



Investor Relations Presentation

December 2014

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Notes:

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

In certain cases, numbers may be rounded for presentation purposes

QNB at a Glance



QNB at a Glance: Overview

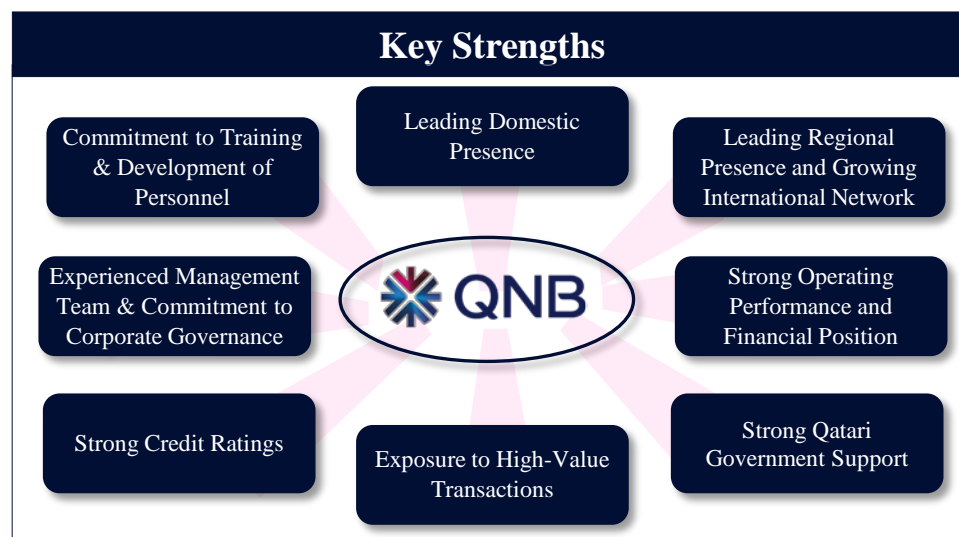
Overview	<ul style="list-style-type: none"> Established in 1964 as the first Qatari owned bank Owned (50%) by the Government of Qatar via the Qatar Investment Authority (QIA) Largest bank in Qatar by market cap., assets, loans, deposits and profit. Largest Bank in MENA by total assets, loans, deposits 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 more than 26 countries around the world across 3 continents, through more than 615 locations, supported by more than 1,300 ATMs and employing more than 14,500 staff. ¹
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Stock/Share Parameters	<ul style="list-style-type: none"> Listed on Qatar Exchange (QNBK) Market cap. of USD40.9bn (up 23.6% from Dec-13) Share price of USD58.48 per share Price to Book 2.9x Price to Earnings 14.2x
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Financials² (in USD billion)			
	Dec-14	Dec-13	5yr CAGR
Total Deposits	99.0	92.2	23%
Total Assets	133.6	121.8	22%
Loans & Advances	92.9	85.3	25%
Operating Income ³	4.3	4.0	23%
Profit ⁴	2.9	2.6	20%
Coverage Ratio	124%	123%	-
NPL Ratio	1.6%	1.6%	-
Net Interest Margin	2.86%	2.90%	-







QNB's International Footprint

Sub-Saharan Africa

-  **South Sudan:** (1 Branch)
-  **Togo:** (1,240 Branches, 20.0% stake in Ecobank¹)

Asia

-  **Indonesia:** (46 Branches, 82.59% stake In QNB Indonesia)
-  **Singapore:** (1 Branch)
-  **India:** (1 Office, 100% stake)
-  **China:** (1 Representative office)

North Africa

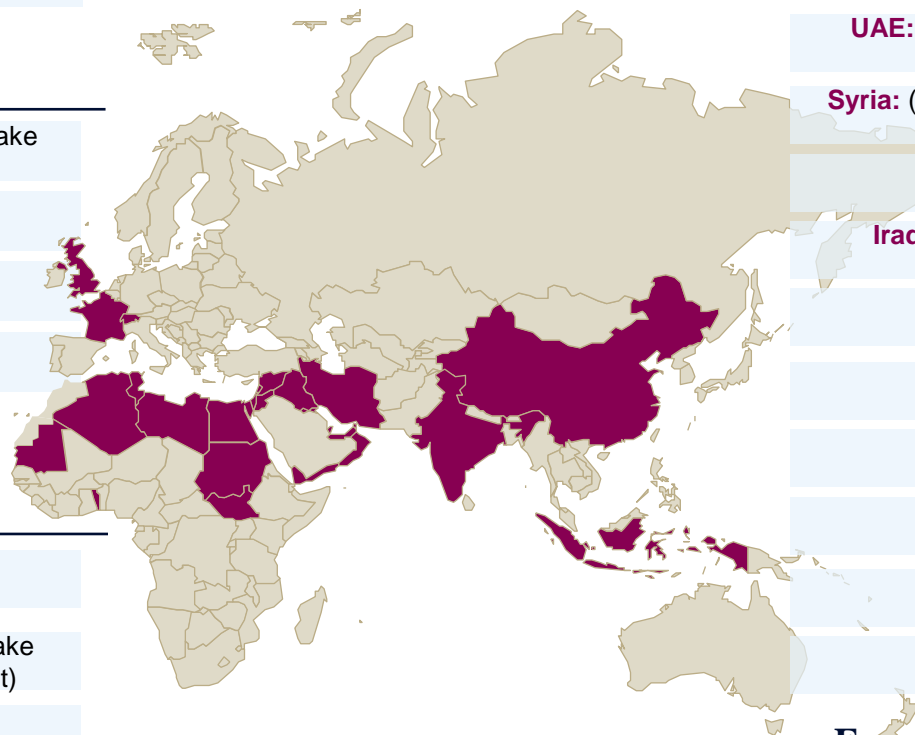
-  **Egypt:** (179 Branches, 97.1% stake in QNB ALAHLI)
-  **Libya:** (36 (+1²) Branches, 49.0% stake in Bank of Commerce & Development)
-  **Tunisia:** (27 Branches, 99.9% stake in QNB Tunisia)
-  **Sudan:** (6 Branches)
-  **Algeria:** (5 Branches²)
-  **Mauritania:** (1 Branch)

Middle East

-  **Qatar:** (79 Branches)
-  **Jordan:** (124² (+3²) Branches, 34.5% stake in Housing Bank of Trade & Finance)
-  **UAE:** (24 (+1²) Branches, 40.0% stake in CBI)
-  **Syria:** (15 (+30²) Branches, 50.8% stake in QNB-Syria)
-  **Palestine:** (13 Branches²)
-  **Iraq:** (9 (+1²) Branches, 50.8% stake in Bank Mansour)
-  **Oman:** (6 Branches)
-  **Bahrain:** (1 Branch²)
-  **Kuwait:** (1 Branch)
-  **Lebanon:** (1 Branch)
-  **Yemen:** (1 Branch)
-  **Iran:** (1 Representative office³)

Europe

-  **United Kingdom:** (1 (+1²) Branch)
-  **France:** (1 Branch)
-  **Switzerland:** (1 Office, 100% stake in QNB Banque Privée)



Rating Excerpts



“A+” with “Stable” outlook

“QNB benefits from a “very high” likelihood of support from Qatar’s government thanks to its “very important” economic role for and “very strong” link with the government...”

August 29th, 2014

MOODY’S

“Aa3” with “Stable” outlook

“QNB has one of the strongest asset quality metrics among its regional and global peers.”

September 10th, 2014

FitchRatings *“A+” with “Stable” outlook*

“Fitch makes a distinction between QNB’s SRF (Support Rating Floor) and that of the other banks in Qatar, as a result of its status as the flagship bank in the sector, its role in the Qatari banking sector and close business links with the state.”

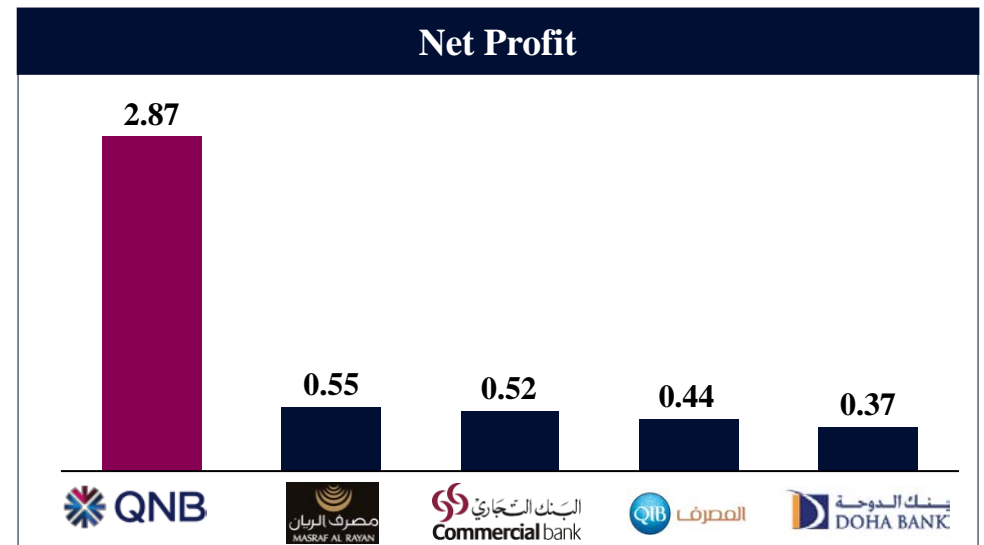
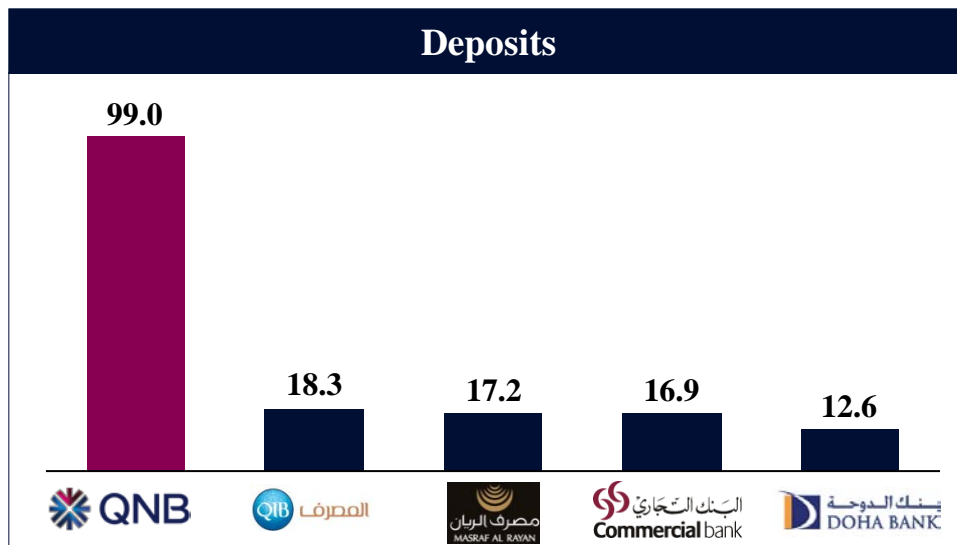
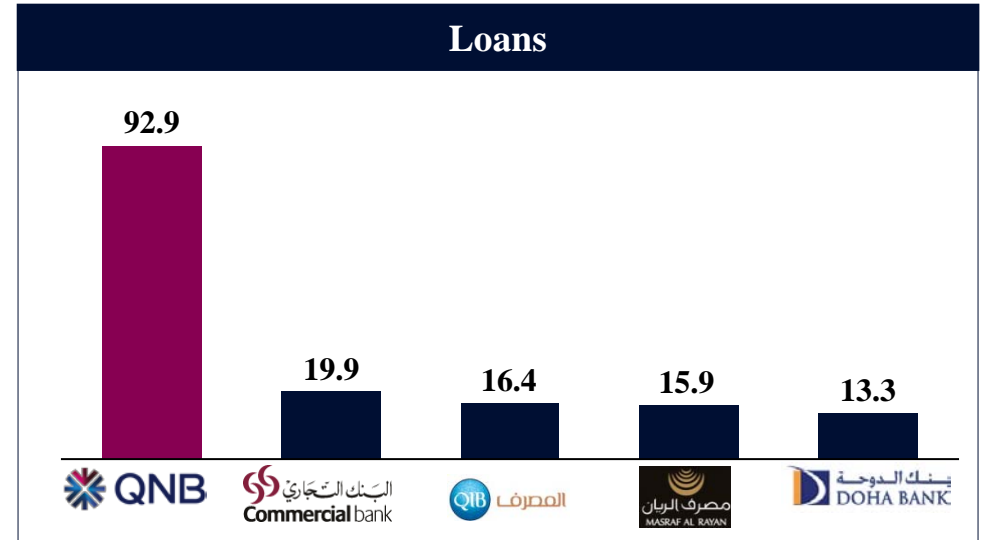
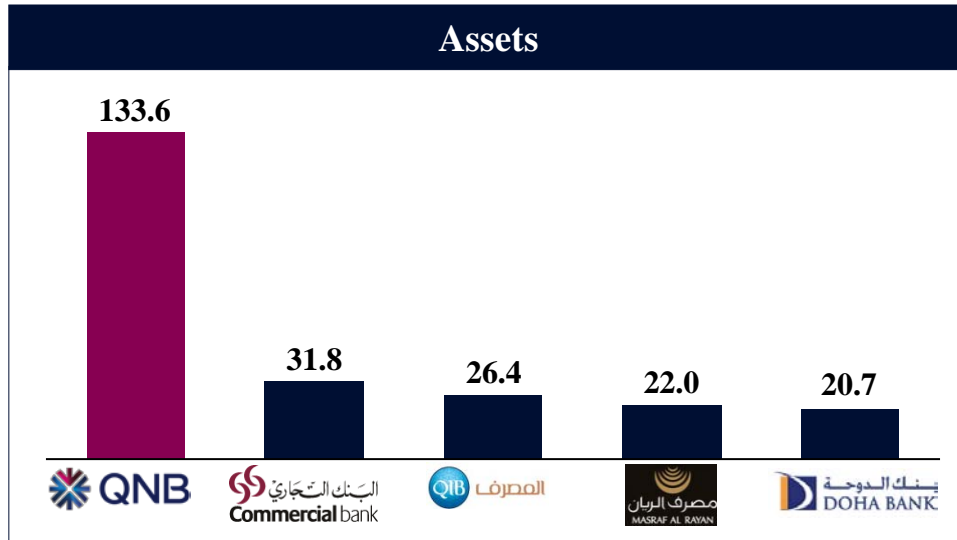
April 29th, 2014



