

Qatar Islamic Bank (Q.P.S.C.)

Investor Presentation

March 2022





1	Introduction
2	Operating Environment
3	QIB Business Review
4	QIB Financial Overview
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Introduction

- Qatar Islamic Bank (“QIB” or the “Bank”) was incorporated in 1982 as the **first Islamic financial institution in Qatar**.
- Largest Islamic bank** in terms of total assets (approximately 49% of total assets of listed Islamic banks in Qatar) and **second largest bank** in Qatar by total assets, financing assets and net profit as at 31 Mar 2022.
- Network of 22 branches and offices and over 173 ATMs and CDMs as at 31 Mar 2022.
- Leading domestic franchise supported by selective **international footprint**, with investments in the UK, Sudan and Lebanon.
- Strong financial profile** with **continued growth** in recent years and **robust risk management** framework.
- Rated A1 by Moody’s, A by Fitch, A+ by Capital Intelligence and A- by S&P.

QIB’s Business Units



94% of Net Operating Income & 95% of Net Profit for the period ended 31 Mar 2022 ⁽³⁾

Corporate Banking

Personal Banking

Group Function

Subsidiaries

Source: QIB financial statements

(1) As percentage of Total Net Financing Assets

(2) Customers’ Accounts + Unrestricted Investment Accounts

(3) Attributable to shareholders

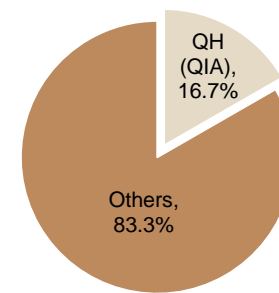
(4) Ratio calculated as per Basel III guidelines in accordance with QCB regulations

Financial Snapshot

QAR mn	Mar-22	Dec-21	Dec-20
Total Assets	192,511	193,916	174,356
Total Financing Assets	127,068	128,409	119,072
Total Deposits⁽²⁾	123,164	131,095	118,144
Shareholders Equity⁽³⁾	20,319	20,736	18,304
Total Equity	24,983	25,412	23,206
Net Profit⁽³⁾	855	3,555	3,065
Non-Performing Financing Ratio⁽¹⁾ (%)	1.5%	1.8%	1.4%
Capital Adequacy Ratio⁽⁴⁾ (%)	18.8%	18.9%	19.4%
Market capitalisation	56,332	43,313	40,430

Shareholder structure / Strong Government Linkage

- QIB’s shares are **listed on the Qatar Stock Exchange (“QE”)**.
- The **Qatar Holding LLC, the investment arm of Qatar Investment Authority (“QIA”)** is the **single largest shareholder of QIB**.
- The balance of QIB’s shareholders comprise prominent Qatari individuals, families and institutions.



Note: As at 31 Mar 2022





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Overview of the State of Qatar (“Qatar”)



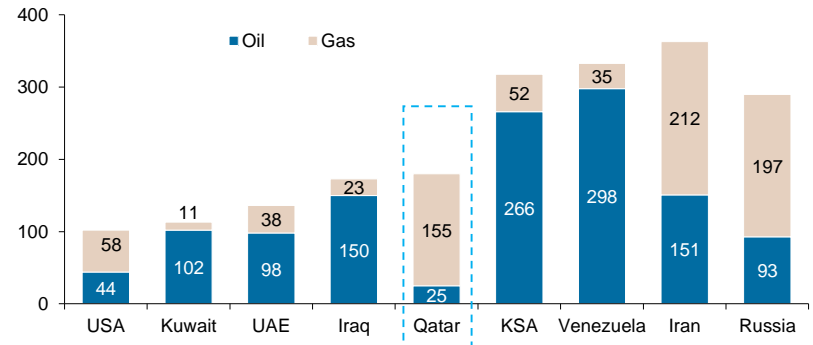
Ratings
 Moody's: Aa3/ Stable
 S&P: AA-/ Stable
 Fitch: AA-/ Stable

Nominal GDP (2021): USD 169 bn
 Per capita income (2021): USD 100,037
 Population (2021): 2.7 mn

Source: International Monetary Fund (IMF)

One of the Largest Hydrocarbon Reserves in the World

Total oil & gas reserves (bn boe)



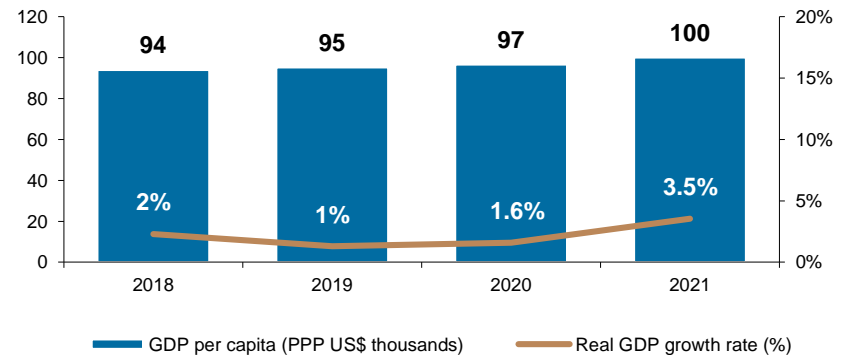
Sources: Bloomberg, BP, IMF, JODI, MDPS, MoF, QCB and QNB Group forecasts as of 30 December 2018

Qatar's Credit Highlights

- **Third largest gas** reserves in the world⁽¹⁾ (13% of world's total) and largest exporter of LNG
- Among world's wealthiest economies
- Historically large surpluses in both fiscal and external accounts that moved to fiscal deficit at manageable levels with the fall in oil prices.
- Low level of sovereign indebtedness with no external liquidity pressure
- Track record of prudent budgetary and financial policymaking
- Sovereign's financial strength is also underpinned by investment holdings by the QIA
- **Stable political and attractive operational environment**

Source: IMF

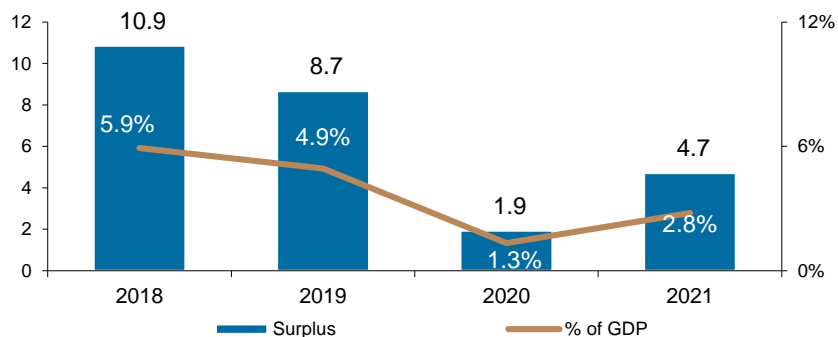
Stable Wealth Generation



Source: IMF

Fiscal Position

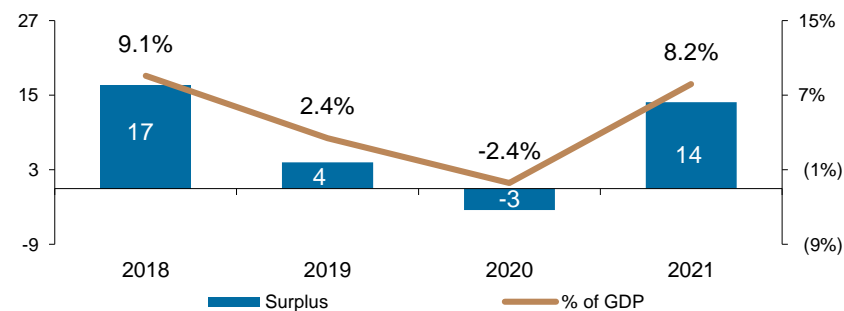
Fiscal surplus / deficit (USD bn and % of GDP)



