



Investor Relations Presentation

December 2013

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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

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

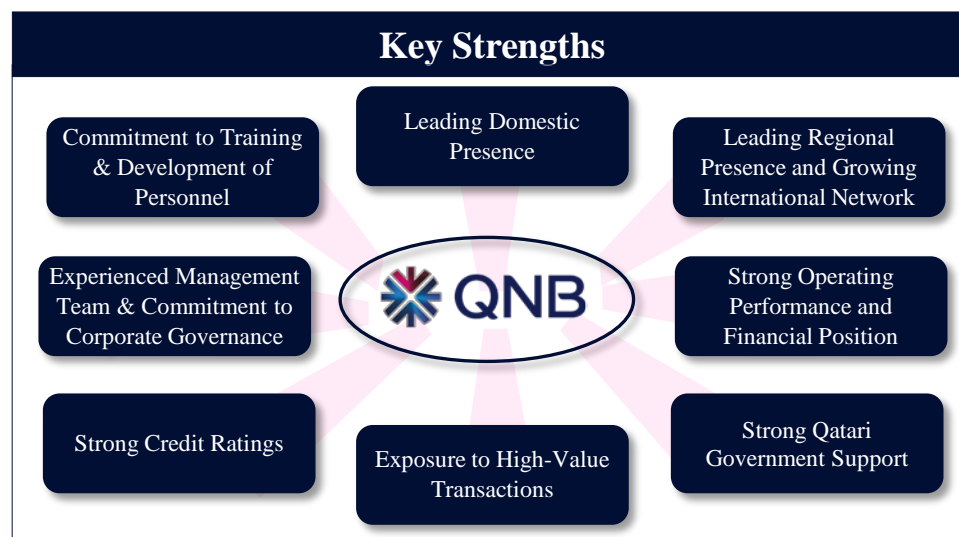
Overview	<ul style="list-style-type: none"> Established in 1964 as the first Qatari owned bank Owned (50%) by the Government of Qatar via the Qatar Investment Authority (QIA) Largest bank in Qatar by market cap., assets, loans, deposits and profit. Largest Bank in MENA by total assets, loans, deposits and profit.
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Credit Rating		Moody's	S&P	Fitch	Capital Intelligence
	LT	Aa3	A+	A+	AA-
	ST	P-1	A-1	F1	A1+
	Outlook	Stable	Stable	Stable	Stable

Presence	<ul style="list-style-type: none"> QNB Group, subsidiaries and associate companies operate in 26 countries around the world, through 590 locations, supported by more than 1,240 ATMs and employing more than 13,600 staff.¹
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Stock/Share Parameters (31 December 2013)	<ul style="list-style-type: none"> Listed on Qatar Exchange (QNBK) Market cap. of USD33.1bn Share price of USD47.2 per share Price to Book 2.5x Price to Earnings 12.7x
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December 2013 Financials² (in USD billion)			
	2013	2012	5yr CAGR
Total Deposits	92.2	74.2	26%
Total Assets	121.8	100.8	24%
Loans & Advances	85.3	68.7	25%
Operating Income ³	4.04	3.16	24%
Profit ⁴	2.60	2.29	21%
Coverage Ratio	123%	115%	-
NPL Ratio	1.6%	1.3%	-
Net Interest Margin	2.90%	2.83%	-





QNB's International Footprint

Sub-Saharan Africa


 **South Sudan:** (1 Branch)

Asia


 **Indonesia:** (43 Branches, 69.6% stake in QNB Kesawan)


 **Singapore:** (1 Branch)


 **India:** (1 Office, 100% stake)


 **China:** (Representative office)


North Africa


 **Egypt:** (166 Branches, 97.1% stake in QNB ALAHLI)

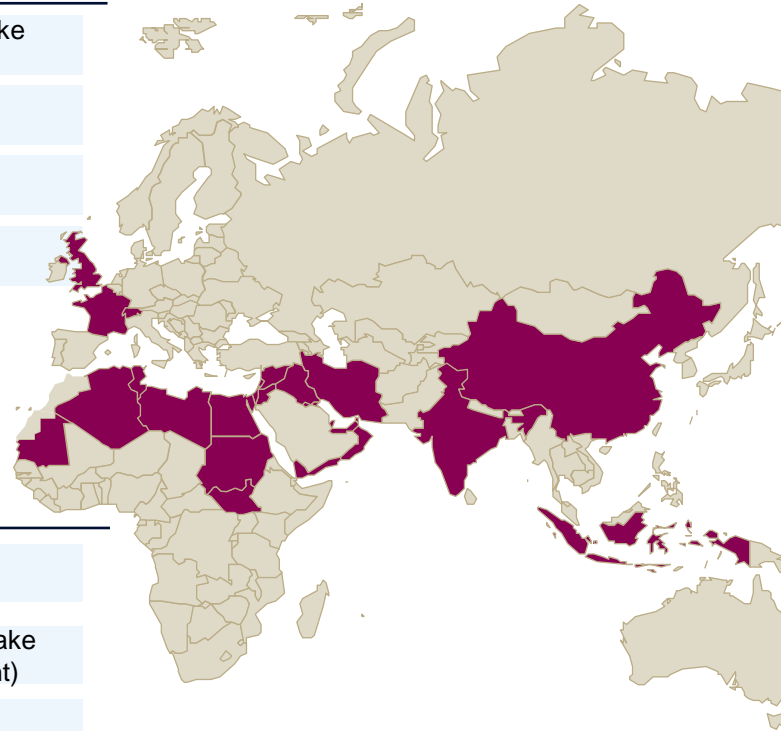
 **Libya:** (36 (+1¹) Branches, 49.0% stake in Bank of Commerce & Development)

 **Tunisia:** (26 Branches, 99.9% stake in QNB Tunisia)

 **Sudan:** (6 Branches)


 **Algeria:** (5 Branches¹)


 **Mauritania:** (1 Branch)




Middle East


Qatar: (76 Branches) 

Jordan: (122¹ Branches, 34.5% stake in Housing Bank of Trade & Finance) 

UAE: (21 (+1¹) Branches, 40.0% stake in CBI) 

Syria: (15 (+30¹) Branches, 50.8% stake in QNB-Syria) 


Palestine: (12 Branches¹) 

Iraq: (9 (+1¹) Branches, 50.8% stake in Bank Mansour) 


Oman: (6 Branches) 

Bahrain: (1 Branch¹) 


Kuwait: (1 Branch) 

Lebanon: (1 Branch) 


Yemen: (1 Branch) 

Iran: (Representative office²) 

Europe

United Kingdom: (1 (+1¹) Branch) 

France: (1 Branch) 

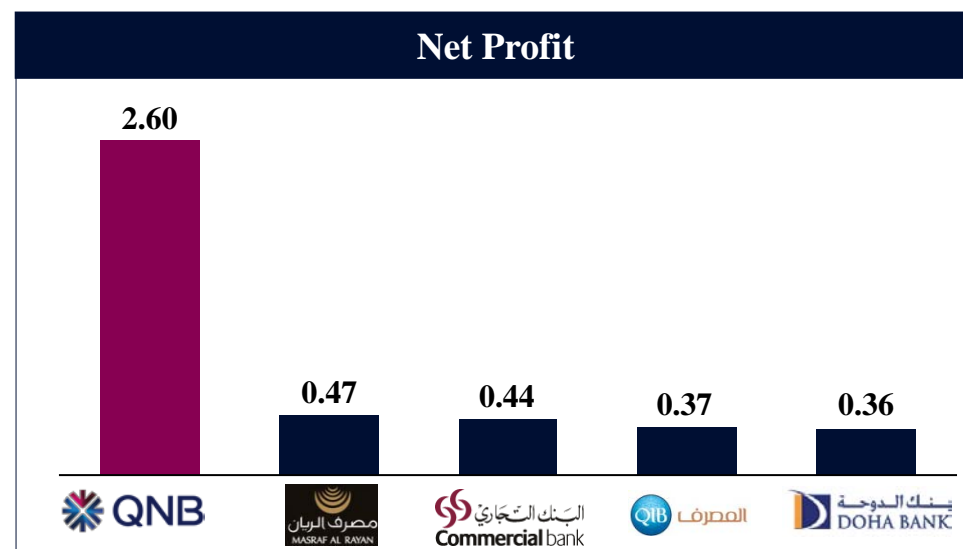
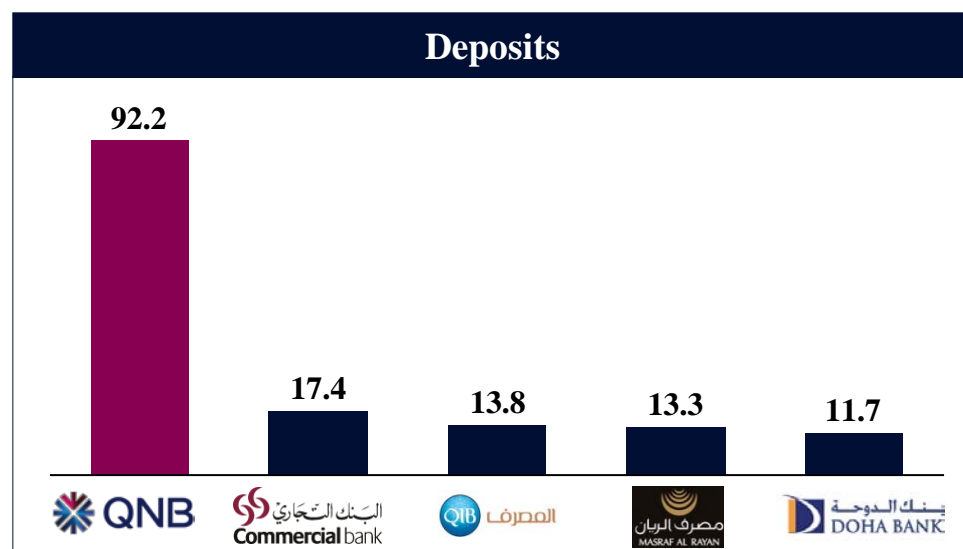
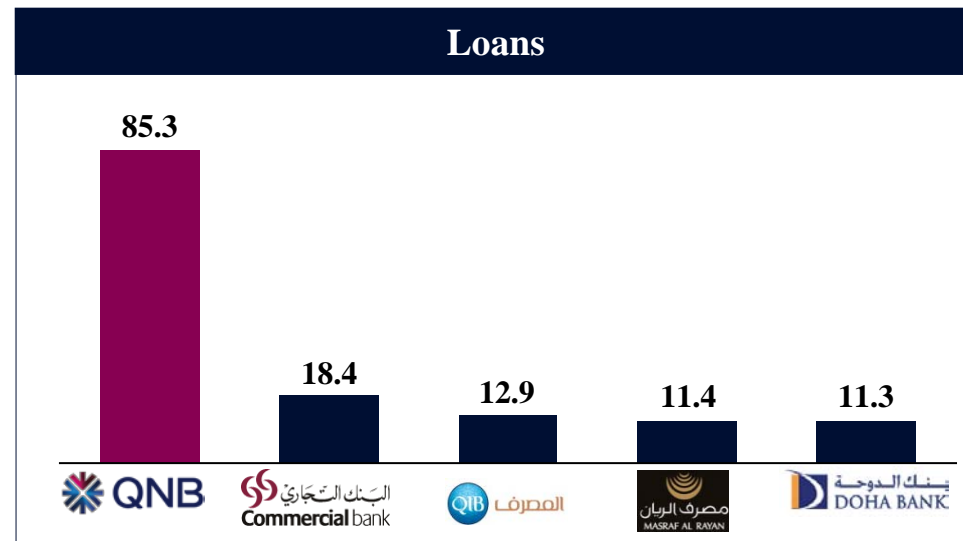
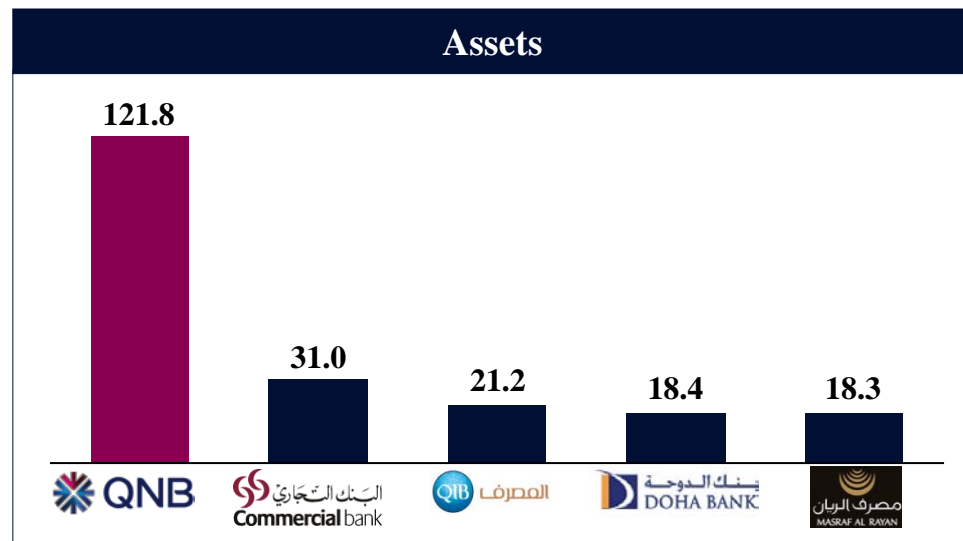
Switzerland: (1 Office, 100% stake in QNB Banque Privée) 



