



# Investor Relations Presentation

March 2021

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*Notes:*

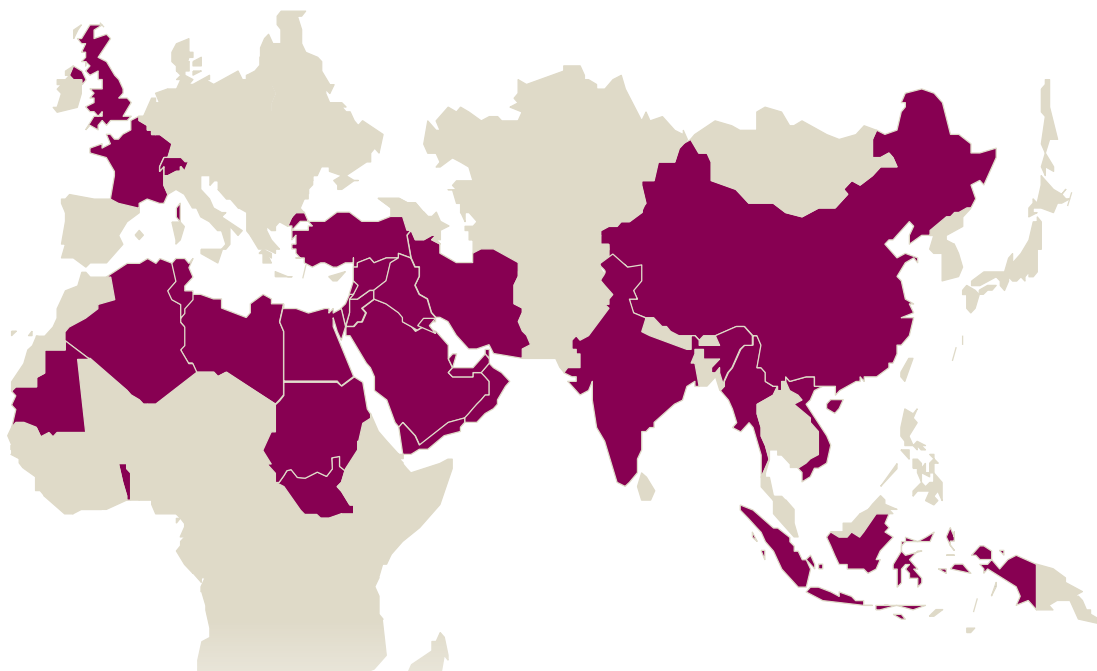
*All figures in US Dollars have been converted from Qatari Riyals based on the exchange rate of 1 US Dollar = 3.6405 Qatari Riyals*

*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 6.1 Bn<sup>1</sup>



About 27,000 employees serving more than 20 million customers

## Solid financial strength

## Top-tier credit ratings

**USD 45.6 Bn**  
Market Cap.

**USD 0.91 Bn**  
Net Profit<sup>2</sup>

**A**  
Standard & Poor's

**Aa3**  
Moody's

**USD 286.4 Bn**  
Assets

**USD 0.09**  
EPS

**AA-**  
Capital Intelligence

**A+**  
Fitch



## Key Strengths









Source: March 2021 Financial Report  
1: Brand Finance © 2021  
2: Profit Attributable to Equity Holders of the Bank

# QNB's International Footprint







## Sub-Saharan Africa

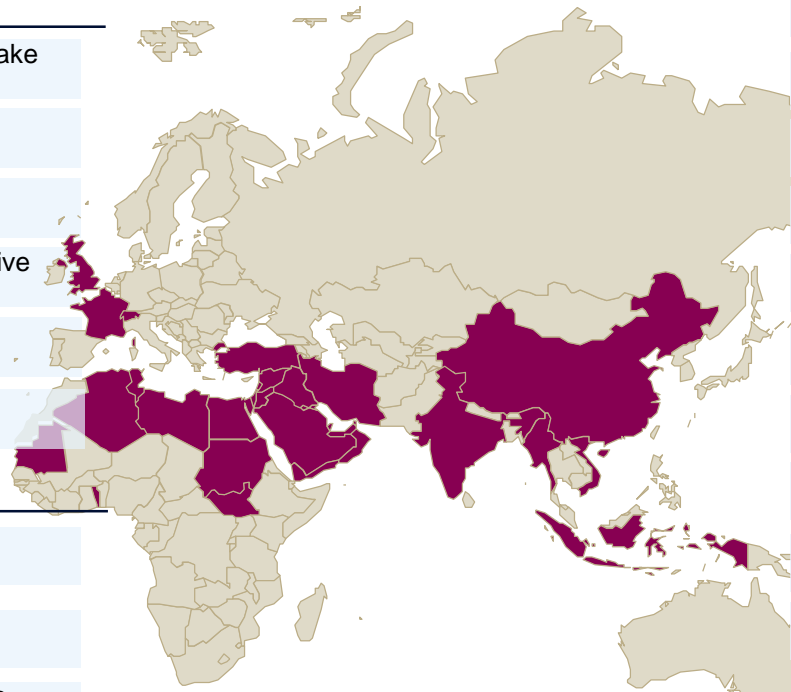
	<b>South Sudan:</b> (1 Branch)
	<b>Togo:</b> (690 Branches <sup>3</sup> , 20.1% stake in Ecobank)

## Asia














	<b>Indonesia:</b> (17 Branches, 92.48% stake In QNB Indonesia)
	<b>Singapore:</b> (1 Branch)
	<b>India:</b> (1 Branch)
	<b>China / Hong Kong:</b> (1 Representative office, 1 Branch)
	<b>Vietnam:</b> (1 Representative office)
	<b>Myanmar:</b> (1 Representative office)

## North Africa

	<b>Egypt:</b> (231 Branches, 95.0% stake in QNB ALAHLI)
	<b>Libya:</b> (1 <sup>1</sup> Representative office)
	<b>Tunisia:</b> (34 Branches, 99.99% stake in QNB Tunisia)
	<b>Sudan:</b> (3 Branches)
	<b>Algeria:</b> (7 <sup>1</sup> Branches)
	<b>Mauritania:</b> (1 Branch)



## Middle East

<b>Qatar:</b> (53 Branches)	
<b>KSA:</b> (1 Branch)	
<b>UAE:</b> (8 (+1 <sup>1</sup> ) Branches, 40.0% stake in CBI)	
<b>Syria:</b> (15 (+30 <sup>1</sup> ) Branches, 50.8% stake in QNB Syria)	
<b>Palestine:</b> (15 <sup>1</sup> Branches)	
<b>Iraq:</b> (8 (+1 <sup>1</sup> ) Branches, 54.2% stake in Mansour Bank)	
<b>Oman:</b> (6 Branches)	
<b>Bahrain:</b> (1 <sup>1</sup> (+1 <sup>1</sup> ) Branch)	
<b>Kuwait:</b> (2 Branches)	
<b>Lebanon:</b> (1 Branch)	
<b>Yemen:</b> (1 Branch)	
<b>Iran:</b> (1 Representative office <sup>2</sup> )	
<b>Jordan:</b> (116 <sup>2</sup> (+3 <sup>1</sup> ) Branches, 38.6% stake in Housing Bank of Trade & Finance)	

## Europe

<b>United Kingdom:</b> (1 (+1 <sup>1</sup> ) Branch)	
<b>France:</b> (1 Branch)	
<b>Switzerland:</b> (1 Office, 100% stake in QNB Suisse SA)	
<b>Turkey:</b> (466 Branches, 99.88% stake in QNB Finansbank)	



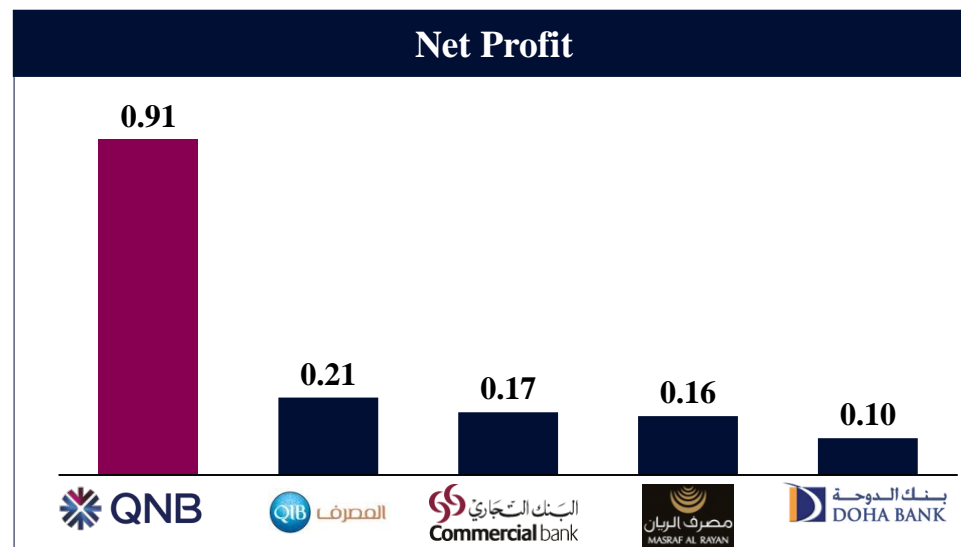
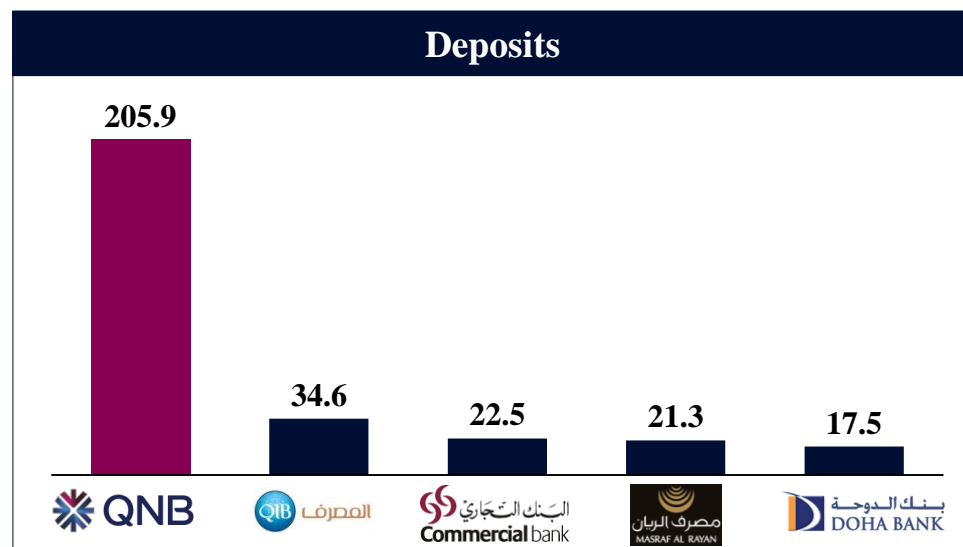
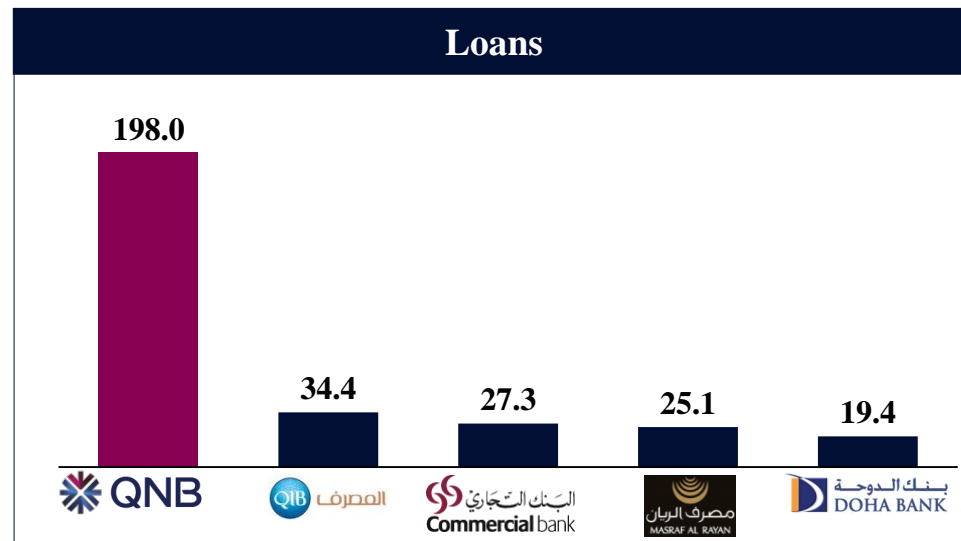
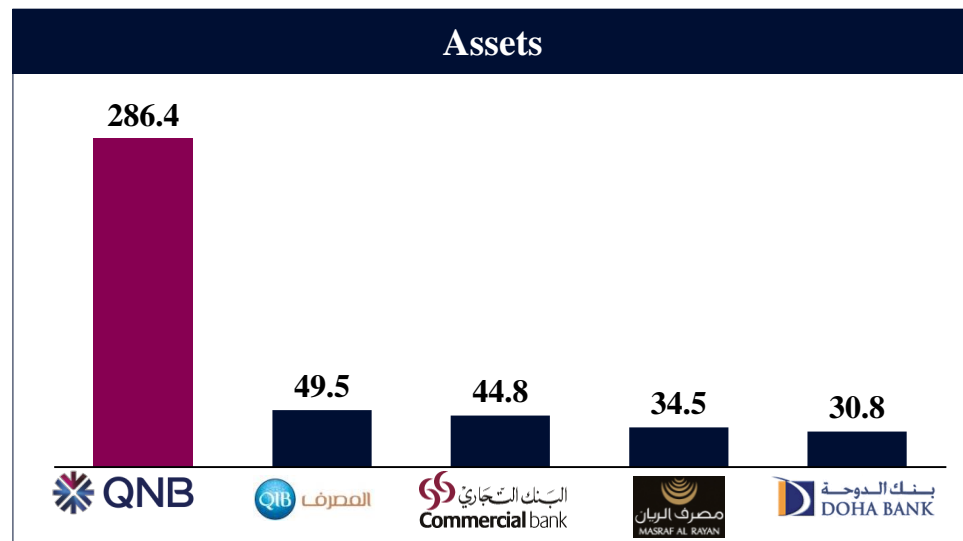
1: Includes the branches / representative offices from subsidiaries and associates  
 2: Dormant  
 3: The branch data for Ecobank is as at 31 December 2020



