



# Investor Relations Presentation

September 2019

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*Notes:*

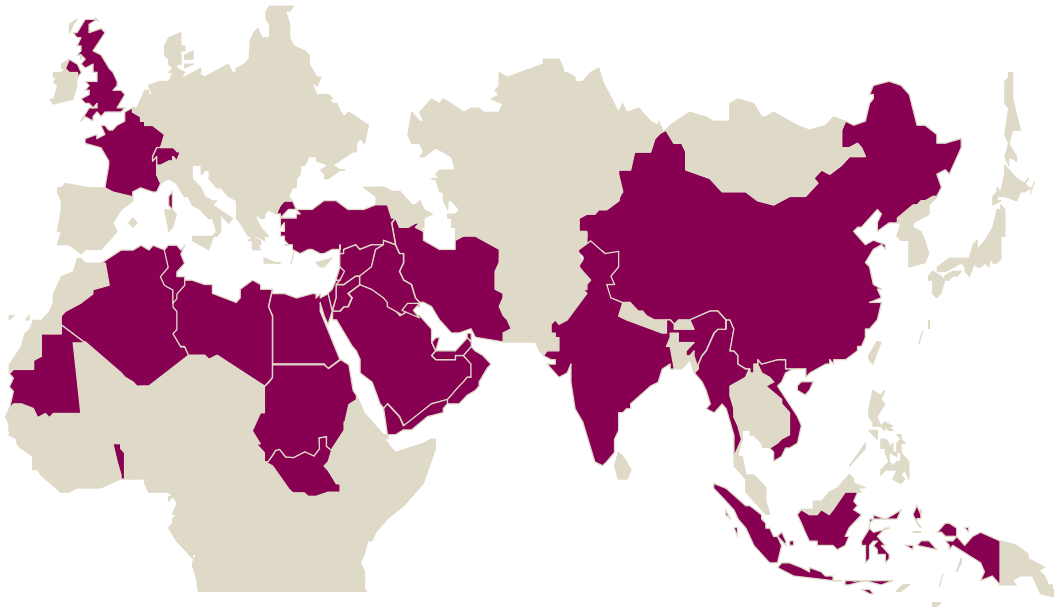
*All figures in US Dollars have been converted from Qatari Riyals based on the exchange rate of 1 US Dollar = 3.6405 Qatari Riyals*

*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



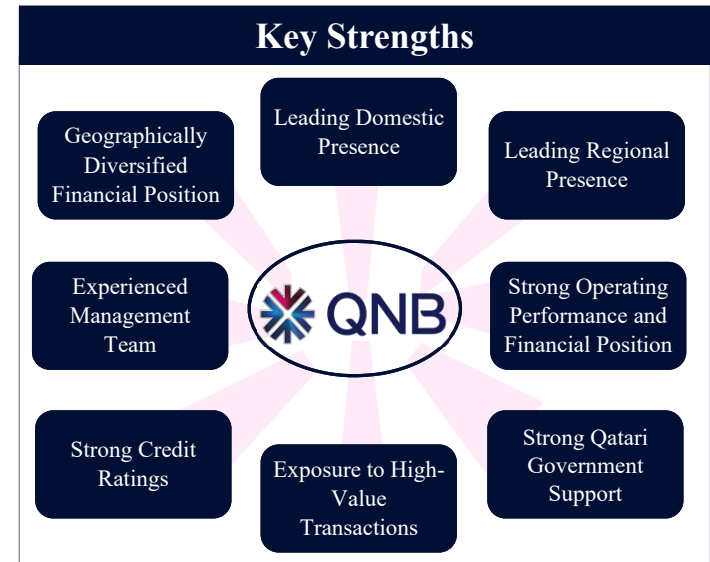
International network with presence in more than 31 countries



Most valuable banking brand in the Middle East and Africa, worth USD 5.0 Bn<sup>1</sup>



About 29,000 employees serving over 24 million customers



## Solid financial strength

## Top-tier credit ratings

**USD 48.9 Bn**  
Market Cap.

**USD 3.08 Bn**  
Net Profit<sup>2</sup>

**A**  
Standard & Poor's

**Aa3**  
Moody's

**USD 250.5 Bn**  
Assets

**USD 0.3**  
EPS

**AA-**  
Capital Intelligence


**A+**  
Fitch




Source: September 2019 Financial Report  
1: Brand Finance © 2019  
2: Profit Attributable to Equity Holders of the Bank

# QNB's International Footprint


## Sub-Saharan Africa


 **South Sudan:** (1 Branch)

 **Togo:** (888 Branches<sup>1</sup>, 20.1% stake in Ecobank)


## Asia

 **Indonesia:** (21 Branches, 92.48% stake In QNB Indonesia)

 **Singapore:** (1 Branch)


 **India:** (1 Branch)


 **China / Hong Kong:** (1 Branch<sup>4</sup>, 1 Representative office)


 **Vietnam:** (1 Representative office)


 **Myanmar:** (1 Representative office)


## North Africa


 **Egypt:** (223 Branches, 95.0% stake in QNB ALAHLI)

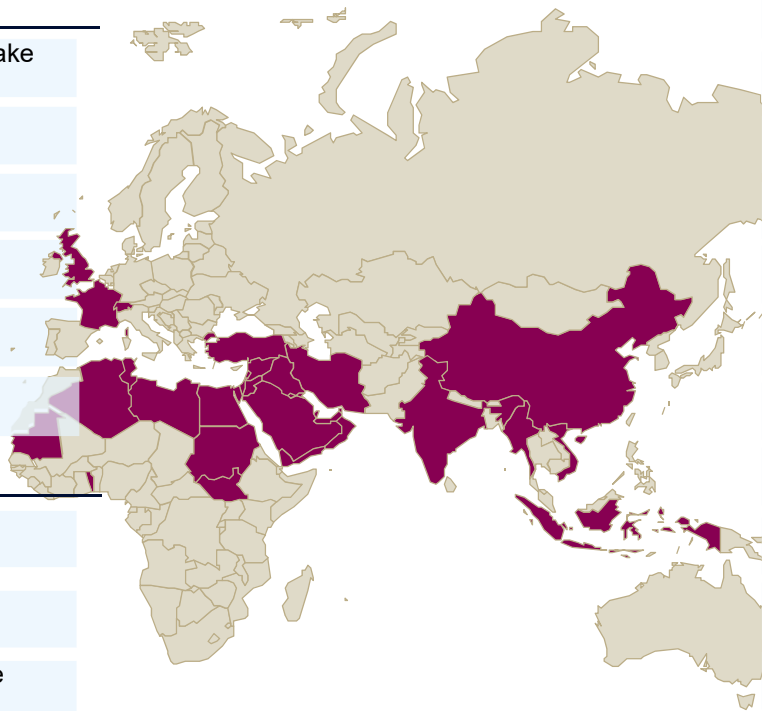
 **Libya:** (1<sup>2</sup> Representative office)

 **Tunisia:** (34 Branches, 99.99% stake in QNB Tunisia)

 **Sudan:** (5 Branches)

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


 **Mauritania:** (1 Branch)





## Middle East


**Qatar:** (60 Branches) 

**KSA:** (1 Branch) 


**UAE:** (9 (+1<sup>2</sup>) Branches, 40.0% stake in CBI) 

**Syria:** (15 (+31<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:** (6 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:** (126<sup>2</sup> (+3<sup>2</sup>) Branches, 34.5% stake in Housing Bank of Trade & Finance) 

**Europe**  
**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 31 December 2018

2: Includes the branches / representative offices from subsidiaries and associates

3: Dormant

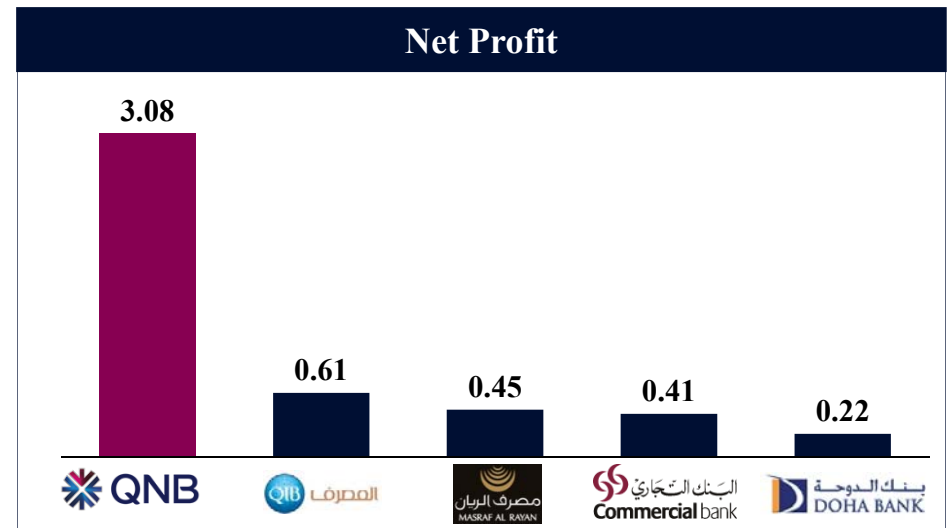
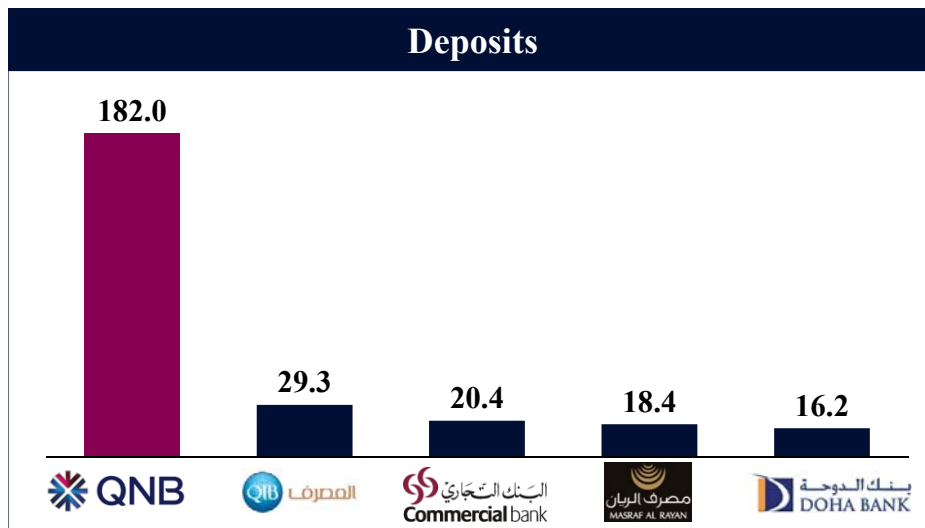
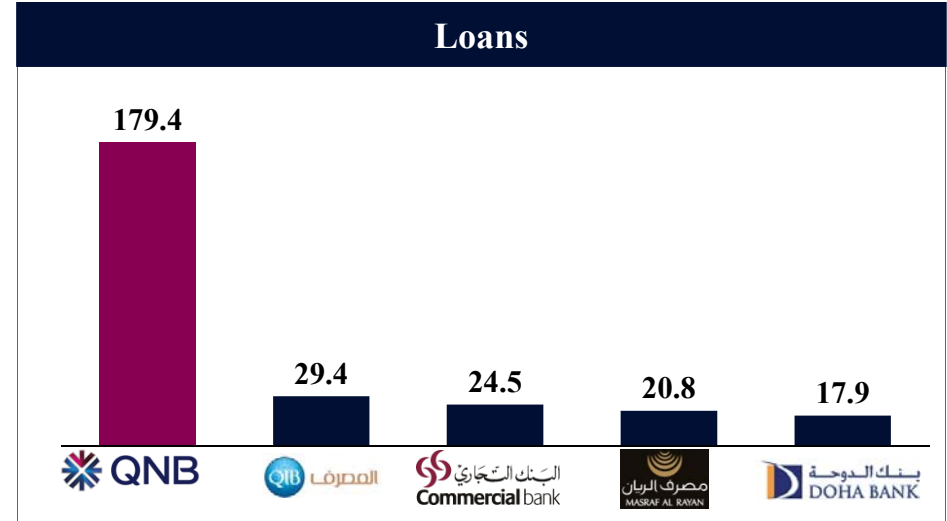
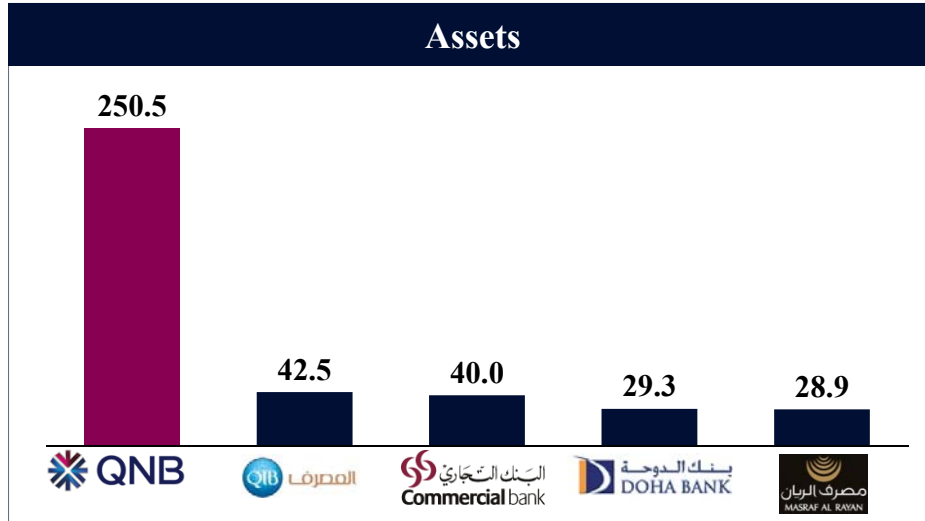
4: Regulatory approval has been obtained by QNB Group to open a branch in Hong Kong