QNB Comparative Positioning – Qatar and MENA

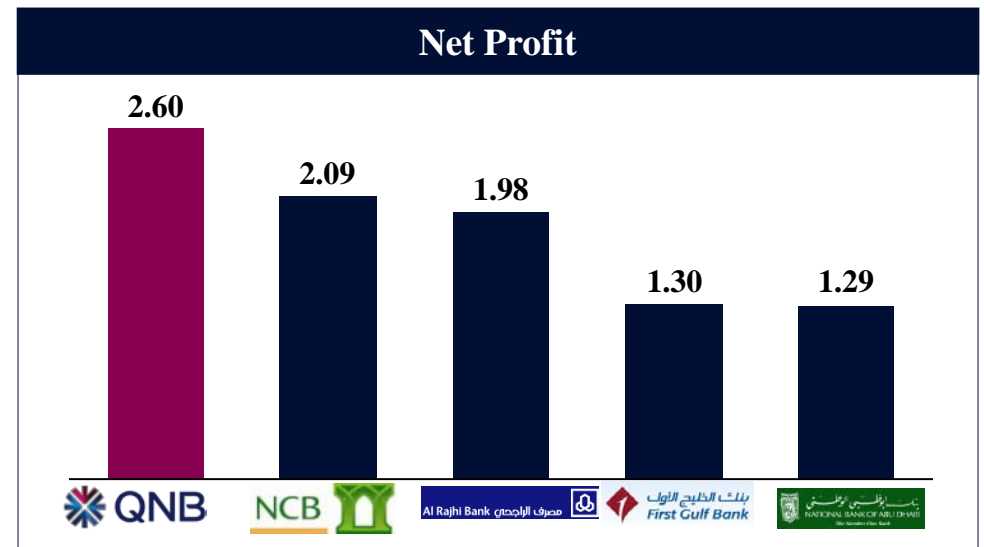
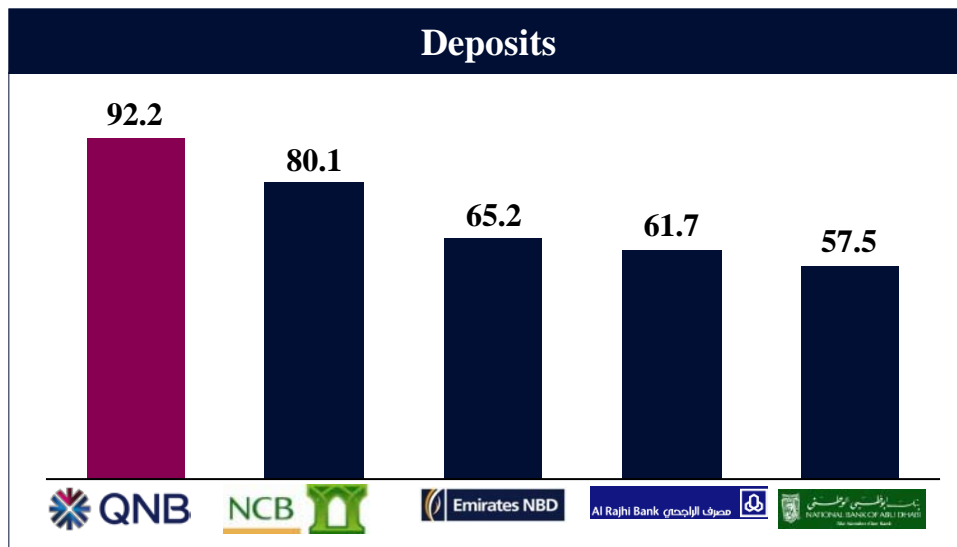
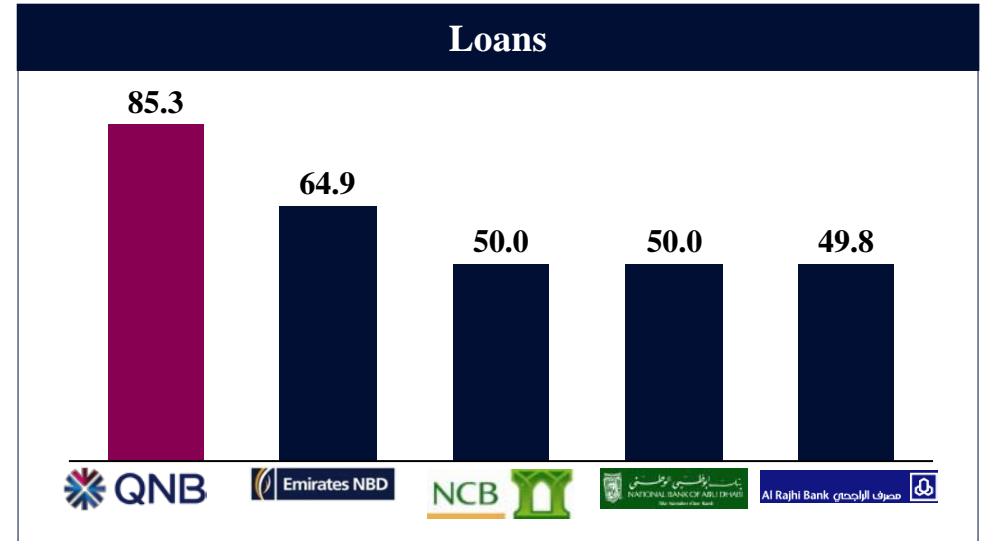
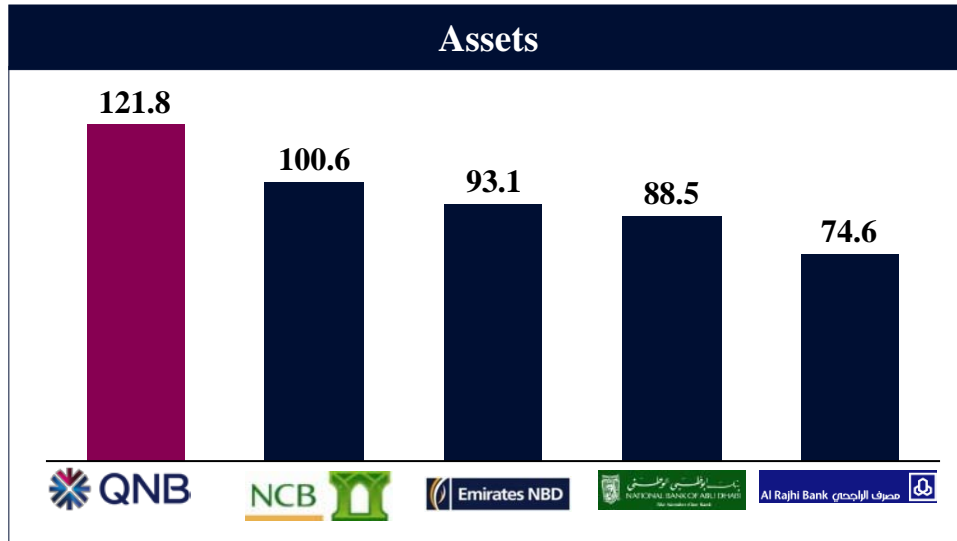
Top 5 Domestic Banks

QNB continues to excel in the domestic market



Top 5 Regional Banks

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






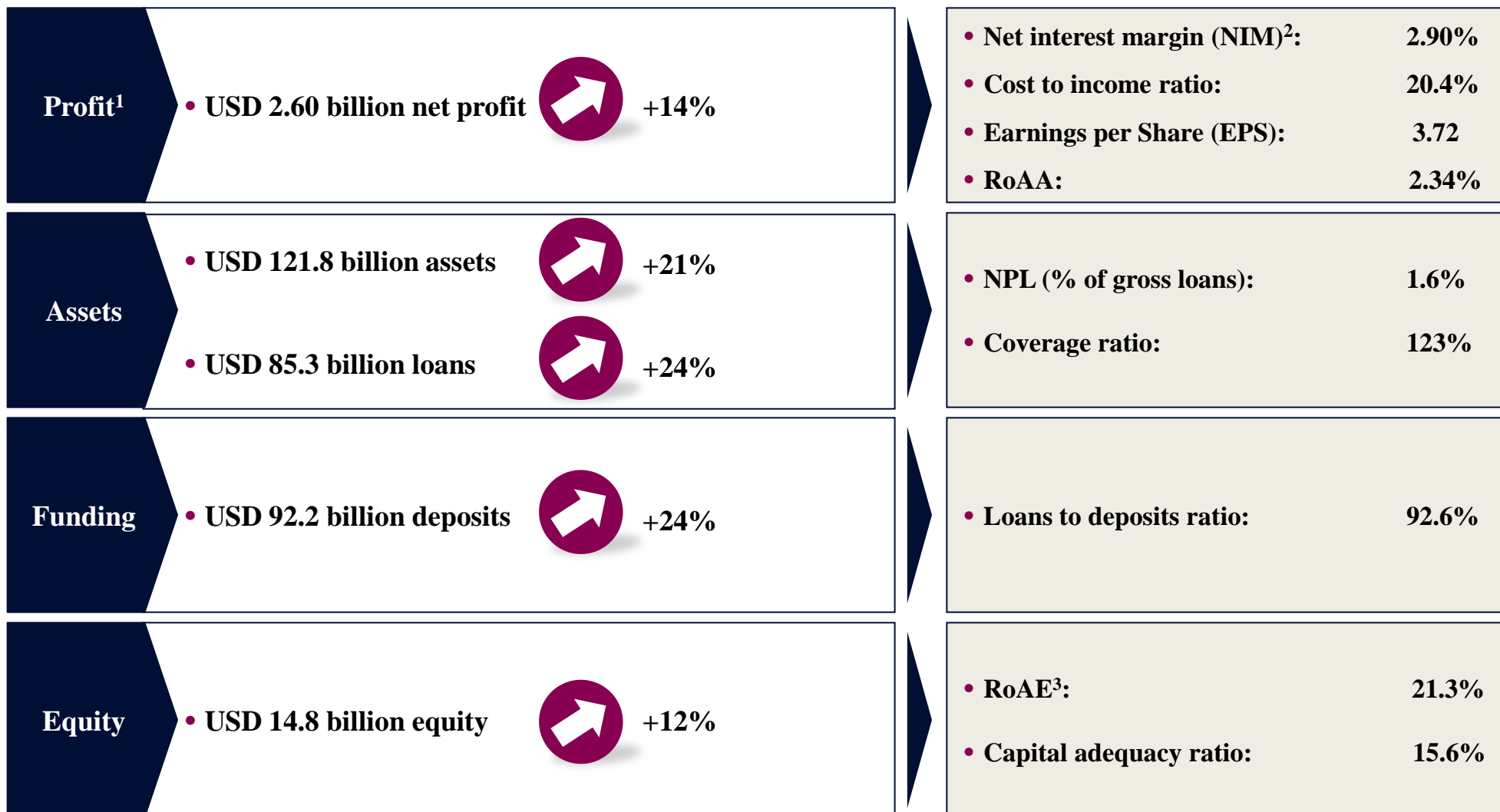
Financial Highlights – as at 31 December 2013

Note: Unless stated, these results include QNB ALAHLI which was consolidated in Q2 FY13 under International Financial Reporting Standards

QNB continues to demonstrate sustainable profitable growth

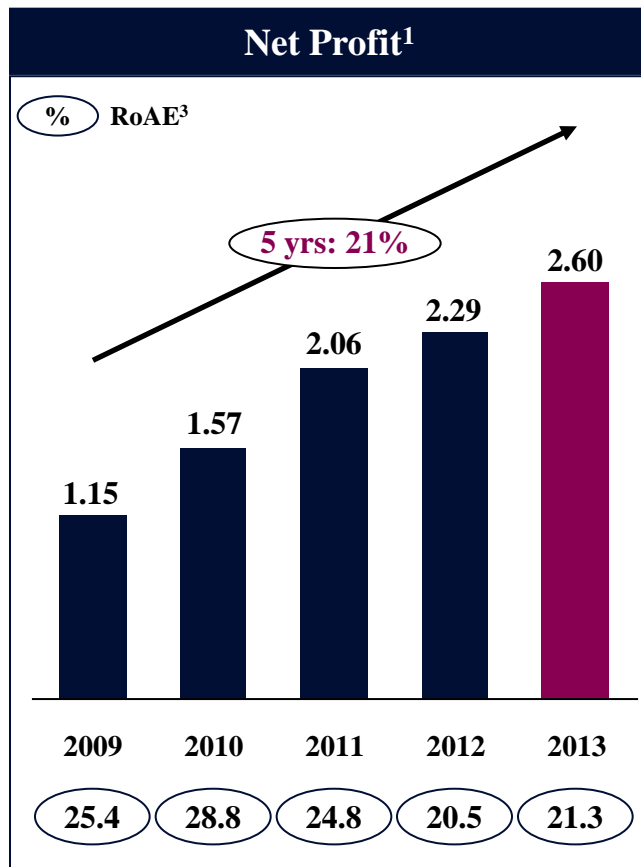
Highlights (including QNB ALAHLI as at 31 December 2013)

 Growth vs. December 2012

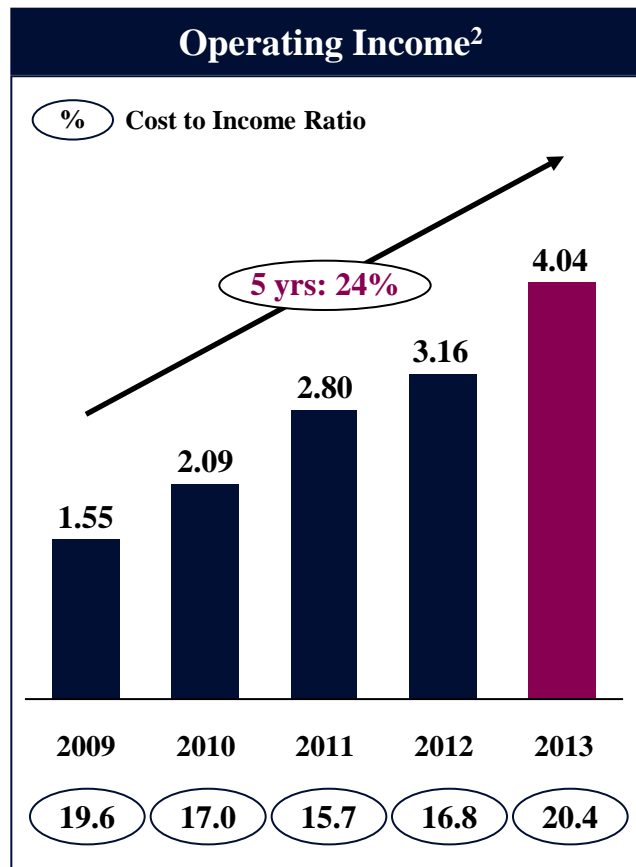


Strong profitability growth

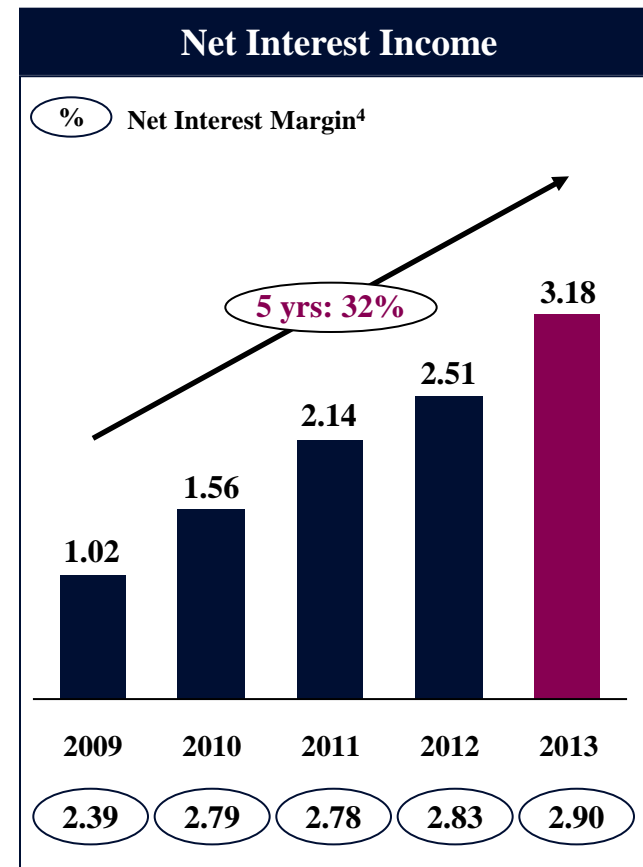
Income Statement Breakdown (USD billion as at 31 December)



