

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

Investor Presentation

December 2022



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

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 45% 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 Dec 2022.
- Network of 23 branches and offices and over 178 ATMs and CDMs as at 31 Dec 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, AA- by Capital Intelligence.

QIB’s Business Units



93% of Net Operating Income & 97% of Net Profit for the period ended 31 Dec 2022⁽³⁾

Corporate Banking

Personal Banking

Group Function

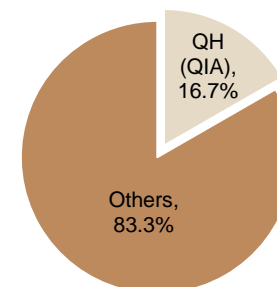
Subsidiaries

Financial Snapshot

QAR mn	Dec-22	Dec-21	Dec-20
Total Assets	184,001	193,916	174,356
Total Financing Assets	119,285	128,409	119,072
Total Deposits⁽²⁾	122,371	131,095	118,144
Shareholders Equity⁽³⁾	23,257	20,736	18,304
Total Equity	27,926	25,412	23,206
Net Profit⁽³⁾	4,005	3,555	3,065
Non-Performing Financing Ratio⁽¹⁾ (%)	1.5%	1.8%	1.4%
Capital Adequacy Ratio⁽⁴⁾ (%)	19.9%	18.9%	19.4%
Market capitalisation	43,856	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 Dec 2022

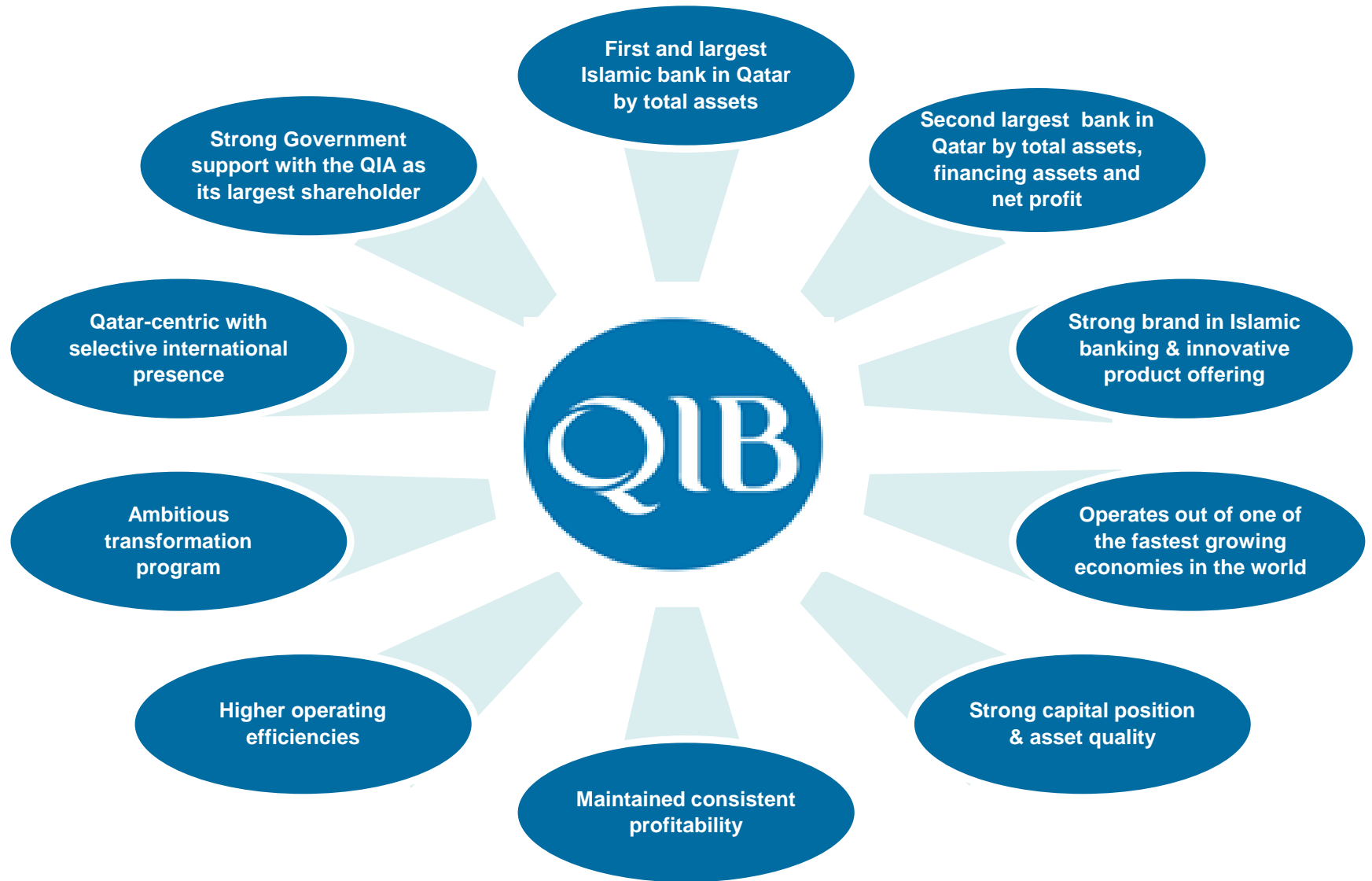
Source: QIB financial statements

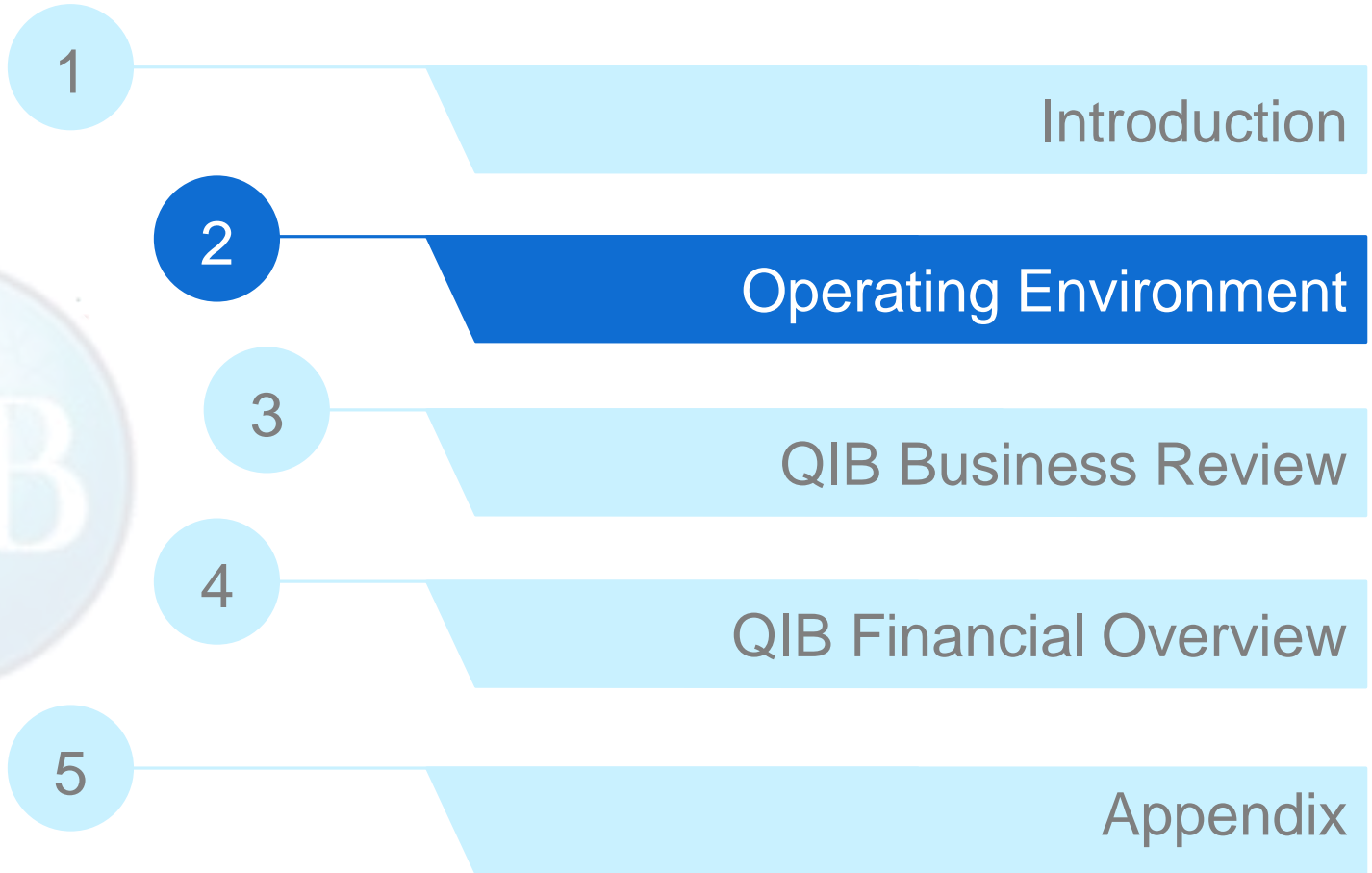
(1) As percentage of Total Net Financing Assets