QNB Comparative Positioning – Qatar and MENA

Top 5 Domestic Banks

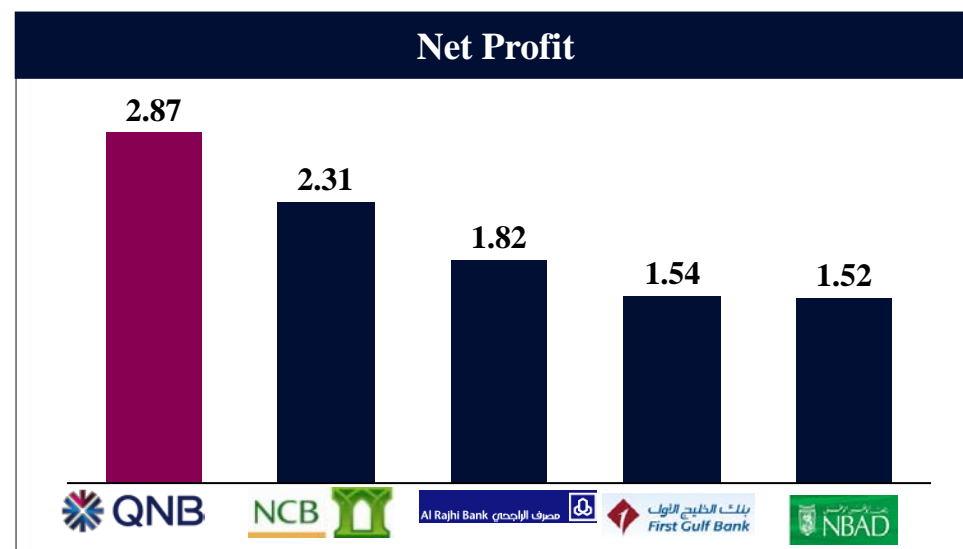
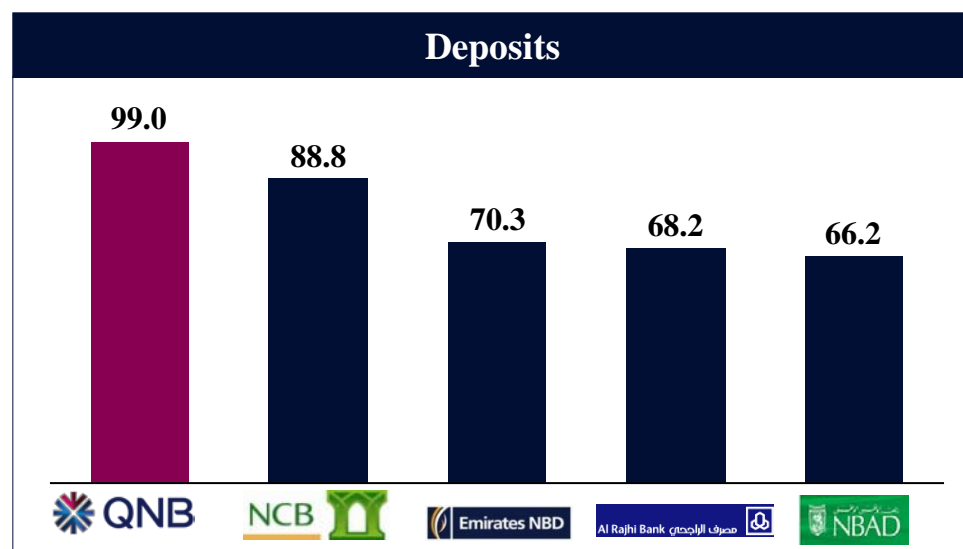
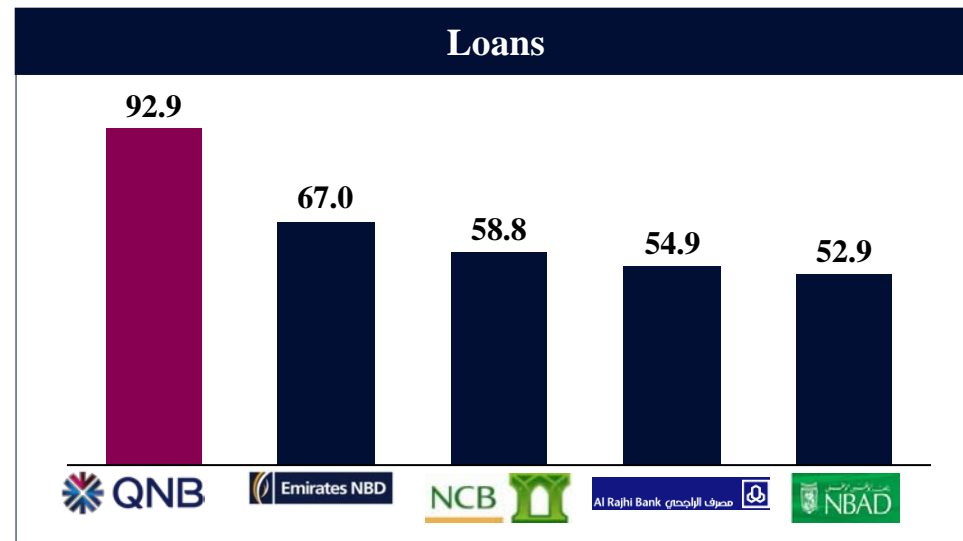
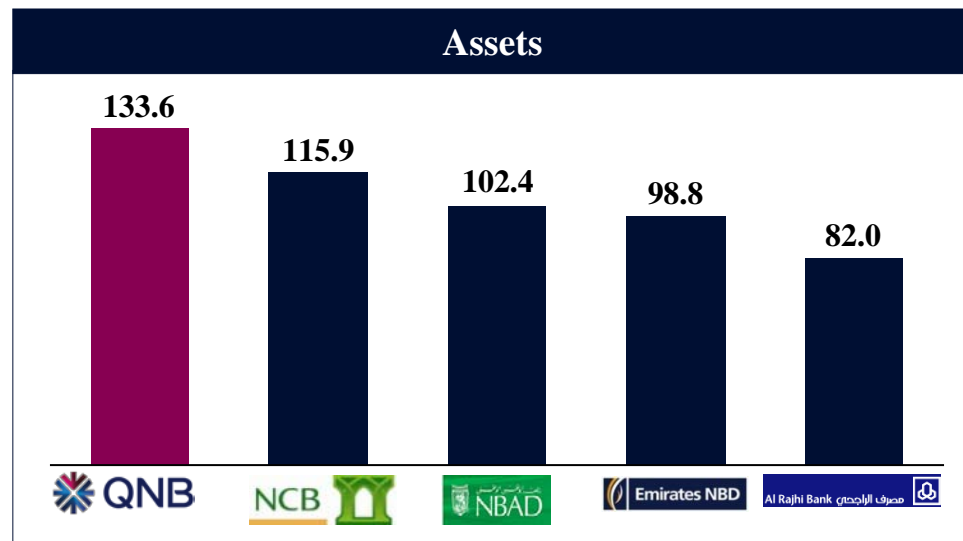
QNB continues to excel in the domestic market



Note: All amounts are in USD billions
Source: Companies' December 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




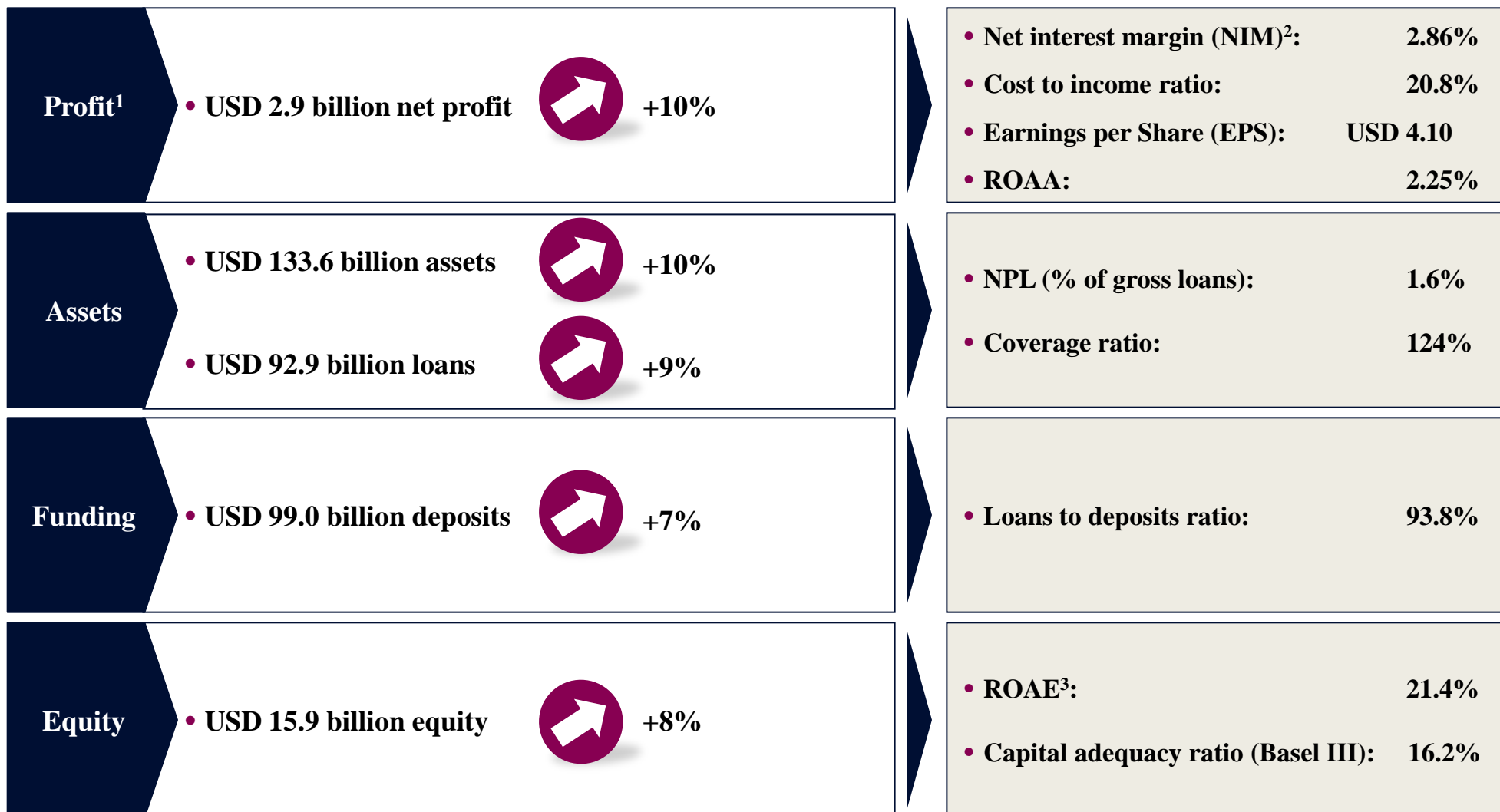


Financial Highlights – as at 31 December 2014

QNB continues to demonstrate sustainable profitable growth

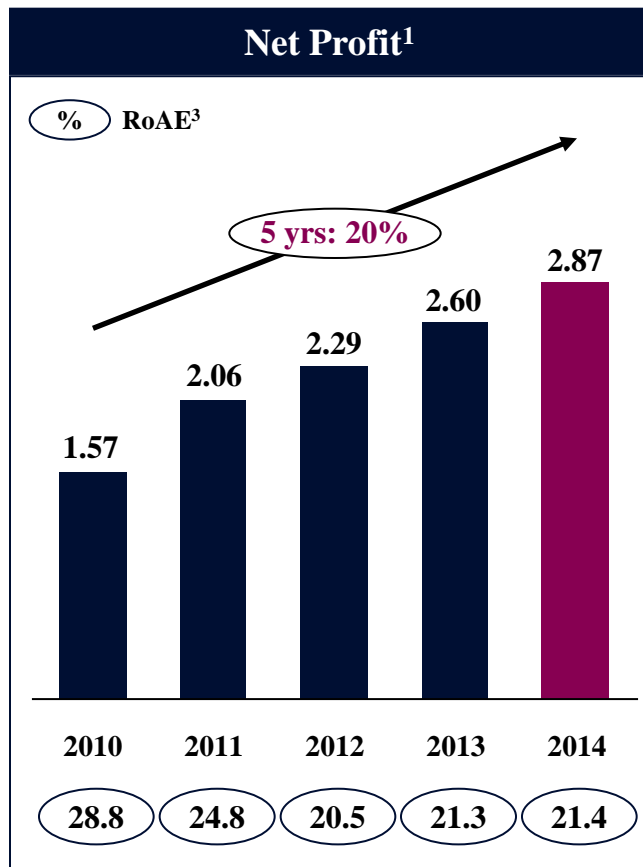
Highlights (including QNB ALAHLI as at 31 December 2014)

 Growth vs. December 2013

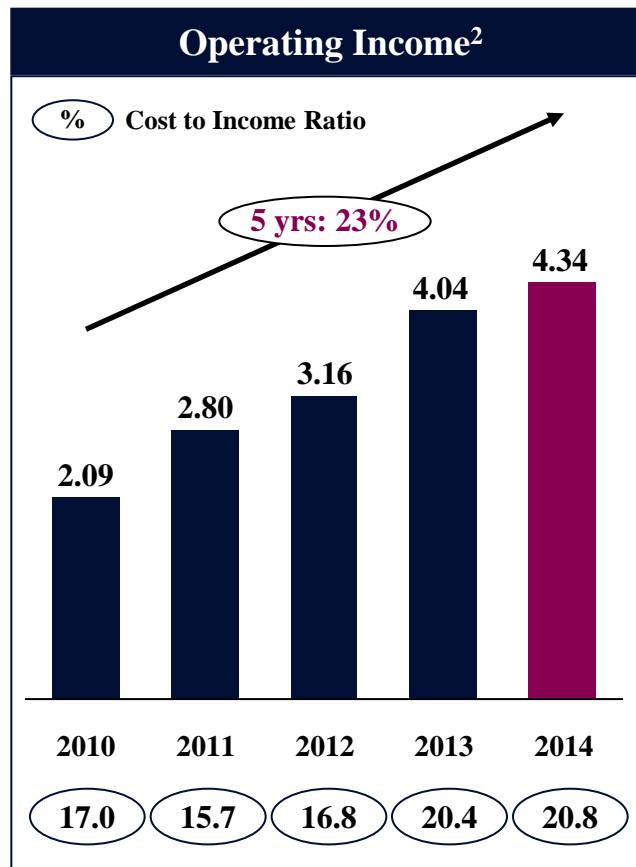


Strong profitability growth

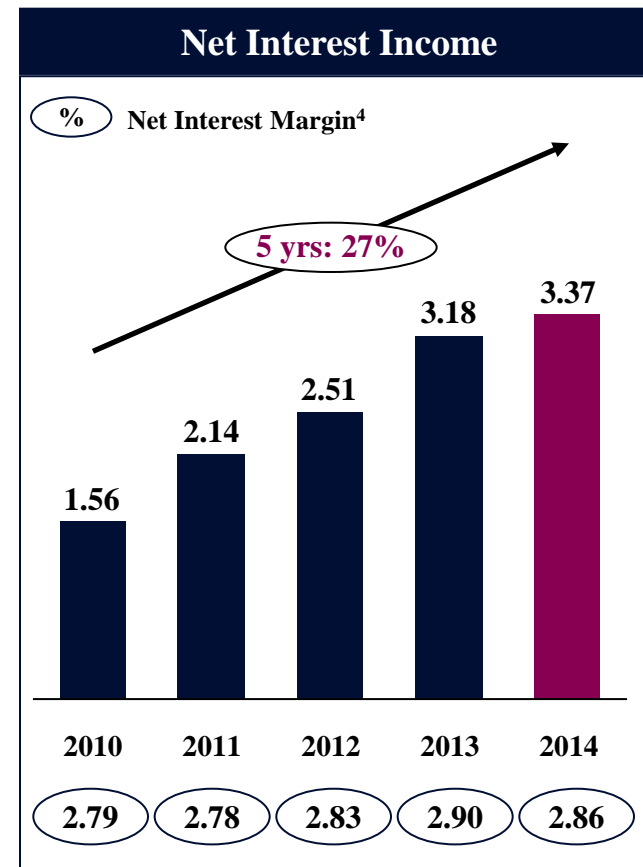
Income Statement Breakdown (USD billion as at 31 December)



- Net profit increased 10% from 2013
- 2009-2014 CAGR of 20%



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



- NII increased 6% from 2013
- NIM expanded by 7bps since 2010
- 2009-2014 CAGR of 27%

Robust quarterly growth has been consistently delivered

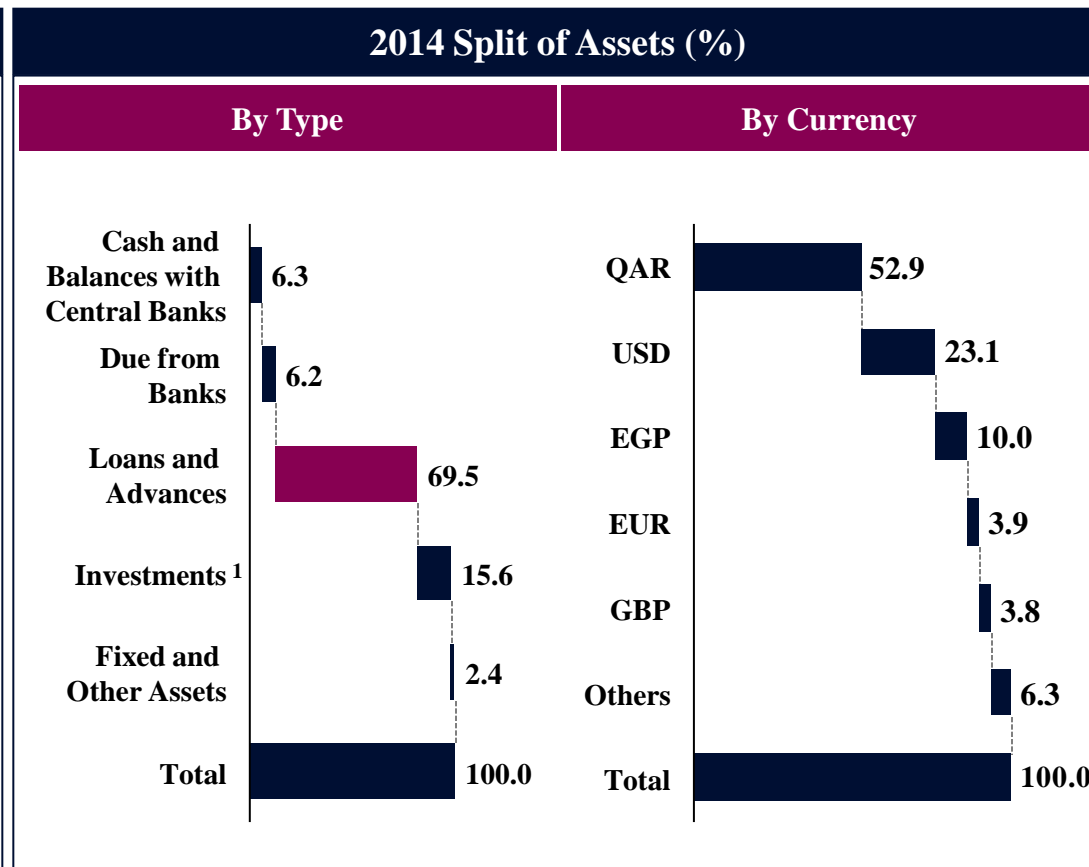
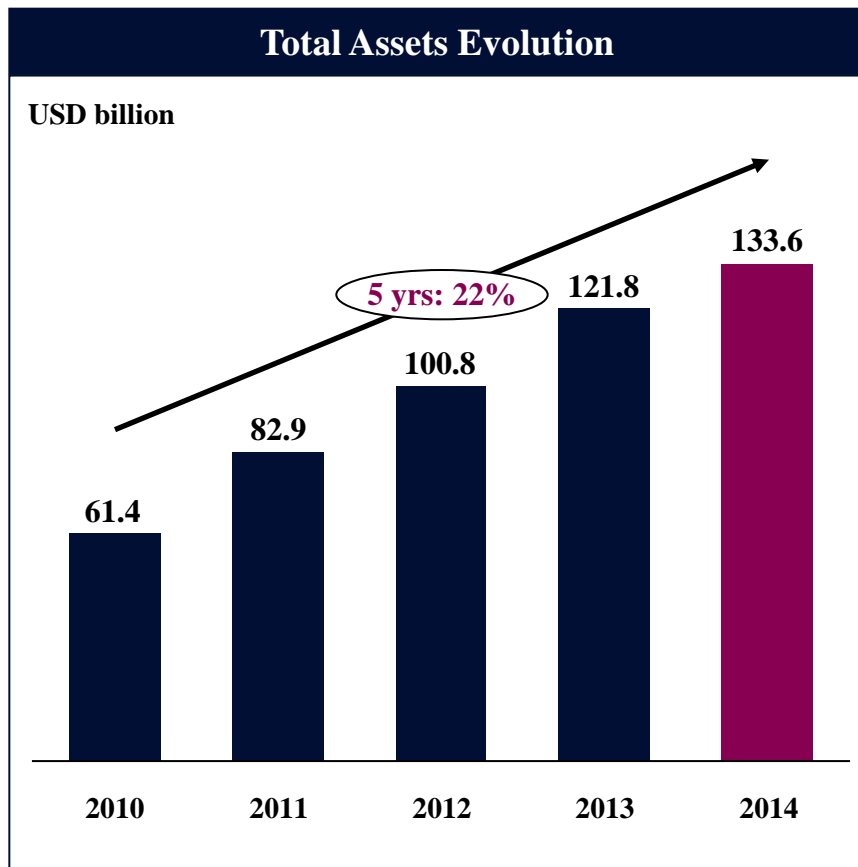
Quarterly Income Statement

