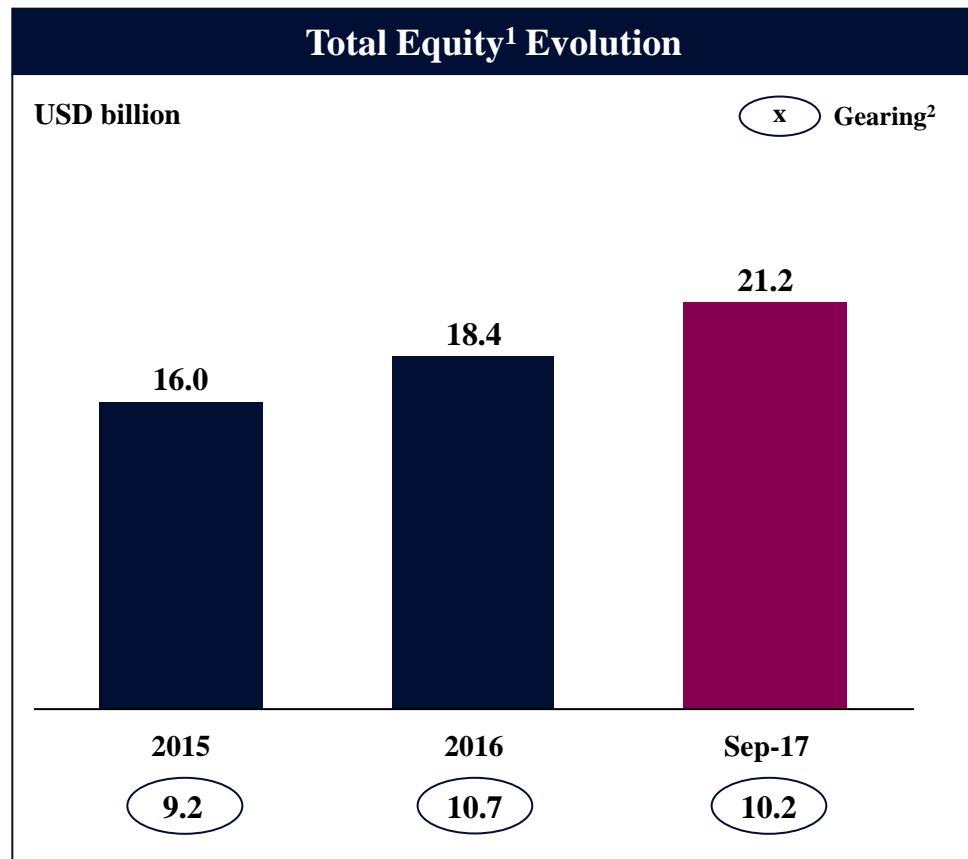


### 2017 Liquidity Ratios

• LCR:	149%
• NSFR:	93%

# 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%
- CAR (including YTD profits): 18.0%



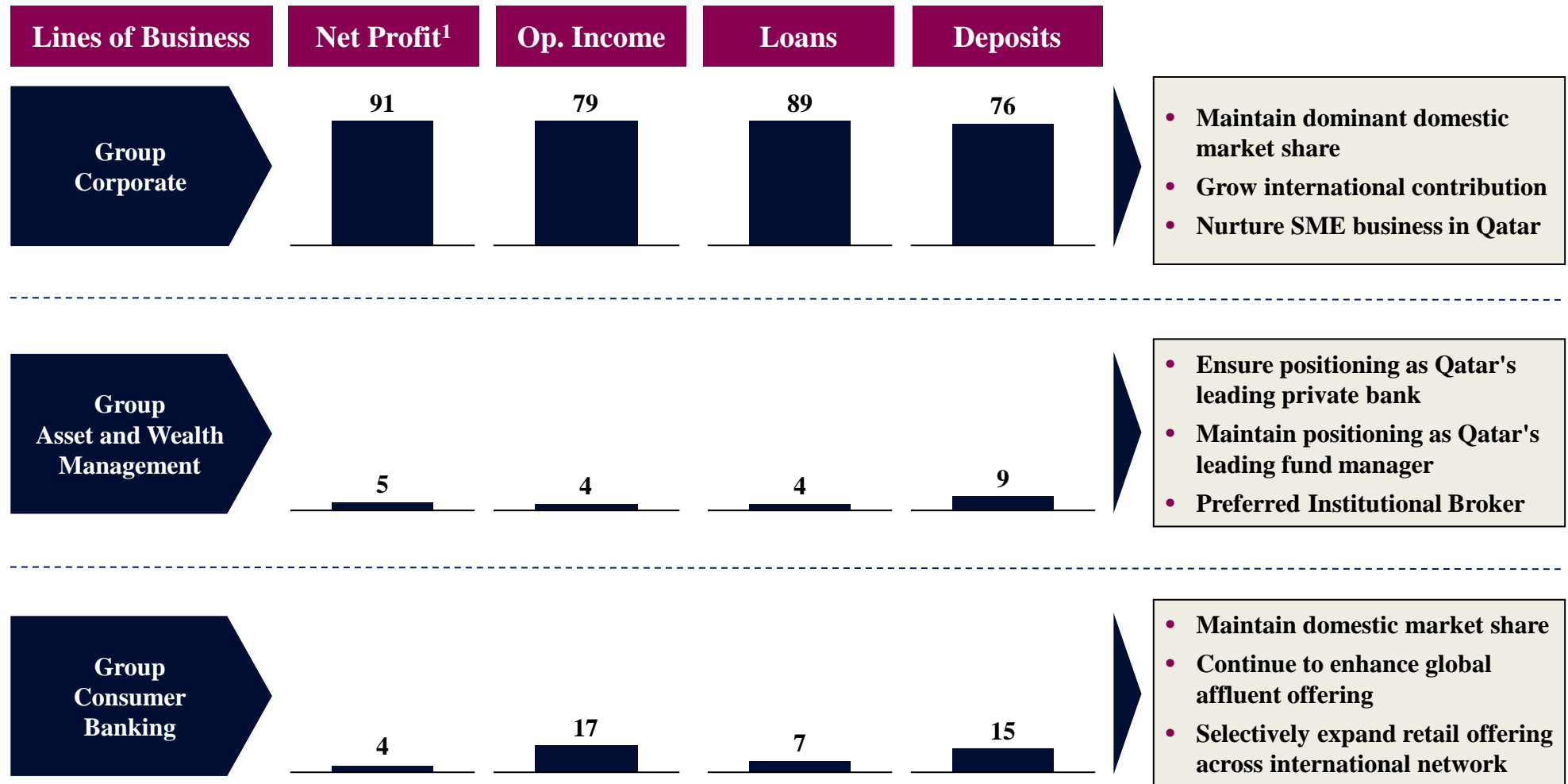
Source: September 2017 Financial Report