(2) Customers’ Accounts + Unrestricted Investment Accounts

(3) Attributable to shareholders

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





Overview of the State of Qatar (“Qatar”)



Ratings

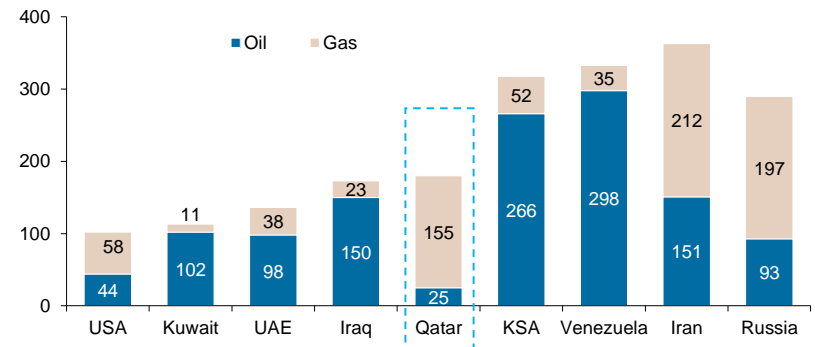
Moody's: Aa3
S&P: AA-
Fitch: AA-

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)



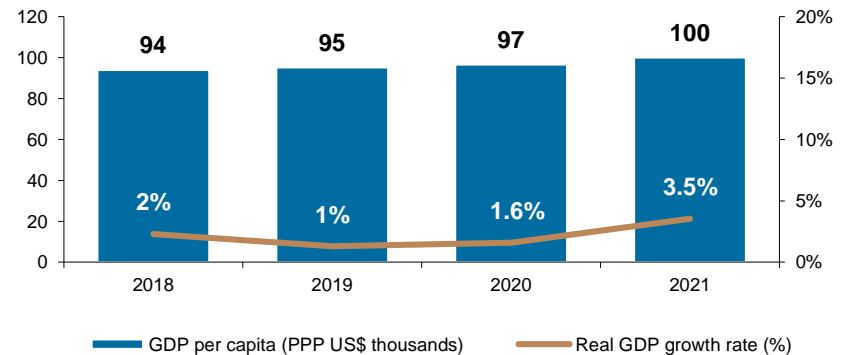
Sources: Bloomberg, BP, IMF, JODI, MDPS, MoF, QCB and QNB Group forecasts as of 30 December 2018

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

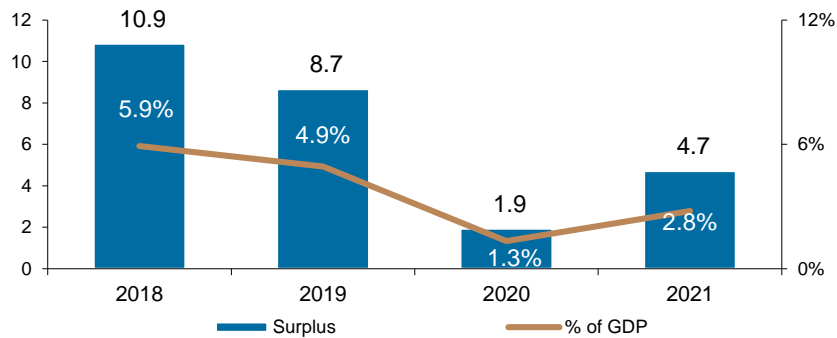
Stable Wealth Generation



Source: IMF

Fiscal Position

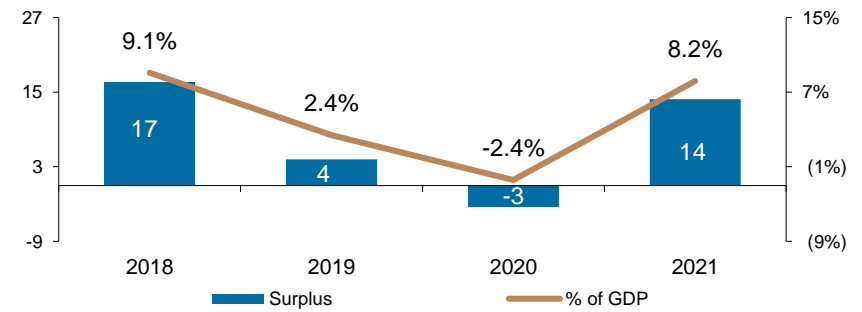
Fiscal surplus / deficit (USD bn and % of GDP)



Source: IMF

Current Account Balance

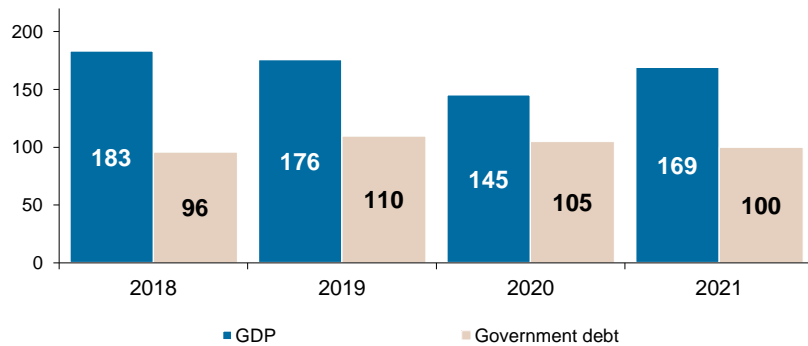
Current account balance (USD bn and % of GDP)



