

**QIIB**



**البنك الإسلامي  
القطري**



# Investor Presentation

- Q1 2020 -



- 1. QIIB Overview & Strategy**
- 2. Financial Performance**
- 3. Equity & Funding Overview**
- 4. Rating Overview**



## Section 1

### QIIB Overview & Strategy



## Introduction

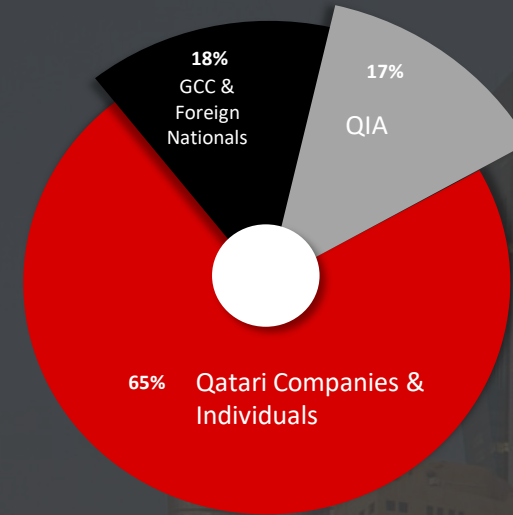
- ◆ (QIIB) Established in 1990 by an Amiri Decree, Qatar International Islamic Bank began operations on 1 January 1991.
- ◆ As at 31 March 2020 QIIB is the third largest Listed Islamic bank in Qatar by total assets and accounts for approximately 18.0% of Listed Qatar's Islamic banks' assets.
- ◆ As at 31 March 2020 , QIIB has the third largest market capitalization on the Qatar Exchange of all Listed Islamic banks in Qatar with a market capitalization of US\$ 3.02 Bn (at QAR 7.26 per share).
- ◆ The second largest Islamic banking network in Qatar with a network of 18 branches and 94ATMs.
- ◆ Continued organic growth in assets, deposits and net operating income over recent years.

## Financial Snapshot

US \$ mn	Dec - 16	Dec - 17	Dec - 18	Dec - 19	Mar -20
Total Assets	11,685	12,802	13,802	15,607	16,534
Total Financing (1)	7,479	8,925	7,687	10,164	10,566
Non – Performing Financing Ratio	1.7%	1.3%	2.0%	2.0%	2.0%
Customer Deposits	7,316	8,919	8,549	8,576	9,980
Net Profit	215.5	228.5	242.2	254.6	73.3
Capital Adequacy (B III)	19.5%	17.9%	16.4%	18.5%	18.4%
Market Capitalization	US\$ 3.02 Bn (as at 31 <sup>st</sup> March 2020)				

Ratings Fitch A: (Stable) Moody's A2: (Stable)

## Shareholder Structure



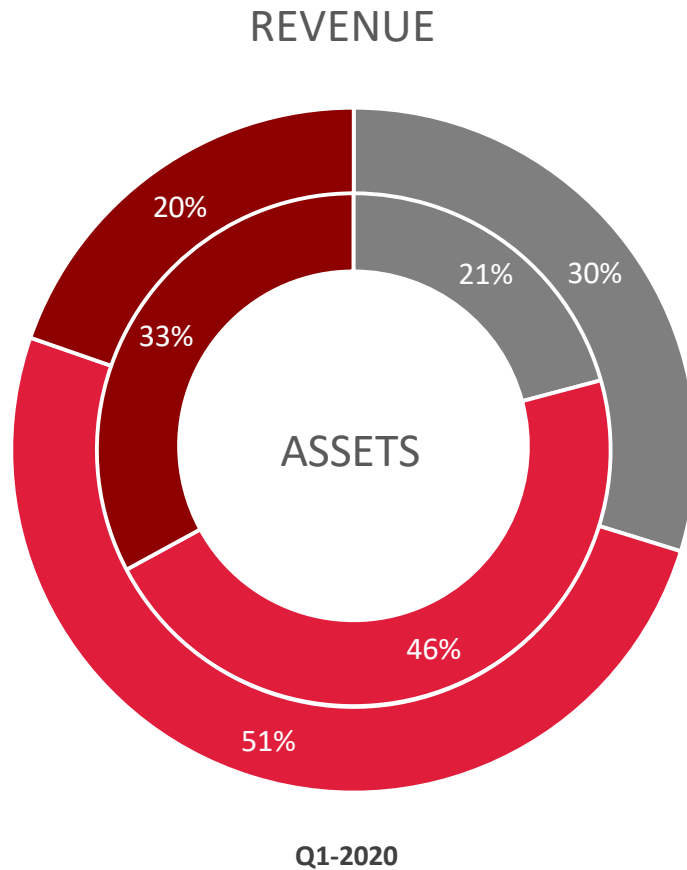
- The Qatar Investment Authority (QIA) is the largest shareholder (17%) of QIIB through its subsidiary, Qatar Holdings Company.
- Qatari Companies & Individuals own 65% of the bank's shares