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 30 September 2017)



# QNB Group Financials

Key data (as at 30 September 2017)

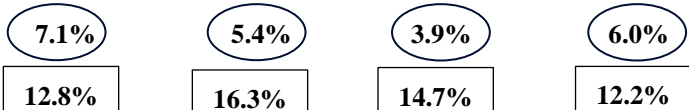
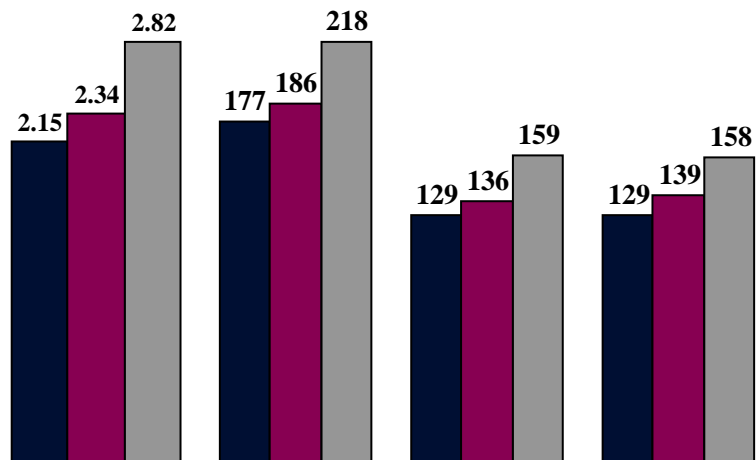
■ QNB ■ QNB incl. QNB ALAHLI ■ QNB incl. QNB Finansbank