Source: IMF

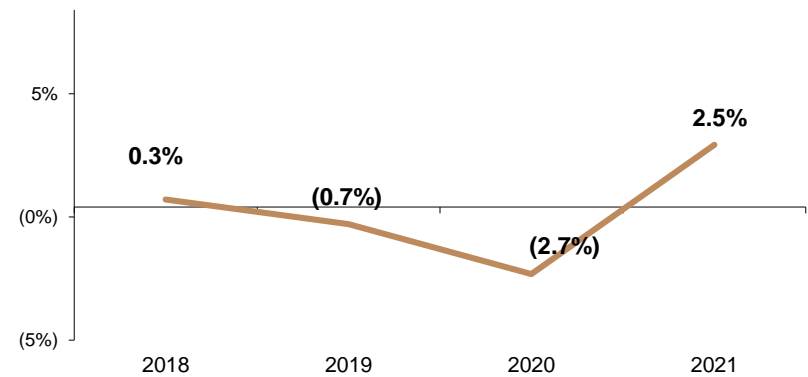
Low Level of Indebtedness

Nominal GDP vs. Government debt (USD bn)



Source: IMF

CPI Inflation (y-o-y)



Source: IMF

General Overview

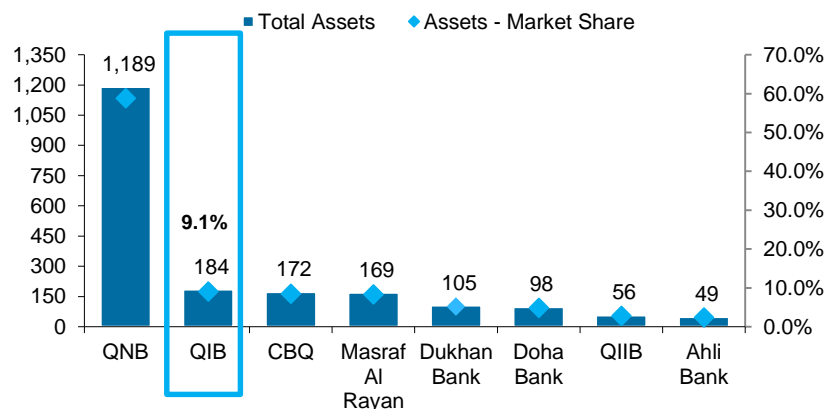
- **Qatar Central Bank prohibits conventional banks from providing Shari'a-compliant financing** – the Qatari banking sector consists of 18 banks:
 - Four local (exclusively) Islamic banks
 - Six local conventional commercial banks
 - Seven foreign banks
 - One development bank
- Total assets of QAR 2,022 bn (listed banks regulated by QCB) as at 31 Dec 2022 with strong and sound regulatory environment
 - Minimum capital adequacy ratio of 14.63% 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

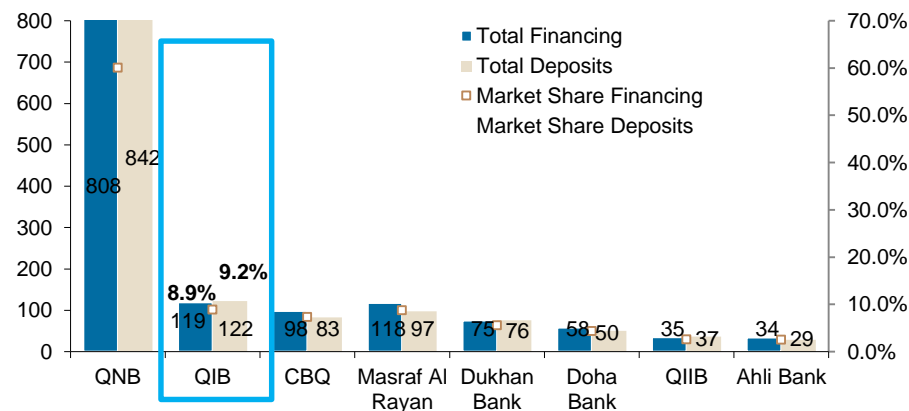
Total Assets (Dec'22) – Listed Banks

(QAR bn)

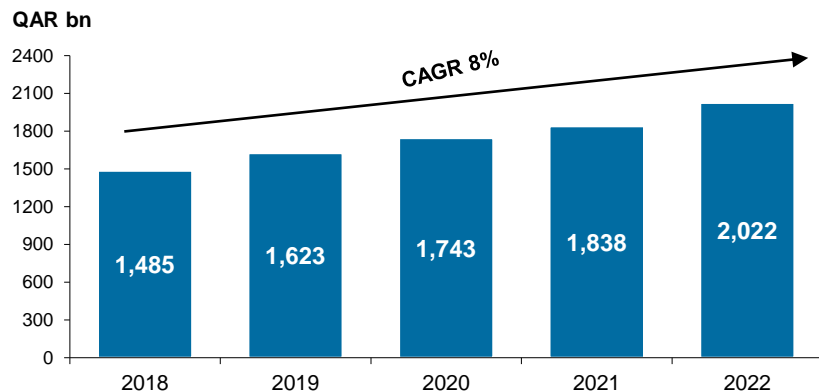


Total Financing and Deposits (Dec'22) – Listed Banks

(QAR bn)

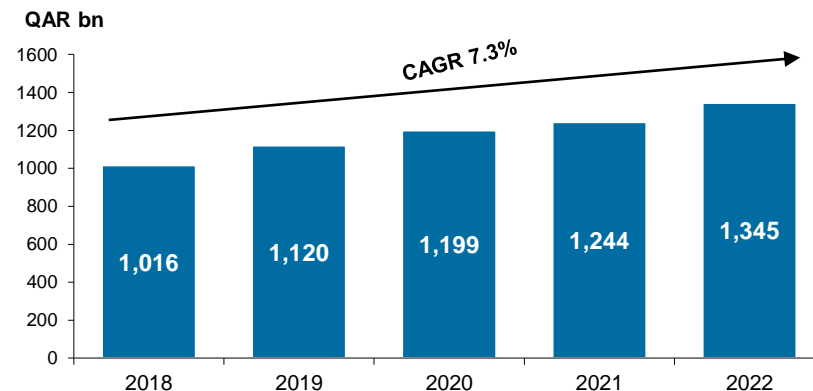


Assets ⁽²⁾



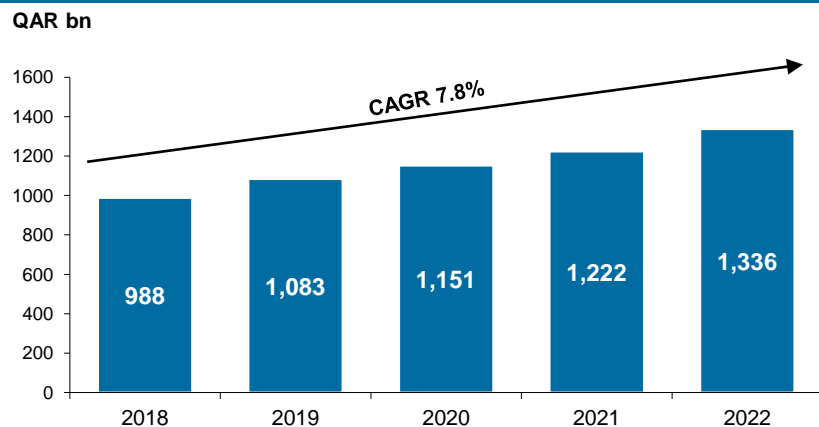
Source : Financial statements of the banks from Qatar Exchange)

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 14.63% 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)