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

# Top 5 Domestic Banks – March 2021

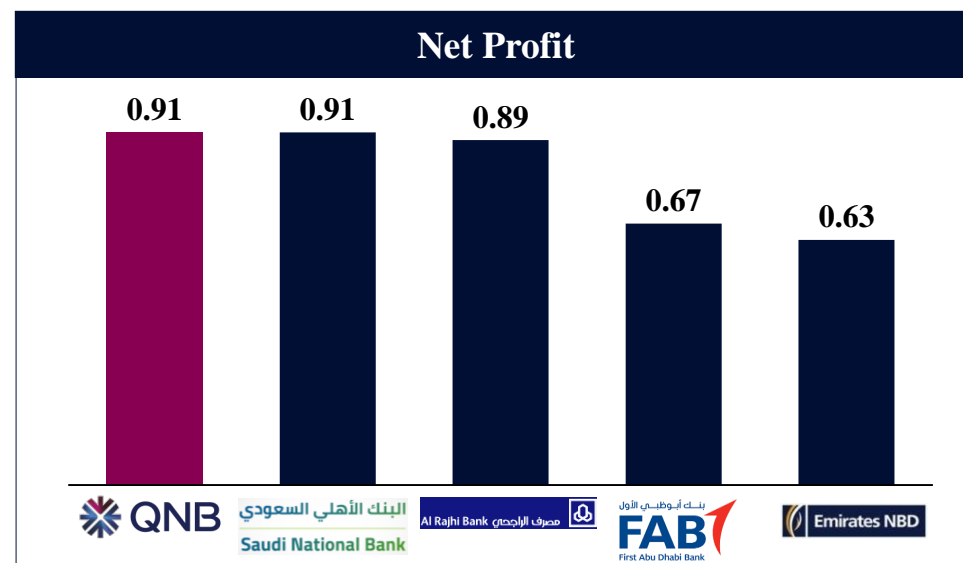
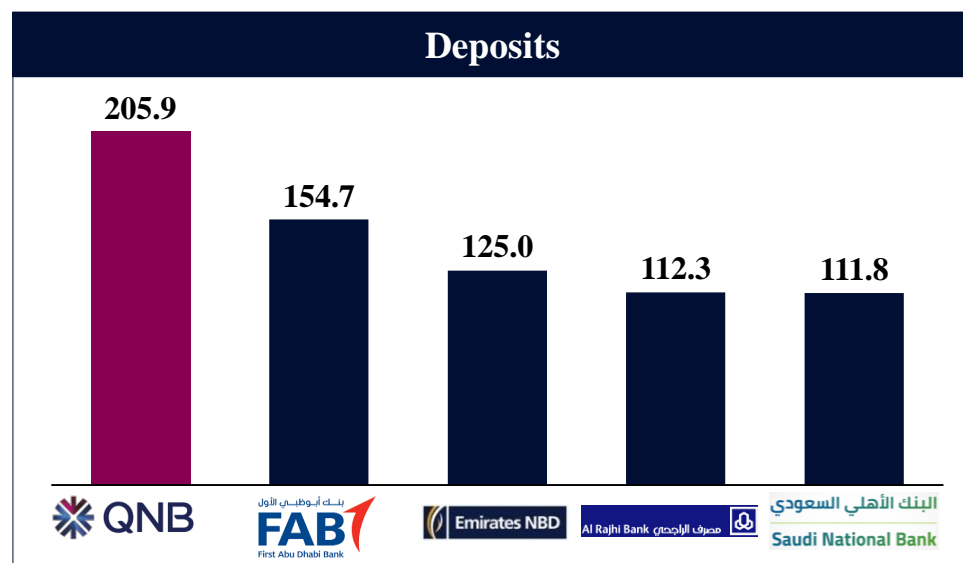
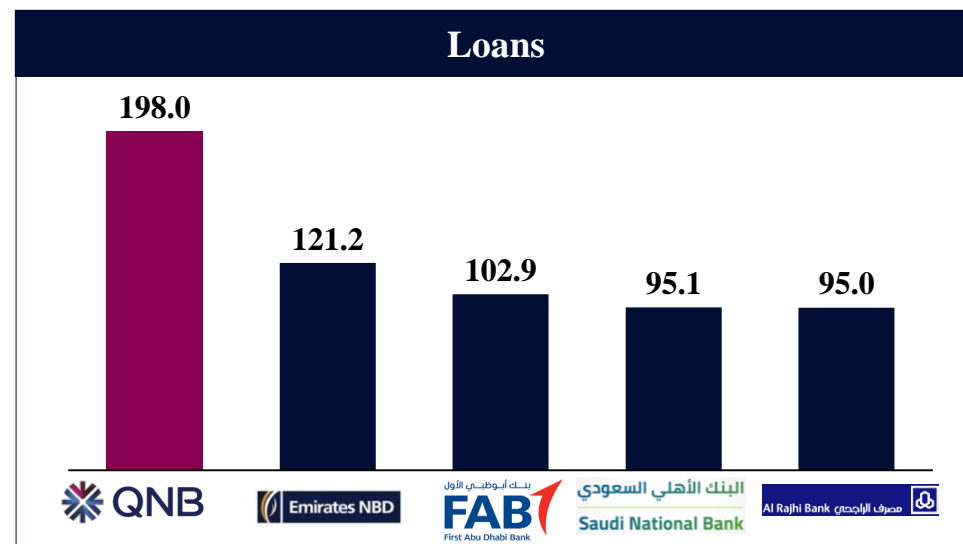
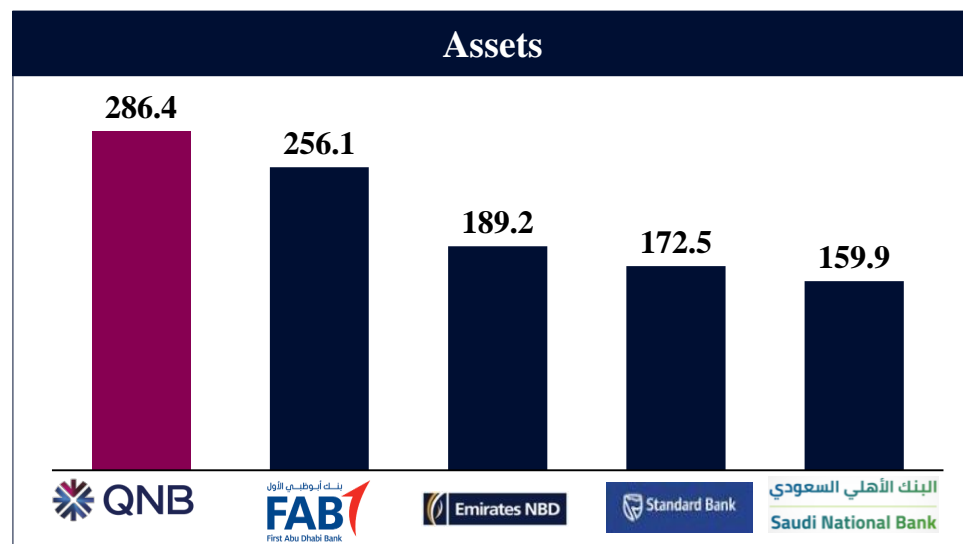
QNB continues to excel in the domestic market



Note: All amounts are in USD billions  
 Source: Banks' March 2021 Press Release or Financial Statements, if available.  
 Banks listed on Qatar Stock Exchange only.

# Top 5 MEA Banks – March 2021

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



Note: All amounts are in USD billions

Source: Banks' March 2021 Press Release or Financial Statements, if available.

Standard Bank results are as of December 2020 due to unavailability of March 2021 results

National Commercial Bank of Saudi Arabia merged with Samba Financial Group effective 1<sup>st</sup> April 2021 to form Saudi National Bank.

The Saudi National Bank above represents results prior to the merger.



# QNB is the leading financial institution in the MEA region with regards to brand value

Brand value (USD Bn as at 31-Dec-20)



### Key highlights

- QNB retains the most valuable Banking Brand in Middle East and Africa region
- 2021 Brand Value for Group increased to USD 6.107 billion
- Brand Strength Index (BSI) for QNB Group remained steady at 82
- In the 2021 Global Banking Brands League Tables, QNB moved from 52<sup>nd</sup> place to 48<sup>th</sup> spot
- In the 2021 Global 500 Brands (all categories), QNB moved up 23 places to 321 position from 344 in 2020



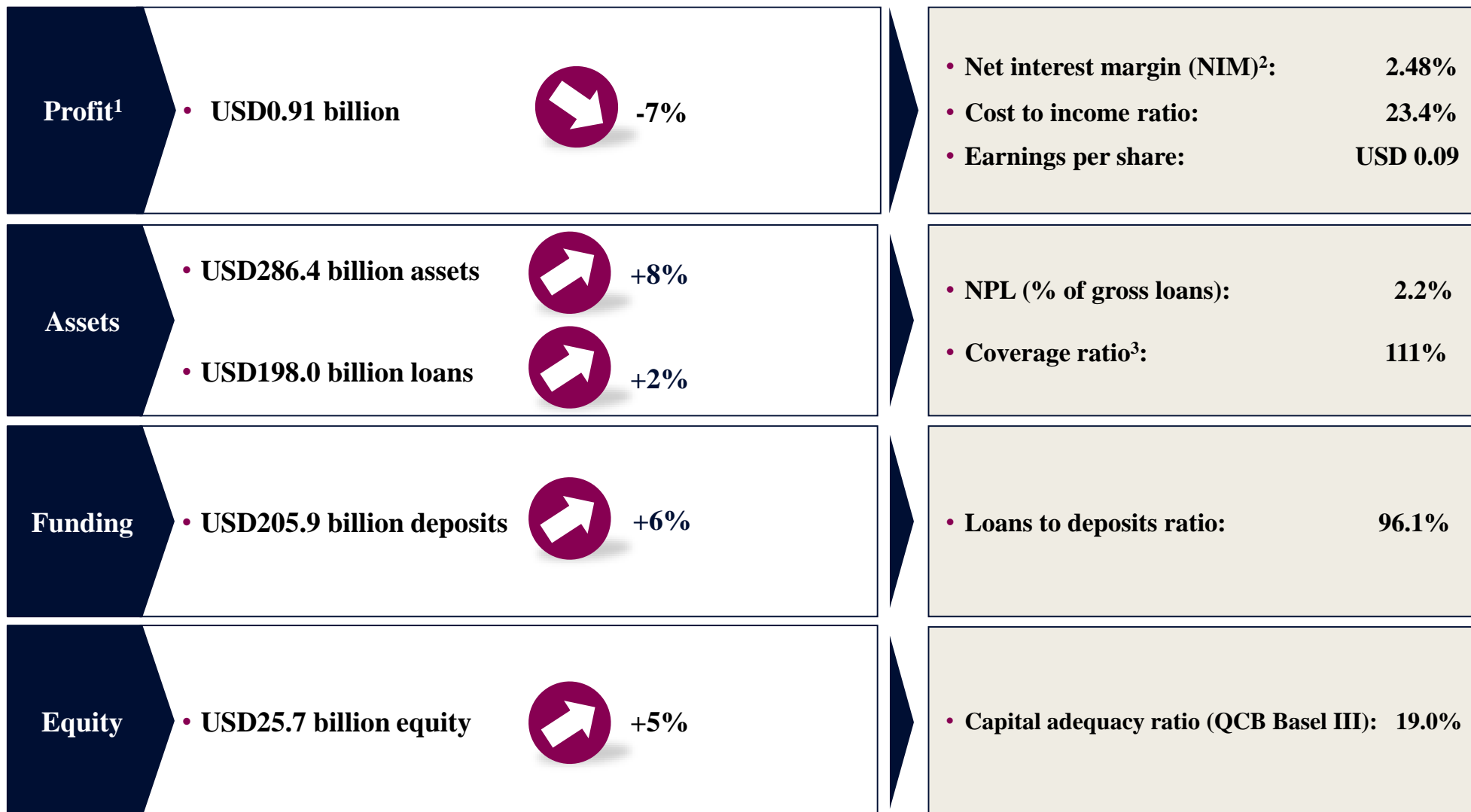
## **Financial Highlights – as at 31 March 2021**

