



IR Call Transcript (Edited Version)

QNB Group Q3 2026 Results

CORPORATE PARTICIPANTS

Ramzi Talat A. Mari *Qatar National Bank (Q.P.S.C.) - Group Chief Financial Officer*

Noor Mohammad Al-Naimi *Senior Executive Vice President, Group Treasury*

Mark Abrahams *Qatar National Bank (Q.P.S.C.) - Executive Vice President - Group Treasury*

Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

CONFERENCE CALL PARTICIPANTS

Ahmed Naser *Doha Bank*

Chiro Ghosh *SICO*

Fatema Al-Hashemi *SICO*

Jon Peace *UBS*

Mohammed Al Attiyah *Doha Bank*

Murad Ansari *GTN*

Rahul Bajaj *Citigroup*

Rahul Rajan *Bank of America*

Shouq Alshahrani *Neuberger Berman*

Waruna Kumarage *SICO BSC*

PRESENTATION

Host - Rahul Bajaj *Citigroup*

Hello. Good morning, good afternoon to everyone who has joined this call today. This is Rahul Bajaj here from the Citi financials research team here out of Dubai. We are very delighted to host Qatar National Bank's Third Quarter '26 Earnings Call today. Joining us from QNB today, we have Ramzi Mari, Group Chief Financial Officer; Noor Mohammad Al Naimi, SEVP, Group Treasury and FIs, and Mark Abrahams, EVP Group Treasury, Trading. Without further delay, I'll pass on the call to Mark to start his opening remarks.

Mark Abrahams *Qatar National Bank (Q.P.S.C.) - Executive Vice President - Group Treasury*

Thank you very much, Rahul, and Citi for hosting our call today. Before we begin, it is customary to remind everyone that this call is for investors and analysts only, and any media should please disconnect now.

I will begin today by providing a brief overview of the economic backdrop in the region and Qatar. We will then proceed to give a summary of our nine-month financial performance, and then open the floor to questions-and-answers.

The beginning of 2026 was characterized by a resilient global economic backdrop, driven by artificial intelligence and technology-driven investments and private sector demand. Momentum has weakened since the beginning of March 2026, due to the geopolitical events in the Middle East. This resulted in disruption of commodity and energy markets, and of course, heightened volatility.

In its July 2026 World Economic Outlook update, the IMF nevertheless noted that the global economy had remained resilient and projected growth of 3% in 2026 and 3.4% in 2027, as technology-led momentum partly offsets the impact of the conflict, while risks remain tilted to the downside. These events affected the overall outlook and macroeconomic landscape for GCC countries, primarily due to the suspension of trade via the Strait of Hormuz, and the impact on the region's energy, transport, and other industrial infrastructure.

Beyond the hydrocarbon sector, the local economy has proven resilient and has returned to normal operation. The latest data also confirms that the underlying non-hydrocarbon economy remained in expansion mode despite regional disruptions. Qatar's non-mining and quarrying economy, which represents 75% of the GDP, expanded by 2.6% year-on-year in the second quarter of 2026, with first-half growth coming in at 3.1%. Growth was broad-based across all key sectors, including real estate, financial and insurance, wholesale and retail trade and construction up mid- to high-single digits. This expansion partly balanced the hydrocarbon output reduction, which resulted in an 11.4% contraction in overall real GDP for the first six months.

As conditions normalize, the resumption of hydrocarbon production and exports, alongside continued growth in trade and services, is expected to support a broad-based strengthening of economic activity. Higher energy prices are expected to provide support to external and fiscal balances.

Furthermore, Qatar energy revenues, and in turn Qatar government income, will also be helped by the ramp-up of operations at the Golden Pass Terminal in Texas, the United States. Against this backdrop, Qatar's medium-term economic outlook remains constructive. The country's strong sovereign balance sheet, prudent macroeconomic policies, and continued investment program provide a very solid foundation for recovery.