- Net profit increased 14% from 2012
- 2008-2013 CAGR of 21%



- Operating income increased 28% from 2012
- 2008-2013 CAGR of 24%



- NII increased 26% from 2012
- NIM expanded by 51bps since 2009
- 2008-2013 CAGR of 32%

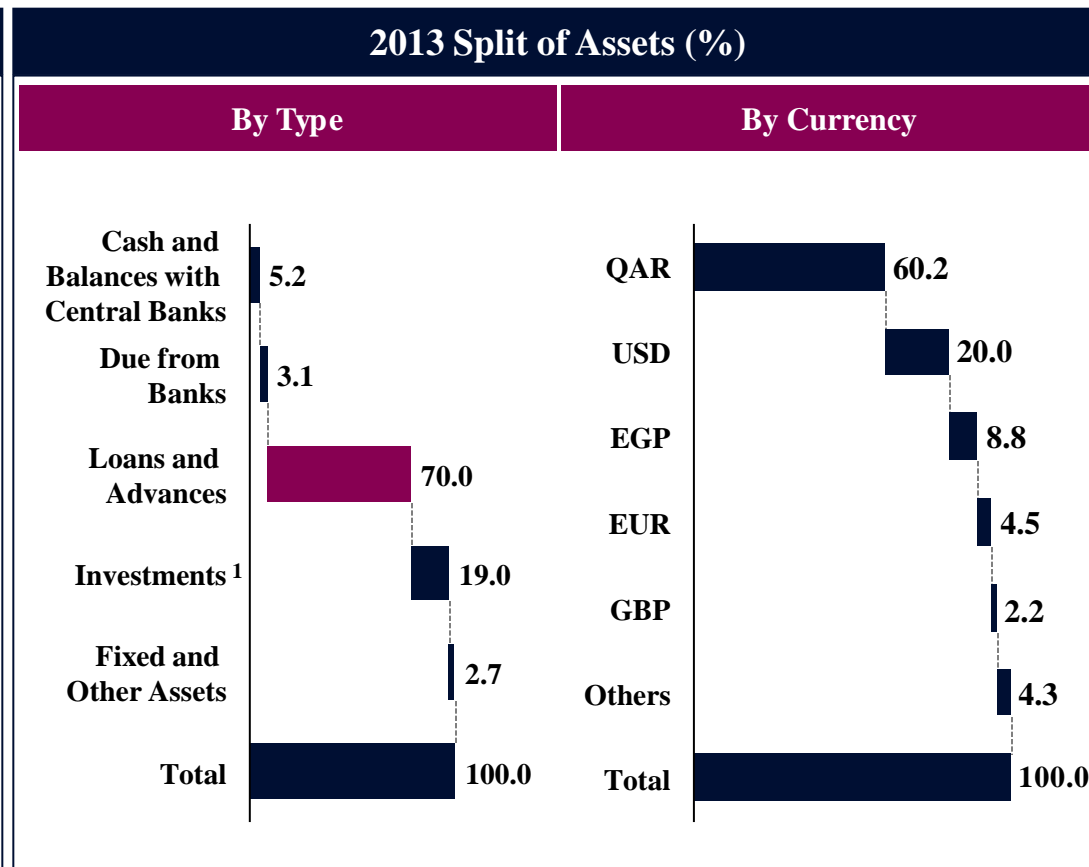
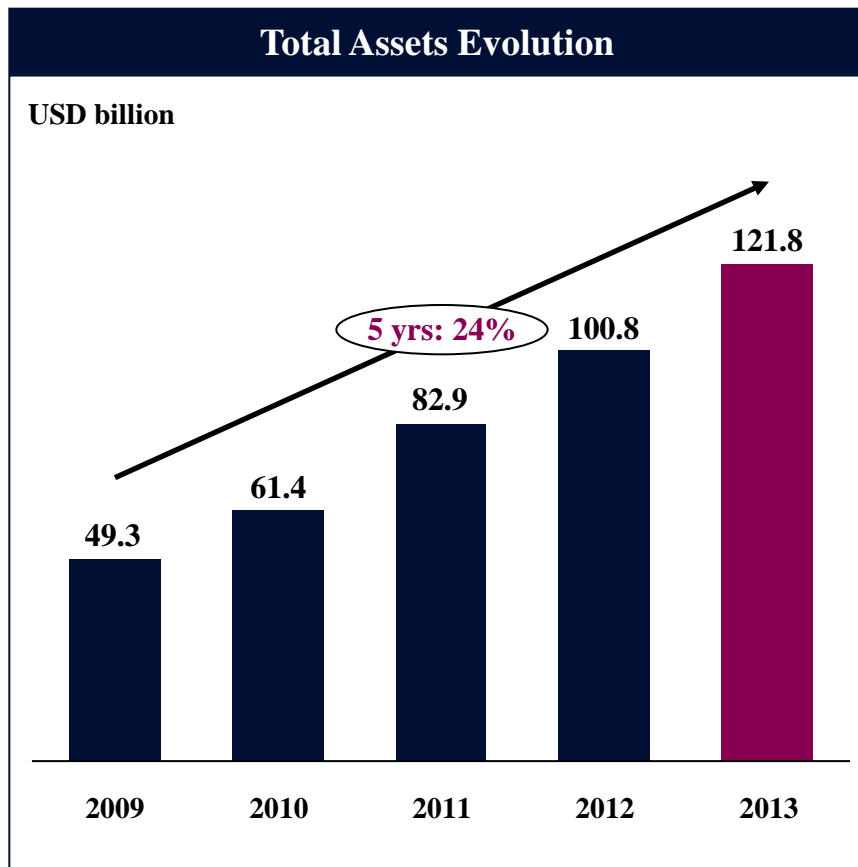
Robust quarterly growth has been consistently delivered

Quarterly Income Statement

Income Statement					
USD 000s	Q4 2012	Q1 2013	Q2 2013 ¹	Q3 2013 ¹	Q4 2013 ¹
• Net Interest Income	657,770	645,996	901,464	798,171	829,685
– FX Gain	39,972	47,355	73,406	43,300	45,148
– Fees and Commissions	92,472	96,202	169,870	131,356	132,252
– Investment Income	14,951	4,308	18,750	15,471	11,939
– Other Income	708	833	1,608	768	613
• Total Other Income	148,103	148,698	263,634	190,895	189,952
• Total Operating Income	805,873	794,694	1,165,098	989,066	1,019,637
• G&A Expenses	(143,638)	(144,579)	(264,751)	(203,875)	(210,402)
• Total Operating Profit	662,235	650,115	900,347	785,191	809,235
• Investment Income - Associates	21,587	18,554	22,058	14,522	18,989
• Loan Loss Provisions	(81,041)	(66,601)	(122,204)	(101,108)	(143,490)
• Other Provisions & Taxes	(22,633)	(14,728)	(86,277)	(48,046)	(32,894)
• Net Profit	580,148	587,340	713,924	650,559	651,840

Strong asset growth driven by lending activities mainly in QAR and USD

Assets Analysis (as at 31 December)

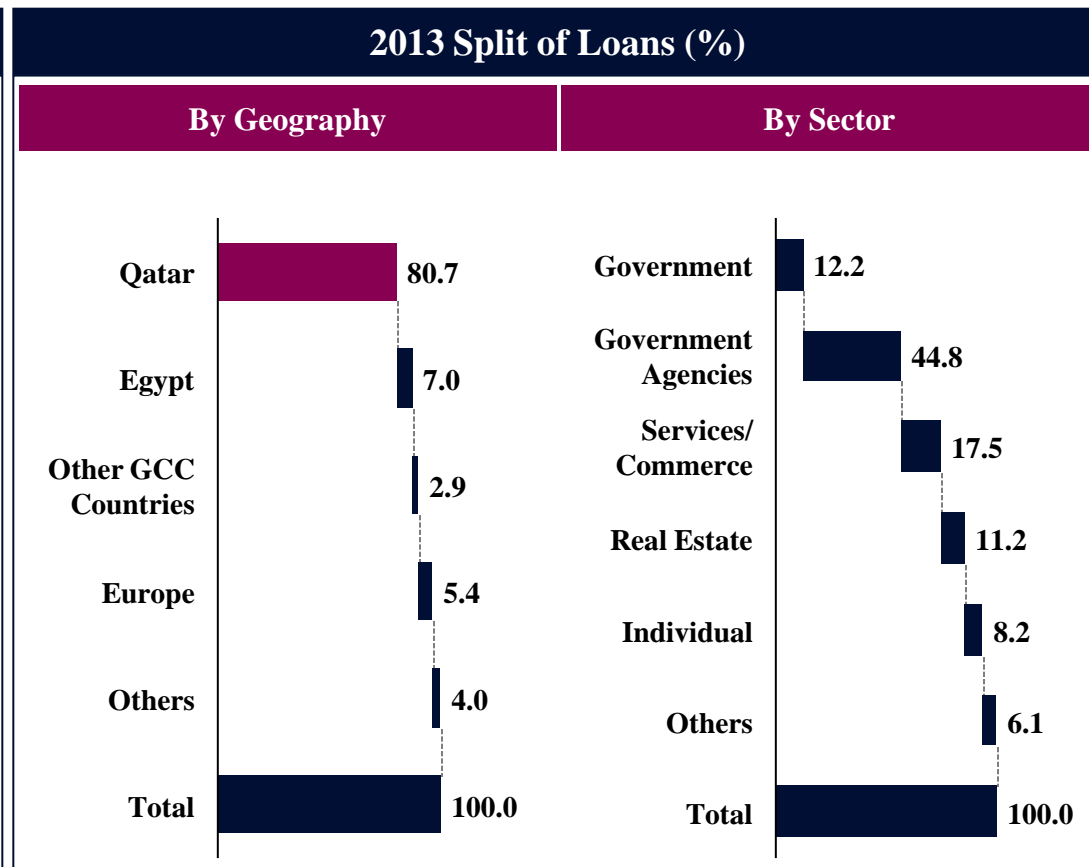
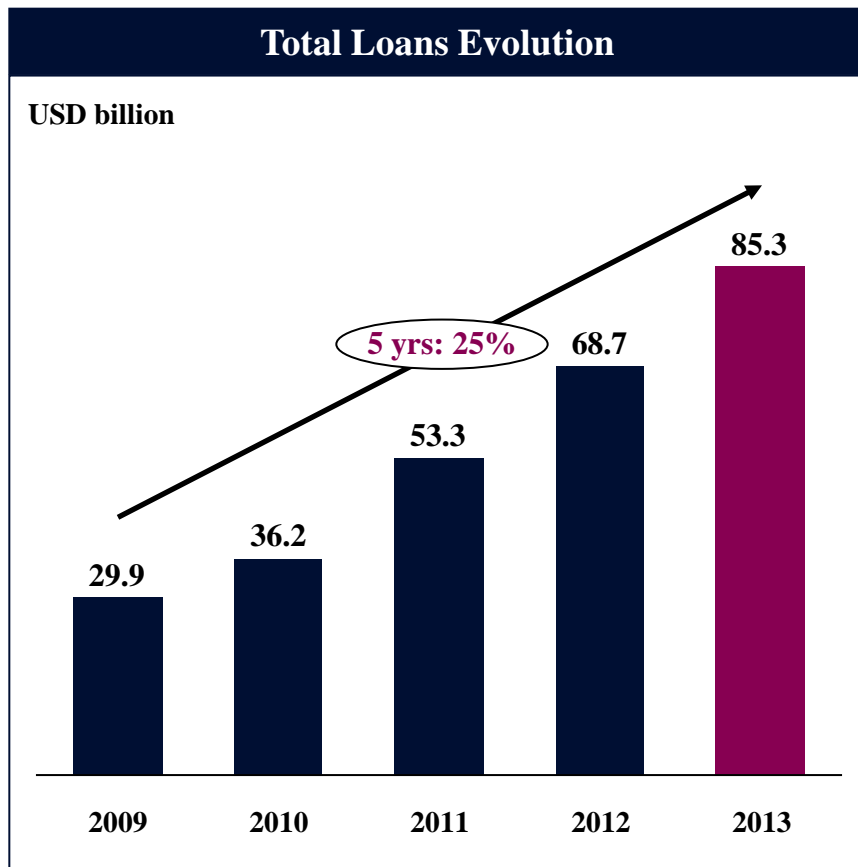


- Assets increased 21% from December 2012
- 2008-2013 CAGR of 24%

- Loans and advances represent 70% of total assets
- USD and QAR currencies account for 80% of total assets

Strong loan growth

Loans Analysis (as at 31 December)

