



# Investor Relations Presentation

September 2014

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## *Notes:*

*These results include QNB ALAHLI (formerly known as National Société Générale Bank (“NSGB”)) (unless otherwise stated), which was consolidated in Q2 FY13 under International Financial Reporting Standards*

*QNB Group results for the nine months ended 30 September 2014 do not include any share of profit from Ecobank Transnational Incorporated.*

*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

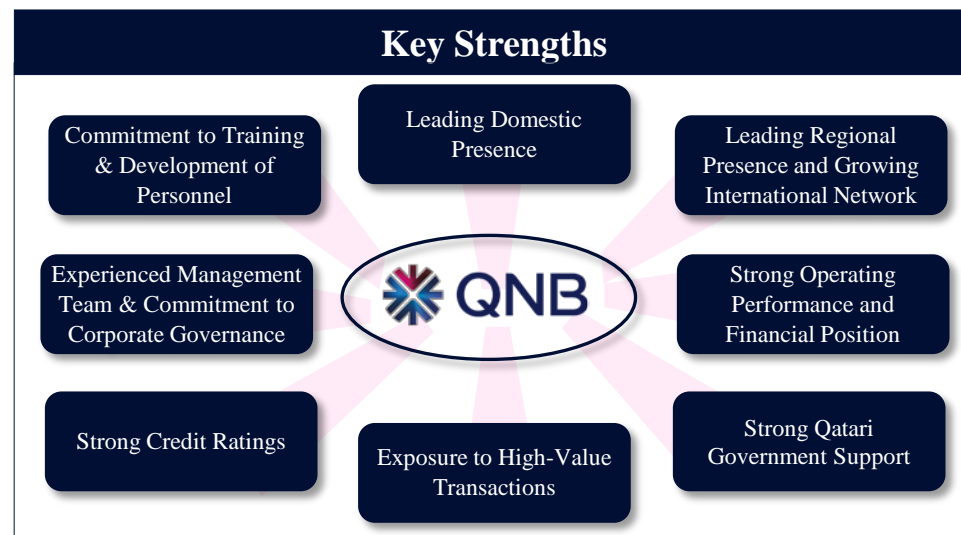
<b>Overview</b>	<ul style="list-style-type: none"> <li>Established in 1964 as the first Qatari owned bank</li> <li>Owned (50%) by the Government of Qatar via the Qatar Investment Authority (QIA)</li> <li>Largest bank in Qatar by market cap., assets, loans, deposits and profit.</li> <li>Largest Bank in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

<b>Presence</b>	<ul style="list-style-type: none"> <li>QNB Group, subsidiaries and associate companies operate in more than 26 countries around the world across 3 continents, through more than 610 locations, supported by more than 1,300 ATMs and employing more than 14,000 staff. <sup>1</sup></li> </ul>
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<b>Stock/Share Parameters</b> (30-Sep-14 unless stated)	<ul style="list-style-type: none"> <li>Listed on Qatar Exchange (QNBK)</li> <li>Market cap. of USD39.0bn</li> <li>Share price of USD55.71 per share</li> <li>Price to Book 2.5x (31-Dec-13)</li> <li>Price to Earnings 12.7x (31-Dec-13)</li> </ul>
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<b>Financials<sup>2</sup> (in USD billion)</b>			
	Sep-14	Sep-13	5yr CAGR
Total Deposits	96.7	91.0	27%
Total Assets	130.6	120.0	25%
Loans & Advances	90.3	83.5	29%
Operating Income <sup>3</sup>	3.21	3.00	23%
Profit <sup>4</sup>	2.20	1.95	21%
Coverage Ratio	124%	119%	-
NPL Ratio	1.6%	1.6%	-
Net Interest Margin	2.86%	2.89%	-



1: Source: QNB



2: Source: September 2014 Financial Report

3: Operating Income includes Share of Results of Associates





4: Profit Attributable to Equity Holders of the Bank

# QNB's International Footprint

## Sub-Saharan Africa

-  **South Sudan:** (1 Branch)
-  **Togo:** (1,241 Branches, 23.5% stake in Ecobank<sup>1</sup>)

## Asia

-  **Indonesia:** (45 Branches, 78.6% stake In QNB Kesawan)
-  **Singapore:** (1 Branch)
-  **India:** (1 Office, 100% stake)
-  **China:** (Representative office)

## North Africa

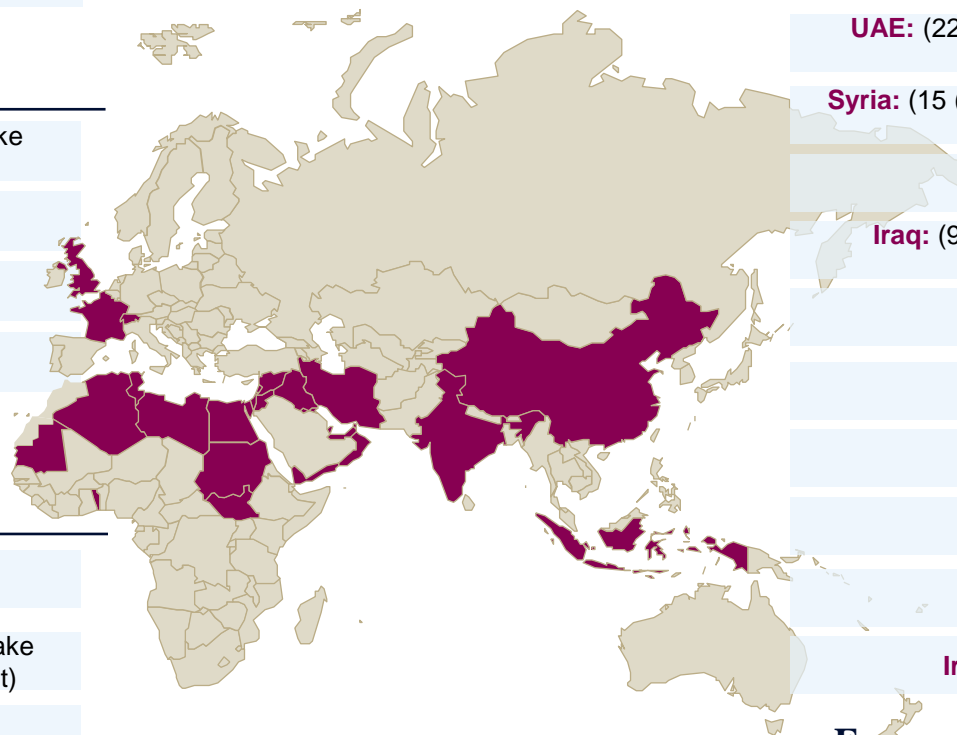
-  **Egypt:** (178 Branches, 97.1% stake in QNB ALAHLI)
-  **Libya:** (36 (+1<sup>2</sup>) Branches, 49.0% stake in Bank of Commerce & Development)
-  **Tunisia:** (26 Branches, 99.9% stake in QNB Tunisia)
-  **Sudan:** (6 Branches)
-  **Algeria:** (5 Branches<sup>2</sup>)
-  **Mauritania:** (1 Branch)

## Middle East

-  **Qatar:** (77 Branches)
-  **Jordan:** (123<sup>2</sup> (+3<sup>2</sup>) Branches, 34.5% stake in Housing Bank of Trade & Finance)
-  **UAE:** (22 (+1<sup>2</sup>) Branches, 40.0% stake in CBI)
-  **Syria:** (15 (+30<sup>2</sup>) Branches, 50.8% stake in QNB-Syria)
-  **Palestine:** (13 Branches<sup>2</sup>)
-  **Iraq:** (9 (+1<sup>2</sup>) Branches, 50.8% stake in Bank Mansour)
-  **Oman:** (6 Branches)
-  **Bahrain:** (1 Branch<sup>2</sup>)
-  **Kuwait:** (1 Branch)
-  **Lebanon:** (1 Branch)
-  **Yemen:** (1 Branch)
-  **Iran:** (1 Representative office<sup>3</sup>)

## Europe

-  **United Kingdom:** (1 (+1<sup>2</sup>) Branch)
-  **France:** (1 Branch)
-  **Switzerland:** (1 Office, 100% stake in QNB Banque Privée)

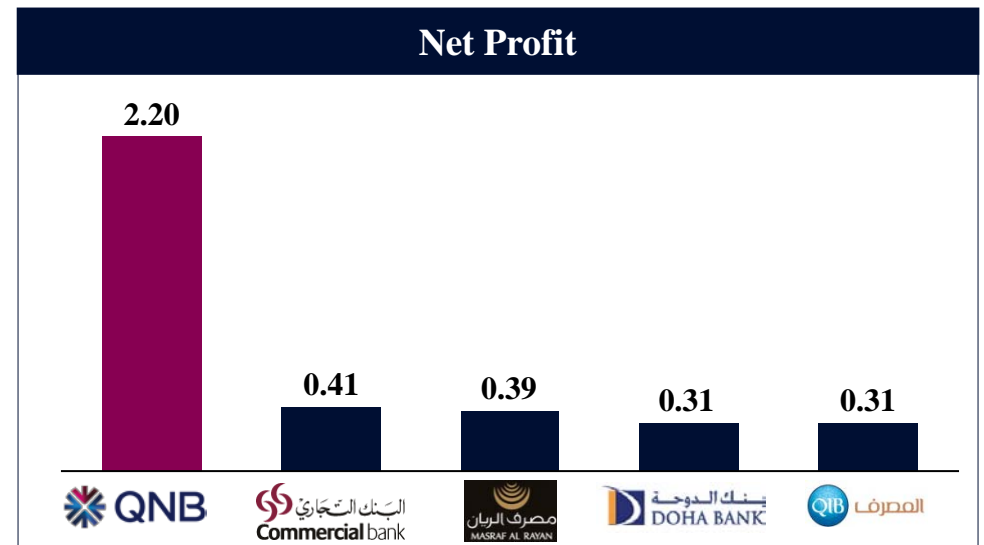
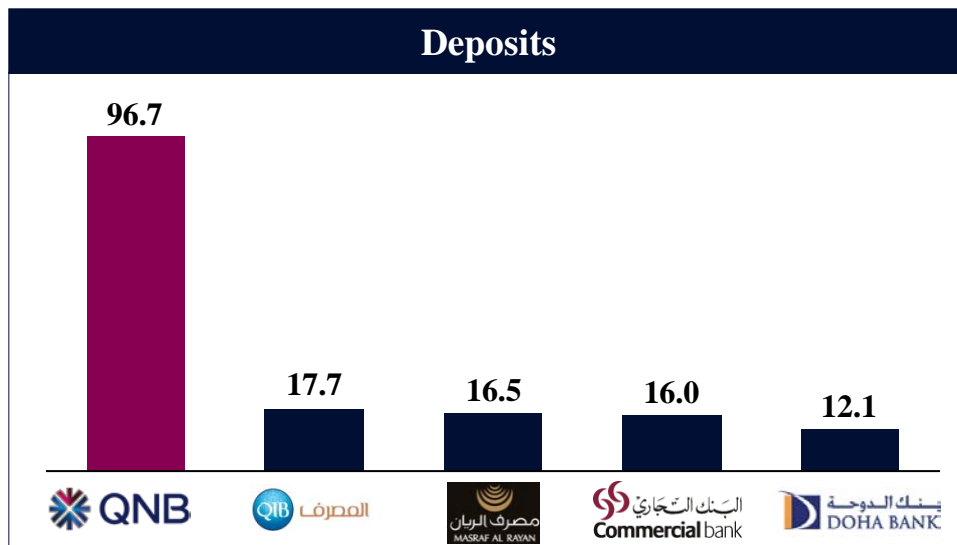
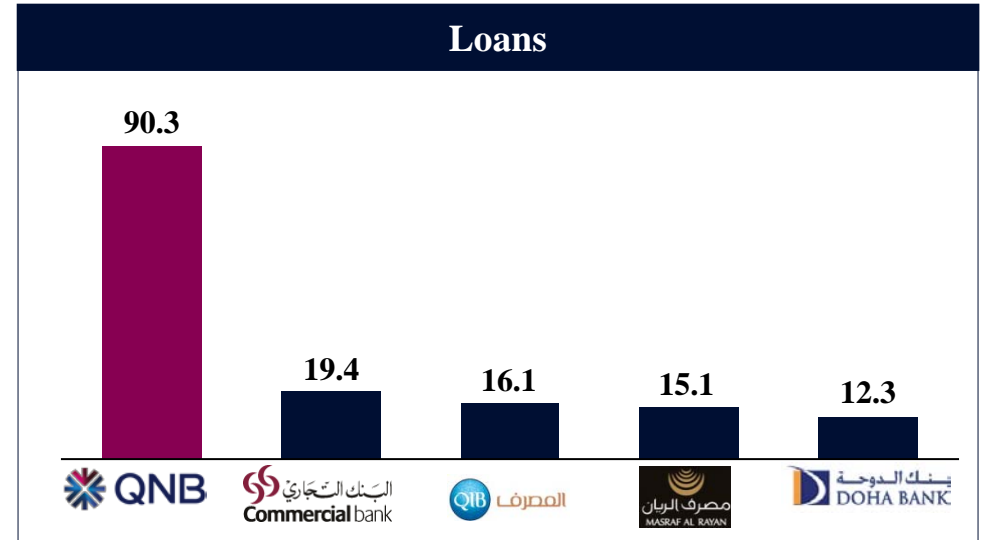
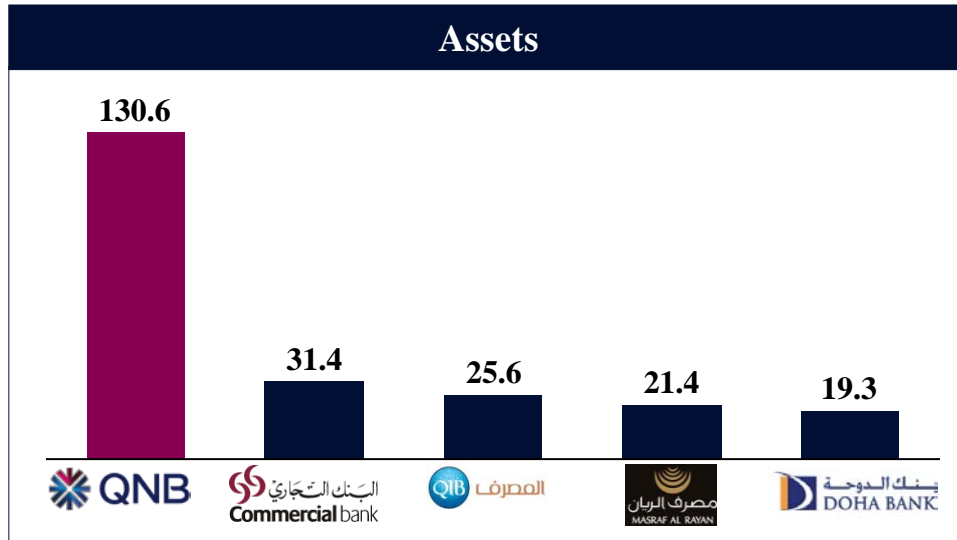