We continued to expect recovery in hydrocarbon activity, expansion of LNG production capacity, and new export infrastructure to support economic growth over the medium term. The hydrocarbon expansion will be further supplemented by a broader investment pipeline of more than \$60 billion, including non-hydrocarbon infrastructure projects through public-private partnerships and other real estate and hospitality projects in the next five years. To manage this economic expansion, Doha Investment, a dedicated platform, has been established to oversee the Qatar Investment Authority's domestic portfolio. This entity aims to expand the private sector's role in driving economic growth, deepening local capital markets, and ensuring local businesses remain globally competitive.

The Qatari banking system remains robust and resilient. Following its review of recent geopolitical developments, the QCB has reiterated that the financial system is operating from a position of strength, highlighting strong liquidity, capital levels significantly above regulatory requirements, and strong provisioning coverage against credit risk. This was reinforced by September rating actions, with Fitch and S&P maintaining their ratings. In summary, Qatar has demonstrated remarkable institutional, operational, and financial resilience. This also supported the strength of the banking system, which continues to operate from a position of stability.

I will now move on to QNB's financial results for the nine months ended 30 September 2026. Key financial results were as follows.

Net profit was QAR13.3 billion, or \$3.7 billion, growth of 4% compared to last year. Robust revenue growth resulted in an increase in operating income to QAR36 billion or \$9.9 billion, up 8%, demonstrating QNB Group's success in maintaining growth across the range of revenue sources.

QNB's cost-to-income ratio remained strong at 24.3%, which is one of the best ratios among large financial institutions in the Middle East and Africa region.

Total assets are at QAR1.46 trillion or \$402 billion, up by 5% from the same period last year. Loans and advances reached QAR1.06 trillion, or \$291 billion, up by 6%.

QNB continued to attract deposits, which increased by 2% from September '25, to reach QAR979 billion, or \$269 billion. This reaffirms the strong confidence of our customers and investors, in addition to the quality and resilience of QNB Group.

The Group's regulatory loan-to-deposit ratio remained at 99%. QNB Group's ratio of nonperforming loans to gross loans is at 2.7%, reflecting the high-quality of the Group's loan book and the effective management of credit risk. In addition, the coverage ratio on Stage 3 loans remained strong at 97%. Total equity increased to QAR134 billion, up by 10% from September '25. The bank's capital adequacy ratio at 19.7% is comfortably higher than both QCB and the latest Basel III reform requirements.

In relation to the QNB buyback program, QNB has completed buyback of 149.4 million shares at a cost of QAR2.5 billion up to September 30, '26. The buyback execution remains in progress.

We will now turn to Q&A. Thank you.

QUESTIONS AND ANSWERS

Host - Rahul Bajaj *Citigroup*

Thanks, Mark. Maybe before we hand over the floor to the operator to take the questions, I'll ask a few questions to begin with.

The first one is on deposits and you mentioned that there was a notable deposit growth. But if I double click on that and look at the Qatari versus non-Qatari mix of deposits, there's a stark sort of difference in trends. Qatari deposits seem to have gone down at least on a Q-on-Q basis, whereas international deposits have gone up. So if you could help us understand what's going on, why is this kind of stark difference in deposit flows, that would be very useful. So that's my first question.

My second question is around non-credit provisions. So through this year, we have seen a sizable jump in non-credit provisions that the bank has taken to the P&L, and then that continued in the third quarter. Just wanted to understand what is driving it, and how should we think about this non-credit provision line going forward over the next few quarters? So that's my second question.

And my third and final question around margins. With the rate hike, which came in for the Fed rate last month, how should we think about medium-term sort of margin trajectory for QNB? Also kind of baking in the fact that you probably will see a few rate cuts in Turkey to also come in over the forecast horizon. So those are my three questions. Thank you.

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

Thank you, Rahul. This is Durraiz for the questions. In terms of deposits, Qatari versus non-Qatari deposits, what we have seen is that a return of our usual clients from our international operations, as things have normalized. So this is what is driving the deposit trend. And as usual, we go to the source which would give us the most cost-effective deposit solution. So as long as we are getting cost-effective deposits from our international franchise in London, Paris, Singapore and Hong Kong, that is something that we would prefer.

Non-credit provisions are specifically for certain customers, which have been classified in Qatar and have letters of credits or letters of guarantees outstanding. Those, as long as a customer is classified, and since a bank has a commitment to meet those LCs and LGs as and when they fall due, we have to make sure we fully provide those. So those are one-offs. We generally did not have those things in line previously, but those things have come up, because a particular customer was classified which has these outstanding.