Income Statement					
USD 000s	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
• Net Interest Income	829,685	812,072	828,129	855,537	872,477
– FX Gain	45,148	49,368	54,550	65,223	54,716
– Fees and Commissions	132,252	135,436	140,685	150,685	154,119
– Investment Income	11,939	6,132	22,442	5,870	(7,930)
– Other Income	613	6,798	4,270	13,080	10,608
• Total Other Income	189,952	197,734	221,947	234,858	211,513
• Total Operating Income	1,019,637	1,009,806	1,050,076	1,090,395	1,083,991
• G&A Expenses	(210,402)	(222,691)	(227,958)	(219,403)	(230,104)
• Total Operating Profit	809,235	787,115	822,118	870,992	853,887
• Investment Income - Associates	18,989	16,789	24,243	17,739	43,701
• Loan Loss Provisions	(143,490)	(99,162)	(57,680)	(13,962)	(158,617)
• Other Provisions & Taxes	(32,894)	(37,222)	(63,859)	(68,955)	(65,351)
• Net Profit	651,840	667,520	724,822	805,814	673,621

- 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

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

Assets Analysis (as at 31 December)

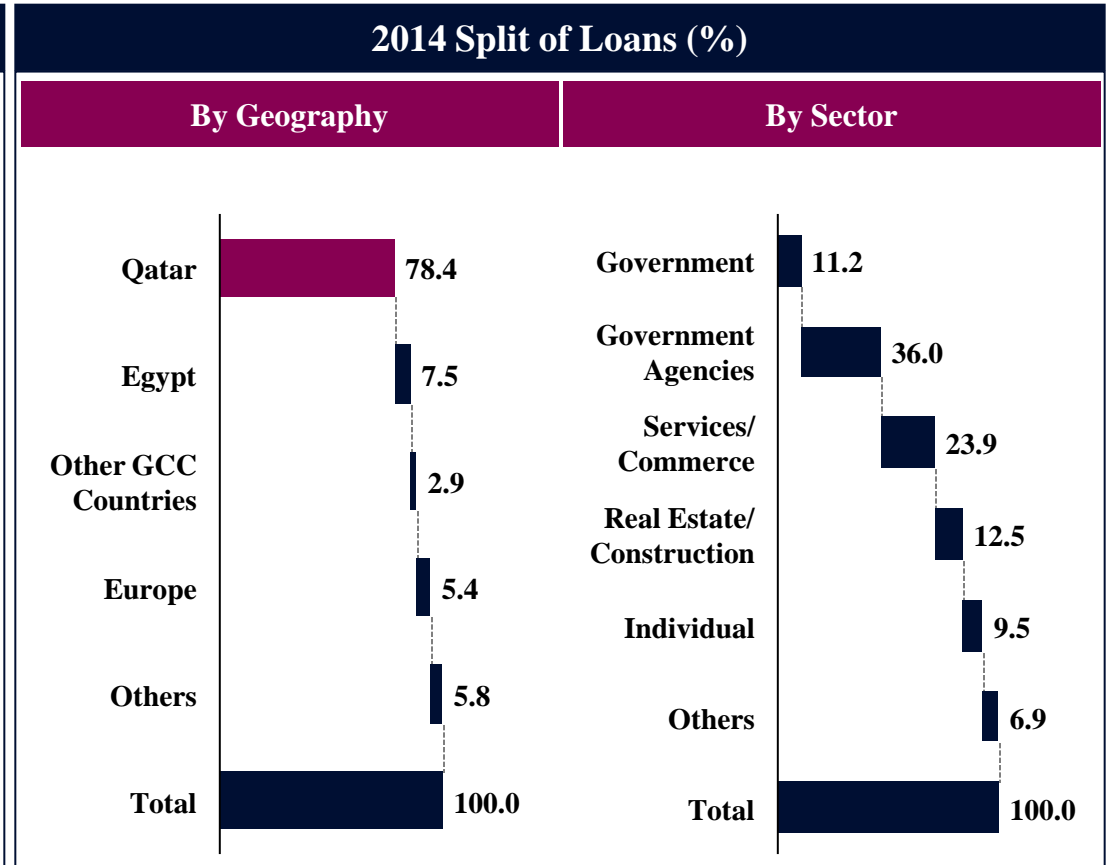
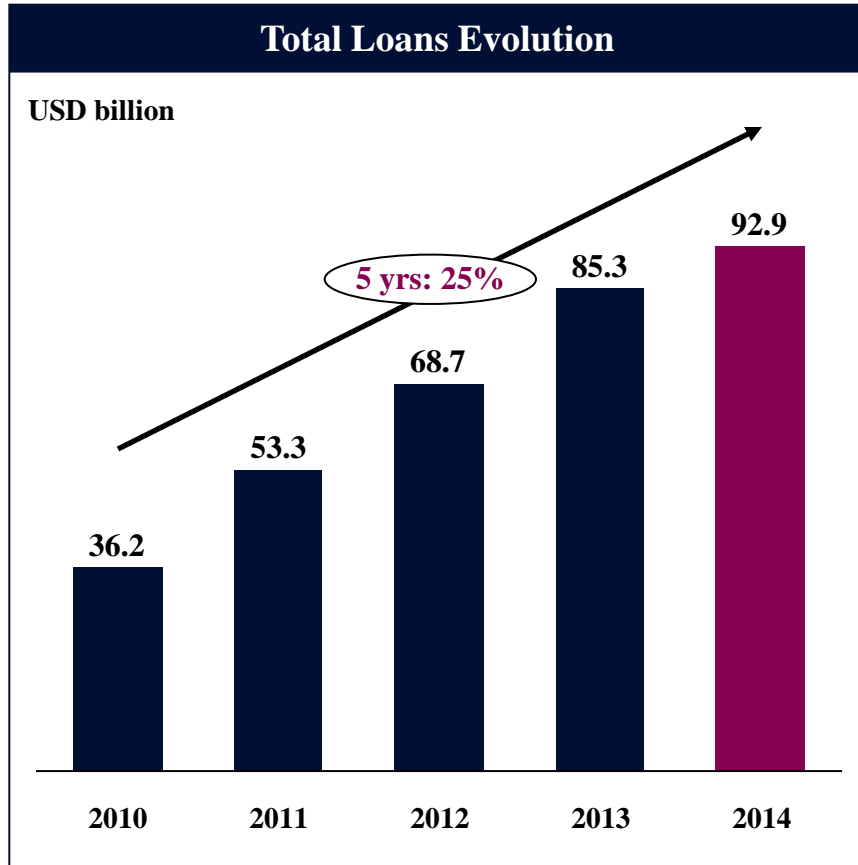


- Assets increased 10% from December 2013
- 2009-2014 CAGR of 22%

- Loans and advances represent 70% of total assets
- USD and QAR currencies account for 76% of total assets

Continued loan growth

Loans Analysis (as at 31 December)

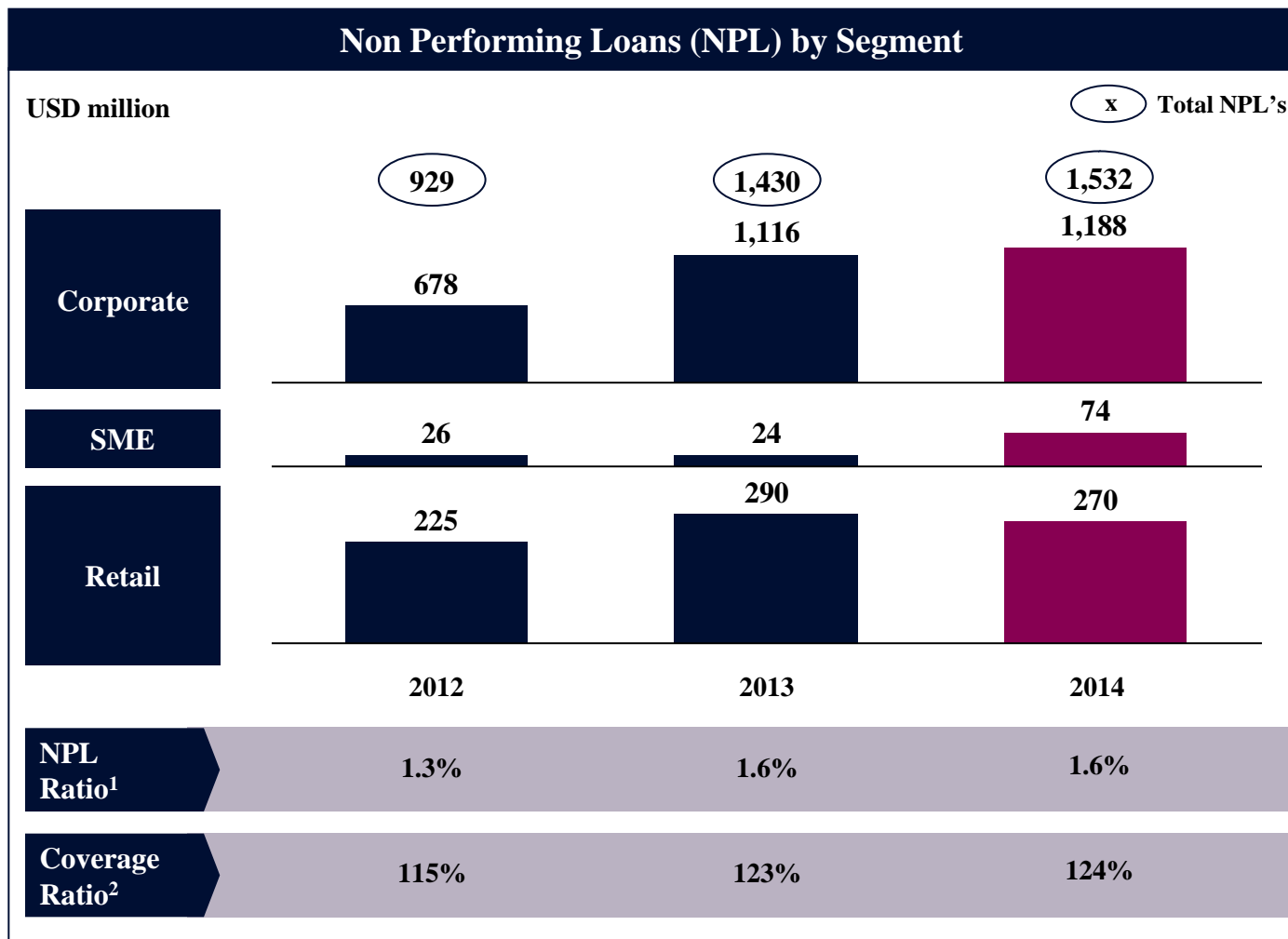


- Loans increased 9% from December 2013
- 2009-2014 CAGR of 25%

- Loans denominated in USD represent 22% of total loans
- Loan exposures are of a high quality with 47% concentration to the public sector entities

High quality lending portfolio is highlighted by low NPL ratios

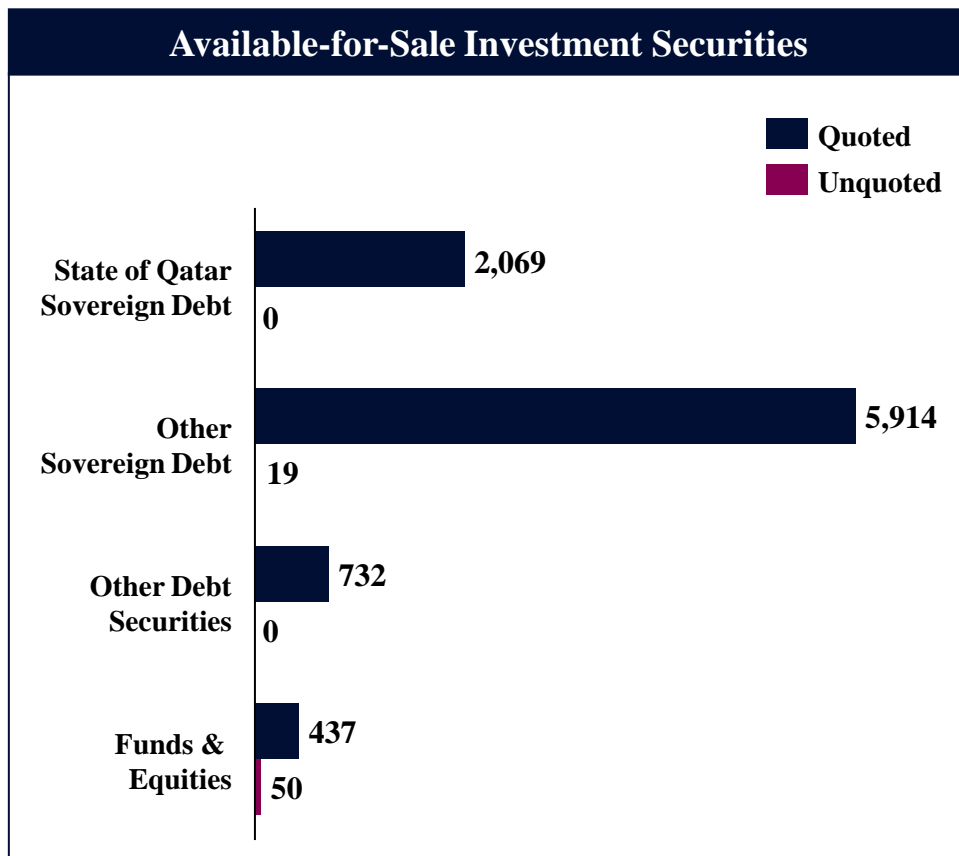
Asset Quality Analysis (as at December unless stated)



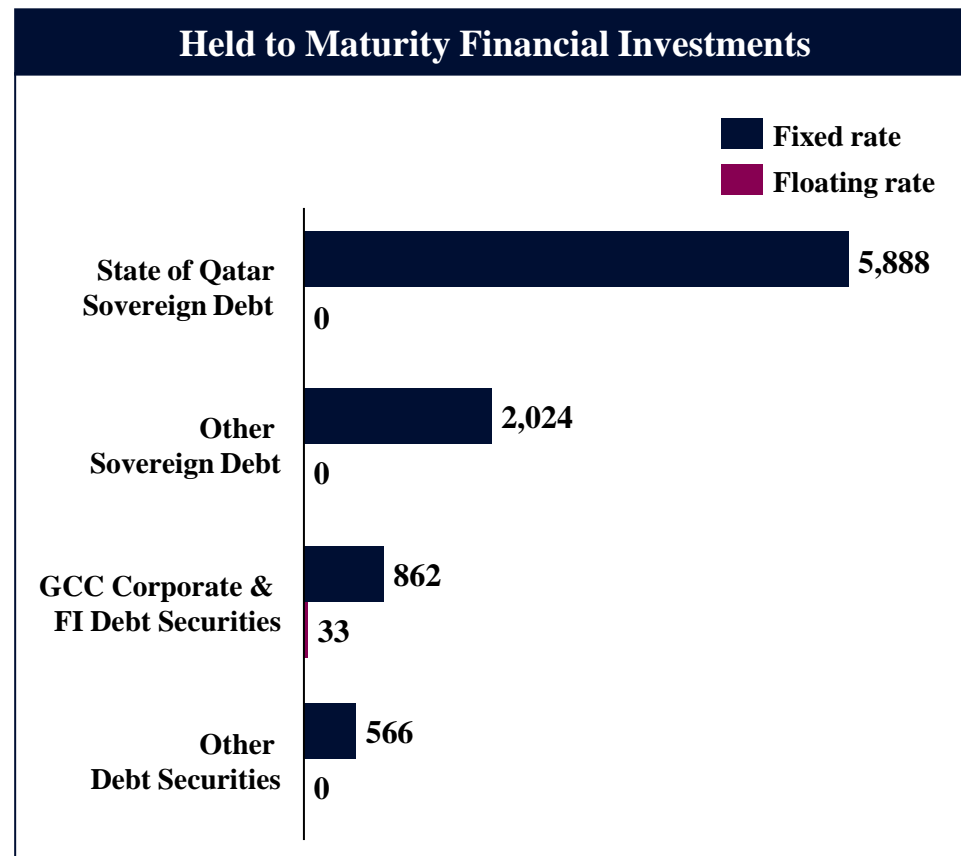
- QNB has continued to increase its provisions in response to the global economic situation
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 124% as at 31 December 2014
- Past dues are NPL after 90 days
- There is the additional security of a risk reserve of USD 961 Mn representing close to 3.00% of private lending (representing the QCB minimum requirement)

Highly rated investment portfolio with 86% rated >AA or Sovereign

Investments Analysis (USD million as at 31 December 2014)



