



Investor Relations Presentation

March 2014

Contents

1. QNB at a Glance
2. QNB Comparative Positioning – Qatar and MENA
3. Financial Highlights – as at 31 March 2014
4. Economic Overview

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

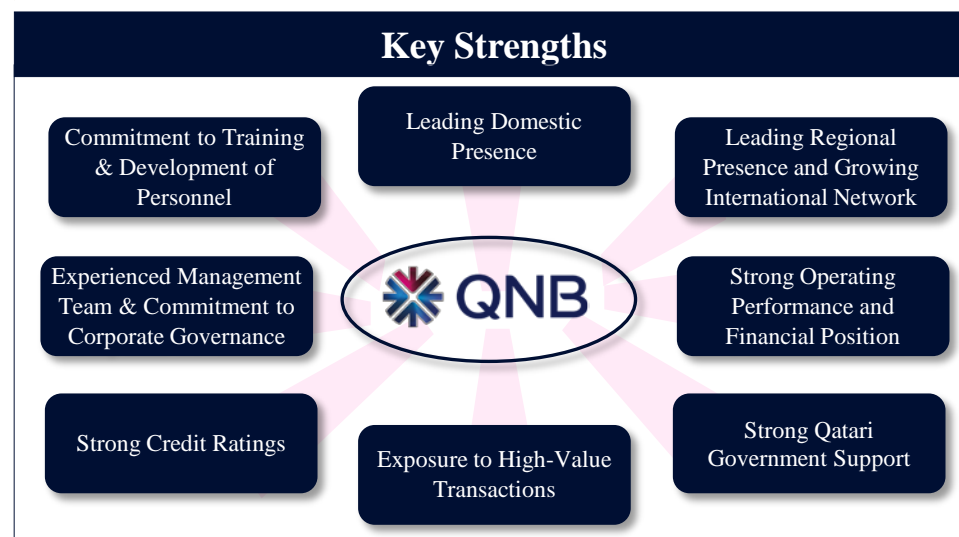
Overview	<ul style="list-style-type: none"> Established in 1964 as the first Qatari owned bank Owned (50%) by the Government of Qatar via the Qatar Investment Authority (QIA) Largest bank in Qatar by market cap., assets, loans, deposits and profit. Largest Bank in MENA by total assets, loans, deposits and profit.
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Credit Rating				Capital Intelligence
	Moody's	S&P	Fitch	
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 more than 590 locations, supported by more than 1,250 ATMs and employing more than 13,700 staff.¹
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Stock/Share Parameters (31 March 2014 unless stated)	<ul style="list-style-type: none"> Listed on Qatar Exchange (QNBK) Market cap. of USD36.1bn Share price of USD51.53 per share Price to Book 2.5x (31-Dec-13) Price to Earnings 12.7x (31-Dec-13)
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Financials² (in USD billion)			
	Mar-14	Mar-13	5yr CAGR
Total Deposits	94.9	76.9	30%
Total Assets	125.9	104.4	27%
Loans & Advances	87.1	71.1	31%
Operating Income ³	1.03	0.81	23%
Profit ⁴	0.67	0.59	19%
Coverage Ratio	126%	119%	-
NPL Ratio	1.6%	1.4%	-
Net Interest Margin	2.87%	2.81%	-



1: Source: QNB


2: Source: March 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)

Asia


 **Indonesia:** (44 Branches, 69.6% stake in QNB Kesawan)


 **Singapore:** (1 Branch)


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

 **China:** (Representative office)


North Africa

 **Egypt:** (170 Branches, 97.1% stake in QNB ALAHLI)

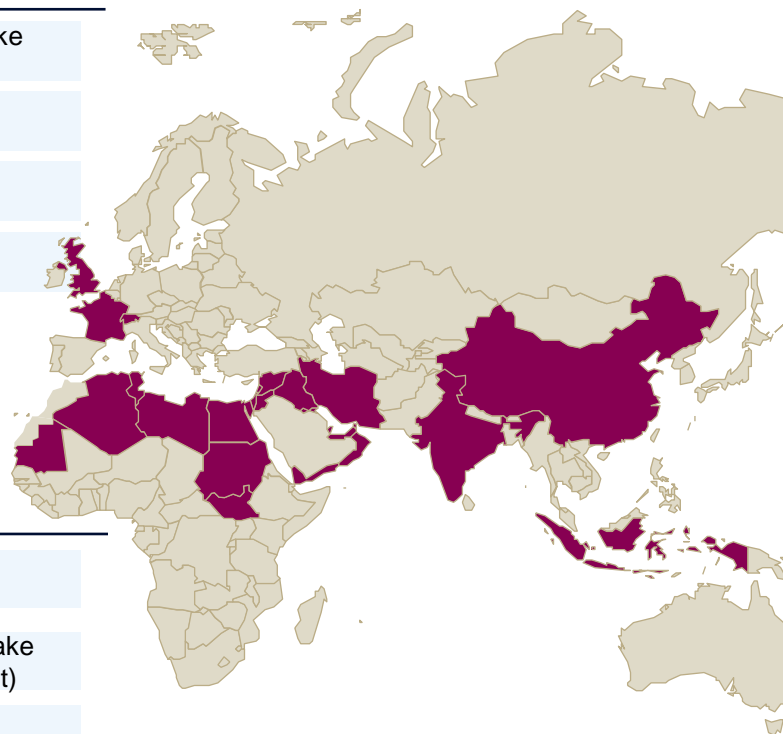
 **Libya:** (36 (+1¹) Branches, 49.0% stake in Bank of Commerce & Development)

 **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: (1 Representative office²) 

Europe

United Kingdom: (1 (+1¹) Branch) 

France: (1 Branch) 

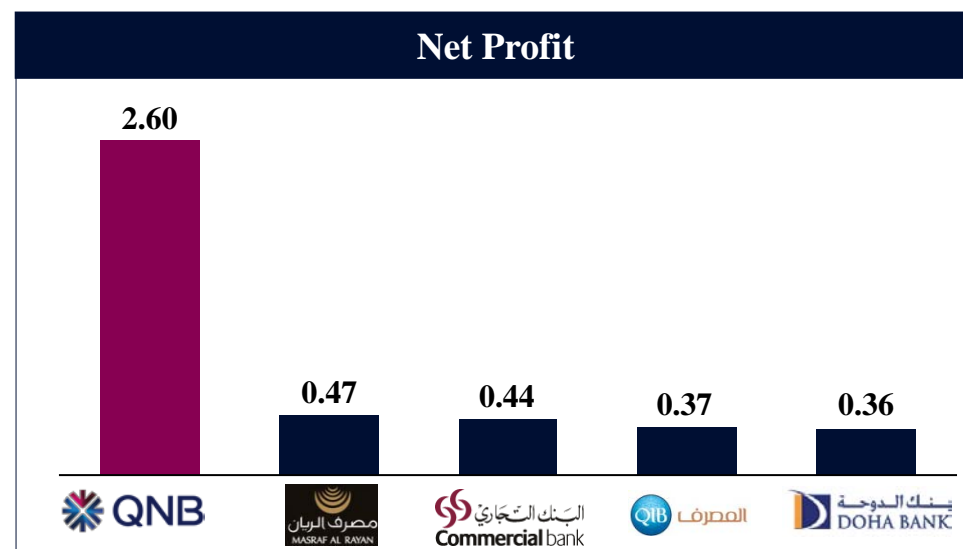
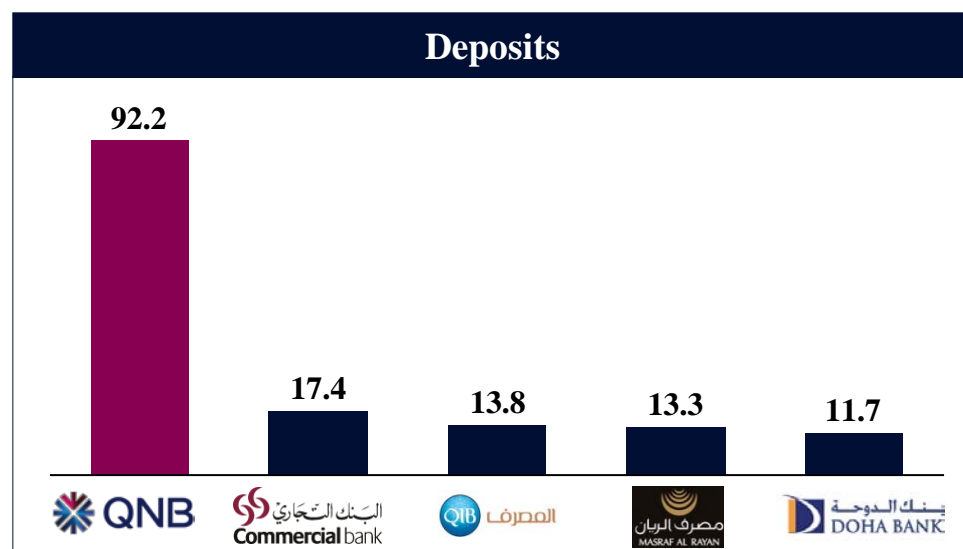
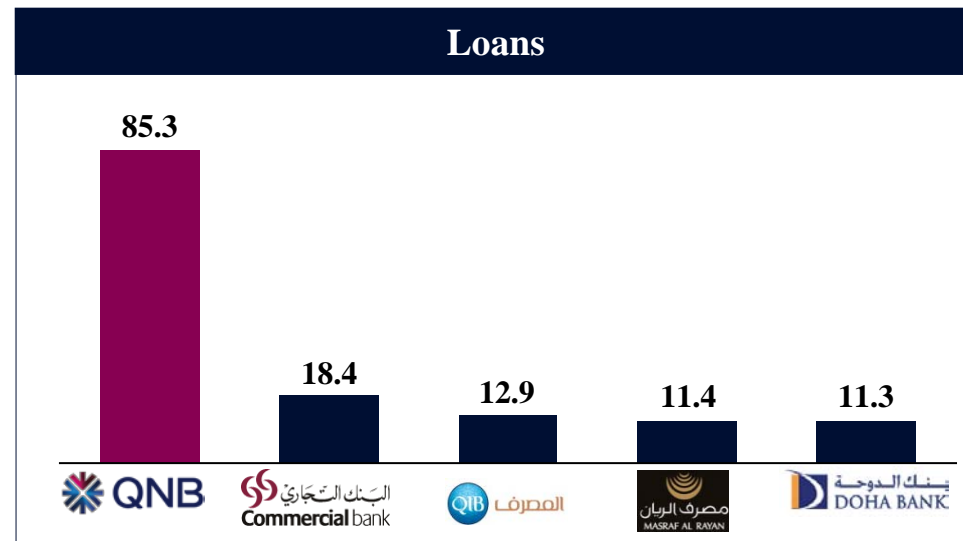
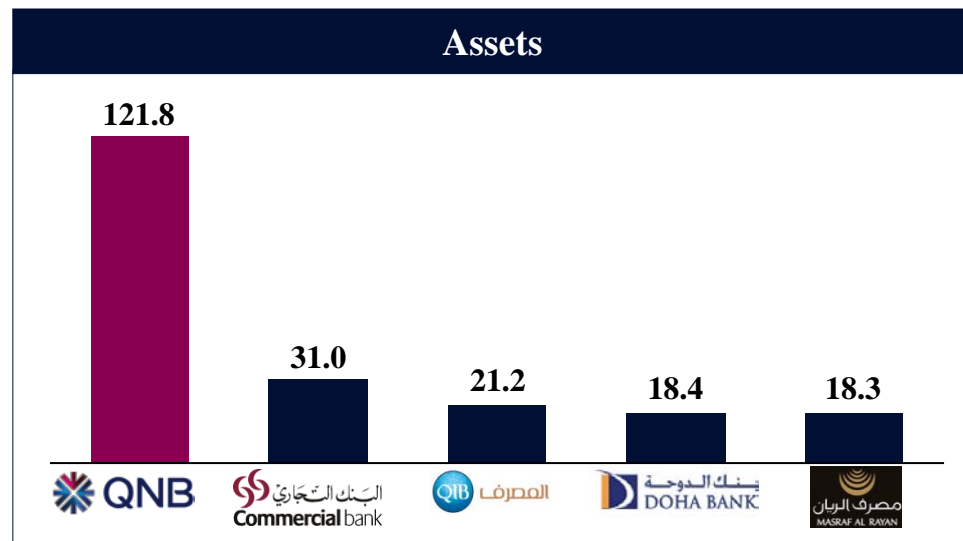
Switzerland: (1 Office, 100% stake in QNB Banque Privée) 