In terms of margin trajectory, we expect that the margin for the full-year would remain between 260 basis points to 265 basis

points. The margin in terms of U.S Fed increase, it has happened very late in the cycle to impact Q3. Our margin has slightly gone down this quarter, primarily because this rate increase was very much priced in by the market. So it did impact the cost of the deposits, as we were raising deposits in the third quarter of the year, but it does not yet reflect on the asset pricing, because that asset pricing, a lot of it will actually happen in first quarter of next year, but we expect that we will be within the range. In terms of Turkey, we expect between October and December, the policy rate would go down by 100 basis points each, so two cuts we are expecting. But we do not think it will have a material impact for us because it would be very late in the cycle for us to actually move the needle significantly. And so, I hope I have covered all your questions.

Host - Rahul Bajaj *Citigroup*

That's very clear, Durraiz. All clear. Operator, can we open the floor for Q&A?

Operator

Thank you. Our first question comes from Rahul Rajan. Please unmute your line to ask your question.

Q - Rahul Rajan *Bank of America*

Hi. Good afternoon. Thank you for the opportunity to ask questions. A few questions from my side, please. Firstly, on the guidance for this year, if you can please let us know if there's any updates to the guidance at the QNB Group level, Turkey, as well as the Egyptian operations. That's number one.

Secondly, is from an asset quality perspective, we have seen a higher NPLs this quarter sequentially. So if you can help us understand what's driving this, in which geography and if there is any specific sectors where you see any buildup of asset quality related issues. And on these lines, if you can also sort of explain or throw some light on how the asset quality situation is specifically in Qatar given the prolonged conflict.

And finally, is from your deposits, you have been earlier alluding to the fact that international deposits have started to sort of charge a premium to the extent of around 25 basis points compared to the earlier times. So, how are you finding the deposit rates for international deposits, especially like in terms of the premium? Are you still seeing the higher rates compared to local deposits? Yes, those are my three questions. Thank you.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Okay, Rahul. Step-by-step. Well, first, we'll go to the guidance. We are revising our guidance for the full-year by approximately 1 bps down across both ranges, across balance sheet and P&L.

For profit and loss, we are going from 5% to 7% growth to 4% to 6% growth for the full-year now. For loans and advances and total assets, we are going from 6% to 8% growth to now 5% to 7% growth. In terms of deposits, we are actually revising it down to 3% to 4% growth for the full-year. Our NIM guidance 260 basis points to 265 basis points does not change and our cost of risk guidance is slightly downward at between 70 basis points to 75 basis points. So that is the guidance for the full-year. In terms of asset quality, sequentially increase in NPL, almost all of it is coming from Turkey. This is expected as the nominal rates and the real rates are extremely high. And we do expect rates to come down, but we expect that Turkey would be the primary driver for increase in the NPL even in Q4.

In terms of what's happening in Qatar, because of the conflict as we have explained is that the conflict is primarily focused on or isolated to oil and gas sector. The non-oil and gas economy is continuing to perform much better than expected, and we do not have any major exposure of the oil and gas sector. That's why we are so far not seeing the translation of the conflict directly into what we have on our balance sheet or what we have on our P&L. What we do have to keep an eye on and we keep reiterating is the hospitality sector, which is a very small portion of our balance sheet. And we are making sure that we are taking adequate provisions as and when things arise.

In terms of international deposits, we need to keep in mind that when we were talking about slight premium, it was back at the height of the conflict in the first quarter, particularly in the months of March and April. Those things have slightly dissipated now. And what is driving the slight deposit cost right now is the interest rate outlook, where market is expecting interest rates to actually go up. So if we are trying to increase the duration of our deposits at this point in time, we have to slightly pay up based on the current interest rate outlook, particularly for dollars, which is markets are expecting some further rate hikes to come in. So that is what's primarily the reason for the increase in the cost of deposits.

Q - Rahul Rajan *Bank of America*

Thank you. Sorry, if I could just ask one more question, please.