## QIIB Business Segments





## Business Units Overview



### Treasury & Investments

- Equity participation, private equity, investment funds
- Sukuk investment book
- International finance and syndications
- Islamic Treasury products and services



### Personal Banking Financing

- Large personal banking franchise with 18 branches and 94 ATMs across Qatar
- Strong brand
- Client segmentation to provide client-focused services
- Maintain growth in distribution network
- Focus on sales and service quality



### Corporate Financing

- Major sectors served include Government, oil & gas, commercial and contracting
- Key partner of the public sector and continue to attract and maintain strong deposit base
- Key products include: Murabahah, Ijarah, Mudarabah, Istisna, foreign trade finance and commercial finance
- Developing Small-to-Medium Enterprise (SME) sector in partnership with Government



## Section 2

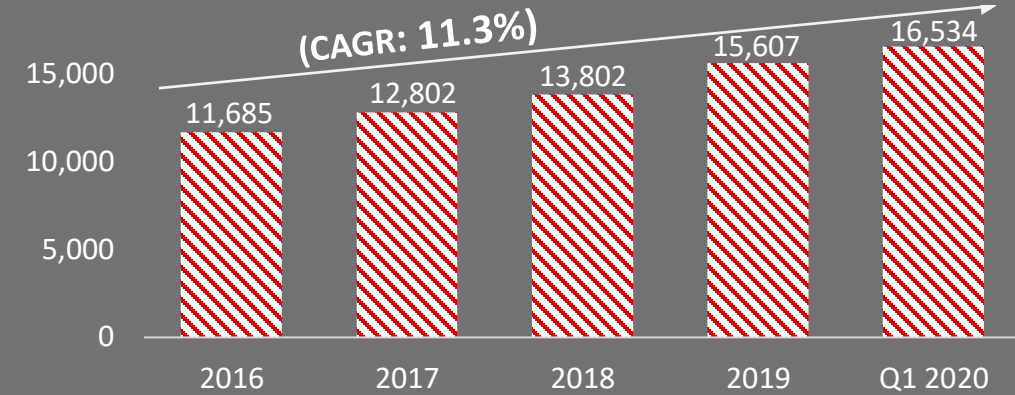
### Financial Performance



## Highlights

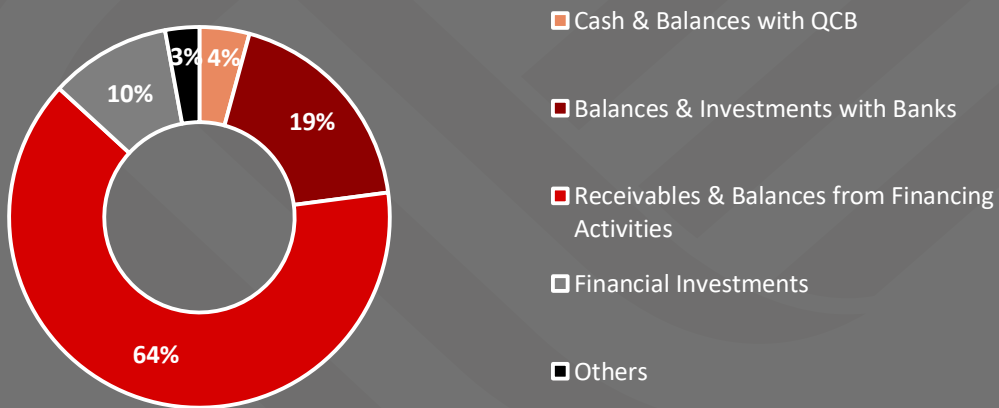
- ◆ QIIB's balance sheet sustained growth CAGR of 11.3% between FY 2016 – Q1 2020, notwithstanding slower economic environment.
- ◆ The growth has been driven by a strong increase in QIIB's Islamic Financing Facilities (IFFs) and Advances, and Financial investments.
- ◆ QIIB has a reasonably diversified financing book totaling US\$ 10.6 Bn as of 31 March 2020, representing 63.9% of the bank's total assets.