○ Contribution of QNB AA

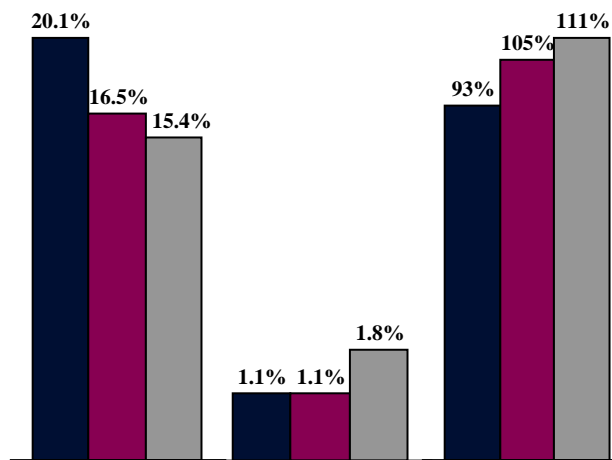
□ Contribution of QNB Finansbank

## Financials

USD billion

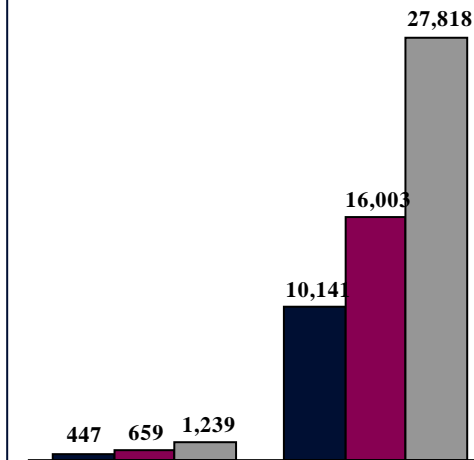


## Ratios



Capital Adequacy (QCB Basel III) NPL Coverage Ratio

## Presence



Branches Staff

- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy Ratio (including YTD profits) on consolidation 18.0%