This is on the fees side of things. We have seen a strong fee generation on the international franchise, but I think there has been some weakness in fees and FX on the domestic Qatari franchise. So how do you see non-funded income as such in 4Q and also going into 2027? Thank you.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

International will continue to perform as slightly higher than the balance sheet growth that they are projecting for the full-year. In terms of Qatari fee income, FX as we say is cyclical. Q3 is slightly lower, but other than that, we are not aware of any major changes in outlook for Qatari. It's more or less in line with the balance sheet growth.

Q - Rahul Rajan *Bank of America*

Thank you.

Operator

Thank you. Our next question comes from Murad Ansari. Please unmute your line to ask your question.

Q - Murad Ansari *GTN*

Hi, thanks very much for taking the question. Would you be able to give us any update on your guidance, please, for your local operations in Turkey and Egypt in terms of lending growth and cost of risk?

Yes. Good afternoon and thanks for the presentation. Just really two quick questions on, especially on deposits. So for a bank like your size which has access to all international and global, I'm guessing you have more ability, flexibility to raise deposits from international markets. But I just wanted to get some sense on what's happening on the domestic market. What we've seen is your domestic Qatari operation deposit base has come off versus the last quarter. I just wanted to get a sense of how you're seeing the domestic market and funding cost.

And also, I think, when we look at the breakup on the related party side, I think the GRE related deposits have come off a little bit. Is that something that's more temporary? Or there is more reliance on, from the government on these deposits now that the revenue base has, obviously on the petrochemical side, or LNG side has been impacted?

And secondly, I know it's kind of a moving number, but the hyperinflation charge this quarter was quite low versus what we've seen as an average in the first half during the first two quarters. So just some overview if you could help us explain what happened here and what we expected for the quarter. Thank you.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Yes. Thank you, Murad. In terms of deposits, what we see is some cyclical impact being reflected on the balance sheet. And again, we can speak for ourselves and our total deposits that we put in, in the system as part of QCB reporting, compared to

December in terms of total deposits, we are almost flattish, slightly positive. And offset of that is coming in from the increase is from our international operations. Again, I would rather wait for the September sector data to come in before commenting further as to what's happening in the entire sector.

In terms of the GREs, the numbers have come down. Again, if somebody has a deposit and wants to use it for whatever reasons, we have obligation to ensure that that money is available to them. And it's our job to ensure that we give guidance or we give the numbers that we are committed to certain numbers, growth numbers, and we're trying to make sure that we meet those numbers.

Hyperinflation, fairly simple. The inflation rate in Turkey has come down. So from a quarter-to-quarter basis, if we come at when they started the year, the three months average inflation in three months cumulative inflation was 10%, which came down in Q2 to 7%, which has come down in Q3 to 5%. This is what is driving the hyperinflation number lower. Our team expects that the inflation number would remain, it's now for the first time in 30 years, it has gone below 30%, and it's at 29.7%. Our team basically expects that it would stay at this number for the rest of the year.

So for Q4, we expect slightly higher hyperinflation charge, because of, if the number stays the same, inflation rate remains the same, but our profitability will increase the total equity and the total non-monetary position, which will result in slightly higher charge for the period. But it is simply directionally, the inflation rate was down and was down significantly more than the market was expecting.

Q - Murad Ansari *GTN*

Thank you.

Operator

Thank you. Our next question comes from Chiro Ghosh. Please unmute your line to ask your question.

Q - Chiro Ghosh *SICO*

Hi. This is Chiro Ghosh from SICO, Bahrain. Thanks for all the clarifications. So a few more questions from my side is, if you can give us some clarity on the Egyptian operation, I mean, at least the ground reality, how are you seeing it? Because not much was shared this time. So if you can give some clarity on that, the borrowing appetite, asset quality, those at least directionally.

Second question is, how is the borrowing appetite within the Qatari market basically? So you clarified that except in the non-oil and gas sector, there is no asset quality concern. But I want to know from a borrowing appetite perspective, how are you seeing it? How are the economic activities basically driving that borrowing appetite on those non-oil and gas sector? And third is, both Turkey and Egypt, how high is your currency risk basically? So these are my three questions.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Thank you, Chiro. So in terms of Egypt, we did not put out the page in that we usually reserve for Egypt back on Thursday, because Thursday was a holiday in Egypt and their profitability, they could only disclose it on Sunday morning. So we replaced the full presentation. And if you go down to our presentation, you'll see the Egyptian numbers are there. It's just we were under regulatory embargo, and this was lifted on Sunday.