Source: IMF

Current Account Balance

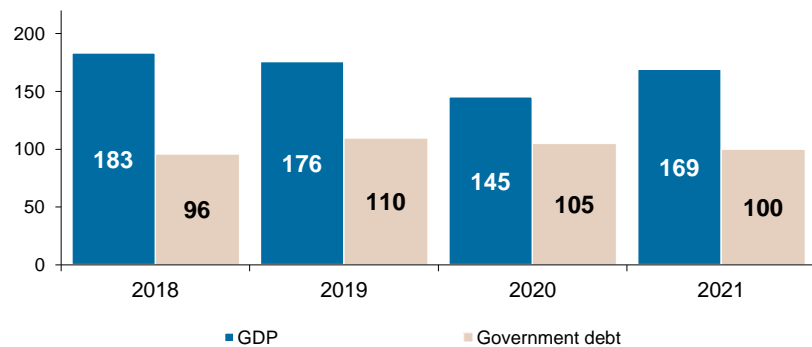
Current account balance (USD bn and % of GDP)



Source: IMF

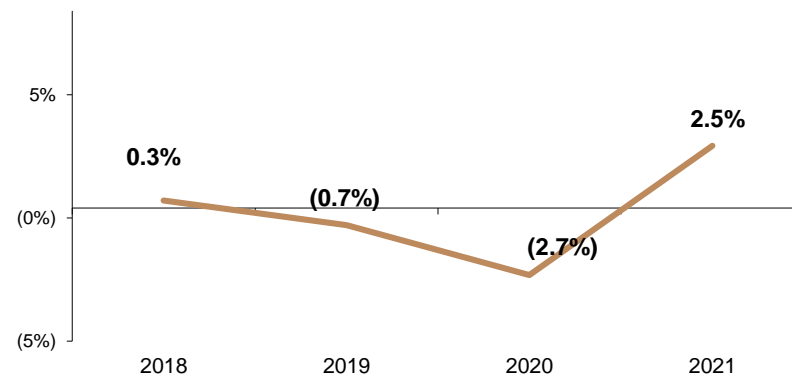
Low Level of Indebtedness

Nominal GDP vs. Government debt (USD bn)



Source: IMF

CPI Inflation (y-o-y)



Source: IMF

Qatari Banking Sector – Robust Operating Environment

General Overview

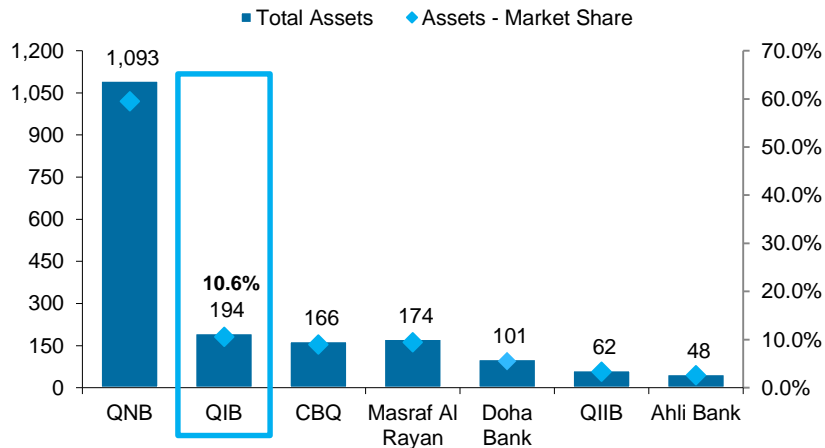
- **Qatar Central Bank prohibits conventional banks from providing Shari'a-compliant financing** – the Qatari banking sector consists of 18 banks:
 - Four local (exclusively) Islamic banks
 - Six local conventional commercial banks
 - Seven foreign banks
 - One development bank
- Total assets of QAR 1,838 bn (listed banks regulated by QCB) as at 31 Dec 2021 with strong and sound regulatory environment
 - Minimum capital adequacy ratio of 14.65% including ICAAP charge and DSIB capital charge
 - Maximum credit limit to single customer of 20% of a bank's capital and reserves

The State of Qatar has been Supportive Throughout Crisis

October 2008	QIA announced plans to acquire equity ownership interests of up to 20% in domestic banks listed on the QE
March 2009	The Government proposed to purchase the domestic equity portfolios of seven of the nine domestic QE-listed banks
June 2009	The Government purchased USD 2.7 bn worth of real estate financings and other exposures of Qatari banks
2010 & 2011	The Government issued USD 16.4 bn worth of Sukuk and bonds to absorb excess liquidity in the Qatari banking sector
June 2017	Funding provided to support the liquidity requirements in the banking system which was impacted due to withdrawal of funds by blockading countries
2020	Financial and economic incentives of QR75bn, 6 month moratorium on facilities for impacted sectors, guarantee program for impacted SMEs

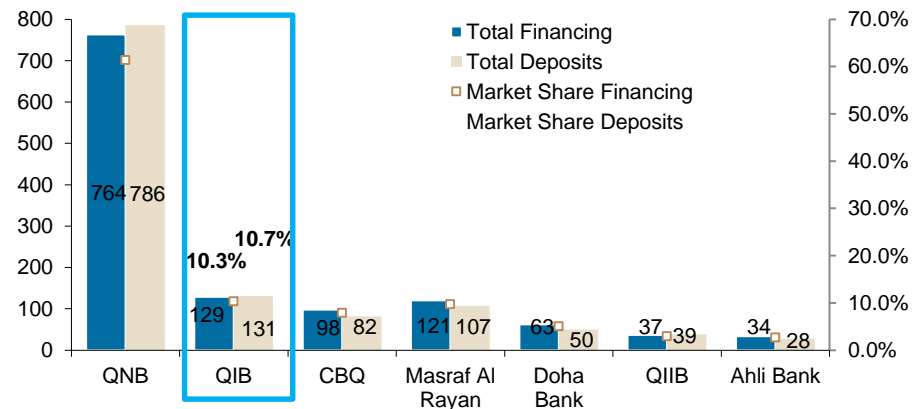
Total Assets (Dec'21) – Listed Banks

(QAR bn)

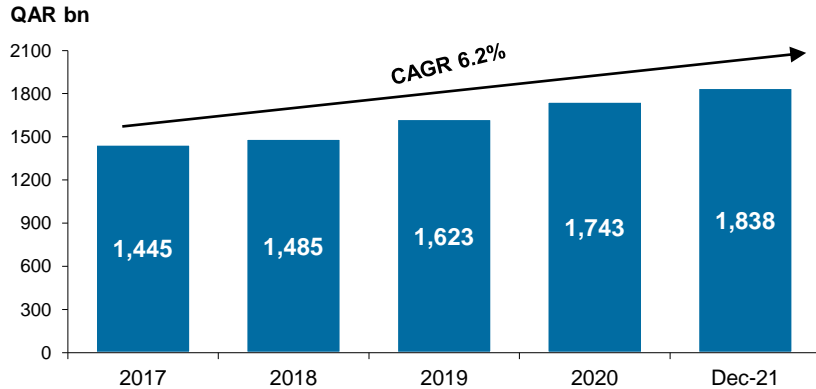


Total Financing and Deposits (Dec'21) – Listed Banks

(QAR bn)