## QIIB'S strong asset growth (US\$ mn)



## Asset composition by type

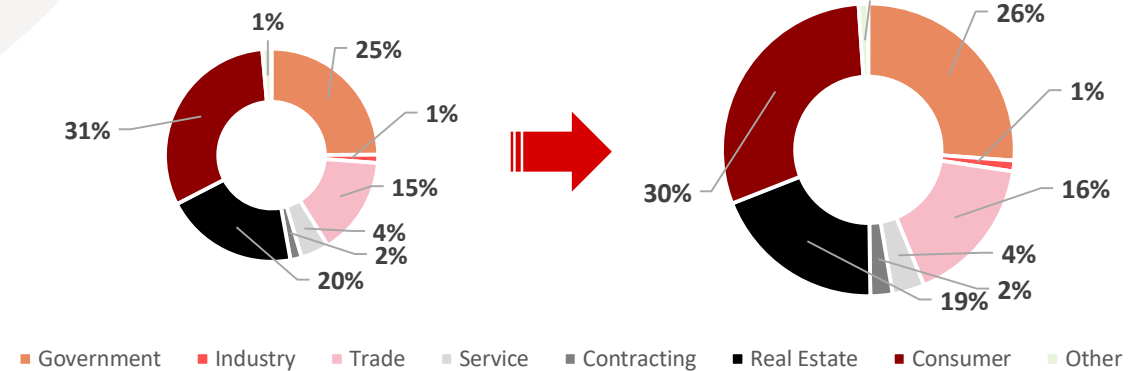
As at 31 March 2020



## QIIB financing book split

As at 31 December 2019

As at 31 March 2020



# Summary of Q1-2020 Performance



-  Sustained balance sheet growth
-  Stable asset quality
-  Stable deposit base
-  Improving total income
-  Healthy capitalization ratios
-  Strong liquidity levels

	31 December 2019	31 March 2020	% Change
<i>Total Assets (US\$ mn)</i>	15,607	16,534	↑ 5.9%
<i>Net Islamic Financing Facilities (US\$ mn)</i>	10,164	10,566	↑ 4.0%
<i>Non-Performing Islamic Financing Facilities (%)</i>	2.03%	1.98%	↓ -0.05%
<i>Liquid Assets (US\$ mn)</i>	4,964	5,489	↑ 10.6%
<i>Customers' Deposits (US\$ mn) <sup>1</sup></i>	8,576	9,980	↑ 16.4%

	31 March 2019	31 March 2020	% Change
<i>Total Income</i>	153.3	180.2	↑ 17.6%
<i>Net Profit</i>	73.1	73.3	↑ 0.4%

(1) Includes Customers' Current Accounts and Holders of Unrestricted Investment Accounts



## Asset quality highlights

- ◆ Non-performing financing ratio decreased to 1.98% as at 31 March 2020, compared to December 2019.
- ◆ Bank's non-performing ratio remains within the industry average.
- ◆ Strong asset quality is a reflection of QIIB's prudent risk appetite, and therefore, prudent risk oversight of assets before bringing them on to its financing book.
- ◆ In addition, QIIB's strong asset quality is further reinforced by the availability of collateral that the bank receives on its financings.



## Asset quality ratios

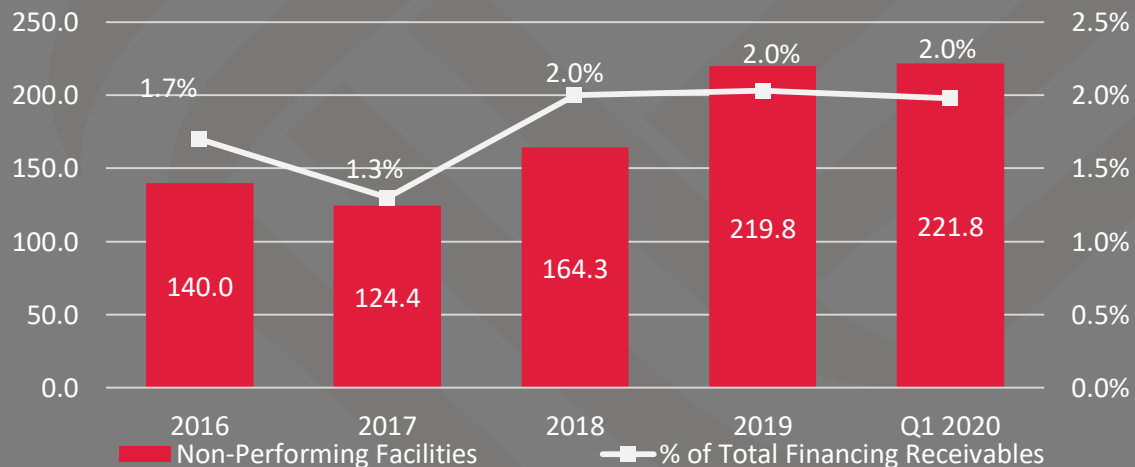
	2016	2017	2018	2019	Q1-2020
<i>Non-performing financing ratio<sup>(1)</sup></i>	1.7%	1.3%	2.0%	2.0%	2.0%
<i>Non-performing coverage ratio<sup>(2)</sup></i>	77.5%	63.1%	96.6%	88.6%	95.8%