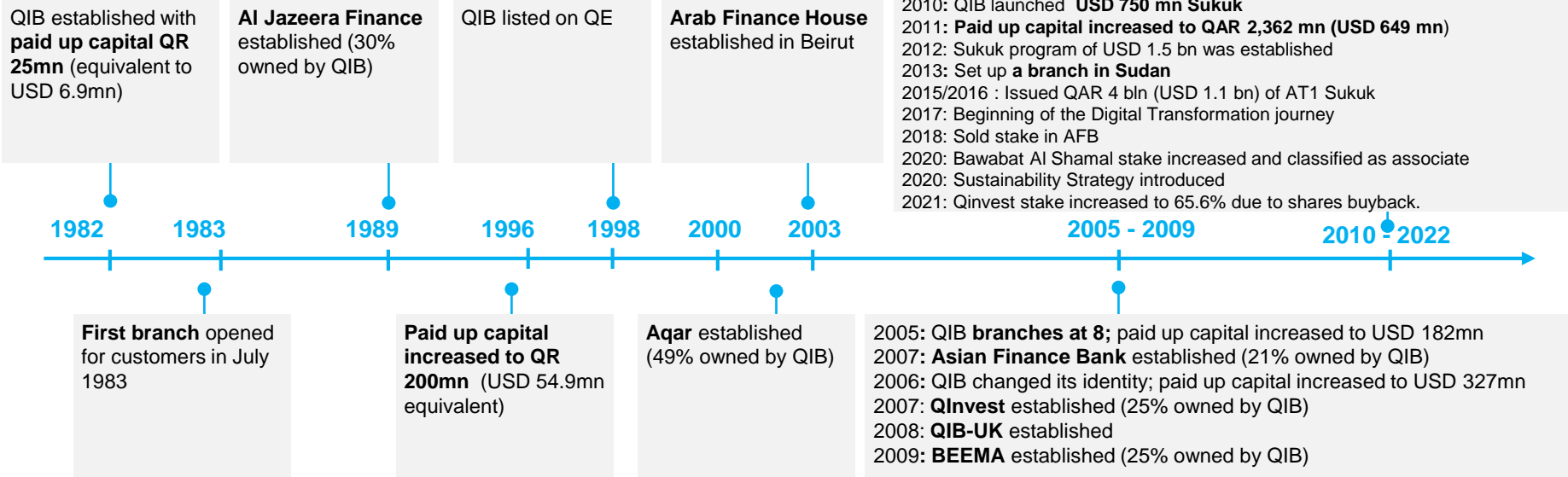
(2): Listed Qatari Banks – Qatar Exchange



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Phase 1: Creation of the Bank

Phase 2: Creation of a strong banking platform



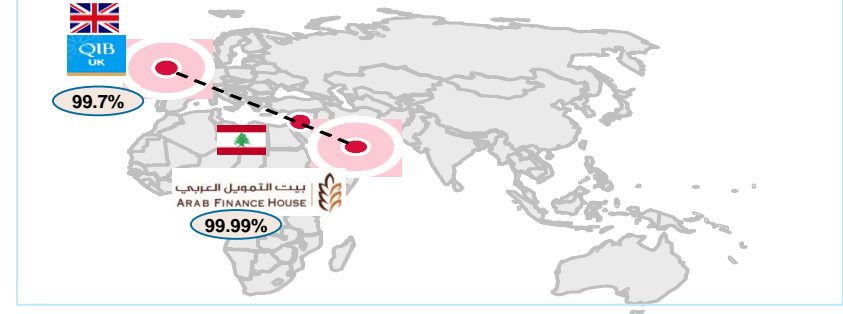
QIB's Product and Geographic Diversification

While Qatar-based banking operations contributed over 93% of the Group's Net Operating Income for period ended 31 Dec 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

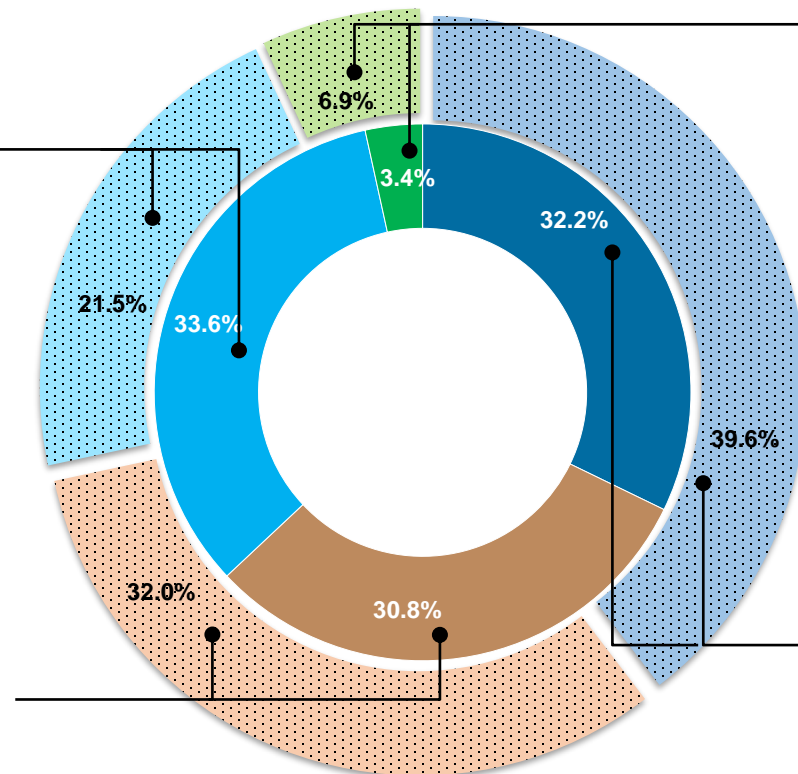
Corporate Banking

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 4,005 Mln

Net Operating Income⁽²⁾ QAR 6,382 Mln

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

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

Board Committees

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

Remunerations, Compensation and Benefits Committee

- Lay down specific bases for evaluating the performance of senior employees in the executive management.
- Determine senior staff rewards and privileges.