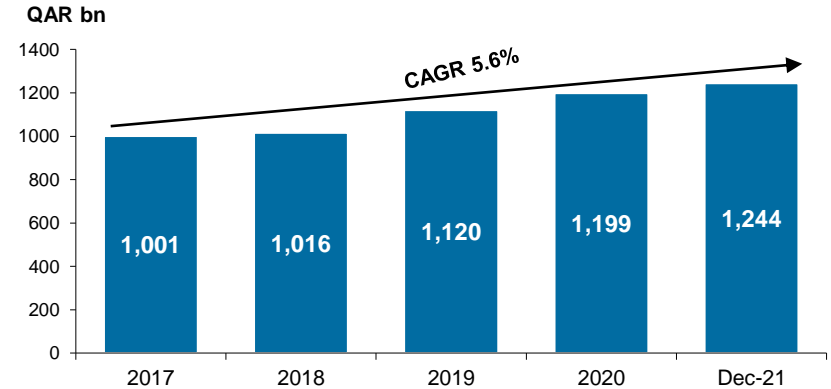


Assets ⁽²⁾



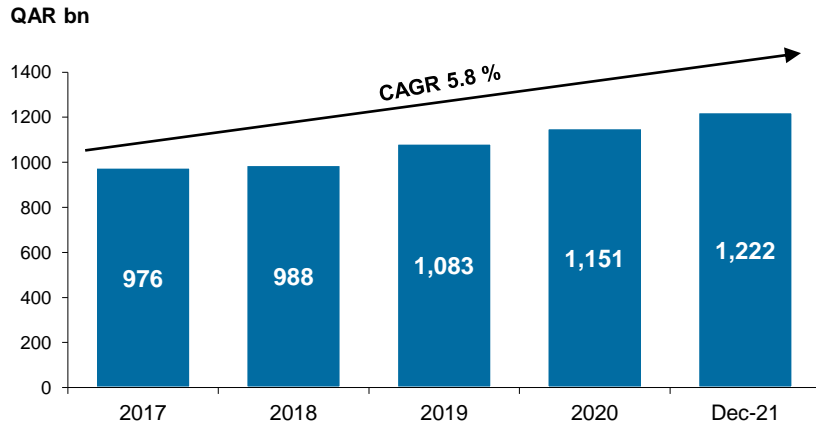
Source : Financial statements of the banks from Qatar Exchange)

Bank Financings and Advances ⁽²⁾



Source : Financial statements of the banks from Qatar Exchange)

Deposits ⁽²⁾



Source : Financial statements of the banks from Qatar Exchange)

Prudential Regulatory Framework for Banks

Selected key bank regulations: Source: QCB, IMF

Capital	Minimum capital adequacy ratio requirement under Basel III is 14.65% including ICAAP charge and DSIB capital charge
Liquidity	Reserve requirement of 4.5% of a bank's total deposits to be kept with the QCB
Financing	Maximum financing to deposits (incl. LT debt) ratio of 100% ⁽¹⁾ and financing to real estate limited 150% of shareholder's equity
Ownership	Permitted foreigner ownership of up to 49% in listed banks
Provisioning	Risk reserves of min. 2.5% of total credit facilities in addition to NPL provisioning depending on classification of financing

(1): As per the QCB's calculation: (Total facilities – (Specific Provisions + Suspended Profit + Unearned Income) + Acceptances) / (Customer Deposits + Sukuk Issued)

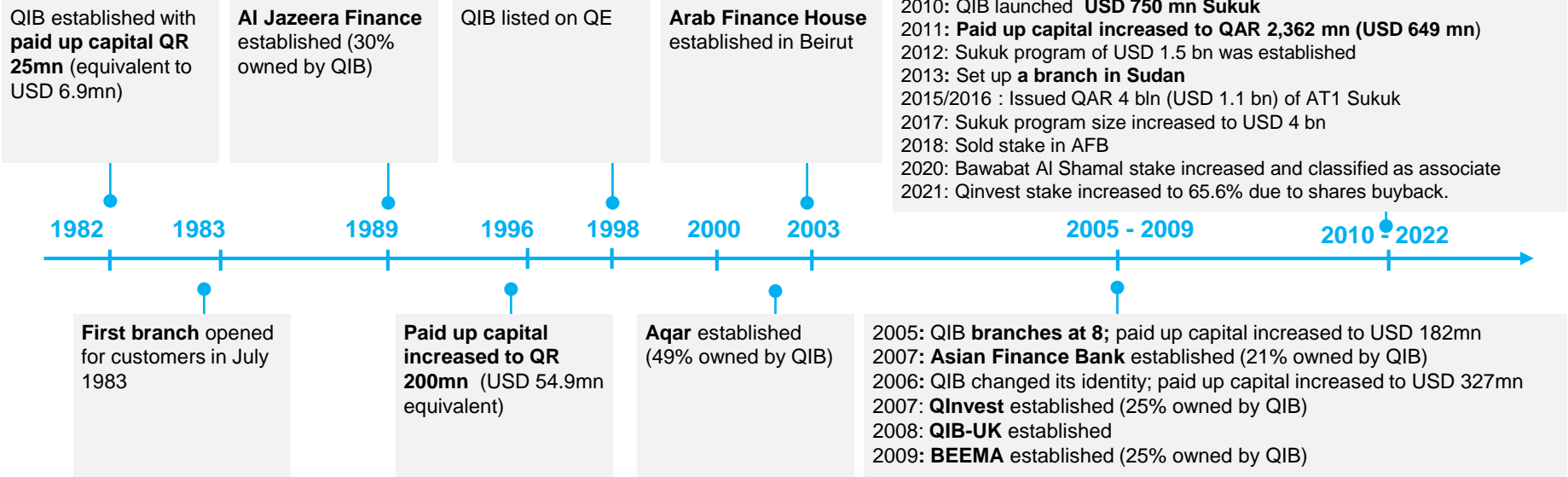
(2): Listed Qatari Banks – Qatar Exchange



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Phase 1: Creation of the Bank

Phase 2: Creation of a strong banking platform



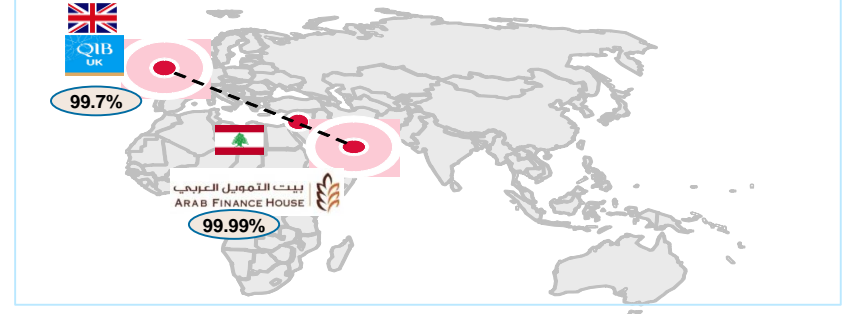
QIB's Product and Geographic Diversification

While Qatar-based banking operations contributed over 94% of the Group's Net Operating Income for period ended 31 Mar 2022, QIB has expanded its platform over recent years

Domestic Holdings



International Holdings



○ = Ownership

Group Function

Treasury

- Sukuk and Local Equity Investment Portfolio
- Treasury Services and Sales
- Liquidity Management

Investments

- Associates
 - Al Jazeera Finance
 - Beema (Al Damaan Islamic Insurance)
 - Bawabat Al Shamal (BASREC)
- Real Estate & International Investments

Local & International Subsidiaries

Local Subsidiaries

- QInvest
- Aqar
- Durat-Al-Doha

International Subsidiaries

- QIB-UK
- Arab Finance House

Personal Banking

Product / Services

- Deposits
- Current Accounts
- Consumer Finance
- Cards
- Remittances
- Takaful Insurance

