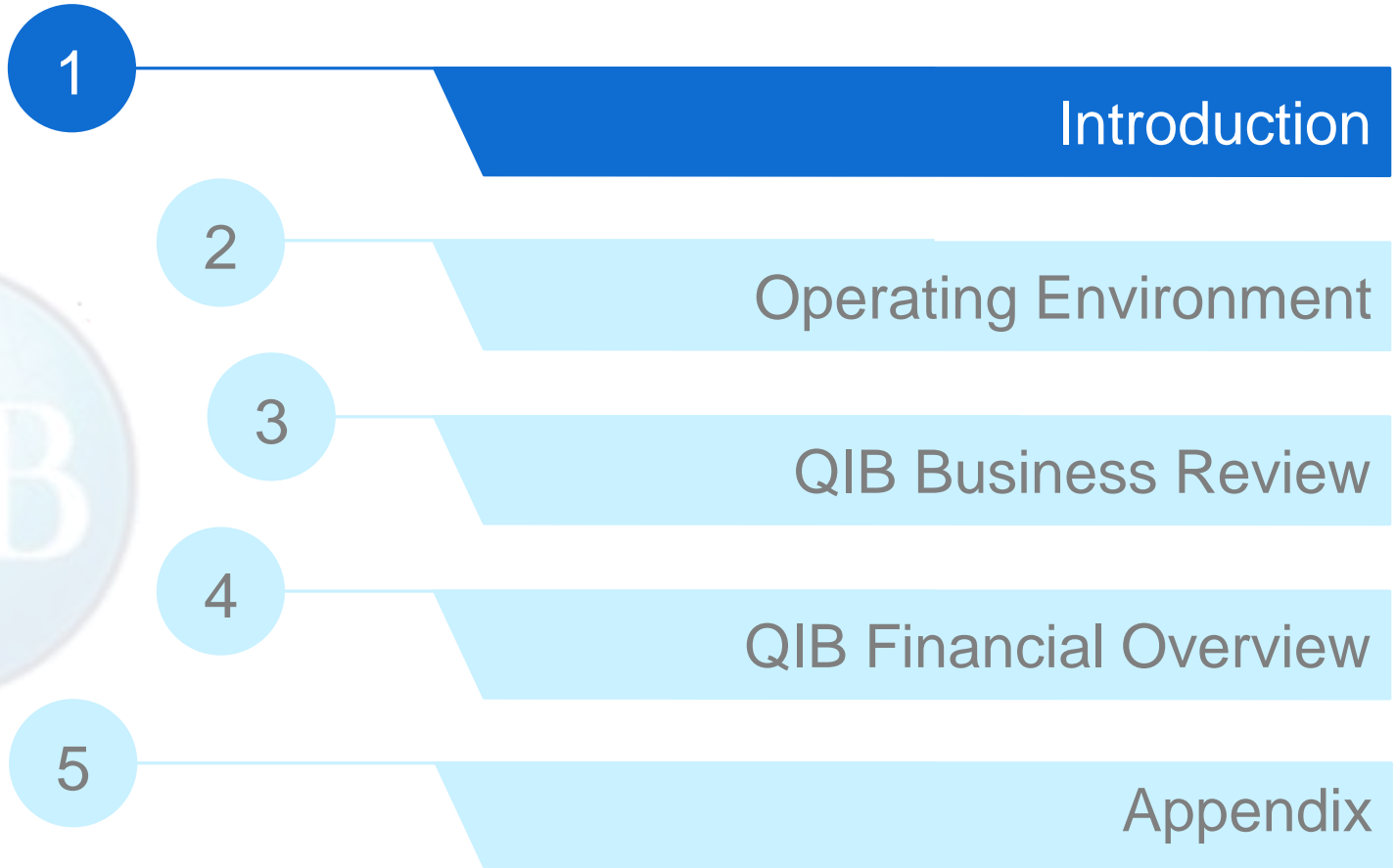


Qatar Islamic Bank (Q.P.S.C.)

Investor Presentation

June 2019





Introduction

- Qatar Islamic Bank (“QIB” or the “Bank”) was incorporated in 1982 as the **first Islamic financial institution in Qatar**.
- Largest Islamic bank** (approximately 51% of total assets of listed Islamic banks in Qatar) and **second largest bank** in Qatar by total assets, financing assets and net profit.
- Network of 30 branches and offices and over 176 ATMs and CDMs as at 30 Jun 2019.
- 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 & 99% of Net Profit⁽³⁾

Wholesale 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

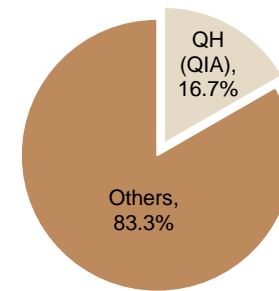
(4) Ratio calculated as per Basel III guidelines in accordance with QCB regulations

Financial Snapshot

QAR million	Jun-2019	Dec-2018	Dec-2017
Total Assets	154,590	153,232	150,375
Total Financing Assets	106,956	102,210	102,613
Total Deposits⁽²⁾	107,564	100,598	101,815
Shareholders Equity⁽³⁾	15,621	15,420	15,289
Total Equity	20,922	20,739	20,880
Net Profit⁽³⁾	1,425	2,755	2,405
Non-Performing Financing ⁽¹⁾ (%)	1.2%	1.2%	1.2%
Financing to Total Deposits⁽²⁾ (%)	99.4%	101.6%	100.8%
Capital Adequacy Ratio⁽⁴⁾ (%)	18.5%	18.8%	17.3%
Market Capitalisation	39,225	35,917	22,920

Shareholder structure / Strong Government Linkage

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



Note: As at 30 June 2019





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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 (2018): QAR 685 bn
 Per capita income (2018): QAR 246,859
 Population (2018): 2.7mn

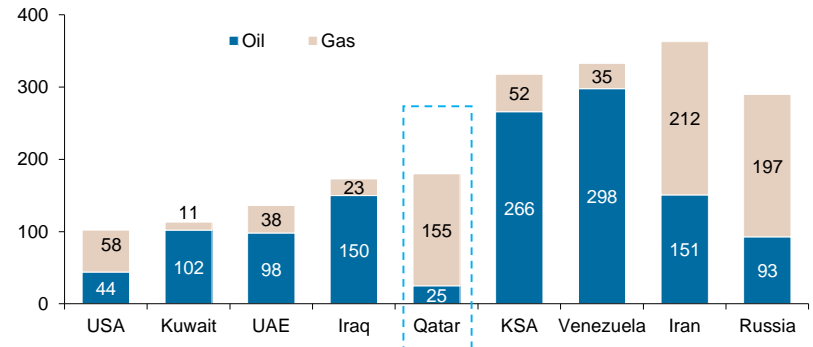
Source: International Monetary Fund (IMF)

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 with **robust growth prospects**
- Historically large surpluses in both fiscal and external accounts that moved to fiscal deficit at manageable levels with the fall in oil prices. The State is expected to post a surplus in the upcoming two years on the back of higher 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 Qatar Investment Authority
- **Stable political and attractive operational environment**