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

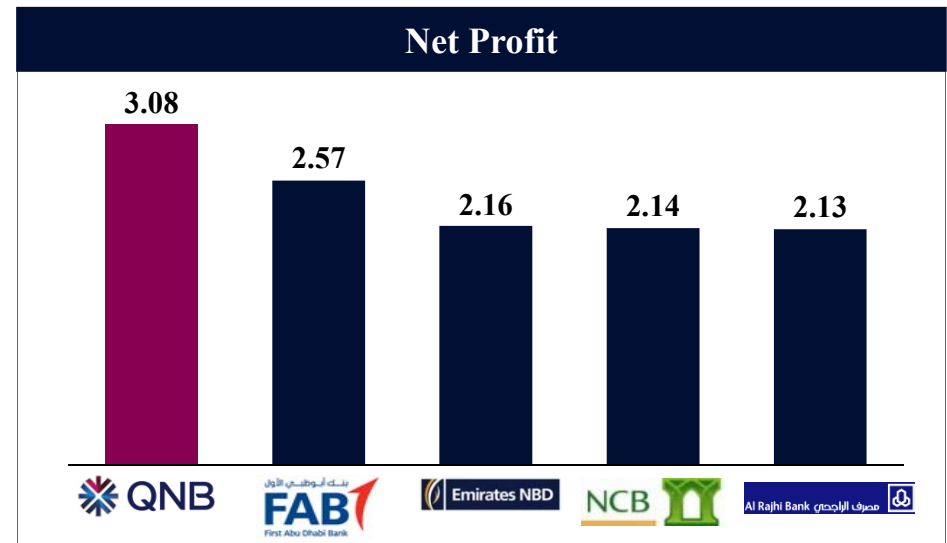
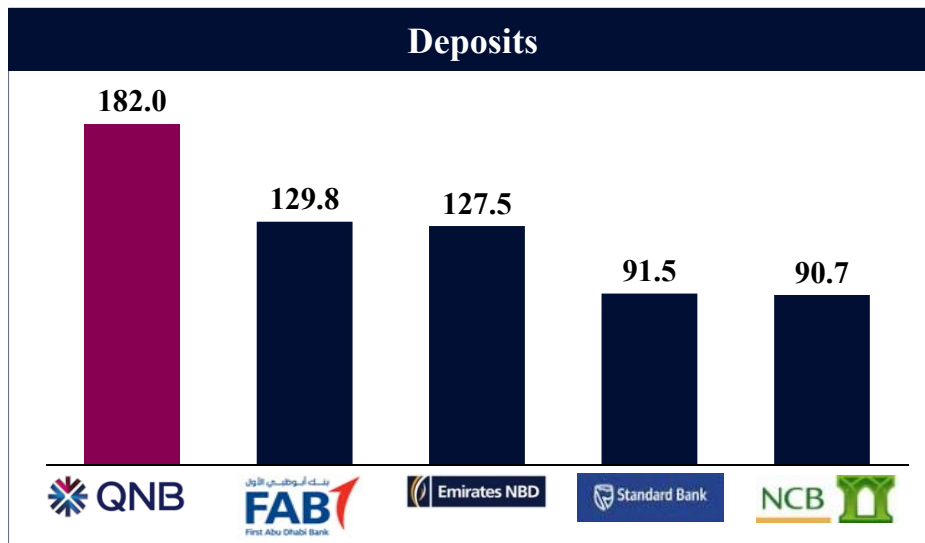
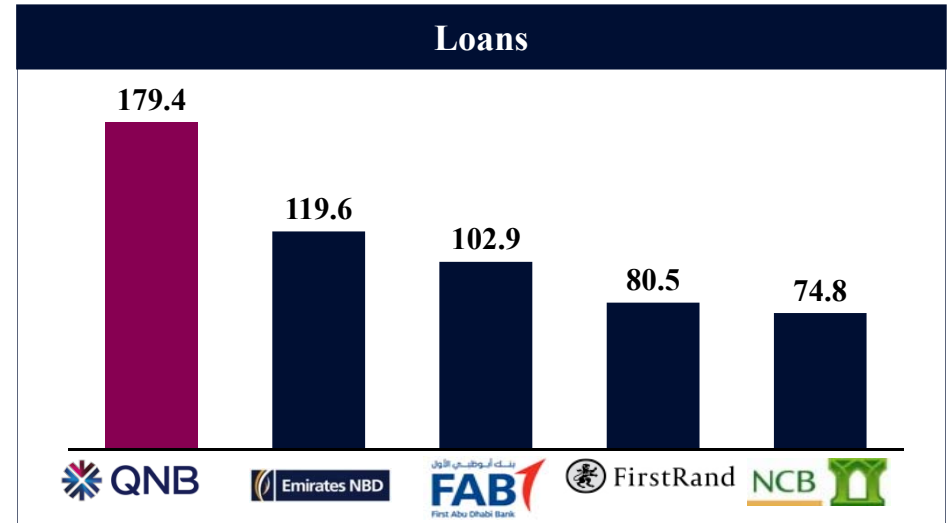
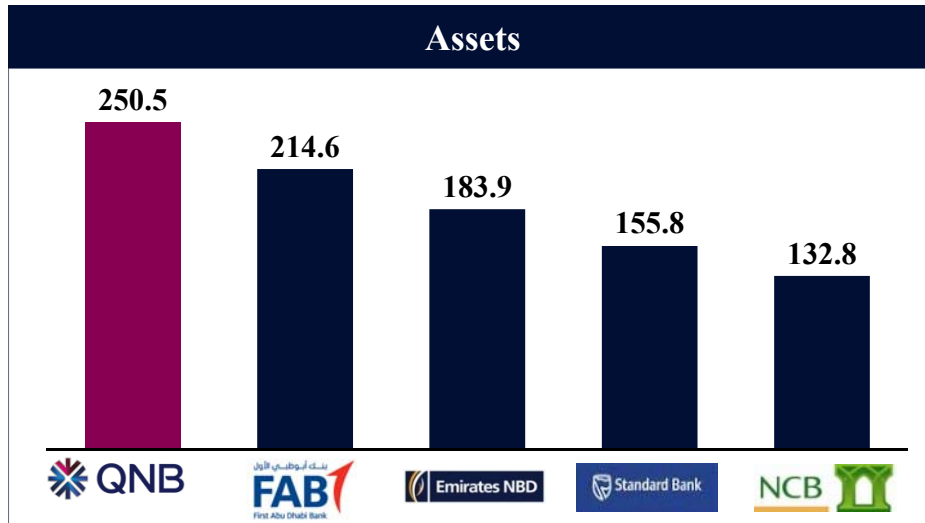
# Top 5 Domestic Banks – September 2019

QNB continues to excel in the domestic market



# Top 5 MEA Banks – September 2019

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



Note: All amounts are in USD billions

Source: Banks' September 2019 Press Release or Financial Statements, if available.

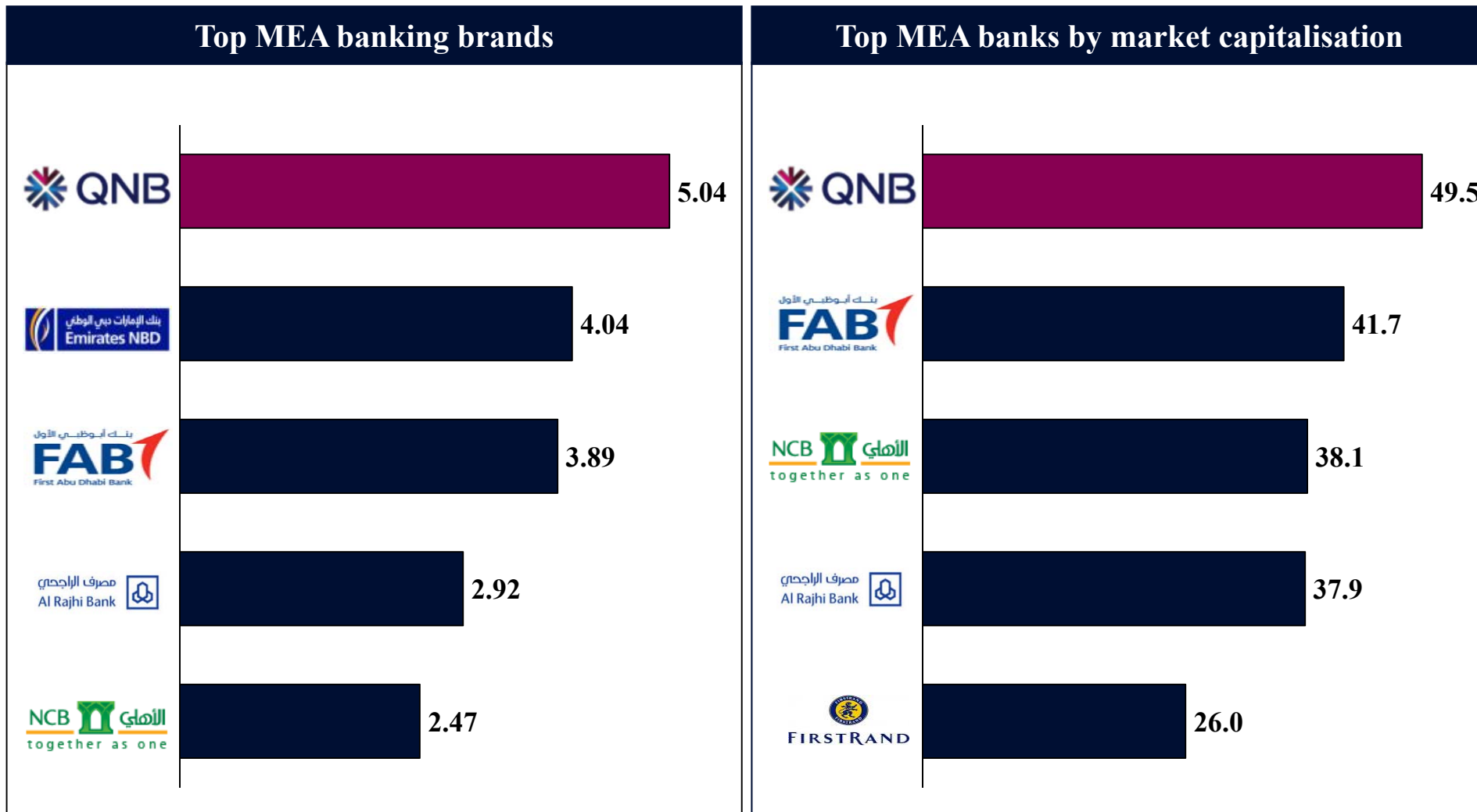
Emirates NBD Net Profit has been adjusted for one-off profits from sale of associates and gain on purchase of subsidiary amounting to USD1.24bn