## **QNB Comparative Positioning – Qatar and MENA**

# Top 5 Domestic Banks

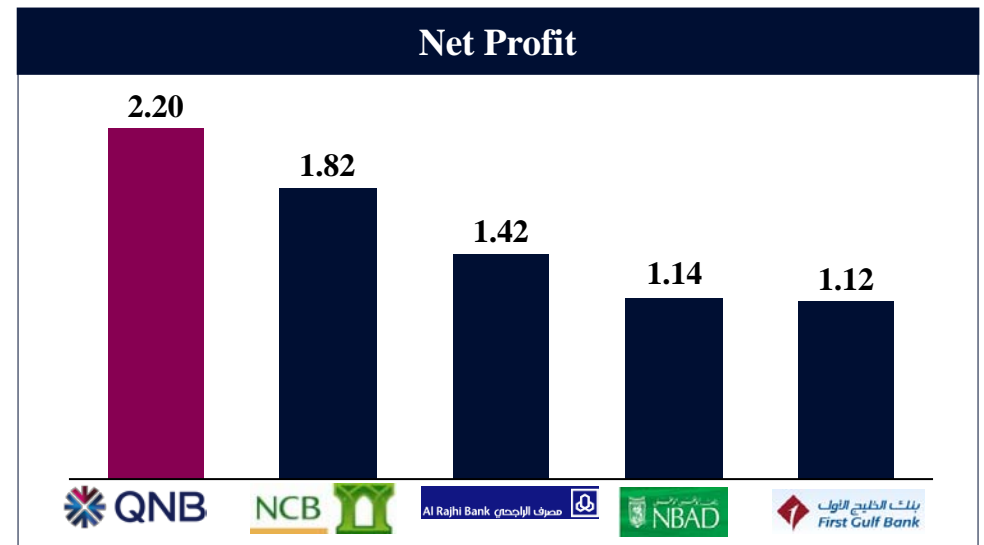
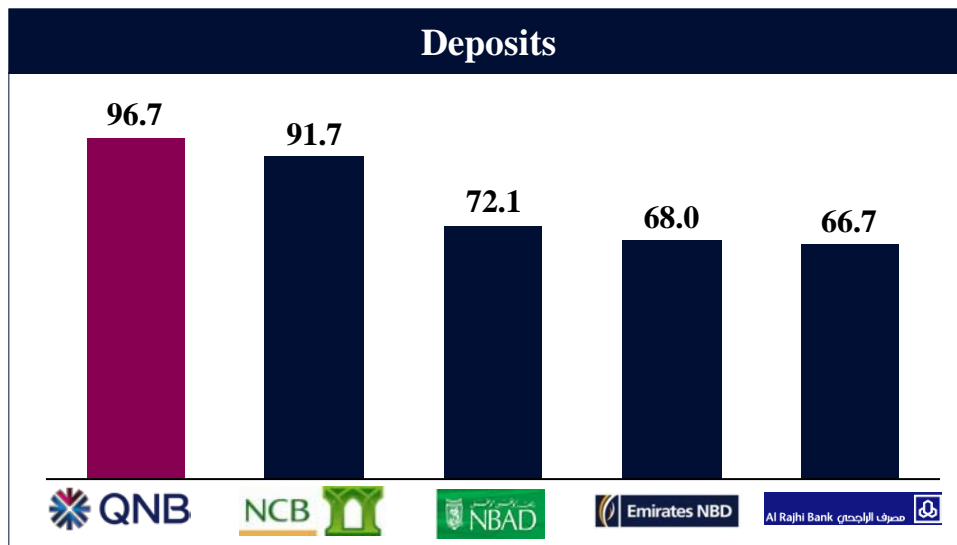
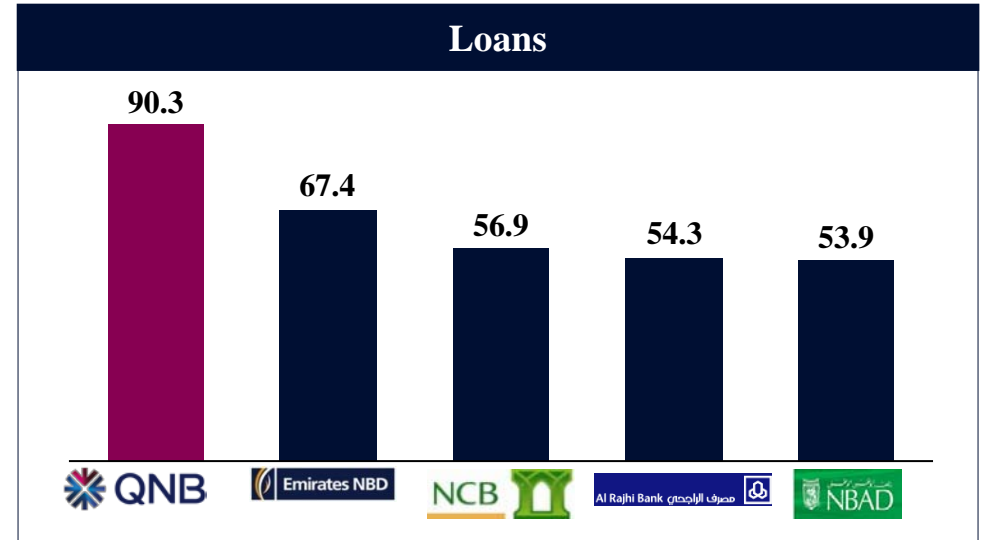
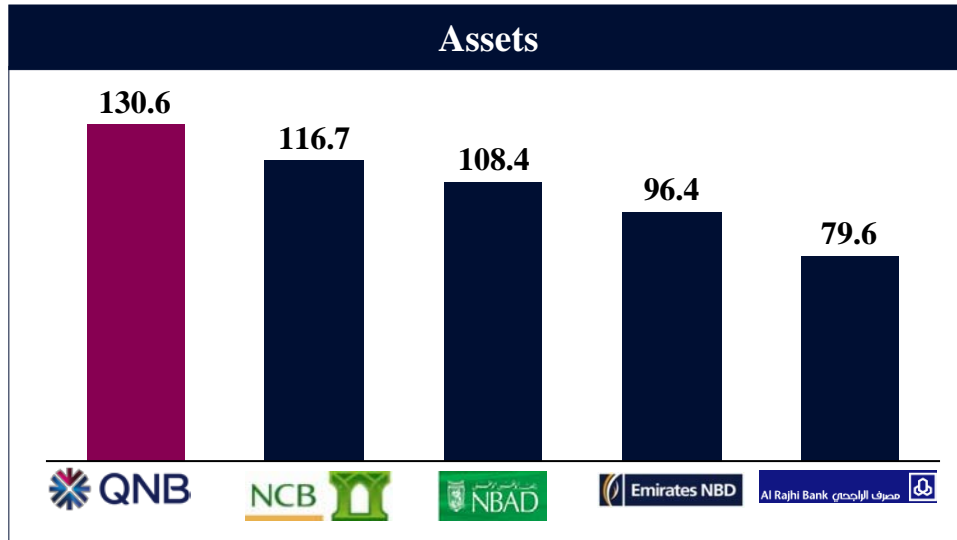
QNB continues to excel in the domestic market



Note: All amounts are in USD billions  
Source: Companies' September 2014 Press Release or Financial Statements if available

# Top 5 Regional Banks

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






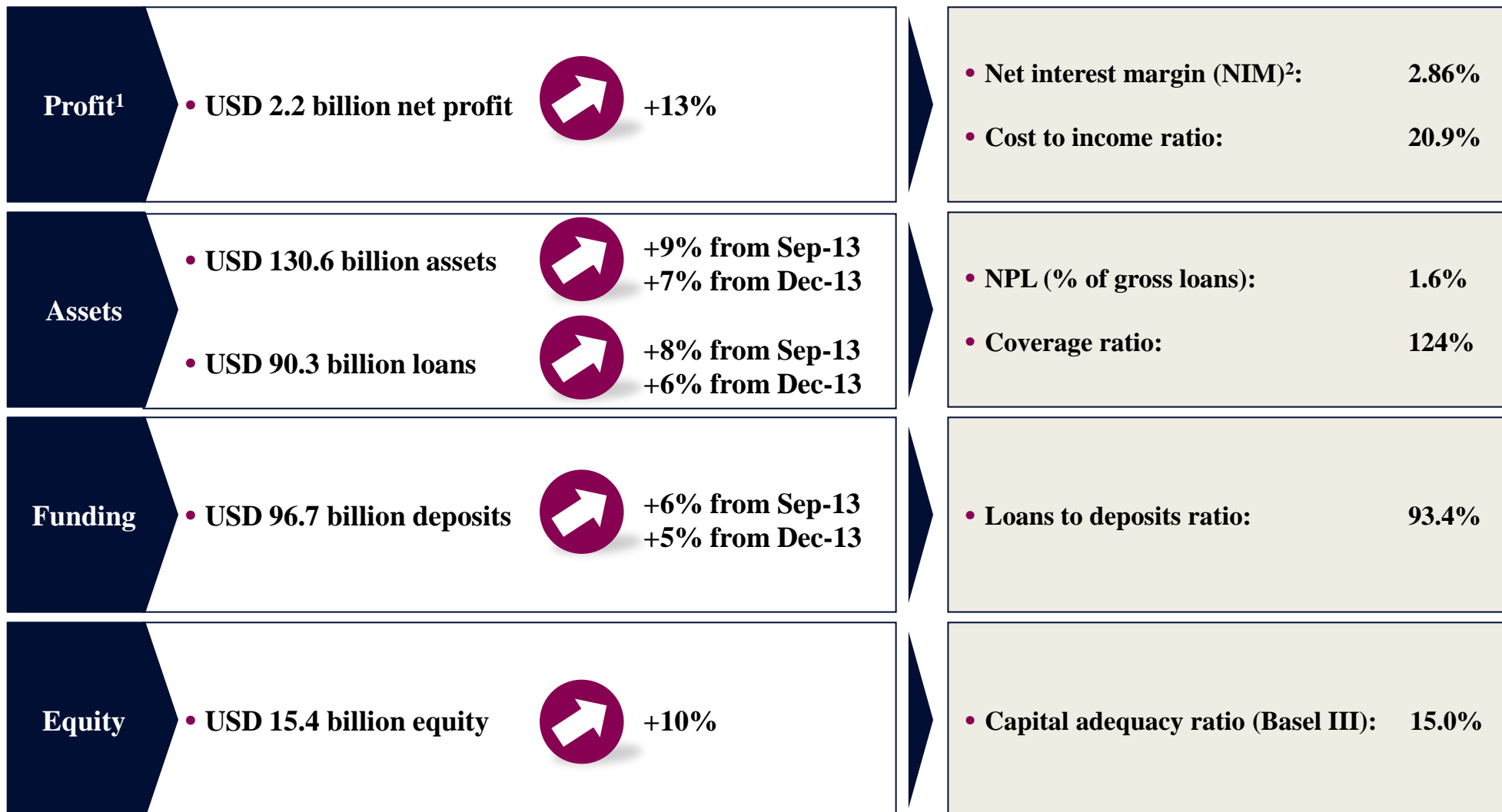


## **Financial Highlights – as at 30 September 2014**

# QNB continues to demonstrate sustainable profitable growth

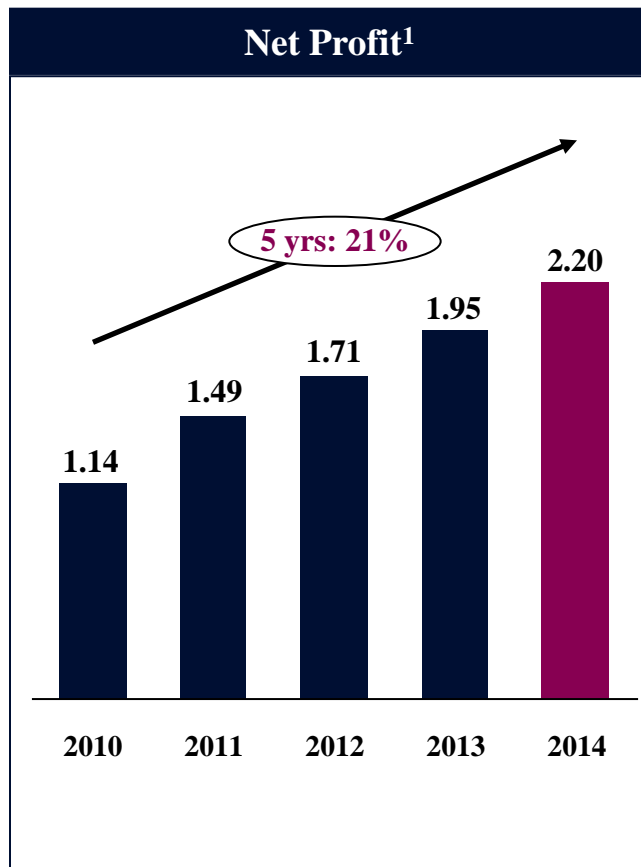
Highlights (including QNB ALAHLI as at 30 September 2014)

 Growth vs. September 2013 unless stated

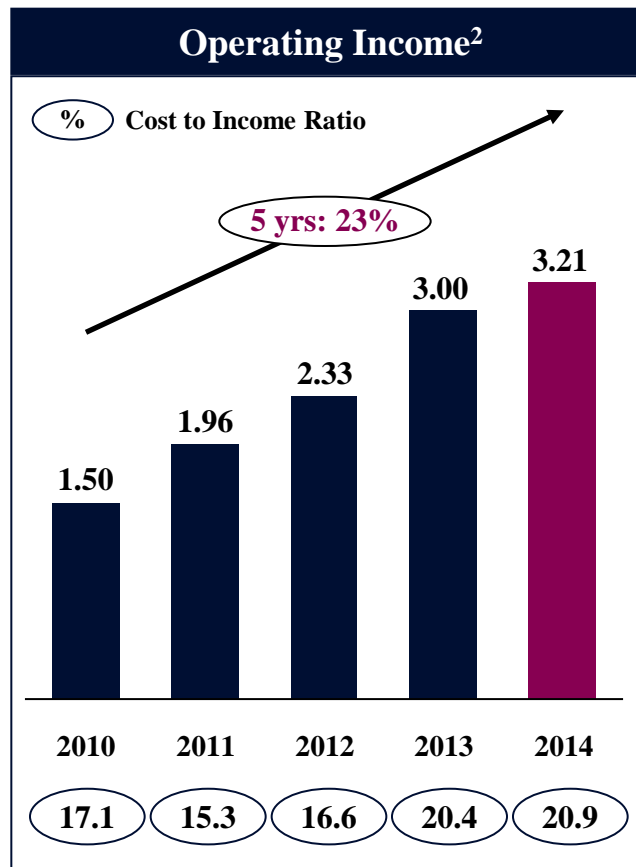


# Strong profitability growth

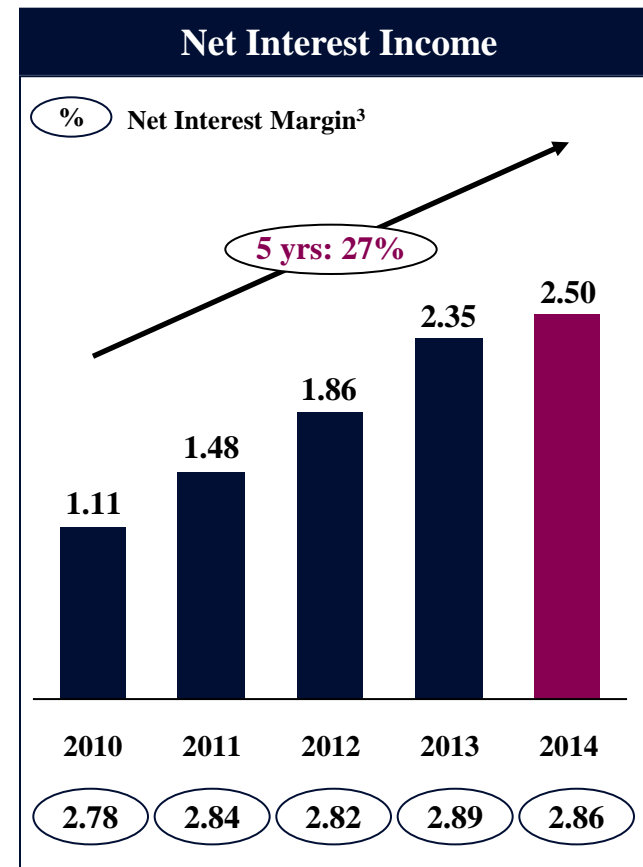
## Income Statement Breakdown (USD billion as at 30 September)



- Net profit increased 13% from 2013
- 2009-2014 CAGR of 21%



- Operating income increased 7% from 2013
- 2009-2014 CAGR of 23%



- NII increased 6% from 2013
- NIM expanded by 8bps since 2010
- 2009-2014 CAGR of 27%