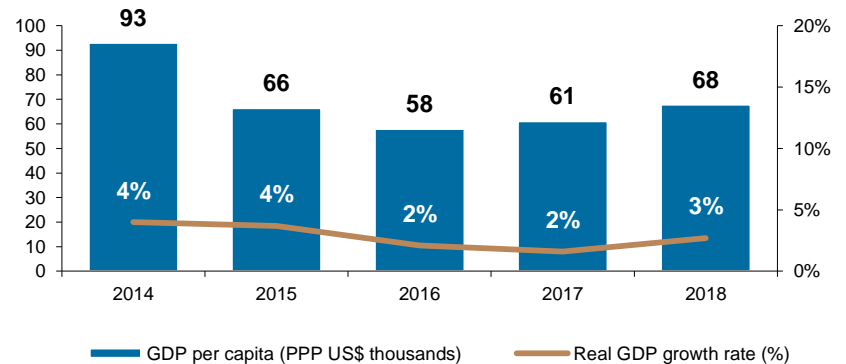
One of the Largest Hydrocarbon Reserves in the World

Total oil & gas reserves (bn boe)



Sources: Bloomberg, BP, IMF, JODI, MDPS, MoF, QCB and QNB Group forecasts

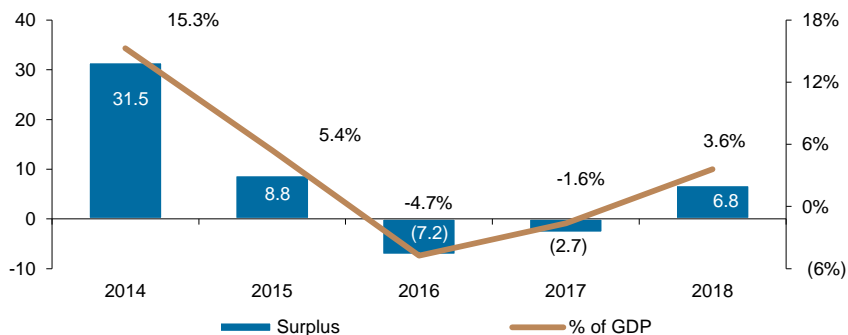
Strong Wealth Generation



Source: International Monetary Fund (IMF)

Fiscal Position

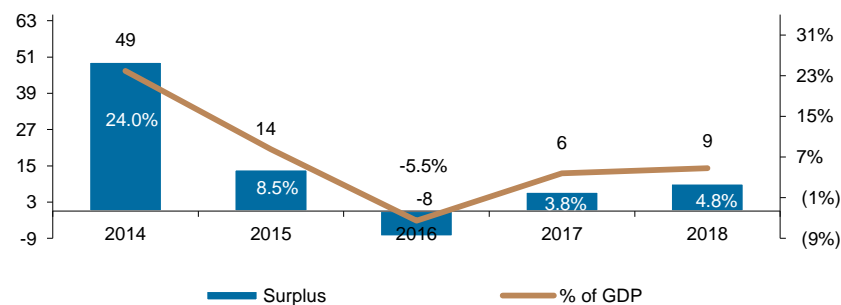
Fiscal surplus / deficit (USD bn and % of GDP)



Source: Qatar Central Bank annual report and International Monetary Fund (IMF)

Current Account Balance

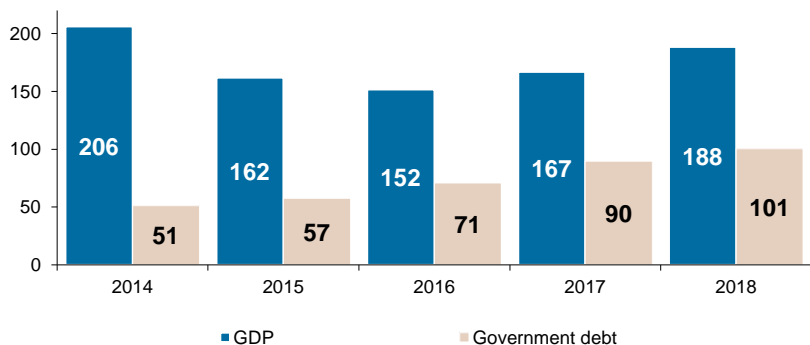
Current account balance (USD bn and % of GDP)



Source: Qatar Central Bank annual report and International Monetary Fund (IMF)

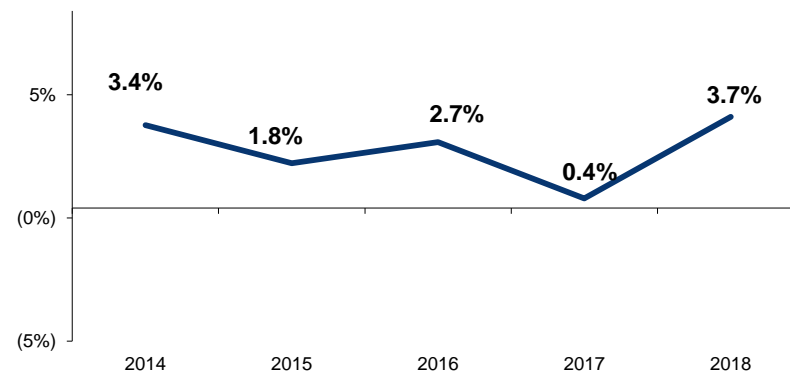
Low Level of Indebtedness

Nominal GDP vs. Government debt (USD bn)



Source: Qatar Central Bank annual report and International Monetary Fund (IMF)

CPI Inflation (y-o-y)

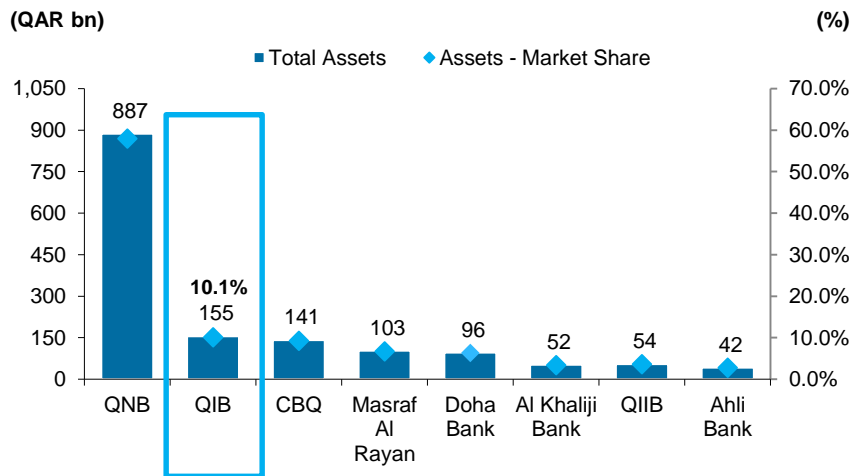


Source: Qatar Central Bank annual report

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 1,529 bn (listed banks regulated by QCB) as at 30 Jun 2019 with strong and sound regulatory environment
 - Minimum capital adequacy ratio of 13.5% including ICAAP charge but excluding DSIB capital charge
 - Maximum credit limit to single customer of 20% of a bank's capital and reserves