QNB Comparative Positioning – Qatar and MENA

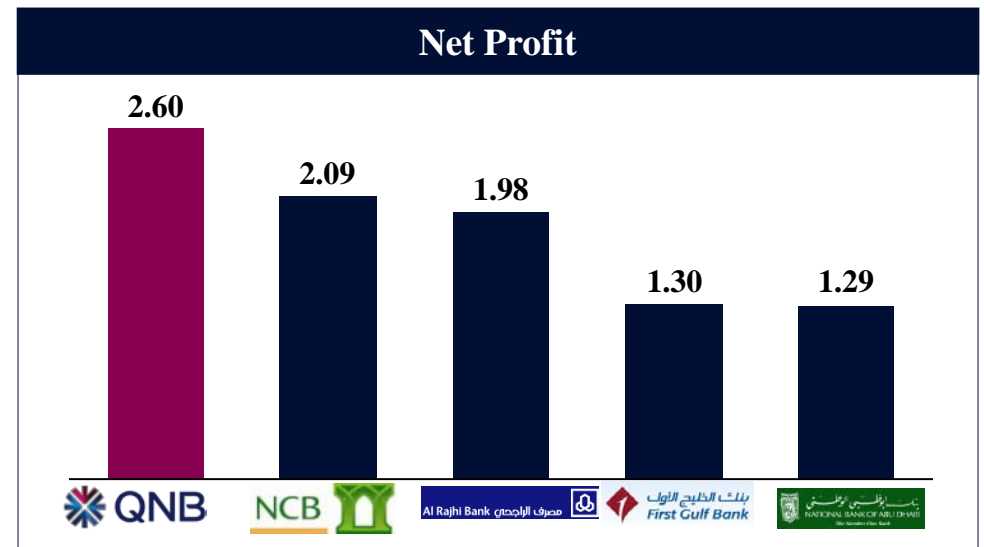
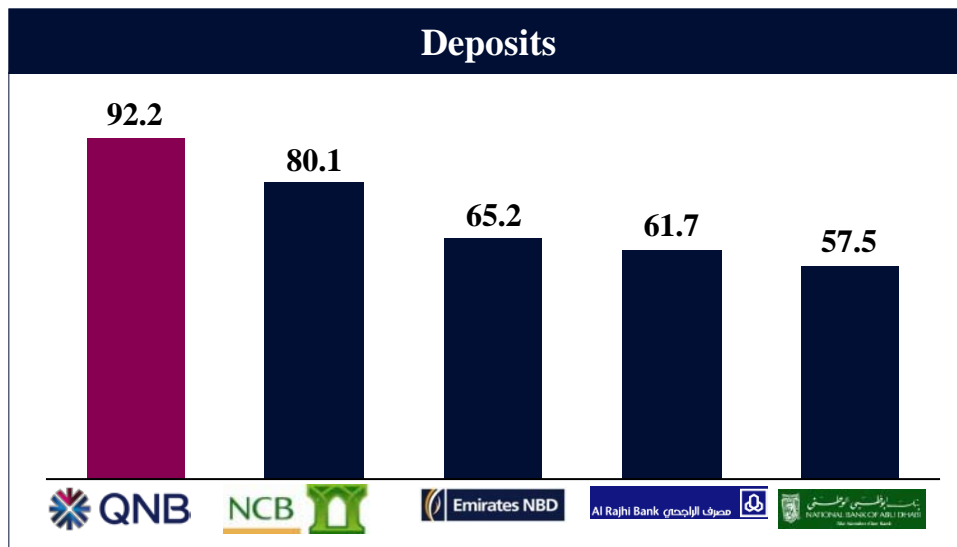
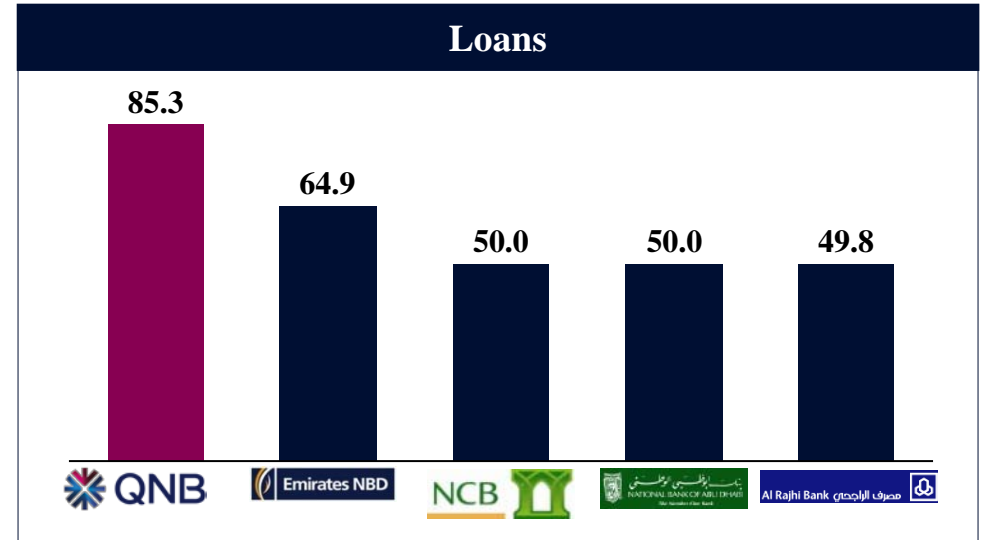
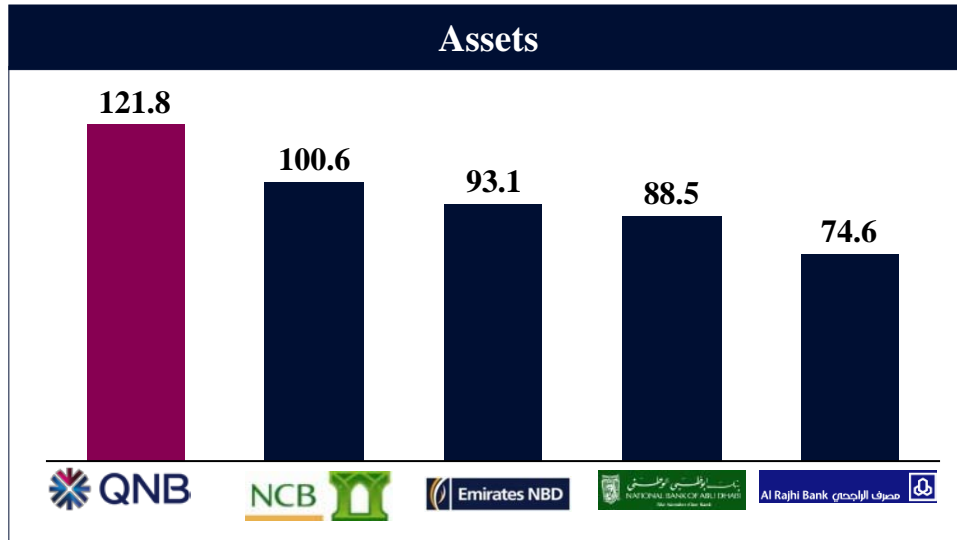
Top 5 Domestic Banks

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 March 2014

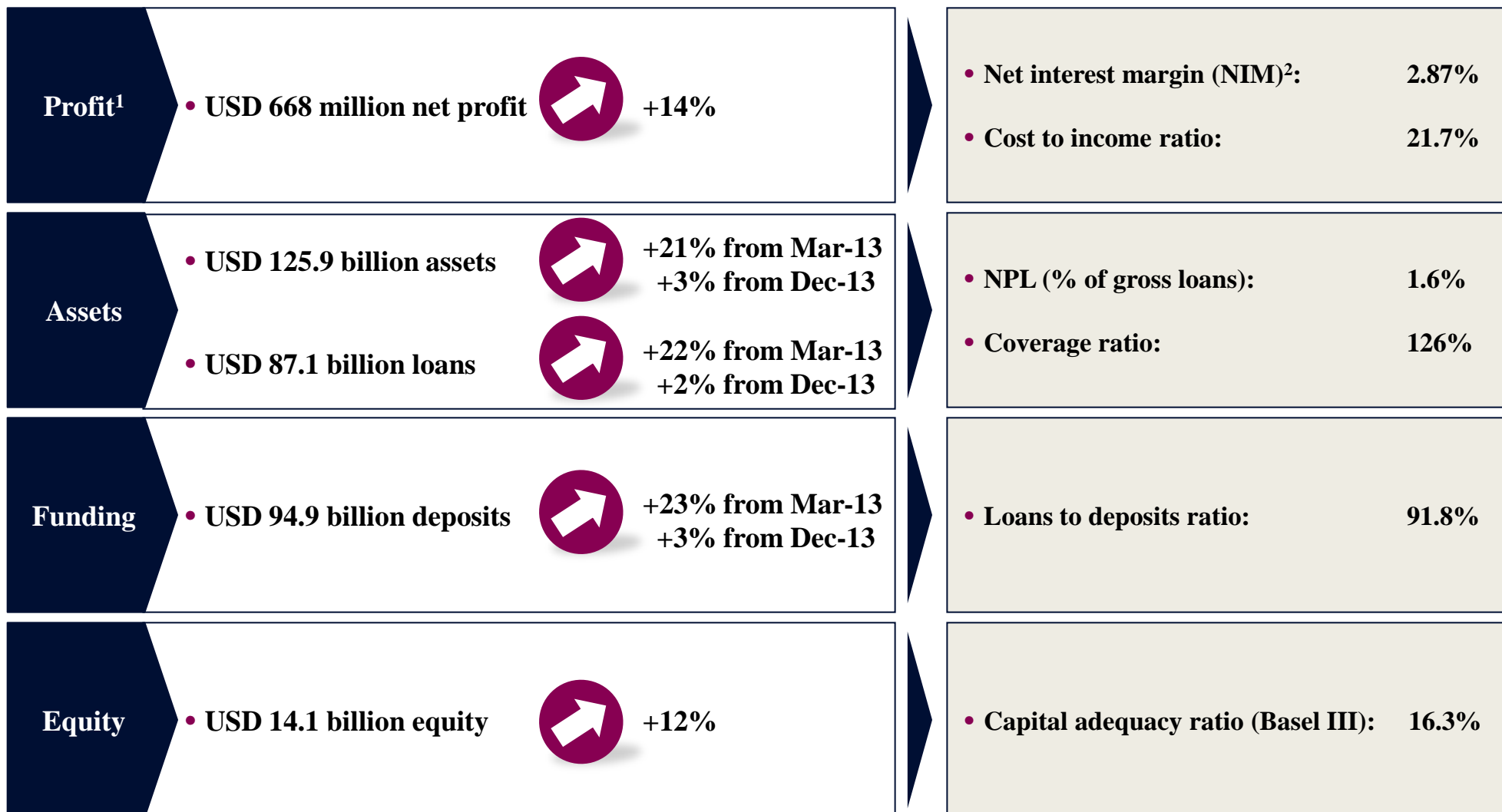
Note: Unless stated, these results include QNB ALAHLI which was consolidated in Q2 FY13 under International Financial Reporting Standards

QNB continues to demonstrate sustainable profitable growth

Highlights (including QNB ALAHLI as at 31 March 2014)

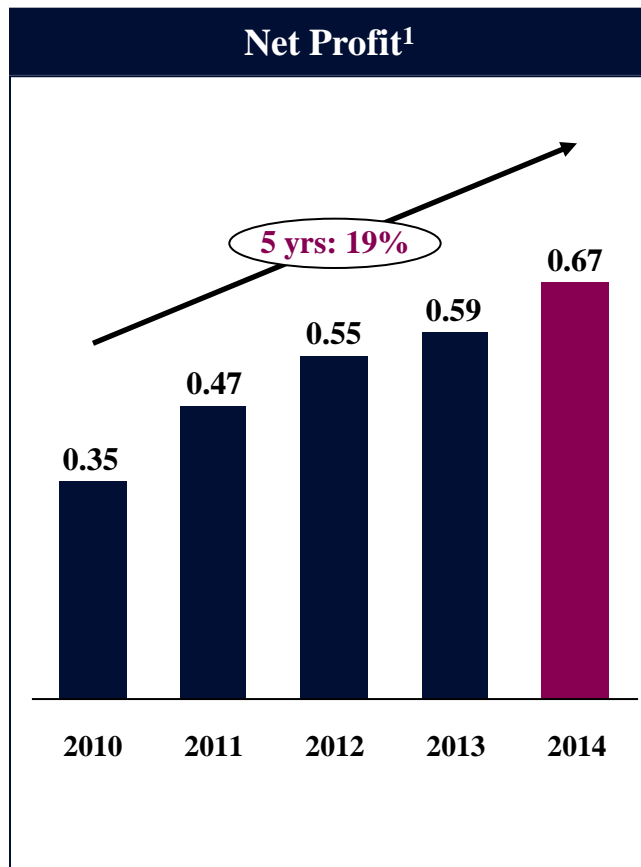


Growth vs. March 2013
unless stated

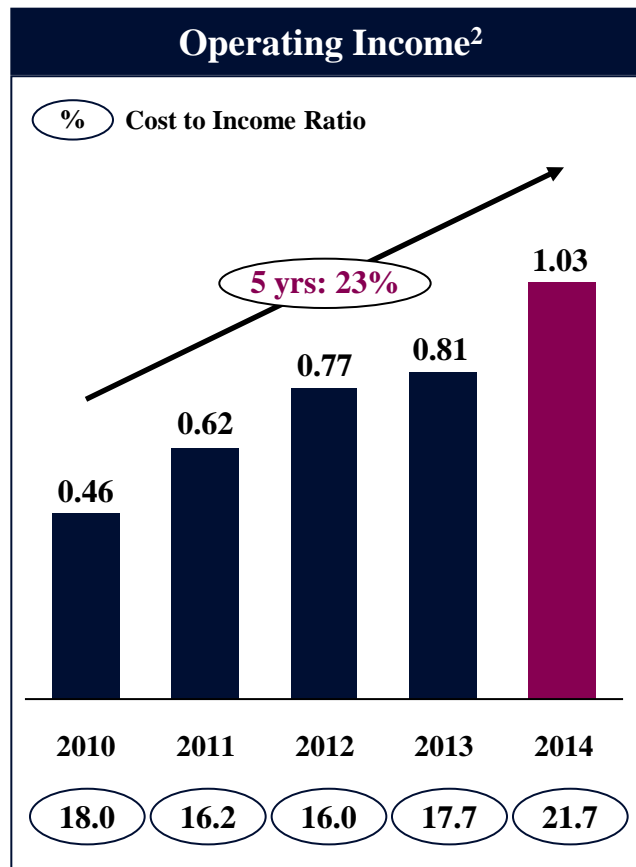


Strong profitability growth

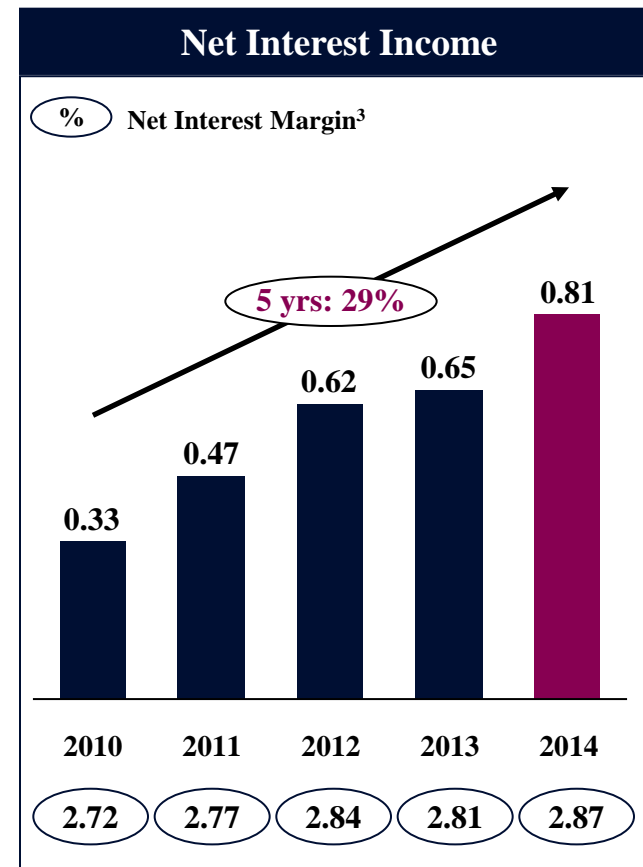
Income Statement Breakdown (USD billion as at 31 March)



- Net profit increased 14% from 2013
- 2009-2014 CAGR of 19%



- Operating income increased 26% from 2013
- 2009-2014 CAGR of 23%



- NII increased 26% from 2013
- NIM expanded by 15bps since 2010
- 2009-2014 CAGR of 29%