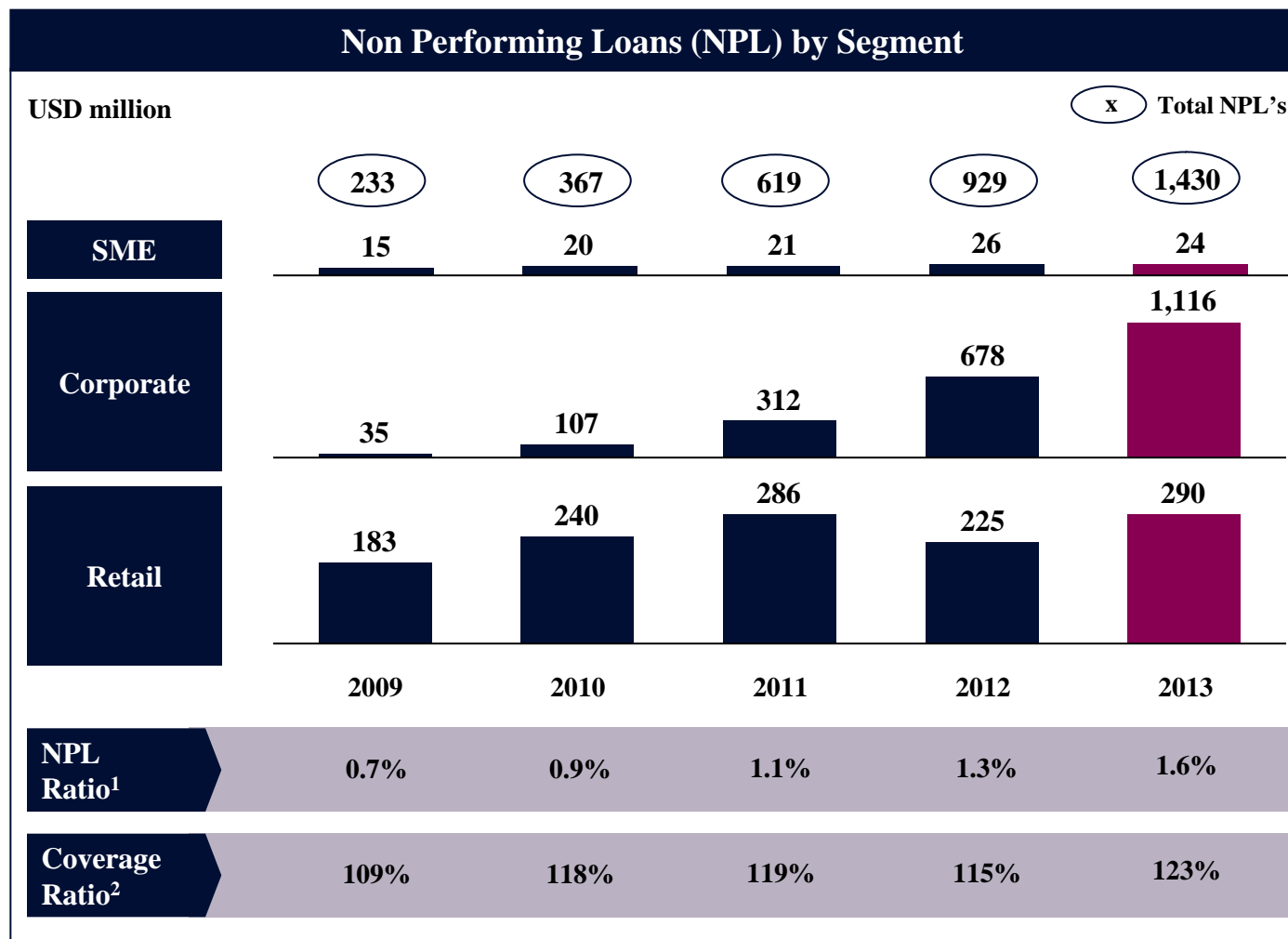


- Loans increased 24% from December 2012
- 2008-2013 CAGR of 25%

- Loans denominated in USD represent 17% of total loans
- Loan exposures are of a high quality with 57% concentration to the public sector entities

High quality lending portfolio is highlighted by low NPL ratios

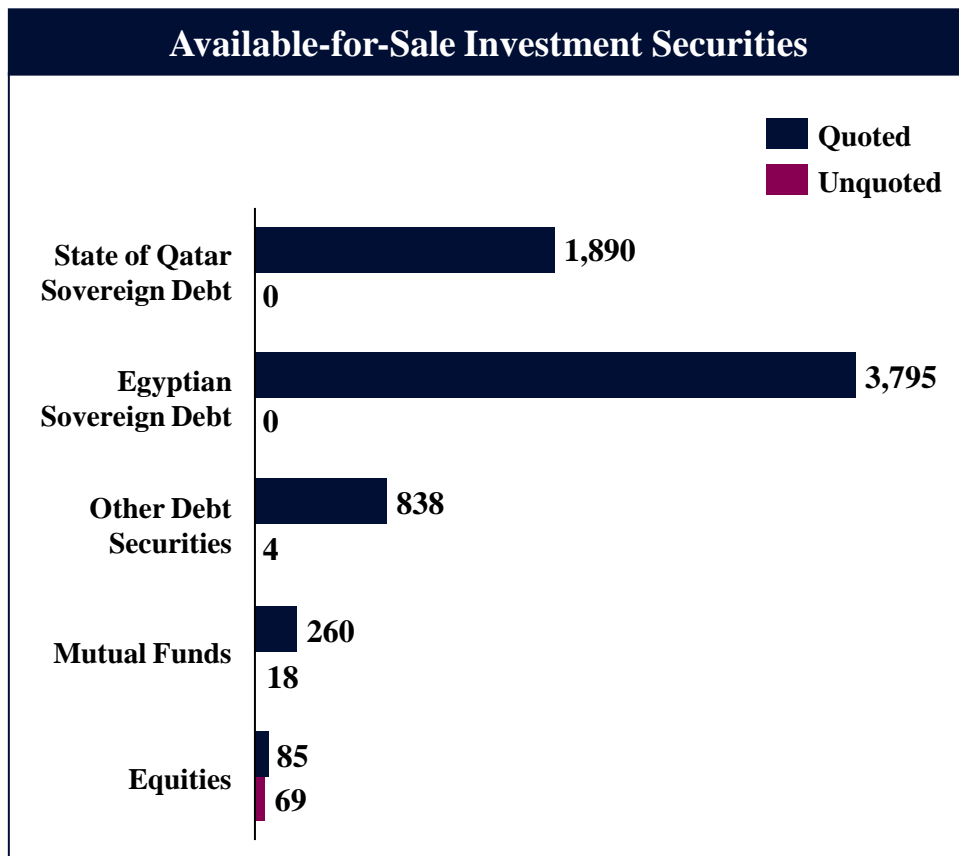
Asset Quality Analysis (as at 31 December)



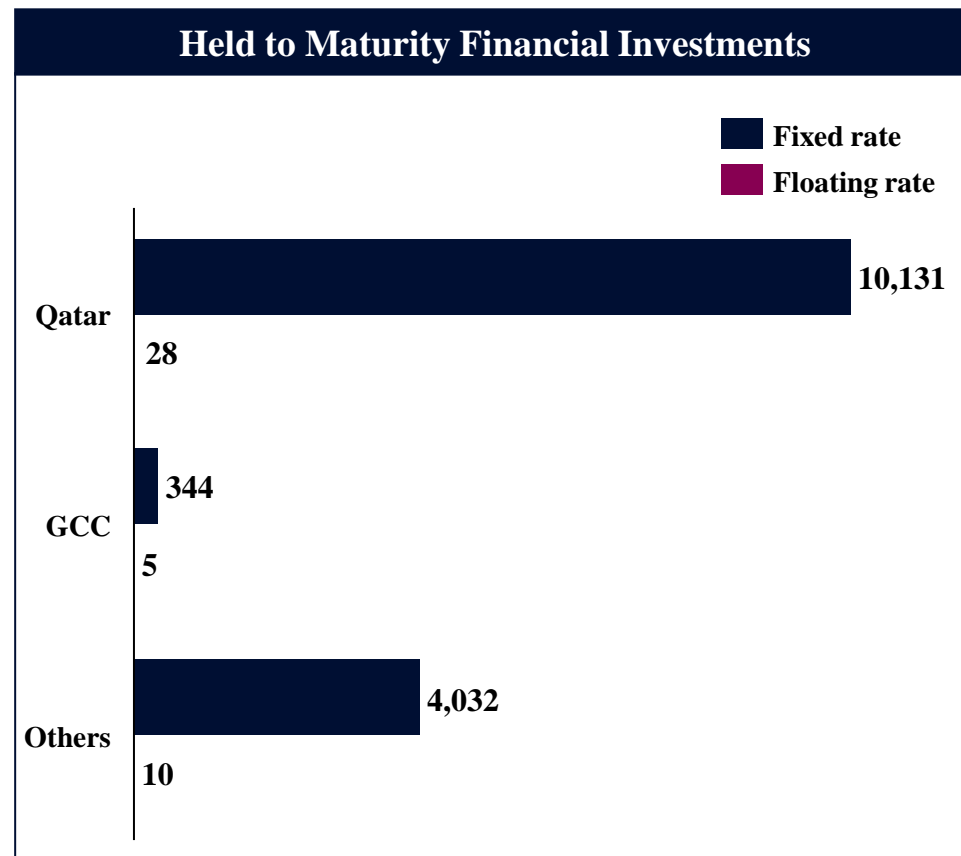
- QNB has continued to increase its provisions in response to the global economic situation
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 123% as at 31 December 2013
- An additional risk reserve of USD 275 Mn was taken in 2013 to bring the total balance to USD 755 Mn representing more than 2.50% of private lending (representing the QCB minimum requirement)

High quality investment portfolio with 57% of securities rated AA or better

Investments Analysis (USD million as at 31 December 2013)



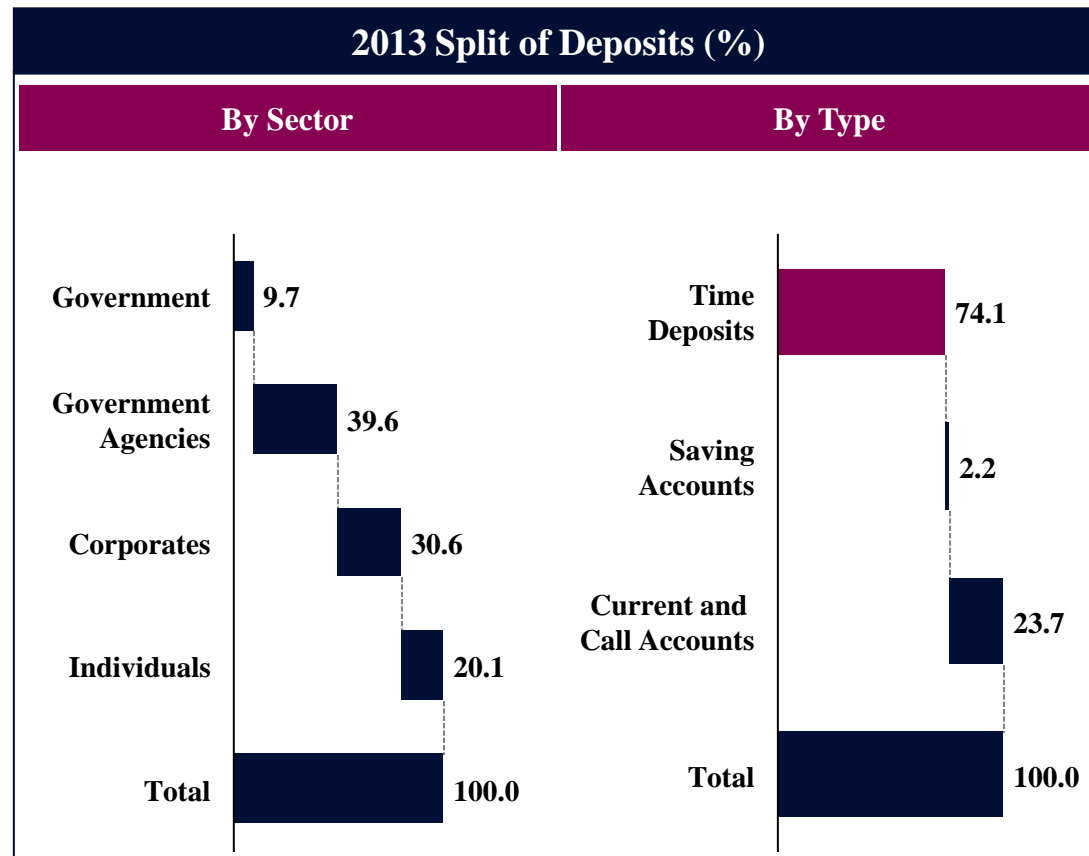
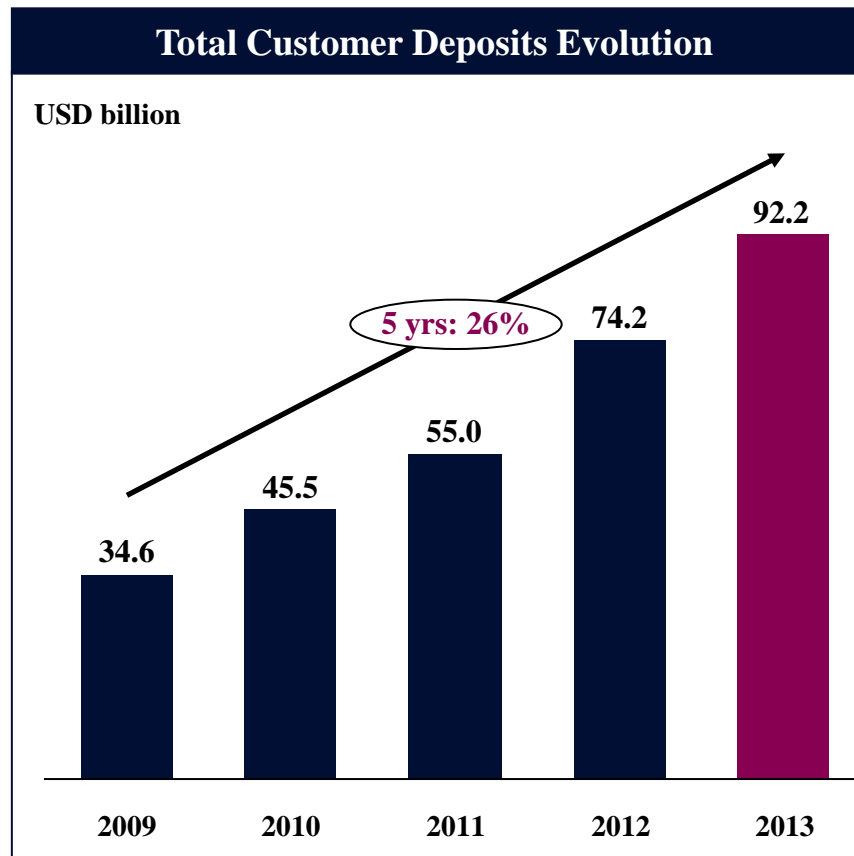
- Quoted securities account for 99% of available for sale investment securities



- Majority of Held to Maturity financial investments are State of Qatar sovereign bonds

Robust growth in customer deposits and funding

Funding Analysis (as at 31 December unless otherwise stated)