(1) Non performing facilities as at period end divided by gross financing and receivables as at period end

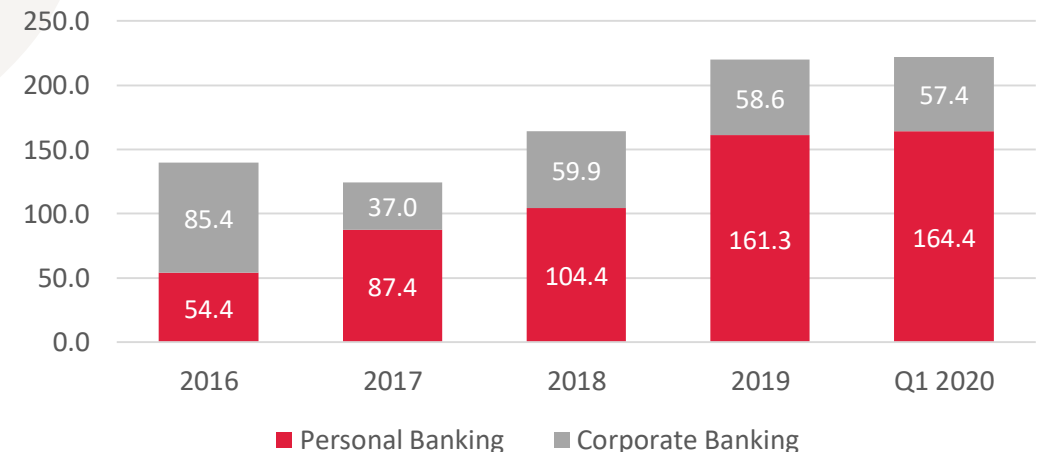
(2) Specific provision & suspended interest, as at period end divided by non performing facilities as at period end



## Non-performing receivables (US\$ mn)



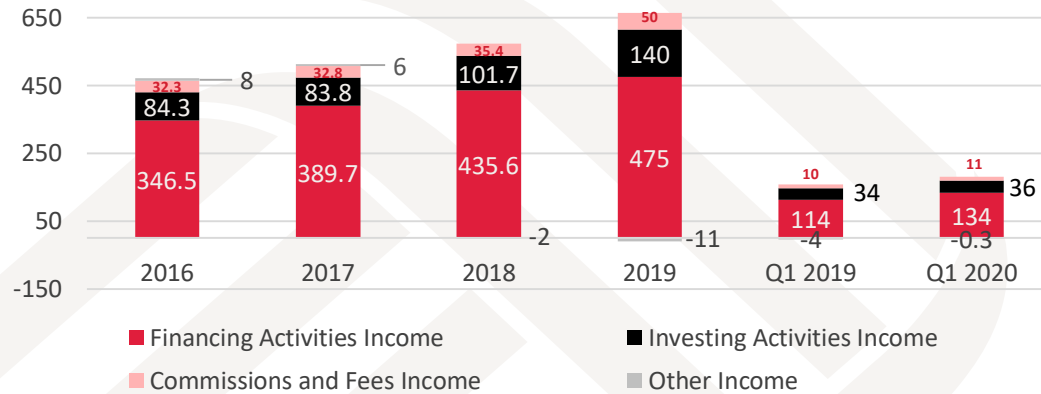
## Breakdown of IFFs, NPL by segment (US\$ mn)