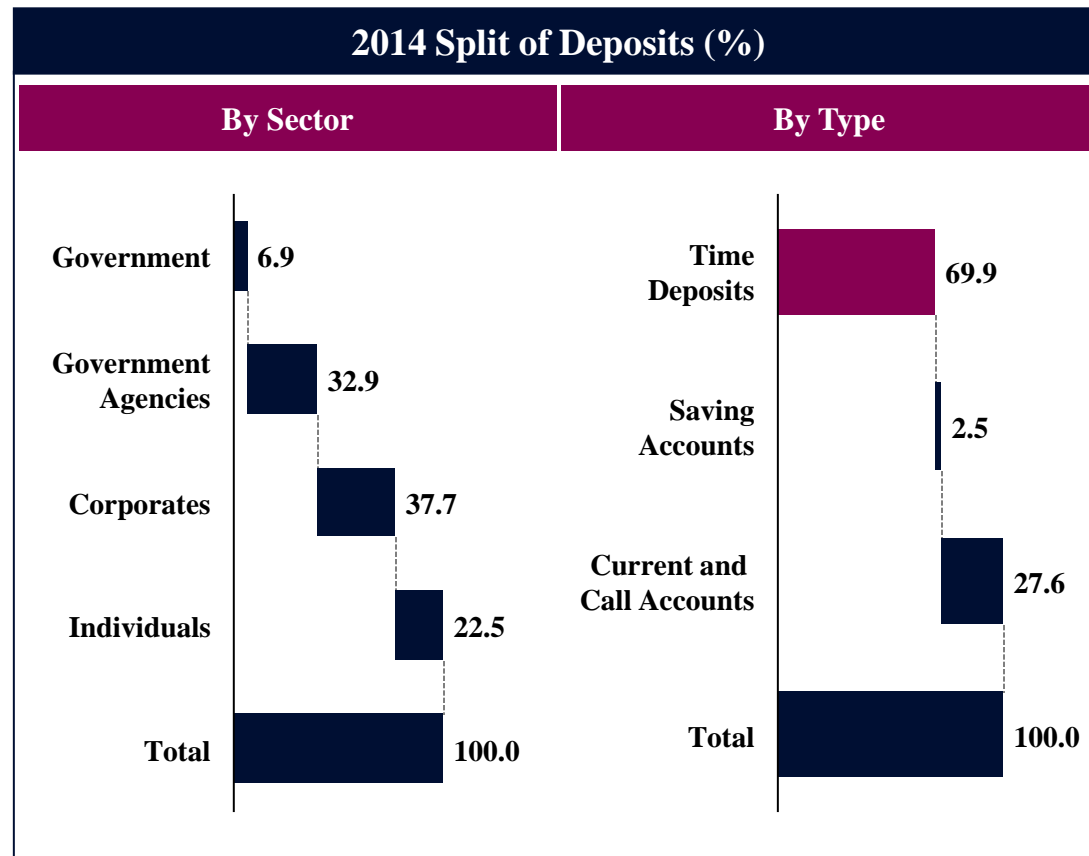
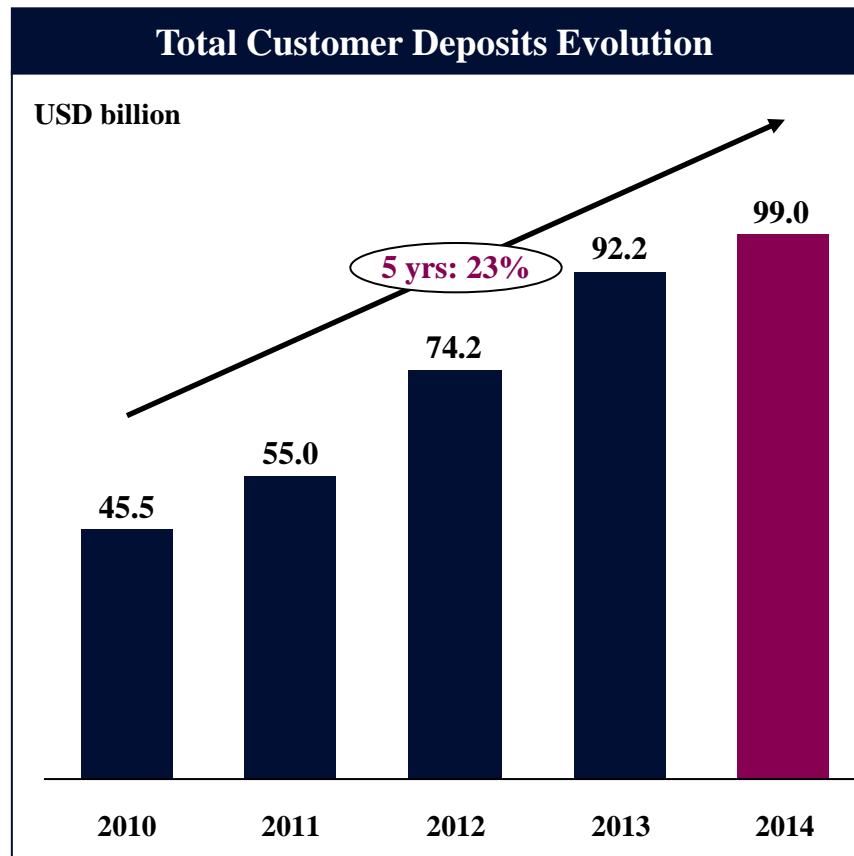
- Quoted securities account for 99% of Available-for-Sale investment securities



- Majority of Other Sovereign Debt is Government Guaranteed

Robust growth in customer deposits and funding

Funding Analysis (as at 31 December)

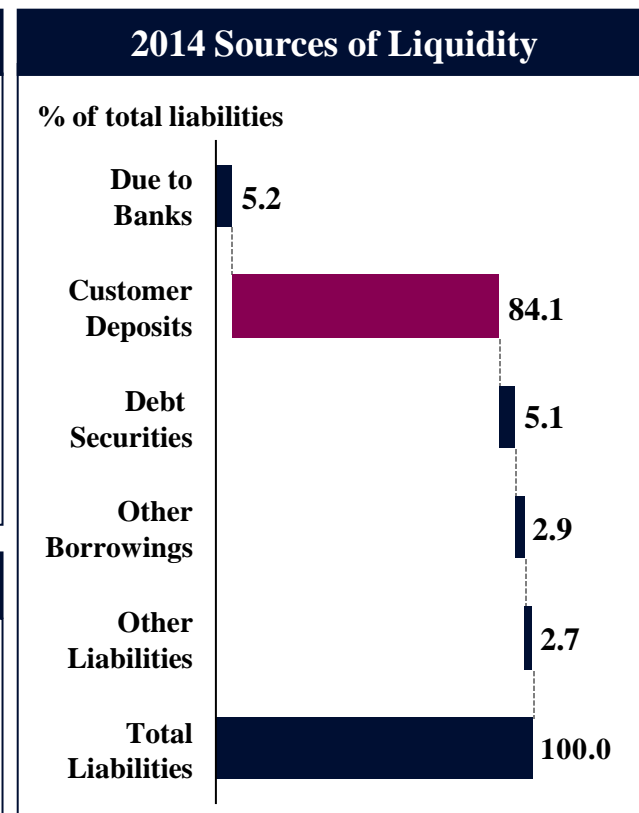
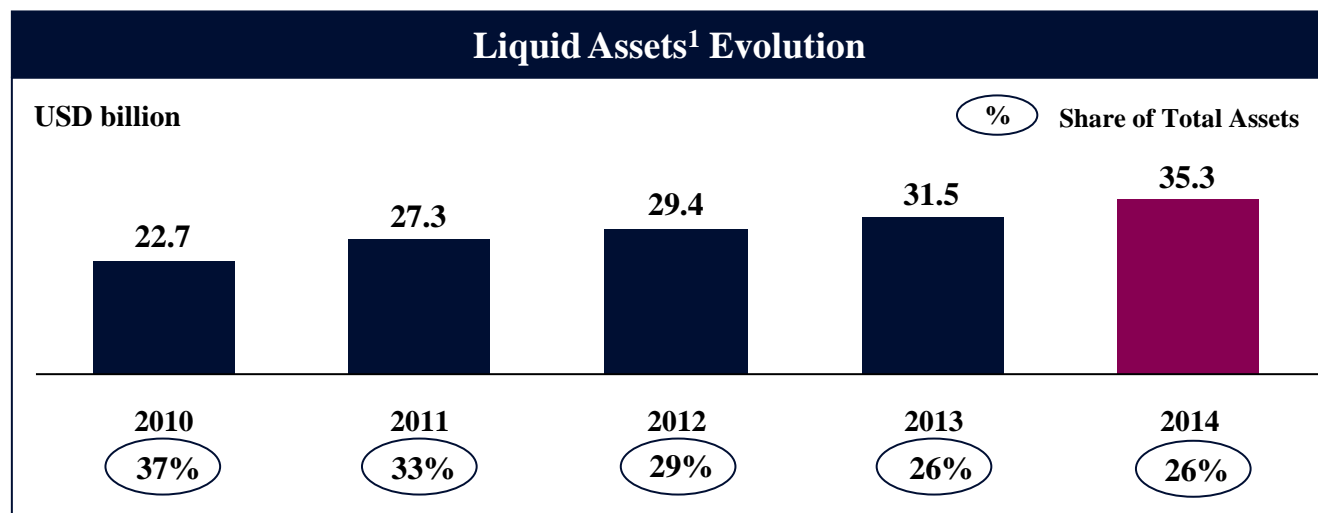
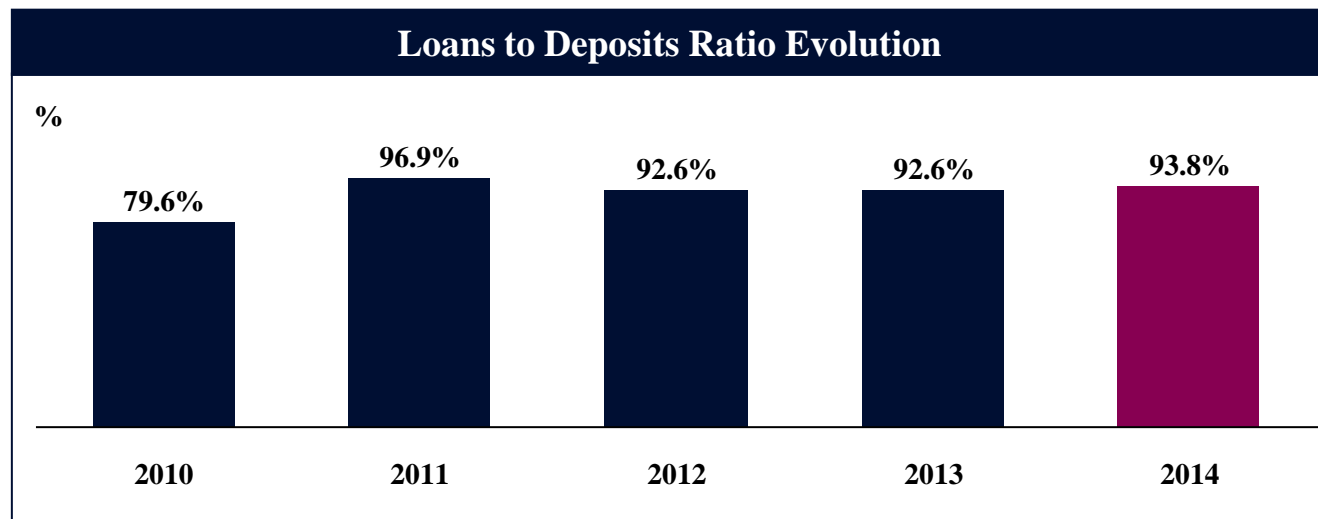


- Deposits increased 7% from December 2013
- 2009-2014 CAGR of 23%

- QNB remains the public sector's preferred bank
- USD denominated deposits represent 37% of total deposits
- EGP denominated deposits represent 9% of total deposits

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

Liquidity Analysis (as at 31 December)



2014 Liquidity Ratios

• LCR:	128%
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Sources of Institutional Funding

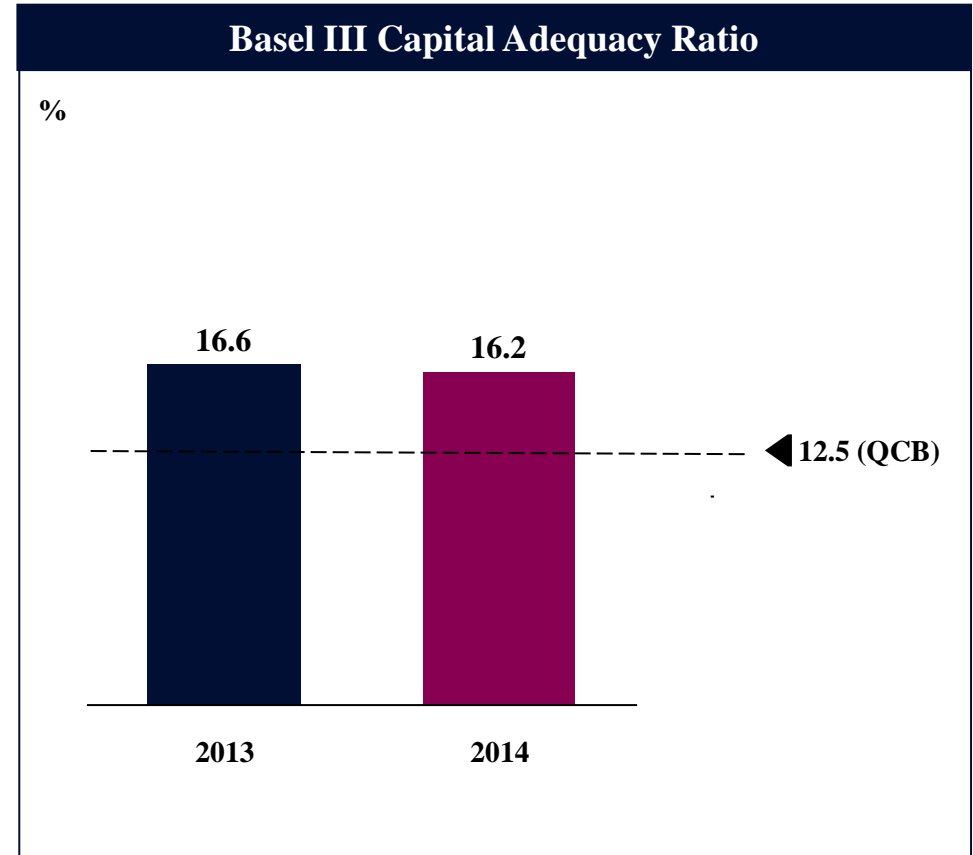
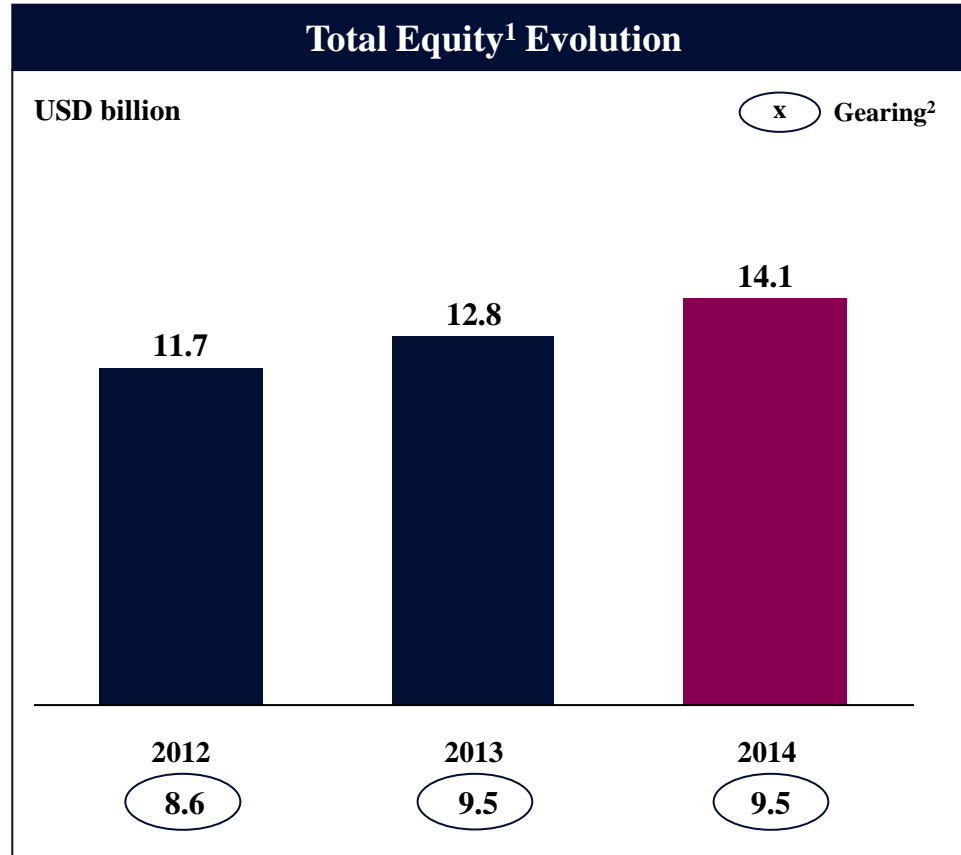
EMTN and Certificate of Deposits