Segments

- Individuals
- Affluent
- HNWI's

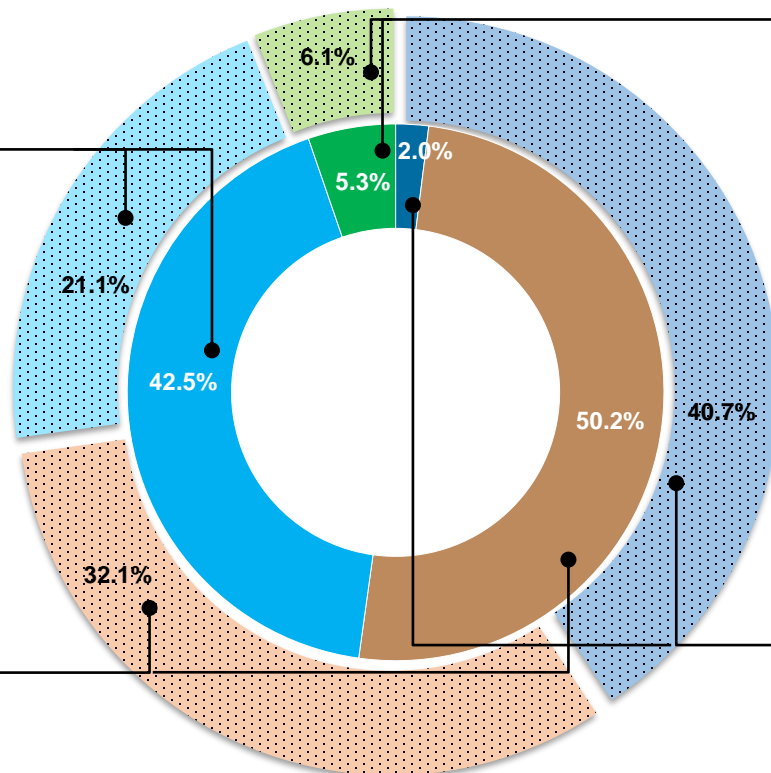
Corporate Banking

Product / Services

- Deposits
- Current Accounts
- Credit Facilities
- Trade Finance
- Cash Management
- Wages Protection System
- POS Services

Segments

- Government Related Entities
- Financial Institutions
- Contracting & Real Estate
- Commercial
- Individual Real Estate & General coverage
- Small & Medium Enterprises
- Cross border and Oil & Gas



Net Profit⁽¹⁾ QAR 855 Mln

Net Operating Income⁽²⁾ QAR 1,604 Mln

(1) Net Profit : Net Profit Attributable to Equity Shareholders for the period ended 31 March 2022.

(2) Net Operating Income : total income net of profit to unrestricted investment account holders and share of Sukuk holders profit + income from discontinued operations for nine-month period ended 31 Mar 2022.

QIB is committed to strong corporate governance practices, with its Board of Directors meeting at least six times a year

Board Committees

Executive Committee

- Coordinates the activities of all divisions and subsidiaries and discusses common issues related to QIB.
- Supports the implementation of QIB's strategy and vision.
- Approve credit facilities and limits that fall within authorities

Audit, Risk & Compliance Committee

- Review financial control, internal control and risk management framework & systems
- Establish risk appetite and monitor overall portfolio while reviewing effectiveness of system to monitor compliance with laws/regulations
- Oversight of internal and external (including financials) audit processes

Policies & Procedures Committee

- Study, prepare and develop strategies, objectives, policies, systems, plans, budgets and work procedures
- Monitor practices and performance versus approved business standards, strategy and budgets

Nomination & Remuneration Committee

- Determine senior staff rewards and privileges

Zakat Committee

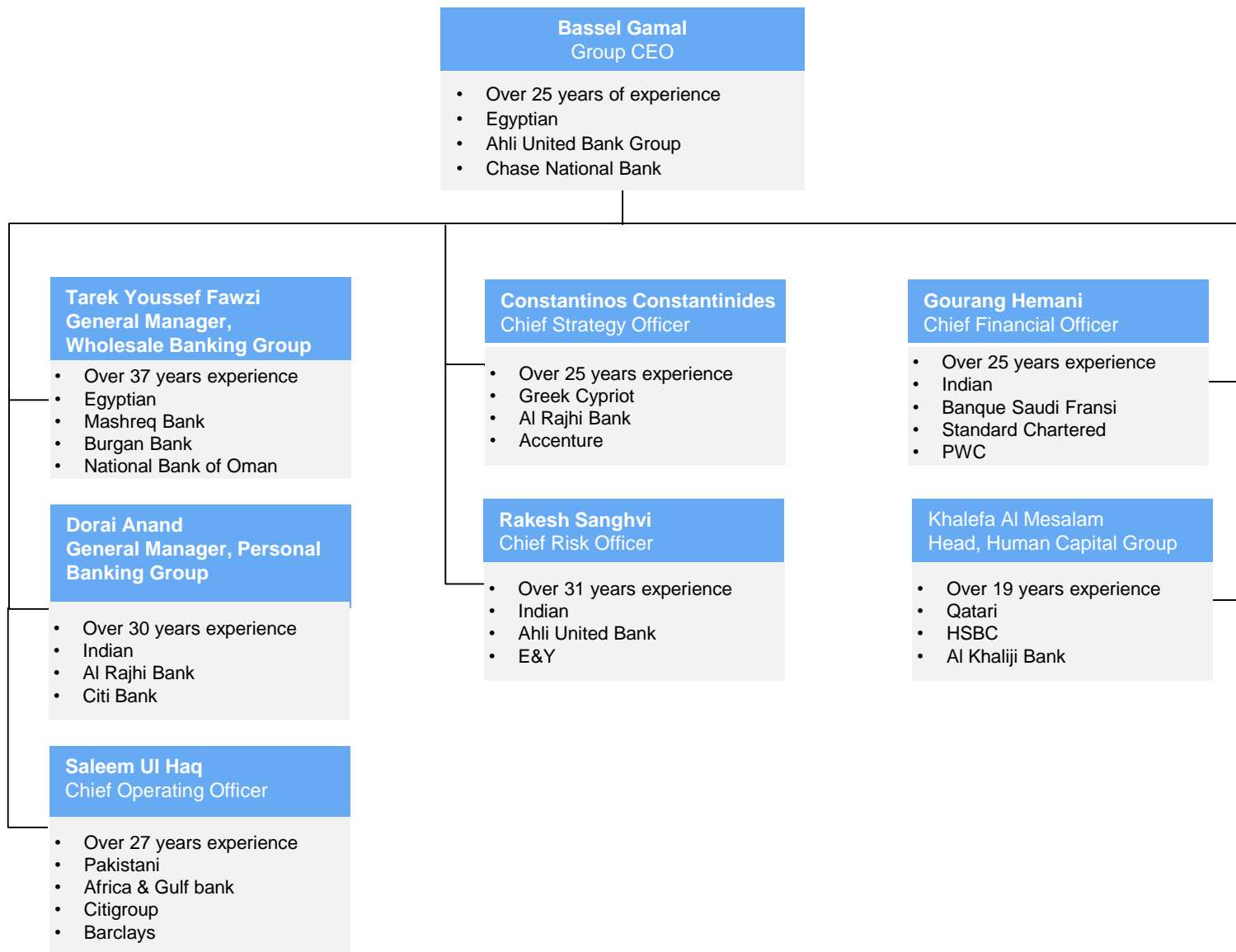
- Promote interdependence and integration among members of the Muslim community by channeling contributions of Zakat
- Develop good relationships with charitable, humanitarian aid groups and institutions and oversee QIB's Zakat collection/disbursement

Board of Directors

Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani, *Chairman of the Board*

Member of QIB Board of Directors since June 2004, and became Chairman in April 2005. Graduated from Sandhurst Royal Military College in the United Kingdom, and had a high level leadership training. He is Chairman of QInvest - the first Islamic investment bank in Qatar, Chairman of Qatar Navigation Company (Milaha) and Chairman of Beema (Daman Islamic insurance company in Qatar). He is also a board member of Qatar Insurance Company.