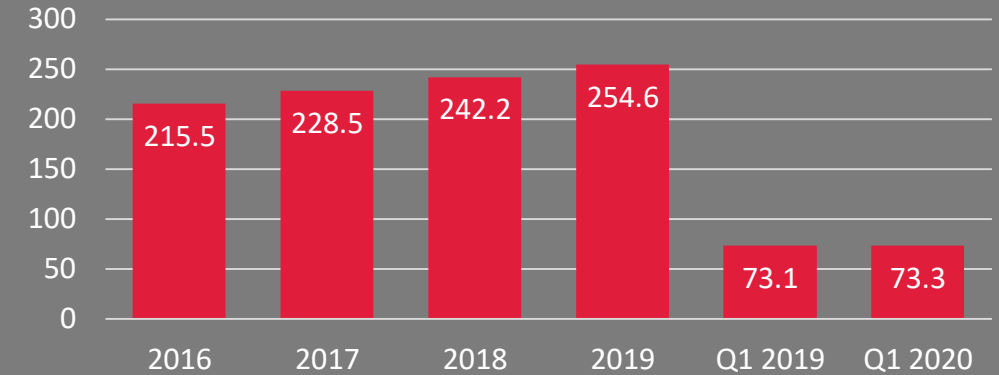
# Continued Profitability & Operating Efficiency



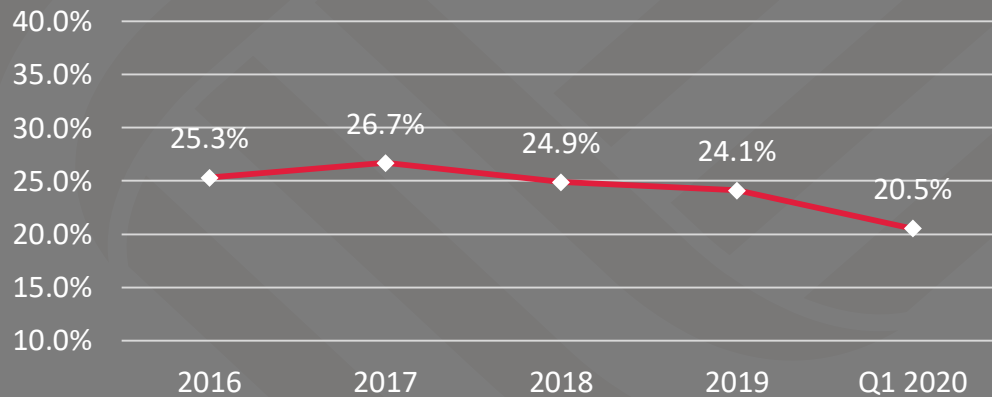
## Operating income breakdown (US\$ mn)



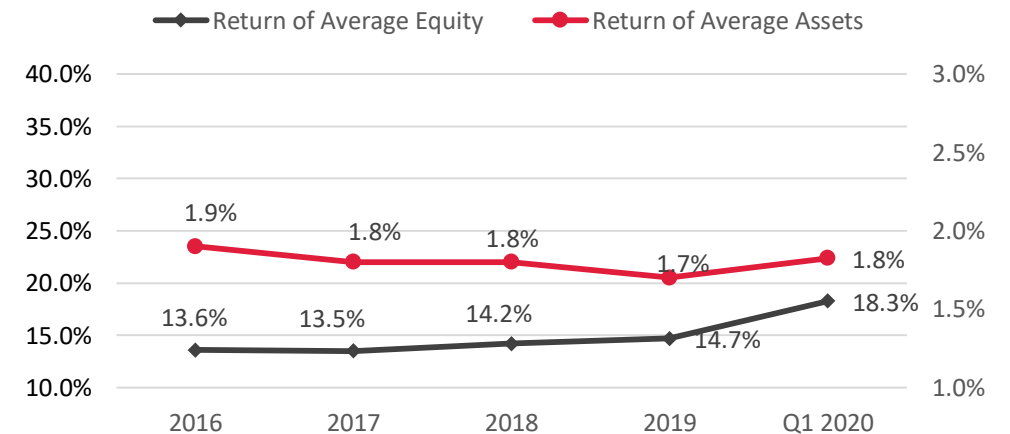
## Sustained profitability (US\$ mn)