Nominations and Governance Committee

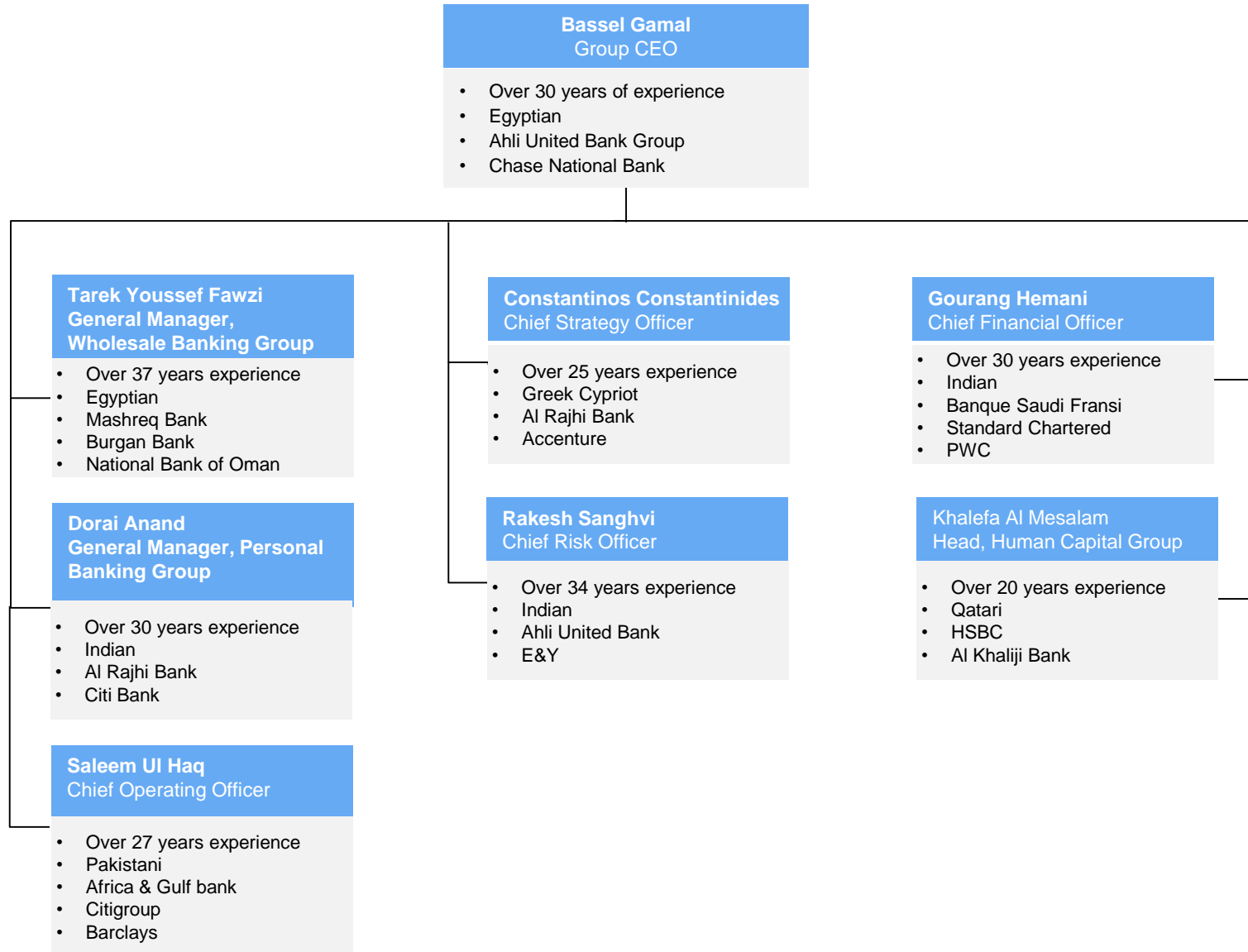
- Study and appraise the qualifications of candidates for Senior Executive positions and candidatures for Board membership.
- Draw up the human resources policies and confirming the existence of a succession plan for senior employees in the executive management.

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	Vice Chairman
Mr. Mohamed Bin Issa Al Mohanadi	Vice Chairman
Mr. Abdul Rahman Abdulla Abdul Ghani	Board Member
Mr. Mansour Mohamed A. Fattah Al Muslih	Board Member
Mr. Abdulla Bin Saeed Al Eidah	Board Member
Mr. Nasser Rashid S. Al-Kaabi	Board Member
Sheikh Khalifa Bin Thani Bin Abdullah al Thani	Board Member
Sheikh Jassim Faisal Qassim Thani Al Thani	Board Member
Sheikha Hanoof Thani Faisal Thani Al Thani	Board Member
Mr. Nasser Abdullah Saad Al Mahmoud Al-Shareef	Board Member



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	Dec-22	Dec-21	Growth 2022	Dec-20	Growth 2021
Total Assets	184,001	193,916	-5.1%	174,356	11.2%
Total Financing	119,285	128,409	-7.1%	119,072	7.8%
Total Deposits	122,371	131,095	-6.7%	118,144	11.0%
Investments⁽³⁾	50,225	48,373	3.8%	35,992	34.4%
Shareholders Equity⁽¹⁾	23,257	20,736	12.2%	18,304	13.3%
Total Equity	27,926	25,412	9.9%	23,206	9.5%
Capital Adequacy Ratio (%)	19.9%	18.9%	1.0%	19.4%	-0.5%
Provision Coverage Ratio (%)	95.4%	76.3%	19.1%	92.3%	-16.0%

Profitability

QAR million	2022	2021	Growth	2021	2020	Growth
Net Operating Income⁽²⁾	6,382	5,990	6.5%	5,990	5,439	10.1%
Total expenses	(1,112)	(1,085)	2.5%	(1,085)	(1,092)	-0.6%
Financing provisions	(1,194)	(1,326)	-9.9%	(1,326)	(1,263)	5.0%
Total provisions	(1,235)	(1,342)	-7.9%	(1,342)	(1,316)	2.0%
Net profit before tax & NCI	4,034	3,563	13.2%	3,563	3,032	17.5%
Net profit for the year⁽¹⁾	4,005	3,555	12.7%	3,555	3,065	16.0%
Earnings Per Share (QAR)	1.62	1.42	14.1%	1.42	1.21	17.4%
Cost to income ratio	17.4%	18.1%	-0.7%	18.1%	20.1%	-2.0%
Cost of Risk	1.00%	1.03%	-0.03%	1.03%	1.06%	-0.03%

Key Highlights

- **Stable balance sheet growth** total assets reached QAR 184 bn.
- **Financing assets** reached QAR119.3 bn.
- **Strong asset quality and prudent risk management policy** NPF ratio at 1.5% and provision coverage ratio at 95.4%.
- **Customer deposits** reached QAR 122.4 bn in 2022.
- **Stable profitability with net profit** at QAR 4,005 mn with a growth of 12.7% in 2022.
- **Robust net operating income** at QAR 6,382 mn with a growth of 6.5% vs 2021.
- **Operating efficiency:** Cost to income ratio improved to 17.4% vs. 18.1% in Dec-2021 lowest in the Qatari Banking sector.
- **Adequately capitalized** with Basel III capital adequacy ratio stands at 19.9% as of Dec-2022 comfortably above the minimum requirement of 14.63% including ICAAP and DSIB charge.
- **Dividend per share** is QAR 0.625 (2021: QAR 0.575) with a payout ratio of 39% (2021: 40%)

Source: QIB financial statements

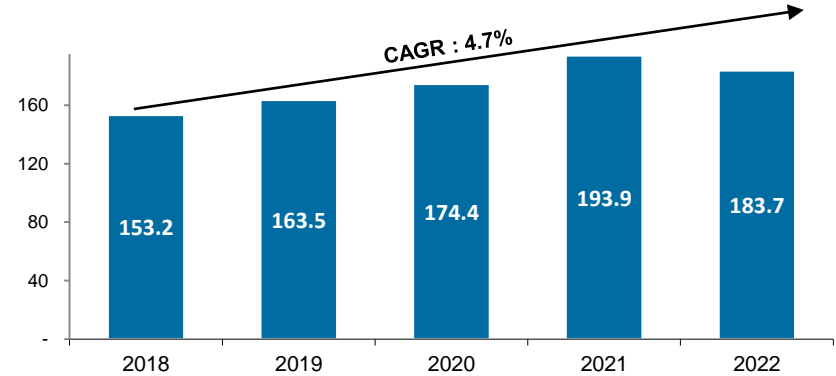
(1) Attributable to shareholders of QIB
 (2) Net Operating Income : Total income less profit paid to unrestricted investment account holders and share of Sukuk Holders' Profit
 (3) Investments includes investments securities , investments in associates and investments properties