Director	Position Designation
Mr. Abdullatif Bin Abdulla Al Mahmoud	<i>Vice Chairman</i>
Mr. Mohamed Bin Issa Al Mohanadi	<i>Vice Chairman</i>
Sheikh Ali Bin Ghanim Bin Ali Al Thani	<i>Board Member</i>
Mr. Abdul Rahman Abdulla Abdul Ghani Nasser	<i>Board Member</i>
Mr. Mansour Mohamed A. Fattah Al Musleh	<i>Board Member</i>
Sheikh Abdulla Bin Khaled Bin Thani Al Thani	<i>Board Member</i>
Mr. Abdulla Bin Saeed Al Eidah	<i>Board Member</i>
Mr. Nasser Rashid S. Al-Kaabi	<i>Board Member</i>



QIB enjoys a strong Islamic heritage and has based its success on sound Sharia'a-compliant principles, under the supervision of an expert Shari'a Supervisory Board ("SSB")

The SSB currently meets at least four times each year. The Shari'a Supervisory Board is primarily responsible for monitoring the Bank's operations compliance with the Islamic Shari'a principles and review the processes and products presented. It acts as an independent body of specialist jurists in Fiqh-Al-Muamalat. The Board is responsible for the following:

- ✓ Provide Islamic advice and guidance based on QIB's management request.
- ✓ Review Auditors' Reports in compliance with Shari'a and report to members about that subject.
- ✓ Review QIB's proposed transactions and activities and issue fatwas that approve or reject such proposed transactions or activities for compliance with Islamic Shari'a. Determine whether contracts, transactions and dealings presented to the board complies with Shari'a.
- ✓ Approve QIB marketing materials that is presented to the board.
- ✓ Ensure with possible means that all earnings realized from sources or by means prohibited by Shari'a are disposed of to charitable causes

In addition to the SSB, QIB has a dedicated internal Shari'a Audit Department, which continually examines, monitors and reports on QIB's activities for Shari'a compliance.

Sharia's Supervisory Board Members

His Eminence Sheikh Walid Bin Hadi

Chairman of Executive Committee

Sheikh Dr. Abdulaziz Khalefa Al-Qassar

Member

Dr. Mohammad Ahmaine

Member



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Financial Position

QAR million	Mar-22	Dec-21	Growth 2022	Dec-20	Growth 2021
Total Assets	192,511	193,916	-0.7%	174,356	11.2%
Total Financing	127,068	128,409	-1.0%	119,072	7.8%
Total Deposits	123,164	131,095	-6.1%	118,144	11.0%
Investments⁽³⁾	48,867	48,373	1.0%	35,992	34.4%
Shareholders Equity⁽¹⁾	20,319	20,736	-2.0%	18,304	13.3%
Total Equity	24,983	25,412	-1.7%	23,206	9.5%
Capital Adequacy Ratio (%)	18.8%	18.9%	-0.1%	19.4%	-0.5%
Provision Coverage Ratio (%)	95.0%	76.3%	18.7%	92.3%	-16.0%

Profitability

QAR million	Q1-22	Q1-21	Growth 2022	2021	2020	Growth 2021
Net Operating Income⁽²⁾	1,604	1,580	1.5%	5,990	5,439	10.1%
Total expenses	(270)	(269)	0.5%	(1,085)	(1,092)	-0.6%
Financing provisions	(519)	(558)	-7.0%	(1,326)	(1,263)	5.0%
Total provisions	(471)	(550)	-14.3%	(1,342)	(1,316)	2.0%
Net profit before tax & NCI	862	761	13.3%	3,563	3,032	17.5%
Net profit for the year⁽¹⁾	855	750	14.0%	3,555	3,065	16.0%
Earnings Per Share (QAR)	0.36	0.32	14.0%	1.42	1.21	17.4%
Cost to income ratio	16.8%	17.0%	-0.2%	18.1%	20.1%	-2.0%
Cost of Risk	0.41%	1.78%	-1.4%	1.03%	1.06%	-0.03%

Key Highlights

- **Stable balance sheet growth** total assets reached QAR 192.5 bn decreased by 0.7% vs Dec-21 after a growth of 11.2% in 2021.
- **Financing assets** reached QAR 127 bn decreased by 1% vs Dec-21 after a growth of 7.8% in 2021.
- **Strong asset quality and prudent risk management policy** NPF ratio at 1.5% and provision coverage ratio at 95%.
- **Customer deposits** reached QAR 123.2 bn in 2022 (increase in current account by QAR 1.2 Bn over Dec-21).
- **Stable profitability with net profit at QAR 855 mn** with a growth of 14.0% vs Q1-2021.
- **Robust net operating income at QAR 1,604 mn** with a growth of 1.5% vs Q1-2021.
- **Operating efficiency:** Cost to income ratio improved to 16.8% vs. 17% in Q1-2021 lowest in the Qatari Banking sector.
- **Adequately capitalized** with Basel III capital adequacy ratio stands at 18.8% as of Mar-2022 comfortably above the minimum requirement of 14.65% including ICAAP and DSIB charge.

(1) Attributable to shareholders of QIB
 (2) Net Operating Income : Total income less profit paid to unrestricted investment account holders and share of Sukuk Holders' Profit
 (3) Investments includes investments securities , investments in associates and investments properties

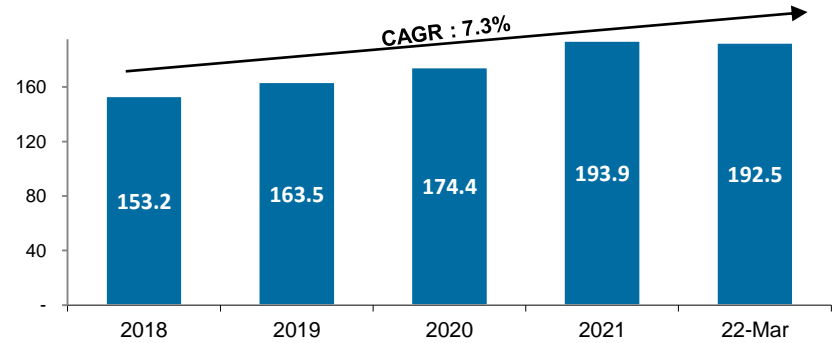
Source: QIB financial statements

Strong balance sheet growth driven by growth in Qatar-focused financing

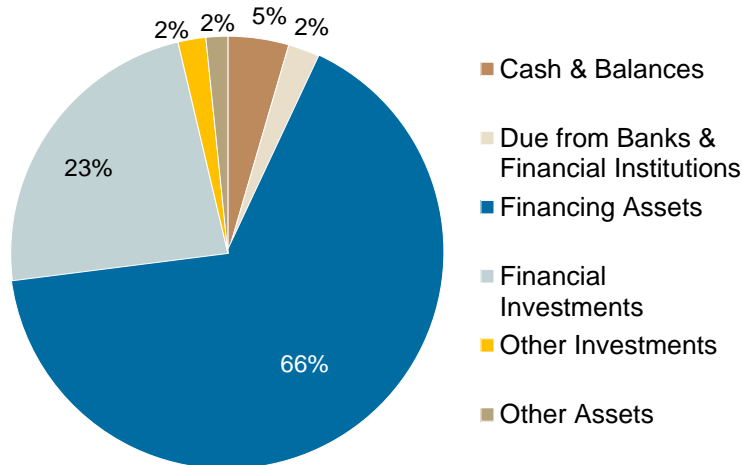
Summary

- ✓ Continuous balance sheet growth
- ✓ Growth driven by multiple products / asset classes
- ✓ Primarily Qatar-centric exposures