Robust quarterly growth has been consistently delivered

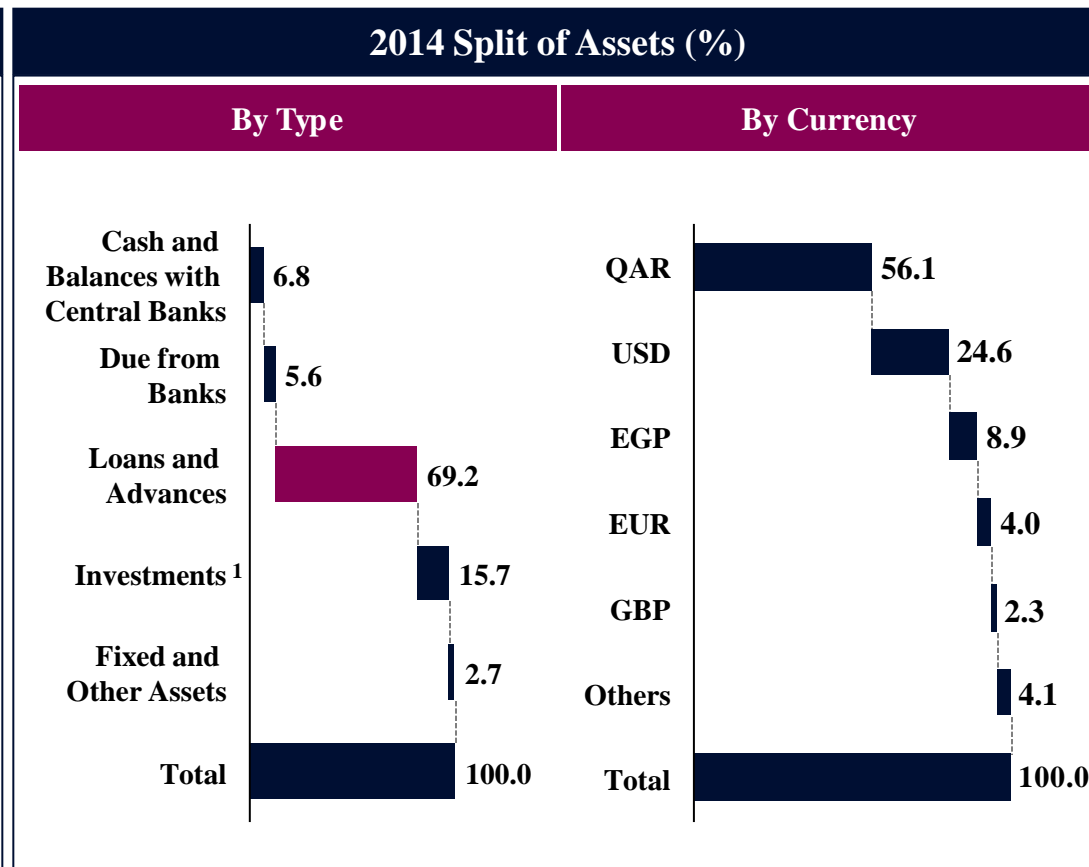
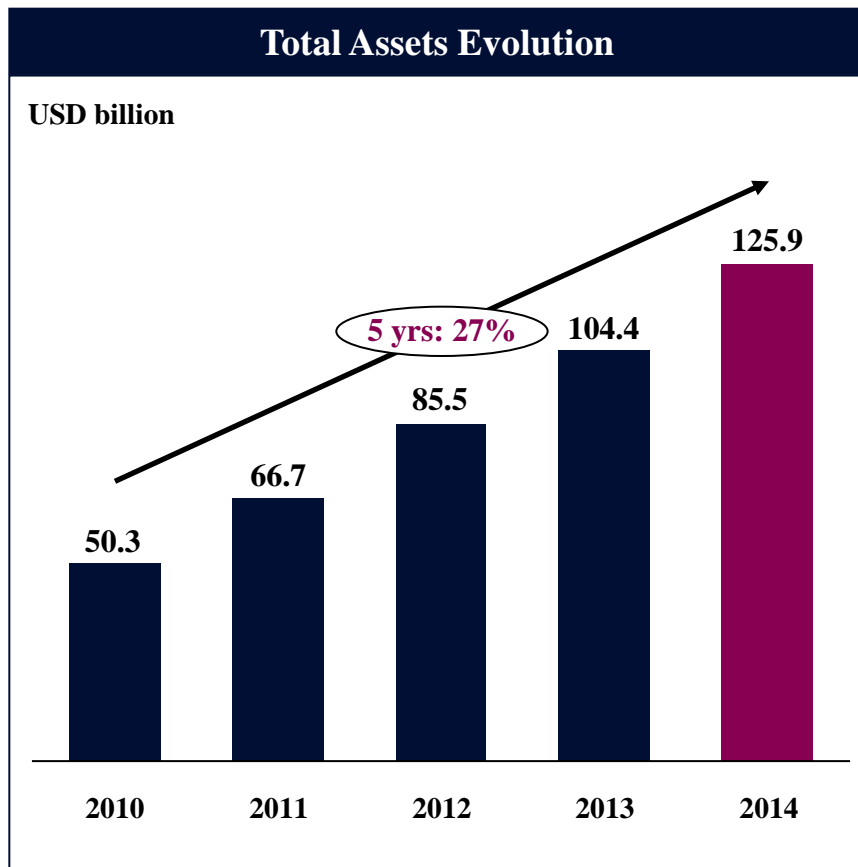
Quarterly Income Statement

Income Statement					
USD 000s	Q1 2013	Q2 2013 ¹	Q3 2013 ¹	Q4 2013 ¹	Q1 2014 ¹
• Net Interest Income	645,996	901,464	798,171	829,685	812,072
– FX Gain	47,355	73,406	43,300	45,148	49,368
– Fees and Commissions	96,202	169,870	131,356	132,252	135,436
– Investment Income	4,308	18,750	15,471	11,939	6,132
– Other Income	833	1,608	768	613	6,798
• Total Other Income	148,698	263,634	190,895	189,952	197,734
• Total Operating Income	794,694	1,165,098	989,066	1,019,637	1,009,806
• G&A Expenses	(144,579)	(264,751)	(203,875)	(210,402)	(222,691)
• Total Operating Profit	650,115	900,347	785,191	809,235	787,115
• Investment Income - Associates	18,554	22,058	14,522	18,989	16,789
• Loan Loss Provisions	(66,601)	(122,204)	(101,108)	(143,490)	(99,162)
• Other Provisions & Taxes	(14,728)	(86,277)	(48,046)	(32,894)	(37,222)
• Net Profit	587,340	713,924	650,559	651,840	667,520

- 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

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

Assets Analysis (as at 31 March)

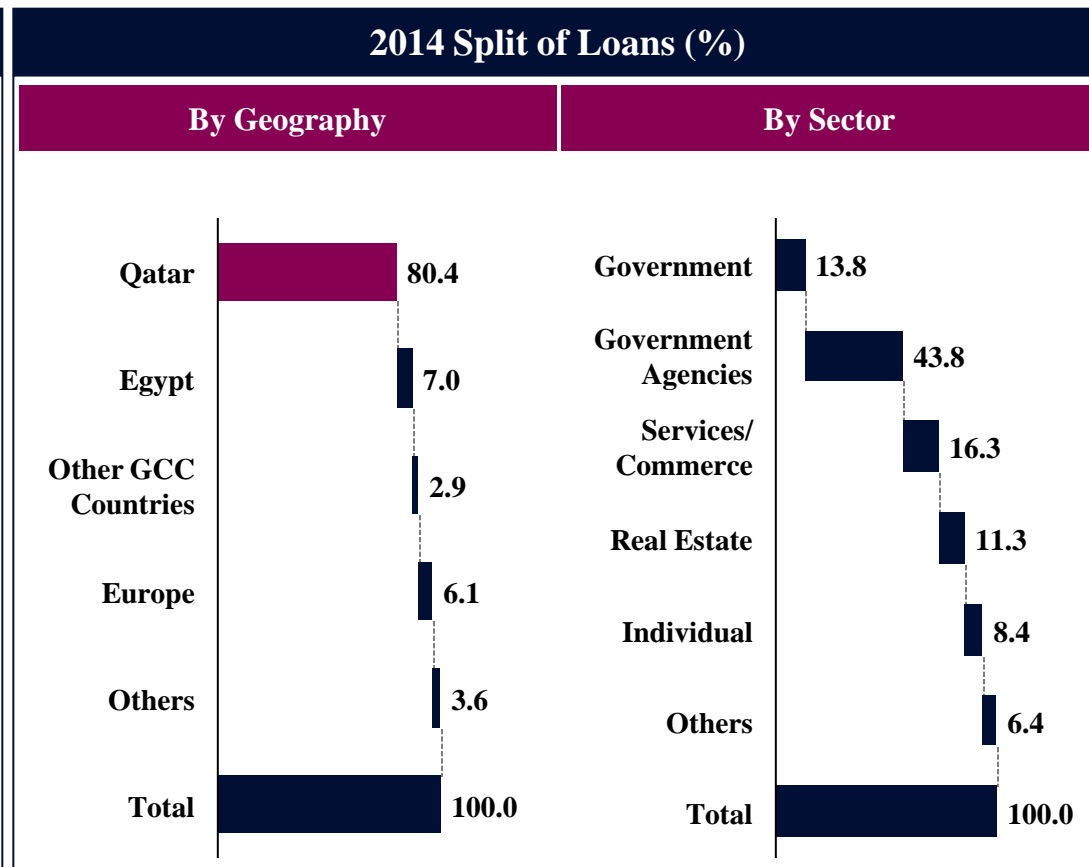
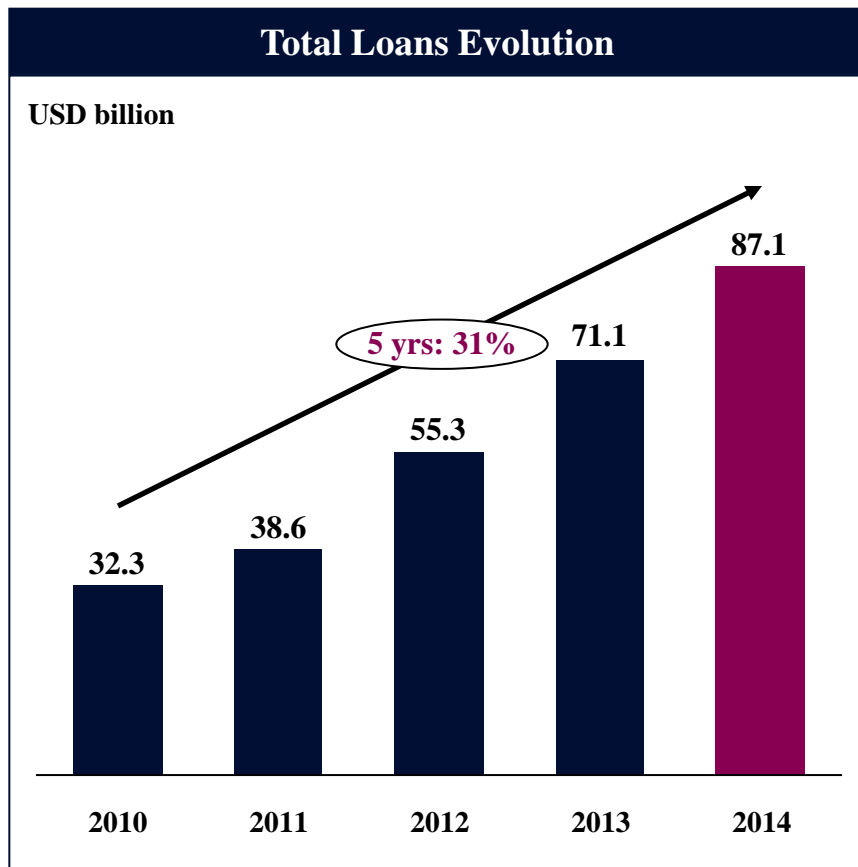


- Assets increased 21% from March 2013
- 2009-2014 CAGR of 27%

- Loans and advances represent 69% of total assets
- USD and QAR currencies account for 81% of total assets

Strong loan growth

Loans Analysis (as at 31 March)

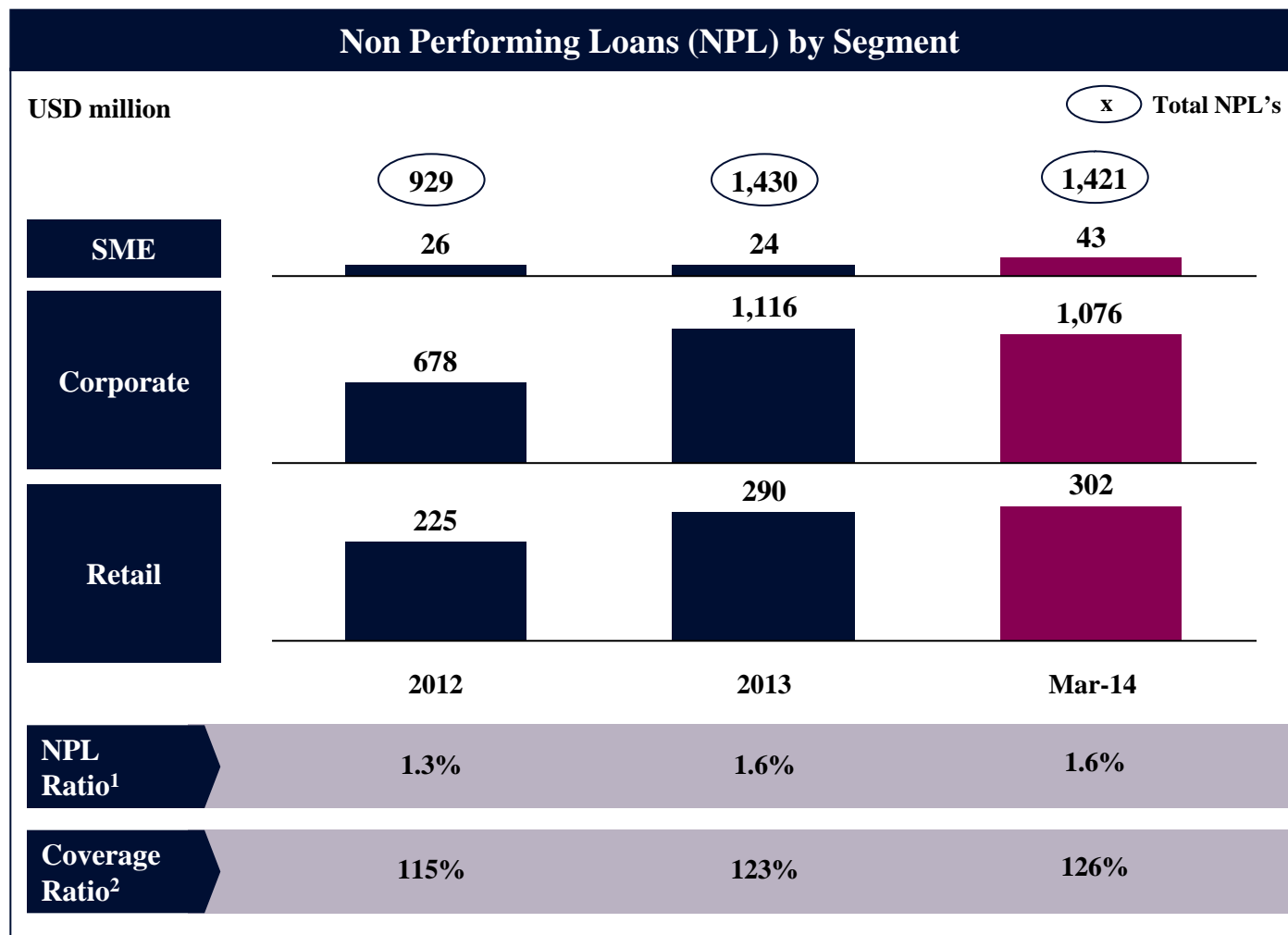


- Loans increased 22% from March 2013
- 2009-2014 CAGR of 31%

- Loans denominated in USD represent 20% of total loans
- Loan exposures are of a high quality with 58% concentration to the public sector entities