Standard Bank and FirstRand Bank's results are as of June 2019 due to unavailability of September 2019 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-18)




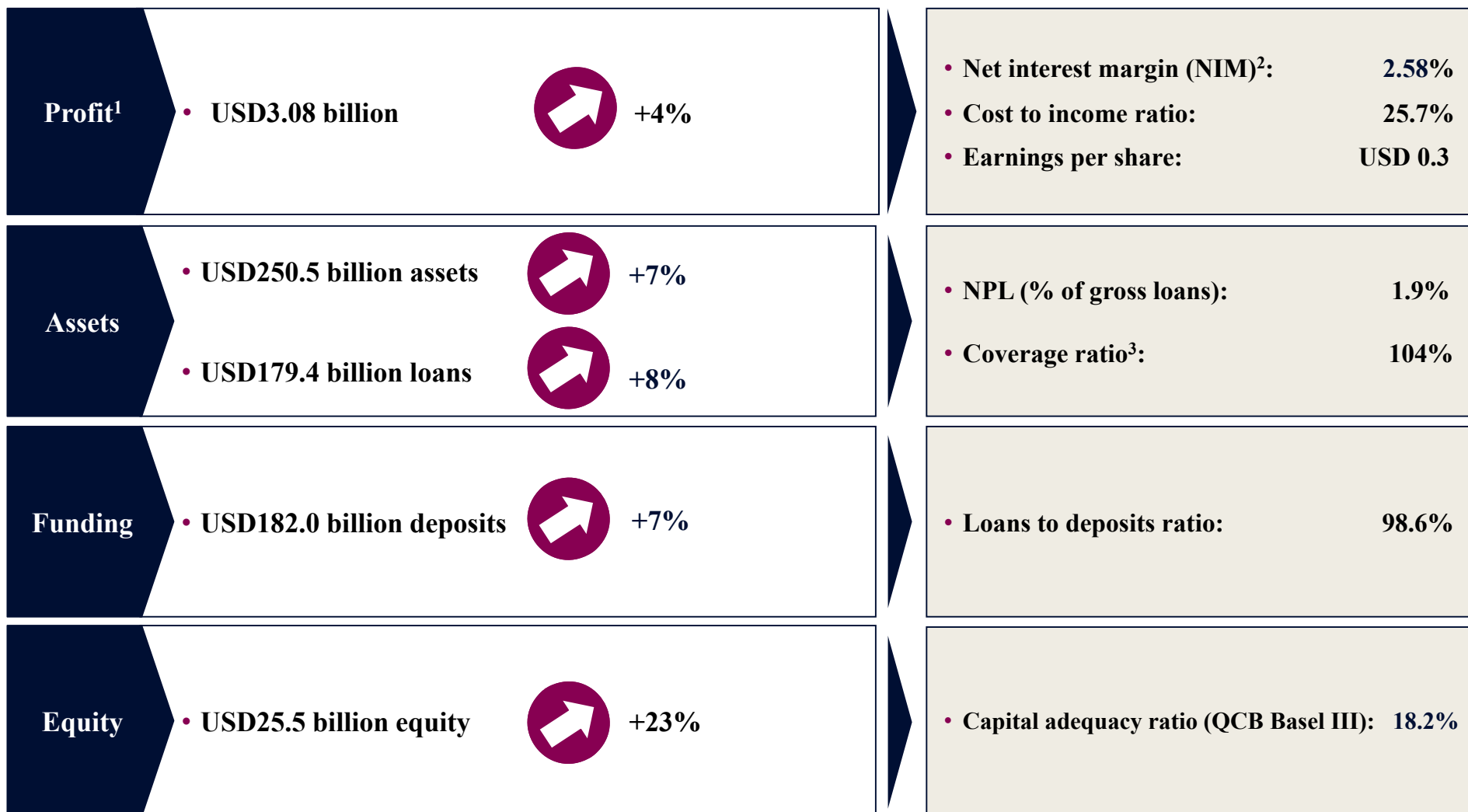


## **Financial Highlights – as at 30 September 2019**

# QNB demonstrate sustainable profit growth


## Financial Highlights (as at 30 September 2019)






 Growth vs. September 2018



# QNB ALAHLI


## Highlights (as at 30 September 2019)






 Growth vs. September 2018

<b>Profit<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• <b>USD313.5 million</b> (EGP5.3 billion)  <b>+30%</b> (+24%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Net interest margin (NIM)<sup>2</sup>:</b> <b>5.72%</b></li> <li>• <b>Cost to income ratio:</b> <b>29.1%</b></li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• <b>USD16.1 billion assets</b> (EGP261.6 billion)  <b>+15%</b> (+5%)</li> <li>• <b>USD9.5 billion loans</b> (EGP154.2 billion)  <b>+31%</b> (+19%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>NPL (% of gross loans):</b> <b>2.2%</b></li> <li>• <b>Coverage ratio:</b> <b>179%</b></li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>• <b>USD12.8 billion deposits</b> (EGP209.1 billion)  <b>+17%</b> (+7%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Loans to deposits ratio:</b> <b>73.7%</b></li> </ul>
<b>Equity</b>	<ul style="list-style-type: none"> <li>• <b>USD2.0 billion equity</b> (EGP32.4 billion)  <b>+39%</b> (+26%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Capital adequacy ratio (Basel II):</b> <b>19.9%</b></li> </ul>

# QNB FINANSBANK

## Highlights (as at 30 September 2019)

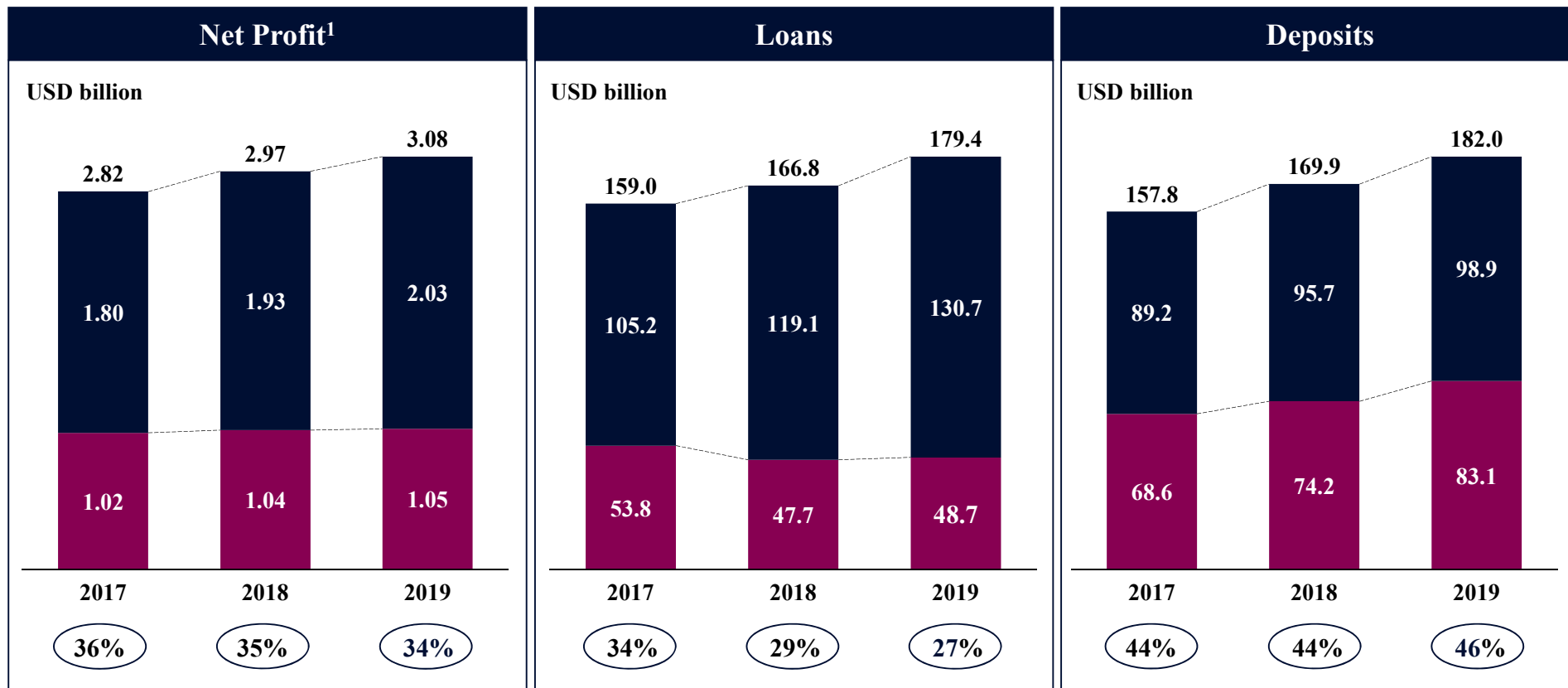
 Growth vs. September 2018

<b>Profit<sup>1</sup></b>	<ul style="list-style-type: none"><li>• <b>USD380.0 million</b> (TRY2.1 billion)</li></ul>		<b>-7%</b> (+14%)	<ul style="list-style-type: none"><li>• <b>Net interest margin (NIM)<sup>2</sup>:</b> <b>4.39%</b></li><li>• <b>Cost to income ratio:</b> <b>42.3%</b></li></ul>
<b>Assets</b>	<ul style="list-style-type: none"><li>• <b>USD32.6 billion assets</b> (TRY184.0 billion)</li><li>• <b>USD20.1 billion loans</b> (TRY113.5 billion)</li></ul>	 	<b>+1%</b> (-5%) <b>+9%</b> (+2%)	<ul style="list-style-type: none"><li>• <b>NPL (% of gross loans):</b> <b>4.9%</b></li><li>• <b>Coverage ratio:</b> <b>103%</b></li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>• <b>USD18.8 billion deposits</b> (TRY106.4 billion)</li></ul>		<b>+20%</b> (+13%)	<ul style="list-style-type: none"><li>• <b>Loans to deposits ratio:</b> <b>106.6%</b></li></ul>
<b>Equity</b>	<ul style="list-style-type: none"><li>• <b>USD2.8 billion equity</b> (TRY15.9 billion)</li></ul>		<b>+16%</b> (+9%)	<ul style="list-style-type: none"><li>• <b>Capital adequacy ratio (Basel III):</b> <b>15.5%</b></li></ul>