EMTN	
Set-Up	<ul style="list-style-type: none"> November 2011 in Reg S format
Current Values	<ul style="list-style-type: none"> Programme limit USD 12.5 billion and outstanding is USD 6.3 billion
Currencies	<ul style="list-style-type: none"> Issued in CHF, CNY, EUR, HKD, JPY and USD
Daily Postings	<ul style="list-style-type: none"> Provided to the dealer group
Dealers	<ul style="list-style-type: none"> 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
Market Awards	<ul style="list-style-type: none"> 2013 mtn-i award for 'Accommodating International Investors'
Allocation from Last Issuance	<ul style="list-style-type: none"> Middle East: 40% / Europe: 42% / Asia 18%

Certificate of Deposits	
Set-Up	<ul style="list-style-type: none"> Issued by QNB London Branch and regulated by the FCA and the PRA
Establishment Date	<ul style="list-style-type: none"> Product launched in September 2012
Current Values	<ul style="list-style-type: none"> Outstanding is USD 4.8 billion
Average Life	<ul style="list-style-type: none"> Average residual life of 80 days
Currencies	<ul style="list-style-type: none"> Issuances in CHF, EUR, GBP, USD and other currencies available on request
Dealers	<ul style="list-style-type: none"> Bank of America Merrill Lynch, Barclays Bank plc, BNP Paribas, Citigroup Global Markets Limited, ING Bank NV and The Royal Bank of Scotland plc

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

Capital Analysis (as at 31 December)



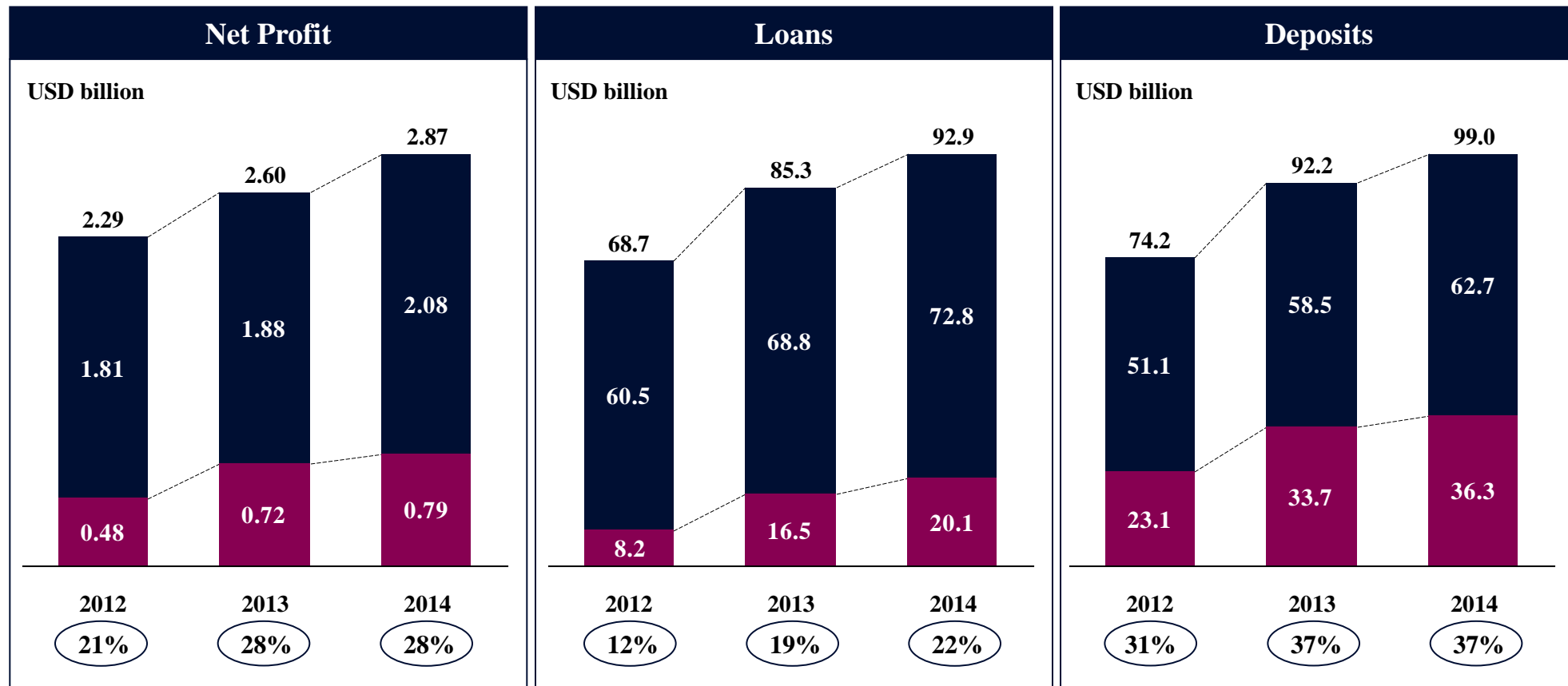
- Capital base has been regularly increased in line with the strong surge in QNB's balance sheet

- Capital adequacy ratio is above QCB and Basel III requirements

Increasing geographical diversification positively contributes to growth

Geographical Contribution (as at 31 December)

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

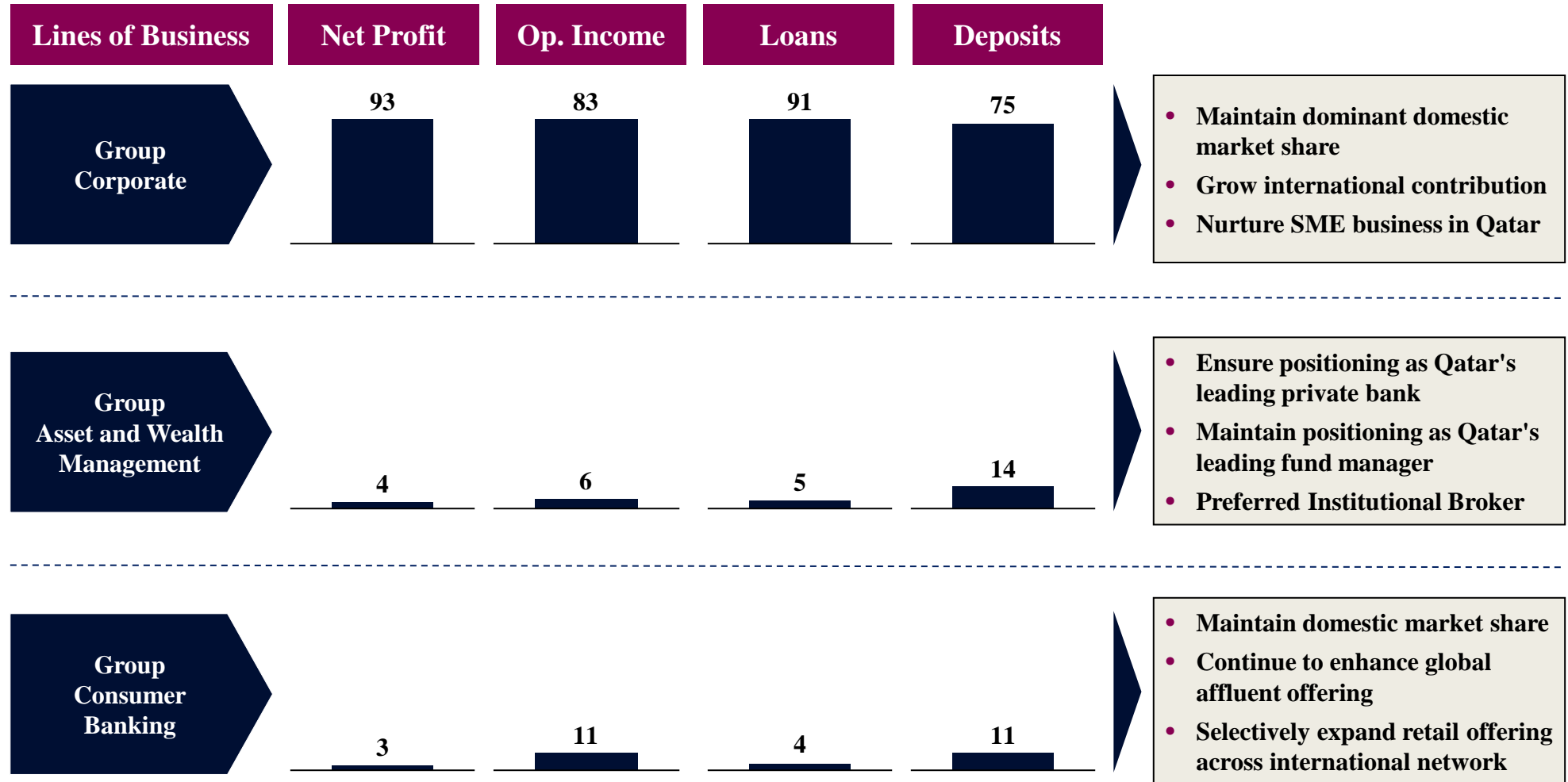


- Profit from international increased by USD 313 Mn (+66%) from 2012 to 2014

- Loans from international operations increased by USD 12.0 Bn (+147%) from 2012 to 2014
- Deposits from international operations increased by USD 13.2 Bn (+57%) from 2012 to 2014


Diversifying business mix will bolster sustainable growth

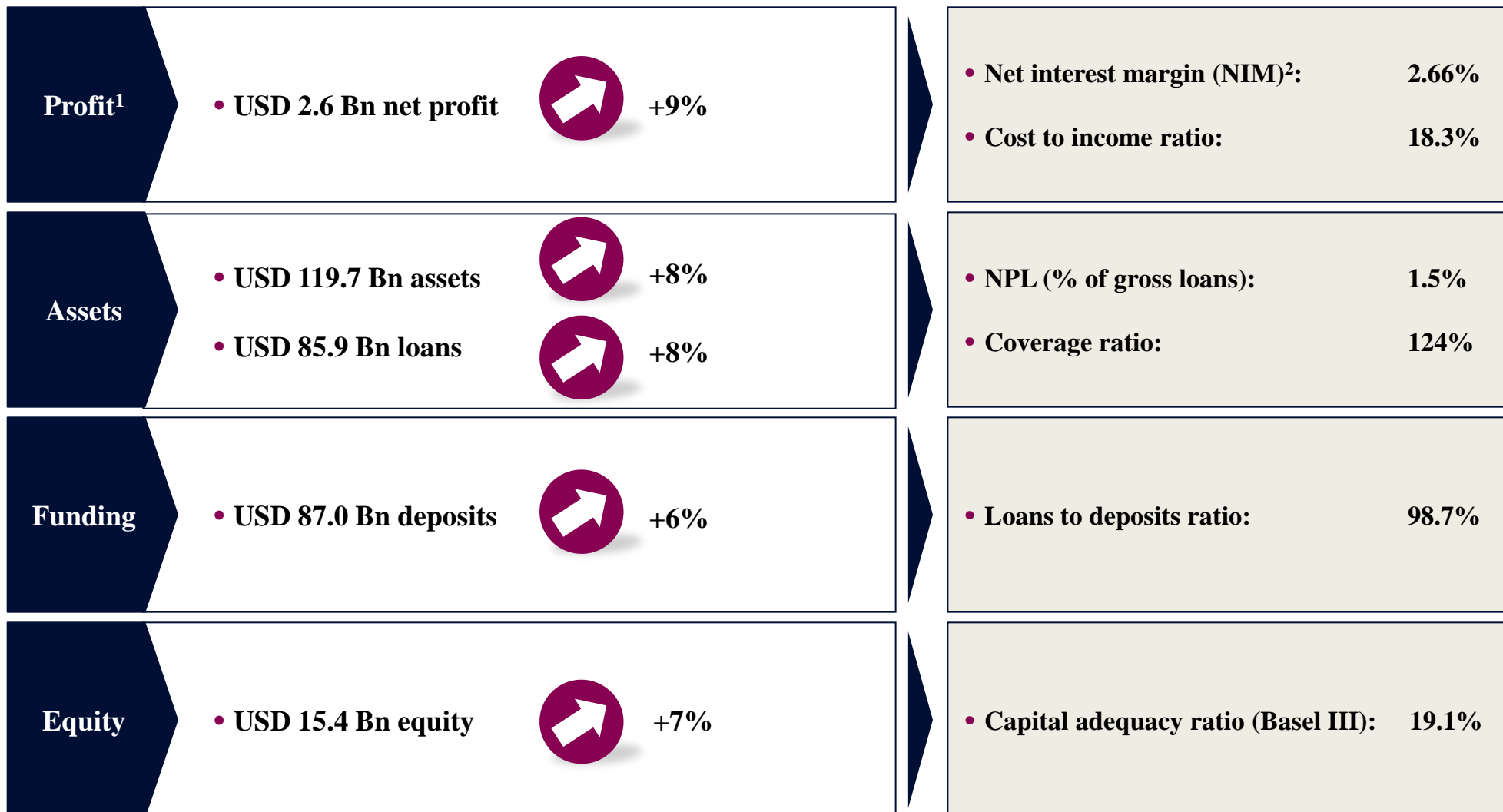
Business Mix Contribution (% share as at 31 December 2014)



QNB's underlying performance continues


Highlights (excluding QNB ALAHLI as at 31 December 2014)

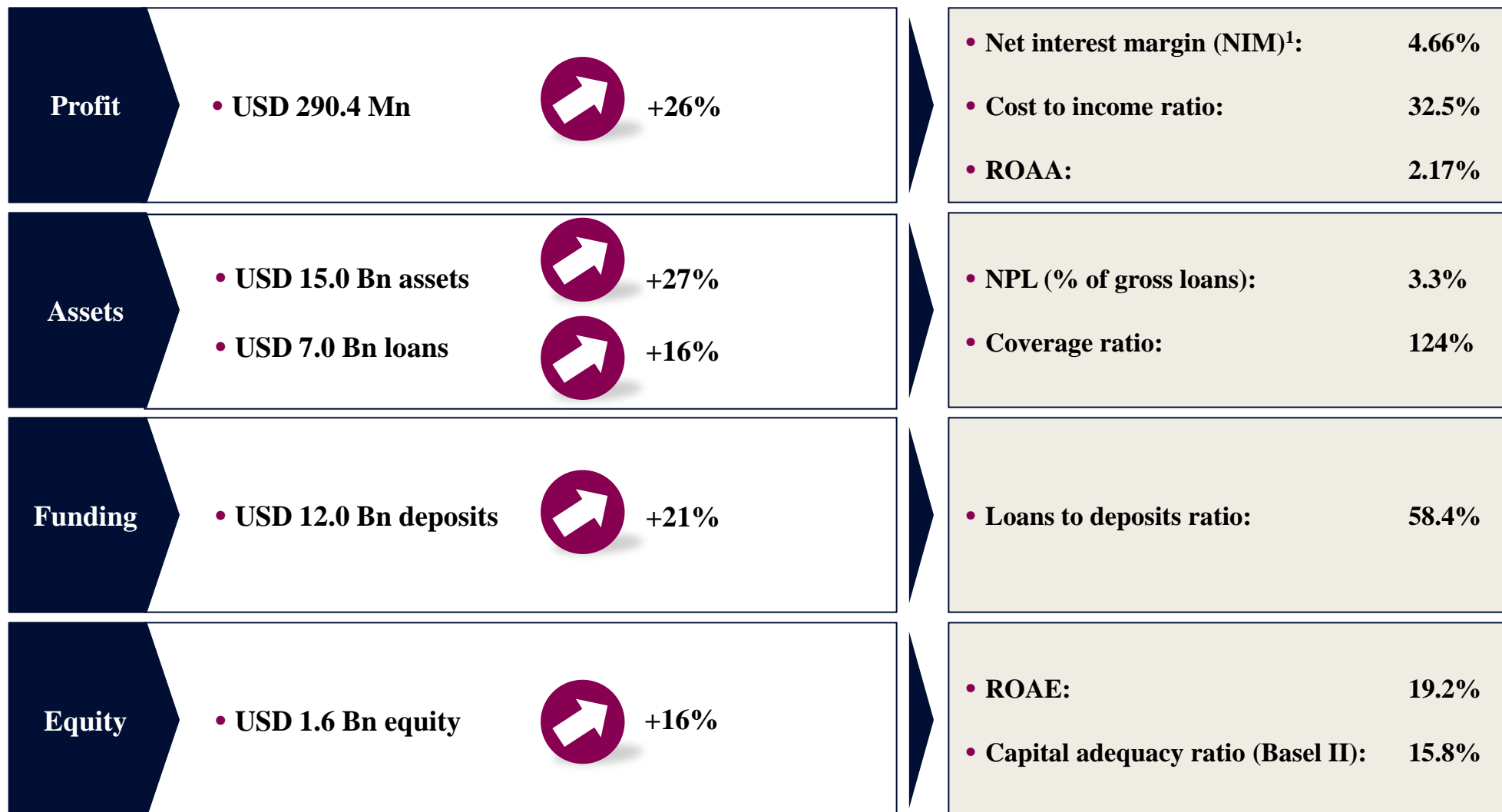
 Growth vs. December 2013



QNB ALAHLI

Highlights (as at 31 December 2014)