High quality lending portfolio is highlighted by low NPL ratios

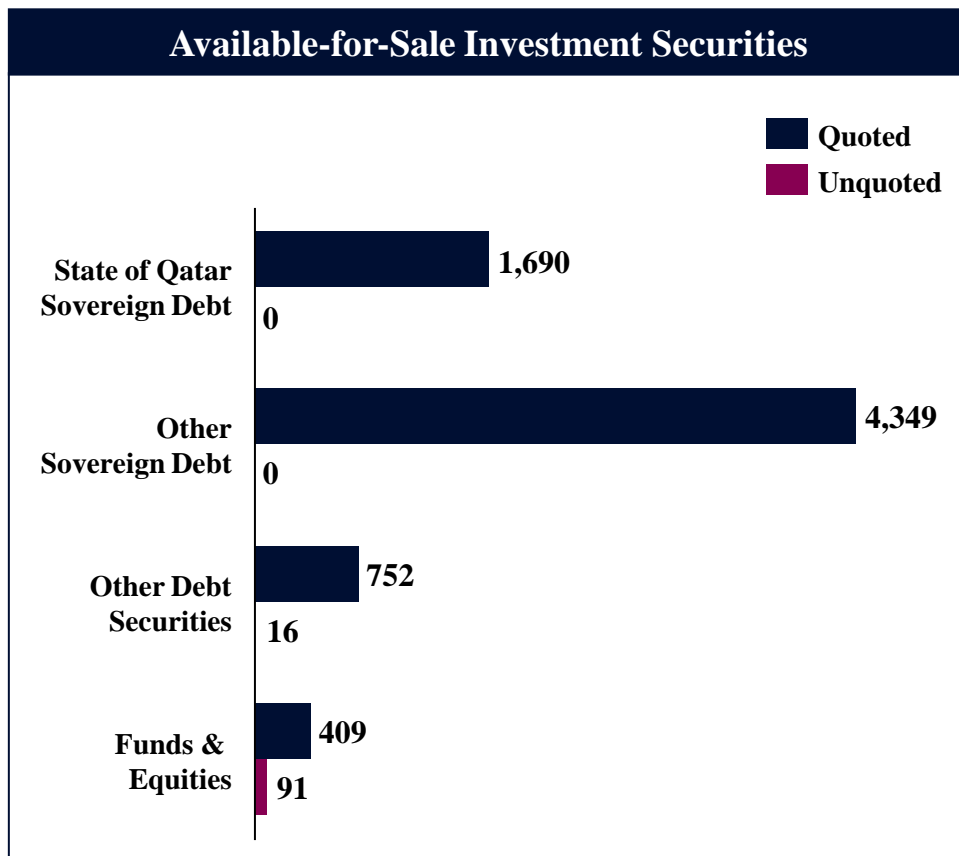
Asset Quality Analysis (as at December unless stated)



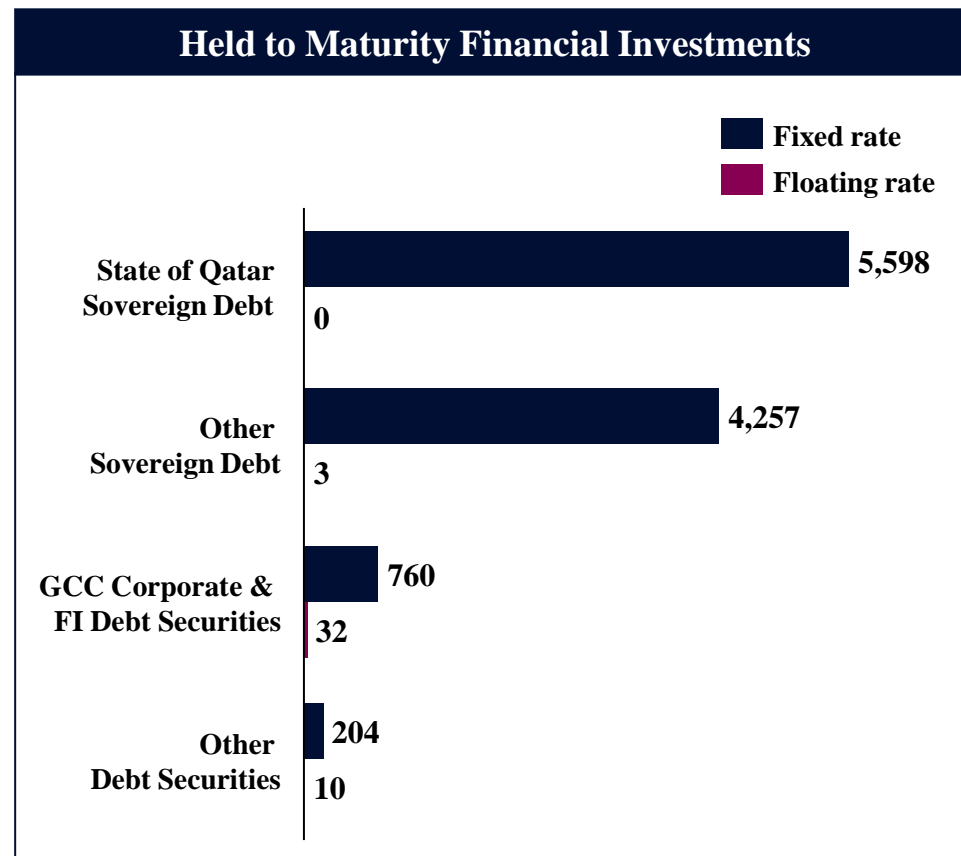
- QNB has continued to increase its provisions in response to the global economic situation
- The bank's coverage ratio has remained robust amidst the economic slowdown, with a coverage of 126% as at 31 March 2014
- Past dues are NPL after 90 days
- There is the additional security of a risk reserve of USD 755 Mn representing more than 2.50% of private lending (representing the QCB minimum requirement)

High quality investment portfolio with 65% of securities rated AA or better

Investments Analysis (USD million as at 31 March 2014)



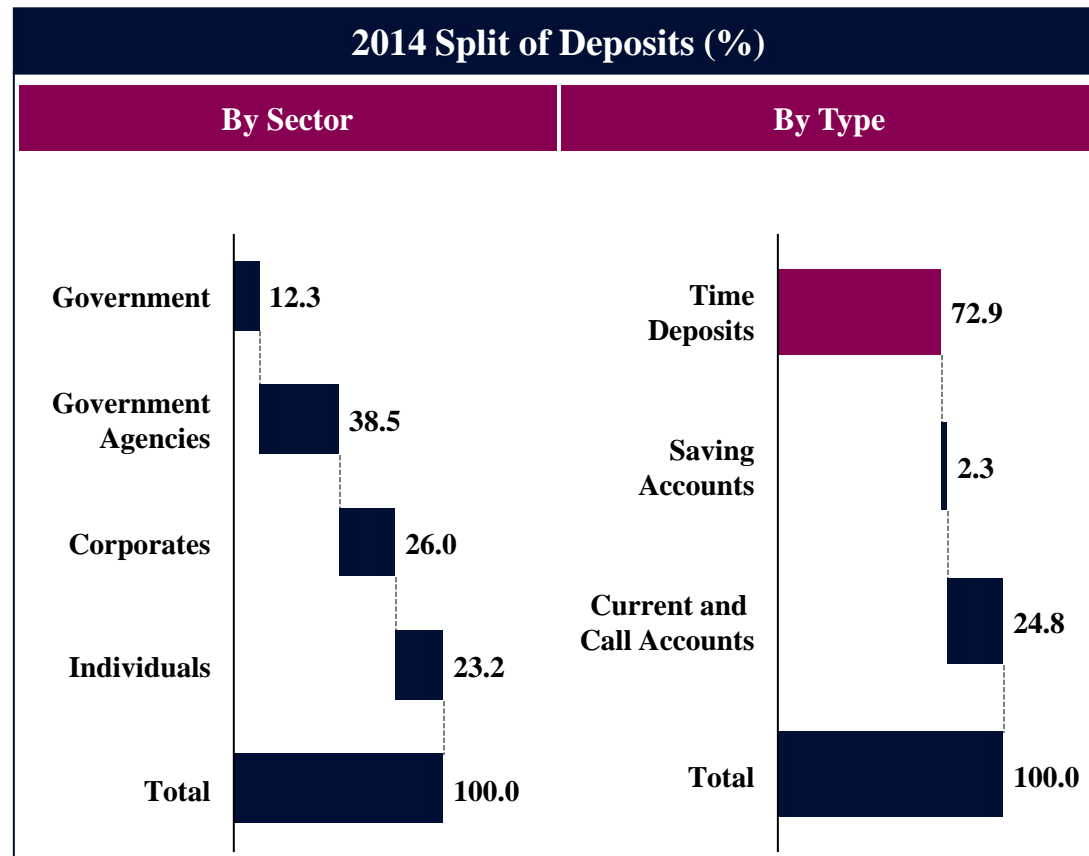
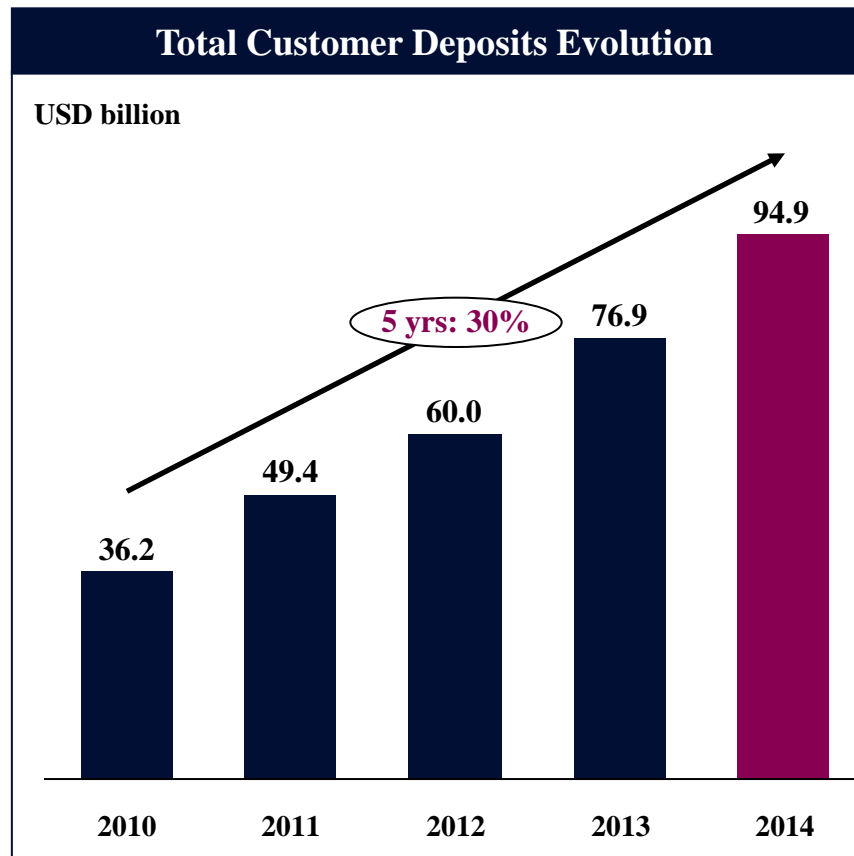
- Quoted securities account for 99% of available for sale investment securities



- Majority of Other Sovereign Debt is Government Guaranteed

Robust growth in customer deposits and funding

Funding Analysis (as at 31 March)

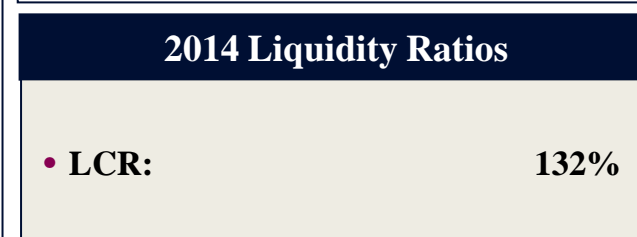
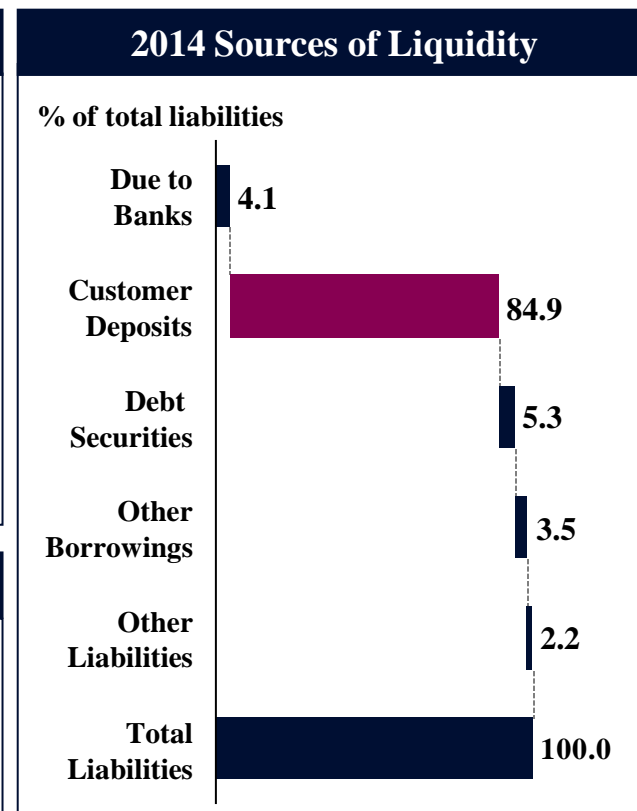
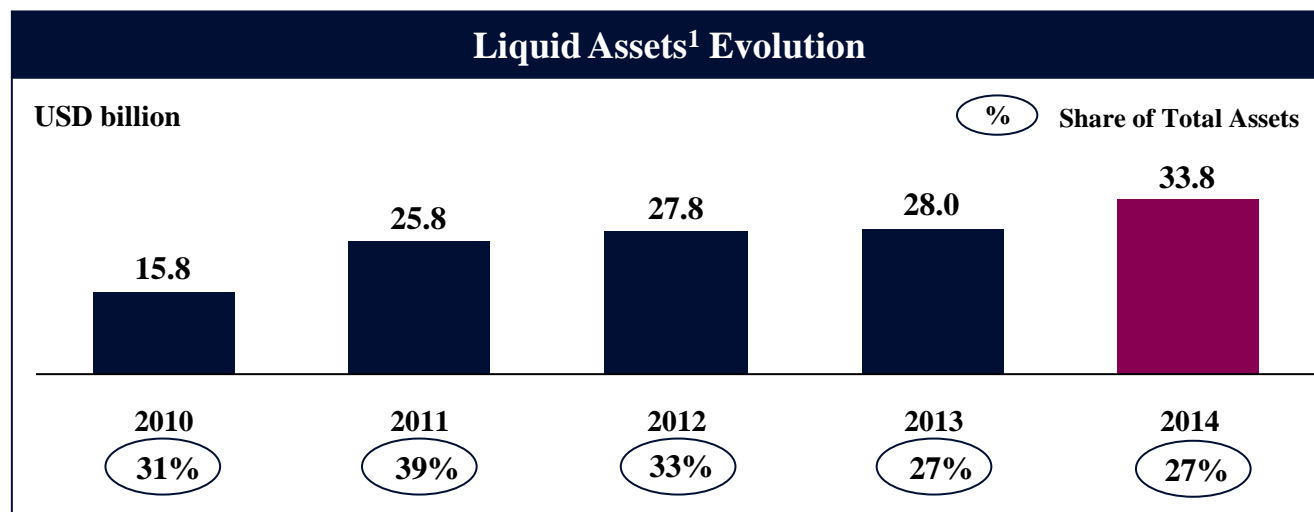
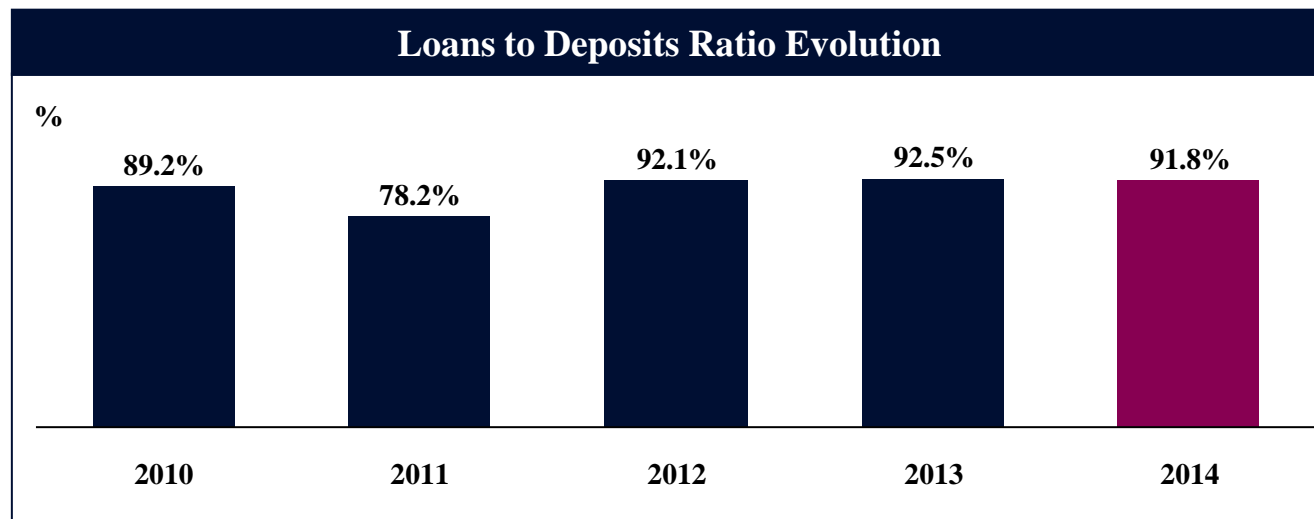