# Increasing geographical diversification positively contributes to growth

## Geographical Contribution (as at 30 September)

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

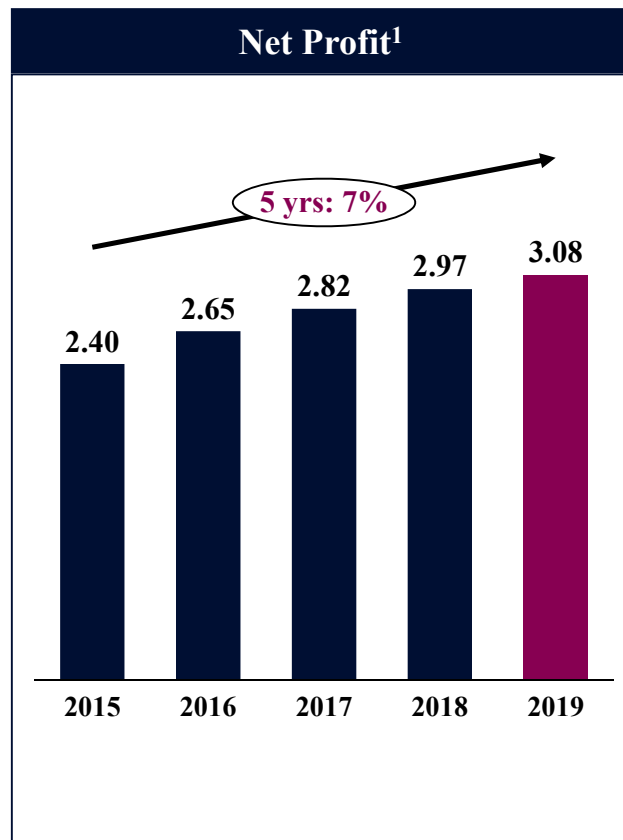


- Profit from international operations increased by USD41 Mn (4%) from 2017 to 2019

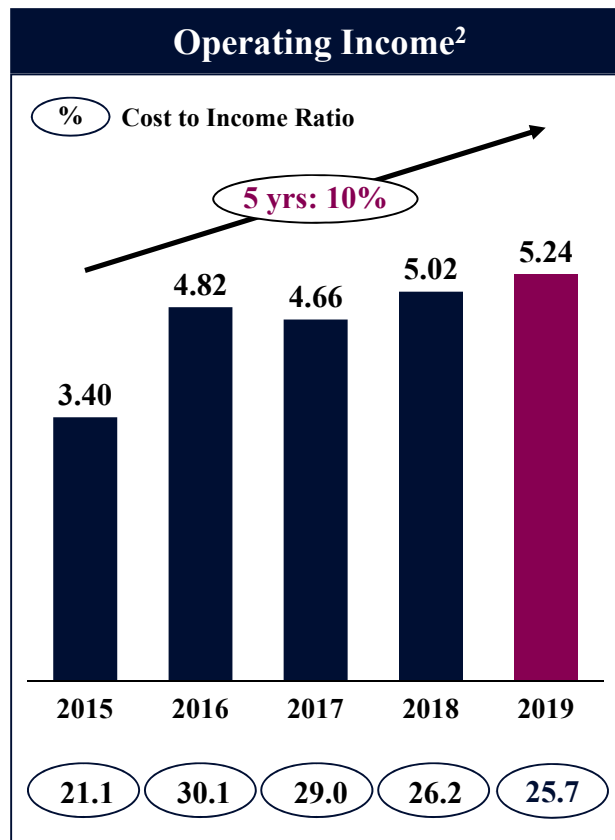
- Loans from Intl operations decreased by USD5.1 Bn (10%) from 2017 to 2019
- Deposits from Intl operations increased by USD14.4 Bn (21%) from 2017 to 2019

# Consistent High Profitability

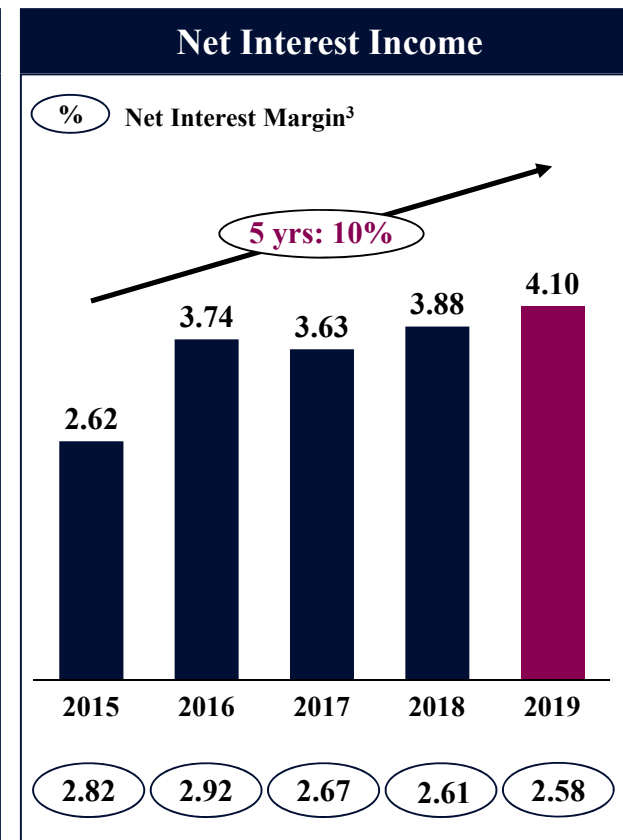
Income Statement Breakdown (USD billion as at 30 September)



- Net profit increased by 4% from September 2018
- 2014-2019 CAGR of 7%



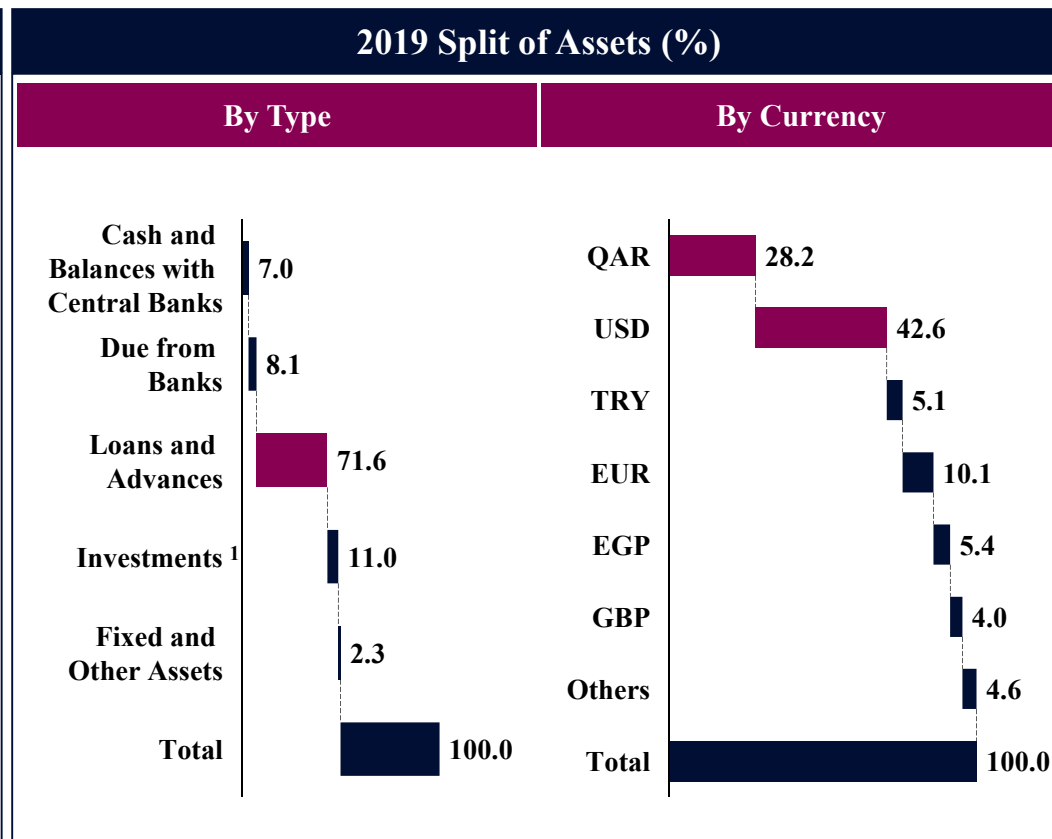
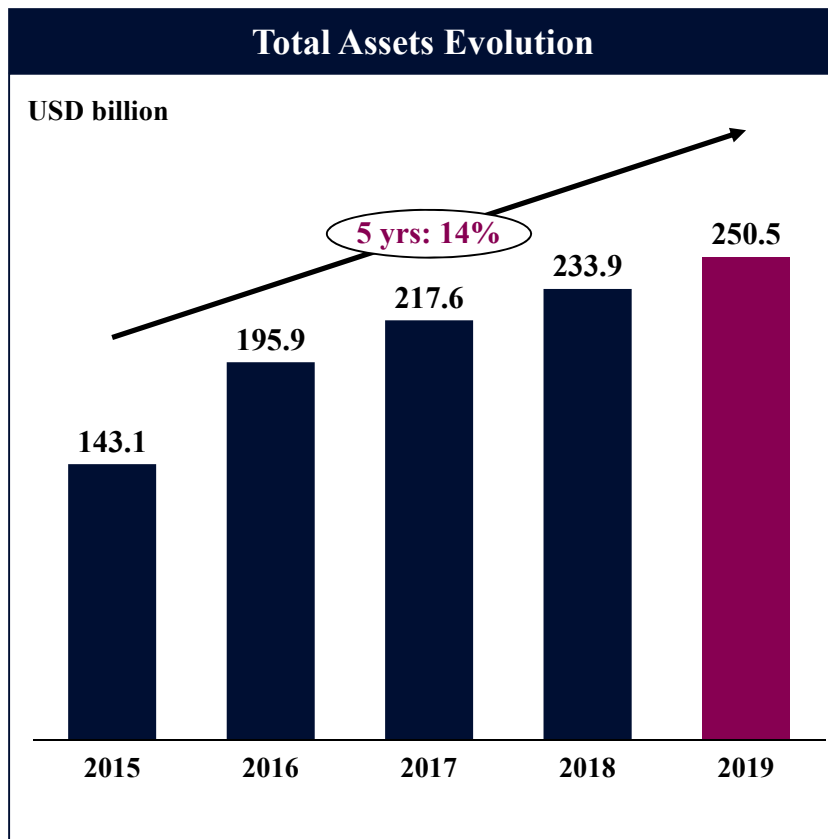
- Operating income increased by 4.4% from September 2018
- 2014-2019 CAGR of 10%



- NII increased by 6% from September 2018
- Strong NIM with the current size of more than USD250 billion of total assets

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

Assets Analysis (as at 30 September)