Total Assets (Jun'19) – Listed Banks

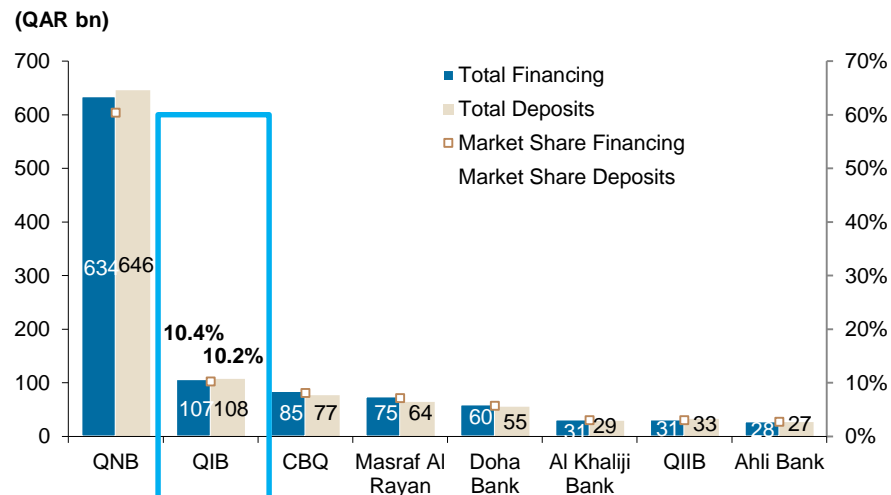


Source: Financial statements of the banks from Qatar Exchange
Doha Bank and Al Khaliji Bank numbers are as of Mar-19

The State of Qatar has been Supportive Throughout Crisis

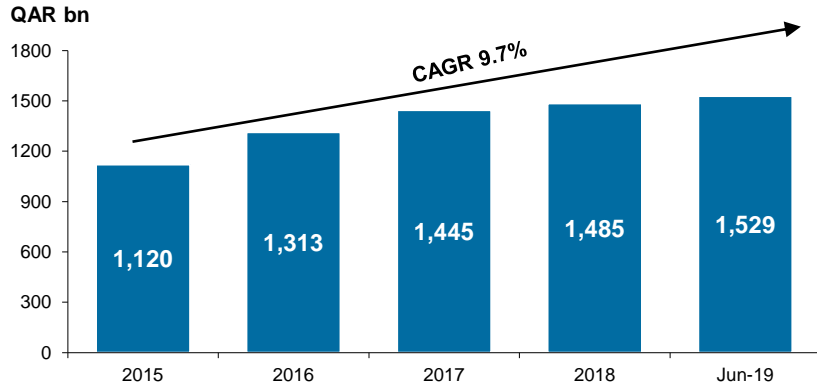
October 2008	QIA announced plans to acquire equity ownership interests of up to 20% in domestic banks listed on the QE
March 2009	The Government proposed to purchase the domestic equity portfolios of seven of the nine domestic QE-listed banks
June 2009	The Government purchased USD 2.7 bn worth of real 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

Total Financing and Deposits (Jun'19) – Listed Banks



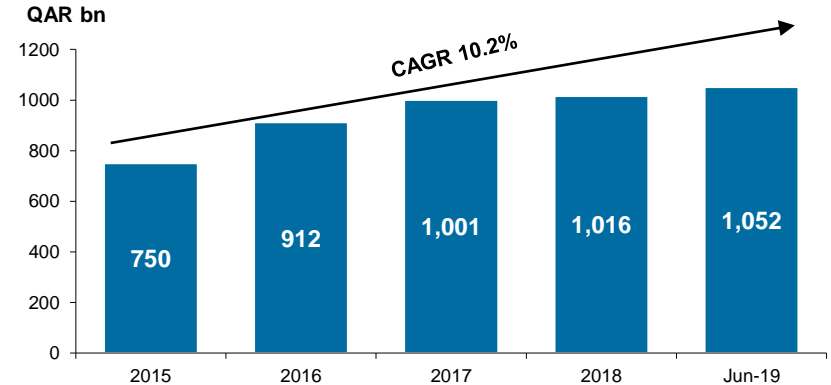
Source: Financial statements of the banks from Qatar Exchange
Doha Bank and Al Khaliji Bank numbers are as of Mar-19

Assets ⁽²⁾



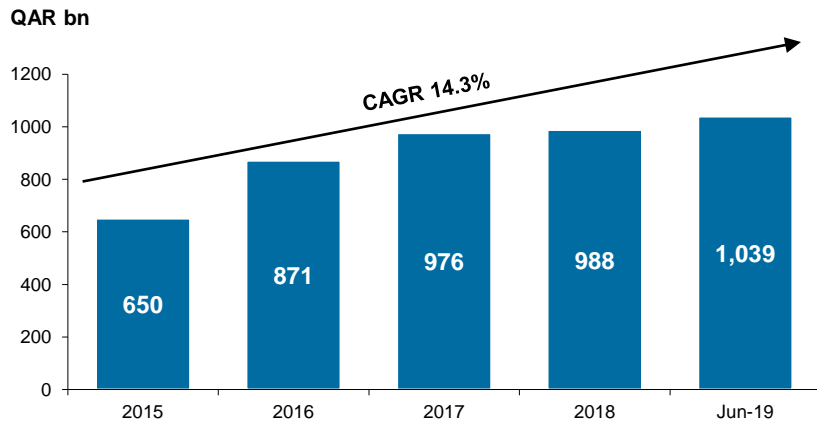
Source : Financial statements of the banks from Qatar Exchange)

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 for 2019 under Basel III is 13.5% including ICAAP charge but excluding 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 90% ⁽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 established with **paid up capital QR 25mn** (equivalent to USD 6.9mn)

Al Jazeera Finance established (30% owned by QIB)

QIB listed on **Qatar Stock Exchange**

Arab Finance House established in Beirut (37% owned by QIB)

2010: QIB launched **USD 750 mn Sukuk**
 2011: **Paid up capital increased to QAR 2,362 mn (USD 649 mn)**
 2012: Sukuk program of USD 1.5 bn was established
 2013: Set up **QIB Sudan**
 2014: Increased holding in **QInvest** to 50.13%
 2015/2016 : Issued QAR 4 bln (USD 1.1 bn) of AT1 Sukuk
 2017: Sukuk program size increased to USD 4 bn
 2018: Sold stake in AFB



First branch opened for customers in July 1983

Paid up capital increased to QR 200mn (USD 54.9mn equivalent)