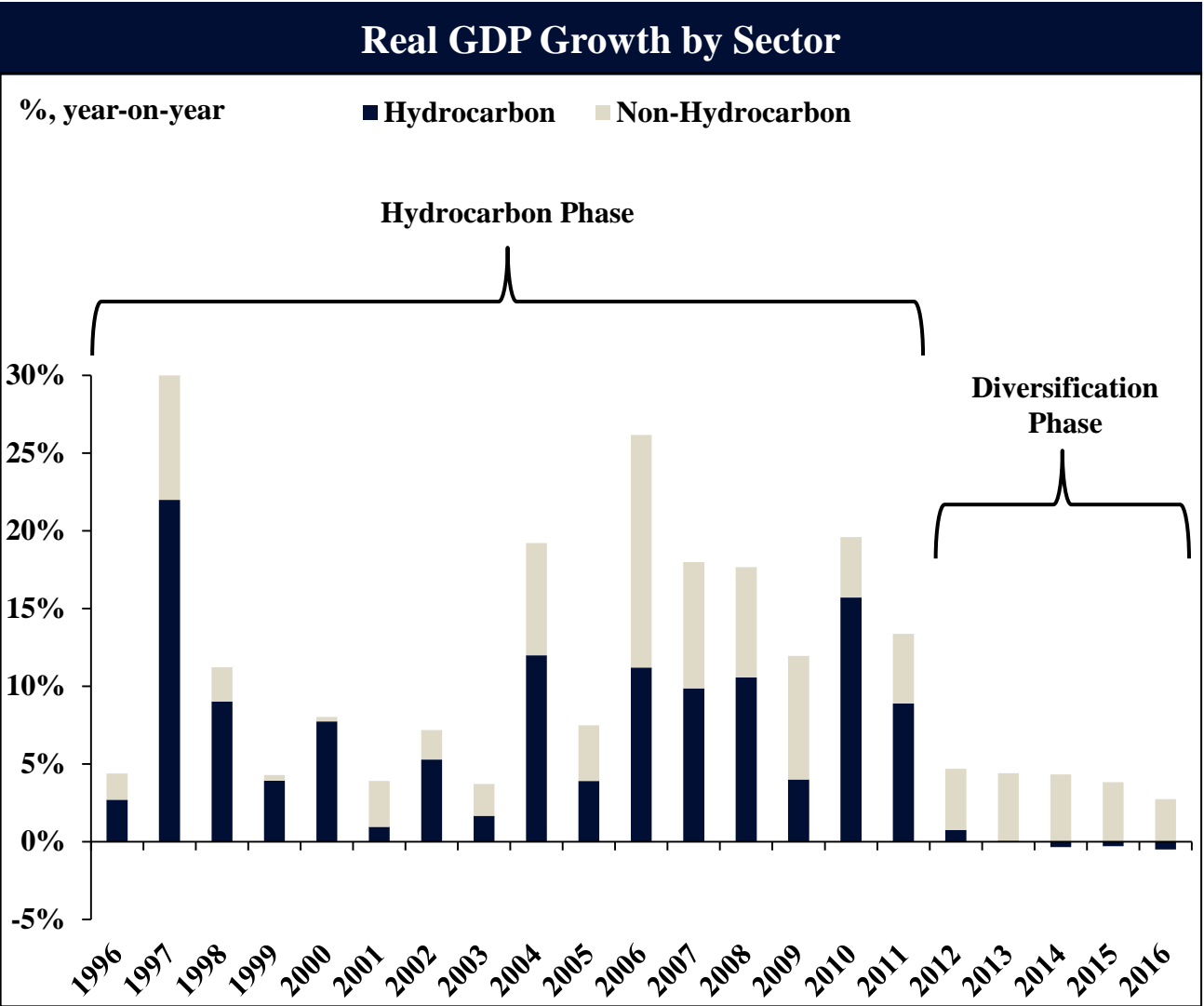




# Economic Overview



# 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 which aims to create a knowledge based economy**

# A political dispute has recently erupted between Qatar and neighbouring countries but the economic impact has been limited

## Current Situation

- Saudi Arabia, Bahrain, UAE and Egypt cut their diplomatic and economic ties with Qatar on 5<sup>th</sup> June 2017 in a move that was unprecedented in magnitude
- As of today, it is unclear how and when the crisis will be resolved

## Impacted areas

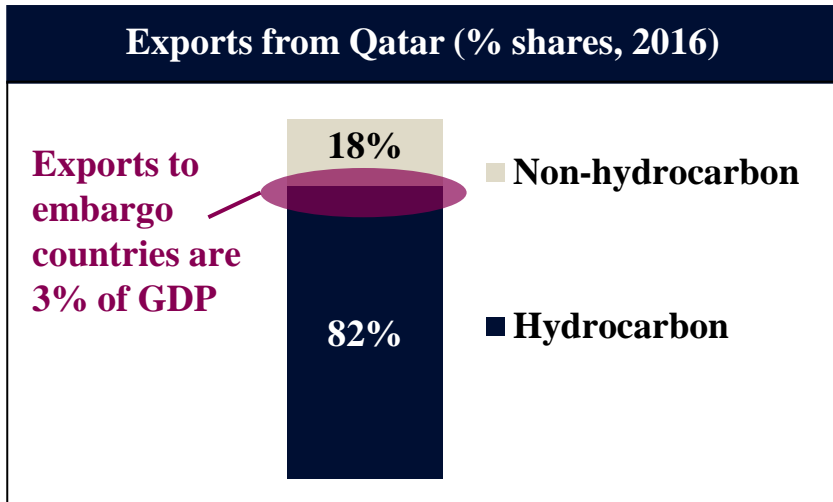
- 1 Trade
- 2 Financial flows
- 3 Ratings
- 4 Medium-term growth