Profitability, local currency, foreign currency terms, up 24%, 25% year-on-year September. Total assets, dollar terms up 19%, local currency terms up 29%, total loans up 16%. So exceptionally strong performance coming in from Egypt. It is one of our key highest risk adjusted or ROE franchises that continues to remain there.

For the full-year guidance for Egypt, they have slightly upgraded profitability. They expect 22% to 24% for the full-year compared to 19% to 21% back in Q2. Loans 24% to 26%. Deposit similar and total assets similar. So it's one of our very strong franchises.

In terms of borrowing appetite in Qatar, total loans in Qatar are up 3% for us. Again, it's business as usual borrowing. Because of the slowdown, we are not seeing very large transactions, but what we see is underlying growth in borrowing in terms of various sectors that is happening.

And in terms of currency risk in both of these markets, underlying currency risk in both of these markets is effectively the original investments that we have done in these franchises because that cannot be hedged away. Those respective franchises ensure that their currency risk, whether on the positive or negative side, remains as close to zero as possible.

Q - Chiro Ghosh *SICO*

Okay. That's all from my side. Just one quickly. Is M&A chapter closed or the bank is still in lookout for M&A activities?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

There is nothing that we are looking at this point in time. Nothing further to add.

Q - Chiro Ghosh *SICO*

That's all from my side. Thank you.

Operator

Thank you. Our next question comes from Waruna Kumarage. Please unmute your line to ask your question. Waruna, you are unmuted. Please go ahead.

Q - Waruna Kumarage *SICO BSC*

Hi, Durraiz. Hi. Thank you. Thank you very much. I have a couple of questions. The first one is on the guidance. I'm sorry, I joined a bit late. I just want to know if you could reiterate, I mean, if you have mentioned the guidance, if there is any change in terms of the key line items.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Yes, Waruna, we will reiterate the guidance. So we have slightly adjusted downwards for key items by approximately 1% on both sides. Profit is now 4% to 6%. Total loans are now 5% to 7%. Total deposits are now 3% to 4%. Total assets are now 5% to 7%. Guidance, which has not changed, is the cost of risk and the NIM. We expect it similar, 70 basis points to 75 basis points in terms of cost of risk, and NIM will be 260 basis points to 265 basis points.

Q - Waruna Kumarage *SICO BSC*

Okay. Thank you. And going back to the loan growth so far and going forward, am I right in interpreting that by looking at segmental information, the Qatari loan growth is kind of muted this year, year-to-date? And then do you expect this to recover somewhat in the fourth quarter?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

We don't expect any significant change between now and December for the Qatari loan book because as we are aware, because of the geopolitical uncertainties, it would grow, but between 2% to 3% range. Primary growth in our loan book is going to come

from our international operations. Particularly for the first time in many years, we are growing a loan book in London, Paris, and our other Hong Kong and Singapore branches. And of course, our two key franchises in both Turkey and Egypt are increasing. Their balance sheet growth is much faster than what's appearing on the Qatari side.

Q - Waruna Kumarage *SICO BSC*

Okay. All right. Thank you. Thank you, Durraiz.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

No problem.

Operator

Our next question comes from Jon Peace. Please unmute to ask your question.

Q - Jon Peace *UBS*

Hi. Thanks for taking the question. I think I got all of your guidance down, but I missed the guidance for Turkey, please, in local currency terms, if you could just give that. Thank you.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Yes, Jon. The guidance for Turkey is profitability 10% to 15% up, loans 30% to 35%, deposit 25% to 30%, and total assets 25% to 30%.

Q - Jon Peace *UBS*

Perfect, thank you.

Operator

Our next question comes from Shouq Alshahrani. Please unmute to ask your question.

Q - Shouq Alshahrani *Neuberger Berman*

Hi. Thank you for the call. Just want to hear your thoughts about the outlook for cost of funding. You talked about basically an increase due to basically forward-looking to the curve, but how do you see that in terms of, I would say, further increase, managing that cost of funding, and how do you see that directionally impacting the NIMs?