## Sustained efficiency ratio (Cost to Income Ratio %)



## Return on average equity and assets (%)



# Balance Sheet Highlights



QAR '000	2016	2017	2018	2019	Q1 2020
Total Assets	42,550,960	46,618,980	50,259,955	56,831,439	<b>60,208,548</b>
Financing Portfolio	27,233,326	32,500,027	27,991,116	37,010,528	<b>38,475,460</b>
Investing Portfolio	11,146,077	9,453,810	17,767,789	15,806,455	<b>17,433,783</b>
Other Investments	767,134	791,505	1,269,784	1,190,489	<b>1,209,686</b>
Customer Deposits	26,539,096	32,478,648	31,129,927	31,228,545	<b>36,341,114</b>
Equity	6,677,030	6,816,565	6,830,087	8,160,159	<b>7,701,357</b>
Cash Dividends	40.00%	40.00%	40.00%	42.50%	<b>N.A</b>
<b>Year on Year Growth</b>					
Total Assets	5.0%	9.6%	7.8%	13.1%	<b>5.9%</b>
Financing Portfolio	9.0%	19.3%	-13.9%	32.2%	<b>4.0%</b>
Investing Portfolio	-4.4%	-15.2%	87.9%	-11.0%	<b>10.3%</b>
Other Investments	-2.1%	3.2%	60.4%	-6.2%	<b>1.6%</b>
Customer Deposits	-0.2%	22.4%	-4.2%	0.3%	<b>16.4%</b>
Equity	20.8%	2.1%	0.2%	19.5%	<b>-5.6%</b>



## Commentary

- ◆ Sustained asset growth of 5.0%, 9.6%, 7.8%, 13.1% and 5.9% from FY2016 to Q12020 respectively.
- ◆ Strong balance sheet backed by quality credits; adequate provisioning
- ◆ Sustained deposit growth through customer loyalty
- ◆ Government commitment to continue development for World Cup 2022 and Qatar National Vision 2030