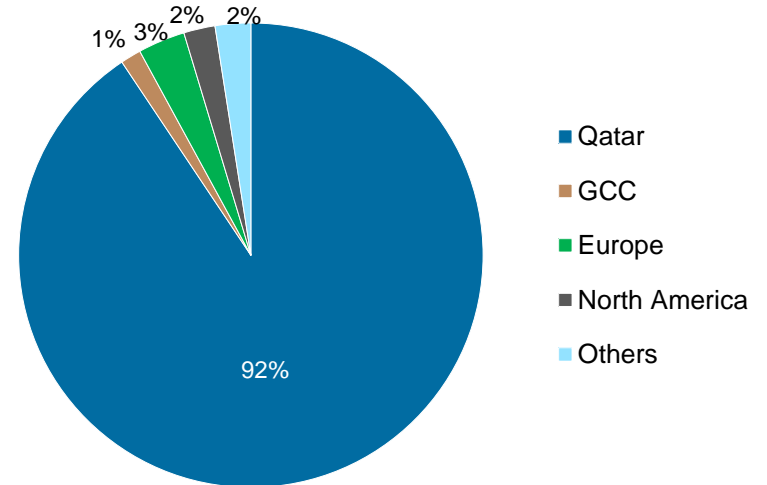
Steady Asset Growth (QAR bn)



Asset Composition by Type



Asset Composition by Geography Type



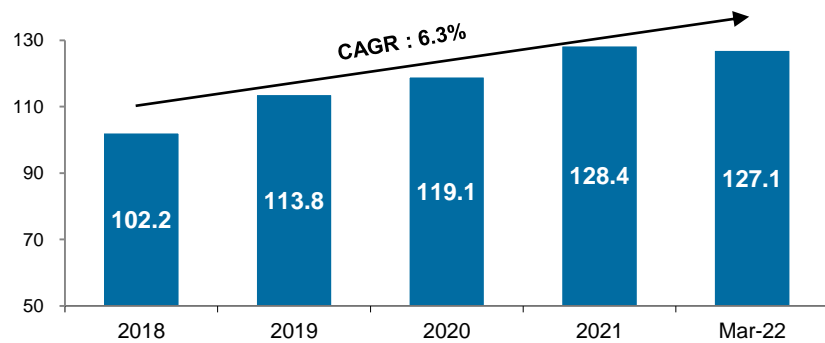
Source: QIB financial statements

Despite the strong growth, QIB has maintained very good asset quality and comfortable provisioning levels

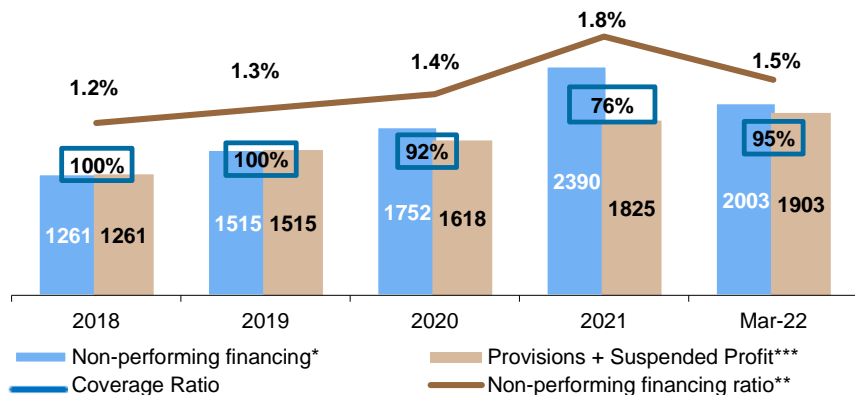
Summary

- ✓ Well-diversified & growing financing book
- ✓ Strong asset quality and conservative provisioning
- ✓ Reflective of robust risk management framework

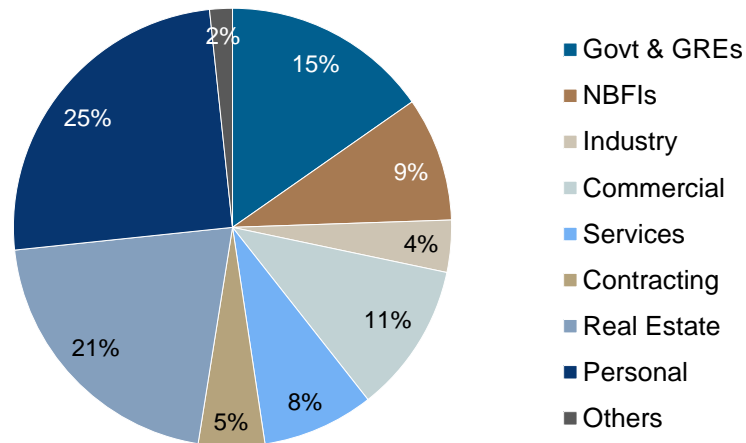
Financing – Key Growth Driver (QAR bn)



Non-Performing Financing Assets (“NPF”, QAR mn)



Balanced Financing Book



Source: QIB financial statements

* Includes all financing assets overdue past 90 days

** Total non-performing financing / Total financing assets

*** Provision does not include IFRS 9 provisions of QAR 3,456 M as of Mar-2022.

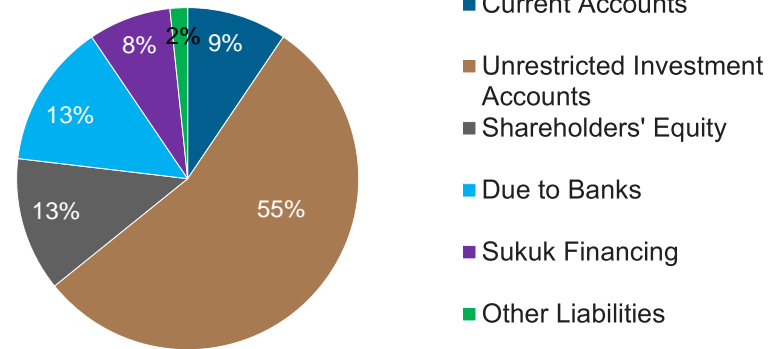
Sound Funding Base Driven by Strong Deposit Growth

QIB's growth has been enabled by its ability to source funding, primarily in the form of deposits

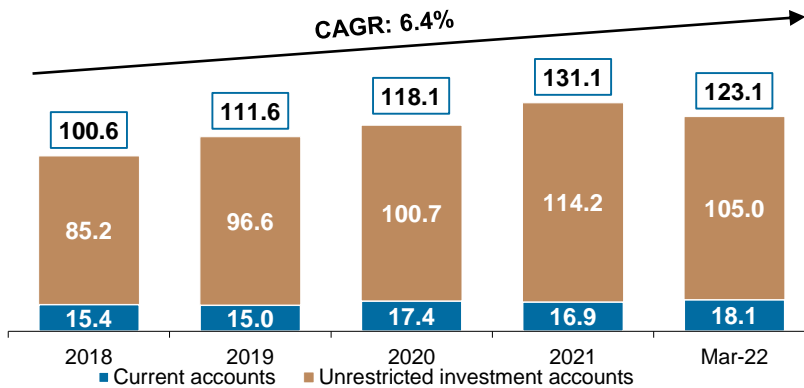
Summary

- ✓ Ability to obtain funding from diverse sources
- ✓ Diverse deposit base
- ✓ Stable funding from deposits

Diverse Sources of Funding



Strong Deposit⁽¹⁾ Growth (QAR bn)