# QNB demonstrate sustainable growth

## Financial Highlights (as at 31 March 2021)



Growth vs. March 2020

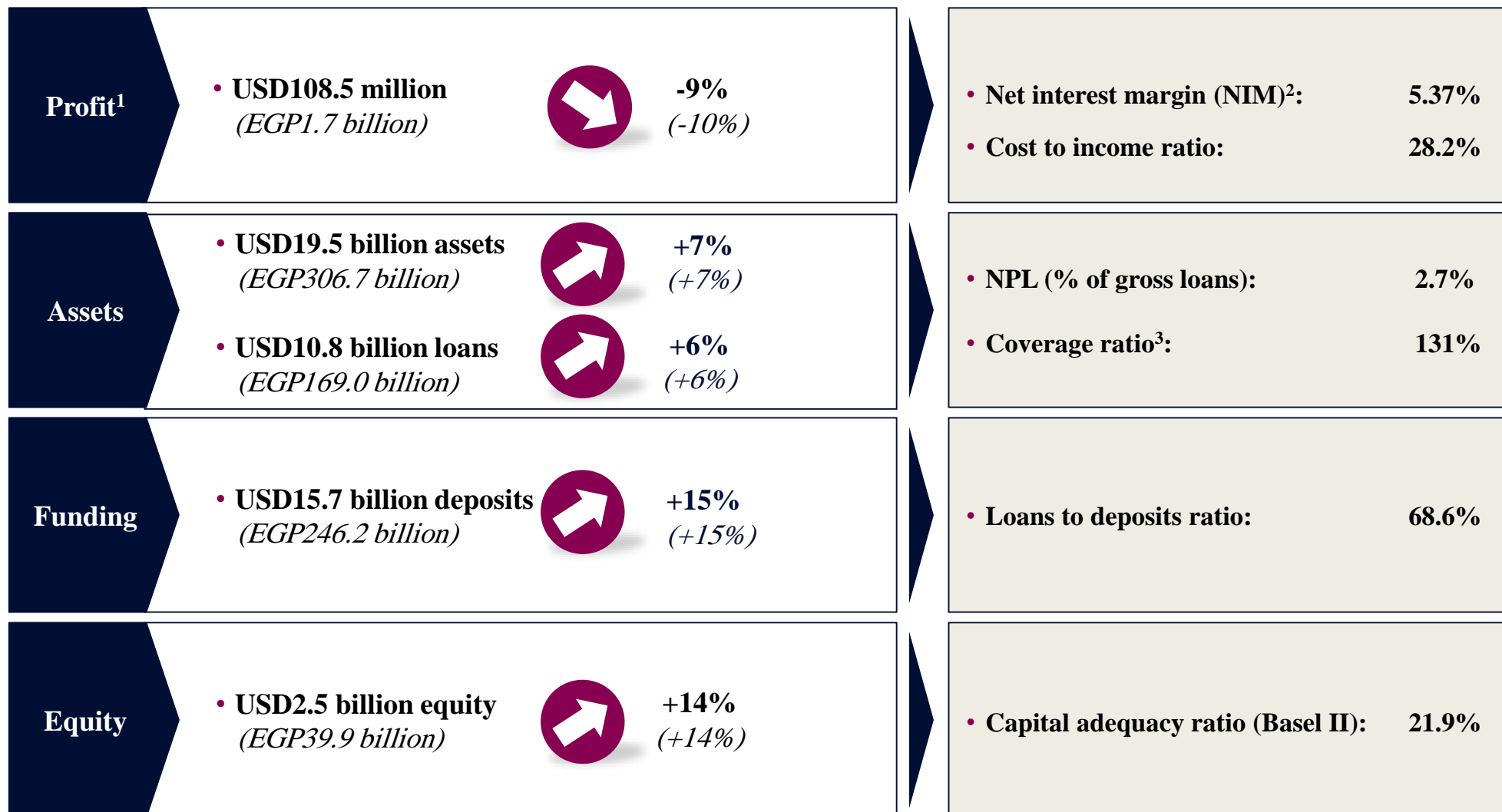


# QNB ALAHLI

## Highlights (as at 31 March 2021)



Growth vs. March 2020








# QNB FINANSBANK

## Highlights (as at 31 March 2021)



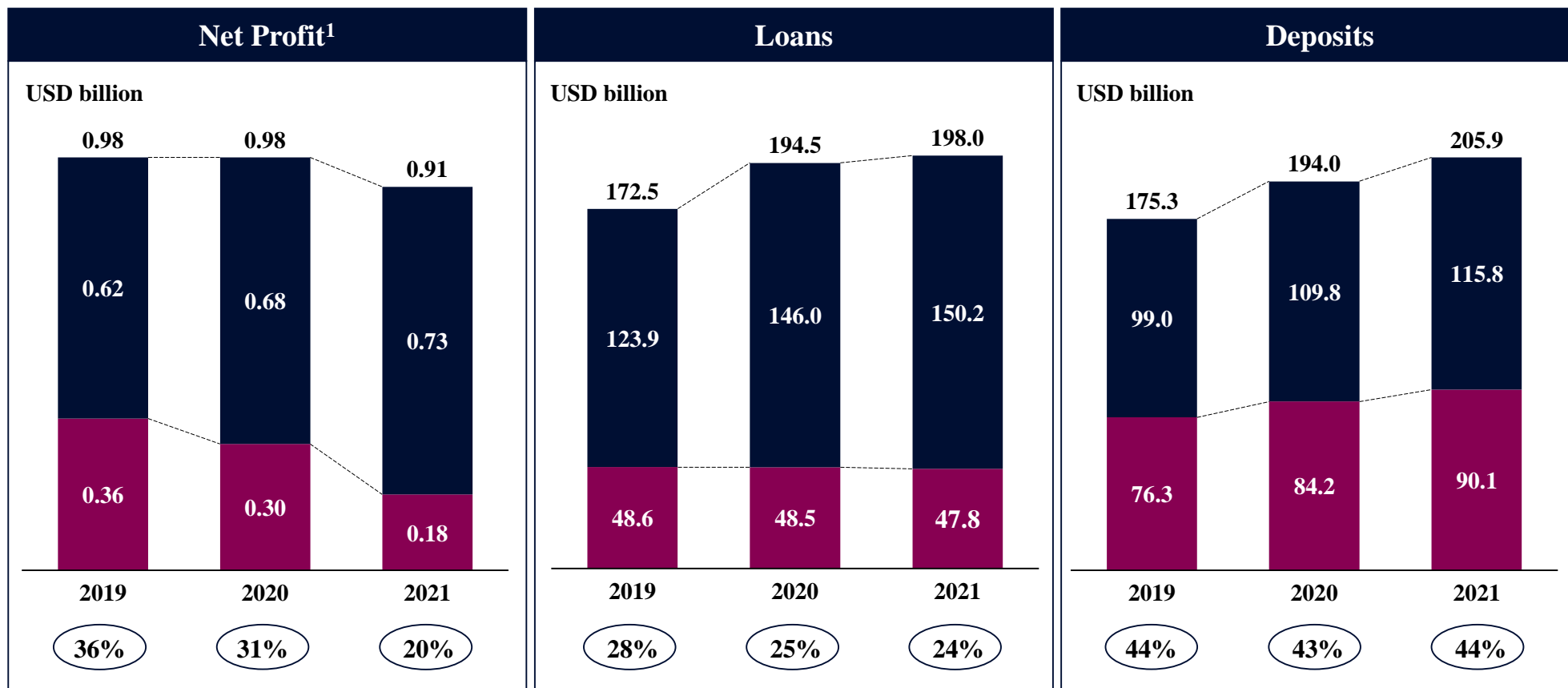
Growth vs. March 2020

<b>Profit<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• <b>USD88.4 million</b> (TRY0.7 billion)  <b>-27%</b> (-12%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Net interest margin (NIM)<sup>2</sup>:</b> <b>3.03%</b></li> <li>• <b>Cost to income ratio:</b> <b>40.9%</b></li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• <b>USD31.8 billion assets</b> (TRY265.0 billion)  <b>-4%</b> (+22%)</li> <li>• <b>USD19.6 billion loans</b> (TRY163.0 billion)  <b>-4%</b> (+22%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>NPL (% of gross loans):</b> <b>4.5%</b></li> <li>• <b>Coverage ratio<sup>3</sup>:</b> <b>101%</b></li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>• <b>USD18.6 billion deposits</b> (TRY154.6 billion)  <b>-5%</b> (+20%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Loans to deposits ratio:</b> <b>105.5%</b></li> </ul>
<b>Equity</b>	<ul style="list-style-type: none"> <li>• <b>USD2.4 billion equity</b> (TRY19.6 billion)  <b>-4%</b> (+21%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Capital adequacy ratio (Basel III):</b> <b>15.2%</b> <i>After BRSA relaxation measures</i> <b>13.2%</b></li> </ul>

# Solid domestic presence with geographical diversification contributes to growth

## Geographical Contribution (as at 31 March)

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

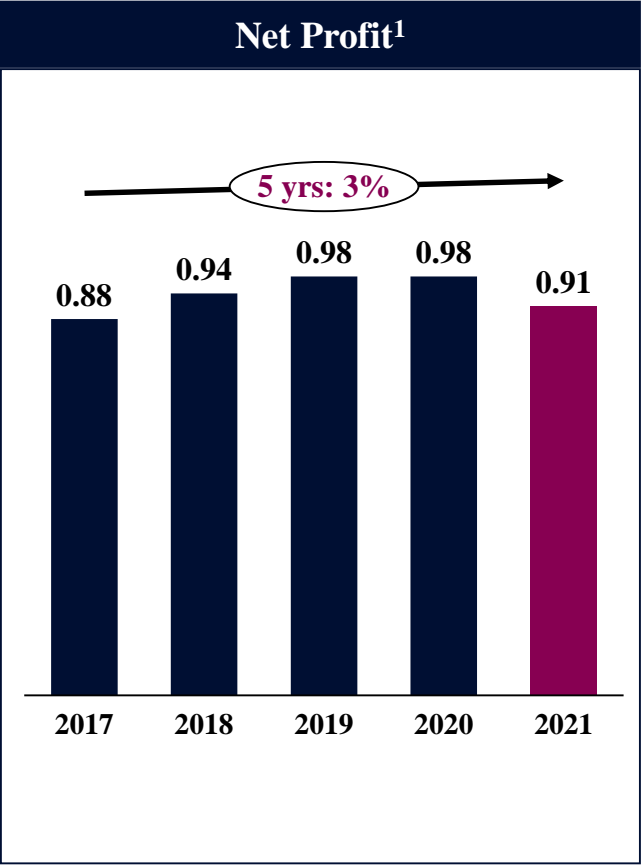


- Profit from international operations decreased by USD119.2 Mn (40%) from 2019 to 2021

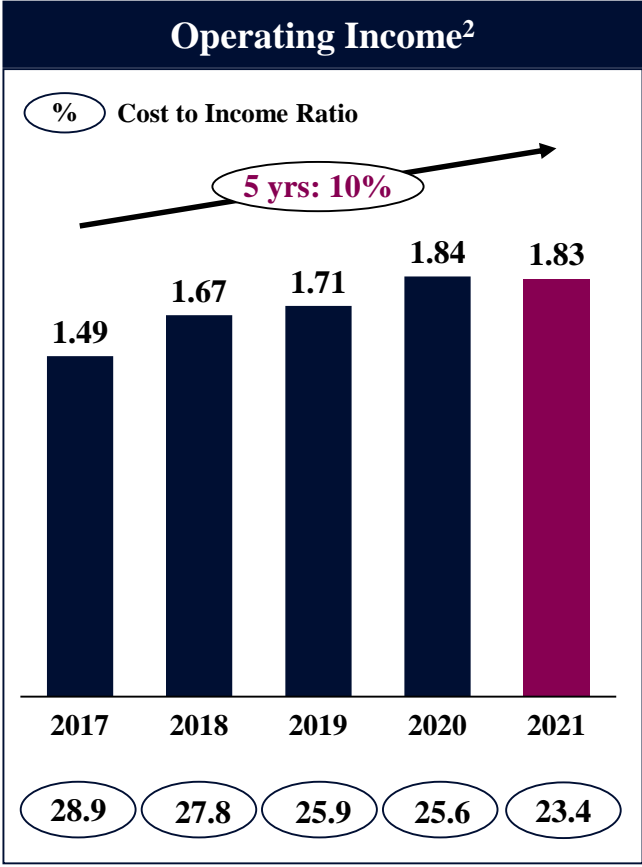
- Loans from Intl operations decreased by USD0.7 Bn (1%) from 2019 to 2021
- Deposits from Intl operations increased by USD5.9 Bn (7%) from 2019 to 2021

# Consistent Profitability and Cost Discipline

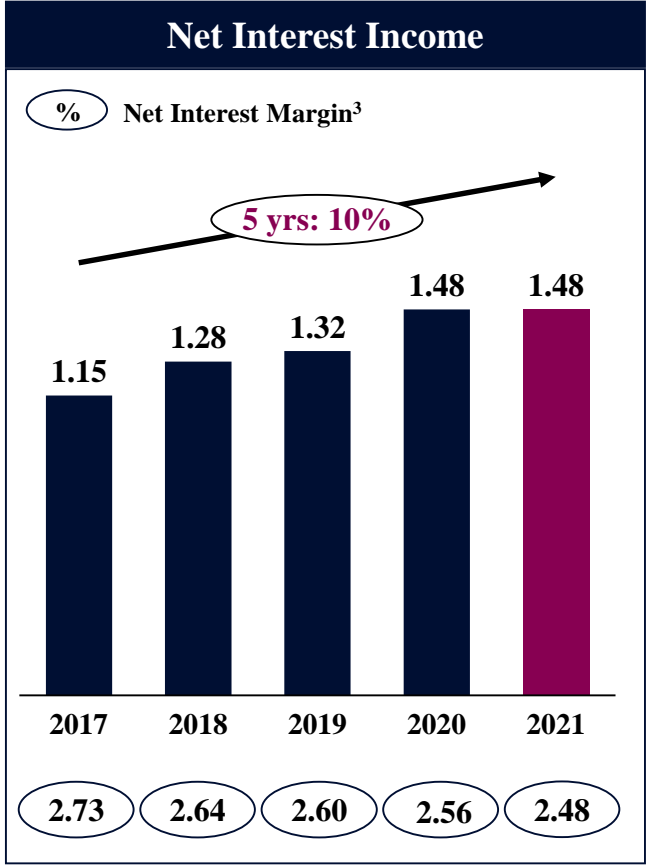
Income Statement Breakdown (USD billion as at 31 March)