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

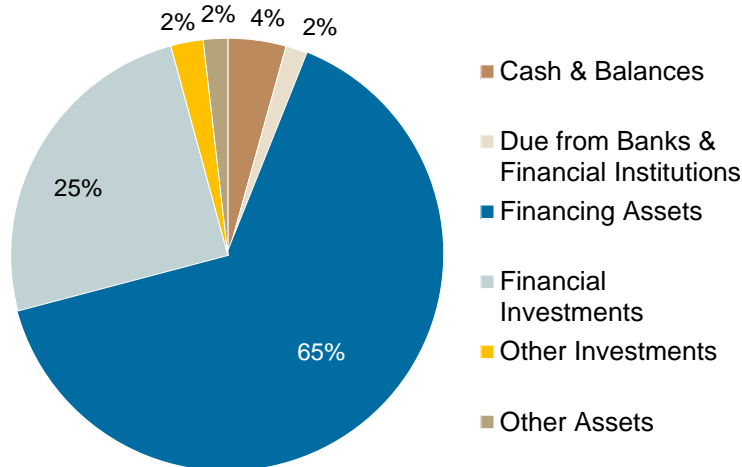
Summary

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

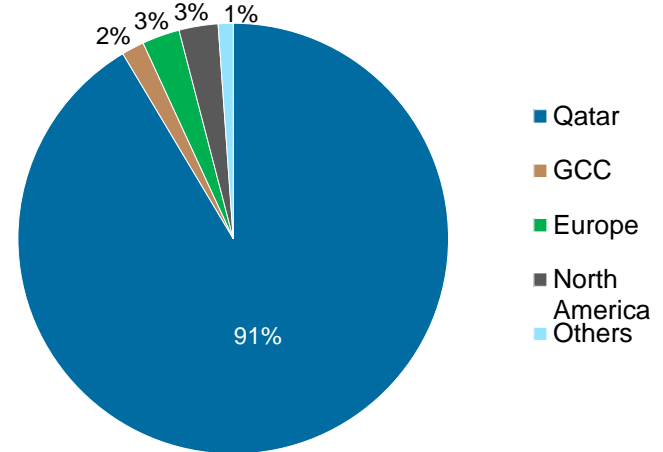
Steady Asset Growth (QAR bn)



Asset Composition by Type



Asset Composition by Geography Type



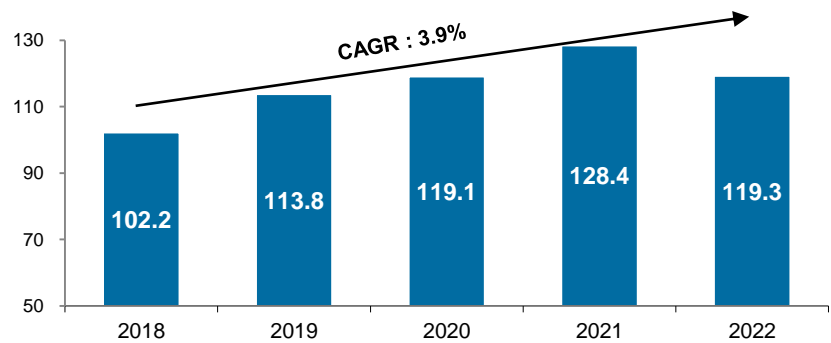
Source: QIB financial statements

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

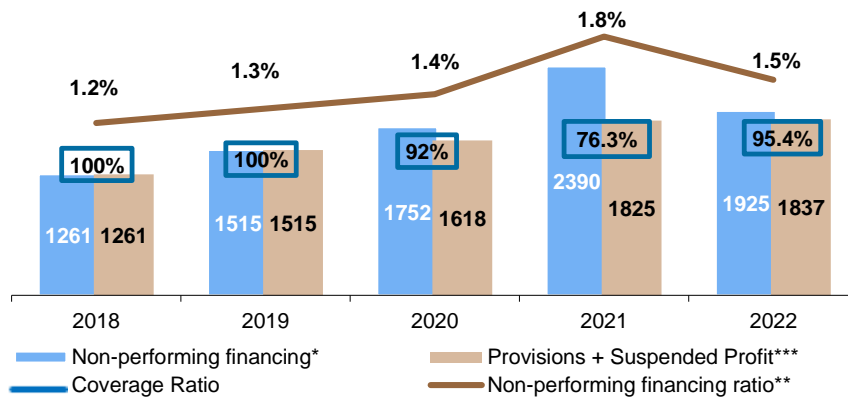
Summary

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

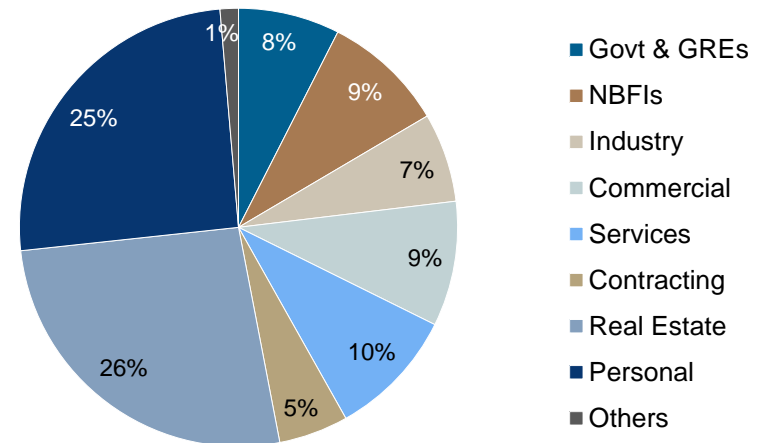
Financing – Key Growth Driver (QAR bn)



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



Balanced Financing Book



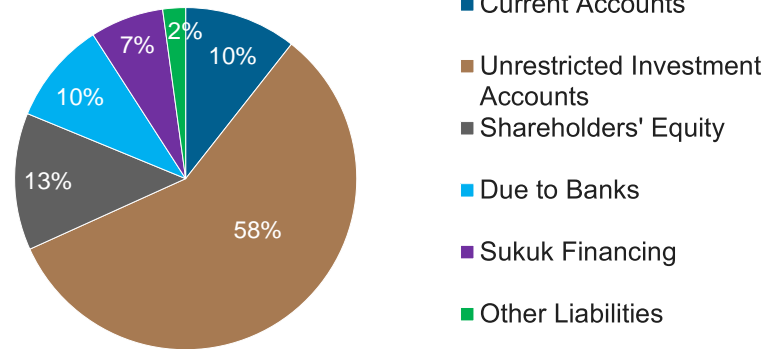
Source: QIB financial statements
 * Includes all financing assets overdue past 90 days
 ** Total non-performing financing / Total financing assets
 *** Provision does not include IFRS 9 provisions of QAR 4,188 M as of Dec-2022.