# Robust quarterly growth has been consistently delivered

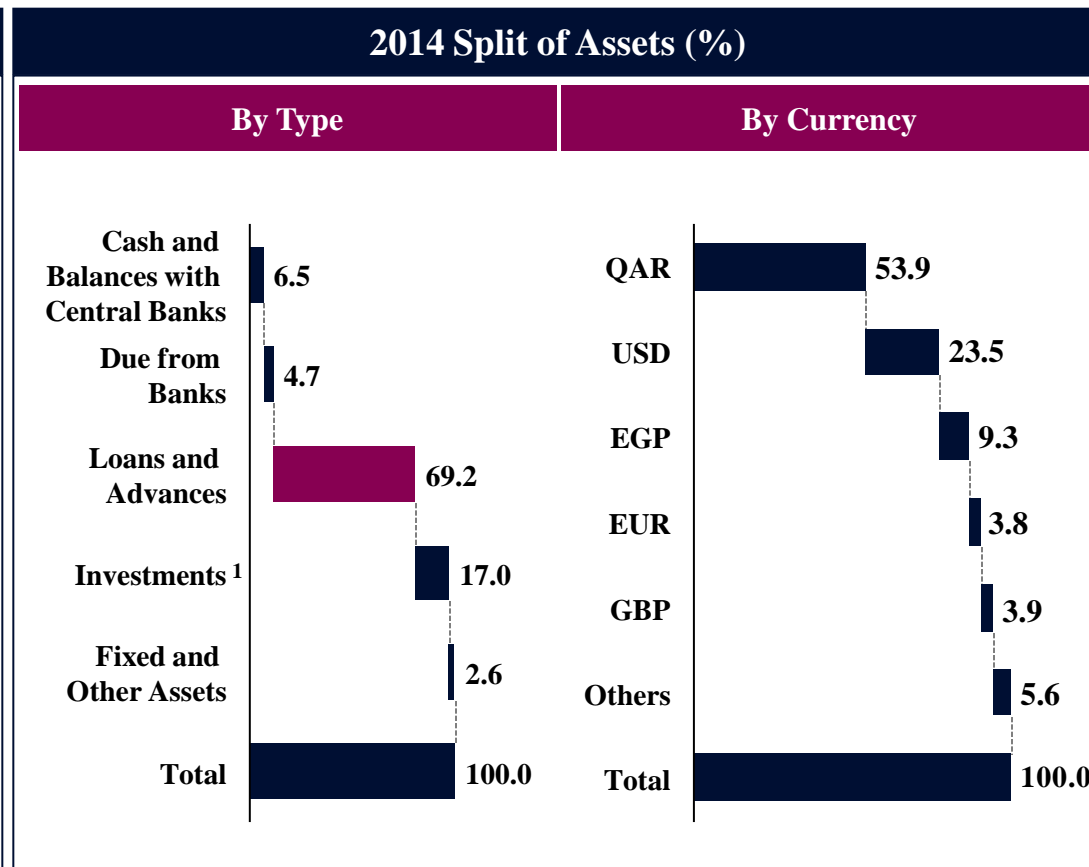
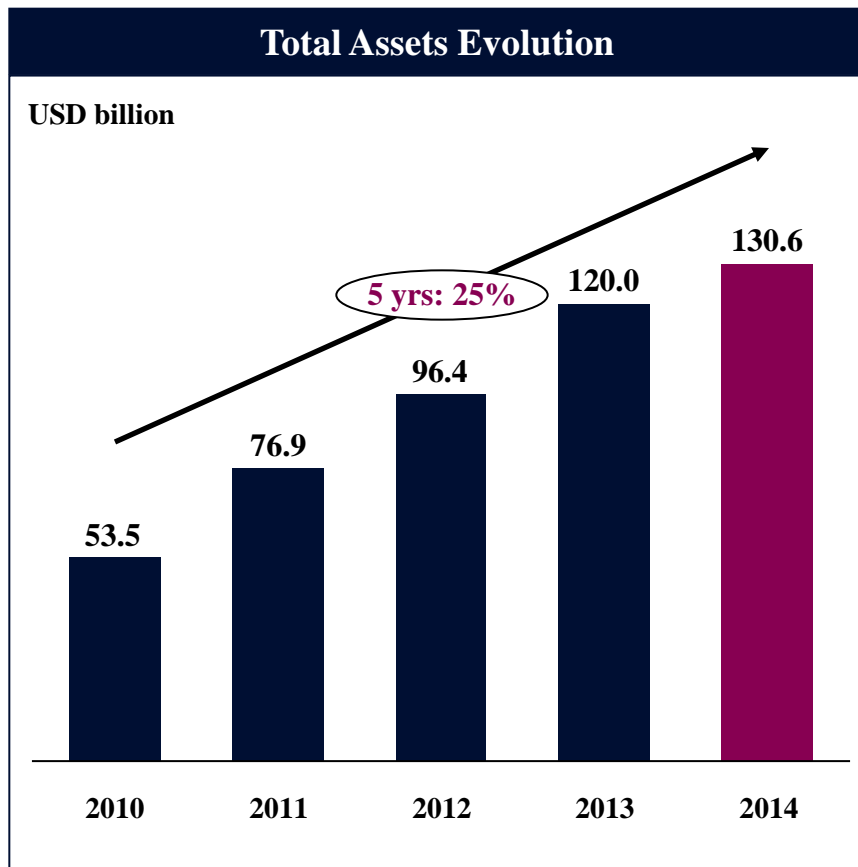
## Quarterly Income Statement

Income Statement					
USD 000s	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
• Net Interest Income	798,171	829,685	812,072	828,129	855,537
– FX Gain	43,300	45,148	49,368	54,550	65,223
– Fees and Commissions	131,356	132,252	135,436	140,685	150,685
– Investment Income	15,471	11,939	6,132	22,442	5,870
– Other Income	768	613	6,798	4,270	13,080
• Total Other Income	190,895	189,952	197,734	221,947	234,858
• <b>Total Operating Income</b>	<b>989,066</b>	<b>1,019,637</b>	<b>1,009,806</b>	<b>1,050,076</b>	<b>1,090,395</b>
• G&A Expenses	(203,875)	(210,402)	(222,691)	(227,958)	(219,403)
• <b>Total Operating Profit</b>	<b>785,191</b>	<b>809,235</b>	<b>787,115</b>	<b>822,118</b>	<b>870,992</b>
• Investment Income - Associates	14,522	18,989	16,789	24,243	17,739
• Loan Loss Provisions	(101,108)	(143,490)	(99,162)	(57,680)	(13,962)
• Other Provisions & Taxes	(48,046)	(32,894)	(37,222)	(63,859)	(68,955)
• <b>Net Profit</b>	<b>650,559</b>	<b>651,840</b>	<b>667,520</b>	<b>724,822</b>	<b>805,814</b>

- QNB Group results are produced in compliance with International Financial Reporting Standards
- For greater transparency, QNB Group is one of the earliest financial institutions in the region to publish its quarterly and year-end financial results

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

## Assets Analysis (as at 30 September)

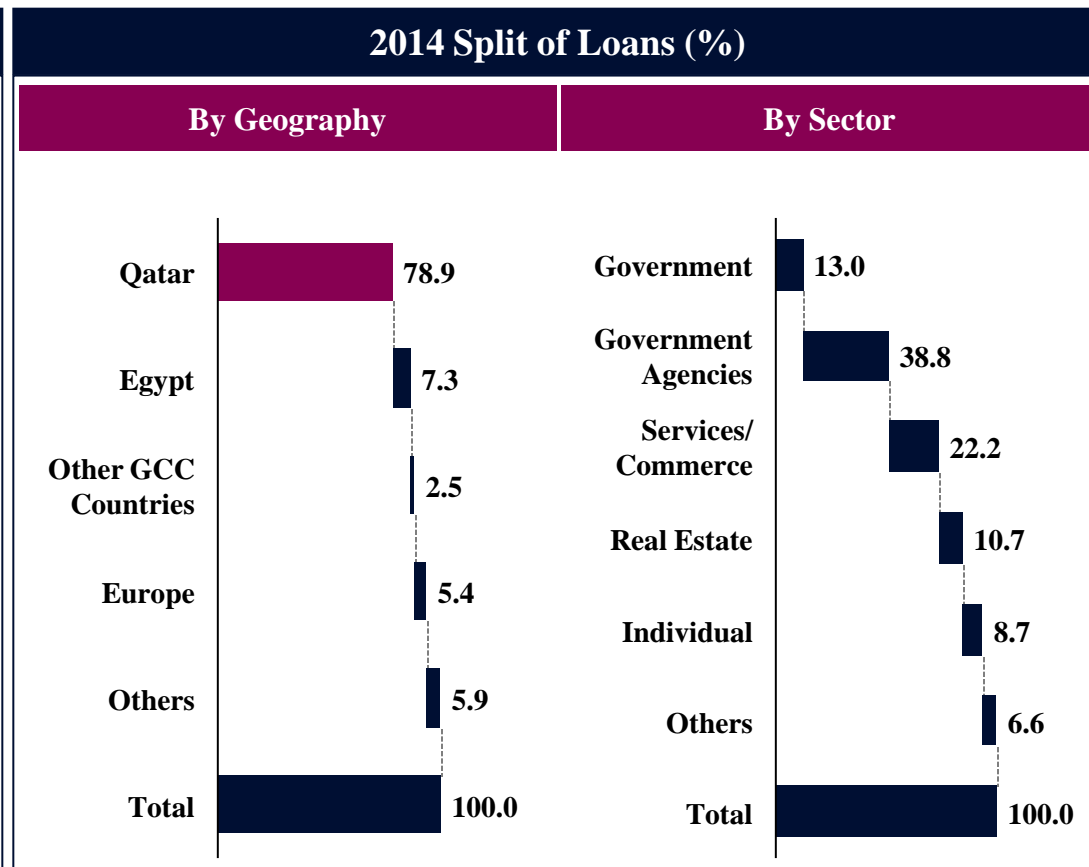
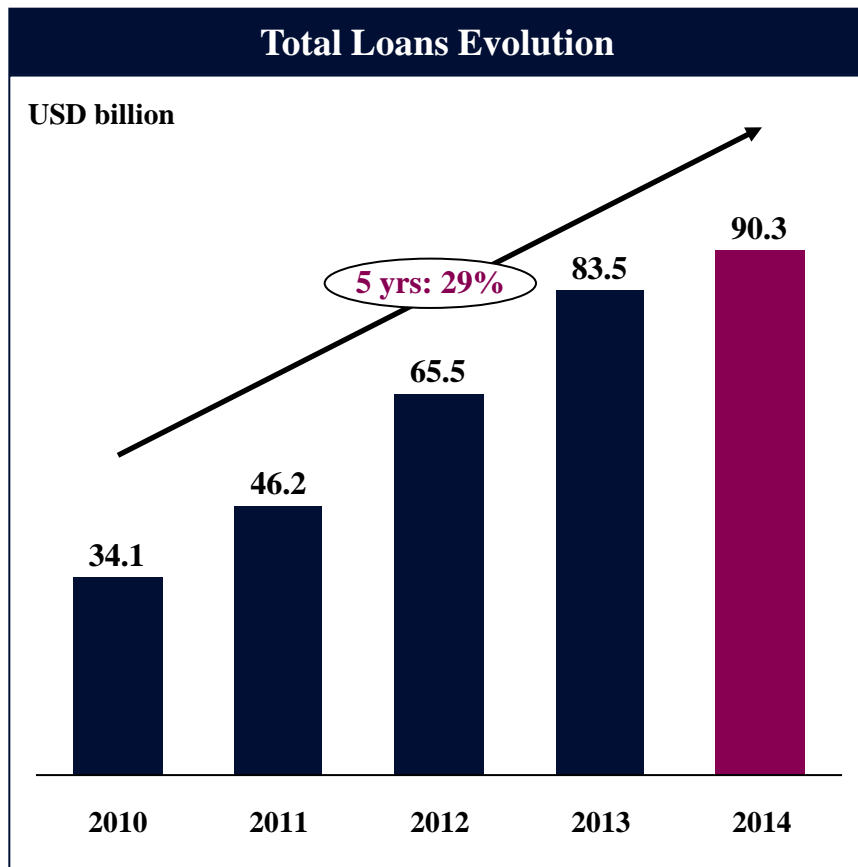


- Assets increased 9% from September 2013
- 2009-2014 CAGR of 25%

- Loans and advances represent 69% of total assets
- USD and QAR currencies account for 77% of total assets

# Good loan growth

## Loans Analysis (as at 30 September)

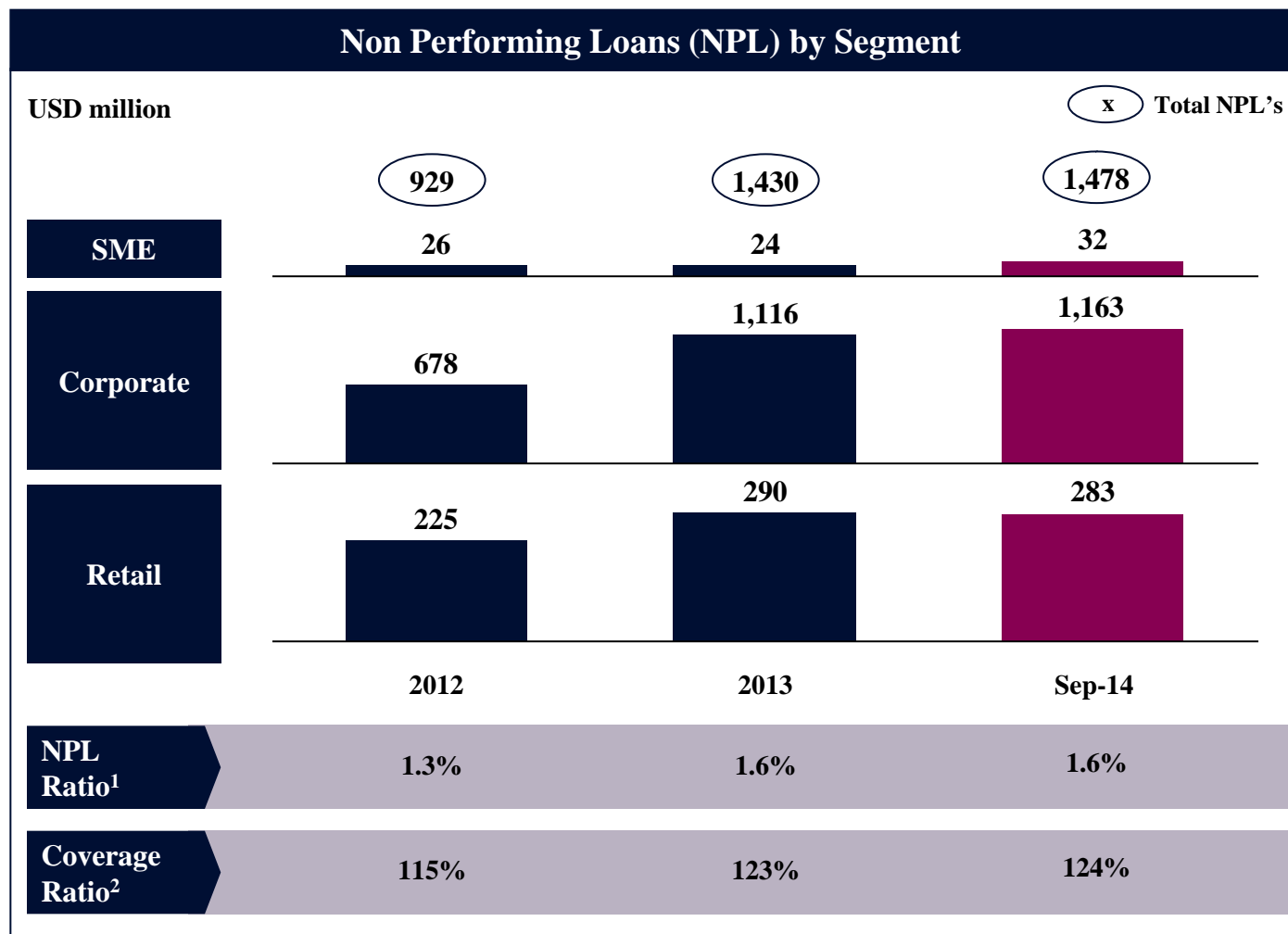


- Loans increased 8% from September 2013
- 2009-2014 CAGR of 29%

- Loans denominated in USD represent 21% of total loans
- Loan exposures are of a high quality with 52% concentration to the public sector entities