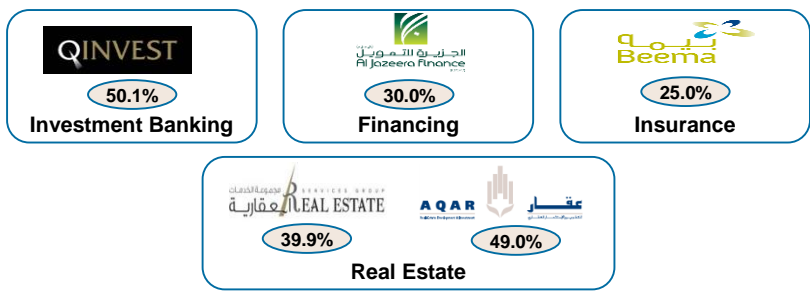
Aqar established (49% owned by QIB)

2005: QIB **branches at 8**; paid up capital increased to USD 182mn
 2007: **Asian Finance Bank** established (21% owned by QIB)
 2006: QIB changed its identity; paid up capital increased to USD 327mn
 2007: **QInvest** established (25% owned by QIB)
 2008: **QIB-UK** established (60% owned by QIB)
 2009: **BEEMA** established (25% owned by QIB)

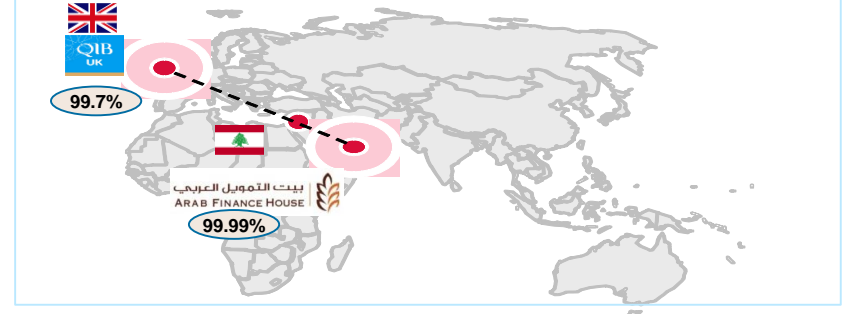
QIB's Product and Geographic Diversification

While Qatar-based banking operations contributed over 89.1% of the Group's Net Operating Income, 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)
- 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

Segments

- Individuals
- Affluent
- HNWIs

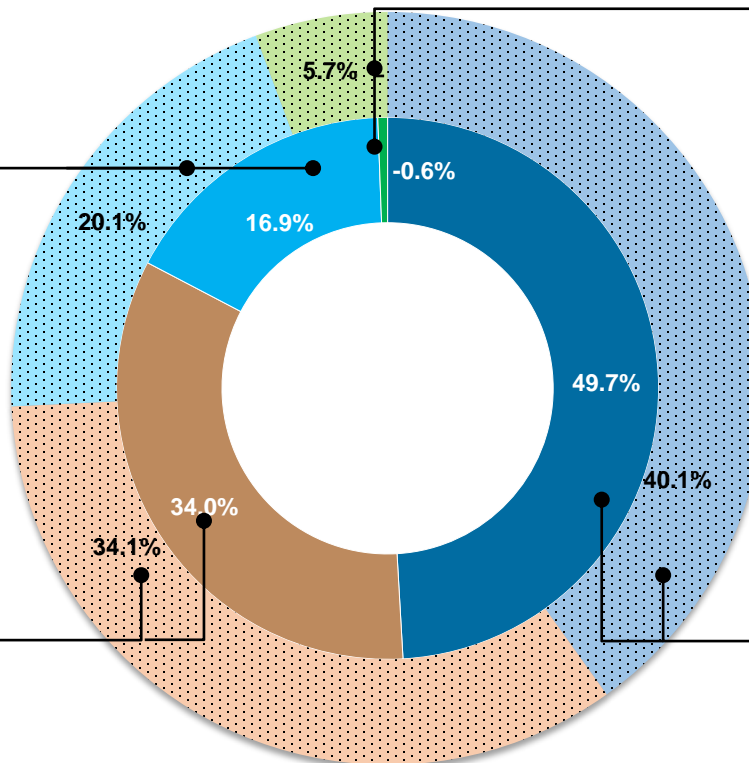
Corporate Banking

Product / Services

- Deposits
- Current Accounts
- Credit Facilities
- Trade Finance
- Cash Management
- WPS

Segments

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



Net Profit⁽¹⁾ QAR 1,425 Mln

Net Operating Income⁽²⁾ QAR 2,314 Mln

(1) Net Profit : Net Profit Attributable to Equity Shareholders

(2) Net Operating Income : total income net of profit to unrestricted investment account holders and share of Sukuk holders profit + income from discontinued operations

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

Board Committees

Executive Committee Six members

- Provision of ongoing information to the Board on business developments and regular review of business segments
- Advise on strategic decisions and coordinate activities of all divisions and subsidiaries
- Approve credit facilities and limits that fall within authorities

Audit, Risk & Compliance Committee Three members

- 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 Four members

- 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 Three members

- Select and evaluate applicants for senior executive posts and provide recommendations to Board
- Determine senior staff rewards and privileges

Zakat Committee Three members

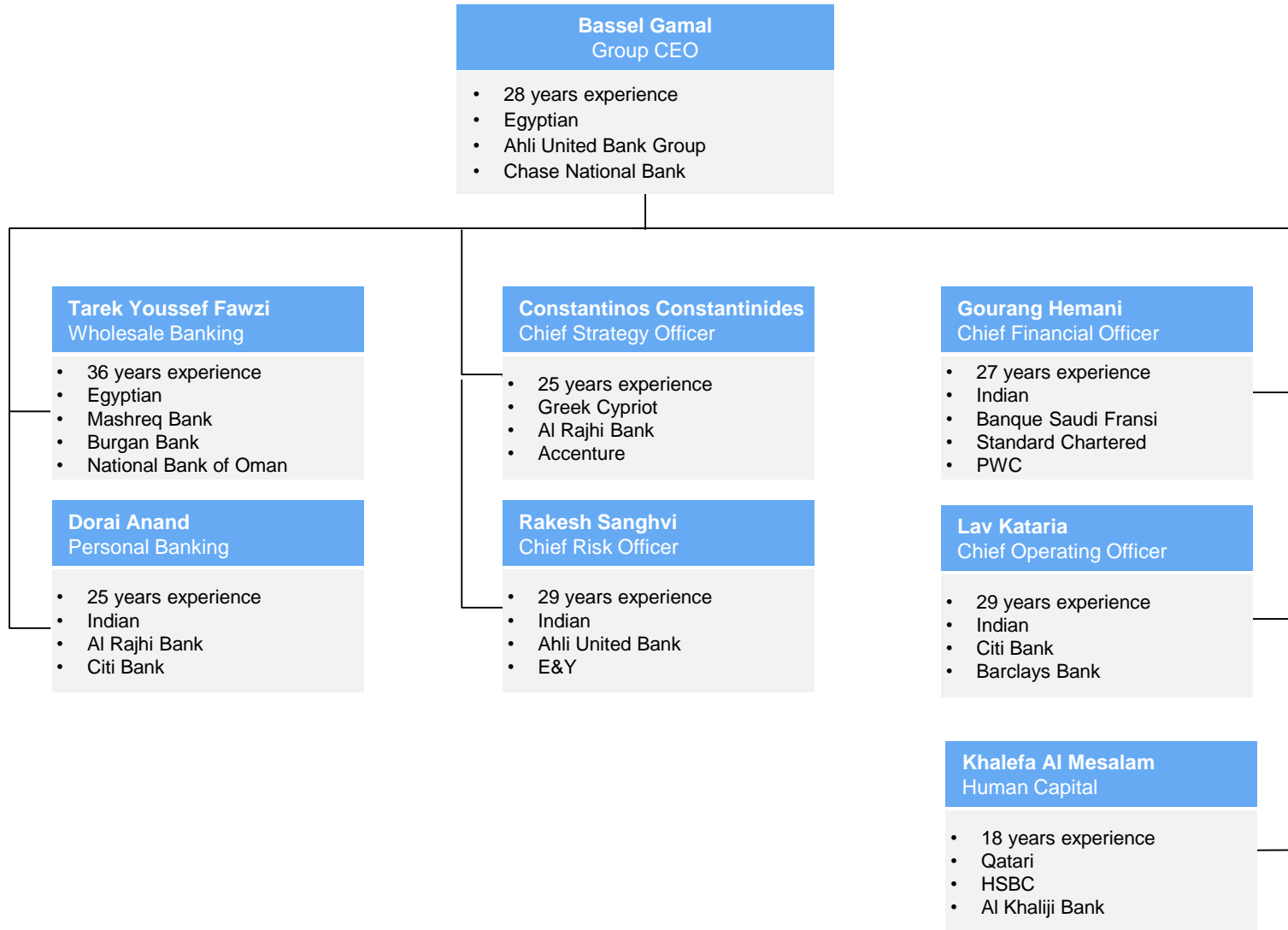
- Promote interdependence and integration among members of the Muslim community by channeling contributions of Zakat
- Develop good relationships with charitable, humanitarian aid groups and institutions and oversee QIB's Zakat collection/disbursement