So if you look at Q4 and Q-over-Q, if I'm getting it right, it's going to be slightly lower to achieve the full year guidance. And from that exit NIM, or you're looking at next year outlook, the positioning of the balance sheet is more basically will be negatively or positively positioned for the outlook for the rate. I want to hear your thoughts around it.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

As we explained earlier, on our asset side, we have majority of our loans, almost more than two-thirds in dollars, and then primarily linked to what we call SOFR, term SOFR. And a lot of them have lumpy repricing in Q1 and Q3 of the year, where it's not that everything reprices there, but a lot of big chunks of loans reprice at that time. So what happened in Q3 was, it was widely expected that the rates are expected to go up. And as and when we are trying to book and lock in six months' money, we have to slightly pay up based on the forward rate guidance. That is what slightly negatively impacted our margins this quarter.

Again, we don't have the crystal ball, but it's likely that interest rates are going to go up one more time before this year end, and

that may again slightly impact our total NIM that might commit at the lower end of the range that we're talking about between 260 basis points to 265 basis points. Having said that, in terms of our balance sheet back in Q1, when the repricing hits on the asset side, we will have a benefit of basically making sure that whatever we have lost in Q3 and Q4 we will make up for that in Q1. So I will not be able to give you full-year outlook for the year 2027 at this point in time. That will be part of our Q4 call. But the way, because of the way our balance sheet is structured, our deposits are primarily time deposits and our loans have a significant amount of floating rate loans, which reprice every six to nine months, we will be in similar NIM ranges after the repricing has happened.

Q - Shouq Alshahrani *Neuberger Berman*

Got it, got it, very clear. And just one follow-up point on the hyperinflation. You said like if inflation maintained as it is for Q3 going into Q4, you still have a slightly higher charge of hyperinflation because of higher equity. Is that what you mentioned?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Yes, because it's a function of net monetary position into inflation rate. Because of profitability in the franchise as the profit increases, even if the inflation rate remains the same, you will have a slightly higher hyperinflation charge.

Q - Shouq Alshahrani *Neuberger Berman*

Got it, got it. Thank you so much. Very clear.

Operator

Thank you. Our next question comes from Fatima Al-Hashami. Please unmute to ask your question.

Q - Fatema Al-Hashemi *SICO*

Hello. Thank you for taking my question. Could you shed some light on your interest rate sensitivity for every 25 basis points rate hike? How would it impact the NIMs? And also, is my understanding correct that the impact of the latest rate hike would only be seen in Q1 of 2027?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Our interest rate sensitivity that we provided for the full-year is approximately 100 bps increase in interest rates would give between QAR600 million to QAR800 million of increase in total net interest income. That's a full year impact. And what we are seeing is that the September rate hike which has happened, the asset side impact will come back in Q1.

Q - Fatema Al-Hashemi *SICO*

All right. All clear. Thank you.

Operator

Our next question comes from Murad Ansari. Please unmute to ask your question.

Q - Murad Ansari *GTN*

Yes, hi. Sorry, just a follow-up - two follow-up questions.

Just the first one on coverage. So you tend to operate very high-level of coverage, close to 100%, and even though it's still quite high, it's slipped a little bit from where you've operated historically. So, should we expect by the end of the year that we'll be back

to closer to 100% on NPL coverage?

And secondly, on the central bank relaxations on classifications and fundings, et cetera, that were announced in March, have all those kind of run out? You mentioned in second quarter there was hardly any impact, very small amount. Just wanted to confirm, is there any update to what's happened over there? Thank you.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

See, in terms of coverage, yes, it has slightly come down, but for the December, we are at 97%, now we expect it to be between 95% to 100% coverage ratio. In terms of central bank relaxation measures, the circular expired at the end of September, and a new circular has not been issued. The total loans, which were outstanding total amount of loans, under these relaxation measures, they were approximately seven to eight customers, and the total amount of loans was QAR1.34 billion. So it's an extremely small number.