- 2016-2021 CAGR of 3%



- Cost discipline resulting in constant decline in Cost to Income Ratio
- 2016-2021 CAGR of 10%



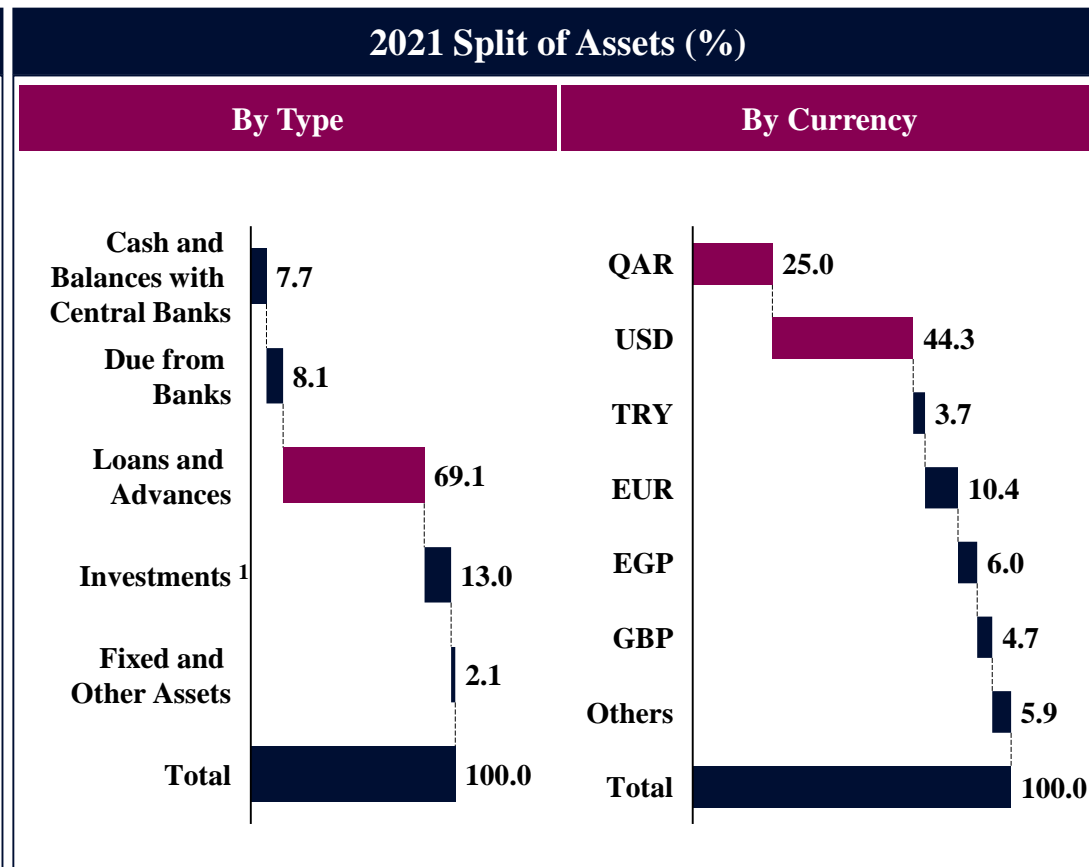
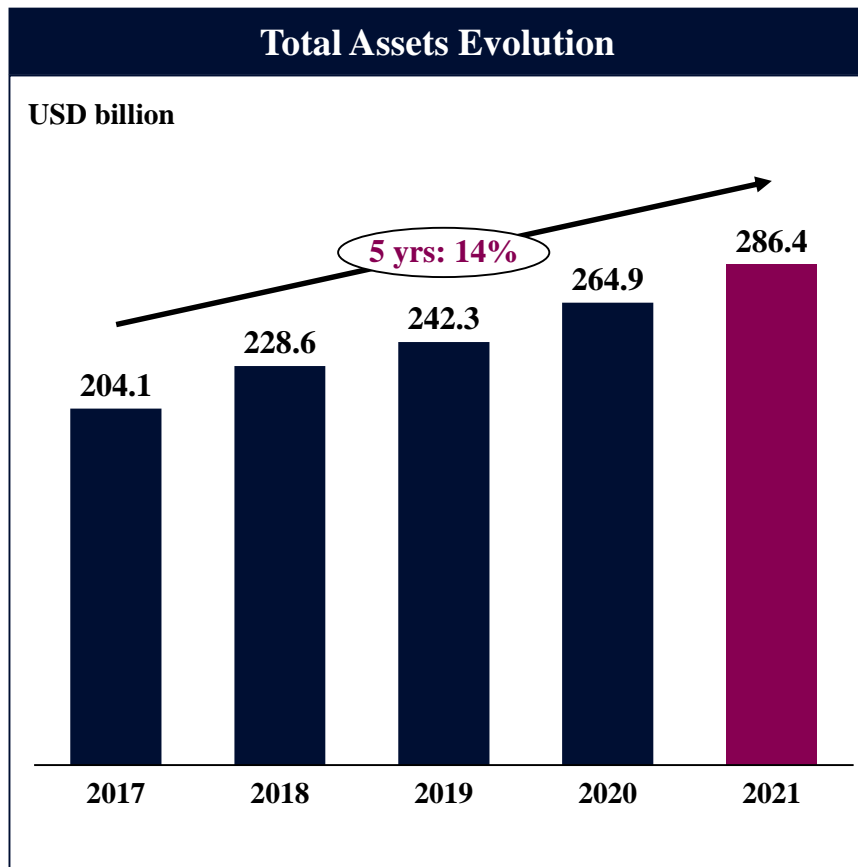
- NII remained at par from March 2020
- Strong NIM with the current size of more than USD280 billion of total assets



Source: March 2021 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

# Asset growth driven by lending activities mainly in QAR and USD

## Assets Analysis (as at 31 March)



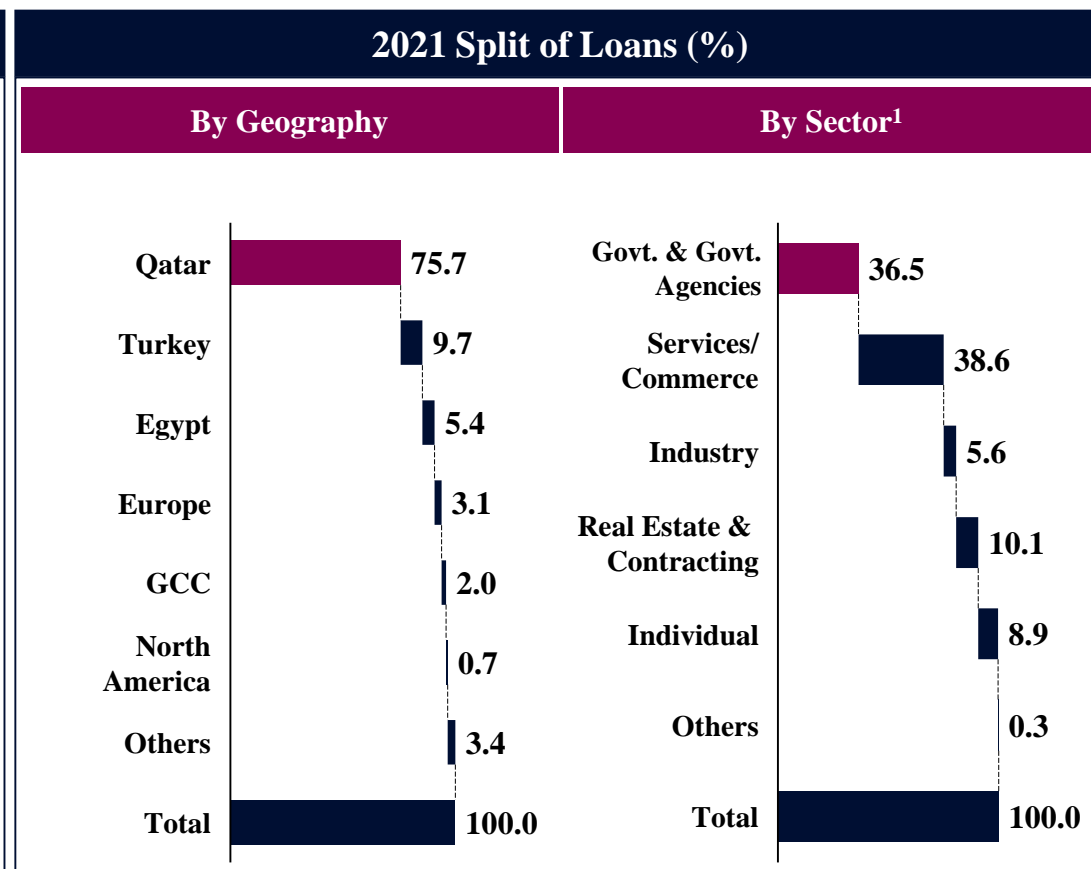
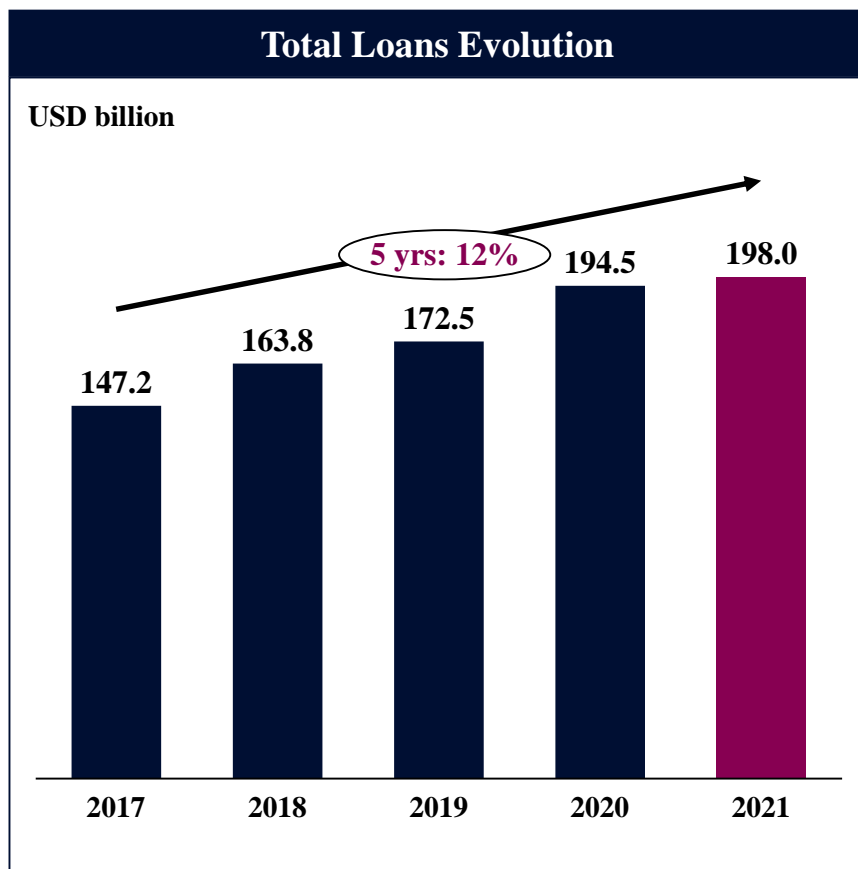
- Assets increased 8% from March 2020
- 2016-2021 CAGR of 14%