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 Milaha and Chairman of Beema (Daman Islamic insurance company in Qatar). He is also a board member of Qatar Insurance Company and other several financial and investment companies.

Director	Designation
Mr. Abdullatif Bin Abdulla Al Mahmoud	<i>Vice Chairman</i>
Sheikh Ali Bin Ghanim Bin Ali Al Thani	<i>Board Member</i>
Mr. Mohamed Bin Issa Al Mohanadi	<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

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.
- ✓ 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

Sharia's Supervisory Board Members

His Eminence Sheikh Walid Bin Hadi
Chairman of Executive Committee

Prof. Abdul Sattar Abou Ghodda
Member

Dr. Mohamad Ahmaine
Member



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Financial Position

QAR million	Jun-19	Dec-18	Growth-2019	Dec-17	Growth-2018
Total Assets	154,590	153,232	0.9%	150,375	1.9%
Total Financing	106,956	102,210	4.6%	102,613	-0.4%
Total Deposits	107,564	100,598	6.9%	101,815	-1.2%
Investments⁽³⁾	35,241	33,273	5.9%	33,015	0.8%
Shareholders Equity⁽¹⁾	15,621	15,420	1.3%	15,289	0.9%
Total Equity	20,922	20,739	0.9%	20,880	-0.7%
Financing to Deposit Ratio (%)	99%	102%	-2.2%	101%	0.8%
Capital Adequacy Ratio (%)	18.5%	18.8%	-0.3%	17.3%	1.5%
Provision Coverage Ratio (%)	100%	100%	0.0%	107%	-7.0%

Profitability

QAR million	Q2-2019	Q2-2018	Growth	2018	2017	Growth
Net Operating Income⁽²⁾	2,314	2,255	2.6%	4,519	4,160	8.6%
Total expenses	(545)	(577)	-5.6%	(1,161)	(1,106)	5.0%
Total provisions	(394)	(377)	4.6%	(720)	(785)	-8.4%
Net profit before tax & NCI	1,375	1,300	5.7%	2,638	2,269	16.3%
Net profit for the year⁽¹⁾	1,425	1,325	7.5%	2,755	2,405	14.6%
Earnings Per Share (QAR)	0.60	0.56	7.5%	10.79	9.31	15.9%
Cost to income ratio	23.5%	25.6%	-2.1%	25.7%	26.6%	-0.9%
Cost of Risk	0.28%	0.27%	0.01%	0.49%	0.46%	0.03%

Source: QIB financial statements

(1) Attributable to shareholders of QIB

(2) Net Operating Income : total income net of profit to unrestricted investment account holders and share of Sukuk Holders' Profit + income from discontinued operations

(3) Investments includes investments securities , investments in associates and investments properties

Key Highlights

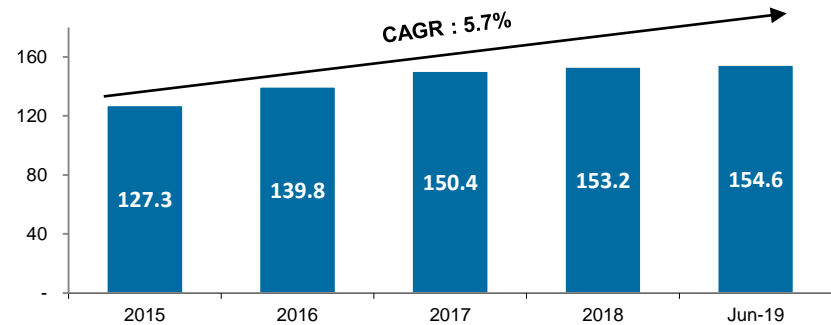
- **Stable balance sheet growth** total assets reached QAR 154.6 bn with a growth of 0.9% in 2019 and 1.9% in 2018.
- **Financing assets** reached QAR 107 bn in 2019 with a growth of 4.6% in 2019.
- **Strong asset quality and prudent risk management policy** NPF ratio at 1.2% and provision coverage ratio at 100%
- **Customer deposits** reached QAR 107.6 bn in 2019.
- **Strong profitability with net profit at** QAR 1,425 mn with a growth of 9.6% in 2019 vs.14.6% in 2018.
- **Robust net operating income at** QAR 2,314 mn with a growth of 2.6% in 2019 vs. 8.6% in 2018.
- **Operating efficiency:** Cost to income ratio improved to 23.5% in 2019 vs. 25.6% in 2018.
- **Adequately capitalized** the Basel III capital adequacy ratio stands at 18.5% as of June-2019 compared to 18.8% in Dec-2018, comfortably above the minimum requirement of 14.5% including ICAAP and DSIB charge.