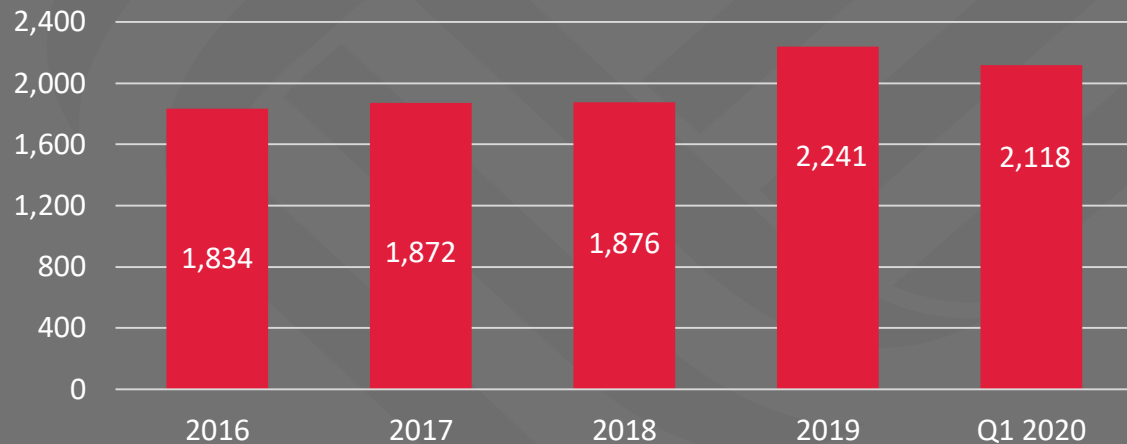
# Robust Capitalization Base



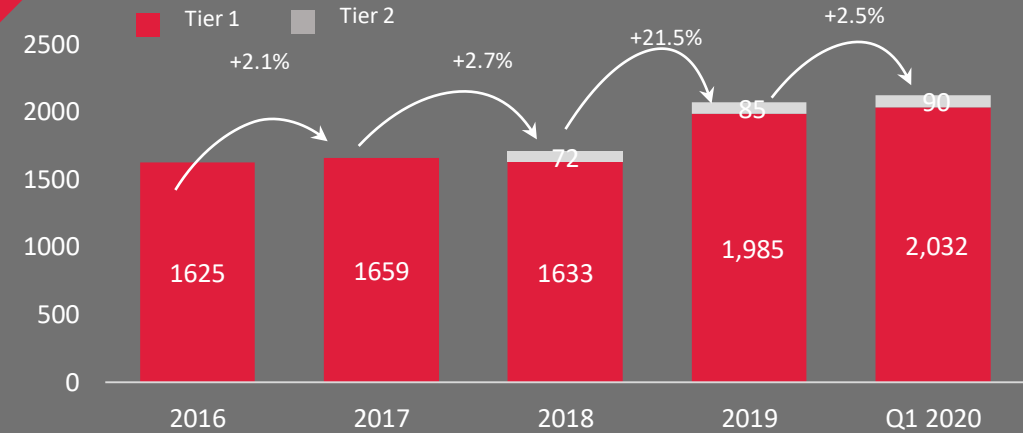
## Highlights

- ◆ QCB has implemented the Basel III framework (capital adequacy, liquidity ratios, leverage and domestic systemically important banks (DSIB) capital guidance) since 2014, and in 2015, requires only BIII basis for regulatory reporting. The counter-cyclical buffer framework implemented in 2016, but QCB has not announced any buffer ratio yet.
- ◆ Basel II, Pillar 2 (ICAAP) requirements were effective from 1 January 2014 with all ICAAP and BIII requirements subject to regular (external) audit. Guidelines were refined and updated in March 2016. To date, no audit qualification has been raised on QIIB's submissions.
- ◆ QCB's Basel III CAR is 10% plus a 2.5% capital buffer and minimum 1% ICAAP starting from year 2016, with additional DSIB capital between 0.5% to 3.5%. For QIIB, no additional capital is required under the DSIB model. As at 31 March 2020, total CAR stood at 18.4%, including the additional Tier 1 issuance (QAR 1 billion & USD 300 million) concluded in August 2016 & November 2019.

## Equity (US\$ mn)



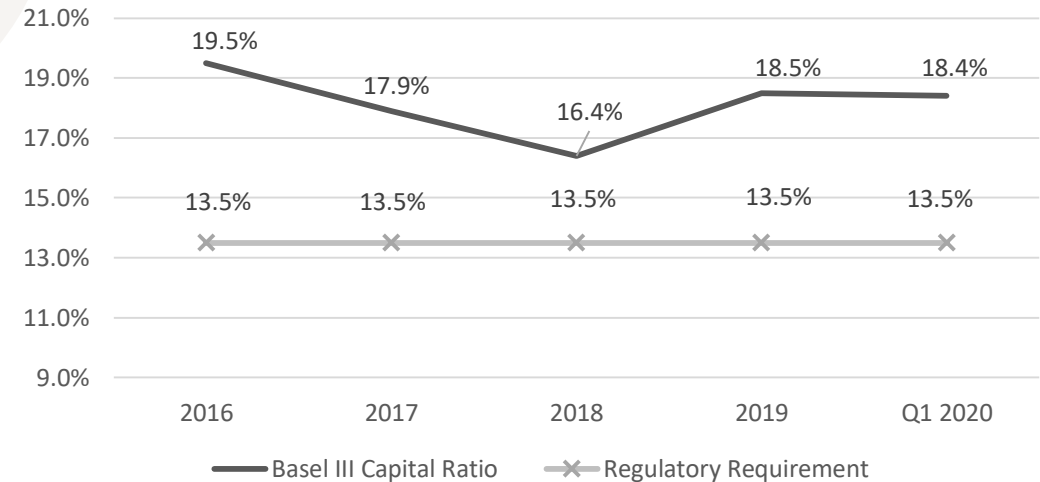
## Capital Structure (US\$ mn)



\*Percentage change is calculated on total equity.

\*The box ratio is not proportional to the data.