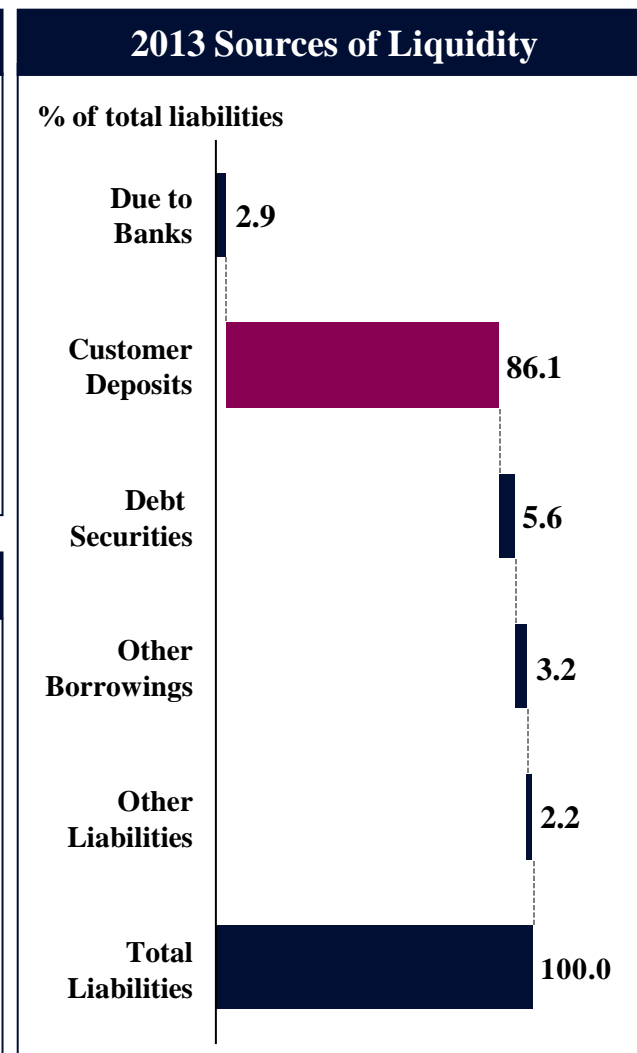
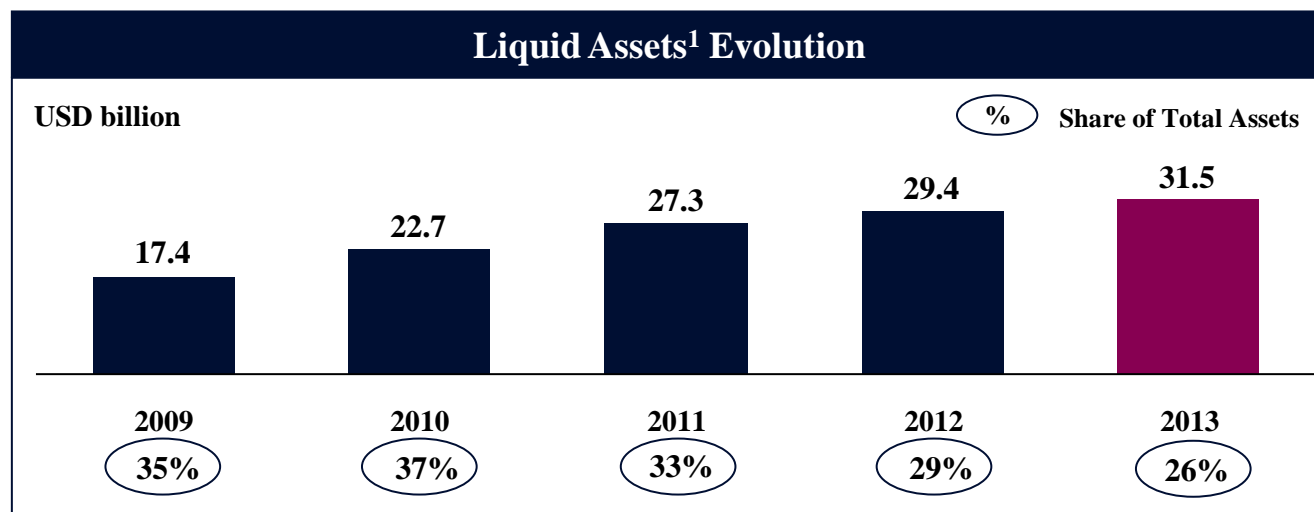
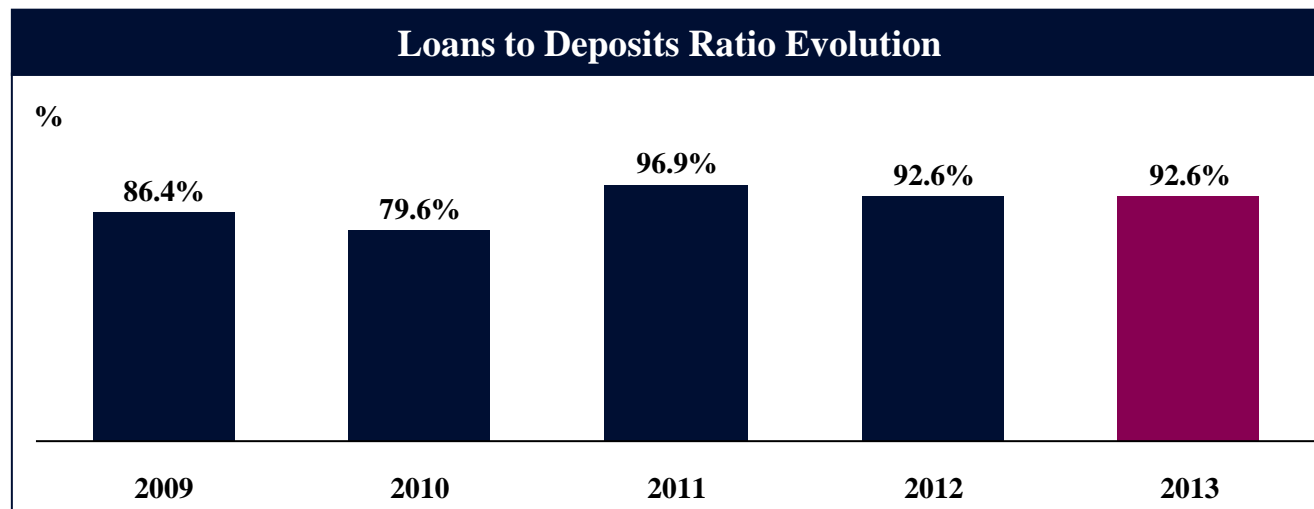


- Deposits increased 24% from December 2012
- 2008-2013 CAGR of 26%

- QNB remains the public sector's preferred bank
- USD denominated deposits represent 47% of total deposits
- EGP denominated deposits represent 8% of total deposits

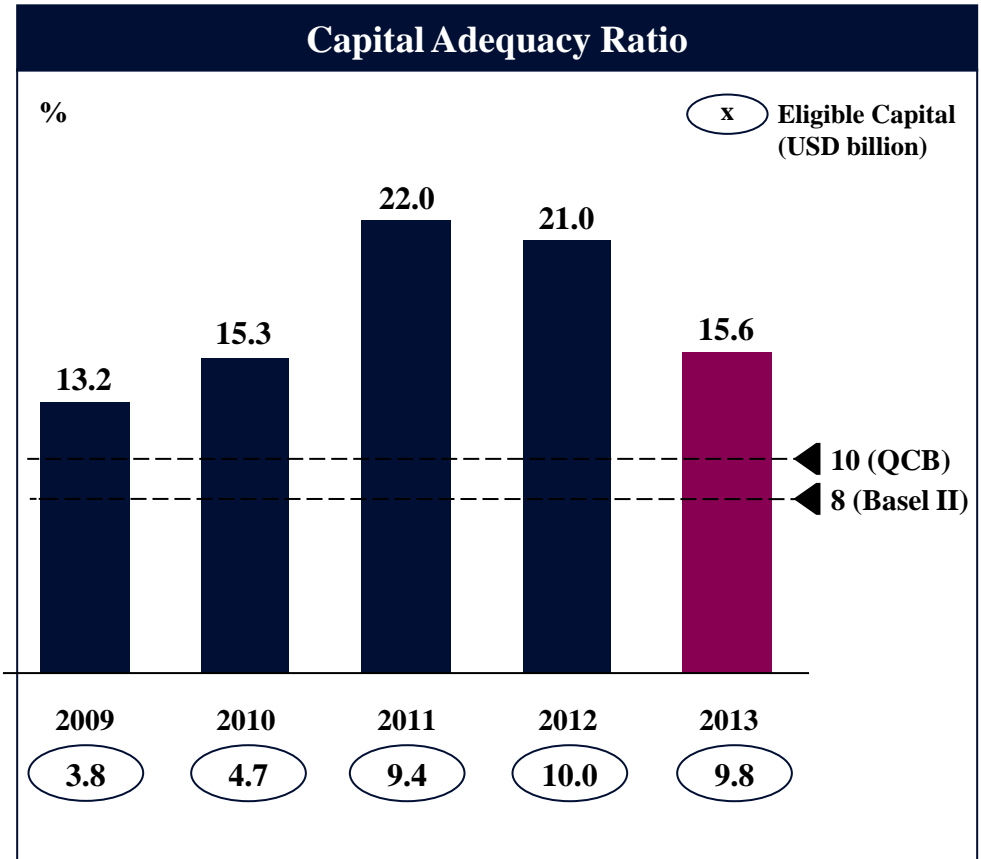
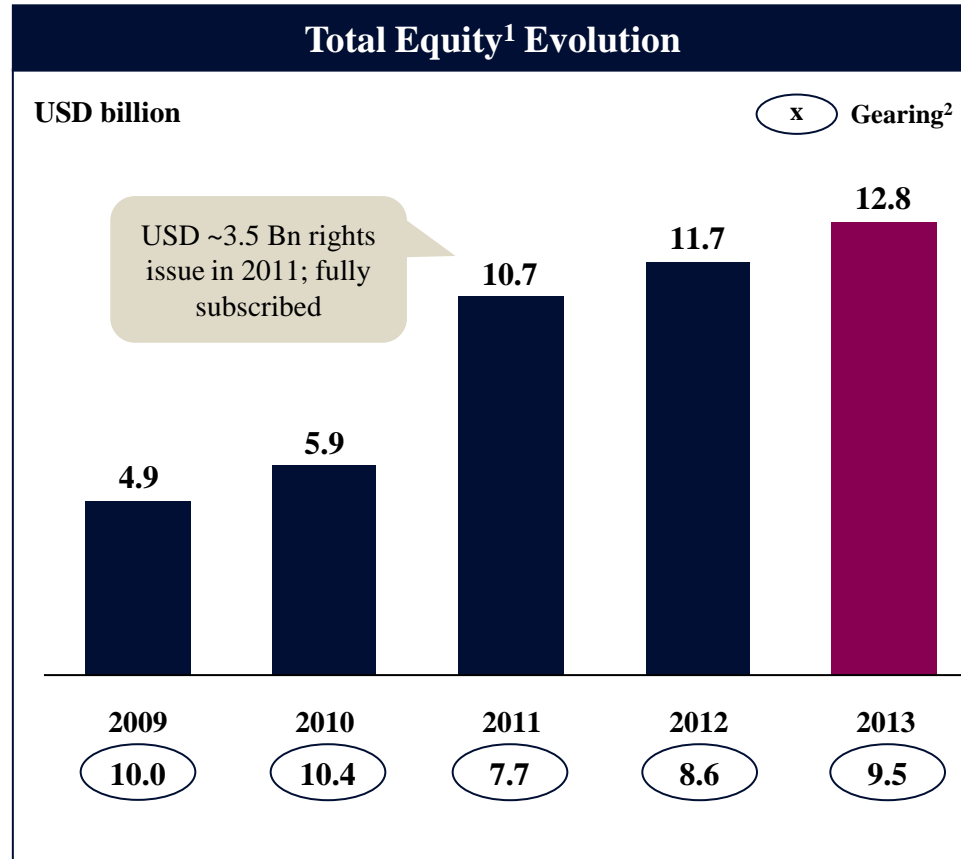
Solid liquidity profile with loans to deposit ratio consistently below 97%

Liquidity Analysis (as at 31 December)



Strong capital adequacy ratio maintained above both QCB and Basel II requirements

Capital Analysis (as at 31 December)



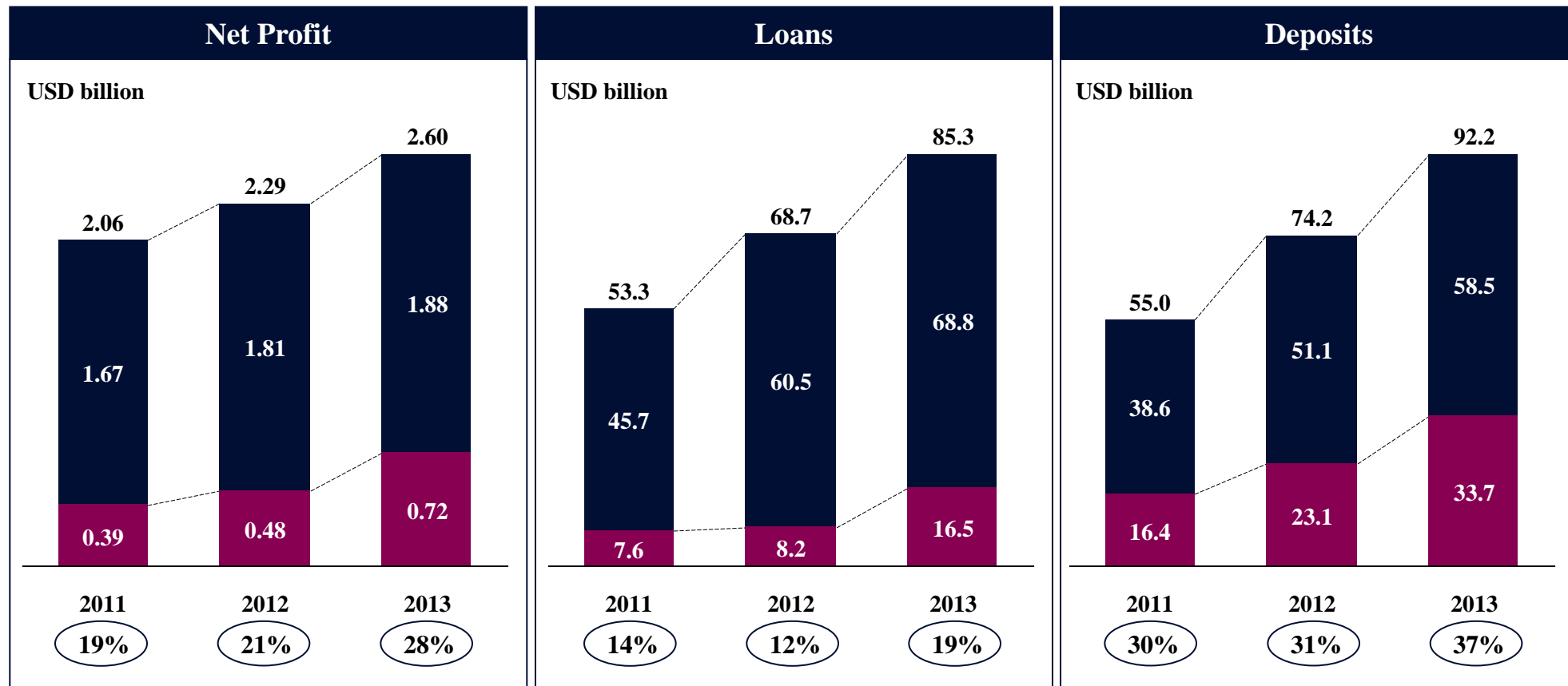
- Capital base has been regularly increased in line with the strong surge in QNB's balance sheet

- Capital adequacy ratio have been consistently maintained above QCB and Basel II requirements
- Eligible capital is all in the form of Tier 1 capital

Increasing geographical diversification positively contributes to growth

Geographical Contribution (as at 31 December)