# High quality lending portfolio is highlighted by low NPL ratios

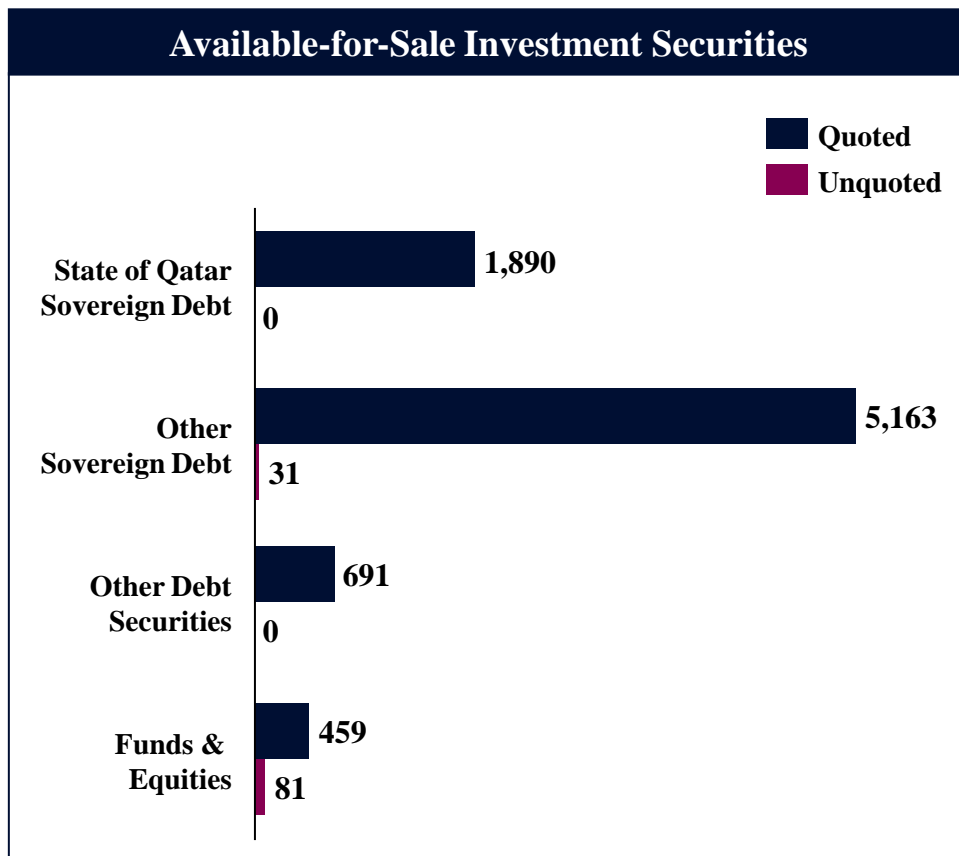
Asset Quality Analysis (as at December unless stated)



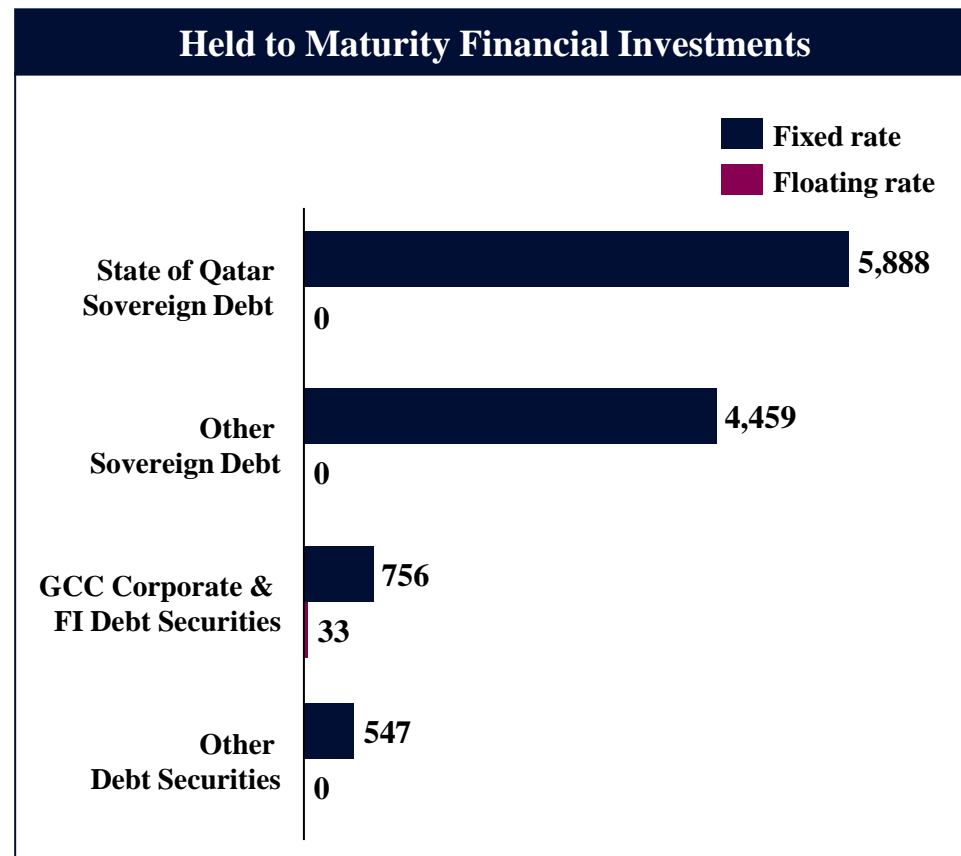
- QNB has continued to increase its provisions in response to the global economic situation
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 124% as at 30 September 2014
- Past dues are NPL after 90 days
- There is the additional security of a risk reserve of USD 755 Mn representing more than 2.50% of private lending (representing the QCB minimum requirement)

# High quality investment portfolio with 61% of securities rated AA or better

Investments Analysis (USD million as at 30 September 2014)



- Quoted securities account for 99% of available for sale investment securities

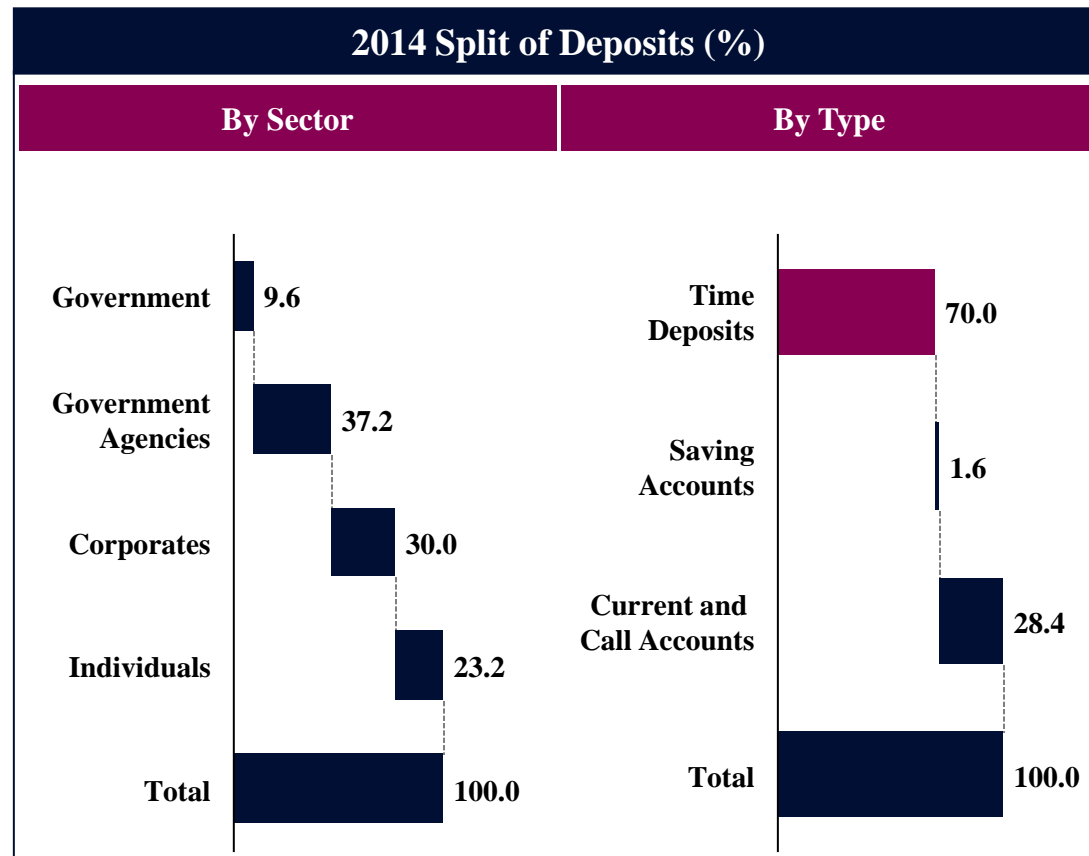
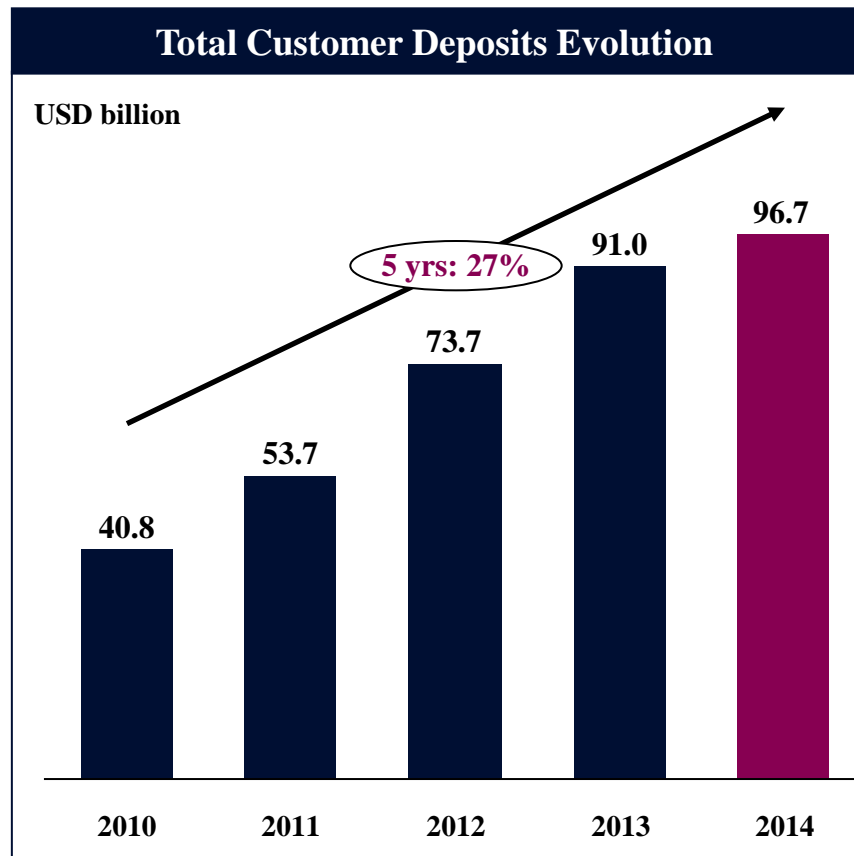


- Majority of Other Sovereign Debt is Government Guaranteed



# Robust growth in customer deposits and funding

## Funding Analysis (as at 30 September)

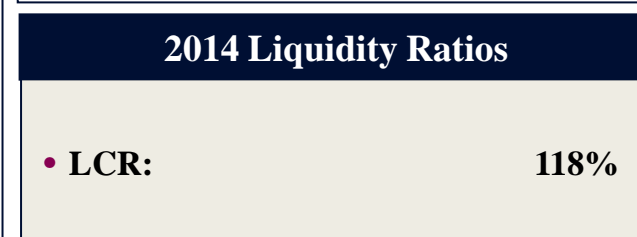
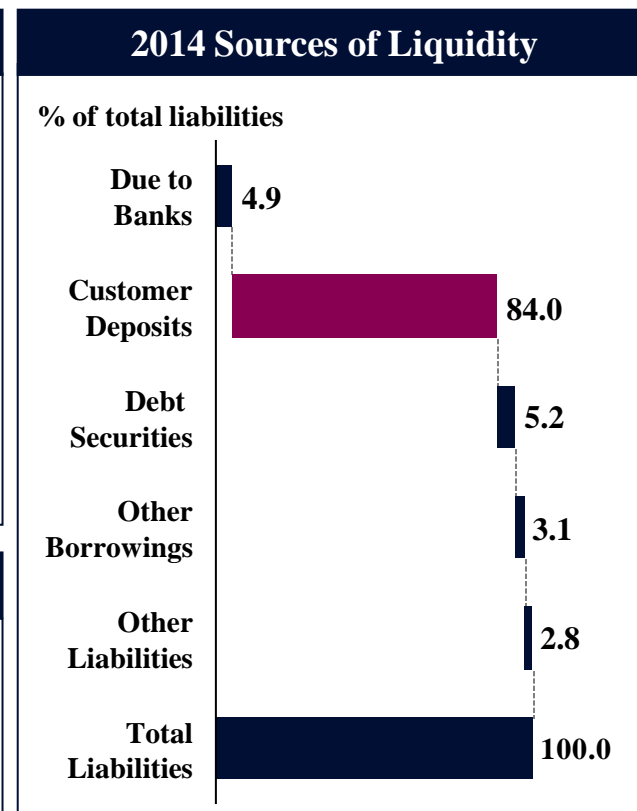
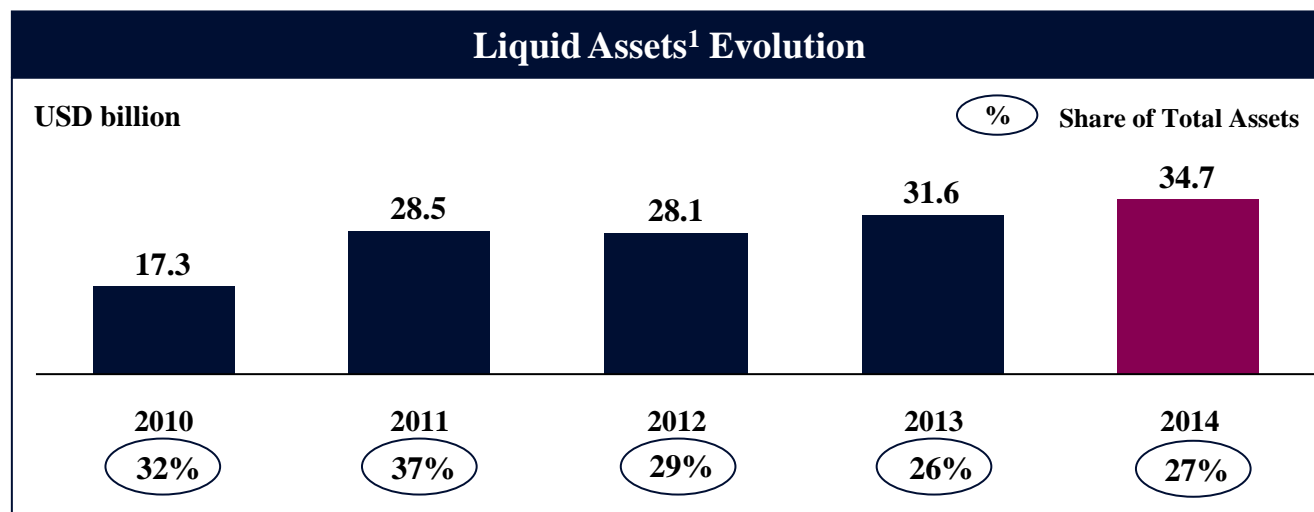
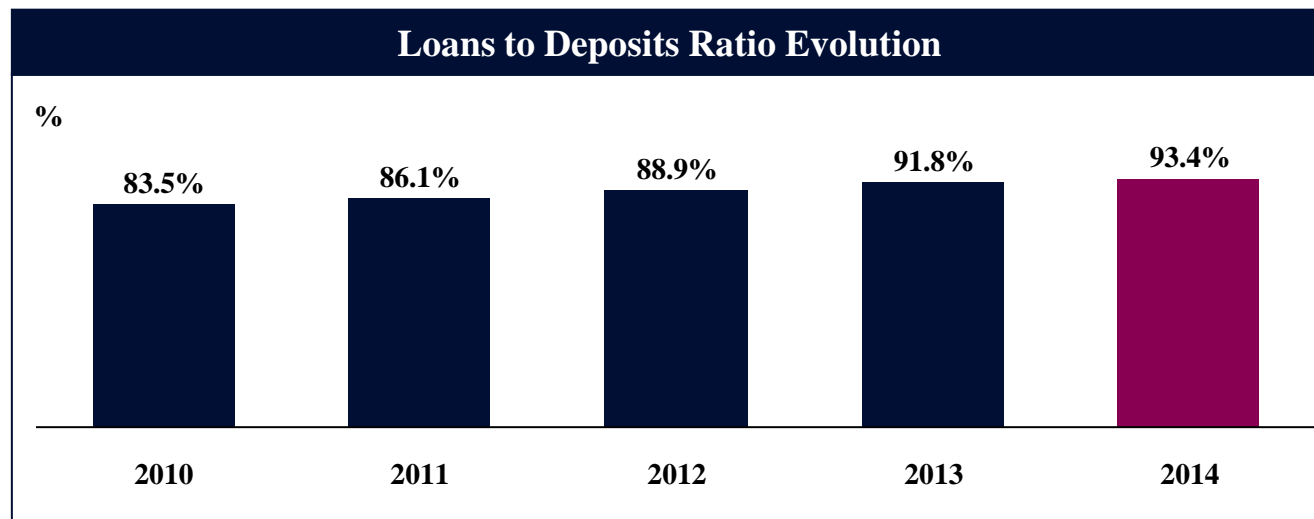