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



# Good loan growth

## Loans Analysis (as at 31 March)

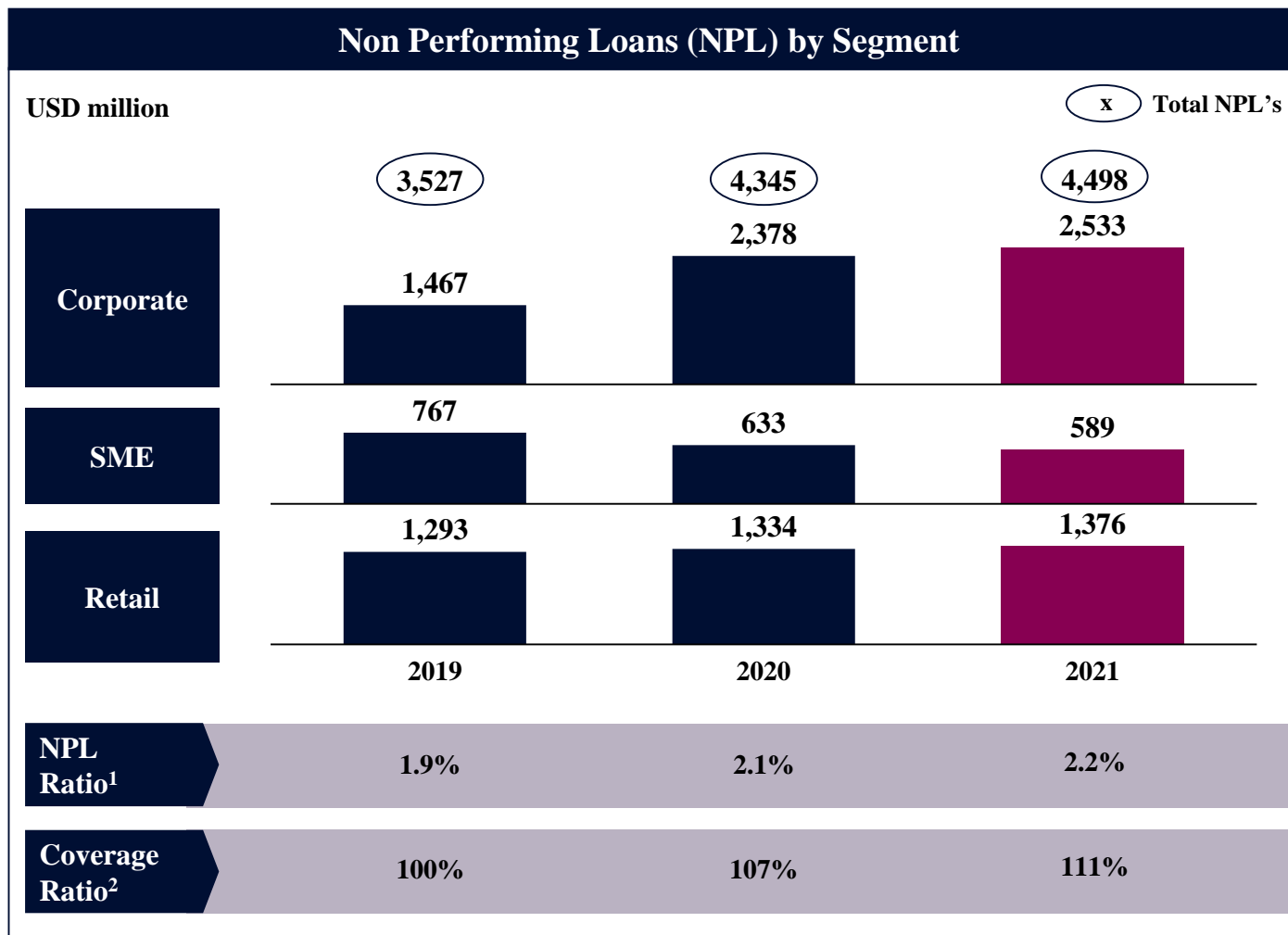


- Loans increased 2% from March 2020
- 2016-2021 CAGR of 12%

- Loans denominated in USD represent 61% of total loans
- Loan exposures are of a high quality with 37% concentration to Government and public sector entities

# High quality lending portfolio is underpinned by low NPL ratios

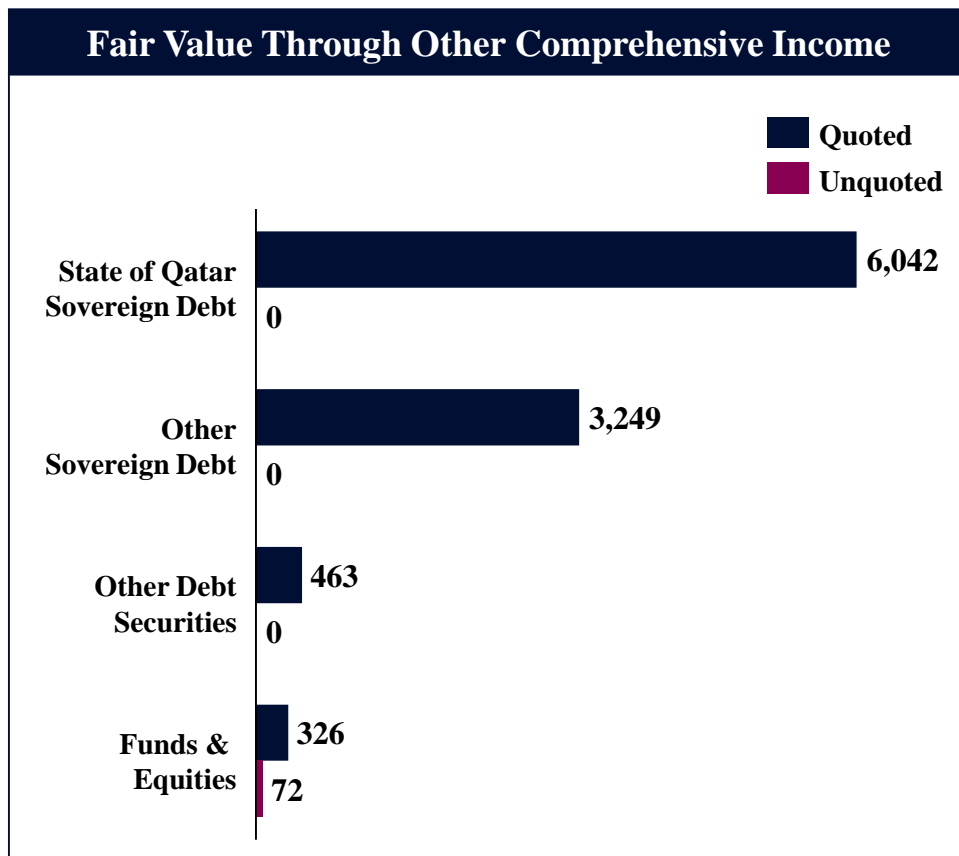
Asset Quality Analysis (as at 31 March)



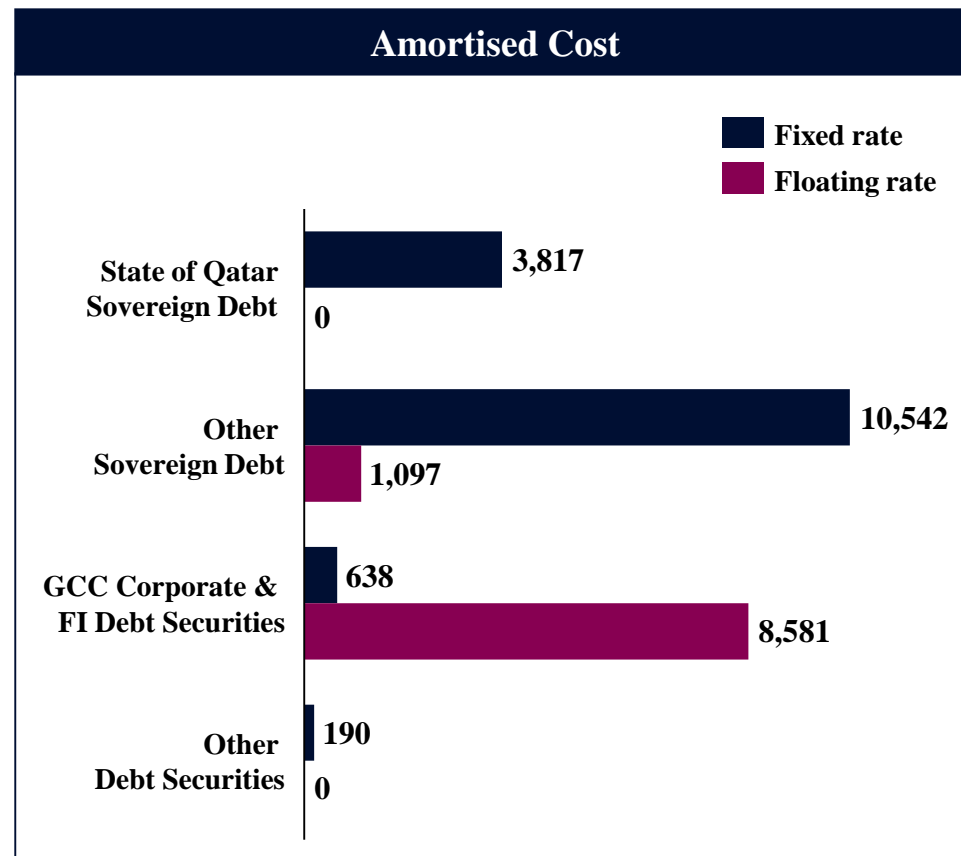
- QNB has continued to increase its provisions in response to the global economic situation as a result of COVID-19 pandemic
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 111% as at 31 March 2021
- Past dues are NPL after 90 days default
- There is an additional risk reserve of USD2,472 million which is greater than the 2.5% QCB requirements

# High quality investment portfolio with 71% of securities rated AA or Sovereign

## Investments Analysis (USD million as at 31 March 2021)



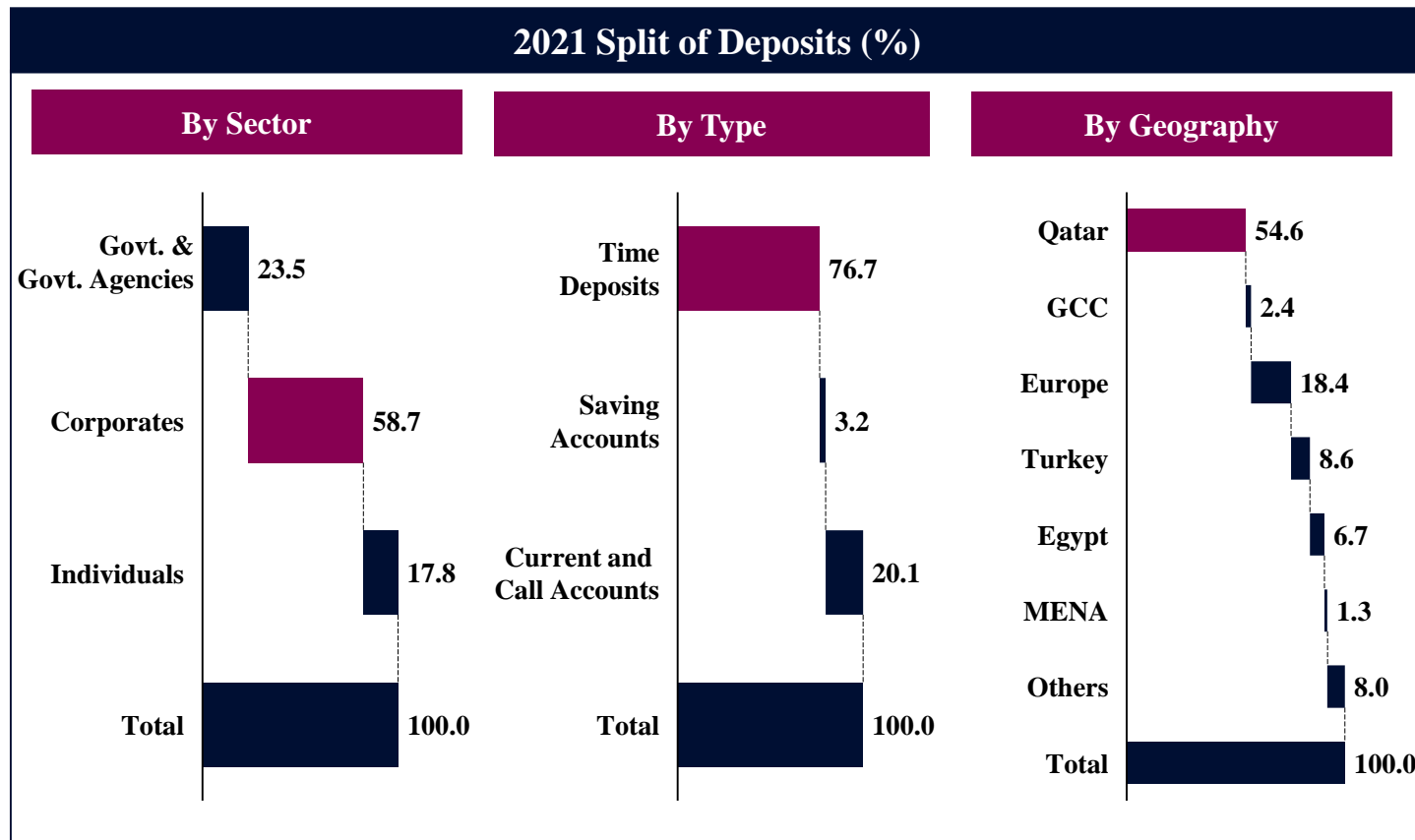
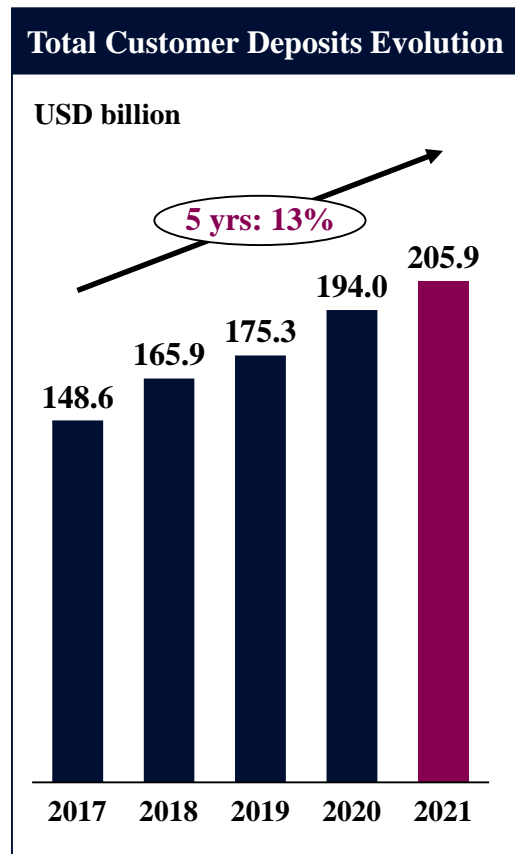
- Quoted securities account for 99% of FVOCI Investment securities