- Deposits increased 23% from March 2013
- 2009-2014 CAGR of 30%

- QNB remains the public sector's preferred bank
- USD denominated deposits represent 46% of total deposits
- EGP denominated deposits represent 8% of total deposits

Solid liquidity profile with loans to deposit ratio consistently below 95%

Liquidity Analysis (as at 31 March)



Sources of Institutional Funding

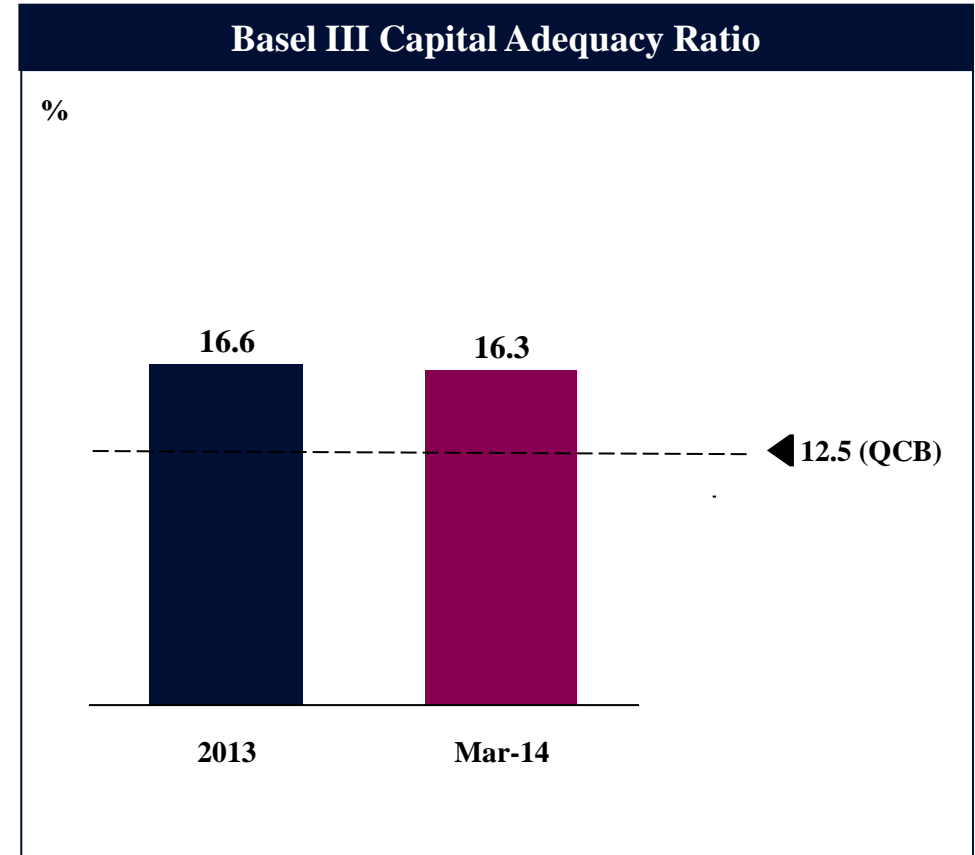
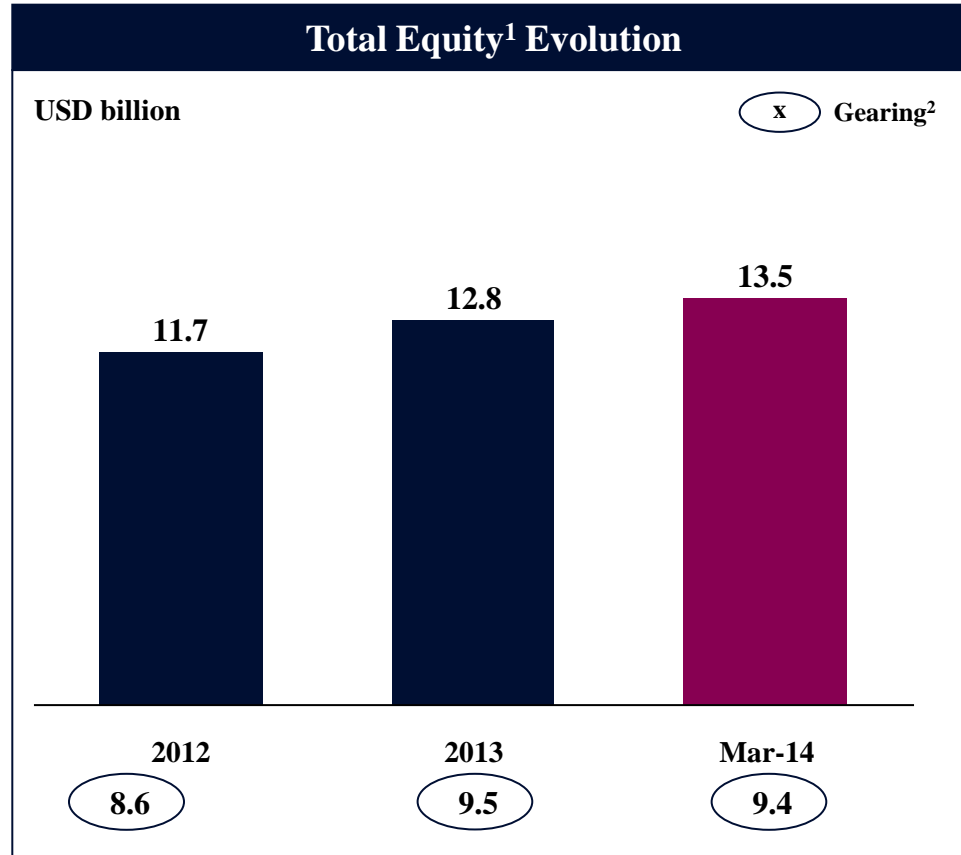
EMTN and Certificate of Deposits

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 7.5 billion and outstanding is USD 6.5 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
Customer Base	<ul style="list-style-type: none"> Diverse global customer base
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
Establishment Date	<ul style="list-style-type: none"> Product launched in September 2012
Current Values	<ul style="list-style-type: none"> Outstanding is USD 4.3 billion
Average Term	<ul style="list-style-type: none"> Average term of 90 days
Currencies	<ul style="list-style-type: none"> Issuances in CHF, EUR, GBP & USD
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 unless stated)



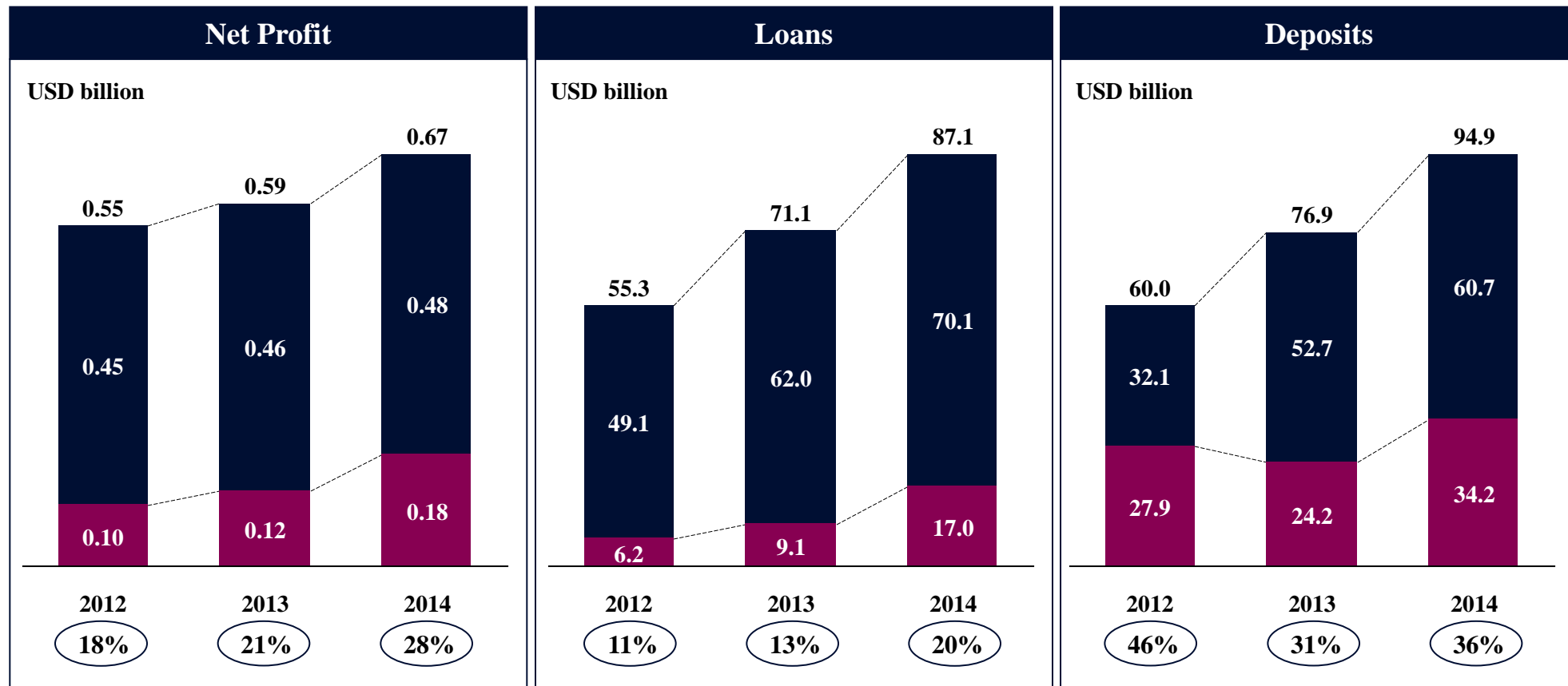
- Capital base has been regularly increased in line with the strong surge in QNB's balance sheet

- Capital adequacy ratio is above QCB and Basel III requirements

Increasing geographical diversification positively contributes to growth

Geographical Contribution (as at 31 March)

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

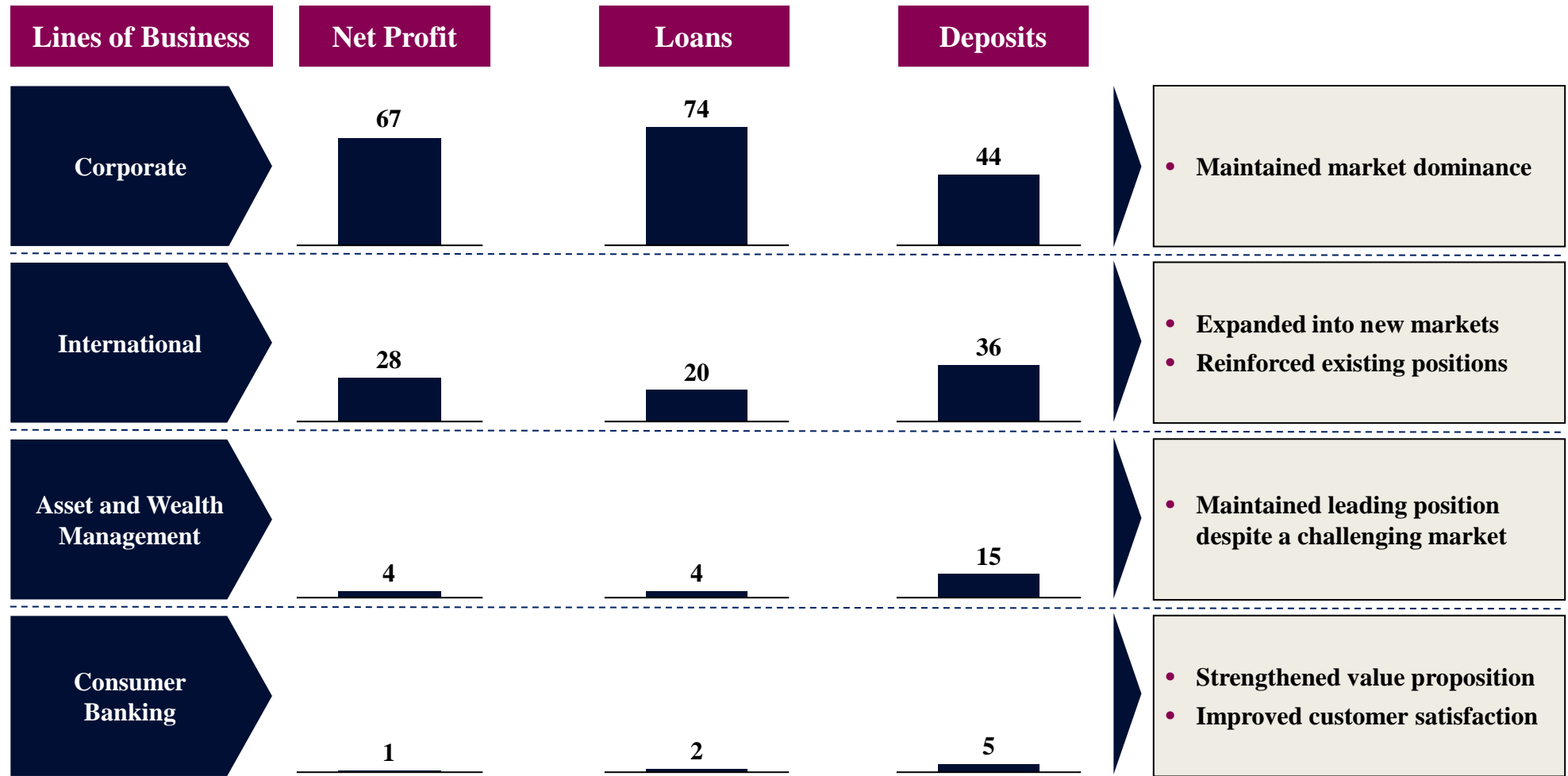


- Profit from international increased by USD 83 Mn (+83%) from 2012 to 2014
- Dec-13 Share of International profit: 28%