Q - Murad Ansari *GTN*

Yes. And sorry, just last follow-up on the other provisions that you've made, that you highlighted about LCs and LGs. So we've seen two quarters of elevated numbers. Has that now largely been dealt with, or could we see some of that spinning over into fourth quarter as well?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

For those particular customers which have been classified have been dealt with. Again, I don't have crystal ball. If there is any other customer which has LC or LG exposure, again, it might come in again, but for those particular customers have been dealt with.

Q - Murad Ansari *GTN*

All right. Thank you so much.

Operator

The next question comes from Rahul Rajan. Please unmute to ask your question.

Q - Rahul Rajan *Bank of America*

Thank you. A few follow-ups, please.

Firstly is, you mentioned international loan growth being strong, especially in London, Paris, et cetera. So what's driving this loan growth? What's the nature of these loans? How are these customers different from the earlier customers that you used to have, or some of your even local Qatari customers? So that's number one.

Secondly is on the buyback. We see that I think it's north of 85% being completed. How do you see the completion of the current one and a potentially new buyback program? Do you think that's something which the management is likely to propose? Thank you.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Mostly in London and Paris, as we are building the capabilities, at this point in time, our participation is limited to local syndications. If any major syndication is happening in those markets, we try to participate, whatever small numbers that we bring in and slowly and gradually, we build our independent underwriting capabilities.

In terms of buyback, we are QAR2.5 billion out of QAR2.9 billion. As we inch closer to the program, we will go back to the Board, and give our feedback and recommend another program. Again, decision rests with the Board, but that is the plan as of now.

Q - Rahul Rajan *Bank of America*

Got it. So on the first question, please. So when you mentioned you participate as syndication, is it fair to assume that these are local European-based consumers, and therefore completely unrelated to your current Qatari customer base, or how should we see them?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Yes. These are unrelated to our local customer base at this point in time.

Q - Rahul Rajan *Bank of America*

Got it. Thank you.

Operator

Next question is from Mohammed Al-Attiyah. Please unmute to ask your question.

Q - Mohammed Al Attiyah *Doha Bank*

As-salamu alaykum. Hi. I wanted to ask regarding the distribution of dividends this year and what's expected for next year?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Hi, Mohammed. We expect 35% to 40% payout ratio for this year, and which would be paid down sometime February next year. No change in policy.

Q - Mohammed Al Attiyah *Doha Bank*

Thank you.

Operator

Our next question is from Ahmed Naser. Please unmute to ask your question.

Q - Ahmed Naser *Doha Bank*

Just to clarify on the dividend payout. So are we paying out a dividend in October this month which is the second part? Or are we not paying a dividend?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

We expect to pay the full-year dividend. There will be a Q4 announcement and the payment will be done after our AGM, which is usually held in February.

Q - Ahmed Naser *Doha Bank*

So, there is no dividend payments this year?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

No, we don't have any interim payment for this year. We are going back to the annual dividend payment.

Q - Ahmed Naser *Doha Bank*

And the plan for next year is going to be one annual dividend payment? Also, that's it.

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Yes. And just to reiterate, the dividend payment decision rests with the Board.

Q - Ahmed Naser *Doha Bank*

Thank you so much.

Operator

Thank you. Our next question comes from Waruna Kumarage. Please unmute to ask your question.

Q - Waruna Kumarage *SICO BSC*

Hi. Durraiz, I have just one follow-up question regarding the fee and commission income. I think you touched base upon that. So, it's a very strong growth that we have seen in the past, especially in the last two quarters. So, can we expect this momentum to continue even into fourth quarter?

A - Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

This is coming principally from our franchises in Turkey and Egypt, and we are not aware of any one-offs in those quarters. There are elements of cyclicity in those, but we're not aware of any one-offs. So we expect them to continue to go at the same rate as for the YTD rate, not particularly a quarter, but whatever they have grown in YTD, they would continue with that.

Q - Waruna Kumarage *SICO BSC*

Okay. Great. Thanks a lot, and all the best.

Operator

Thank you. This concludes the Q&A. Thank you for your participation. I'll now hand back to the management team for closing remarks.

Durraiz Khan Qatar National Bank (Q.P.S.C.) - *Senior Vice President, Group Financial Consolidation*

Thank you so much for listening to our call, and we will get back to you with the Q4 results. Thank you so much.