- Good mix of both fix and floating rates securities

# Robust growth in customer deposits and funding

## Funding Analysis (as at 31 March)

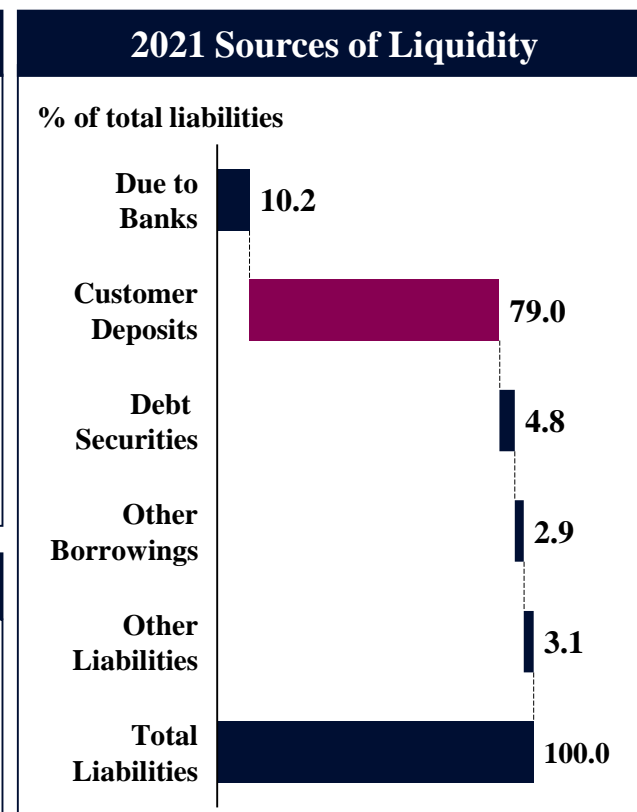
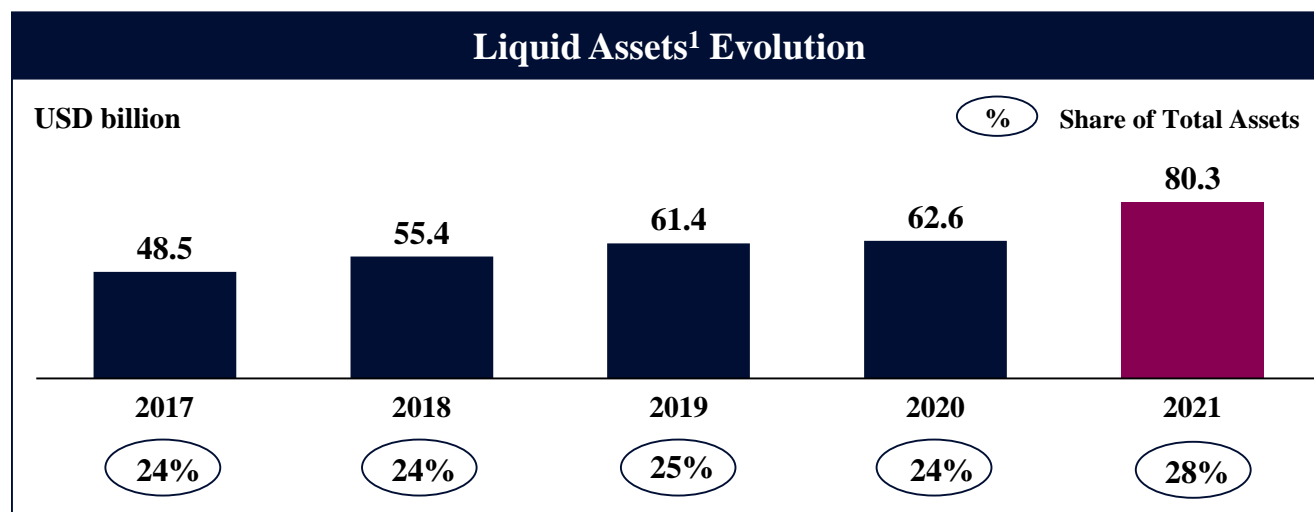
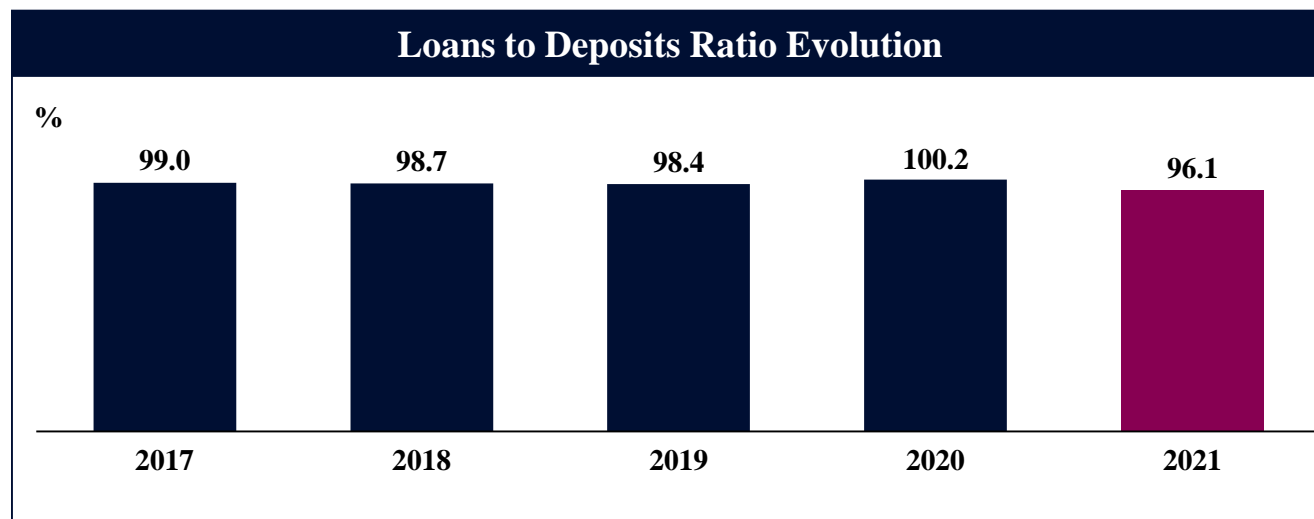


- Deposits increased 6% from March 2020
- 2016-2021 CAGR of 13%

- QNB remains the public sector's preferred bank
- USD, EGP and TRY denominated deposits represent 44%, 6% and 4% of total deposits respectively

# Solid liquidity profile

## Liquidity Analysis (as at 31 March)

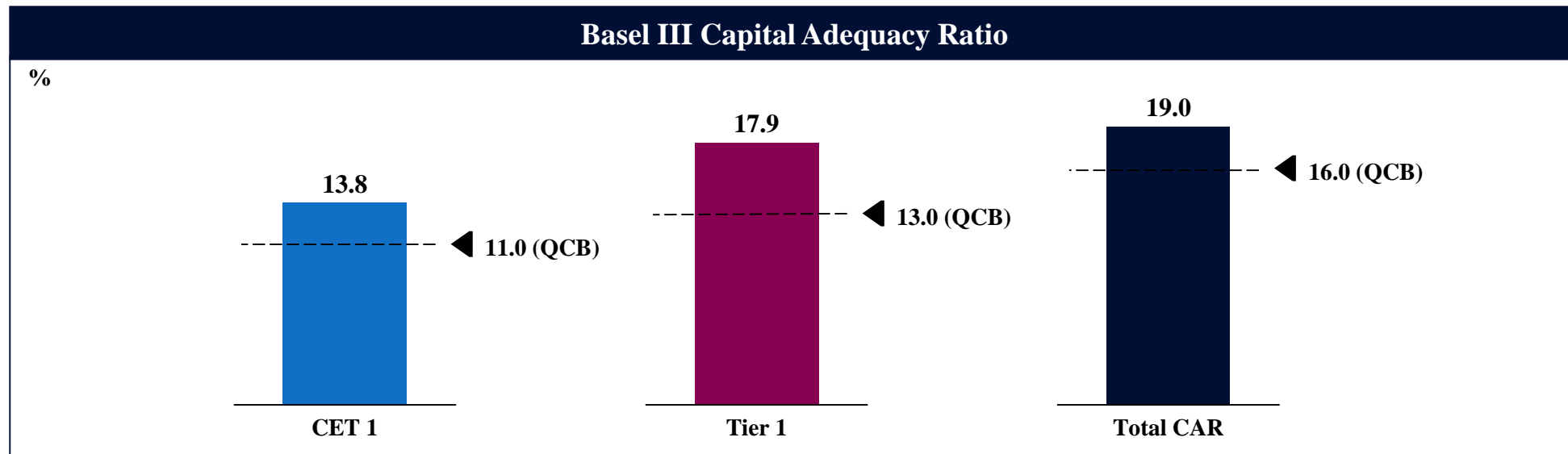


### 2021 Liquidity Ratio

• LCR:	168%
• NSFR:	104%

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

Capital Analysis (as at 31 March)



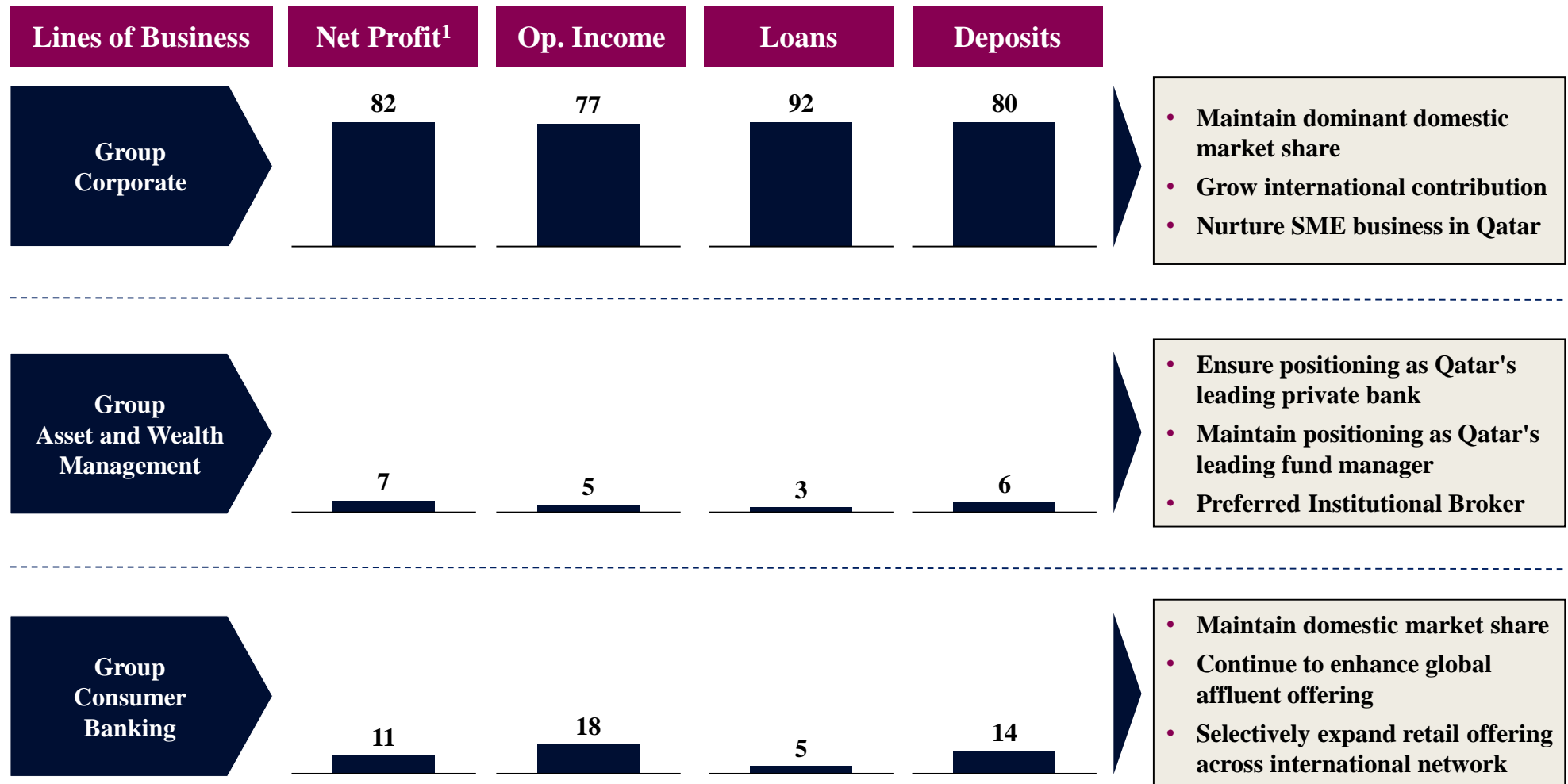
- Capital adequacy ratio is above QCB and Basel III requirements including the applicable DSIB buffer of 2.5% (effective 01-Jan-19)

**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 31 March 2021)



# 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 31 March 2021</i>	Stage1	Stage2	Stage3 (NPL)
<b>Due from Banks and Balances with Central Banks</b>	0.06%	0.4%	-
<b>Loans</b>	0.2%	7.0%	110.5%
<b>Investments</b>	0.1%	9.9%	106.0%