- Loans from international operations increased by USD 10.8 Bn (+175%) from 2012 to 2014
- Deposits from international operations by USD 6.3 Bn (+23%) 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 31 March 2014)








QNB's underlying performance continues

Highlights (excluding QNB ALAHLI as at 31 March 2014)



Growth vs. March 2013
unless stated






Profit¹	<ul style="list-style-type: none"> • USD 616 Mn net profit  +5% 	<ul style="list-style-type: none"> • Net interest margin (NIM)²: 2.68% • Cost to income ratio: 19.3%
Assets	<ul style="list-style-type: none"> • USD 114.5 Bn assets  +10% from Mar-13 +3% from Dec-13 • USD 81.0 Bn loans  +14% from Mar-13 +2% from Dec-13 	<ul style="list-style-type: none"> • NPL (% of gross loans): 1.4% • Coverage ratio: 129%
Funding	<ul style="list-style-type: none"> • USD 84.7 Bn deposits  +10% from Mar-13 +3% from Dec-13 	<ul style="list-style-type: none"> • Loans to deposits ratio: 95.6%
Equity	<ul style="list-style-type: none"> • USD 13.7 Bn equity  +9% 	<ul style="list-style-type: none"> • Capital adequacy ratio (Basel III): 23.9%

QNB ALAHLI

Highlights (as at 31 March 2014)



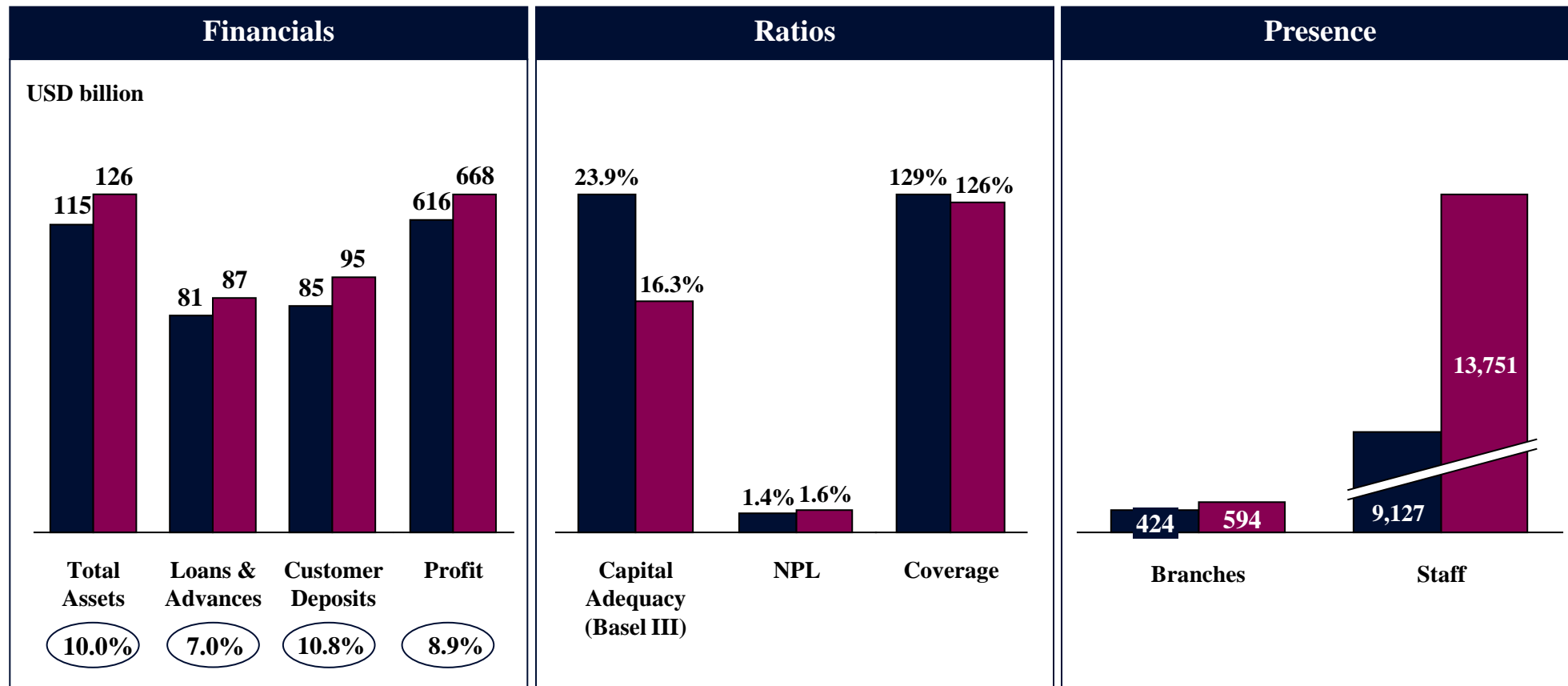
Growth vs. March 2013
unless stated

Operating Profit	<ul style="list-style-type: none"> • USD 116.9 Mn 	 +16%	<ul style="list-style-type: none"> • Net interest margin (NIM)¹: 4.64% • Cost to income ratio: 33.2%
Assets	<ul style="list-style-type: none"> • USD 12.6 Bn assets • USD 6.1 Bn loans 	 +24% from Mar-13 +7% from Dec-13  +7% from Mar-13 +2% from Dec-13	<ul style="list-style-type: none"> • NPL (% of gross loans): 4.2% • Coverage ratio: 115%
Funding	<ul style="list-style-type: none"> • USD 10.2 Bn deposits 	 +24% from Mar-13 +4% from Dec-13	<ul style="list-style-type: none"> • Loans to deposits ratio: 59.8%
Equity	<ul style="list-style-type: none"> • USD 1.4 Bn equity 	 +12% from Mar-13 +3% from Dec-13	<ul style="list-style-type: none"> • Capital adequacy ratio (Basel II): 14.9%

QNB Group Financials

Key data (as at 31 March 2014)

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

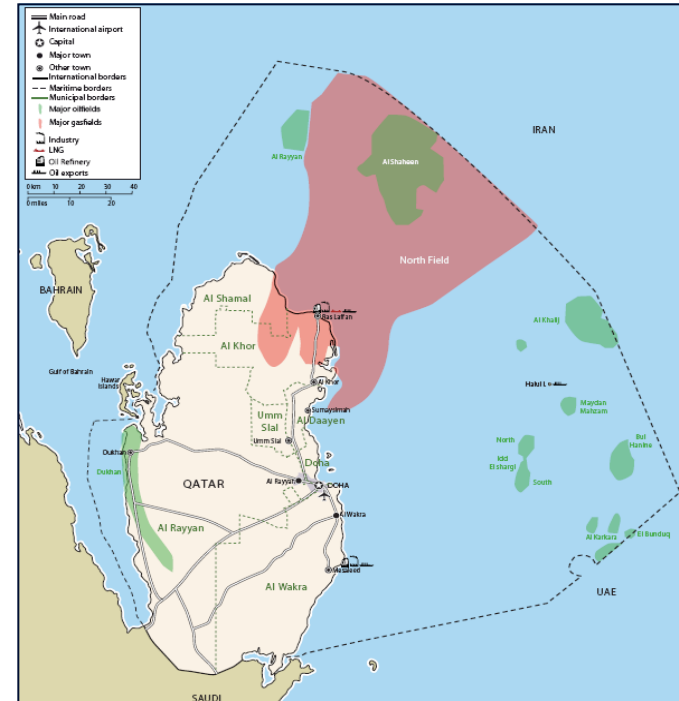
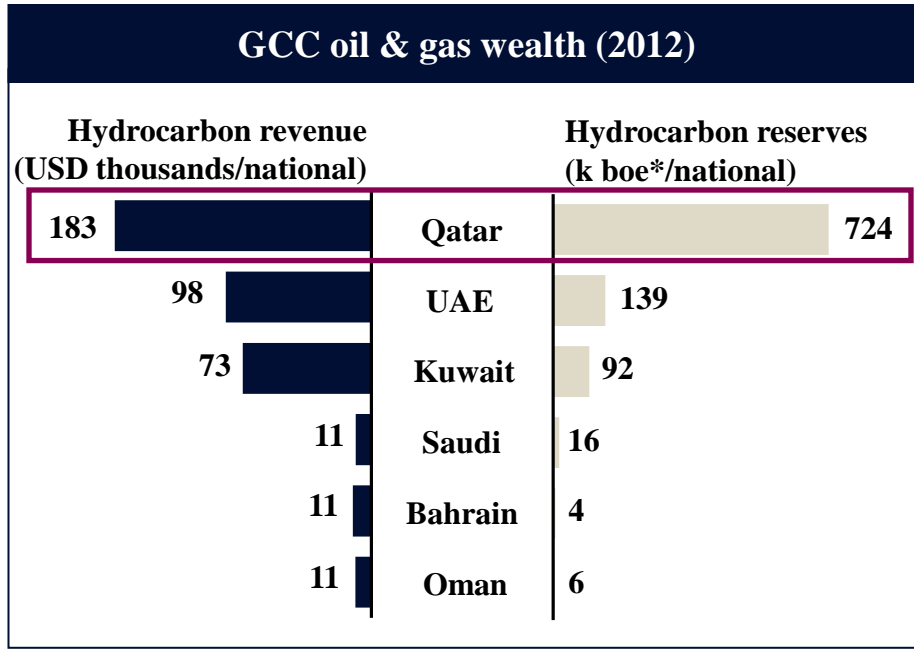


- QNB Group finalised incorporation of the financial results of QNB ALAHLI during the Q2 FY13
- Results finalised under International Financial Reporting Standards (IFRS)
- Capital Adequacy (Basel III) on consolidation 16.3%

Economic Overview



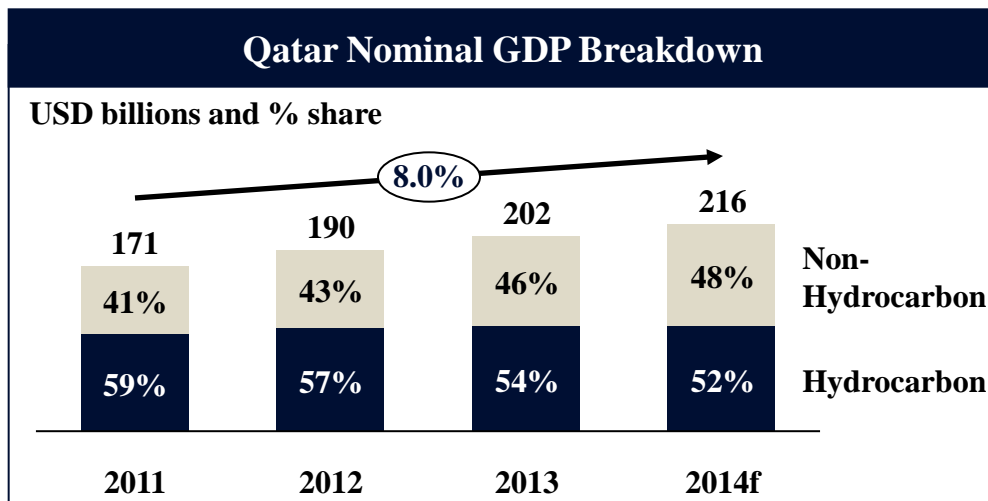
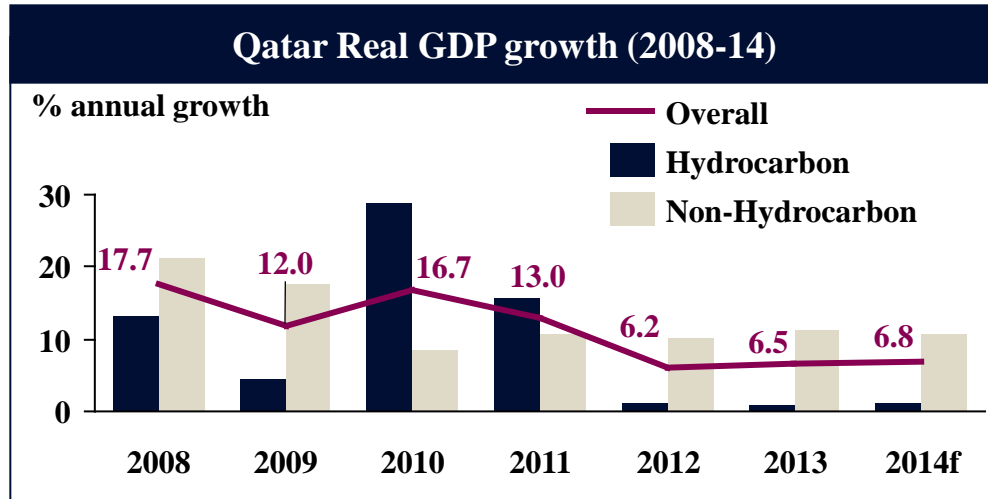
Qatar has the world's highest hydrocarbon wealth per national