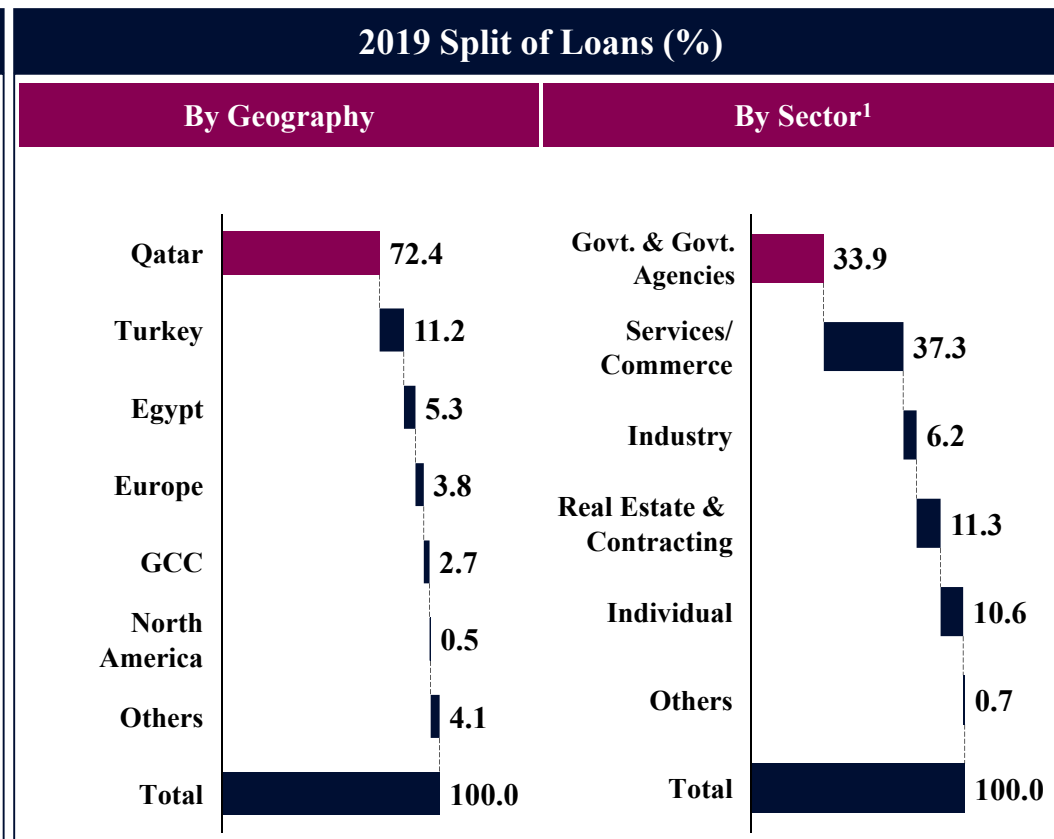
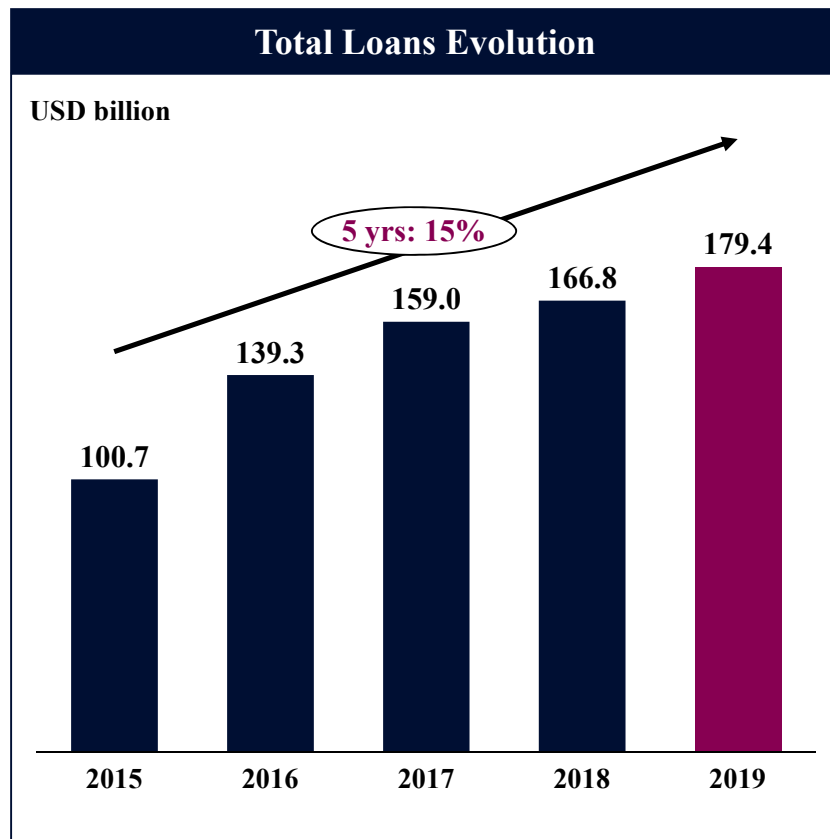
- Assets increased 7% from September 2018
- 2014-2019 CAGR of 14%

- Loans and advances represent 72% of total assets
- USD and QAR currencies account for 71% of total assets



# Good loan growth

## Loans Analysis (as at 30 September)

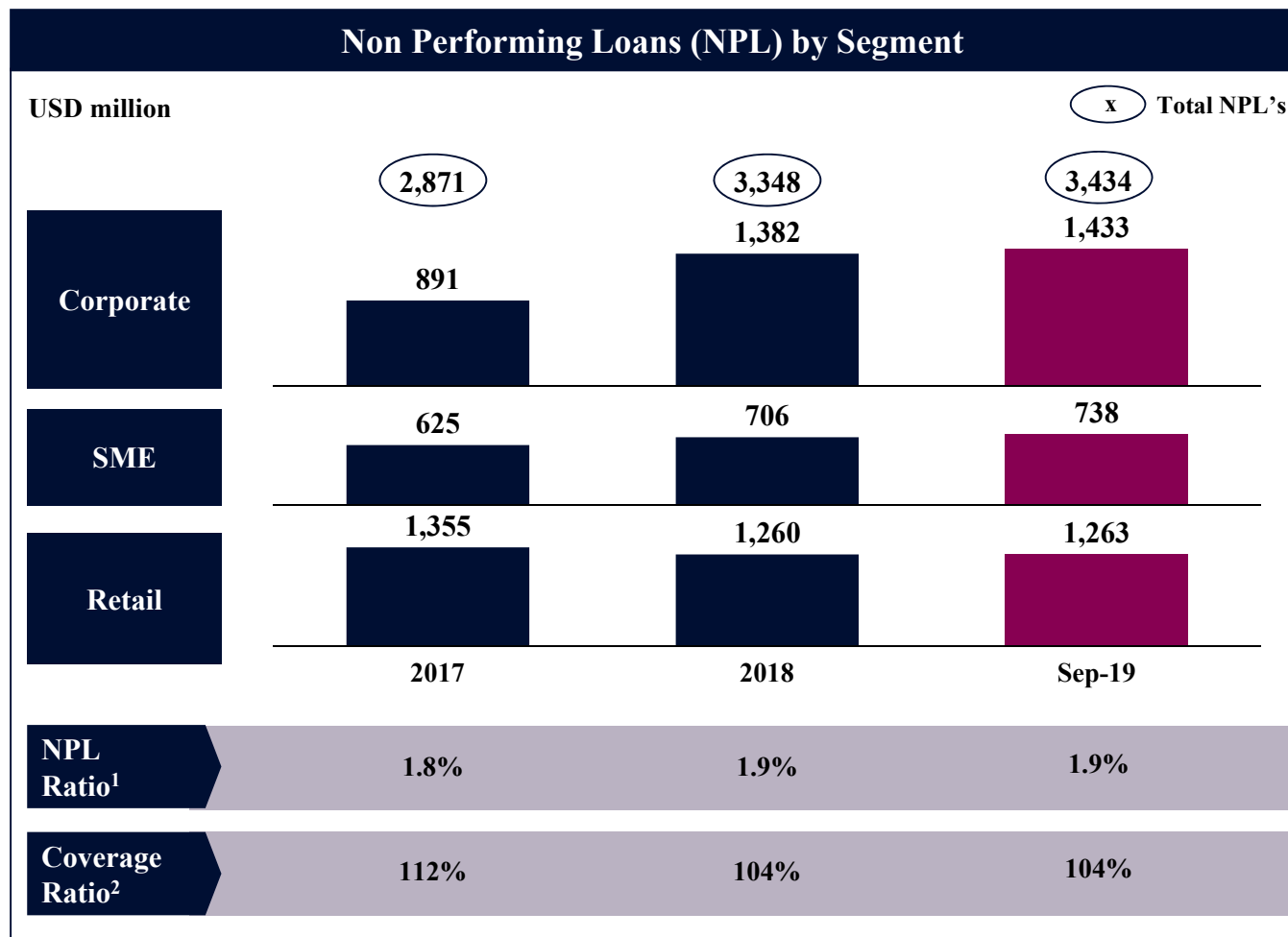


- Loans increased 8% from September 2018
- 2014-2019 CAGR of 15%

- Loans denominated in USD represent 55% of total loans
- Loan exposures are of a high quality with 34% concentration to Government and public sector entities

# High quality lending portfolio is highlighted by low NPL ratios

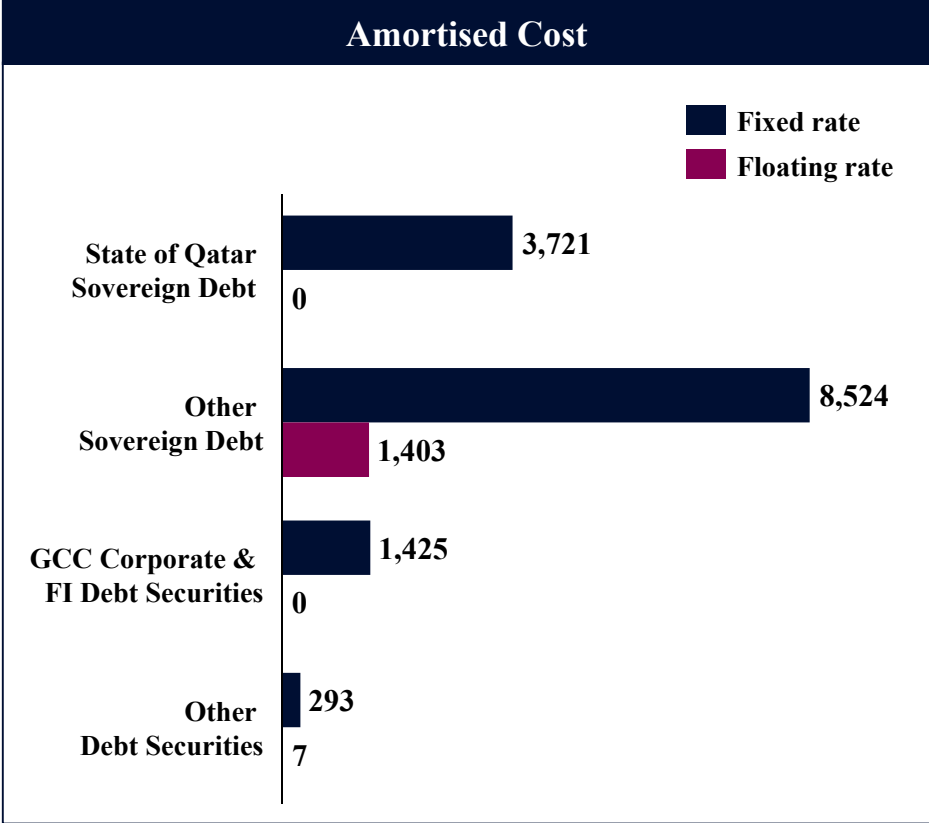
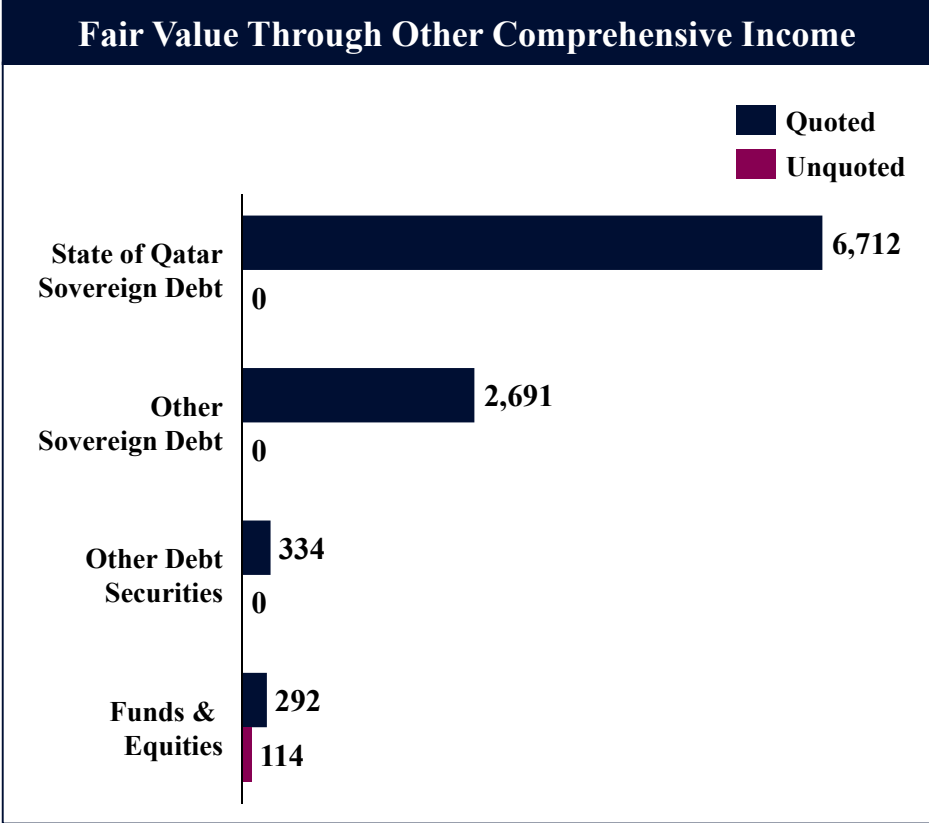
Asset Quality Analysis (as at 30 September)