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

<i>31 March 2021</i>	Stage1 and Stage 2 (Combined)	Stage3 (NPL)	Total
<b>Cost of Risk</b>	10bps	64bps	74bps



# QNB Group Financials

Key data (as at 31 March 2021)

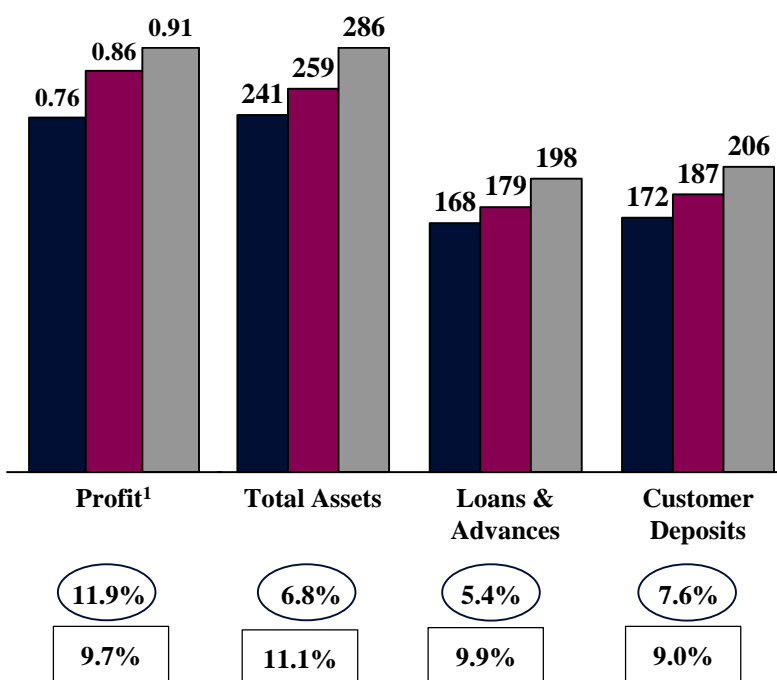
■ QNB ■ QNB incl. QNB ALAHLI ■ QNB incl. QNB Finansbank

○ % Contribution of QNB AA

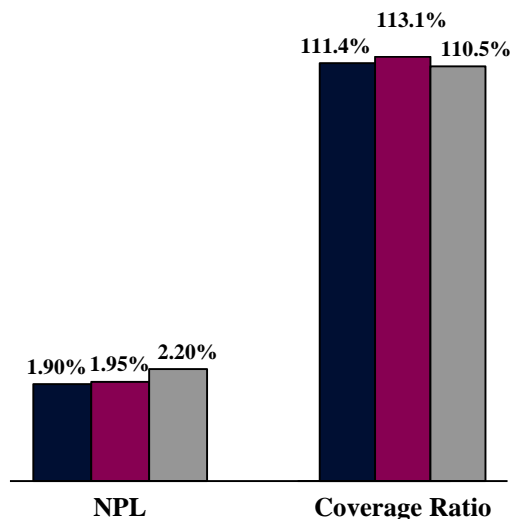
□ % Contribution of QNB Finansbank

## Financials

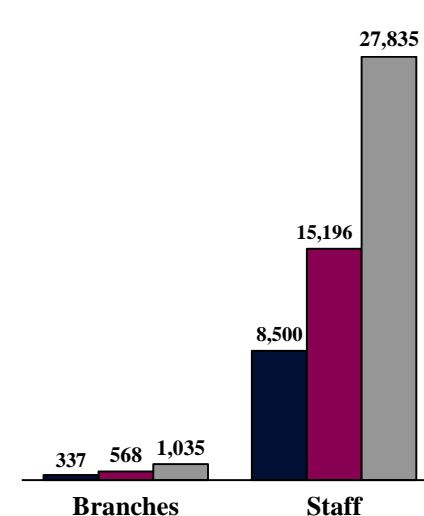
USD billion



## Ratios



## Presence



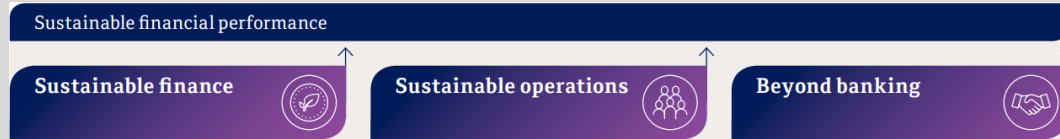
- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy Ratio: 19.0%

**Sustainability**



# QNB Group is committed to enhancing its Environmental, Social and Governance (ESG) Practices

## Established QNB Group Sustainability Strategy, Policy and Governance



### External Commitments

Qatar National Vision 2030



United Nations SDGs



Signatory of UN Global Compact

### Reporting & Disclosures



Annual GRI Sustainability Report

Environmental and Social Risk Management (ESRM) Framework<sup>1</sup>



100% ESG disclosure to Qatar Stock Exchange

MSCI ESG Rating



Constituent of FTSE4Good

### Green, Social and Sustainability Bond (GSSB) Framework

Second Party Opinion on QNB GSSB Framework



Pre-Issuance Review of GSSB Eligible Portfolio



- ✓ Successful completion of first green benchmark bond issuance and first green bond issued in Qatar
- ✓ Issued USD600 million tranche on 15 Sep 2020 in the form of Senior Unsecured Notes with a maturity of 5 years

# Sustainability for QNB is the delivery of long-term value in financial, environmental, social and ethical terms, for the benefit of our stakeholders

## QNB Group Sustainability Framework

Our sustainability framework consists of three pillars:

**Sustainable finance** is the integration of ESG criteria into QNB’s financing activities to deliver profit with purpose.

**Sustainable operations** is the integration of ESG criteria into our business operations and across our supply chain

**Beyond banking** refers to QNB’s Corporate Social Responsibility (CSR) activities in the communities where we operate.

The pillars support our sustainable financial performance, through reducing risks, opening up new business opportunities and strengthening our brand.

## QNB 2019 Sustainability highlights

- 29% women Group Executive Management
- 23 sustainable financial products and services offered to customers
- 20% reduction in carbon intensity (CO<sub>2</sub>/ employee) since 2015
- QR 21.1 billion loan portfolio to SMEs and microenterprises
- 41% transactions completed via digital channels
- 2.8% community investment as a % of pre-tax profit

## Stakeholder engagement

	<b>Customers</b> 24 million businesses & individuals	<ul style="list-style-type: none"> <li>• Engagement through customer satisfaction survey, Customer Care Centre, mobile and online banking and complaints management</li> </ul>
	<b>Investors</b> 50% QIA / 50% Public	<ul style="list-style-type: none"> <li>• Public reports, quarterly calls and investor road shows</li> </ul>
	<b>Employees</b> 29,000	<ul style="list-style-type: none"> <li>• Employee engagement survey, learning and development programs and training needs analysis</li> </ul>
	<b>Regulators &amp; Government</b>	<ul style="list-style-type: none"> <li>• Strict adherence to laws and regulations</li> <li>• Public disclosures (e.g., Annual and Corporate Governance Report)</li> </ul>
	<b>Society</b>	<ul style="list-style-type: none"> <li>• Products and services with environmental or social benefits and CSR activities</li> </ul>
	<b>Suppliers</b> 3,000+ suppliers	<ul style="list-style-type: none"> <li>• Transparent tendering and bidding</li> <li>• Timely payments and supplier audits</li> </ul>

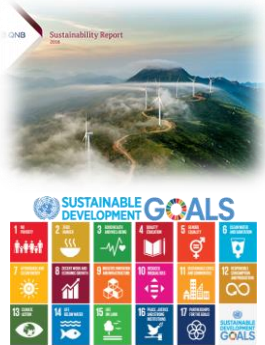
The 2019 highlights are published in our 2019 Sustainability Report available here:

<https://www.qnb.com/sites/qnb/qnbqatar/page/en/enesgreportsanddisclosures.html>

# Introduction to QNB Green, Social and Sustainability Bond Framework

Defining an ambitious Framework, in line with best practices and standards

## Rationale for issuing



- QNB intends to:**
- Align its sustainability strategy to its funding strategy
  - Support the development of a sustainable financial market
  - Contribute to the UN Sustainable Development Goals (SDGs)
  - Diversify the investor base targeting sustainable outcomes, while fostering relationship with existing investors

## Following best practices & recent market standards



- QNB's Framework:**
- Is in line with the ICMA Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines
  - Follows the recommendations of draft EU Technical Expert Group (TEG) report on the EU Taxonomy
  - Reflecting current best practices and standards

## QNB Green, Social, Sustainability Bond Framework description

	<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>• Under this Framework, <b>Green</b> and <b>Social</b> and <b>Sustainability Bonds</b> can be issued to (re)finance loans with environmental and/or social benefit</li> </ul>
	<b>Project Evaluation &amp; Selection</b>	<ul style="list-style-type: none"> <li>• In accordance with the Eligibility Criteria and carried out by the Green, Social and Sustainability Bond Committee (“GSSBC”)</li> </ul>
	<b>Management of proceeds</b>	<ul style="list-style-type: none"> <li>• Bonds net proceeds will be managed in a portfolio approach</li> </ul>
	<b>Reporting</b>	<ul style="list-style-type: none"> <li>• Allocation reporting annually until full allocation</li> <li>• Impact reporting at issuance or post-issuance</li> </ul>
	<b>External Review</b>	<ul style="list-style-type: none"> <li>• Second Party Opinion (SPO) by Sustainalytics</li> <li>• Third part pre-issuance review by Sustainalytics</li> </ul>

QNB's Framework is aligned with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines

# QNB Green and Social “Use of Proceeds”

Applying strict Eligibility Criteria when selecting green and/or social projects



## Green Bond Use of Proceeds



### Green Buildings

New and existing certified buildings, top 15% most energy efficient buildings, refurbished buildings with 30% improvement in energy efficiency



### Renewable Energy

Wind, Solar, Hydro (less than 25MW), Bioenergy, Geothermal, Tidal, Grid infrastructure for renewable energy



### Clean Transportation

Low carbon vehicles (EVs, hybrid, hydrogen) and related infrastructure (Electric Rail, EV charge points)



### Energy Efficiency

District heating & cooling, Smart grids, energy meters and improvements to electricity transmission efficiency



### Sustainable management of living natural resources and land

Sustainable and certified agriculture, forestry and fishery



### Sustainable water and wastewater management

Waste water treatment, sustainable urban drainage systems, improvements to water infrastructure



### Pollution Prevention and Control

Waste management and recycling, waste to energy and technologies to reduce emissions to air



## Social Bond Use of Proceeds



### Access to essential services

Public, not-for-profit, free or subsidised essential services such as healthcare and education



### Socio-economic advancement and empowerment

Loans to SMEs, microfinance and entrepreneur clients



### Social Housing

development, construction, operation and maintenance of affordable or social housing

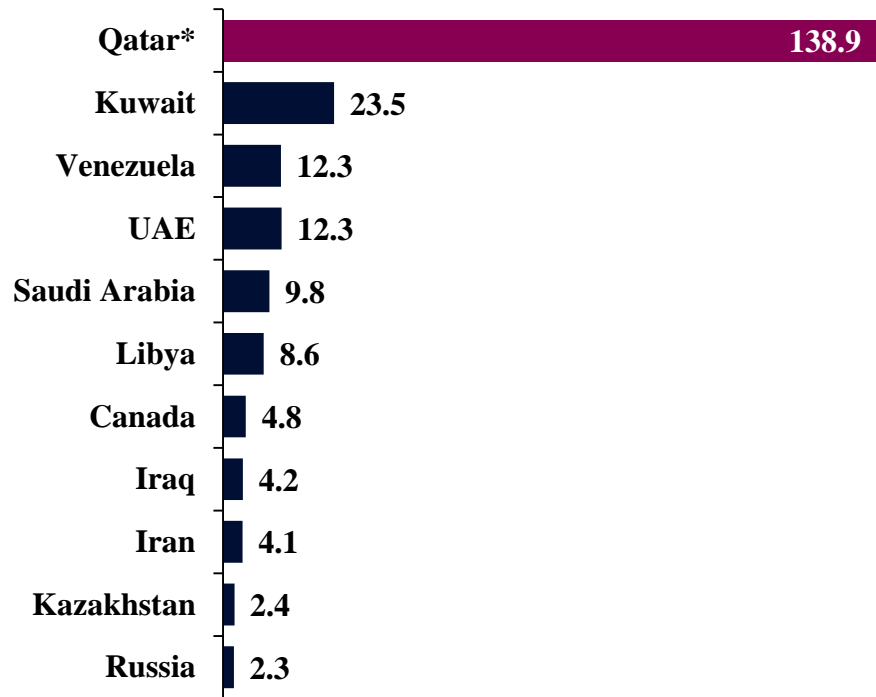


# Economic Overview

# Qatar's hydrocarbon wealth makes it one of the world's richest countries

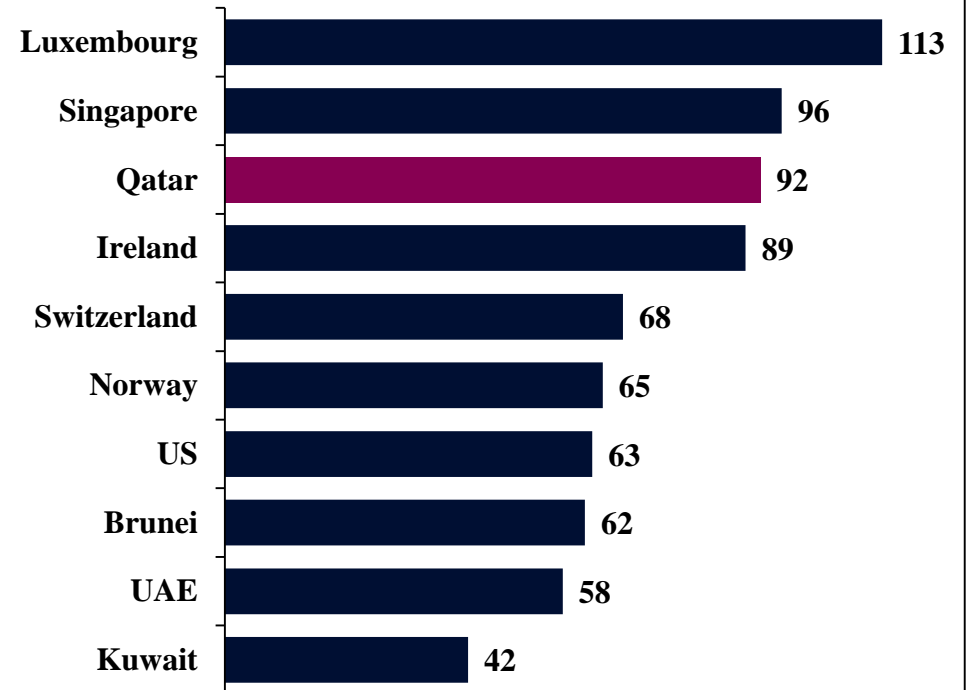
## Oil and gas reserves per capita (2019)

k barrels of oil equivalent (boe)