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

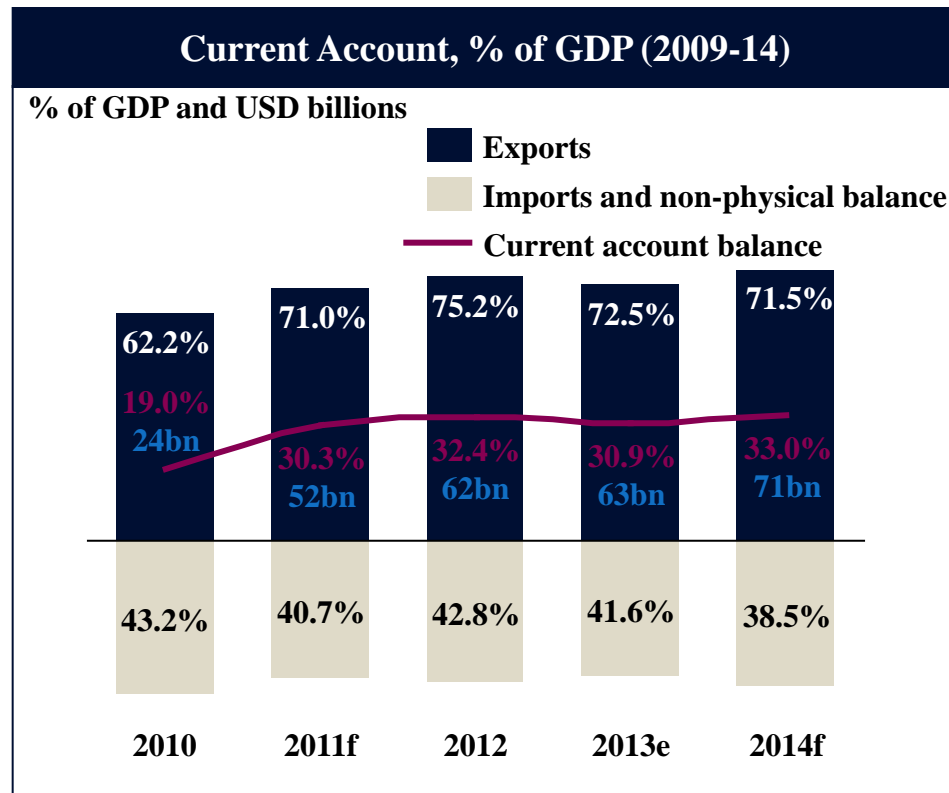
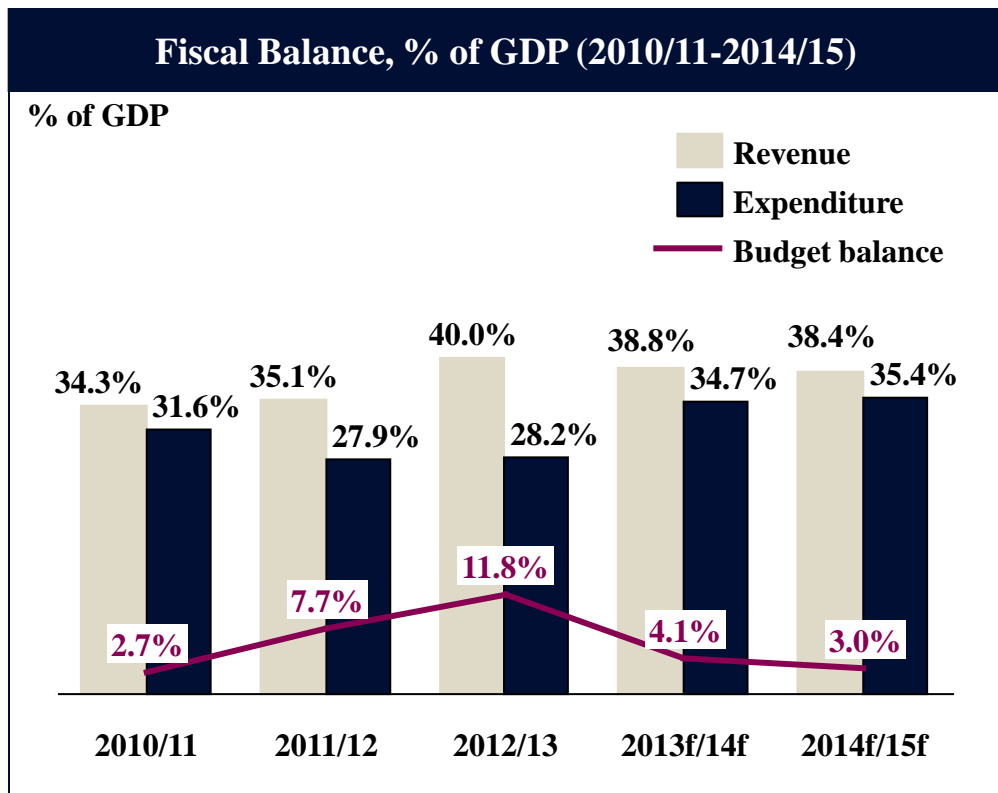
- Qatar's hydrocarbons reserves are mostly held in the North Field, which contains 59% of GCC gas reserves and 13% of global gas reserves
- Qatar could produce at 2012 levels for another 160 years
- Qatar has 24bn barrels of crude oil and condensate reserves (1.4% of global reserves)

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 about 1% in 2014
- QNB Group expects the non-hydrocarbon sector to expand strongly, driving an acceleration in overall real GDP growth to 6.8% in 2014
- The share of the non-hydrocarbon sector in nominal GDP is forecast to rise from 46% in 2013 to 48% in 2014 as the economy becomes more diversified

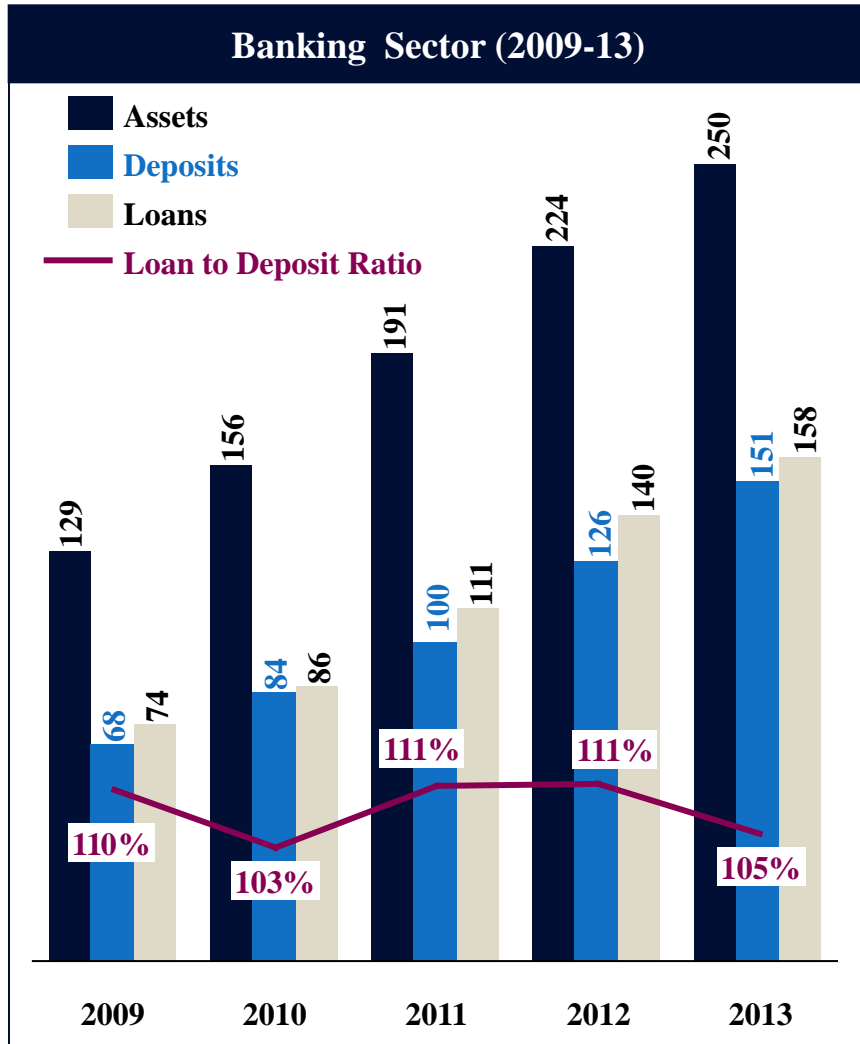
Hydrocarbon receipts will continue to result in large fiscal and current account surpluses



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

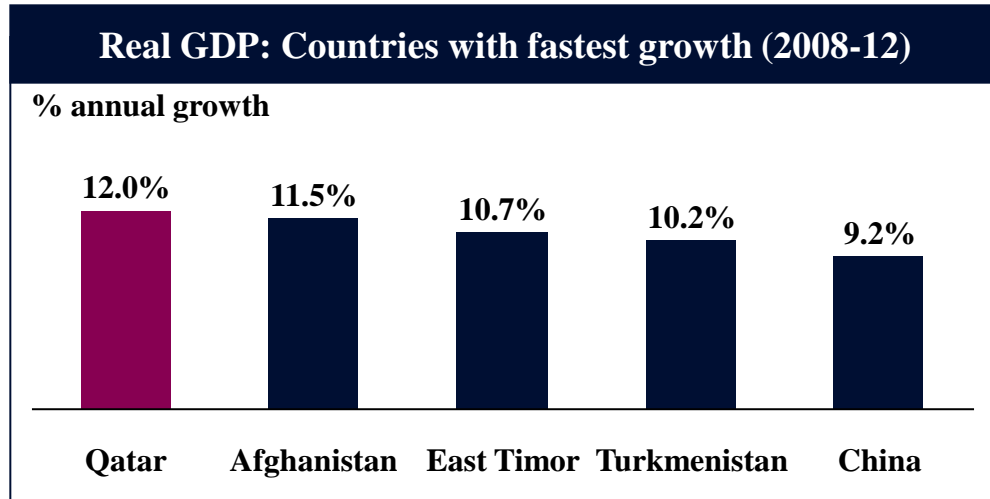
- The current account surplus in 2014 will remain high on record export receipts
- With a strong current account surplus and lower capital inflows, international reserves will remain robust

Qatar banking sector is growing rapidly and remains highly profitable

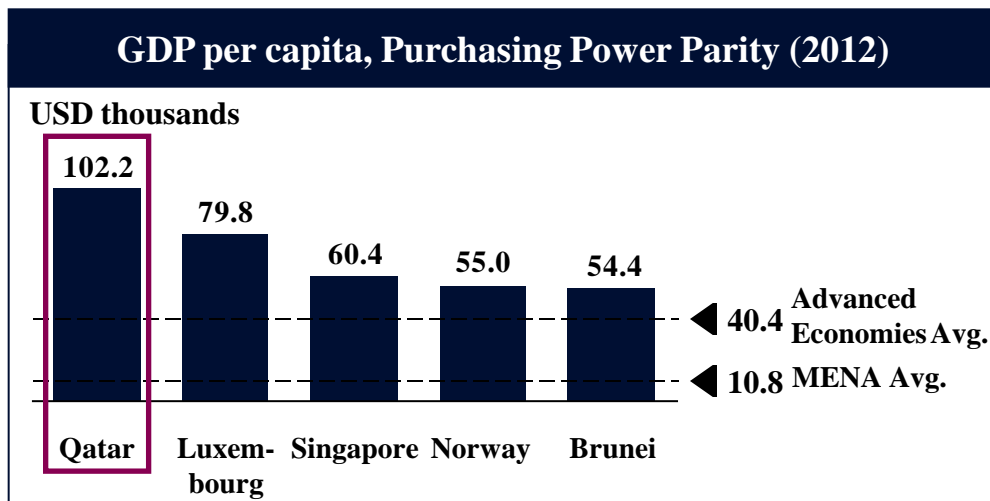


- Assets saw a healthy expansion over the period 2009-13, growing by a compound annual growth rate (CAGR) of 18%
- Deposits grew strongly by a CAGR of 22% over 2009-13, underpinned by large fiscal surpluses and rapid population growth
- Loans grew by a CAGR of 21% over 2009-13 due to large project finance 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, estimated at 1.9% of total loans at end-2013

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

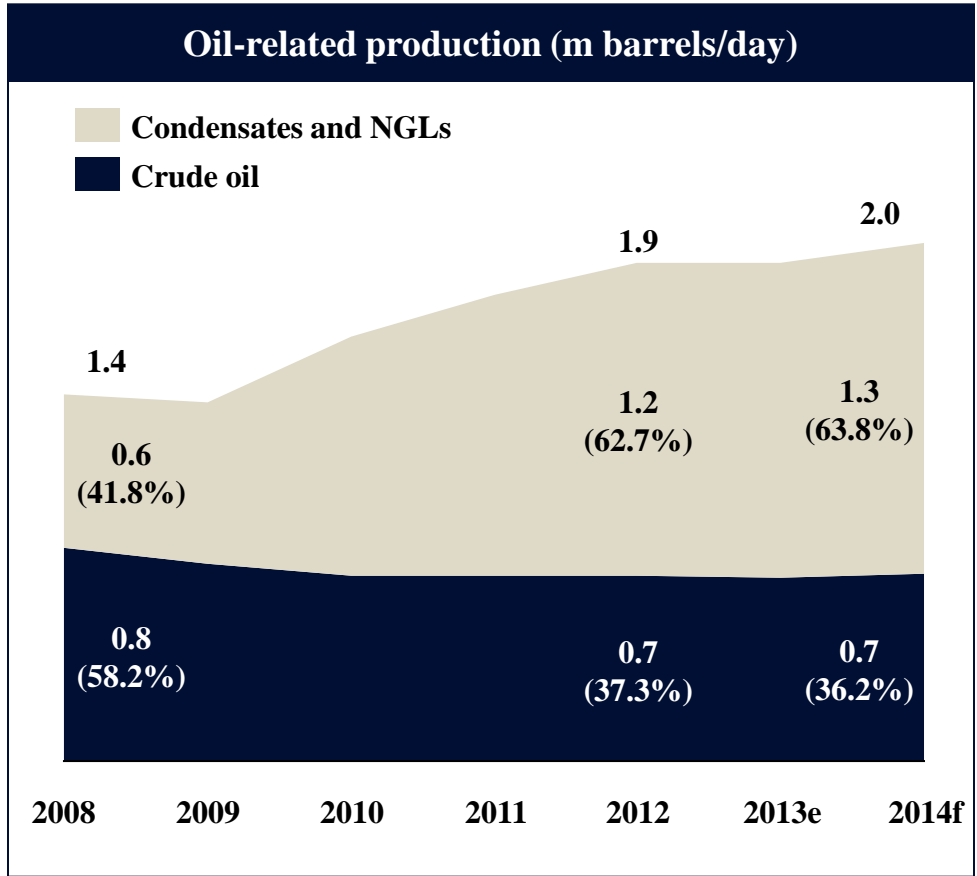
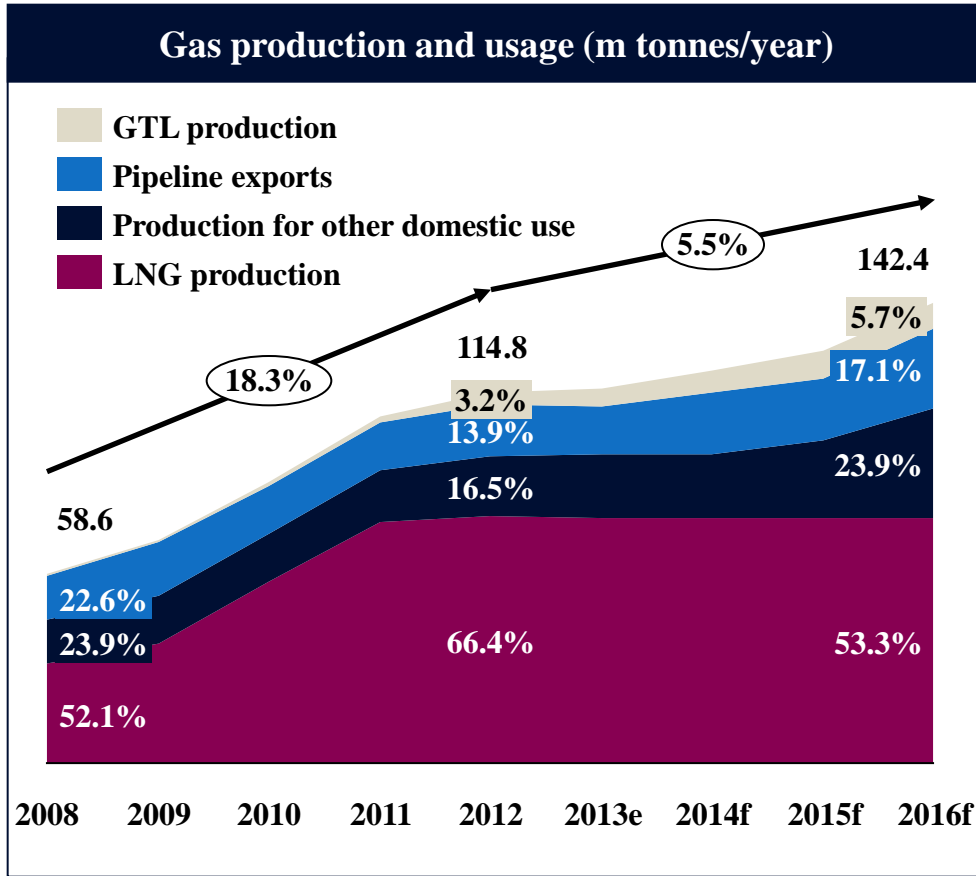