- 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 104% as at 30 September 2019
- Past dues are NPL after 90 days default
- There is an additional risk reserve of USD2,198 million which is greater than the 2.5% QCB requirements

# High quality investment portfolio with 90% of securities rated AA or Sovereign

## Investments Analysis (USD million as at 30 September 2019)



- Quoted securities account for 99% of FVOCI Investment securities

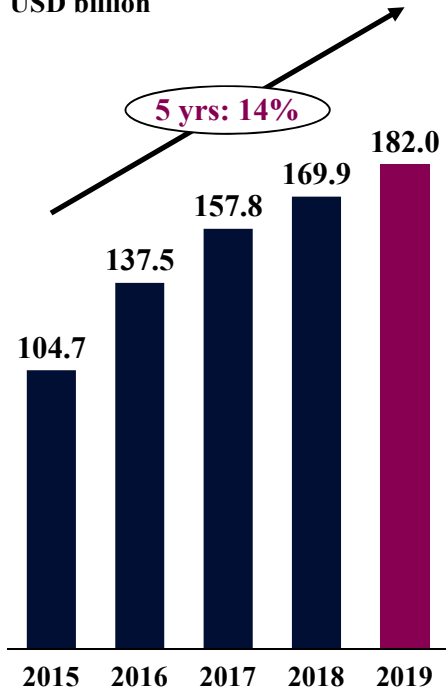
- Majority of the Amortised Cost Investment Securities are Government Guaranteed

# Robust growth in customer deposits and funding

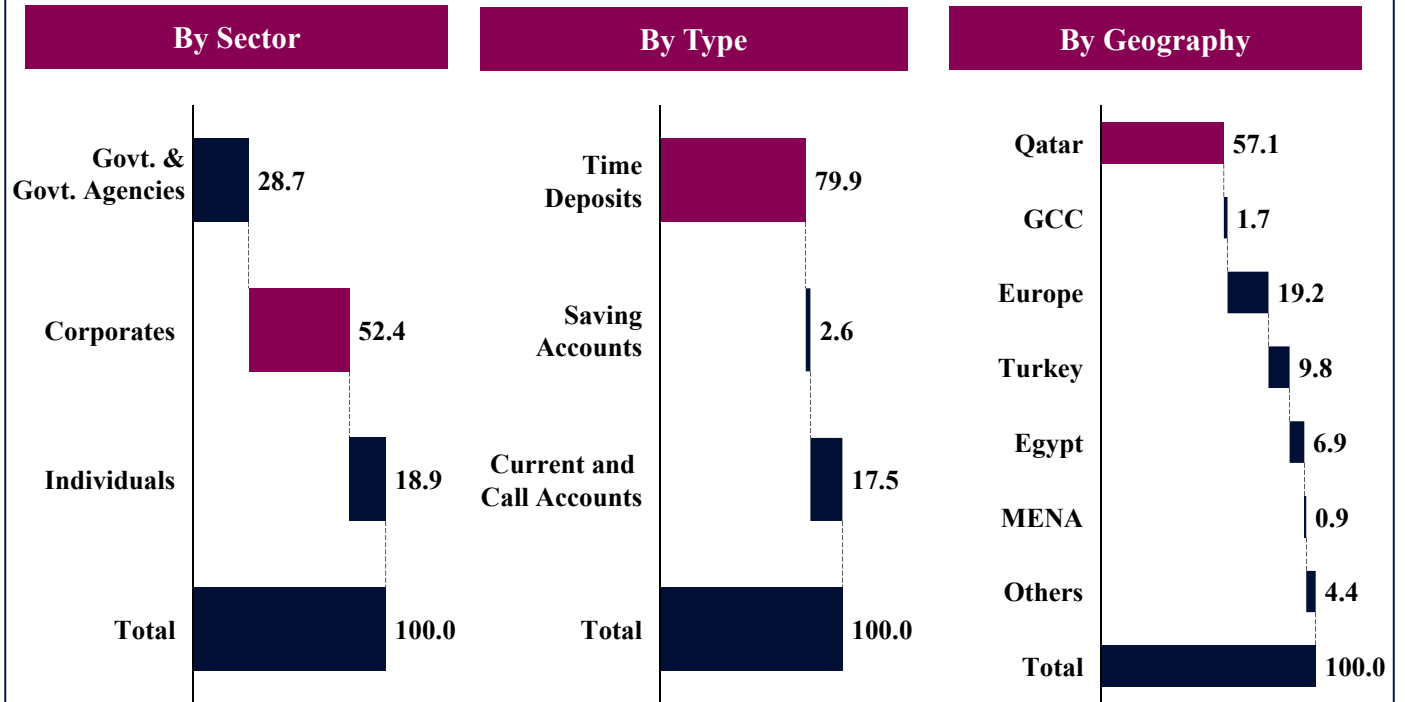
## Funding Analysis (as at 30 September)

### Total Customer Deposits Evolution

USD billion



### 2019 Split of Deposits (%)

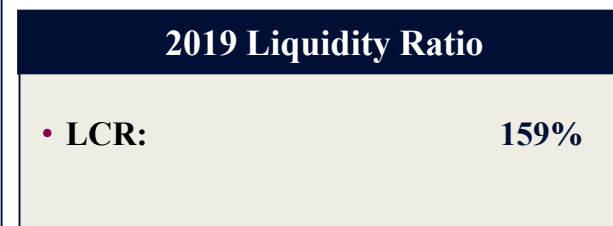
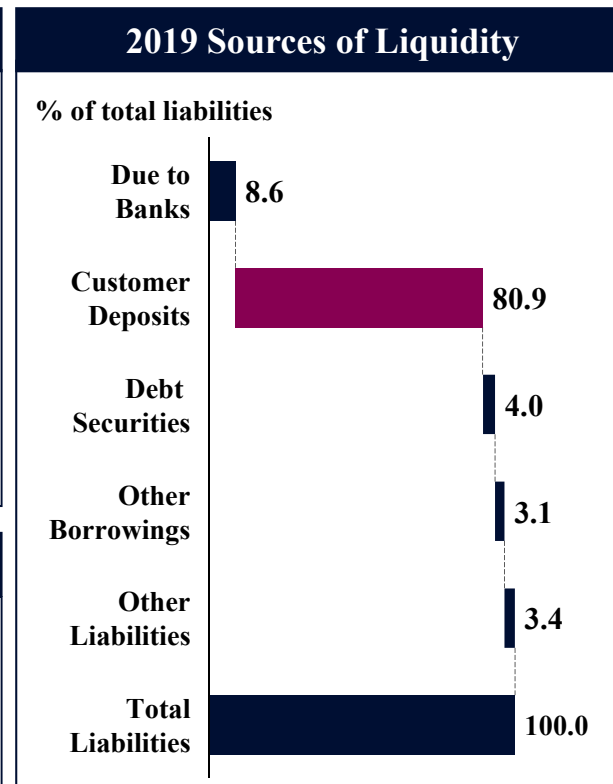
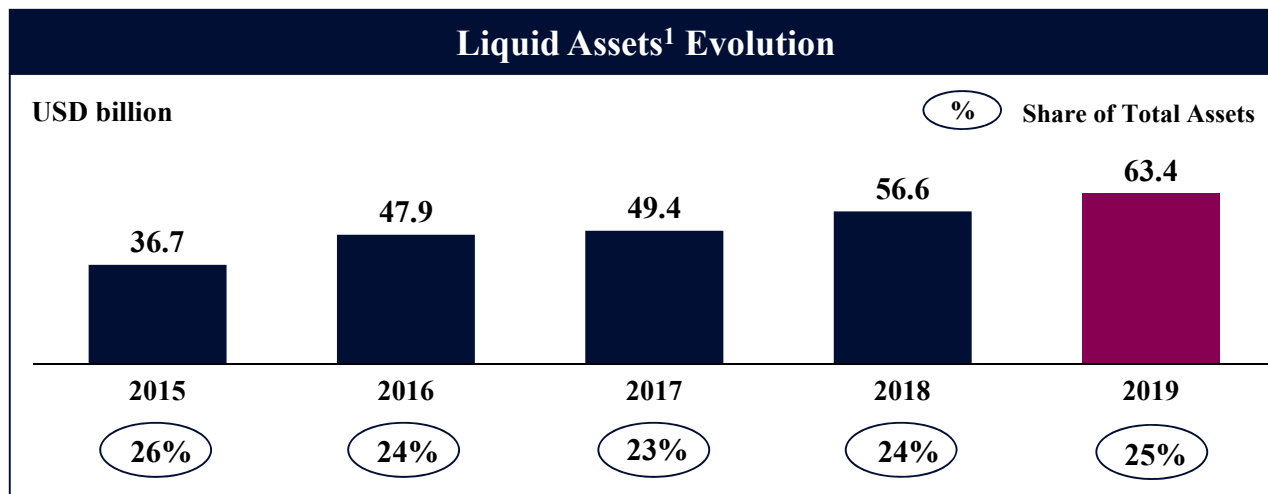
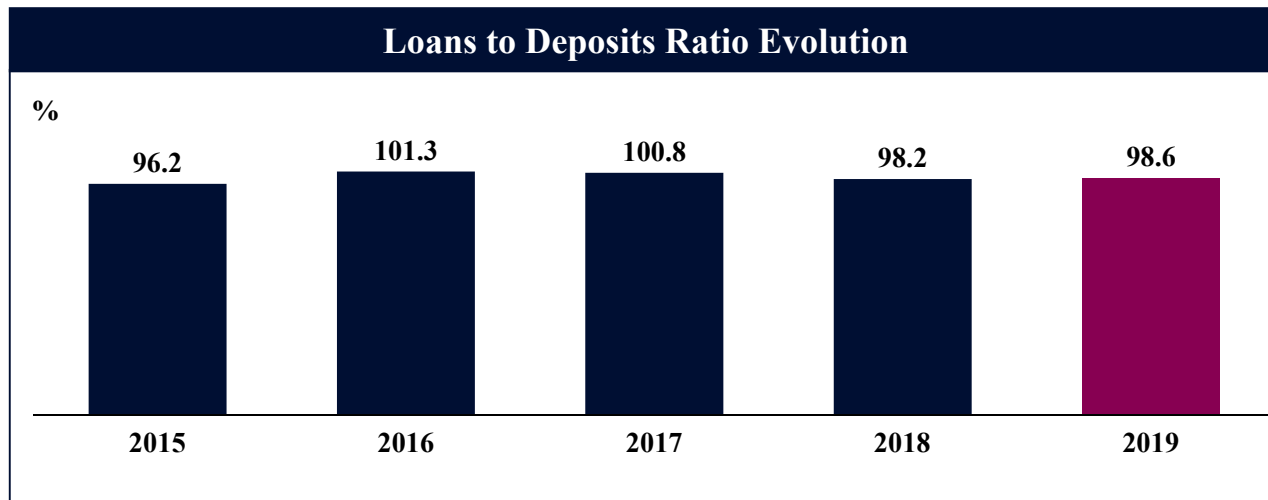