- Deposits increased 6% from September 2013
- 2009-2014 CAGR of 27%

- QNB remains the public sector's preferred bank
- USD denominated deposits represent 40% of total deposits
- EGP denominated deposits represent 9% of total deposits

# Solid liquidity profile with loans to deposit ratio consistently below 94%

## Liquidity Analysis (as at 30 September)



# Sources of Institutional Funding

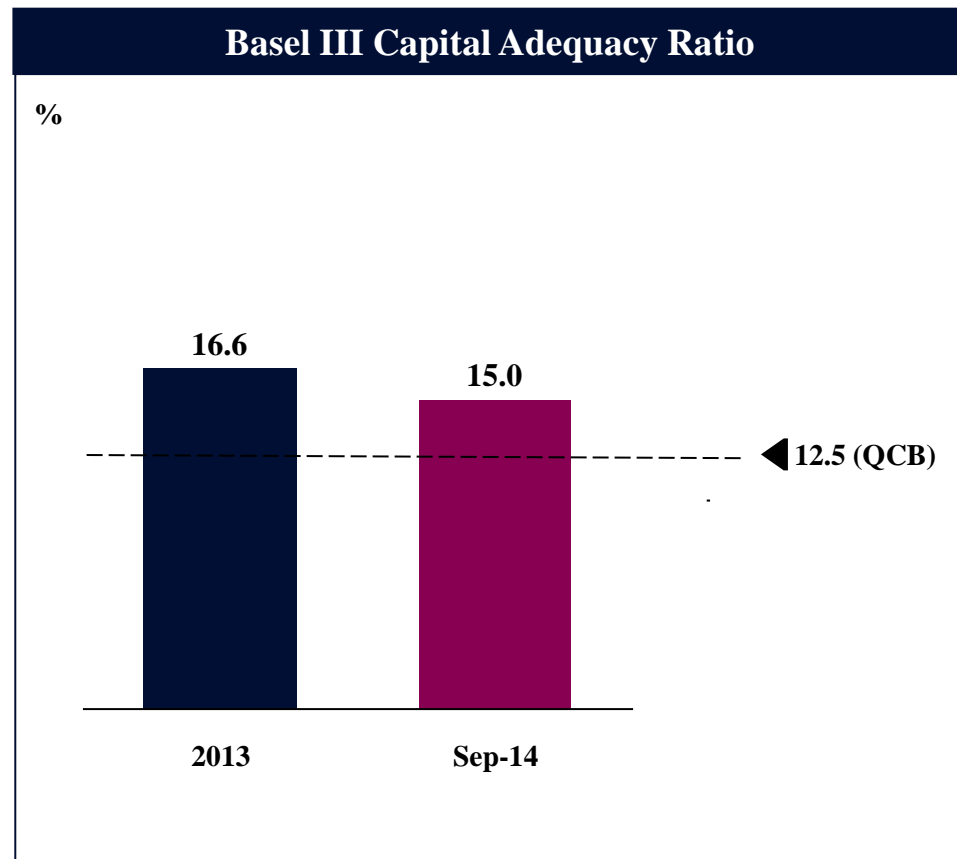
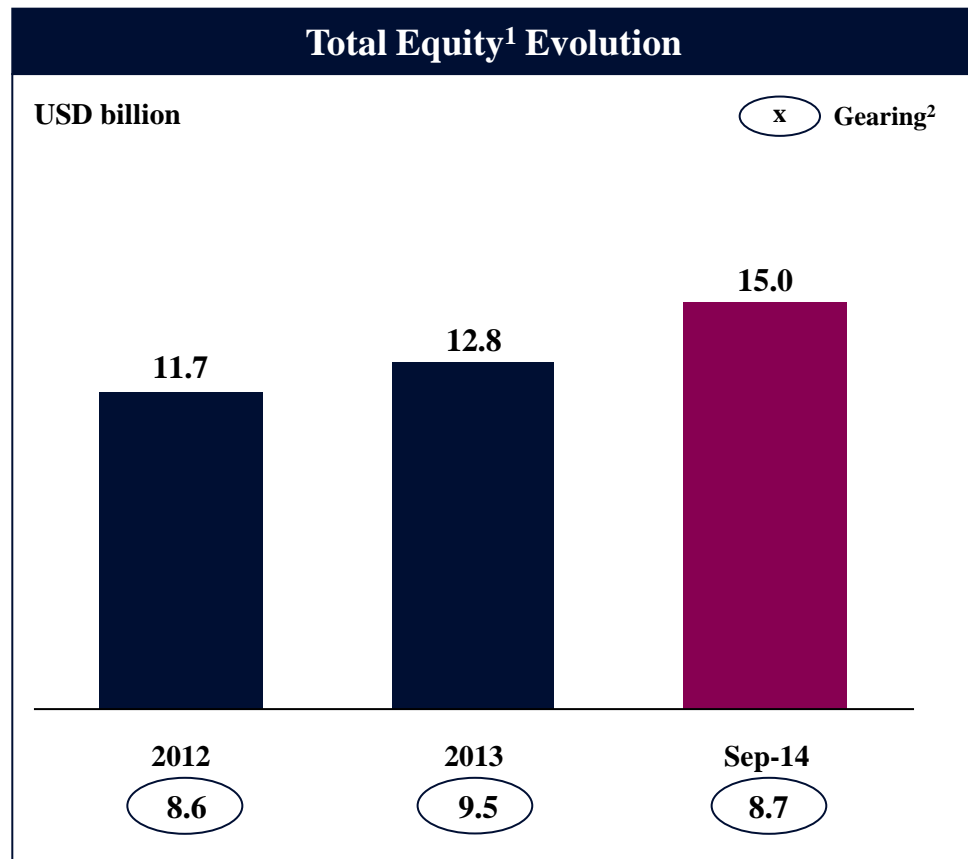
## EMTN and Certificate of Deposits

EMTN	
<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 USD 7.5 billion and outstanding is USD 6.3 billion</li> </ul>
<b>Currencies</b>	<ul style="list-style-type: none"> <li>Issued in CHF, CNY, EUR, HKD, JPY 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), HSBC Bank plc, J.P. Morgan Securities plc, Mitsubishi UFJ Securities International plc, Mizuho Bank Ltd, QNB Capital LLC, Standard Chartered Bank and The Royal Bank of Scotland plc</li> </ul>
<b>Market Awards</b>	<ul style="list-style-type: none"> <li>2013 mtn-i award for 'Accommodating International Investors'</li> </ul>
<b>Allocation from Last Issuance</b>	<ul style="list-style-type: none"> <li>Middle East: 40% / Europe: 42% / Asia 18%</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 USD 4.4 billion</li> </ul>
<b>Average Life</b>	<ul style="list-style-type: none"> <li>Average life of 79 days</li> </ul>
<b>Currencies</b>	<ul style="list-style-type: none"> <li>Issuances in CHF, EUR, GBP, 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, BNP Paribas, Citigroup Global Markets Limited, ING Bank NV 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)



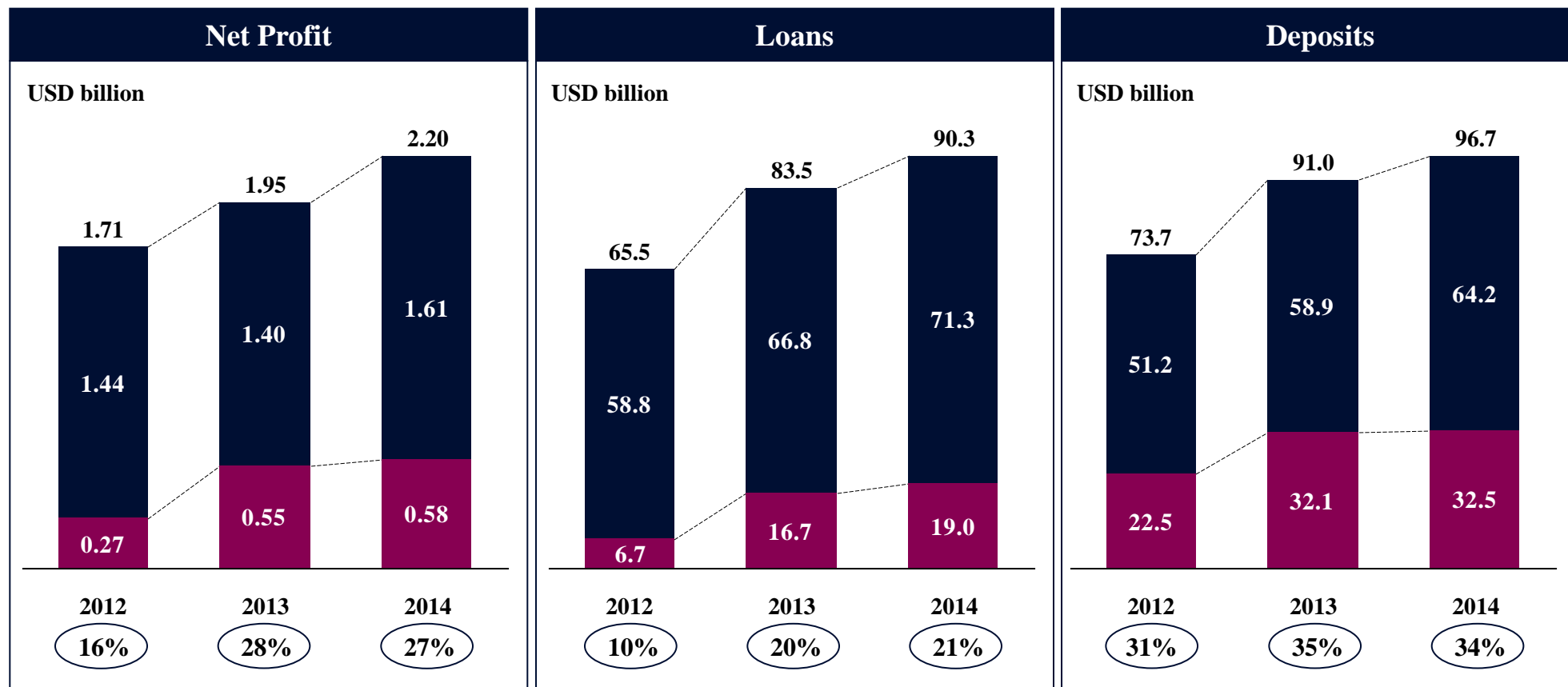
- Capital base has been regularly increased in line with the strong surge in QNB's balance sheet

- Capital adequacy ratio is above QCB and Basel III requirements

# Increasing geographical diversification positively contributes to growth

## Geographical Contribution (as at 30 September)

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

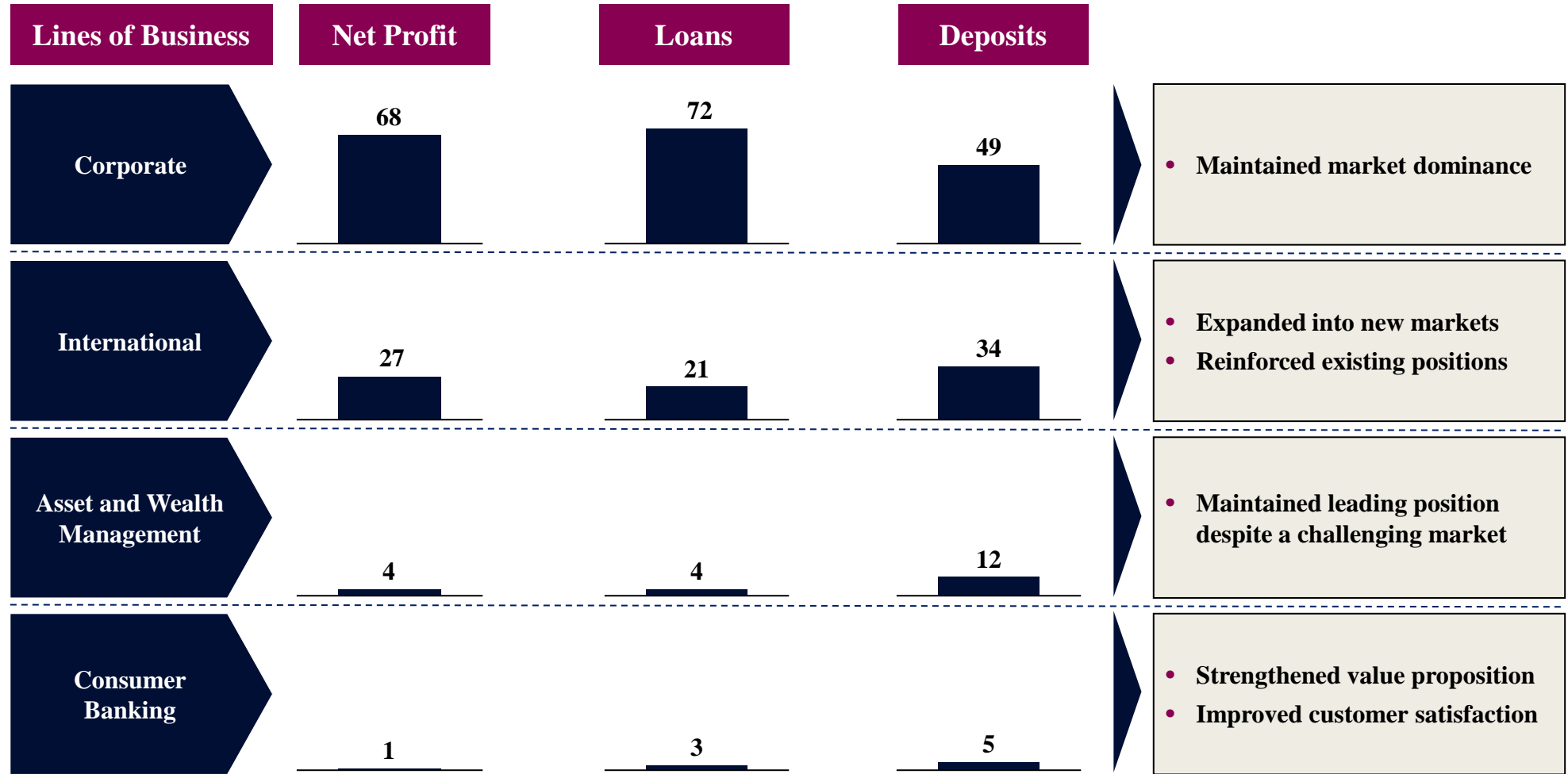


- Profit from international increased by USD 309 Mn (+112%) from 2012 to 2014
- Dec-13 Share of International profit: 28%

- Loans from international operations increased by USD 12.4 Bn (+184%) from 2012 to 2014
- Deposits from international operations by USD 10.0 Bn (+44%) from 2012 to 2014
- Dec-13 Share of International Loans: 19% / Share of International Deposits: 37%