## The impact will be mitigated through

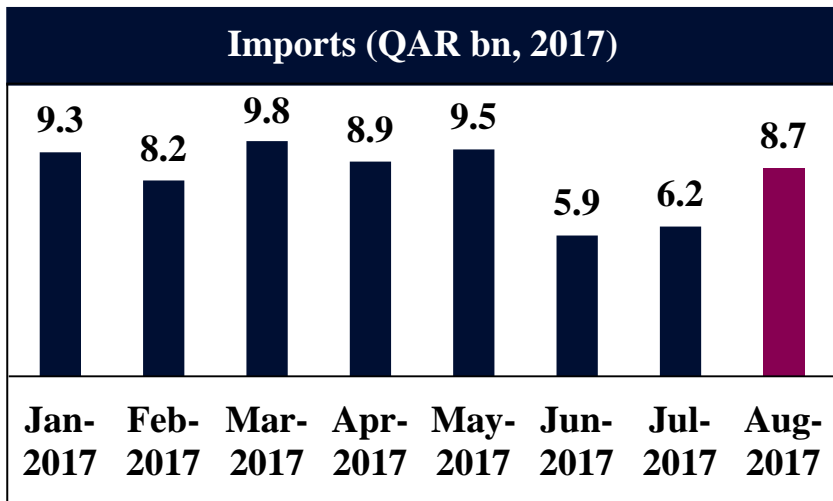
Continued revenue from hydrocarbon exports

Central bank reserves and sovereign wealth of 250% of GDP

# Hydrocarbon exports have been unaffected and imports have rebounded as new trade routes have been quickly established



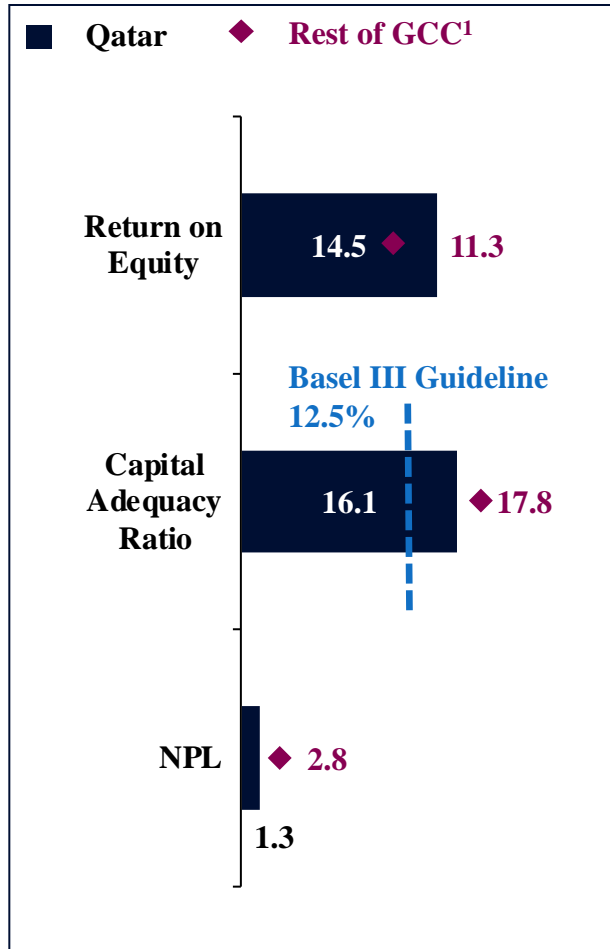
- Exports are 82% hydrocarbons which continue to flow undisrupted to countries such as Japan, S Korea and India
- Total exports to embargo countries are small at 3% of Qatar's GDP, including hydrocarbons and non-hydrocarbons
- Therefore, the total impact of recent events on exports is even lower than 3% of GDP