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

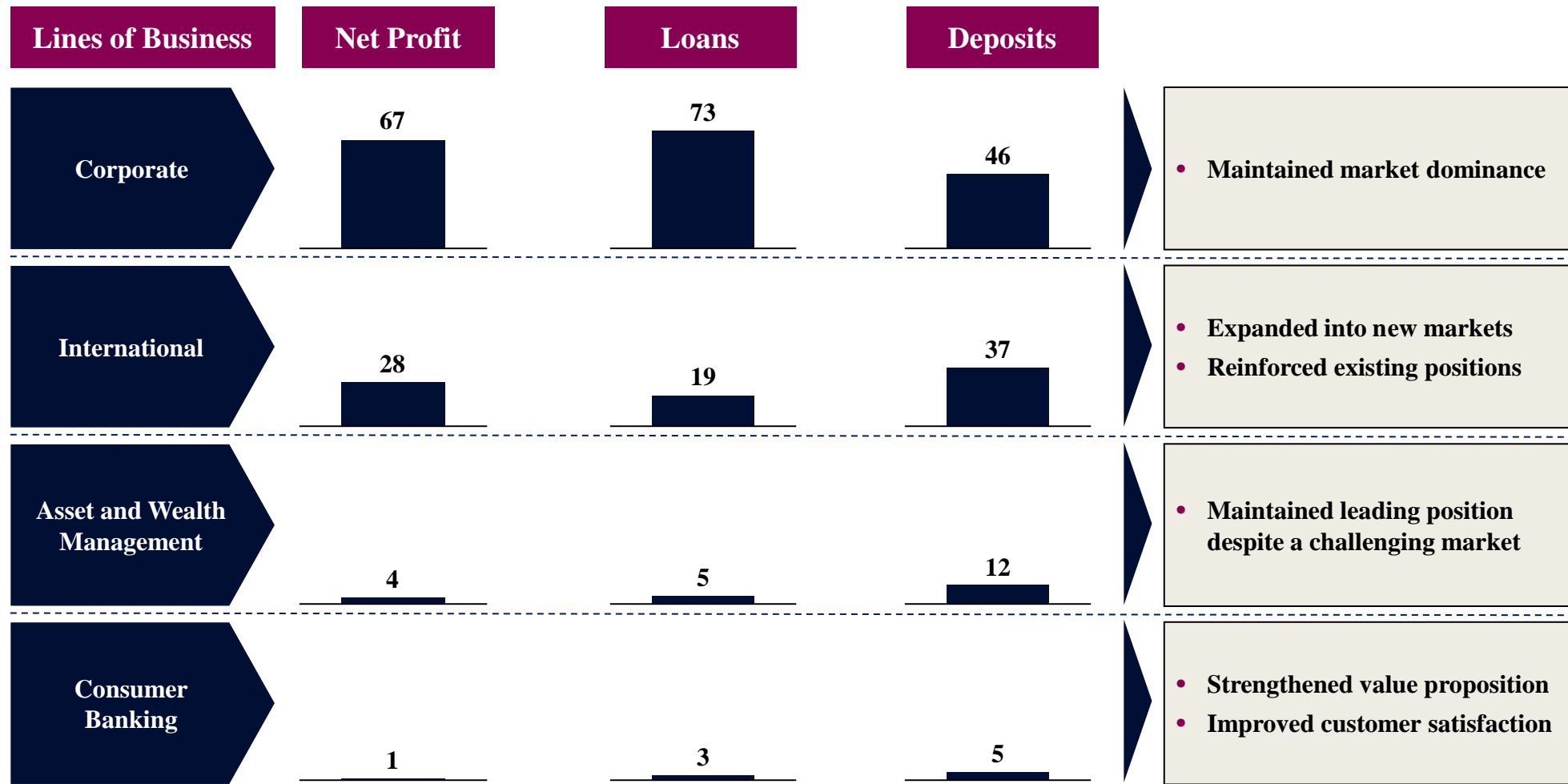


- Profit from international operations increased by USD 327 Mn (+83%) from 2011 to 2013

- Loans from international operations increased by USD 8.9 Bn (+116%) from 2011 to 2013
- Deposits from international operations by USD 17.3 Bn (+106%) from 2011 to 2013


Diversifying business mix will bolster sustainable growth

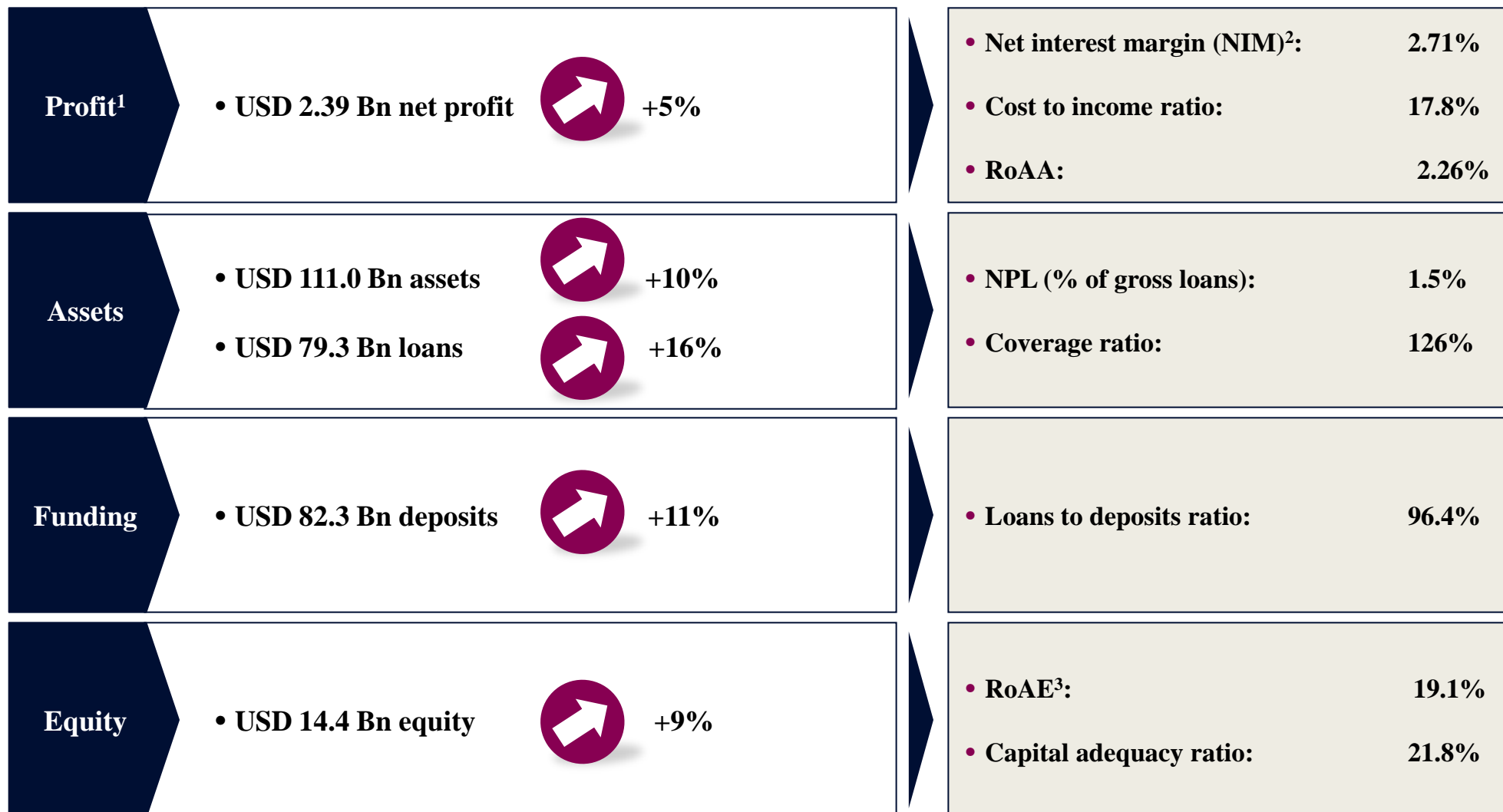
Business Mix Contribution (% share as at 31 December 2013)



QNB's underlying performance continues

Highlights (excluding QNB ALAHLI as at 31 December 2013)

 Growth vs. December 2012

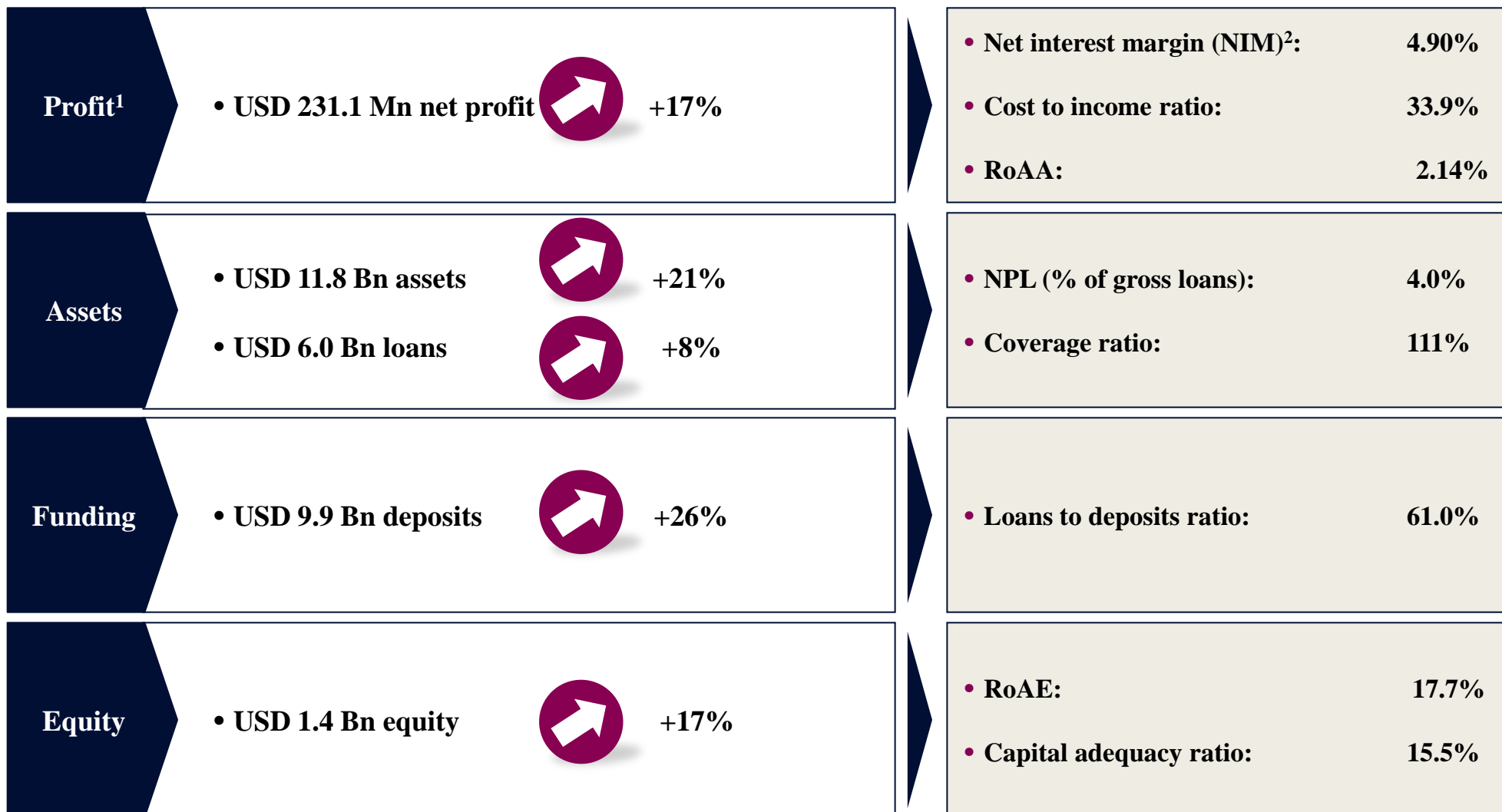


QNB ALAHLI

Highlights



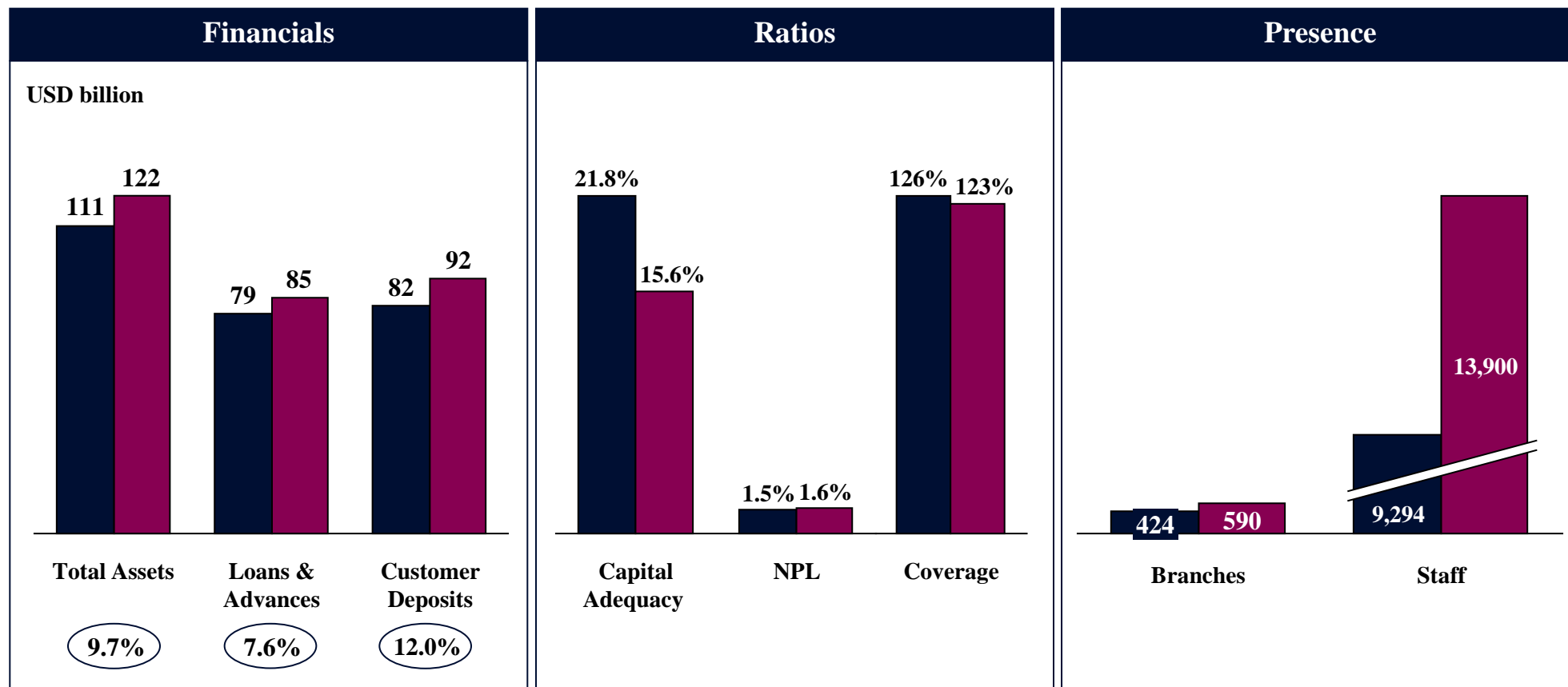
Growth vs. December 2012



QNB Group Financials

Key data (as at 31 December 2013)