## GDP per capita (2020)

k USD PPP

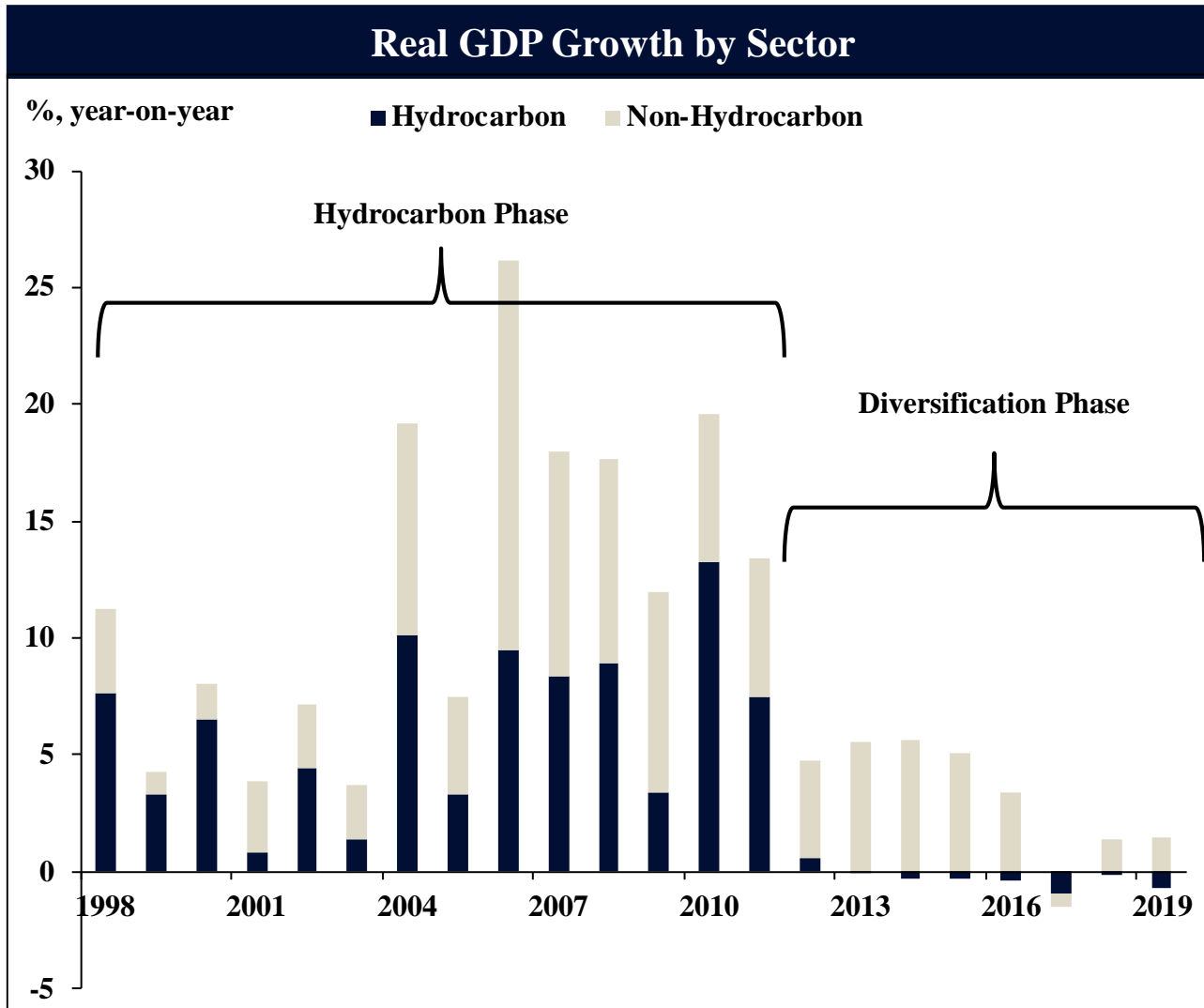


At current extraction rates, Qatar's proven gas reserves would last for over a hundred years

Development of the hydrocarbon sector has made Qatar one of the world's richest countries



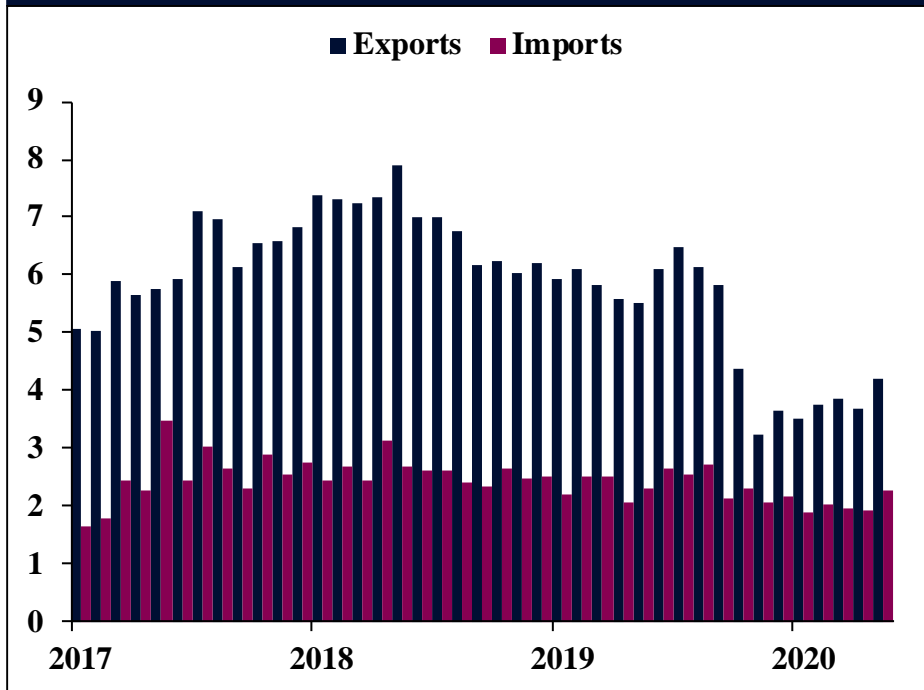
# Qatar accumulated large reserves during its hydrocarbon expansion and is now using these reserves to diversify the economy through major investments



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

# Qatar's fundamentals resilient

## Qatar Trade (USD Bn)



- Exports are recovering with higher oil prices
- Imports are going up as the economy rebounds from the COVID-19 shock

## Financial Soundness Indicators (2017-2019, %)

	2017	2018	2019
<b>Capital Adequacy</b>			
Tier 1 capital/risk-weighted assets	16.5	17	17.5
Regulatory capital/risk-weighted assets	16.8	18	18.5
<b>Asset Quality</b>			
Non-performing loans/total loans	1.6	1.9	1.8
<b>Liquidity</b>			
Liquid assets/total assets	28.2	29.1	30.2
Total loans/total deposits	108.8	114.1	120.1
Total loans/total assets	67.1	66.6	67.3
<b>Profitability</b>			
Return on assets	1.5	1.6	1.6
Return on equity	13.9	15.3	15.8

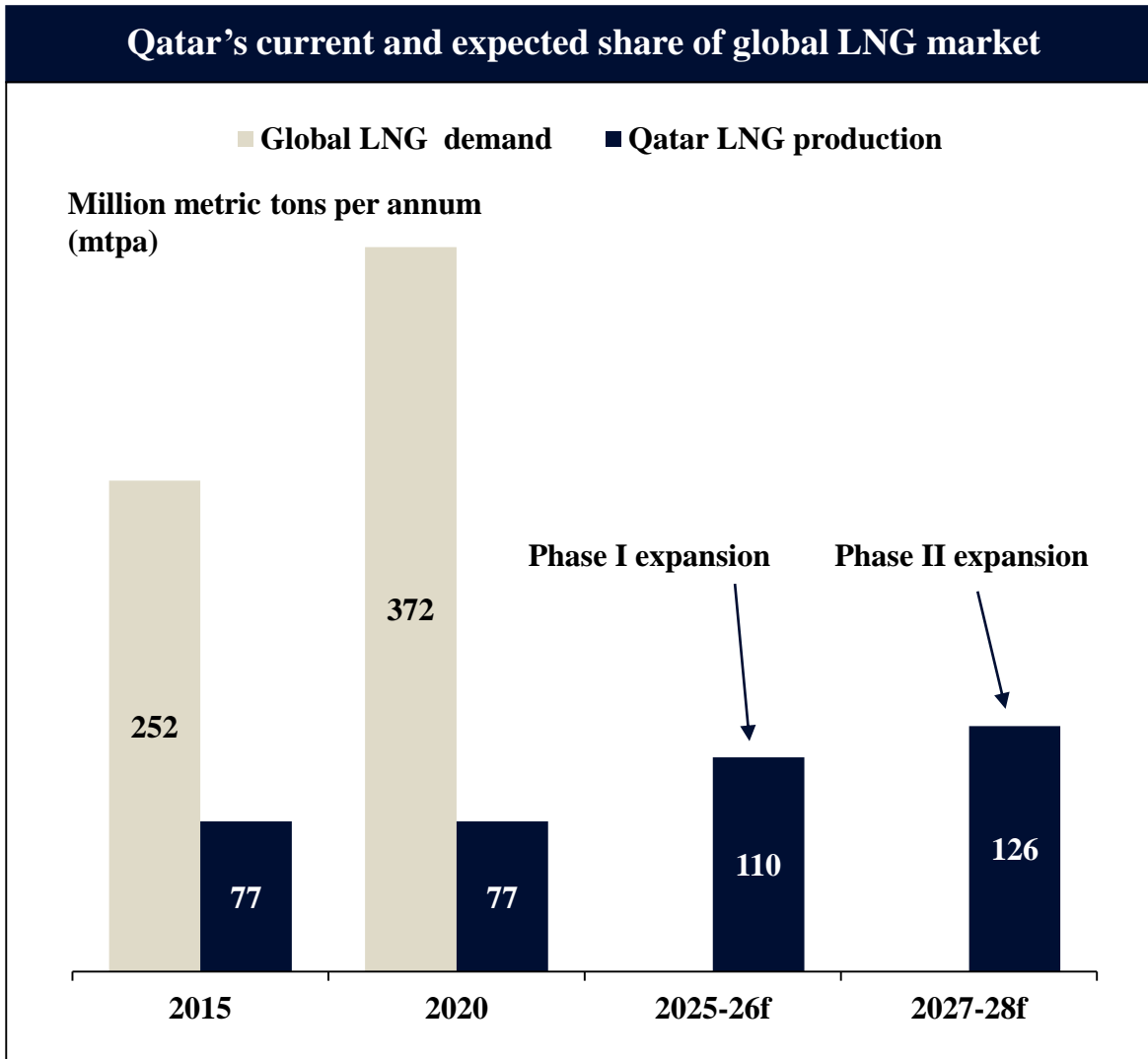
- Financial system remains resilient and healthy
- Capital adequacy and asset quality improved in 2019

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

Major Projects Pipeline as of April 2021		
	Project	End
Cons- truction	Lusail Mixed-Use Development	2025
	Qatar Economic Zones	2025
	FIFA World Cup Stadiums	2022
	Entertainment City	2024
Transport	Qatar Integrated Rail	2026
	Ashghal Expressway Project	2024
	Ashghal Local Roads & Drainage	2024
	Hamad International Airport	2023
	Hamad Port	2023

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 is set to significantly increase its LNG production, boosting domestic growth while maintaining its position as the world's largest exporter



- Globally Qatar is the **largest LNG exporter** with a market share of 20-30% of total LNG exports
- In 2017, Qatar decided to **lift the moratorium on the North Field output**
- Qatar is set to **increase LNG capacity by 64% from the current 77 mtpa to 126 mtpa** by Phase II completion<sup>1</sup>, maintaining its position as the world's leading LNG exporter
- The LNG expansion will also unleash further **downstream growth**, as abundant feedstock favors the petrochemical and manufacturing sector

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

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