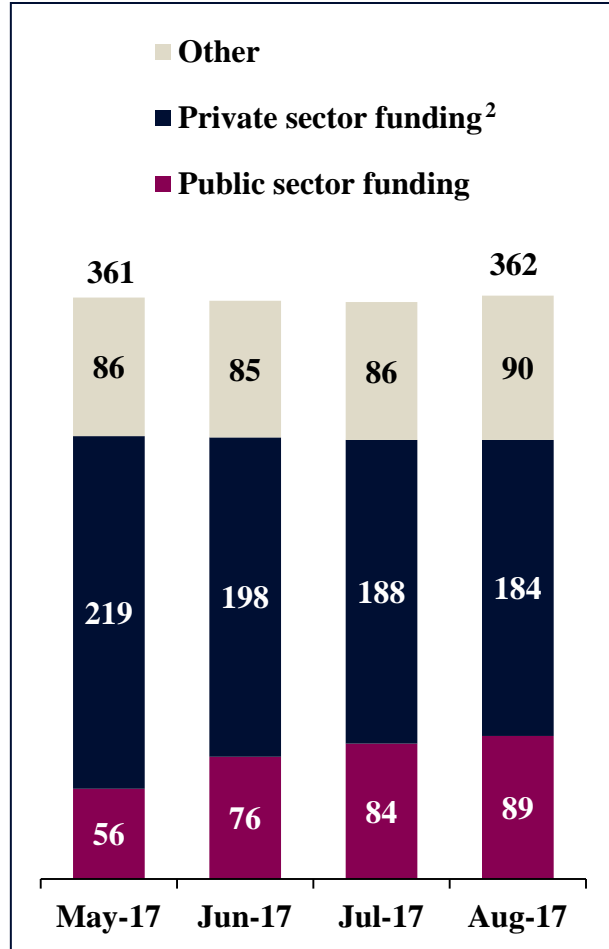
- Imports are almost back to pre-crisis levels after dropping sharply in June
- Imports from the embargo countries are only 3.1% of Qatar's GDP
- Imports that transited through the UAE have been diverted
- Qatar has found new import sources and established new trade routes

# The banking sector is underpinned by high quality metrics and is strongly backed by public funding

## Quality (%)



## Total Liabilities (USDbn)



- Since the embargo, outflows of private funding have been mitigated by liquidity injections from the public sector
- Outflows slowed significantly in July and August compared with June
- We don't expect further disruption and deposits should stabilise

# Qatar is one of the highest rated sovereigns in the world, only three notches from AAA

1	Trade
2	Financial flows
3	Ratings
4	Medium-term growth

Investment Grade
Non-Investment Grade

Moody's Sovereign Ratings, Selected Countries			
AAA	United States	Germany	Singapore
Aa1	Austria	Finland	
Aa2	United Kingdom	United Arab Emirates	Kuwait
Aa3	Belgium	<b>Qatar</b>	Taiwan
A1	China	Japan	Saudi Arabia
A2	Ireland	Poland	Botswana
A3	Iceland	Malaysia	Mexico
Baa1	Thailand	Slovenia	Mauritius
Baa2	Spain	Italy	Oman
Baa3	India	Indonesia	South Africa
Non-Investment Grade			

- Qatar is one of the highest rated sovereigns in the world, ranking above a number of advanced economies
- We expect the ratings to strengthen once the crisis is resolved

# Qatar will not deviate from its long-term investment spending and the recent turmoil has initiated a drive towards self-sufficiency