■ QNB ■ QNB incl. QNB ALAHLI ○ % Growth

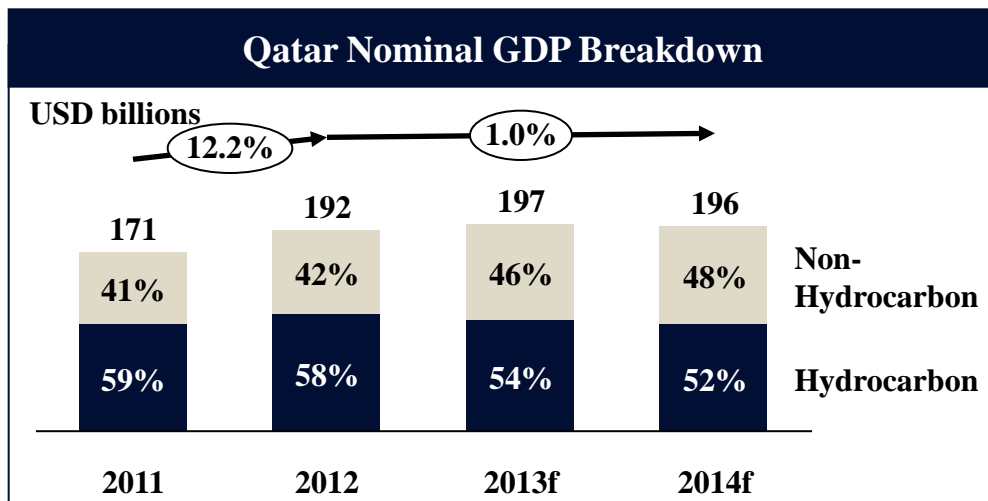
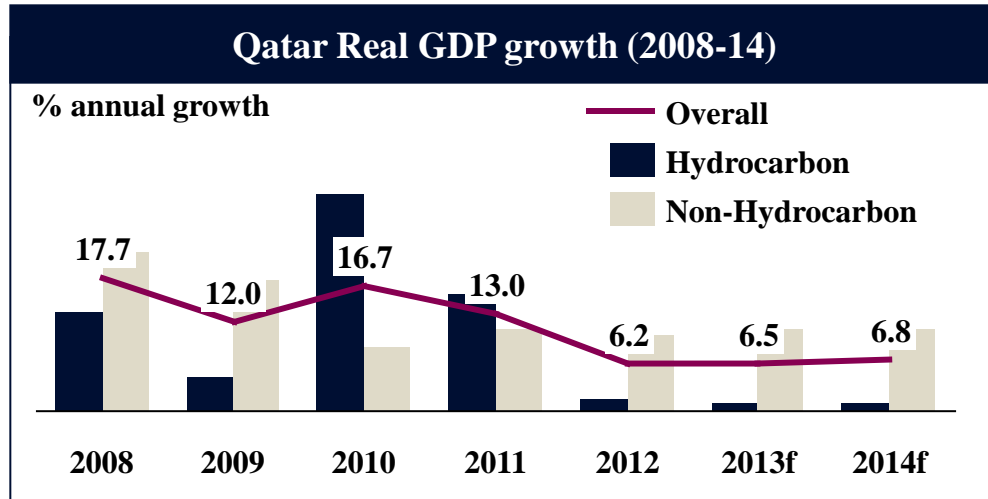


- QNB Group finalised incorporation of the financial results of QNB ALAHLI during the Q2 FY13
- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy on consolidation 15.6%



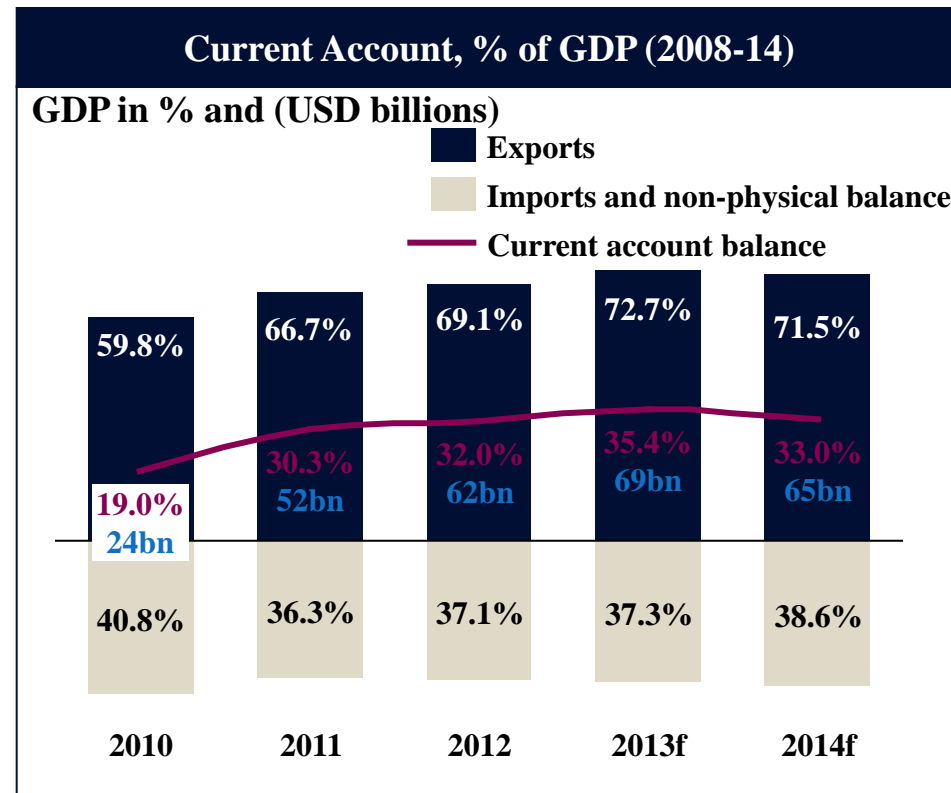
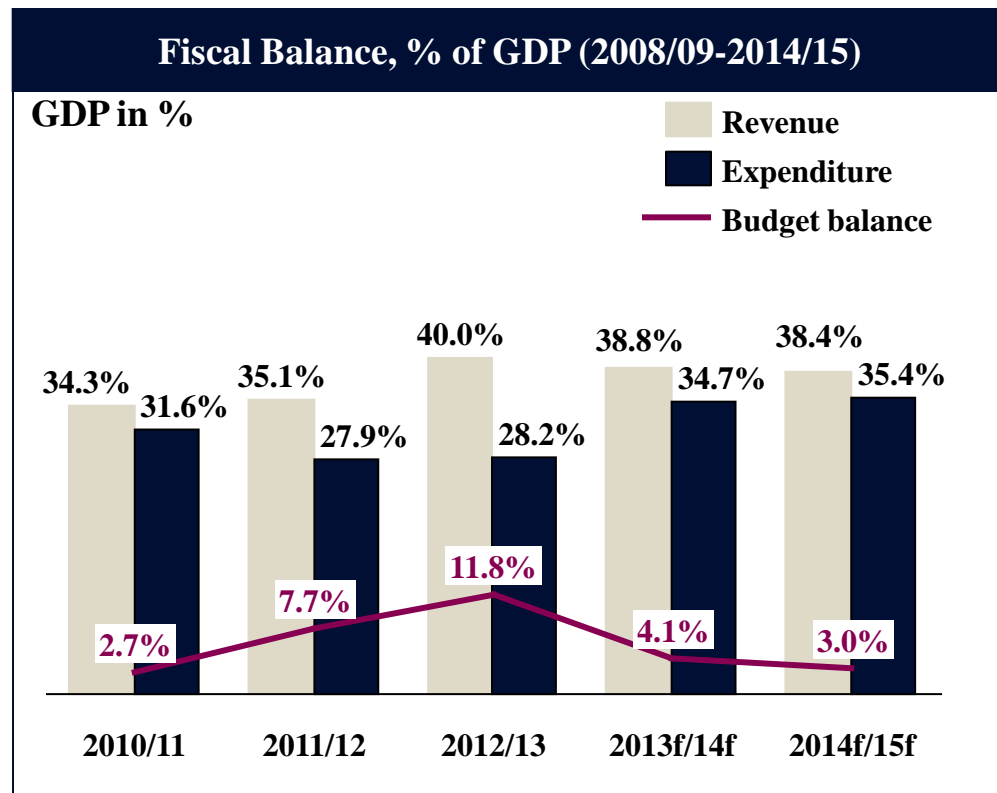
Economic Overview

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 around 1% in 2013-14
- QNB Group expects the non-hydrocarbon sector to expand strongly, driving an acceleration in overall real GDP growth to 6.5% in 2013 and 6.8% in 2014
- The share of the non-hydrocarbon sector in nominal GDP is forecast to rise to 48% in 2014 as the economy becomes more diversified

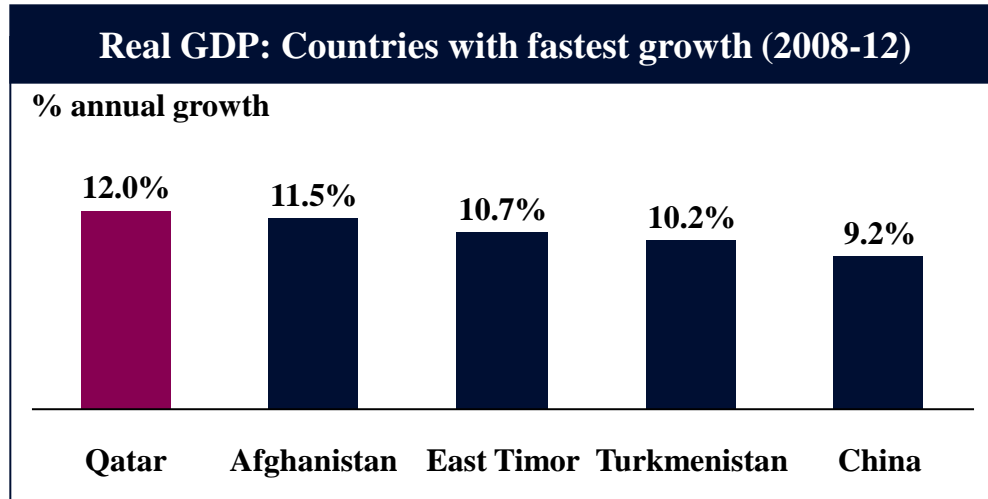
Hydrocarbon receipts will continue to result in large fiscal and current account surpluses



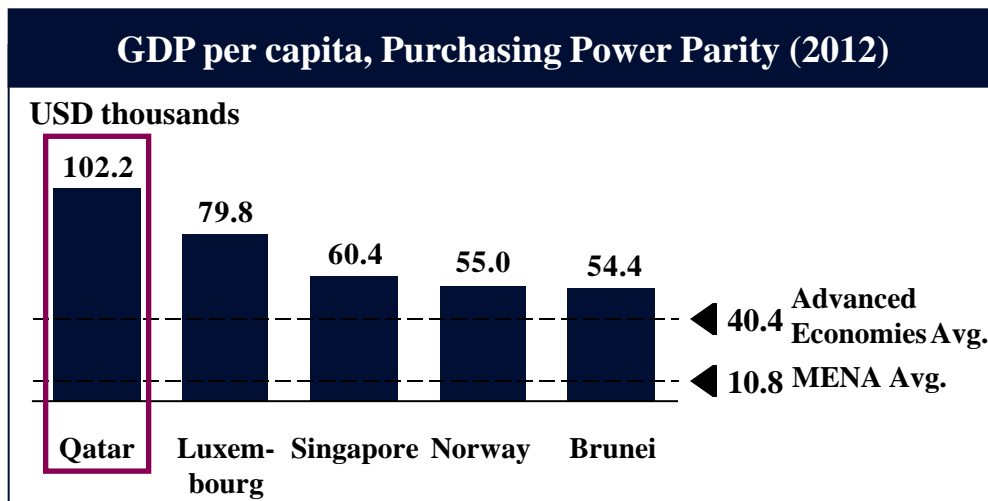
- The budget for 2013/14 is based on conservative oil price assumptions (USD65/barrel)
- Higher infrastructure projects will drive government expenditures significantly higher over the next two years

- The current account balance will reach a record surplus in 2013 on high crude oil prices
- The ramp up in infrastructure spending will drive higher imports in 2014