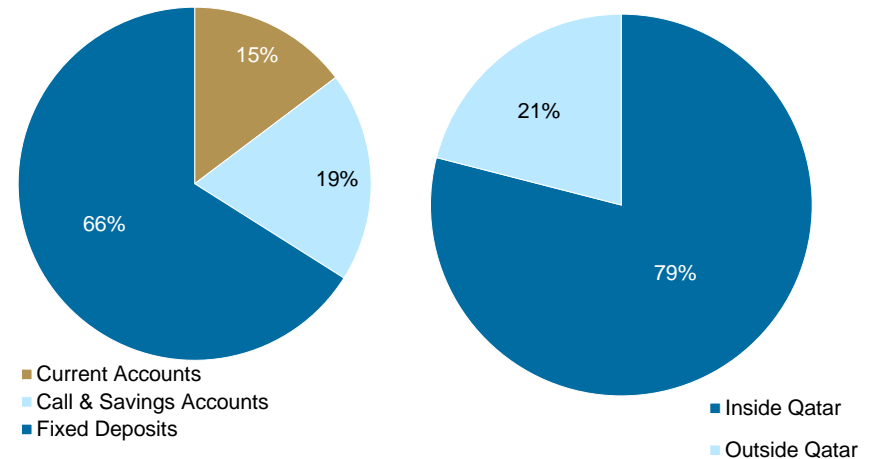


Source: QIB financial statements

(1) Customer's current accounts and unrestricted investment accounts

(2) Unrestricted investment accounts includes call & savings accounts and fixed deposits

High-Quality Deposits⁽¹⁾



QIB's growth has been managed within a well-defined risk management framework

Summary



Financing to deposit ratio below industry average

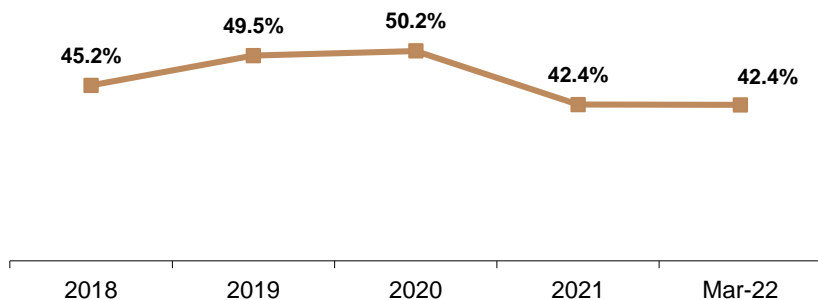


Strong liquidity position to manage market stress

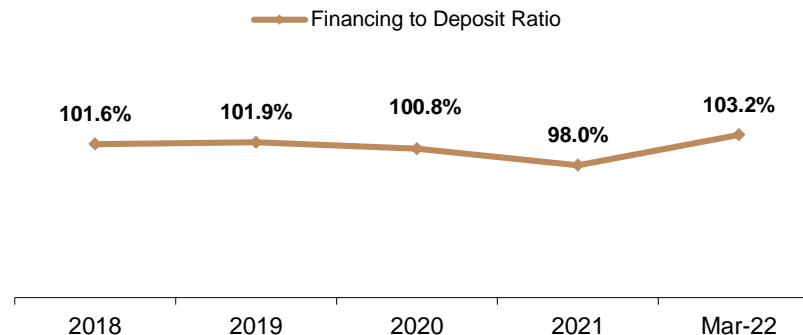


Overall conservative approach to risk management

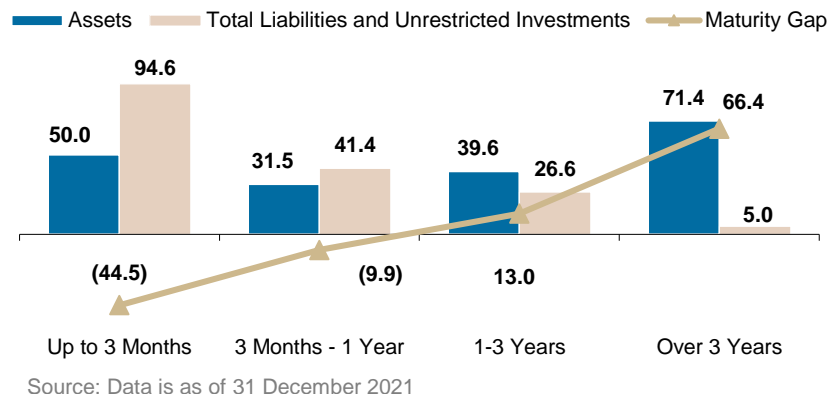
Supportive Liquid Assets Ratio⁽¹⁾



Financing to Deposit Ratio⁽²⁾



Asset Liability Management



Source: QIB financial statements, Management Accounts

(1) Liquid Assets : (Cash and Balances with Central Bank + Due from Banks + Financing Assets + Investments Securities) all less than 1 year

(2) Total Deposits : Customer Current Accounts + Equity of Unrestricted Investment Account Holders

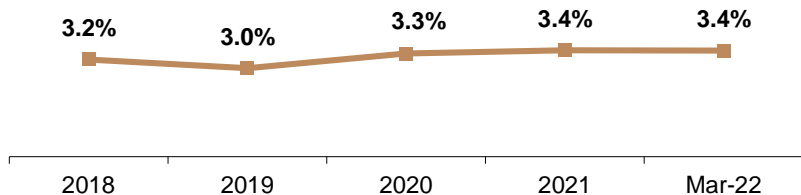
Strong Capitalization & Continued Profitability

QIB boasts an ideal platform for future growth, including strong capitalization and supportive margins/returns

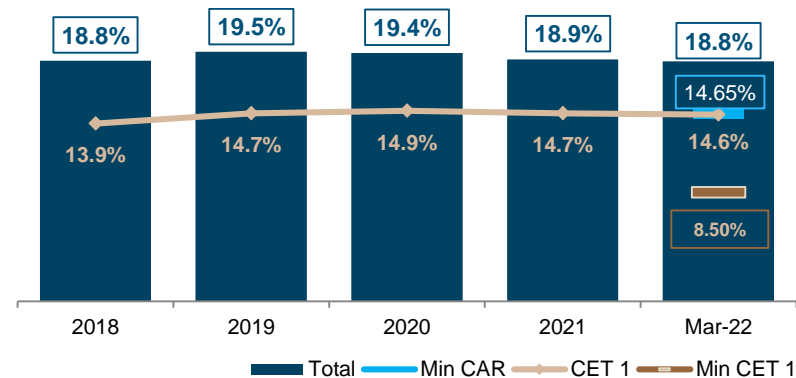
Summary

- ✓ Capital ratios well above regulatory requirements of 14.65%
- ✓ Stable net financing margin
- ✓ Healthy return on assets and equity

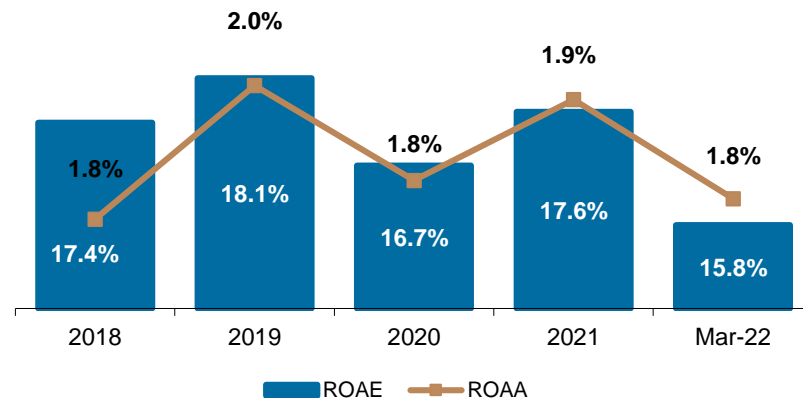
Net financing margin⁽²⁾



Capital Adequacy Ratio⁽¹⁾



Robust Returns (%)



Source: QIB financial statements

(1) From 2014 onwards capital adequacy is as per Basel III guidelines. Previous years are as per Basel II

(2) Net financing margin = (Income from financing activities, net – Unrestricted investment account holders' share of profit) / (Net Average Financing Assets)

ROAE calculated after reducing the dividend for Sukuk Eligible as Additional Tier 1 Capital