# Diversifying business mix will bolster sustainable growth

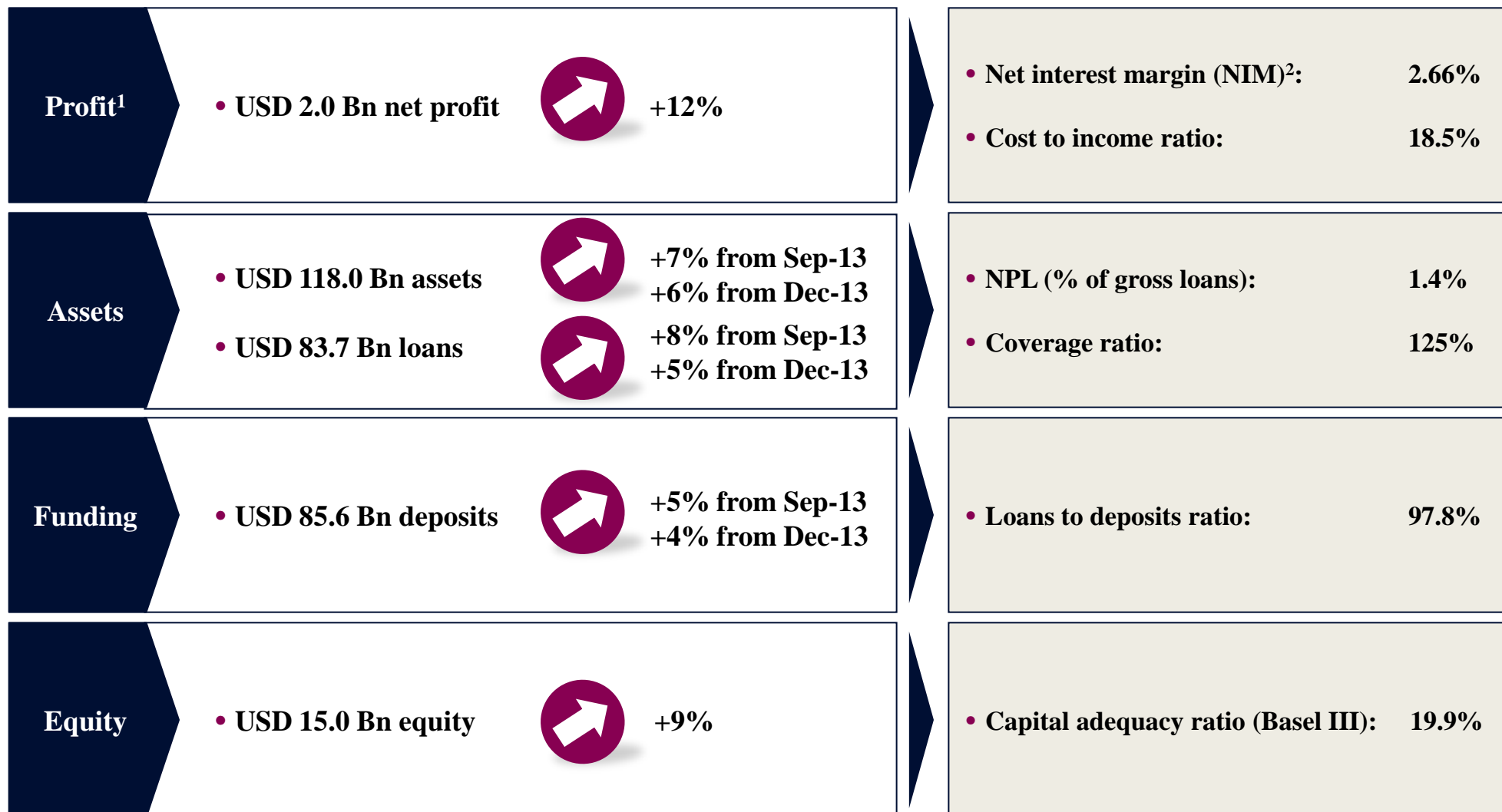
Business Mix Contribution (% share as at 30 September 2014)



# QNB's underlying performance continues


## Highlights (excluding QNB ALAHLI as at 30 September 2014)

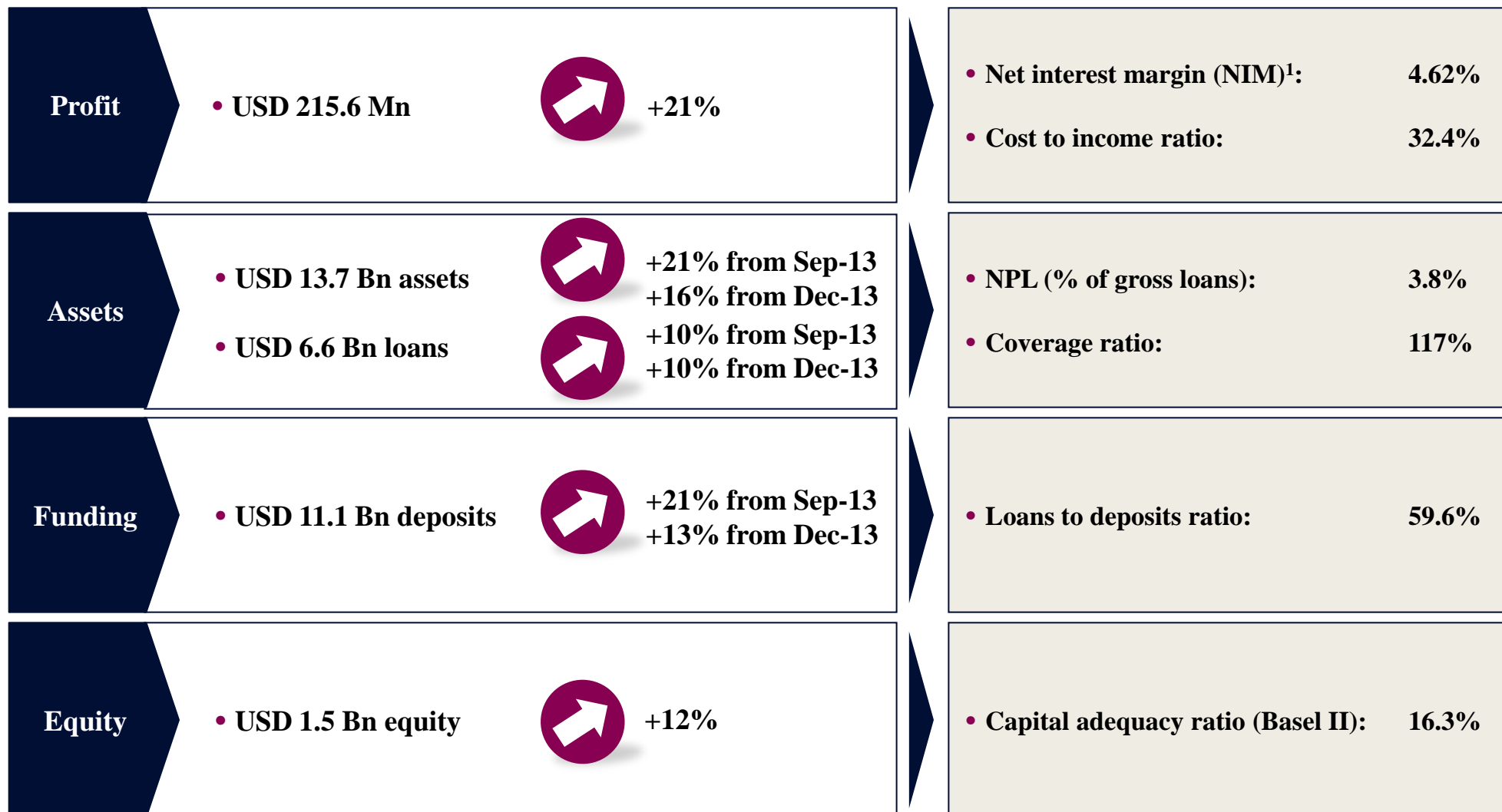
 Growth vs. September 2013  
unless stated



# QNB ALAHLI

## Highlights (as at 30 September 2014)

 Growth vs. September 2013  
unless stated

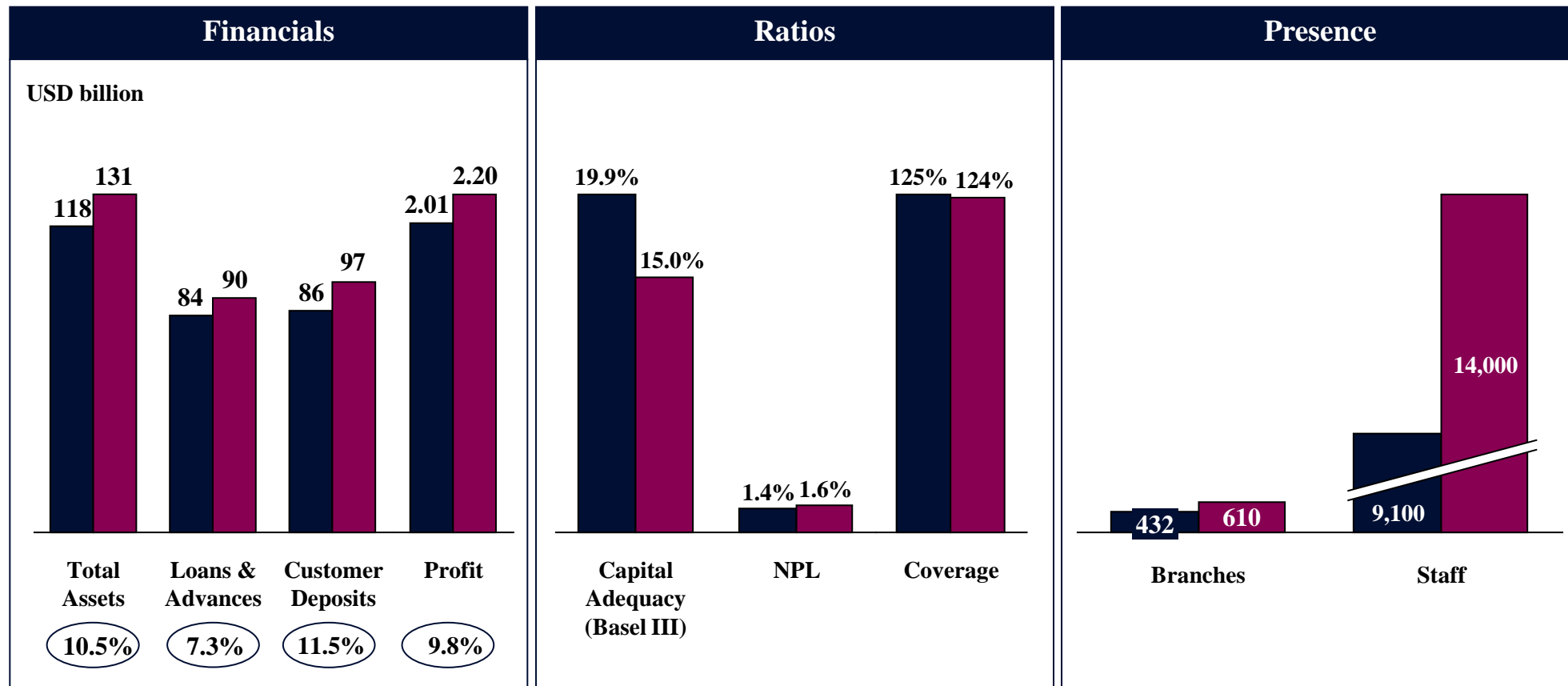




# QNB Group Financials

Key data (as at 30 September 2014)

■ QNB ■ QNB incl. QNB ALAHLI (○) Contribution



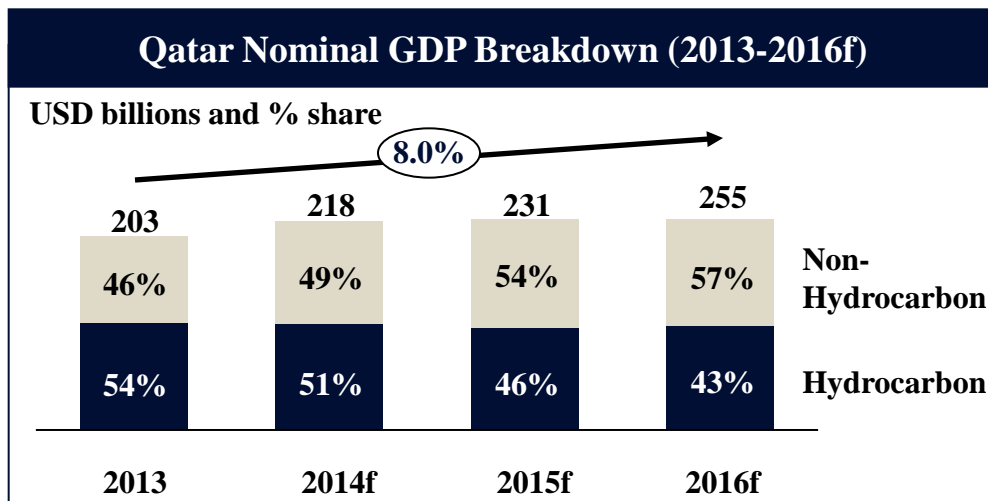
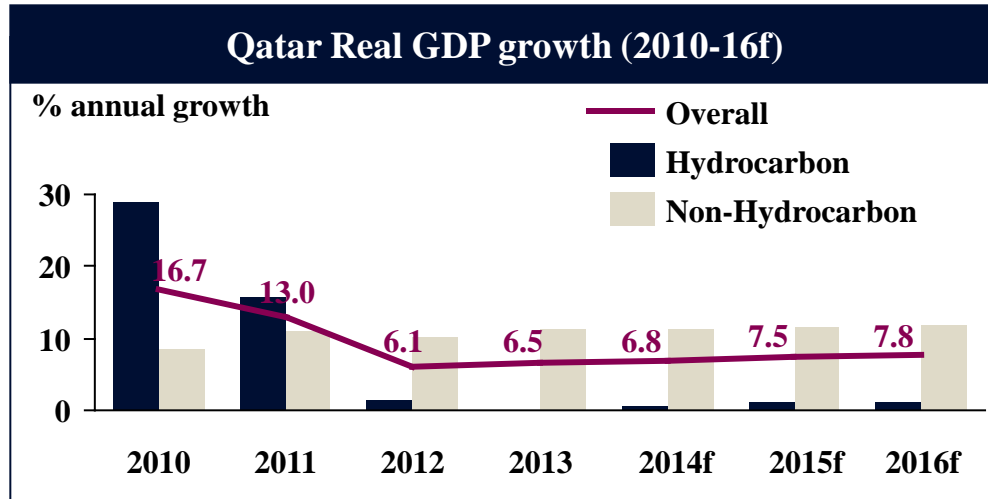
- QNB Group finalised incorporation of the financial results of QNB ALAHLI during the Q2 FY13
- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy (Basel III) on consolidation 15.0%