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

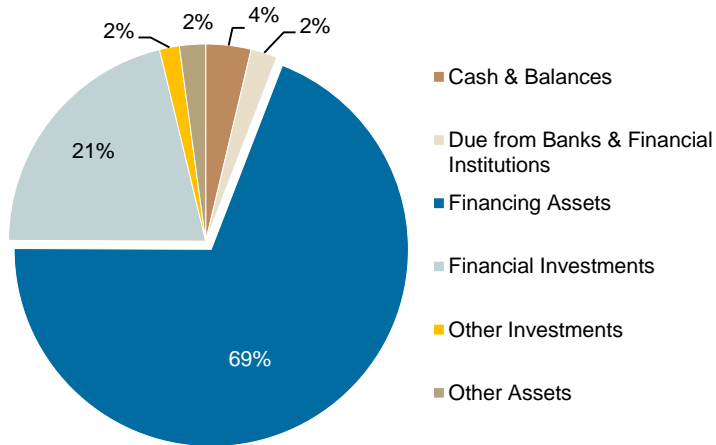
Summary

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

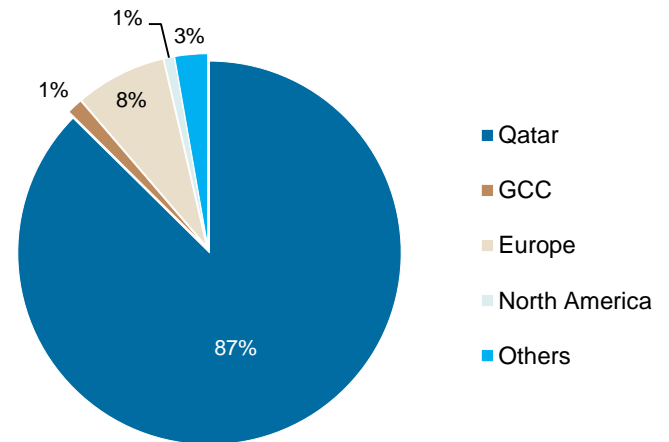
Steady Asset Growth (QAR bn)



Asset Composition by Type (as at 30 Jun 2019)



Asset Composition by Geography Type (as at 30 Jun 2019)



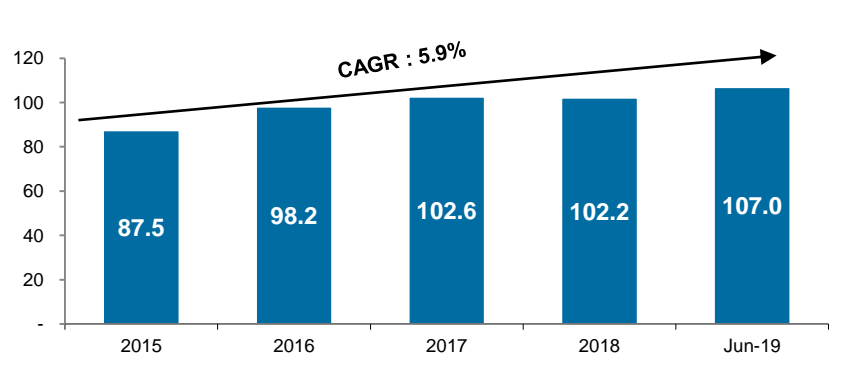
Source: QIB financial statements

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

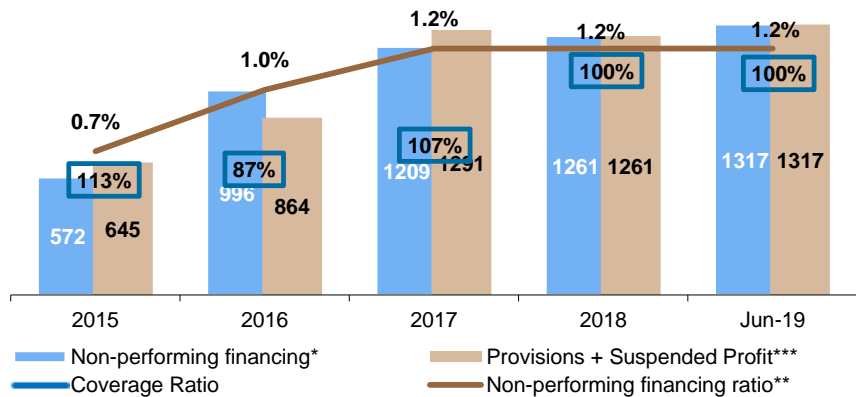
Summary

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

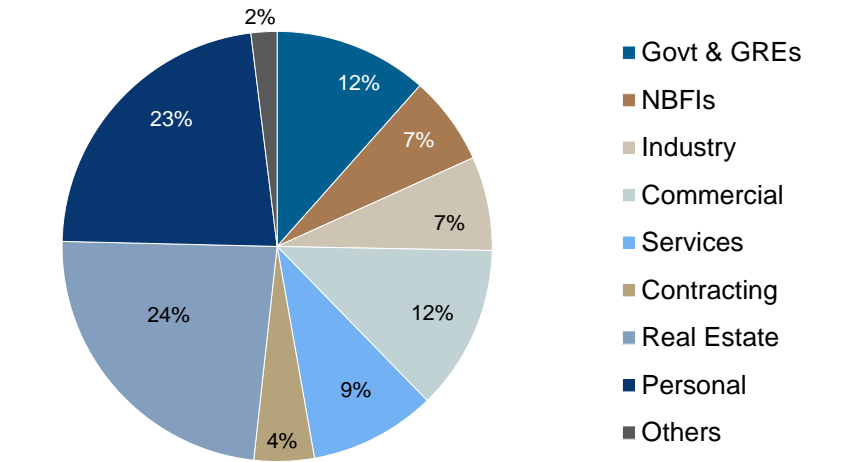
Financing – Key Growth Driver (QAR bn)



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



Balanced Financing Book (as at 30 Jun 2019)






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 1,253 M as of Jun-2019

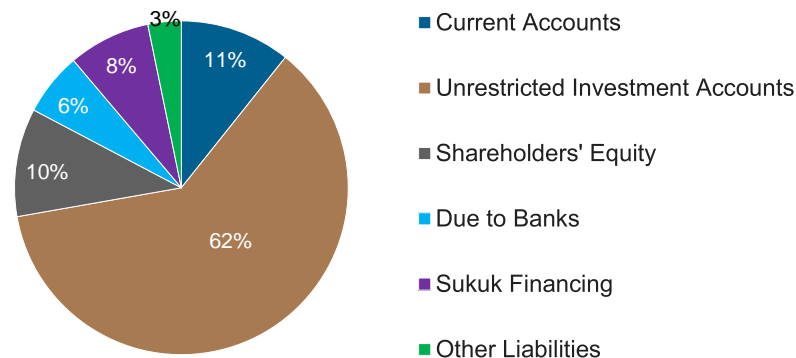
Sound Funding Base Driven by Strong Deposit Growth

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

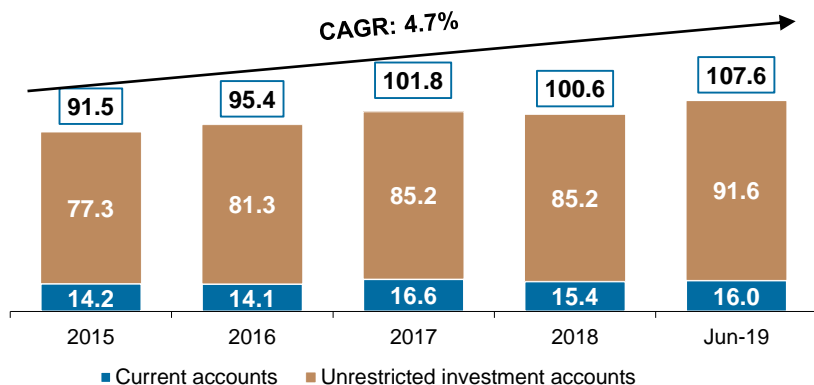
Summary

-  Ability to obtain funding from diverse sources
-  Loyal and diverse deposit base
-  Stable funding from sticky deposits