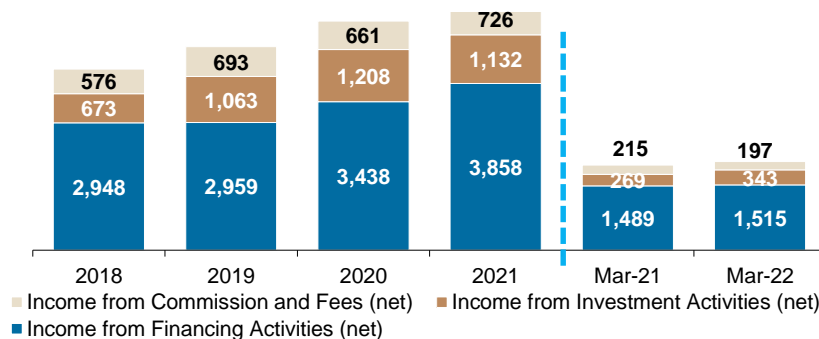
Stable and Diversified Earnings Profile

QIB has remained profitable even during the global financial crisis

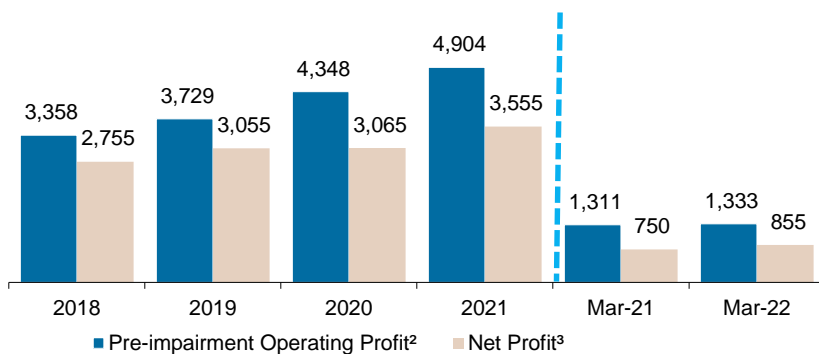
Summary

- ✓ Recurring financing and investing revenues
- ✓ Continued profitability during crisis
- ✓ Cost base effectively managed

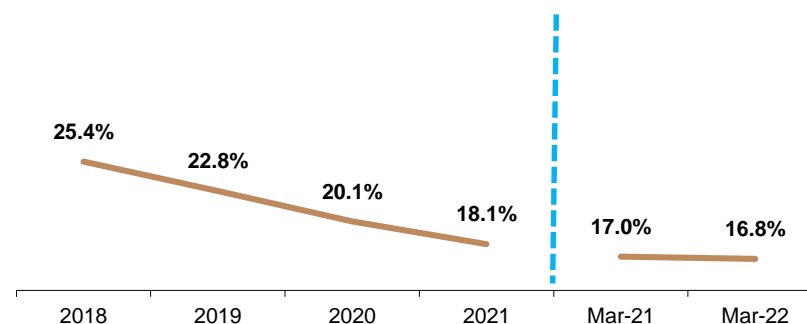
Revenue⁽¹⁾ Breakdown (QAR mn)



Overview of Profitability (QAR mn)



Operating Efficiency (Cost to Income Ratio, %)



Source: QIB financial statements

(1) Income from Financing Activities (net) : Net of profit to unrestricted investment account holders and share of Sukuk Holders' profit

(2) Pre-Impairment Operating Profit : Total Income + Income from discontinued operations – Sukuk Holders' Share of Profit - Unrestricted investment account holders' share of profit – General and administrative expenses – Depreciation and amortization

(3) Net Profit for the year attributable to shareholders



1

Introduction

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Operating Environment

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Appendix

Consolidated Statement of Financial Position

QAR million	Mar-2022	Dec-2021	Dec-2020
Cash and balances with central banks	8,708	7,177	8,357
Due from banks	4,741	7,461	6,913
Financing assets	127,068	128,409	119,072
Investment Securities	44,878	44,380	33,248
Investment in associates	1,148	1,140	1,134
Investment properties	2,841	2,854	2,863
Fixed assets	420	428	462
Intangible assets	355	359	370
Other assets	2,352	1,708	1,937
Total Assets	192,511	193,916	174,356
Due to banks	26,189	19,856	13,828
Customers' current accounts	18,137	16,907	17,416
Sukuk financing	14,986	14,063	14,059
Other Liabilities	3,189	3,490	5,119
Total Liabilities	62,501	54,316	50,422
Equity of unrestricted investment account holders	105,027	114,188	100,728
Share capital	2,363	2,363	2,363
Legal reserve	6,370	6,370	6,370
Risk reserve	2,445	2,445	2,437
General reserve	82	82	82
Fair value reserve	147	61	(110)
Foreign currency translation reserve	(455)	(467)	(336)
Other reserves	217	217	217
Proposed cash dividends	-	1,359	945
Retained earnings	9,150	8,306	6,336
Total equity attributable to shareholders of the bank	20,319	20,736	18,304
Sukuk eligible as additional capital	4,000	4,000	4,000
Non-controlling interests	663	676	902
Total Equity	24,983	25,412	23,206
Total liabilities, URIA and Equity	192,511	193,916	174,356

Consolidated Statement of Income

QAR million	Mar-22	Mar-21	Dec-2021	Dec-2020
Net income from financing activities	5,999	5,956	5,867	5,956
Net income from investing activities	1,132	1,208	1,063	1,208
Total income from financing and investing activities	7,131	7,164	6,930	7,164
Fee and commission income	937	817	869	817
Fee and commission expense	(211)	(156)	(176)	(156)
Net fee and commission income	726	661	693	661
Net foreign exchange gain	200	76	59	76
Share of results of associates	42	3	(1)	3
Other income	31	53	58	54
Total Income	8,130	7,958	7,738	7,958
Staff costs	(650)	(657)	(640)	(657)
Depreciation and amortization	(90)	(95)	(83)	(96)
Sukuk holders' share of profit	(453)	(472)	(376)	(472)
Other expenses	(345)	(339)	(377)	(339)
Total Expenses	(1,538)	(1,564)	(1,477)	(1,564)
Net impairment losses on investment securities and properties	(4)	(22)	(94)	(22)
Net impairment losses on financing assets	(1,326)	(1,263)	(624)	(1,263)
Goodwill Impairment	0	(22)	0	(22)
Other impairment losses	(12)	(9)	(15)	(9)
Net profit for the period before tax and URIA	5,250	5,078	5,528	5,078
Net return to unrestricted investment account holders	(1,687)	(2,046)	(2,532)	(2,046)
Net profit before tax	3,563	3,032	2,996	3,032
Tax expense	(10)	(7)	(11)	(8)
Non-controlling interest	2	41	71	41
Profit Attributable to: Shareholder of the Bank	3,555	3,065	3,055	3,065

QIB AWARD WINNING ORGANIZATION – LATEST AWARDS



Bank of the Year - Qatar



Digital Bank of the Year in Qatar 2022



Best Mobile Banking App Qatar 2022



Best Islamic Financial Institution in Qatar



World's Best Islamic Corporate Bank



World's Best Islamic Bank for CSR



Best SME Bank in Qatar



Best Islamic Bank Middle East 2021



Best Bank For Cash Management



Best Bank for Outstanding Account Opening and Onboarding Initiative



Best Product Launch in the Middle East



Best Islamic Bank-Qatar



Best Performing Bank 2021



Islamic Bank of the Year in Qatar



Excellence-in-Digital-Innovation-Middle-East



Best Retail Bank-Qatar



QIB GCEO Ranked Top 50 CEO in the Middle East



Best SME Bank in the Middle East and Qatar



Best Bank for SMEs in Qatar



Best Digital Bank in Qatar