# Economic Overview

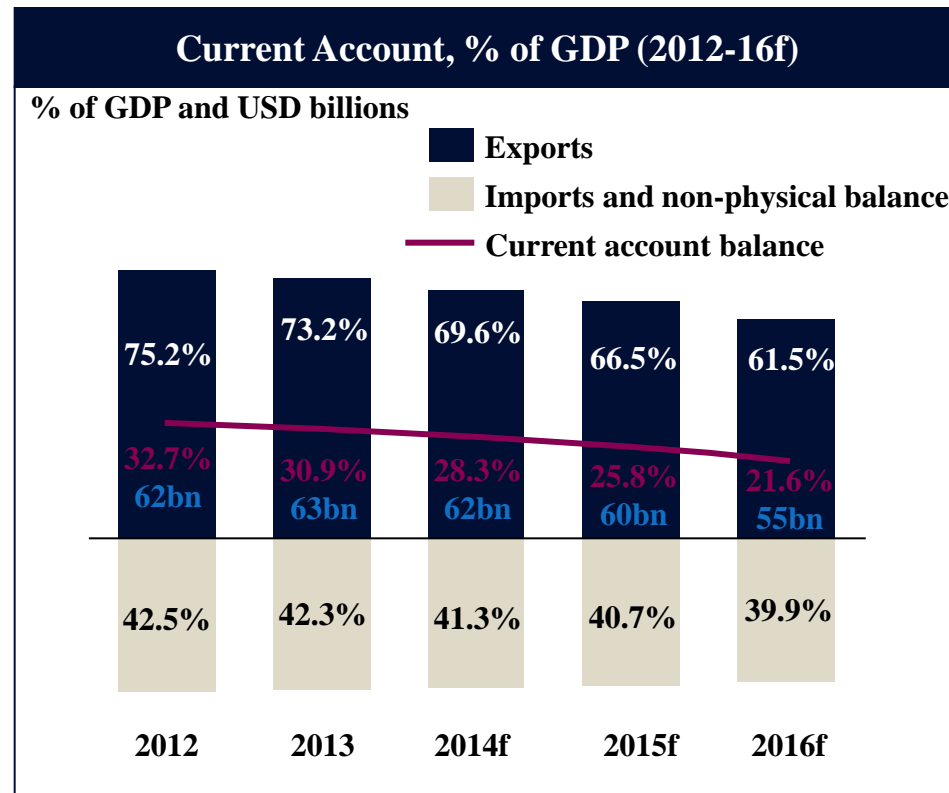
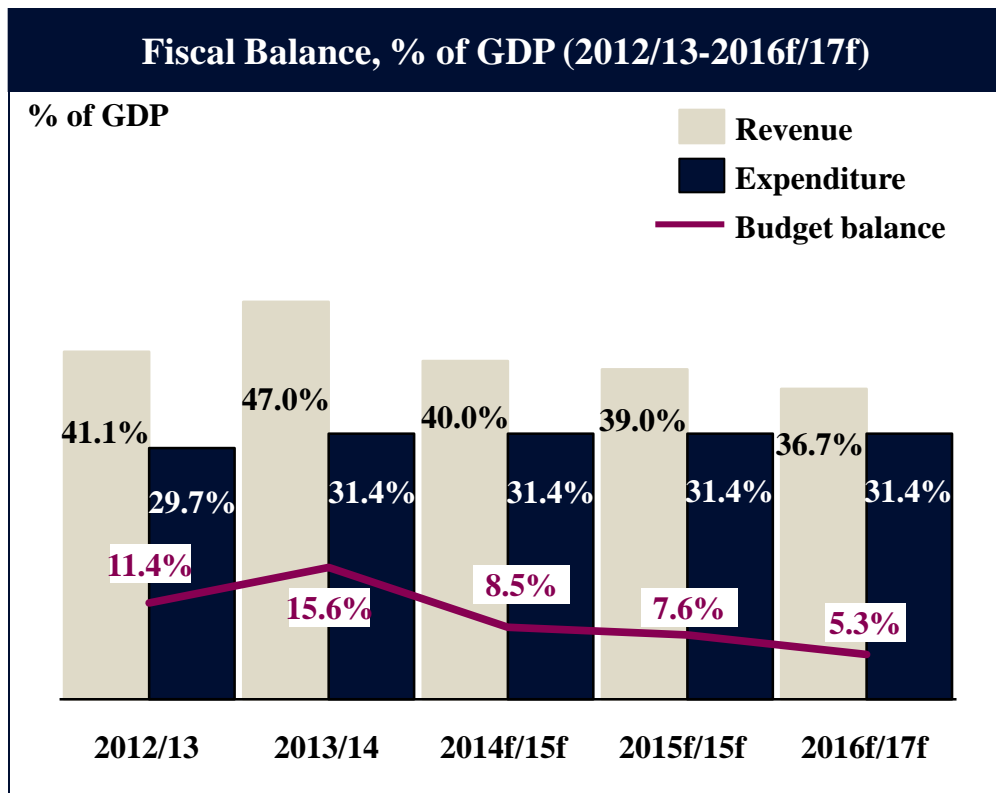


# The non-hydrocarbon sector will drive growth in the next few years



- Expansion plans in the oil and gas sector are now on hold and real hydrocarbon sector growth is expected to remain at about 1% between 2014-2016
- QNB Group expects the non-hydrocarbon sector to grow in double digits, driving an acceleration in overall real GDP growth to 6.8% in 2014, 7.5% in 2015 and 7.8% in 2016
- The share of the non-hydrocarbon sector in nominal GDP is forecast to rise from 46% in 2013 to 57% in 2016 as the economy becomes more diversified

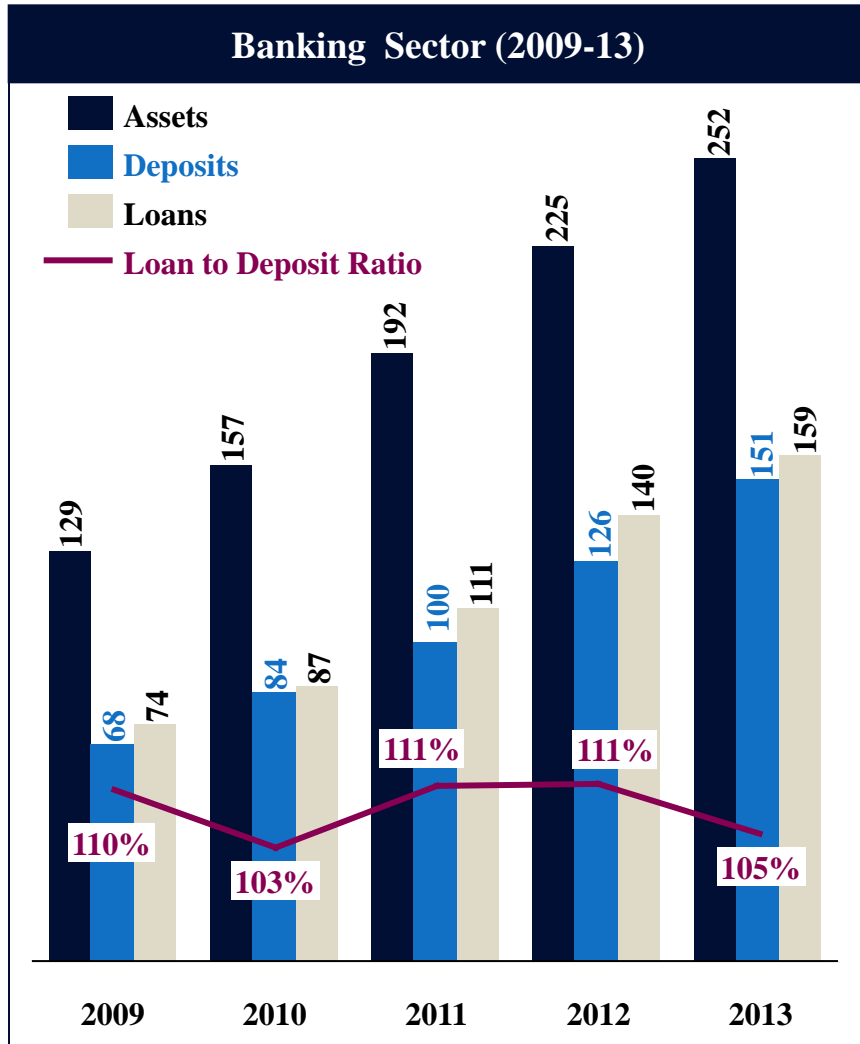
# Hydrocarbon receipts will continue to result in large fiscal and current account surpluses



- The budget for 2014/15 is based on conservative oil price assumptions (USD65/barrel)
- Higher infrastructure projects will drive government expenditure in the near term

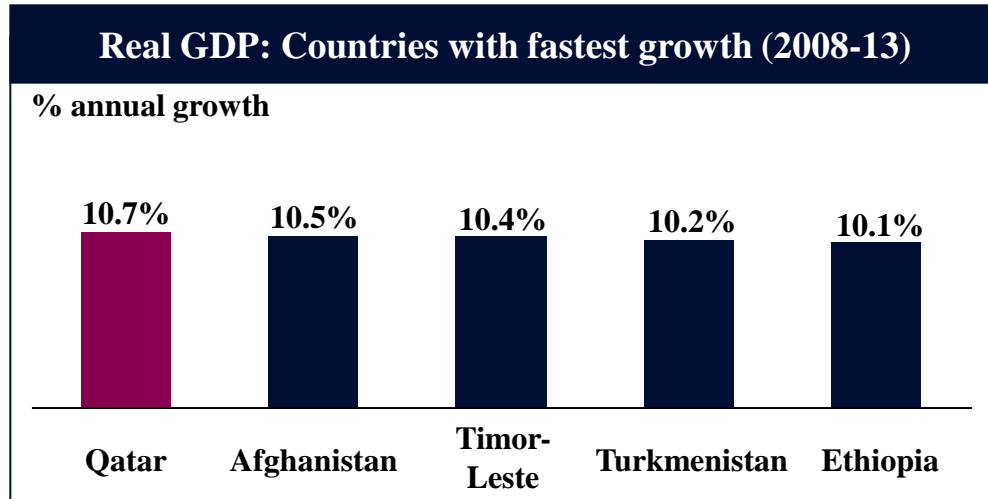
- The current account surplus between 2014-2016 will remain high on record export receipts
- With a strong current account surplus and lower capital inflows, international reserves will remain robust

# Qatar banking sector is growing rapidly and remains highly profitable

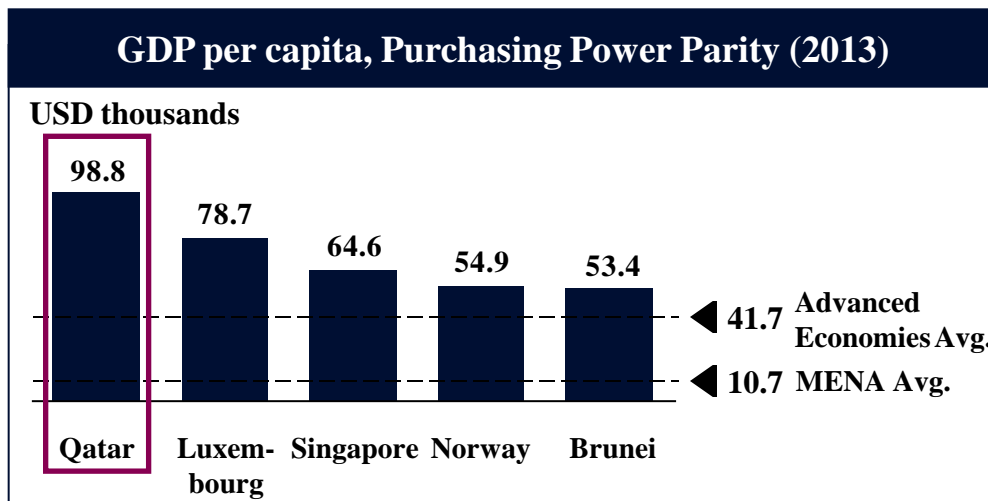


- Assets saw a healthy expansion over the period 2009-13, growing by a compound annual growth rate (CAGR) of 18%
- Deposits grew strongly by a CAGR of 22% over 2009-13, underpinned by large fiscal surpluses and rapid population growth
- Loans grew by a CAGR of 21% over 2009-13 due to large project finance and growing consumer demand
- Average return on equity for the banking sector was estimated at 16.5% at end-2013
- Average non-performing loans remain low at 1.9% of total loans at end-2013

# Qatar was the world's fastest growing economy during 2008-13

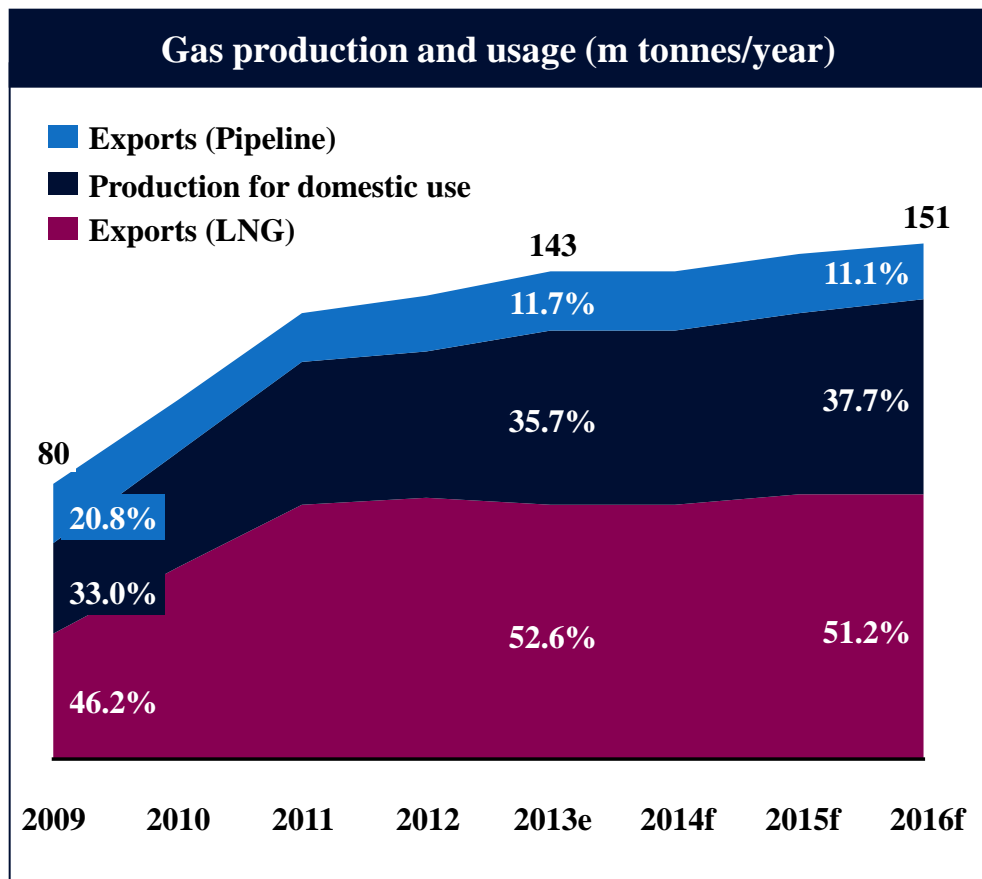


- Qatar's annual real growth of 10.7% during 2008-13 was the world's fastest, reflecting the expansion in LNG production
- Qatar's growth accelerated to 6.5% in 2013, from 6.1% in 2012

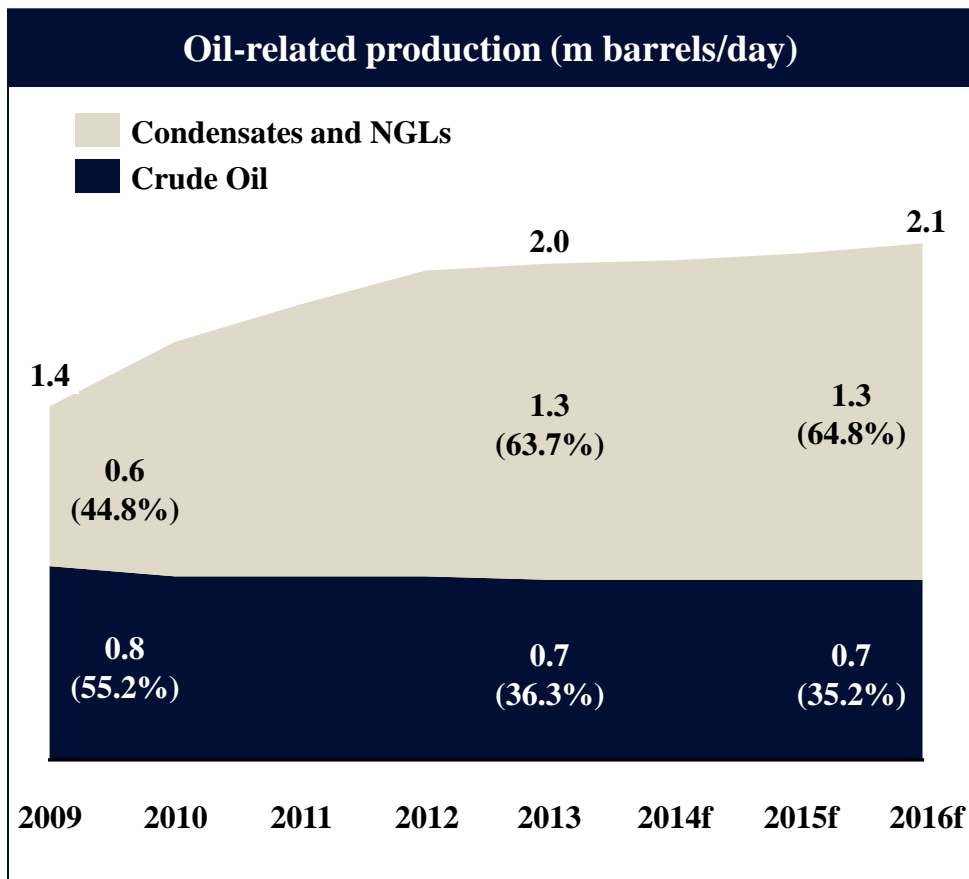


- GDP per capita (Purchasing Power Parity) was USD98.8k in 2013, the highest globally
- Qatar had the highest percentage of millionaire households in the world (17.5%) in 2013