- Deposits increased 7% from September 2018
- 2014-2019 CAGR of 14%

- QNB remains the public sector's preferred bank
- USD, EGP and TRY denominated deposits represent 44%, 6% and 5% of total deposits respectively

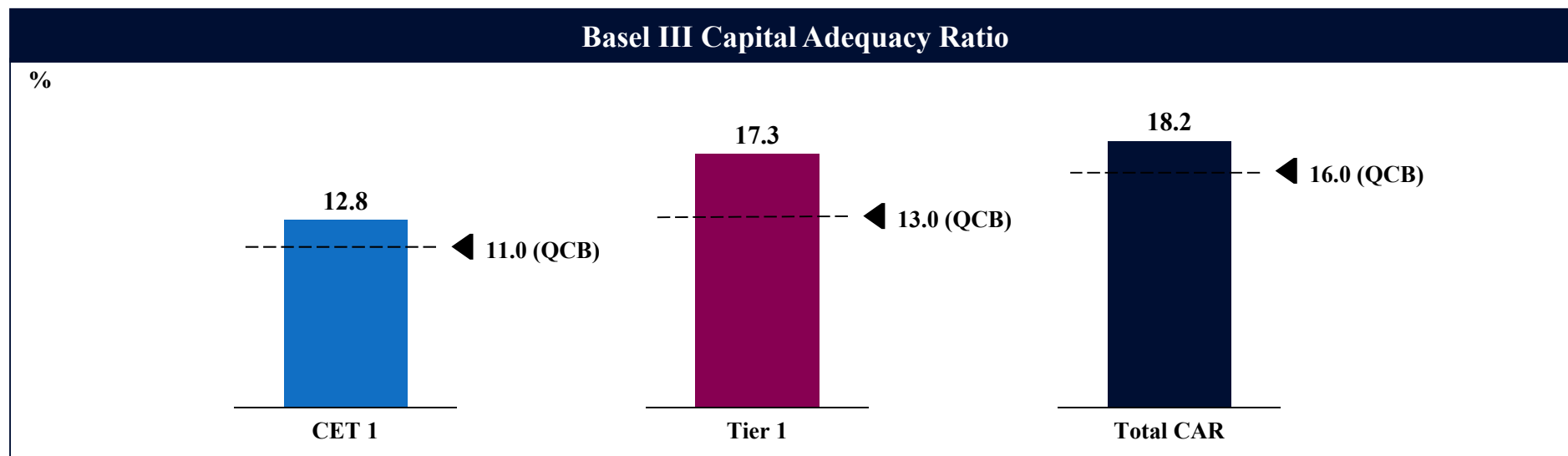
# Solid liquidity profile

## Liquidity Analysis (as at 30 September)



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

Capital Analysis (as at 30 September)



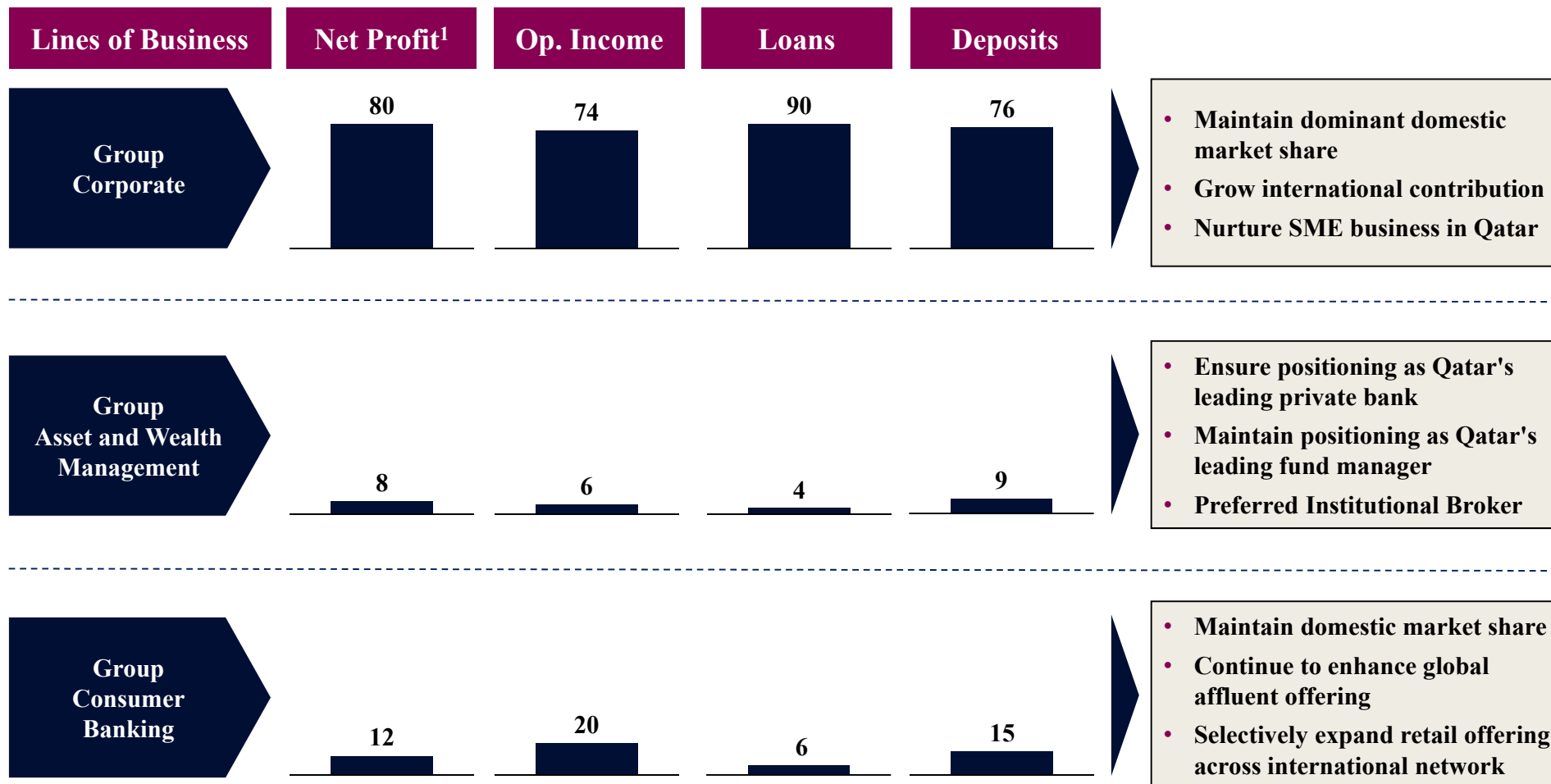
- Capital adequacy ratio is above QCB and Basel III requirements including the applicable DSIB buffer of 2.5% (effective 01-Jan-19)

**Minimum CAR Requirements**

%	Without buffers	Capital Conservation Buffer	DSIB Charge	ICAAP Charge	Total Requirement
CET 1 ratio	6.0	2.5	2.5	-	11.0
Tier 1 ratio	8.0	2.5	2.5	-	13.0
Total CAR	10.0	2.5	2.5	1.0	16.0

# Diversifying business mix will bolster sustainable growth

Business Mix Contribution (% share as at 30 September 2019)



# IFRS 9 - Additional buffer for long term earnings stability

## Financial Impacts

- QNB implemented IFRS 9 with effect from 1 January 2018 based on the QCB guidelines.
- As per QCB instructions, ECL impact has been treated as Tier 2 Capital for CAR purposes with no amortisation of the transition impact.

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

<i>As of 30 September 2019</i>	Stage1	Stage2	Stage3 (NPL)
<b>Due from Banks and Balances with Central Banks</b>	0.04%	3.6%	-
<b>Loans</b>	0.2%	8.2%	104.4%
<b>Investments</b>	0.1%	10.7%	100.0%

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

<i>30 September 2019</i>	Stage1 and Stage 2 (Combined)	Stage3 (NPL)	Total
<b>Cost of Risk</b>	6bps	34bps	40bps



# QNB Group Financials

Key data (as at 30 September 2019)

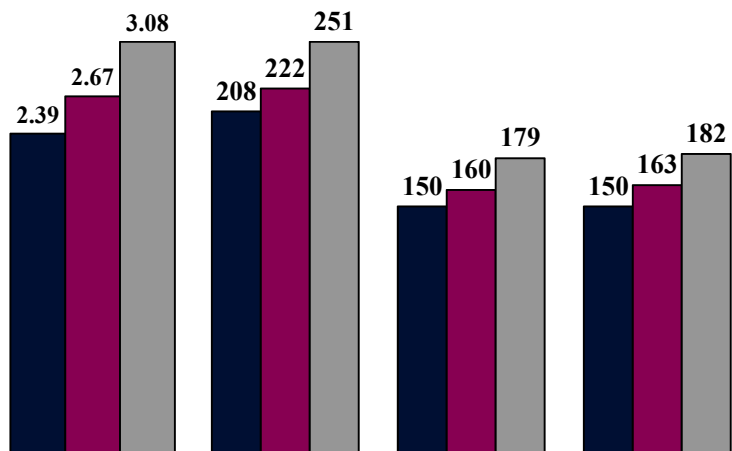
■ QNB ■ QNB incl. QNB ALAHLI ■ QNB incl. QNB Finansbank