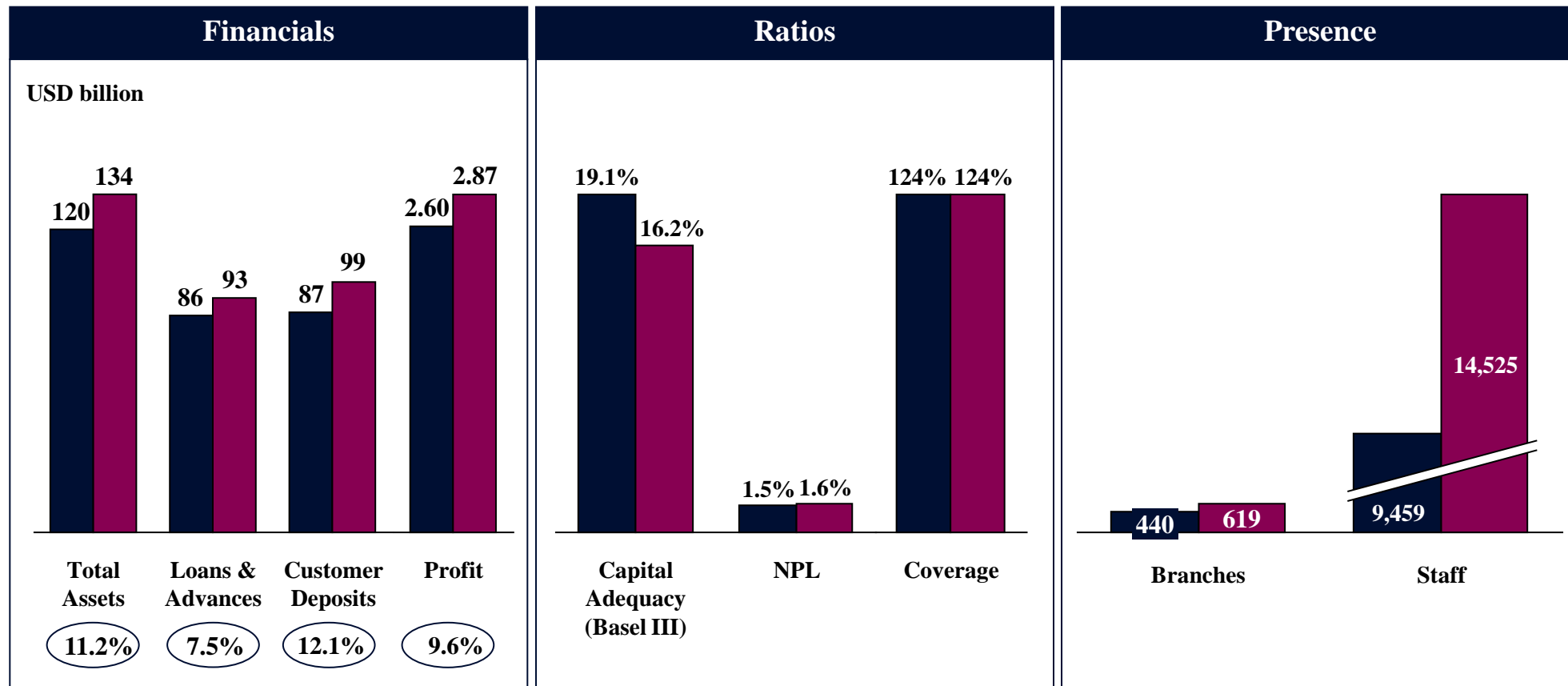
 Growth vs. December 2013



QNB Group Financials

Key data (as at 31 December 2014)

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

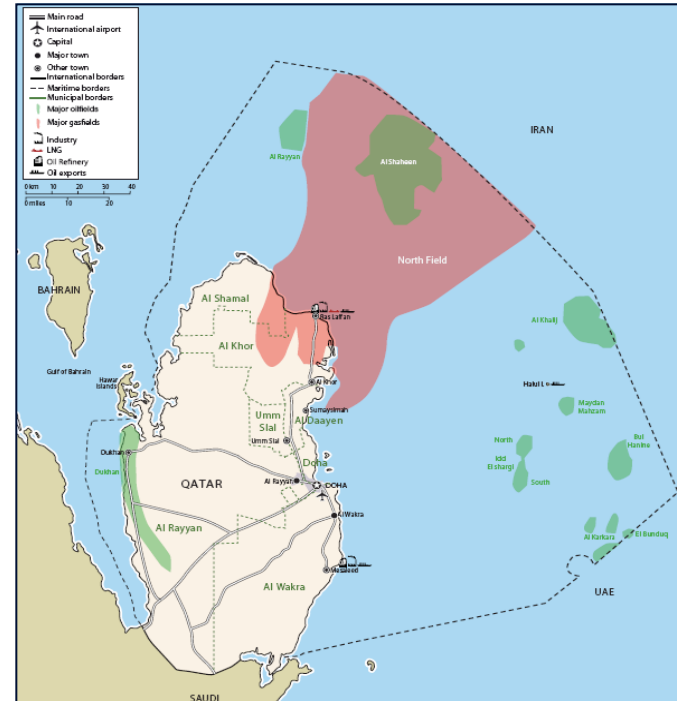
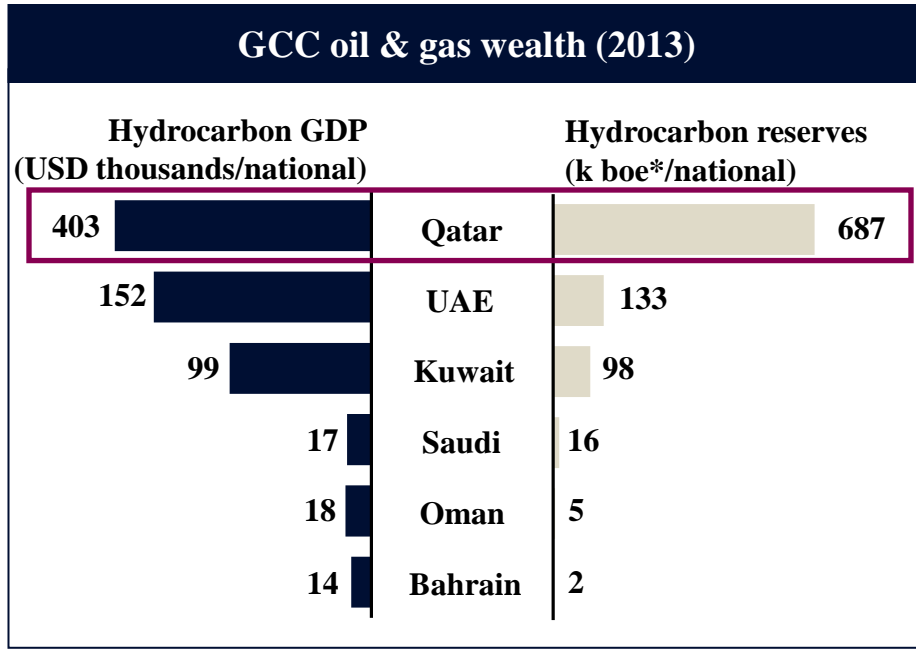


- QNB Group finalised incorporation of the financial results of QNB ALAHLI during the Q2 FY13
- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy (Basel III) on consolidation 16.2%



Economic Overview

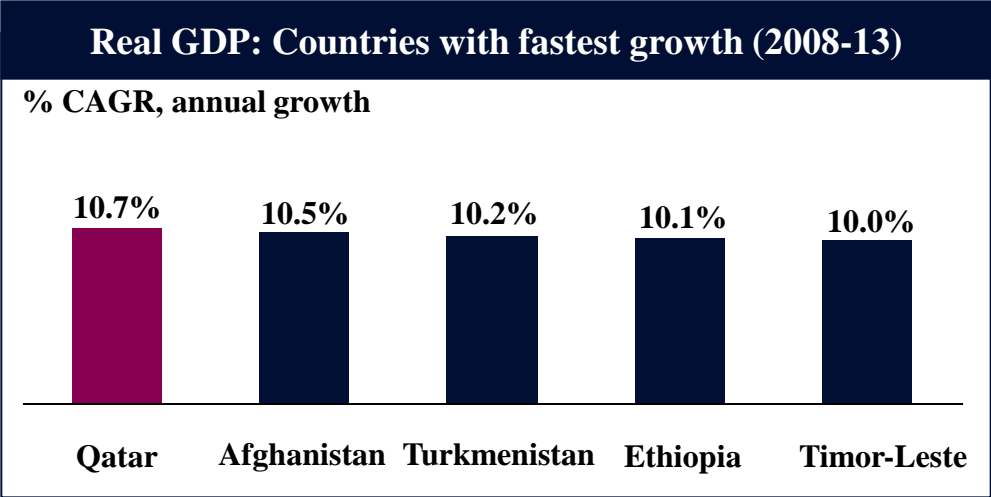
Qatar has the world's highest hydrocarbon wealth per national...



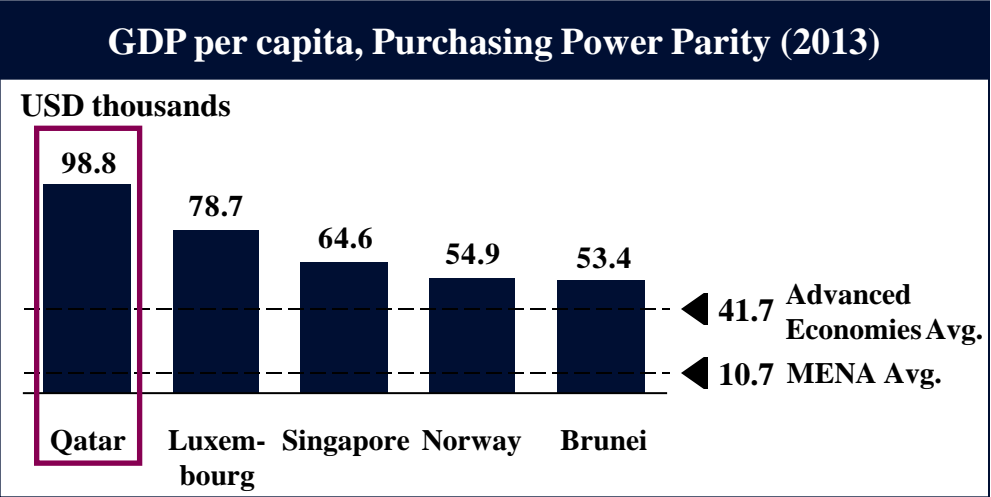
- Qatar has the world's highest hydrocarbon GDP per national
- Qatar has the world's highest hydrocarbon reserves per national

- Qatar's hydrocarbons reserves are mostly held in the North Field, which contains 59% of GCC gas reserves and 13% of global gas reserves
- Qatar could produce at 2013 levels for another 156 years
- Qatar has 25bn barrels of crude oil and condensate reserves (1.5% of global reserves)

...and was the world's fastest growing economy during 2008-13

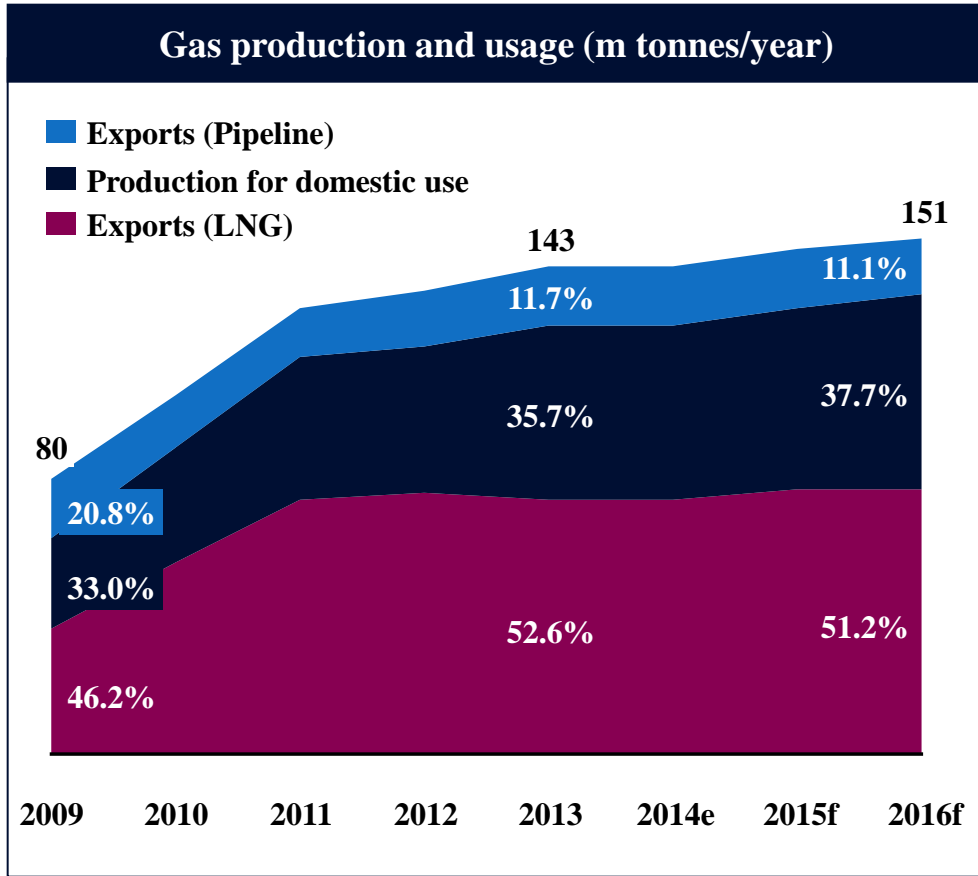


- Qatar's compound annual real growth (CAGR) of 10.7% during 2008-13 was the world's fastest, reflecting the expansion in LNG production
- Qatar's growth accelerated to 6.3% in 2013, from 6.0% in 2012

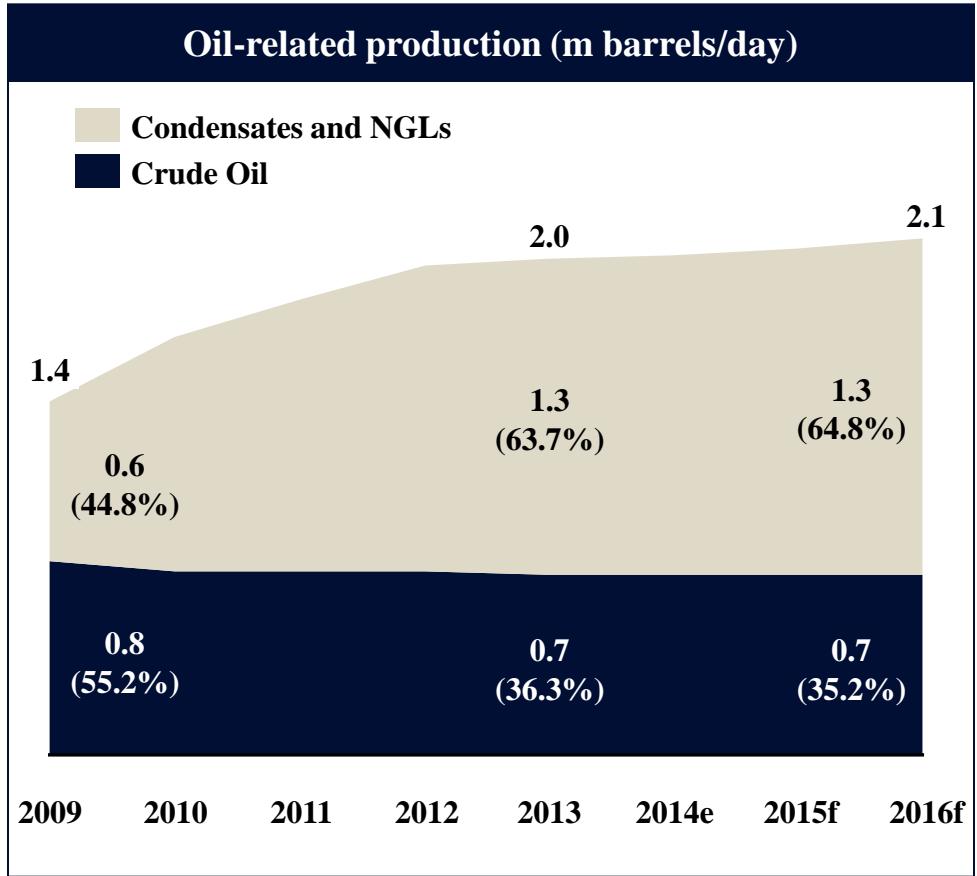


- GDP per capita (Purchasing Power Parity) was USD98.8k in 2013, the highest globally
- Qatar had the highest percentage of millionaire households in the world (17.5%) in 2013