# Growth has been driven by a dramatic expansion in gas production



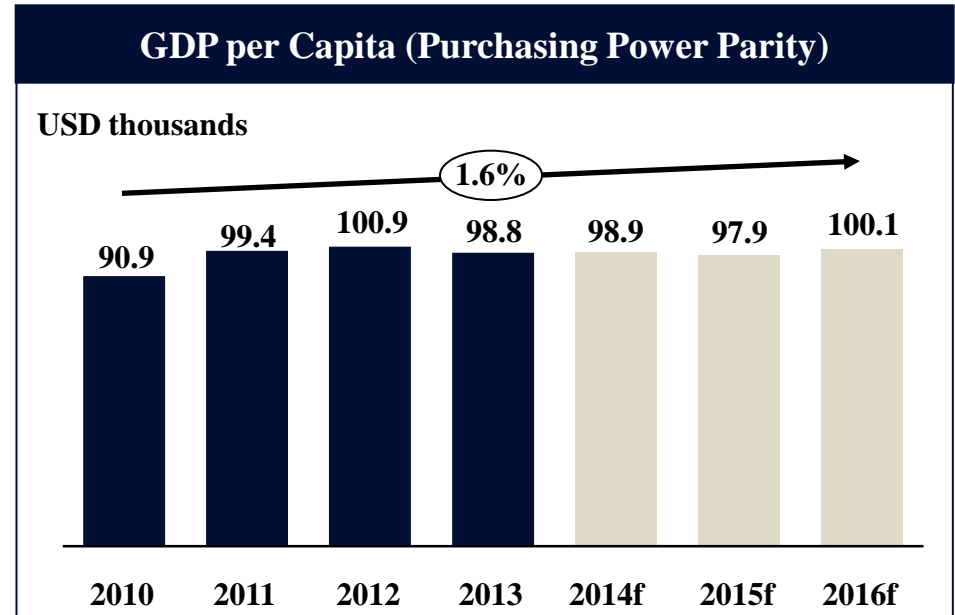
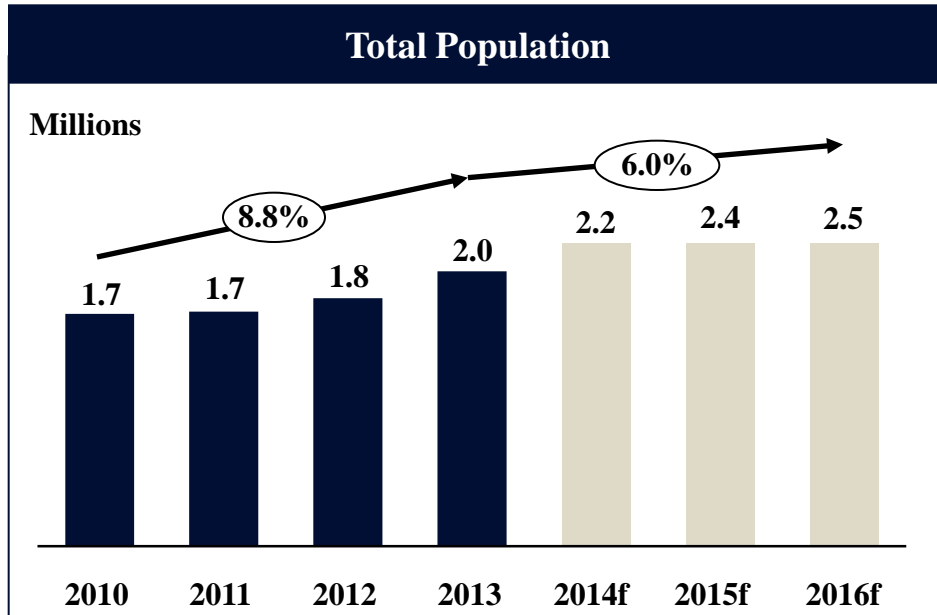
- Gas production has increased 2x since 2008
- LNG production has reached near planned capacity of 77m t/yr



- Rising production of condensates and natural gas liquids (NGLs) more than compensates for lower oil production
- At current production rates, oil reserves will last 34 years



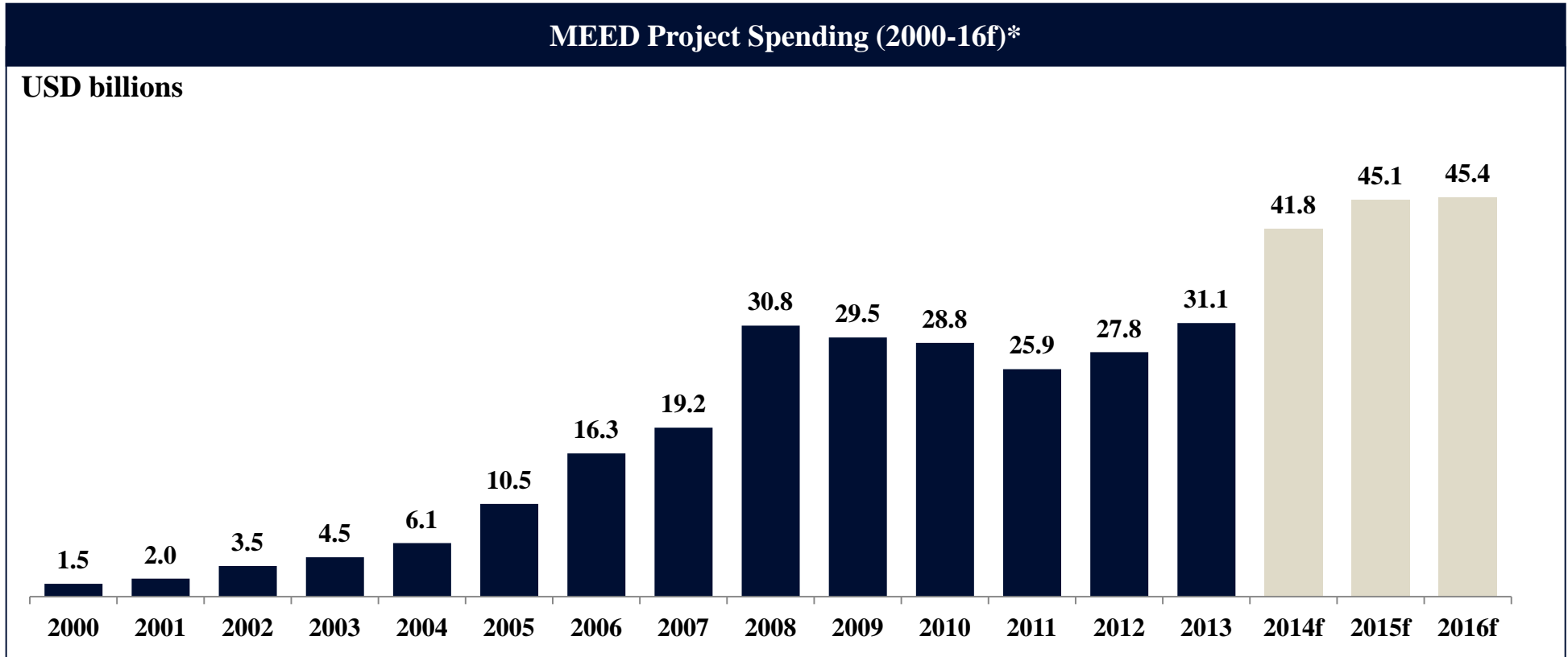
# Expansion has driven population growth and created significant wealth



- Population growth was the highest in the world in 2007-09, largely due to inflows of construction workers
- Population is expected to reach 2.5m by 2016 as the government ramps up its infrastructure investments in preparation for the 2022 World Cup

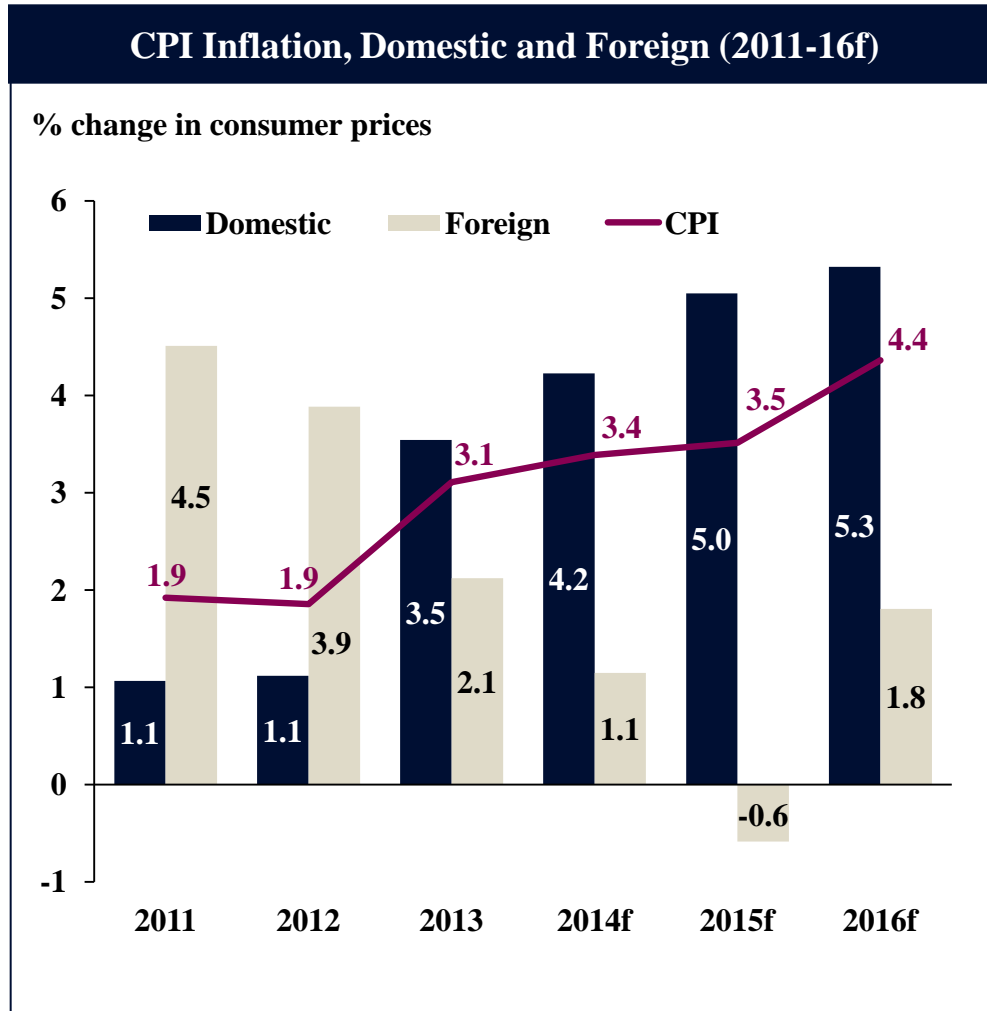
- GDP per capita has grown rapidly in recent years, becoming the highest in the world
- GDP per capita is expected to remain around USD100k over the next few years, despite the rapid population growth

# Growth in the non-hydrocarbon sector is driven by higher project spending



- Qatar's development is underpinned by an array of projects, which have been crucial to driving its economic growth in the last ten years
- Project spending is set to pick up over the medium term in preparation for the 2022 World Cup

# Inflation remains moderate notwithstanding a recovery in rents



- Rents account for about one third of the CPI basket and fell during 2009-12, turning inflation negative in 2009-10
- The influx of expatriate workers will put moderate pressure on domestic prices, adding to demand and driving up rent inflation
- QNB Group expects rents to continue rising at a moderate pace in the near term whilst non-rent inflation moderates, resulting in an uptick in inflation to 3.4% in 2014, 3.5% in 2015 and 4.4% in 2016

# Strong fundamentals have lowered CDS spreads

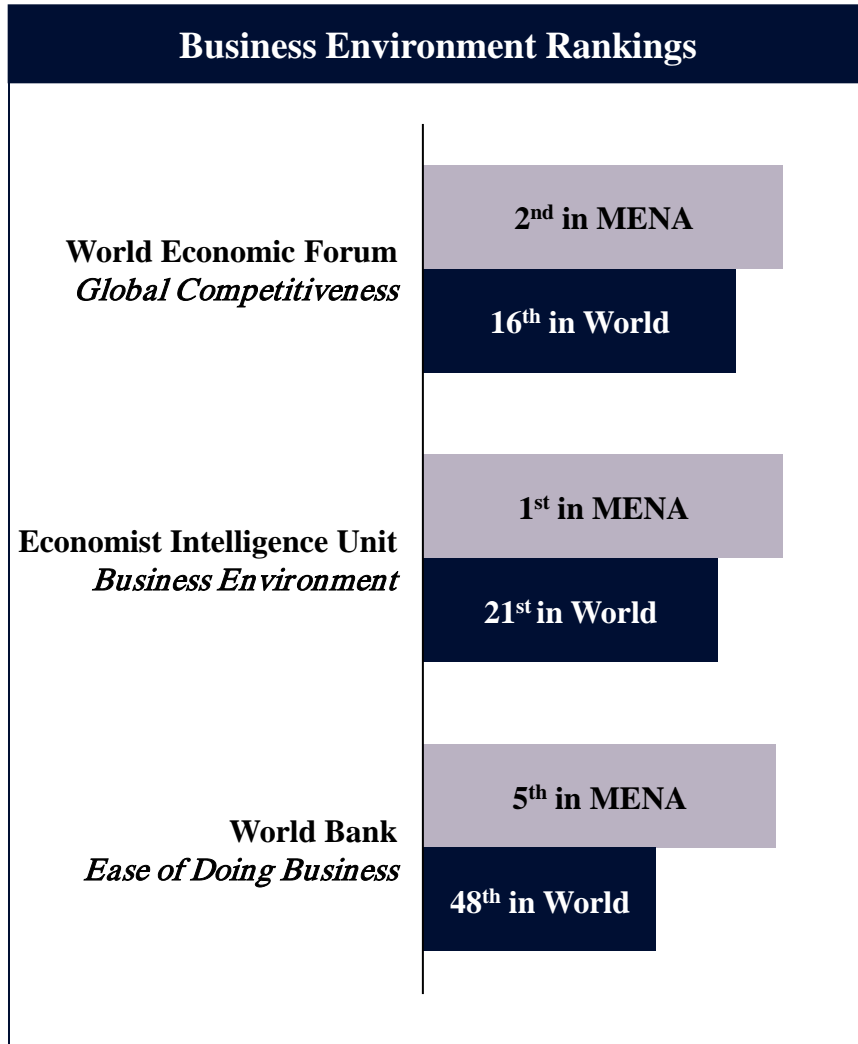
Qatar CDS Spread (Sep 2012 – Sep 2014)

Credit Default Swap spreads are the annual cost of insuring sovereign debt against default in basis points



- Strong fiscal and economic fundamentals have reduced Qatar's Credit Default Swap (CDS) spread to historic lows
- Qatar's CDS spreads are amongst the lowest regionally as they are supported by the country's robust economic and resource-driven strengths as well as its strong fiscal and external balance sheets

# Qatar's business environment is one of the strongest in the MENA region



- ### Contributing factors
- **Strong economic fundamentals**
    - Strong growth and successful focus on diversification
    - High levels of government spending and personal consumption
    - Enabling infrastructure (power, transport, telecoms etc.)
    - Strong banking system
    - Stability provided by the currency peg to US dollar
  - **Low tax environment**
    - Top 2 for taxes in most global rankings
    - Low corporate taxes, e.g. 10% on foreign company profits (ex-hydrocarbons sector)
    - No personal or employment taxes
    - No VAT, low import duties
  - **Enabling regulation and favorable business environment**
    - Flexible labor laws
    - Strong institutional framework, low level of corruption, high efficiency of government institutions and strong security
    - Innovative structures – e.g. Qatar Financial Centre

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