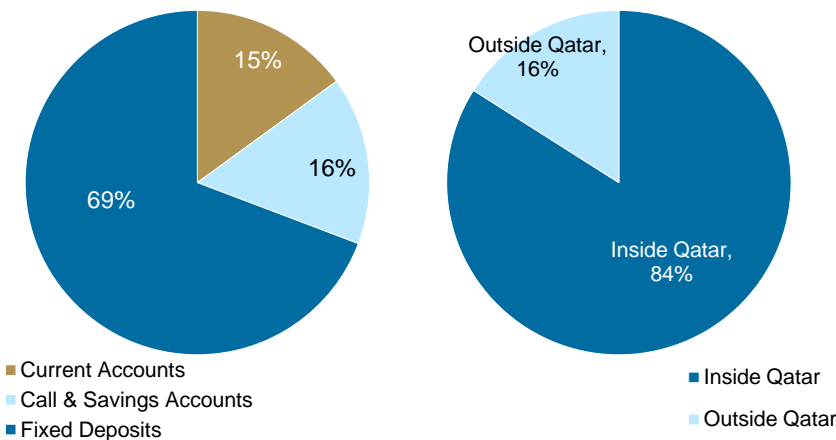
Diverse Sources of Funding (as at 30 Jun 2019)



Strong Deposit⁽¹⁾ Growth (QAR bn)



High-Quality Deposits⁽¹⁾ (as at 30 Jun 2019)



Source: QIB financial statements

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

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

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

Summary



Financing to deposit ratio within agreeable regulatory limits

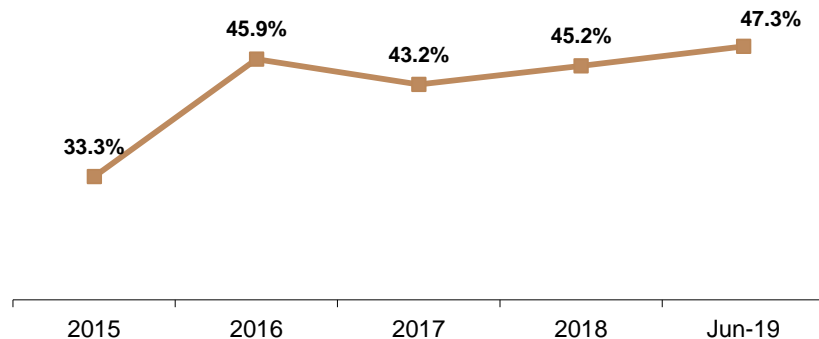


Strong liquidity position to manage market stress

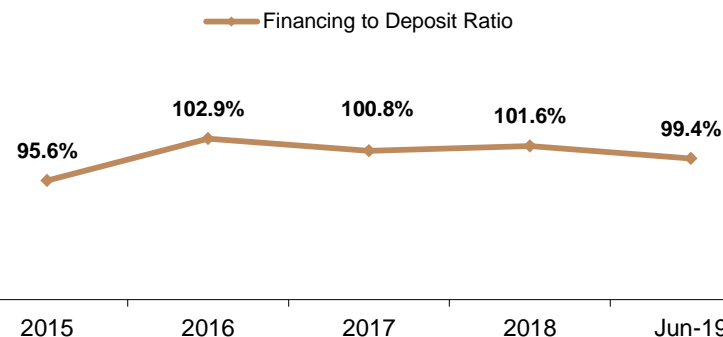


Overall conservative approach to risk management

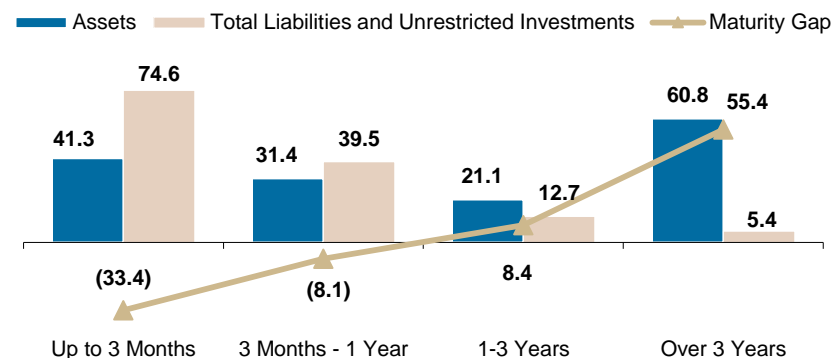
Supportive Liquid Assets Ratio⁽¹⁾



Financing to Deposit Ratio⁽²⁾



Asset Liability Management (QAR bn, as at 30 Jun 2019)



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

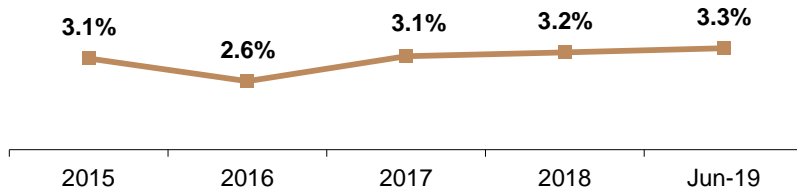
Strong Capitalization & Continued Profitability

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

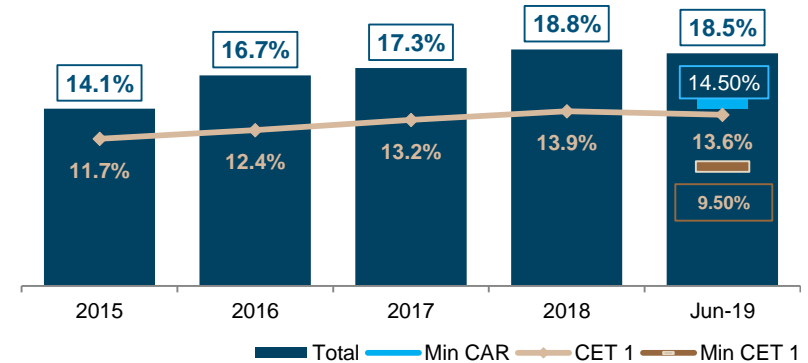
Summary

- ✓ Capital ratios well above regulatory requirements
- ✓ Stable return on equity
- ✓ Healthy return on assets