Growth has been driven by a dramatic expansion in gas production

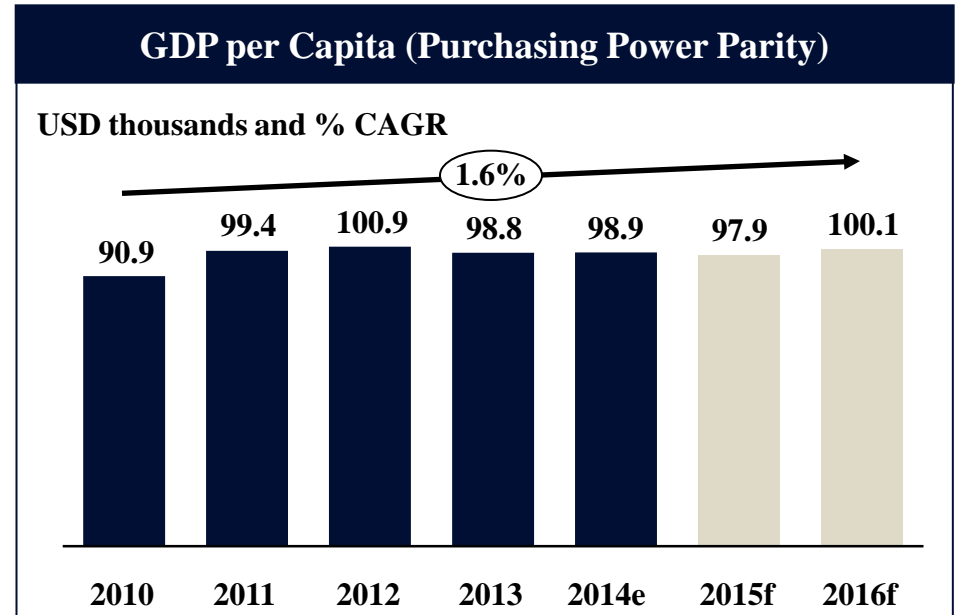
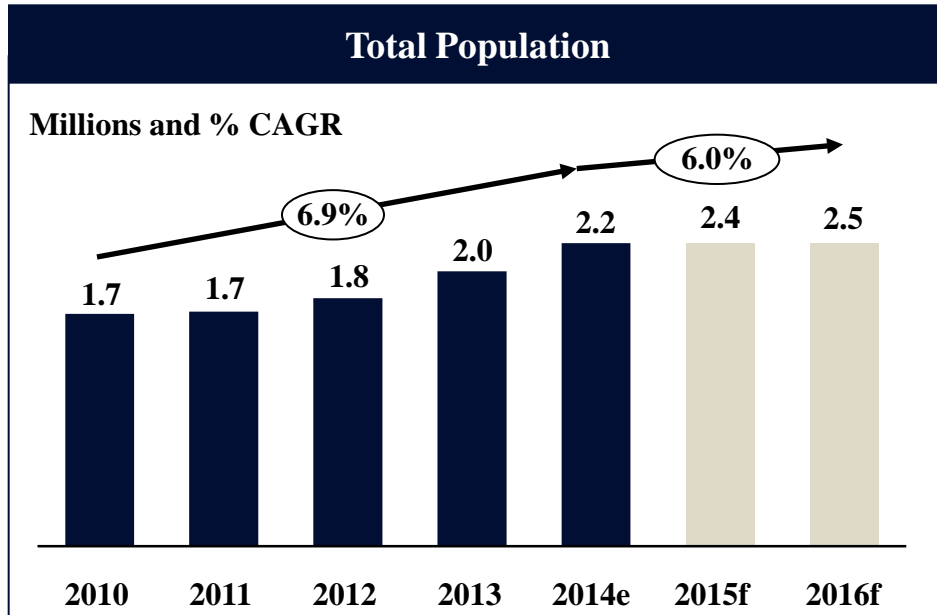


- Gas production has increased 2x since 2008
- LNG production has reached near planned capacity of 77m t/yr



- 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

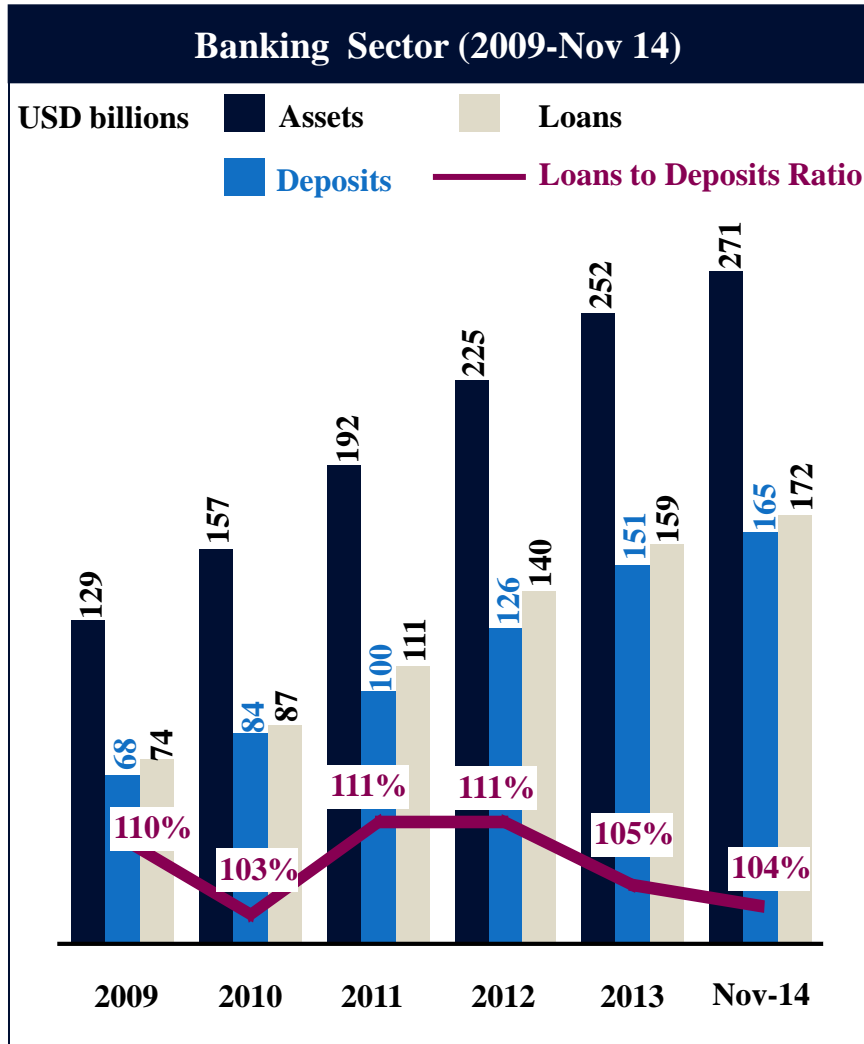
The expansion has driven population growth and created significant wealth



- Population growth reached 10.9% in 2013 and an estimated 10.1% in 2014 on a large influx of expatriate workers to fill the jobs created by the surge in project spending
- Population is expected to reach 2.5m by 2016 as the government ramps up its infrastructure investments in preparation for the 2022 World Cup

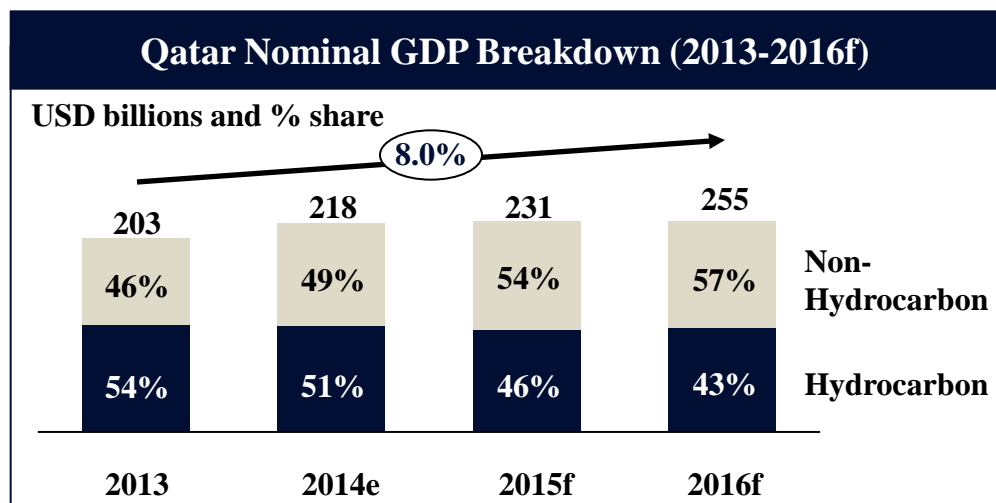
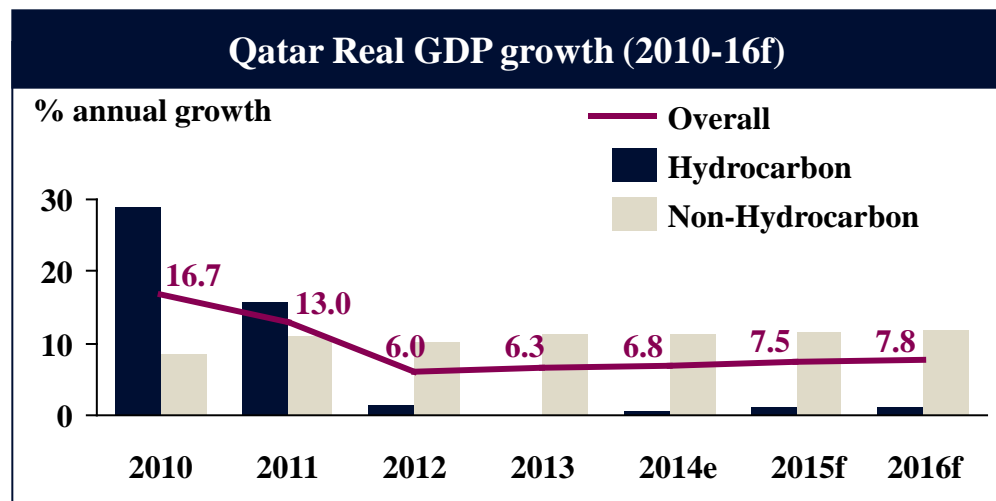
- GDP per capita has grown rapidly in recent years, becoming the highest in the world
- GDP per capita is expected to remain around USD100k over the next few years, despite the rapid population growth

Qatar's banking sector is growing rapidly and remains highly profitable



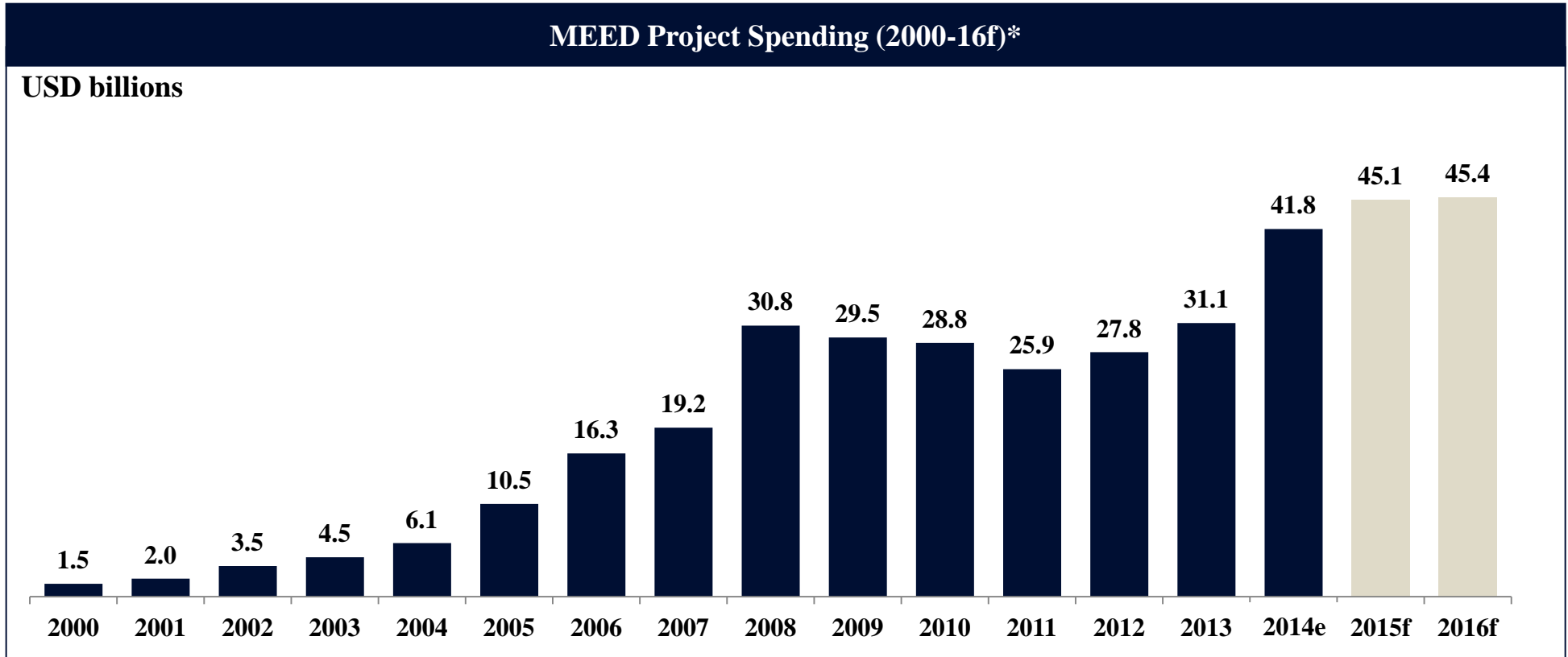
- Assets saw a healthy expansion over the period Dec-2009 to Nov-2014, growing by a CAGR of 16.2%
- Deposits grew strongly by a CAGR of 19.8% over Dec-2009 to Nov-2014, underpinned by large fiscal surpluses and rapid population growth
- Loans grew by a CAGR of 18.5% over Dec-2009 to Nov-2014 due to large project financing and growing consumer lending
- Average return on equity for the banking sector was 16.5% at end-2013
- Average non-performing loans remained low at 1.9% of total loans at end-2013

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



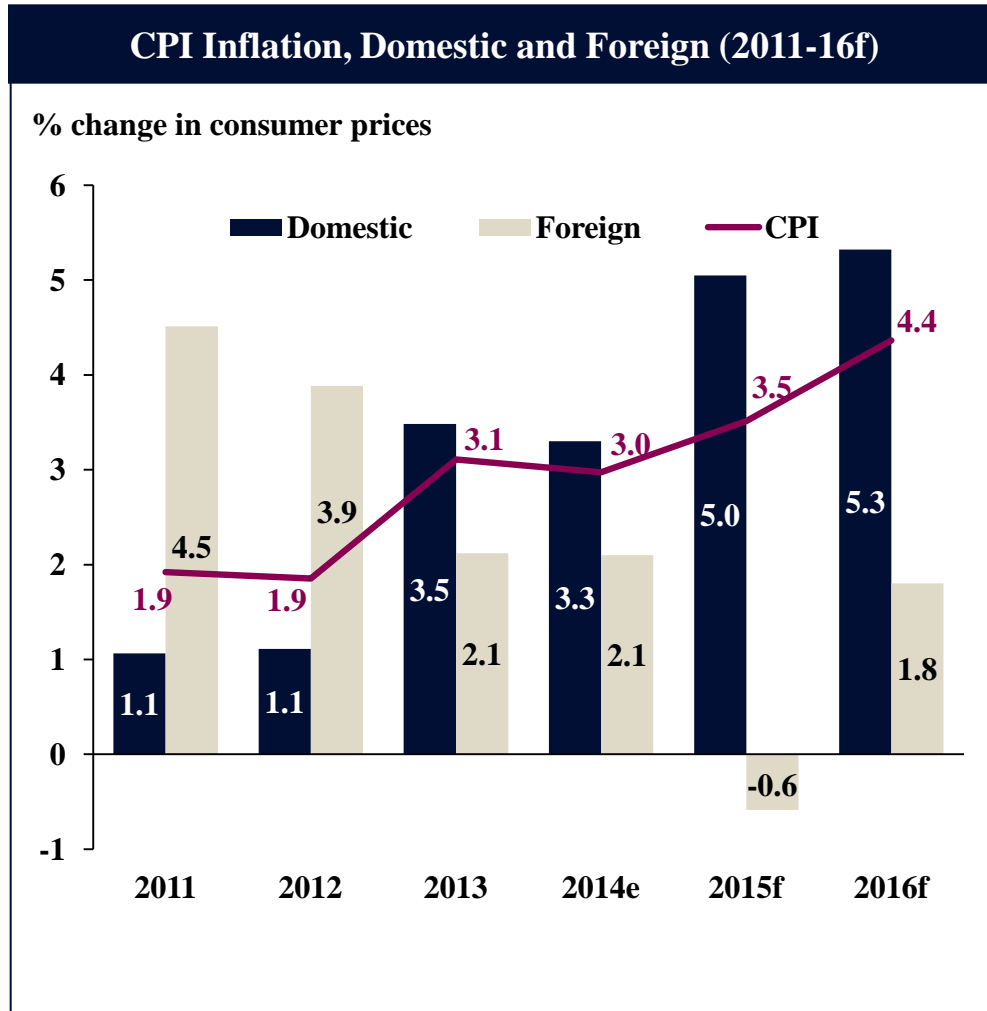
- Expansion plans in the oil and gas sector are now on hold and real hydrocarbon sector growth is expected to remain at about 1% between 2015-2016
- QNB Group expects the non-hydrocarbon sector to grow in double digits, driving an acceleration in overall real GDP growth to 7.5% in 2015 and 7.8% in 2016
- 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

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 higher rent inflation



- The influx of expatriate workers will put moderate pressure on domestic prices, particularly rent inflation
- Inflation is estimated to have moderated to 3.0% in 2014, as rising domestic inflation (particularly rents) was partly offset by lower foreign 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 3.5% in 2015 and 4.4% in 2016