- Qatar's annual real growth of 12.0% during 2008-12 was the world's fastest, reflecting the expansion in LNG production
- Qatar's growth accelerated to 6.5% in 2013, from 6.2% in 2012



- 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

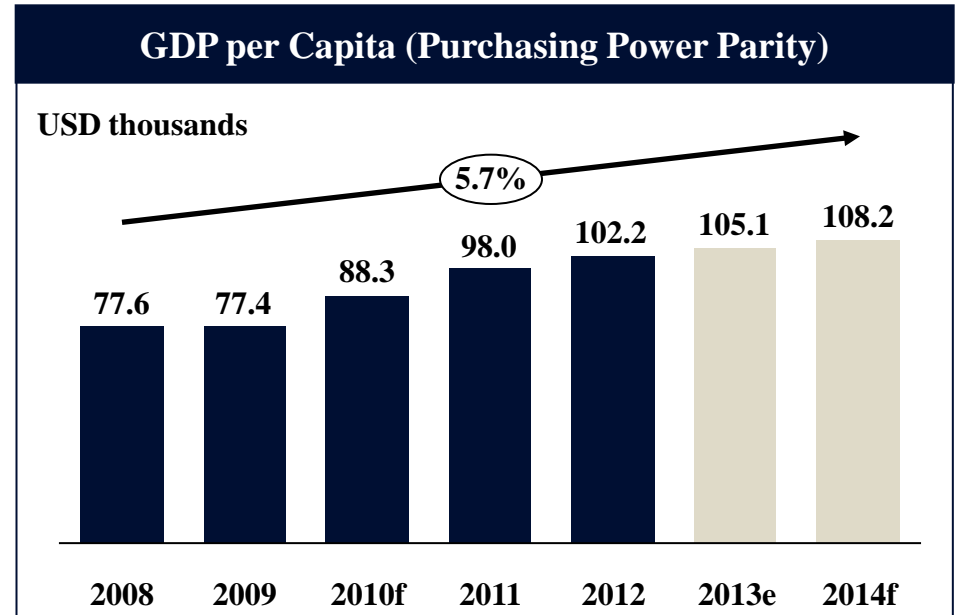
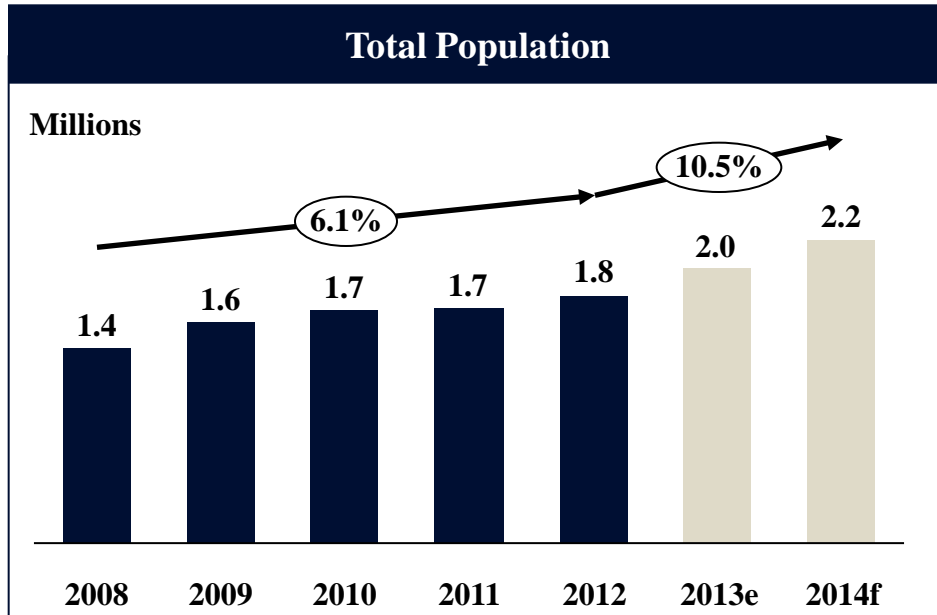
Growth has been driven by a dramatic expansion in gas production



- 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

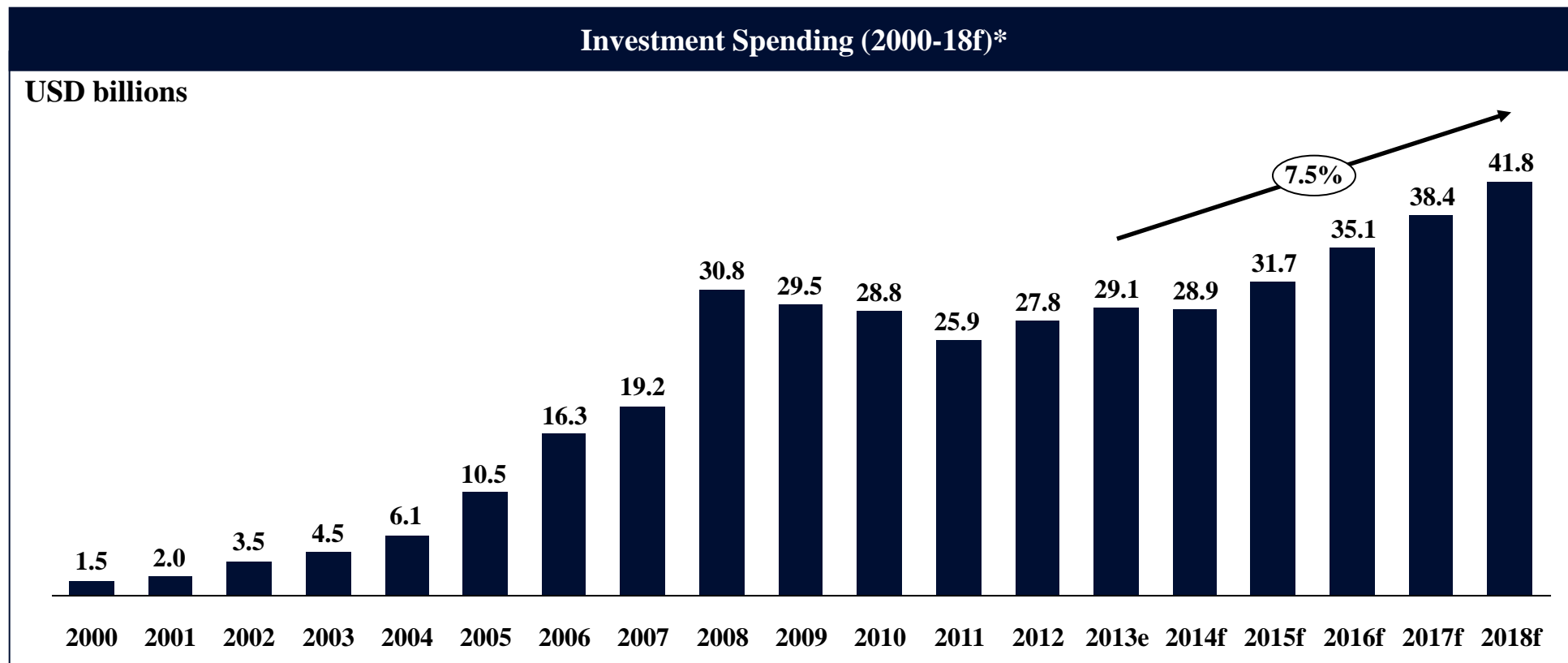
Expansion has driven population growth and created significant wealth



- 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

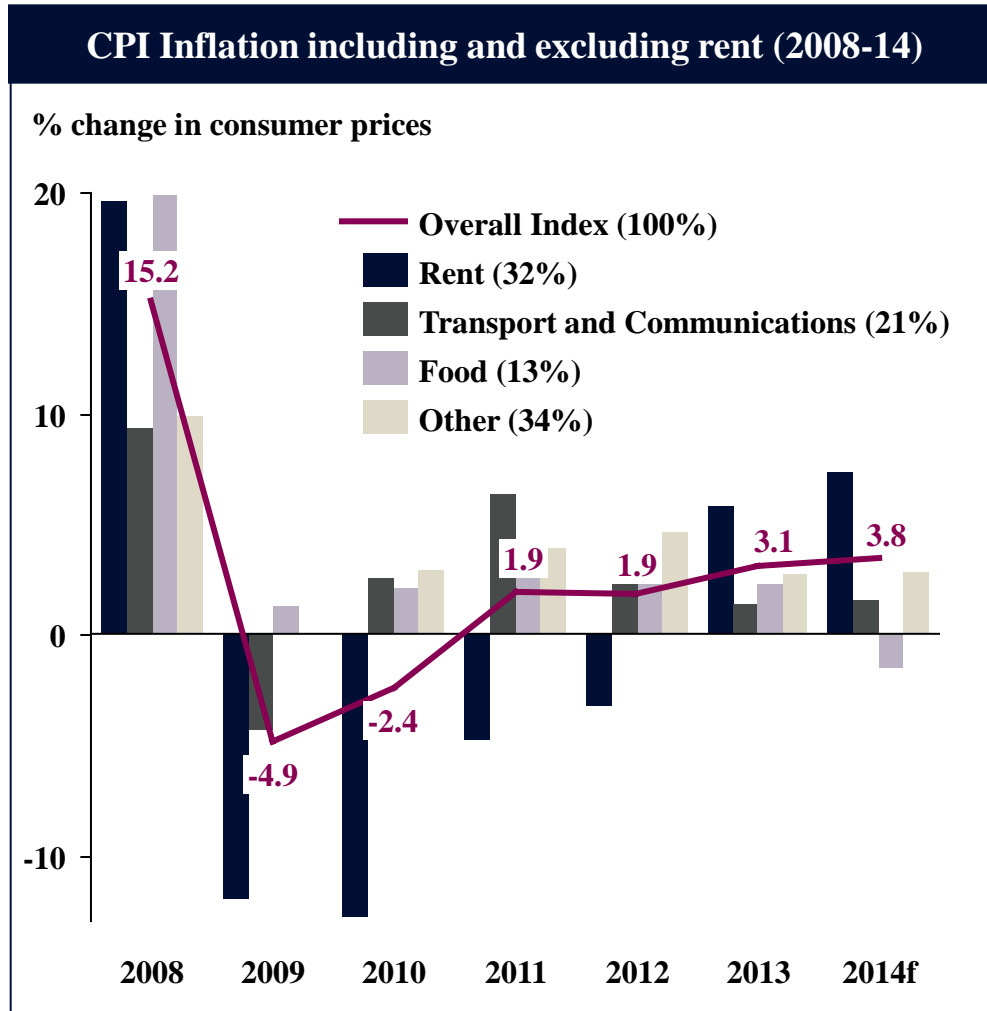
- GDP per capita has grown rapidly in recent years, becoming the highest in the world
- The outlook for economic growth is strong as the large hydrocarbon wealth is used to build a diversified economy

Growth in the non-hydrocarbon sector driven by increased investment 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
- Investment spending is set to pick up during 2013-18 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 3.8% in 2014

Strong fundamentals have lowered CDS spreads

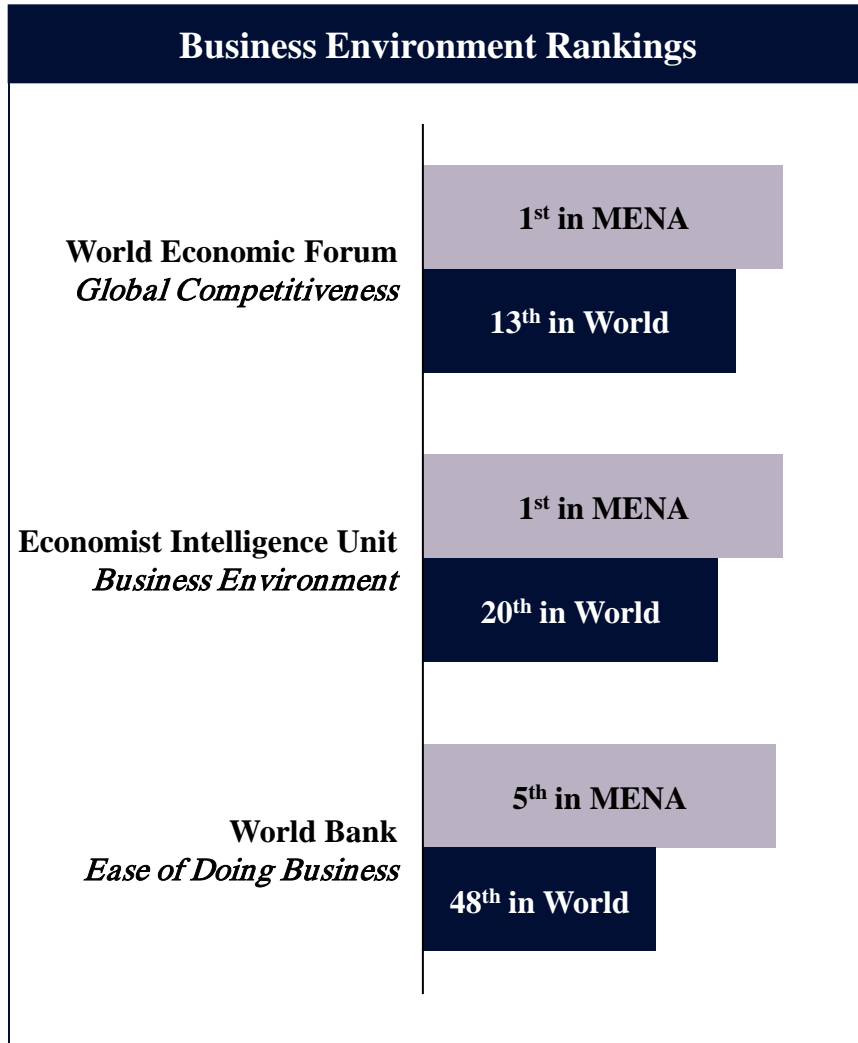
Qatar CDS Spread (Aug 2012 – Mar 2014)

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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