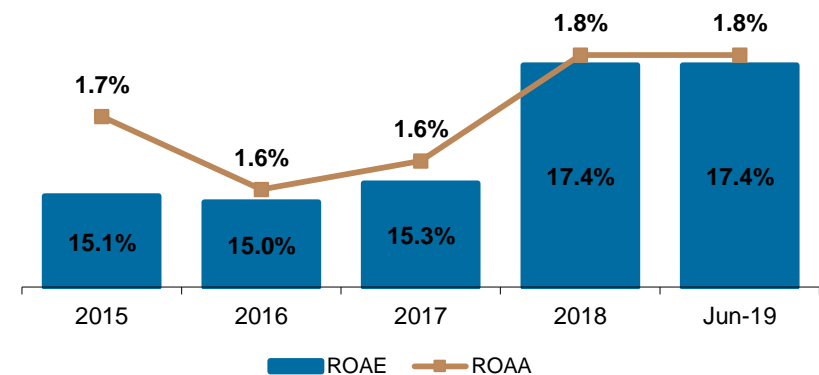
Net financing margin⁽²⁾



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

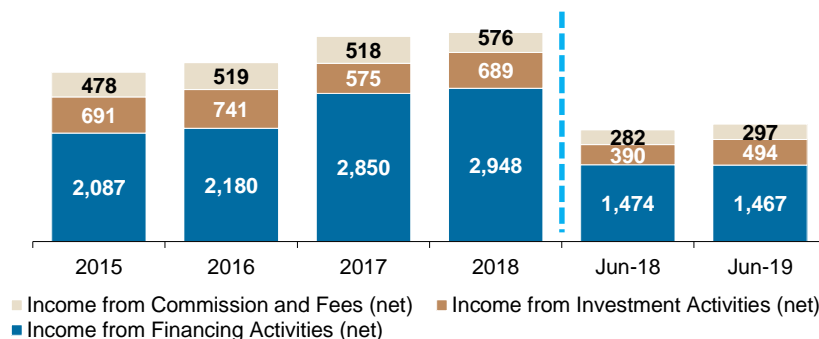
Stable and Diversified Earnings Profile

QIB has remained profitable even during the global financial crisis

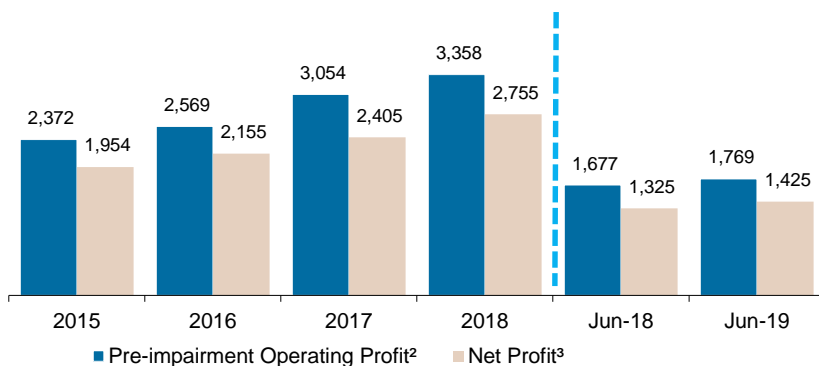
Summary

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

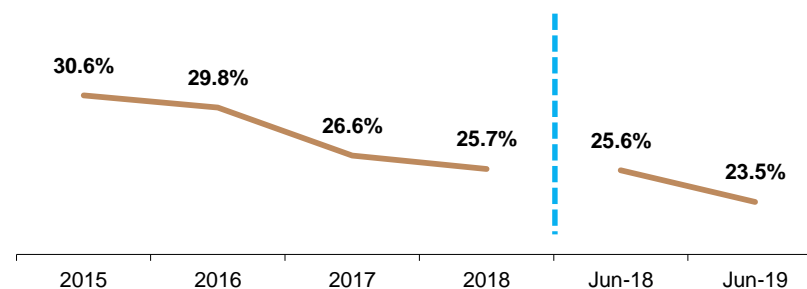
Revenue⁽¹⁾ Breakdown (QAR mn)



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



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Appendix

Consolidated Statement of Financial Position

QAR million	Jun-2019	Dec-2018	Dec-2017
Cash and balances with central banks	5,733	7,299	5,546
Due from banks	3,348	6,424	4,876
Financing assets	106,956	102,210	102,613
Investment Securities	32,726	31,473	30,402
Investment in associates	568	568	669
Investment properties	1,946	1,231	1,944
Assets of a subsidiary held for sale	-	-	246
Fixed assets	462	479	511
Intangible assets	396	386	411
Other assets	2,454	3,161	3,156
Total Assets	154,590	153,232	150,375
Due to banks	9,444	17,234	17,191
Customers' current accounts	15,959	15,421	16,600
Sukuk financing	11,854	9,189	7,057
Other Liabilities	4,807	5,472	3,432
Total Liabilities	42,064	47,316	44,280
Equity of unrestricted investment account holders	91,604	85,177	85,214
Share capital	2,363	2,363	2,363
Legal reserve	6,370	6,370	6,370
Risk reserve	2,319	2,319	2,264
General reserve	82	82	82
Fair value reserve	86	154	170
Foreign currency translation reserve	(322)	(348)	(137)
Other reserves	217	217	217
Share-based payment reserve	-	-	11
Retained earnings	4,508	4,263	3,949
Total equity attributable to shareholders of the bank	15,621	15,420	15,289
Sukuk eligible as additional capital	4,000	4,000	4,000
Non-controlling interests	1,301	1,319	1,591
Total equity	20,922	20,739	20,880
Total liabilities, equity of unrestricted investment account holders and equity	154,590	153,232	150,375

Consolidated Statement of Income

QAR million	Jun-2019	Jun-2018	Dec-2018	Dec-2017
Net income from financing activities	2,888	2,587.3	5,329	4,887
Net income from investing activities	494	390	689	575
Total income from financing and investing activities	3,382	2,977	6,018	5,462
Fee and commission income	379	359	732	658
Fee and commission expense	(82)	(77)	(156)	(141)
Net fee and commission income	297	282	576	518
Net foreign exchange gain	34	106	259	139
Share of results of associates	3	(9)	(1)	36
Other income	19	11	47	44
Total Income	3,735	3,368	6,900	6,199
Staff costs	(312)	(321)	(653)	(622)
Depreciation and amortization	(41)	(46)	(89)	(91)
Sukuk holders' share of profit	(180)	(113.0)	(255)	(218)
Other expenses	(192)	(210)	(419)	(392)
Total Expenses	(725)	(690)	(1,416)	(1,324)
Net impairment losses on investment securities and properties	(74)	(111)	(238)	(306)
Net impairment losses on financing assets	(298)	(266)	(505)	(475)
Other impairment losses	(23)	-	23	(5)
Net profit for the period before tax and URIA	2,616	2,300	4,764	4,090
Net return to unrestricted investment account holders	(1,241)	(1,000)	(2,125)	(1,819)
Profit from a subsidiary held for sale	-	0	-	(2)
Net profit before tax	1,375	1,300	2,638	2,269
Tax expense	1	(9)	2	(18)
Non-controlling interest	49	34	115	155
Profit Attributable to: Shareholder of the Bank	1,425	1,325	2,755	2,405

QIB Award Winning Organization