Strong fundamentals have kept CDS spreads low

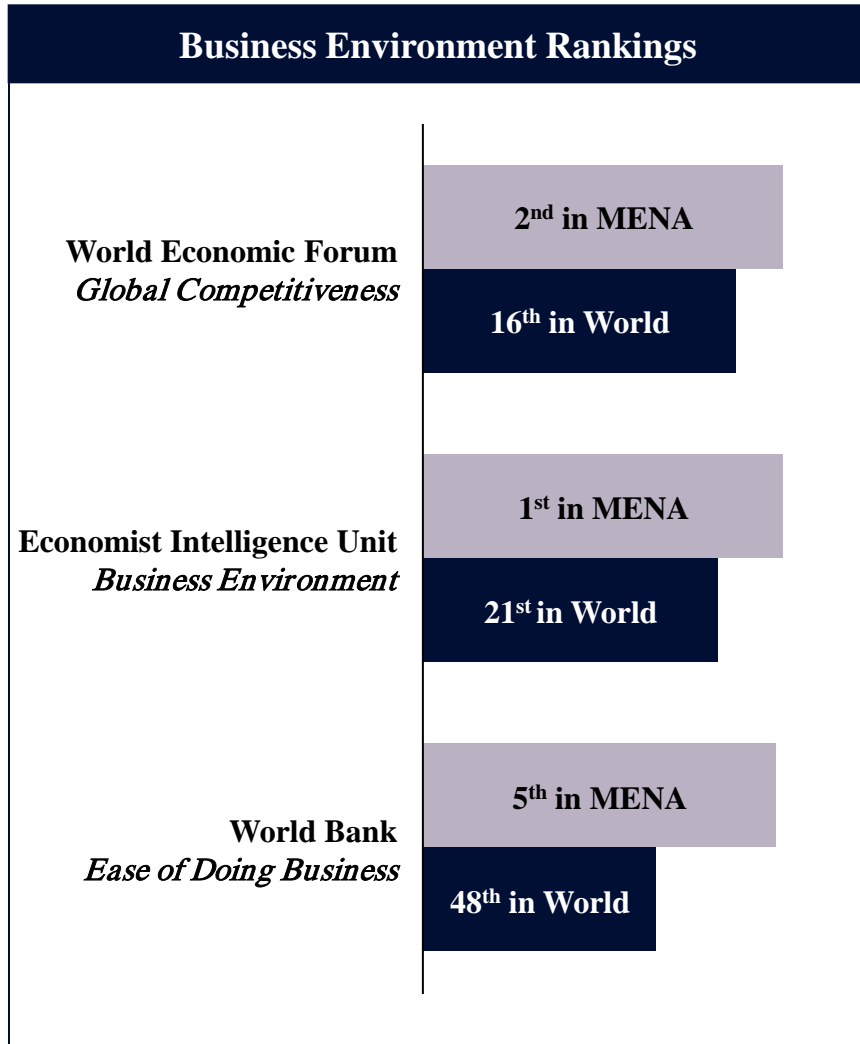
Qatar CDS Spread (Jan 2013 – Jan 2015)

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



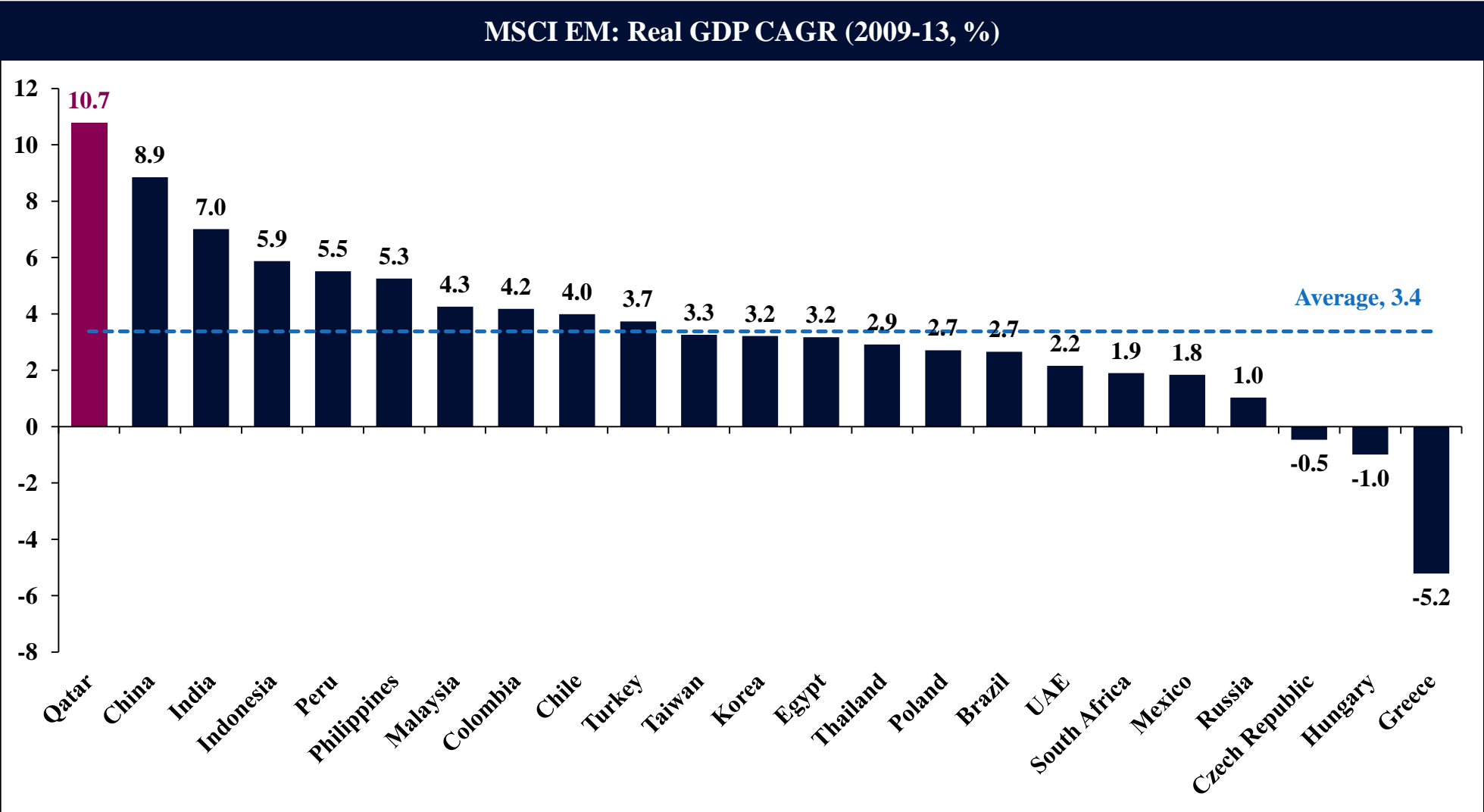
- Strong fiscal and economic fundamentals have kept Qatar's Credit Default Swap (CDS) spread low, notwithstanding the recent drop in oil prices
- Qatar's CDS spreads are amongst the lowest regionally as they are supported by the country's robust economic and resource-driven strengths as well as its strong fiscal and external balance sheets

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

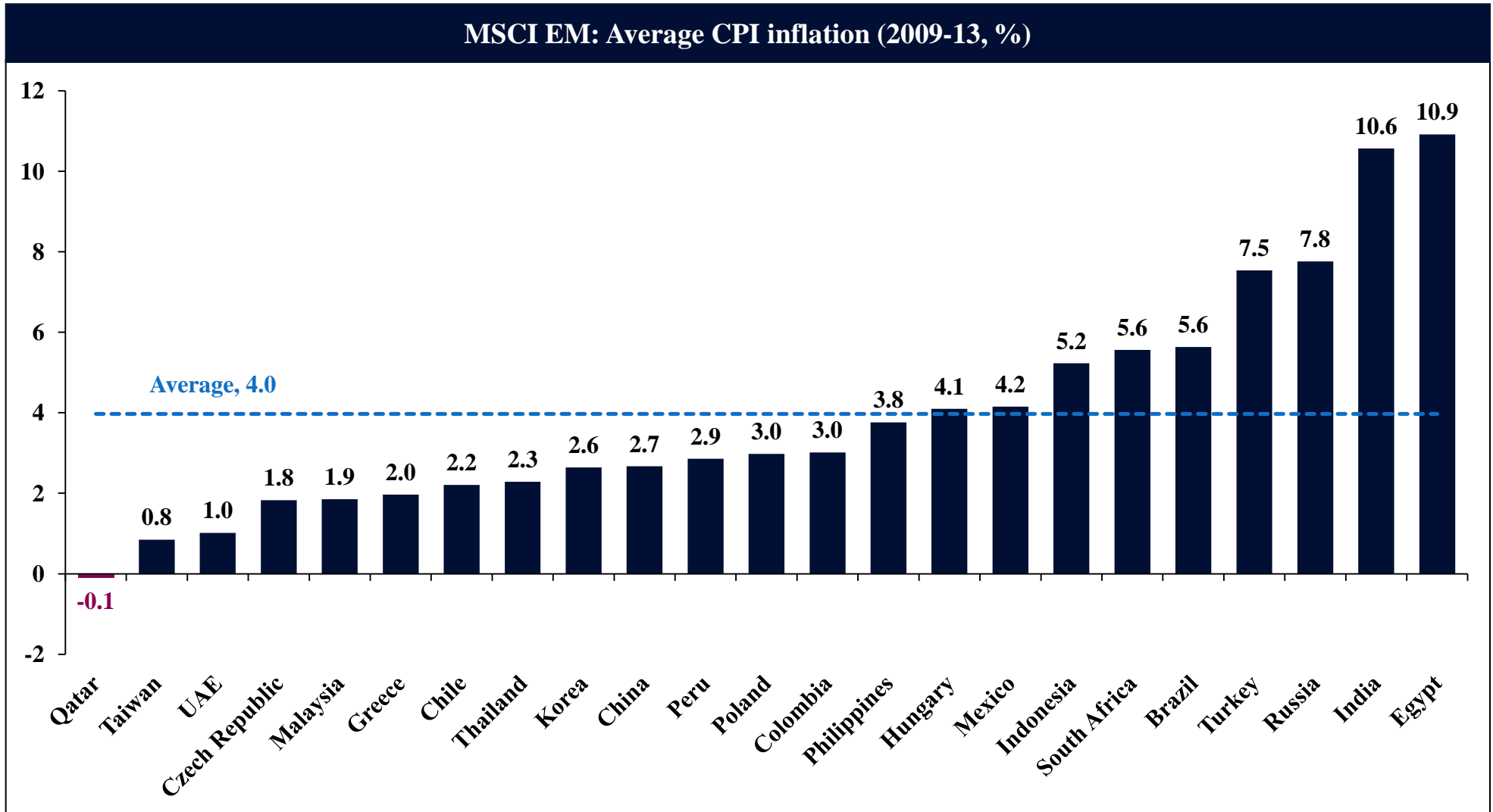


- ### Contributing factors
- **Strong economic fundamentals**
 - Strong growth and successful focus on diversification
 - High levels of government spending and personal consumption
 - Enabling infrastructure (power, transport, telecoms etc.)
 - Strong banking system
 - Stability provided by the currency 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

Qatar is the fastest growing economy in the MSCI Emerging Market group...

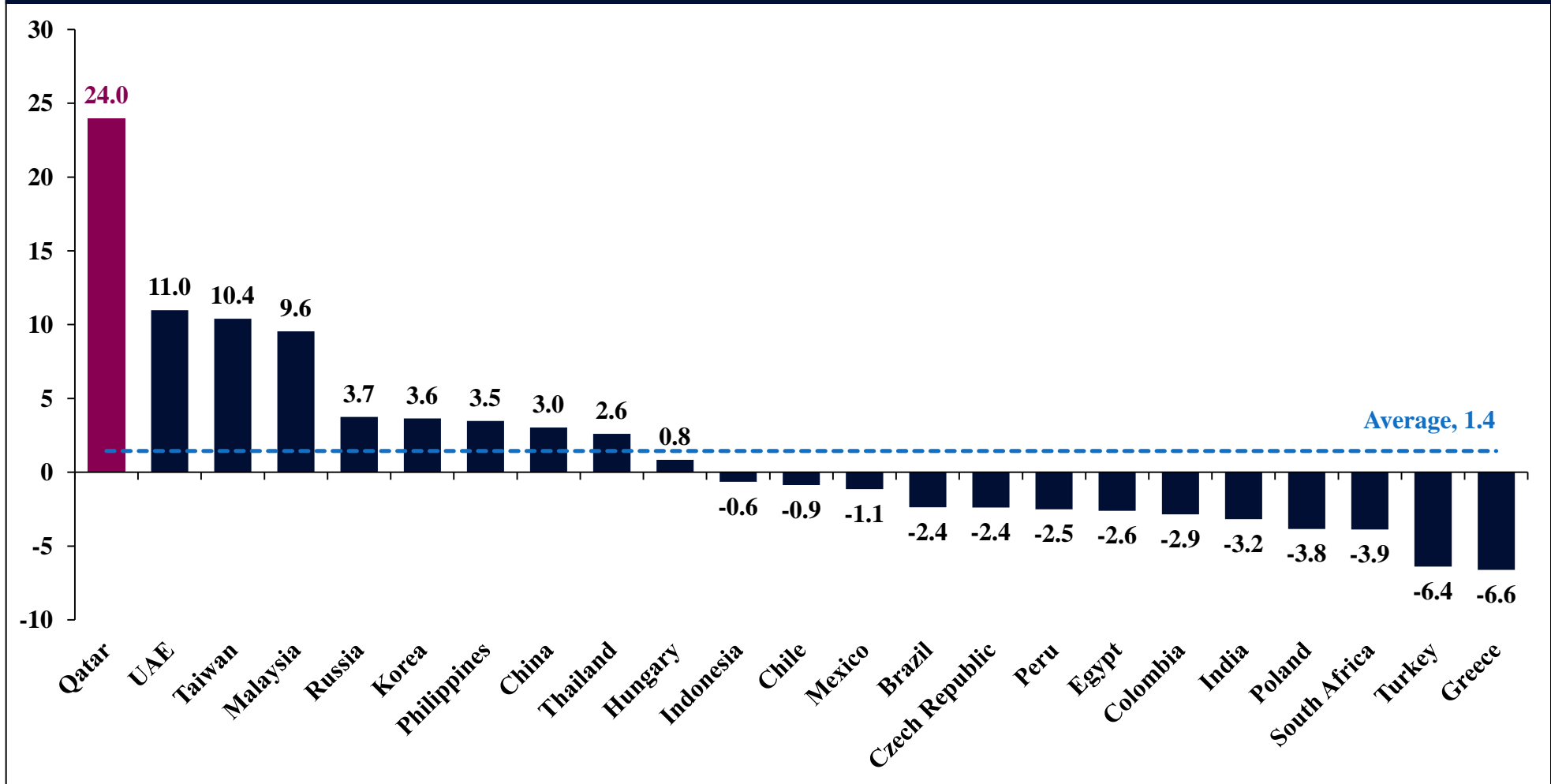


...with the lowest inflation rate...



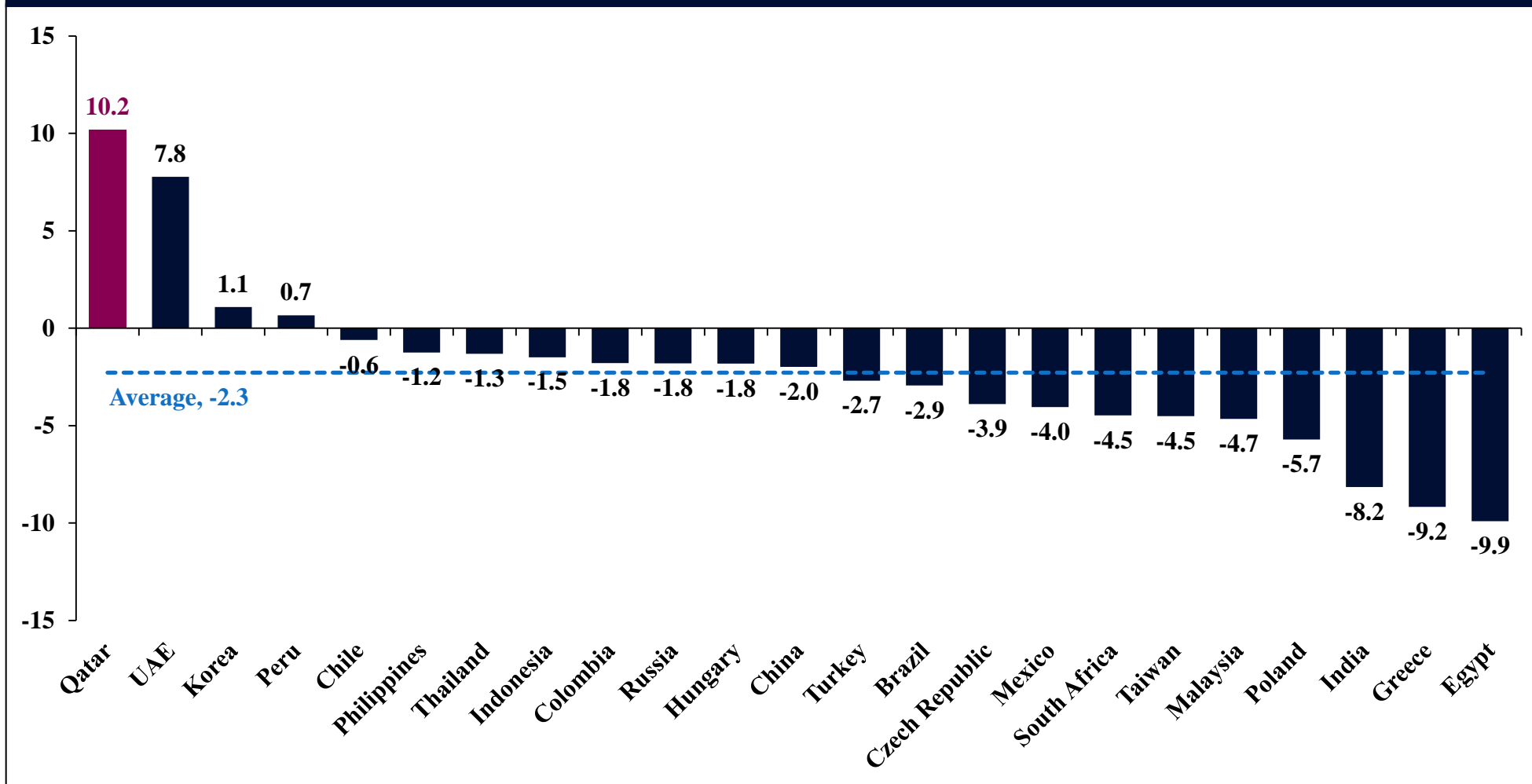
...the highest current account surplus...

MSCI EM: Average Current Account Balances (2009-13, % of GDP)



...and the highest fiscal surplus

MSCI EM: General Government Fiscal Balance (2009-13, % of GDP)



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