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

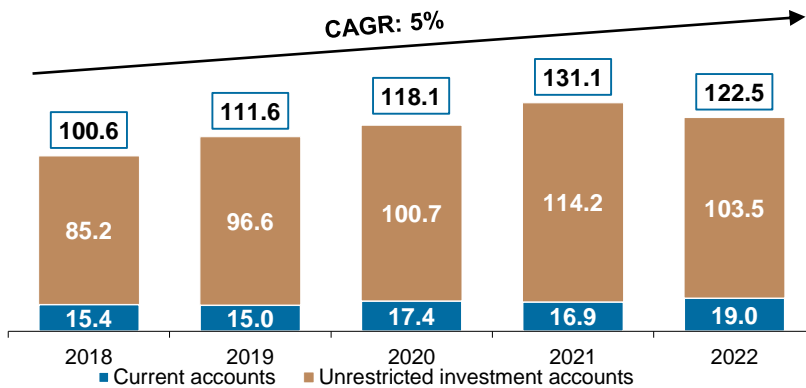
Summary

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

Diverse Sources of Funding



Strong Deposit⁽¹⁾ Growth (QAR bn)

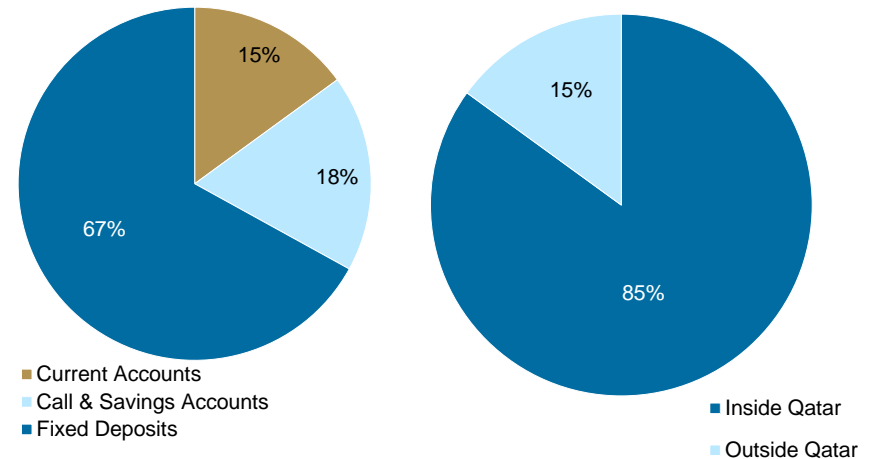


Source: QIB financial statements

(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

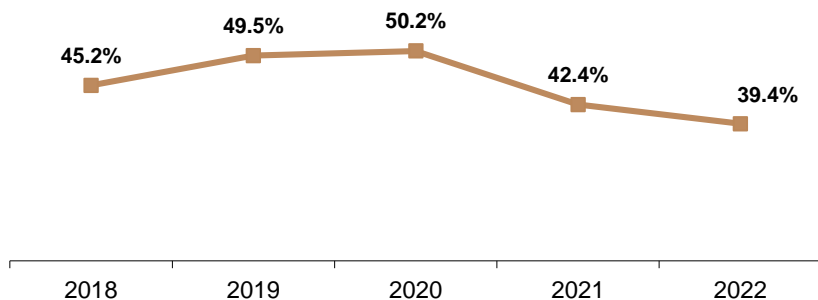


Strong liquidity position to manage market stress

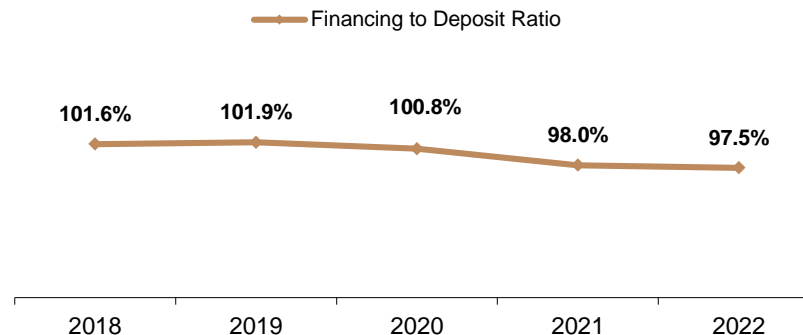


Overall conservative approach to risk management

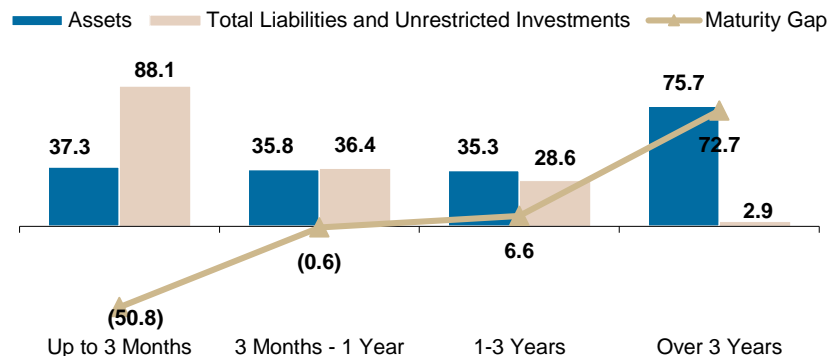
Supportive Liquid Assets Ratio⁽¹⁾



Financing to Deposit Ratio⁽²⁾



Asset Liability Management



Source: Data is as of 31 Dec 2022

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

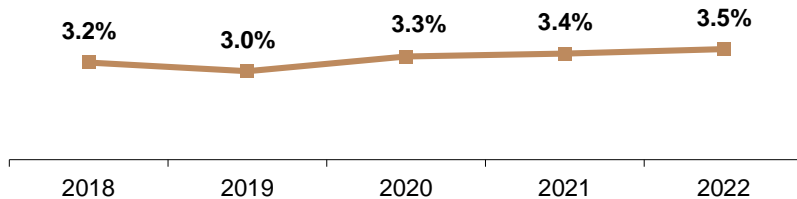
(2) Total Deposits : Customer Current Accounts + Equity of Unrestricted Investment Account Holders

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

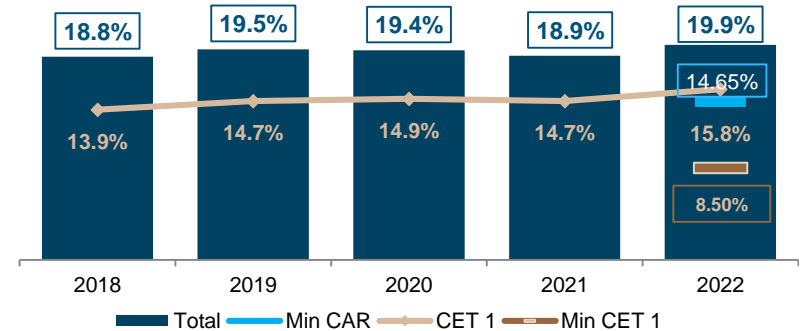
Summary

- ✓ Capital ratios well above regulatory requirements of 14.63%
- ✓ Stable net financing margin
- ✓ Healthy return on assets and equity