○ Contribution of QNB AA

□ Contribution of QNB Finansbank

## Financials

USD billion



9.7%

12.3%

6.4%

13.0%

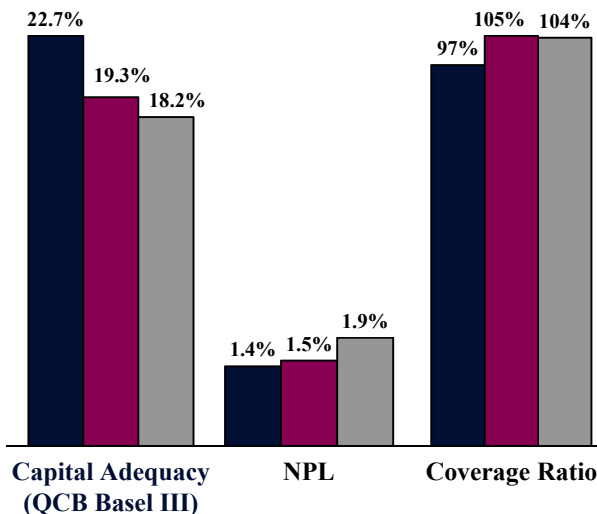
5.3%

11.2%

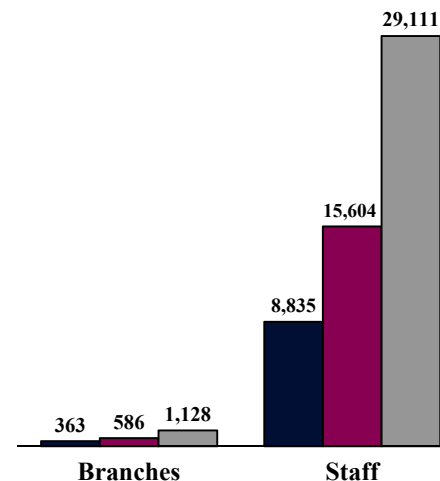
7.1%

10.4%

## Ratios



## Presence



- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy Ratio: 18.2%

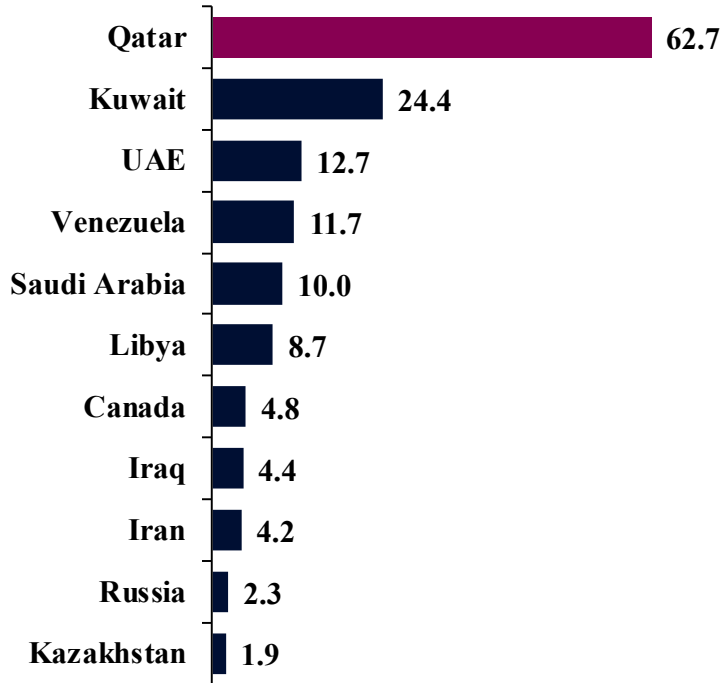


# **Economic Overview**

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

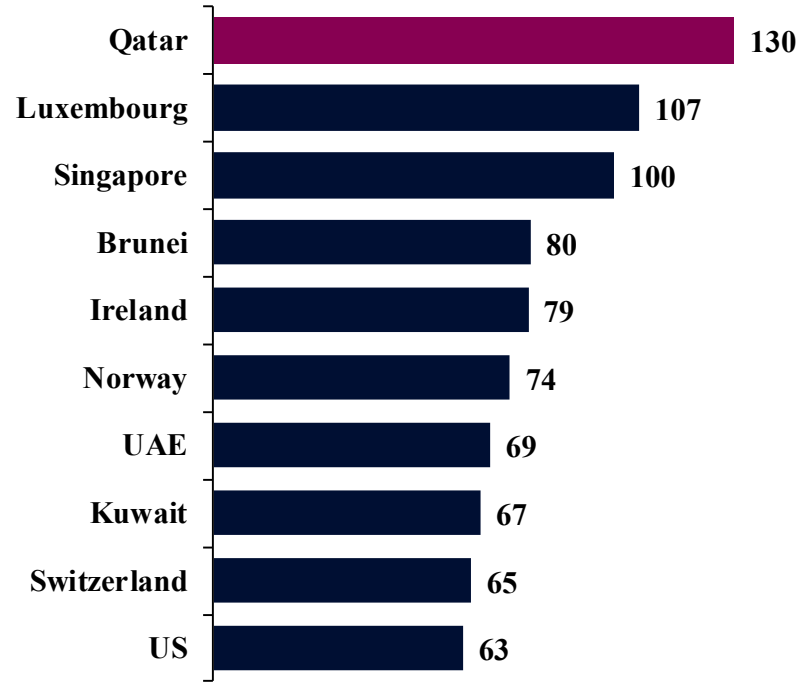
## Oil and gas reserves per capita (2018)

k barrels of oil equivalent (boe)



## GDP per capita (2018)

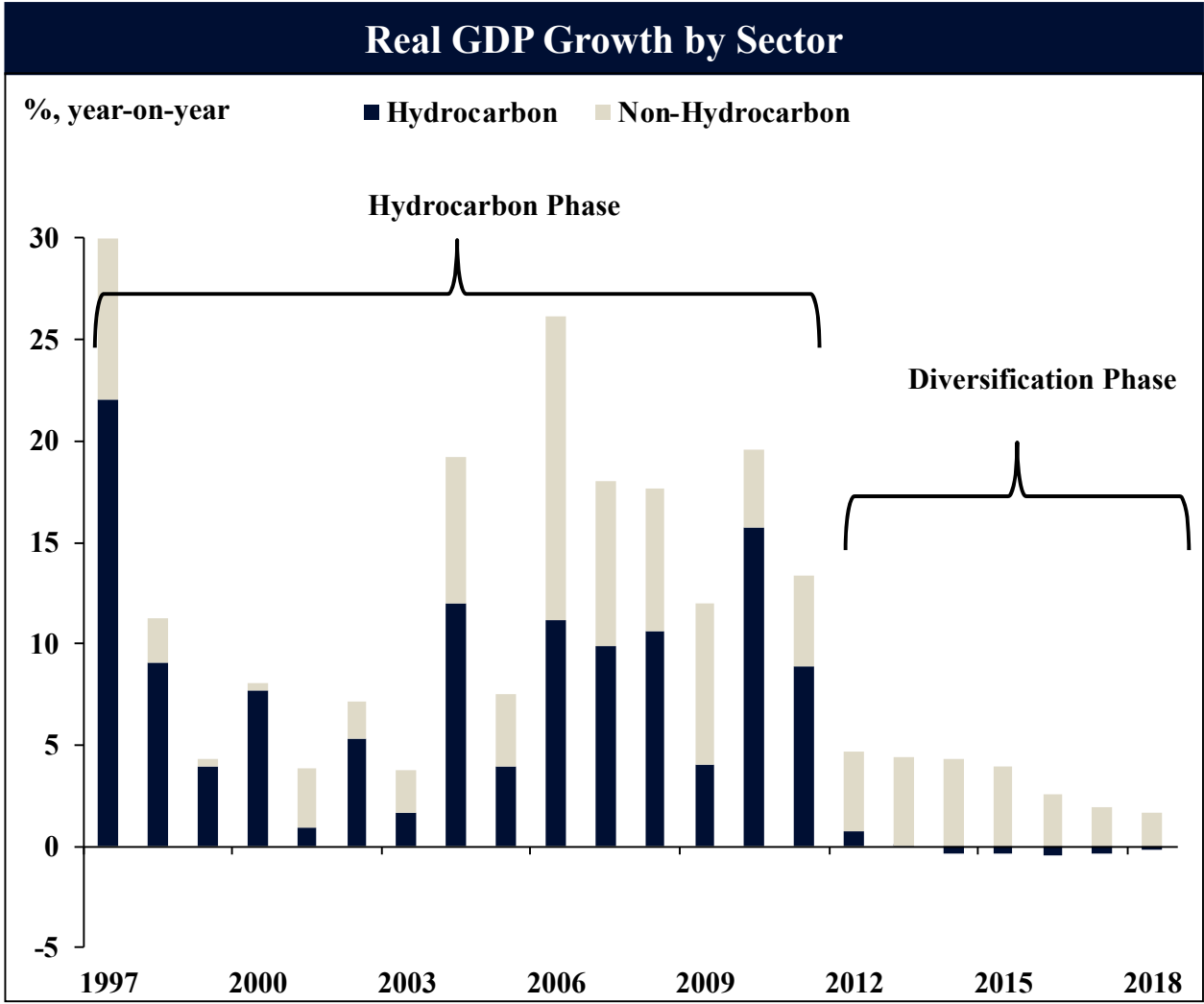
k USD PPP



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



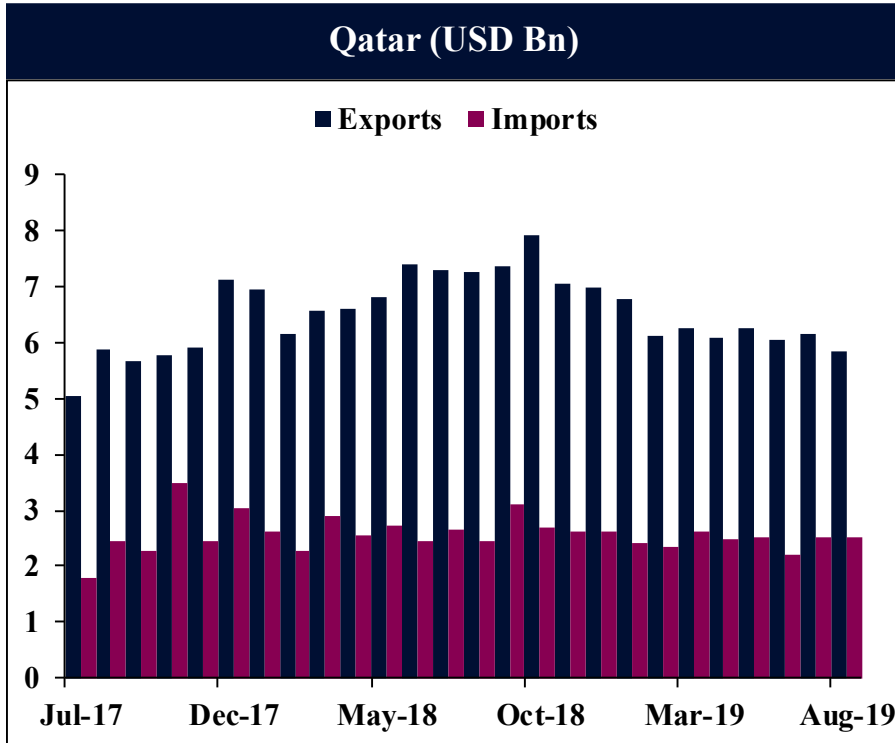
**Qatar's National Vision 2030 aims to create a knowledge based and diversified economy**

# Qatar's National Vision 2030 is supported by a large infrastructure investment programme

Major Projects Pipeline as of September 2019			
	Project	Budget (USD Bn)	End
Construction	Lusail Mixed-Use Development	45.0	2025
	Education City	8.9	2020
	FIFA World Cup Stadiums	5.0	2020
Transport	Qatar Integrated Rail	44.0	2026
	Ashghal Expressway Programme	25.0	2021
	Hamad International Airport, Phase I, II & III	25.0	2022
	Ashghal Local Roads & Drainage	18.1	2022
	Hamad Port, Phases II & III	9.4	2025
Oil	Bul Hanine Oilfield Redevelopment	11.0	2021

Comments
<ul style="list-style-type: none"> <li>• New investment sectors are opening up to support self sufficiency and long-term growth</li> <li>• Focus areas for investment are the transport, construction, logistics and manufacturing sectors</li> <li>• In parallel to the diversification phase, new investment opportunities are expected to arise from the increase in LNG production over the medium-term</li> </ul>

# 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 (2016-2018, %)**

	2016	2017	2018
<b>Capital Adequacy</b>			
Tier 1 capital/risk-weighted assets	15.7	16.5	17.0
Regulatory capital/risk-weighted assets	16.1	16.8	18.0
<b>Asset Quality</b>			
Non-performing loans/total loans	1.3	1.6	1.9
<b>Liquidity</b>			
Liquid assets/total assets	29.6	28.2	29.1
Total loans/total deposits	113.7	108.8	114.1
Total loans/total assets	66.7	67.1	66.6
<b>Profitability</b>			
Return on assets	1.7	1.5	1.6
Return on equity	14.6	13.9	15.3

- Financial system remains resilient and healthy
- Capital adequacy improved in 2018 while asset quality remains high

# 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, Faroe Islands								
	Aa3	Qatar, Belgium, Taiwan, Macau, Cayman Islands								
	A1	Chile, China, Japan, Saudi Arabia, Estonia, Czech								
	A2	Bermuda, Slovakia, Poland, Botswana, Ireland, Malta								
	A3	Iceland, Mexico, Latvia, Lithuania, Malaysia, Peru								
	Baa1	Spain, Thailand, Slovenia, Mauritius, Panama								
	Baa2	India, Indonesia, Uruguay, Philippines, Bulgaria, Colombia								
	Baa3	Italy, Portugal, Hungary, South Africa, Kazakhstan, Bahamas, Romania, Russia								
Non-Investment Grade										
Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C

## Disclaimer

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- These materials contain statements about future events and expectations that are forward-looking statements.*
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