Qatar was the world's fastest growing economy during 2008-12

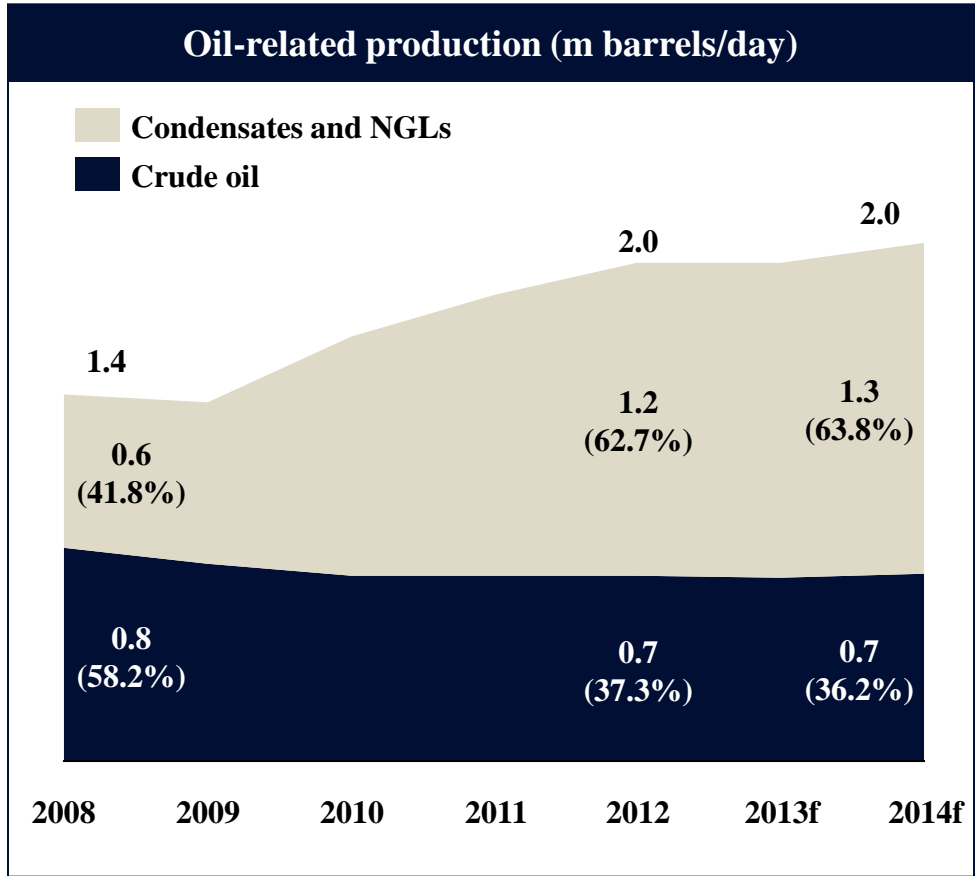
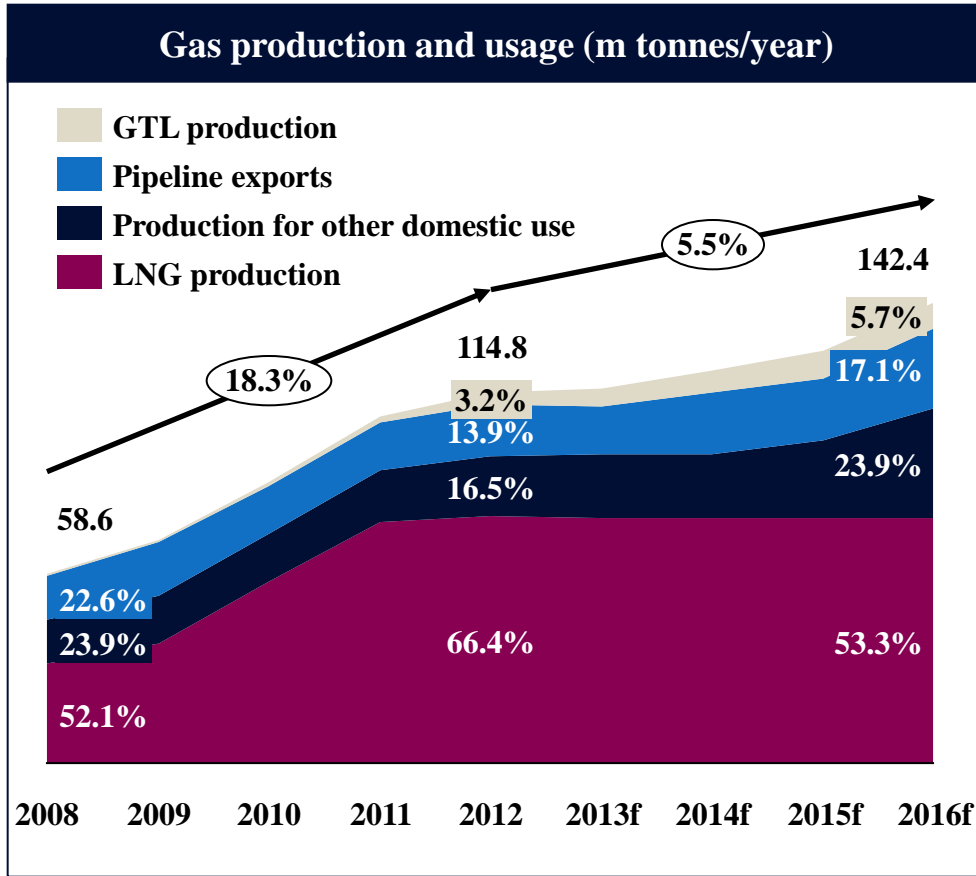


- Qatar's annual real growth of 12.0% during 2008-12 was the world's fastest, reflecting the expansion in LNG production
- Qatar's growth eased to 6.2% in 2012, still strong by global standards



- GDP per capita (Purchasing Power Parity) was USD 102.2k in 2012, the highest globally
- Qatar had the highest percentage of millionaire households in the world (14.3%) in 2012

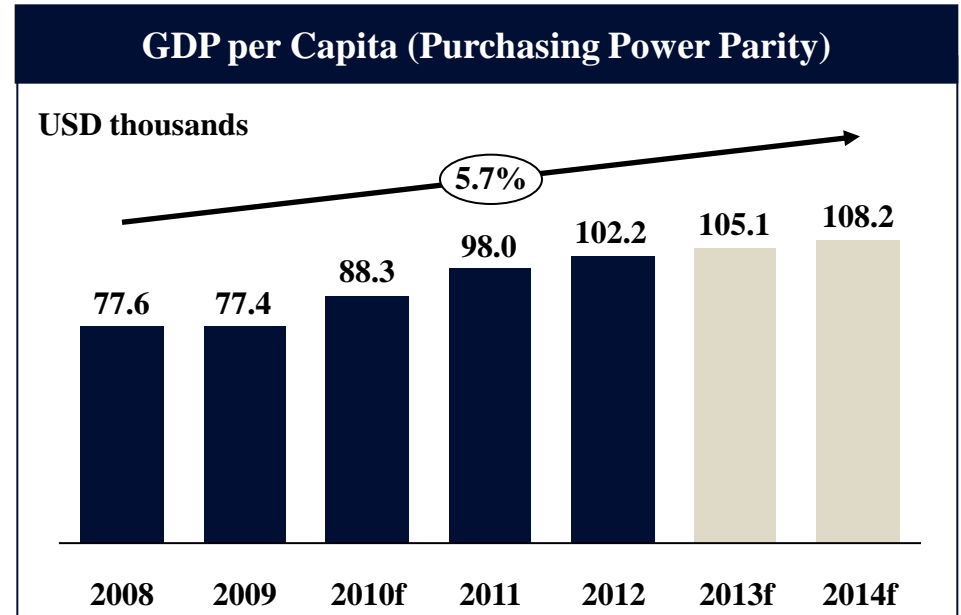
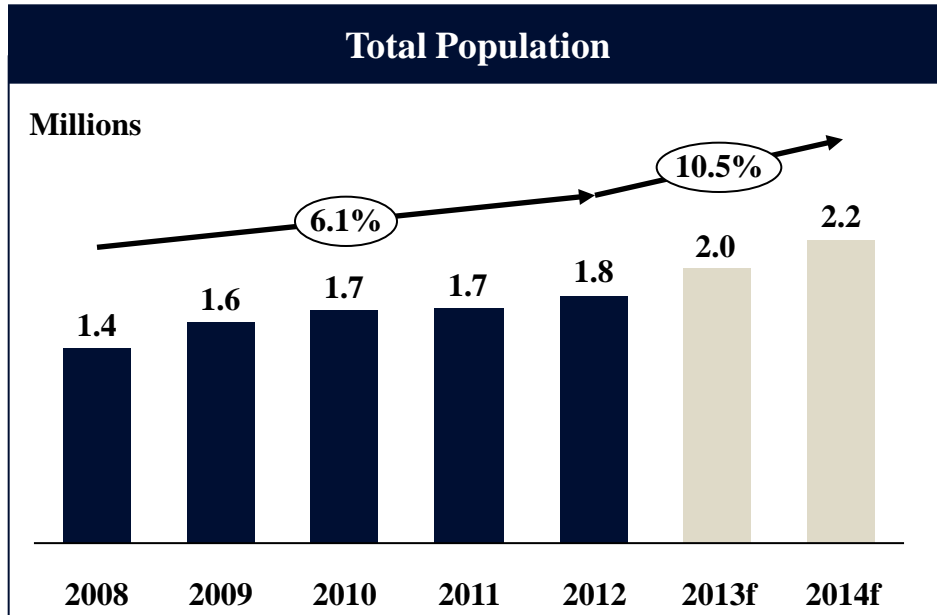
Growth has been driven by a dramatic expansion in gas production



- Gas production has increased 2x since 2008
- Only 19.7% of total gas was used domestically in 2012
- LNG production has reached 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 39 years

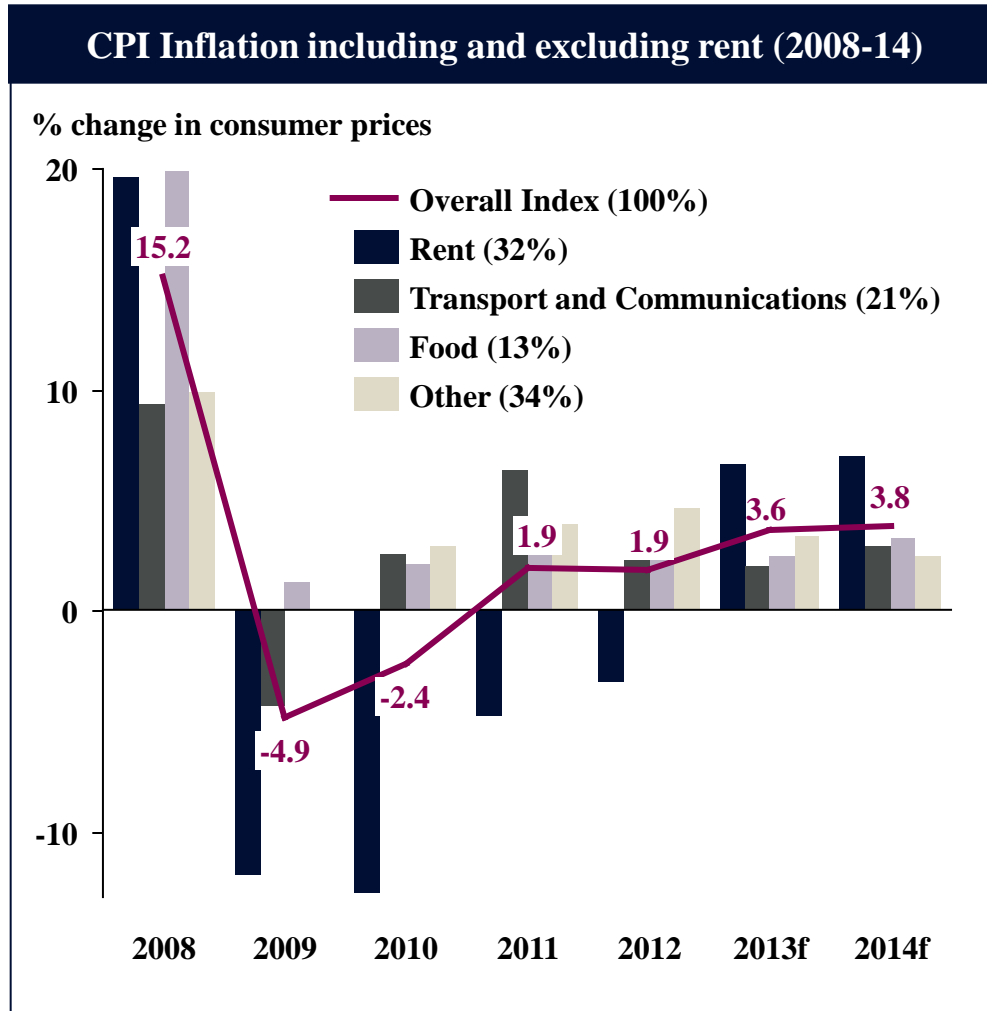
Expansion has driven population growth and created significant wealth



- Population growth was the highest in the world in 2007-09, largely due to inflows of construction workers
- Population is expected to reach 2.2m in 2014 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
- The outlook for economic growth is strong as the large hydrocarbon wealth is used to build a diversified economy

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
- Rental inflation has been increasing but the rate of increase has been slower and by November 2013 only grew by 5.6% year-on-year (seven month low)
- QNB Group expects rents to continue rising at a moderate pace in the near term while non-rent inflation moderates, resulting in an uptick in inflation to 3.6% in 2013 and 3.8% in 2014

Strong fundamentals have lowered CDS spreads

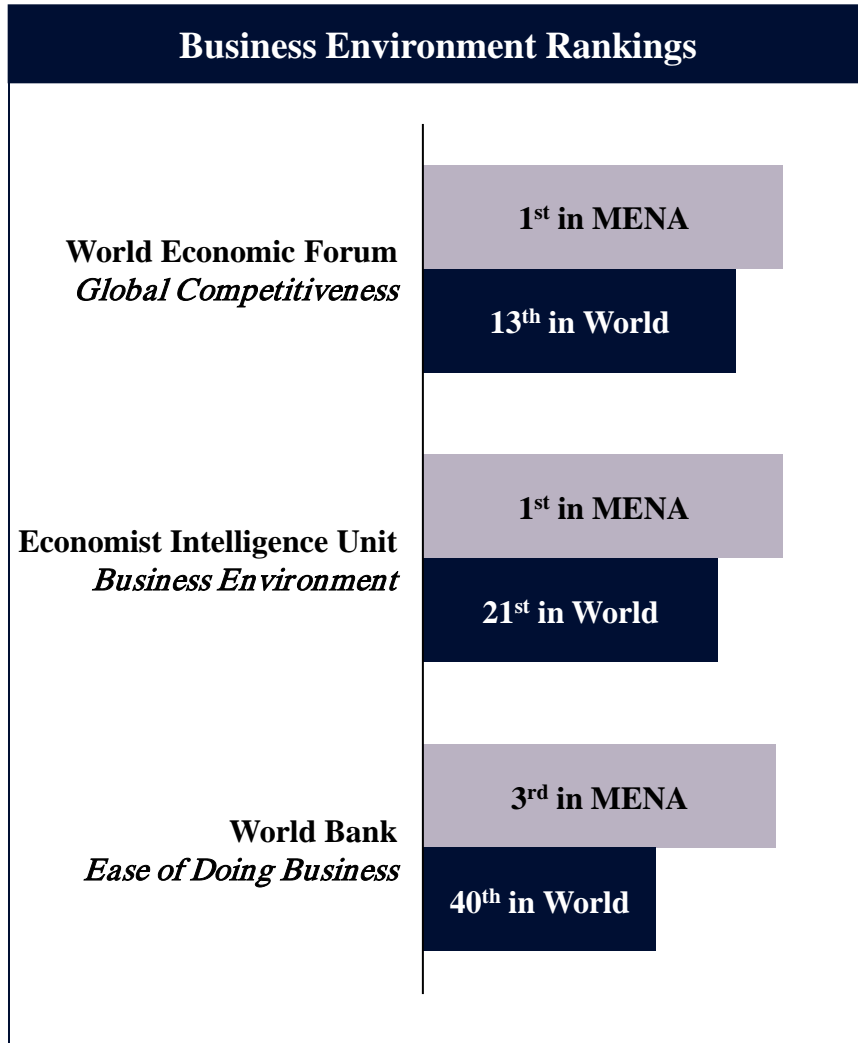
Qatar CDS Spread (Aug 2012 – Dec 2013)

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, like 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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