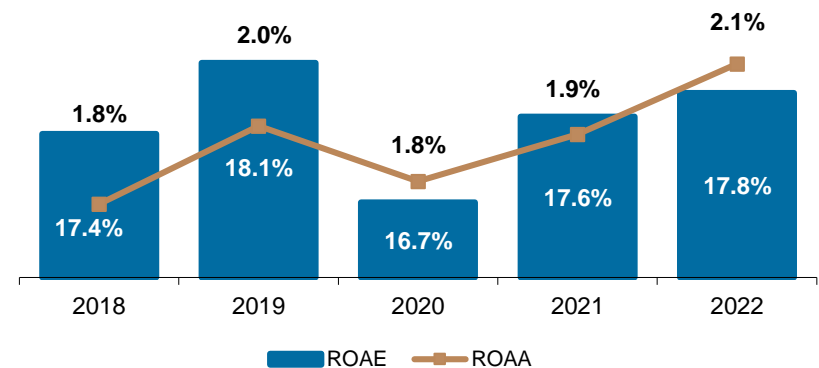
Net financing margin⁽²⁾



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

QIB has remained profitable even during the global financial crisis

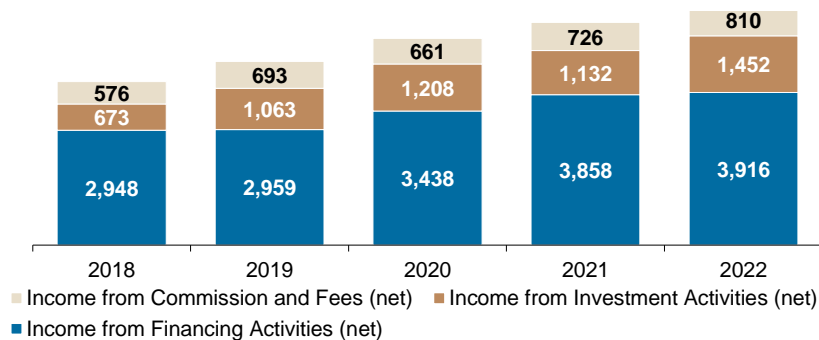
Summary

✓ Recurring financing and investing revenues

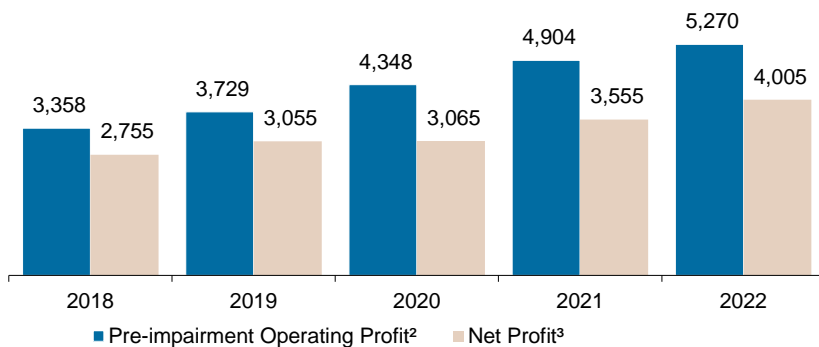
✓ Continued profitability during crisis

✓ Cost base effectively managed

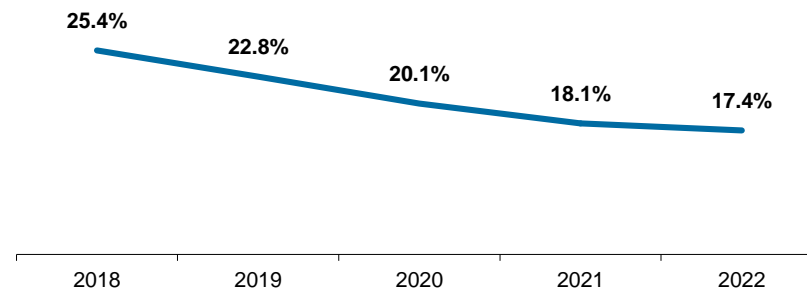
Revenue⁽¹⁾ Breakdown (QAR mn)



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

2

Operating Environment

3

QIB Business Review

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QIB Financial Overview

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Appendix

Consolidated Statement of Financial Position

QAR million	Dec-2022	Dec-2021	Dec-2020
Cash and balances with central banks	7,951	7,177	8,357
Due from banks	3,188	7,461	6,913
Financing assets	119,285	128,409	119,072
Investment Securities	45,774	44,380	33,248
Investment in associates	1,130	1,140	1,134
Investment properties	3,321	2,854	2,863
Fixed assets	558	570	614
Intangible assets	218	217	218
Other assets	2,576	1,708	1,937
Total Assets	184,001	193,916	174,356
Due to banks	17,382	19,856	13,828
Customers' current accounts	19,021	16,907	17,416
Sukuk financing	12,453	14,063	14,059
Other Liabilities	3,868	3,490	5,119
Total Liabilities	52,725	54,316	50,422
Equity of unrestricted investment account holders	103,350	114,188	100,728
Share capital	2,363	2,363	2,363
Legal reserve	6,370	6,370	6,370
Risk reserve	2,642	2,445	2,437
General reserve	82	82	82
Fair value reserve	197	61	(110)
Foreign currency translation reserve	(429)	(467)	(336)
Other reserves	217	217	217
Proposed cash dividends	1,477	1,359	945
Retained earnings	10,338	8,306	6,336
Total equity attributable to shareholders of the bank	23,257	20,736	18,304
Sukuk eligible as additional capital	4,000	4,000	4,000
Non-controlling interests	669	676	902
Total Equity	27,926	25,412	23,206
Total liabilities, URIA and Equity	184,001	193,916	174,356

Consolidated Statement of Income

QAR million	Dec-2022	Dec-2021	Dec-2020
Net income from financing activities	6,502	5,999	5,956
Net income from investing activities	1,452	1,132	1,208
Total income from financing and investing activities	7,954	7,131	7,164
Fee and commission income	1,096	937	817
Fee and commission expense	(285)	(211)	(156)
Net fee and commission income	810	726	661
Net foreign exchange gain	122	200	76
Share of results of associates	73	42	3
Other income	8	31	54
Total Income	8,968	8,130	7,958
Staff costs	(637)	(650)	(657)
Depreciation and amortization	(89)	(90)	(96)
Sukuk holders' share of profit	(417)	(453)	(472)
Other expenses	(387)	(345)	(339)
Total Expenses	(1,529)	(1,538)	(1,564)
Net impairment losses on investment securities and properties	-	(4)	(22)
Net impairment losses on financing assets	(1,194)	(1,326)	(1,263)
Goodwill Impairment	-	-	(22)
Other impairment losses	(41)	(12)	(9)
Net profit for the period before tax and URIA	6,204	5,250	5,078
Net return to unrestricted investment account holders	(2,169)	(1,687)	(2,046)
Net profit before tax	4,034	3,563	3,032
Tax expense	(11)	(10)	(8)
Non-controlling interest	(18)	2	41
Profit Attributable to: Shareholder of the Bank	4,005	3,555	3,065

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 Best Bank for Digital Solutions
 Best Bank for Islamic Finance
 Market Leader in Digital Solutions, Corporate Banking, Islamic Finance



Best Performing Bank Qatar 2022



Best Retail Bank in Qatar
 MENA Retail Bank of the Year
 MENA Excellence in Mobile Banking
 MENA Best App for Customer Experience



Best Islamic Corporate Bank in the World
 Best Islamic Digital Bank in Qatar
 World's Best Islamic CSR Bank
 World's Best Islamic Financial Institution
 Best Retail Mobile Banking App
 Best Online Corporate Portal/User Experience (UX) Design
 Best SME Digital Banking



Islamic Bank of the Year in Qatar, UK & Middle East



Best Retail Bank in Qatar
 Best SME Bank in Qatar



Digital Bank of the Year in Qatar 2022
 Best Mobile Banking Application in Qatar 2022



QIB GCEO Ranked First in The Region, As The Top CEO in Sharia-Compliant Banks



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 Best Mobile Banking Initiative
 Best Retail Bank in Qatar



Best Islamic Bank in Qatar and the Arab World

Best Digital Bank for CX Qatar 2022
 Best Islamic Bank for Digital CX Qatar 2022
 Best Bank for Cash Management
 Outstanding Account Opening and Onboarding Initiative