1	Trade
2	Financial flows
3	Ratings
4	Medium-term growth

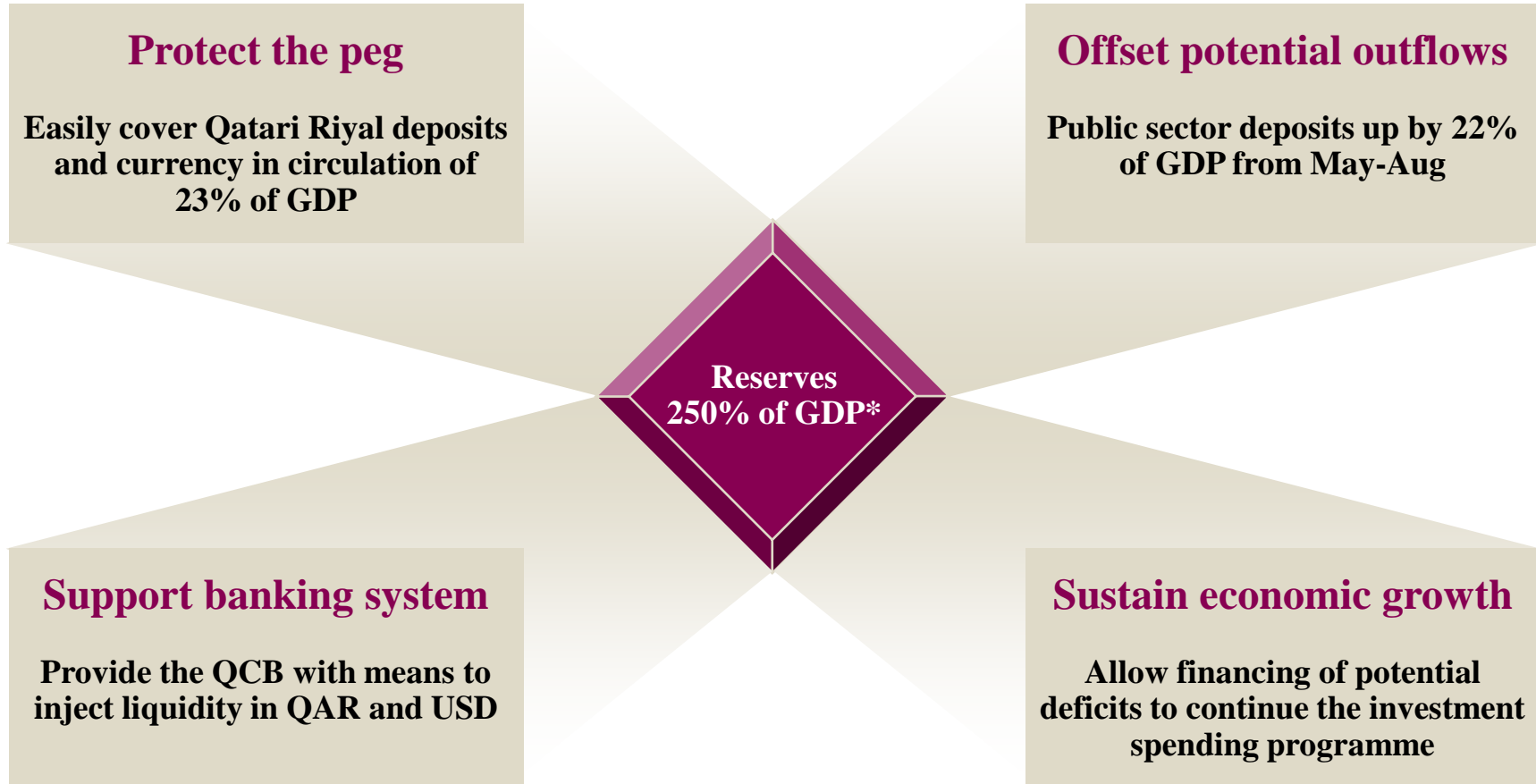
Major infrastructure projects not disrupted			
	Project	Budget (bn USD)	End
Cons- truction	Lusail Mixed-Use Development	45.0	2019
	Barwa Al Khor Development	10.0	2025
Transport	Qatar Integrated Rail	40.0	2026
	Hamad International Airport, Phase I & II	23.5	2020
	Ashghal Expressway Programme	20.0	2018
	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

## New investments in Medium-term Growth

- Medium-term growth should benefit from the turmoil as new investments are initiated in industries to ensure self sufficiency:
  - 1) Transport and logistics: to support newly opened Hamad port as a regional free trade hub
  - 2) Food production: large-scale dairy and poultry facilities
- Renewed drive to attract tourists, relaxing visa regulations and investing in new leisure facilities
- 30% increase in gas production in 5-7 years will require multi-billion dollar investments in related facilities



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



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- The Bank relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.*