## Capital adequacy ratios (%)





## Section 3

### Funding Overview

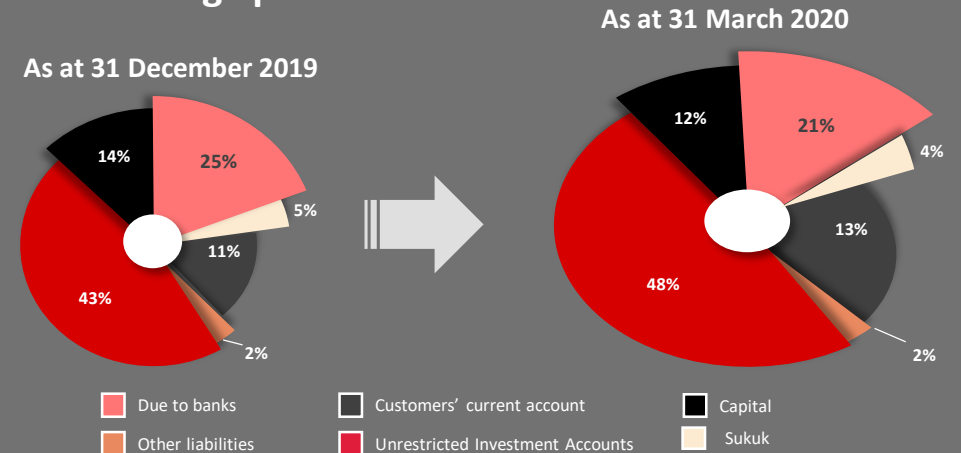
# Funding Overview



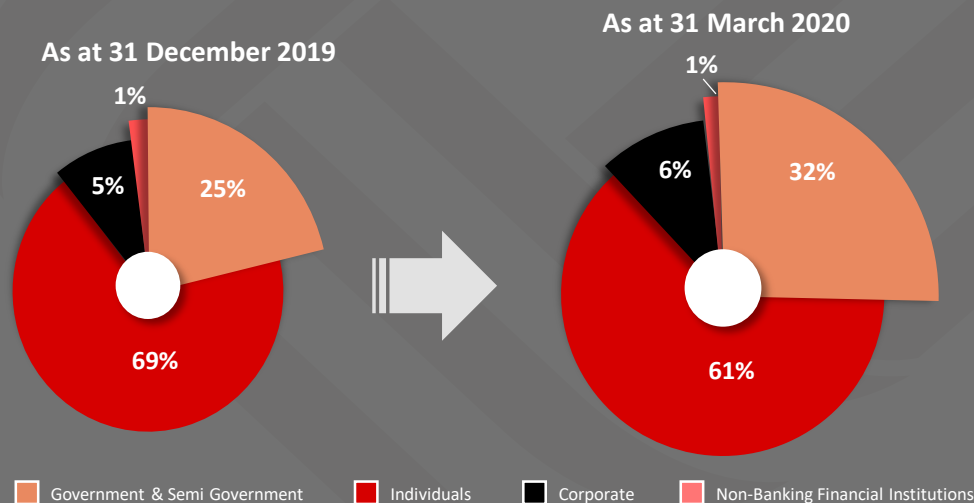
## Highlights

- ◆ QIIB's funding is predominantly driven by customer deposits and unrestricted investment accounts (URIA) and is backed by the bank's own capital.
- ◆ QIIB has leveraged its expanding branch network and corporate relationships to steadily grow its deposits base – to be supported further with Corporate e-Banking services.
- ◆ QIIB is increasingly becoming a preferred banking partner for individuals as well as corporations and financial institutions looking for Sharia-compliant solutions.
- ◆ In the process of establishing an investor relations function to broaden investor base, develop investor relationships.

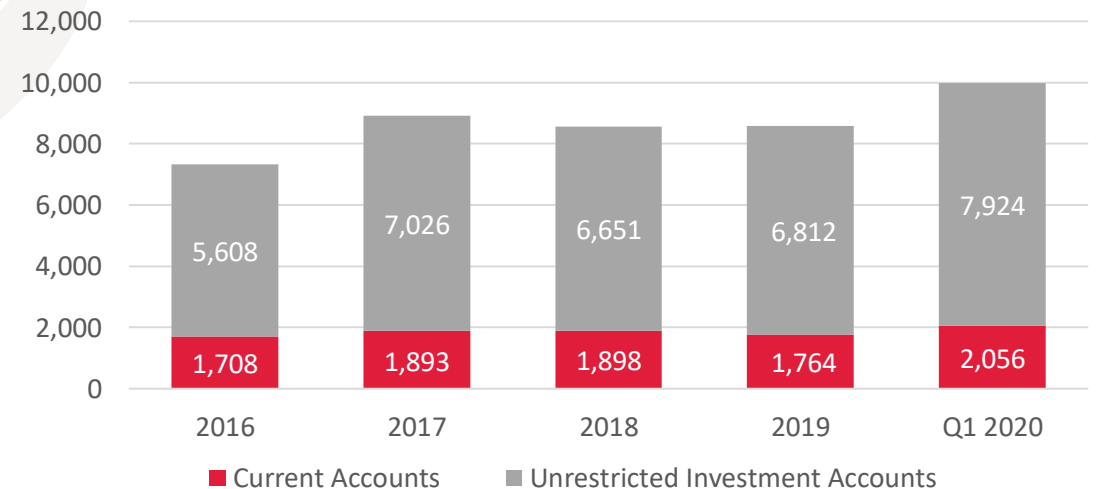
## QIIB's Funding Split



## URIA breakdown by Sector



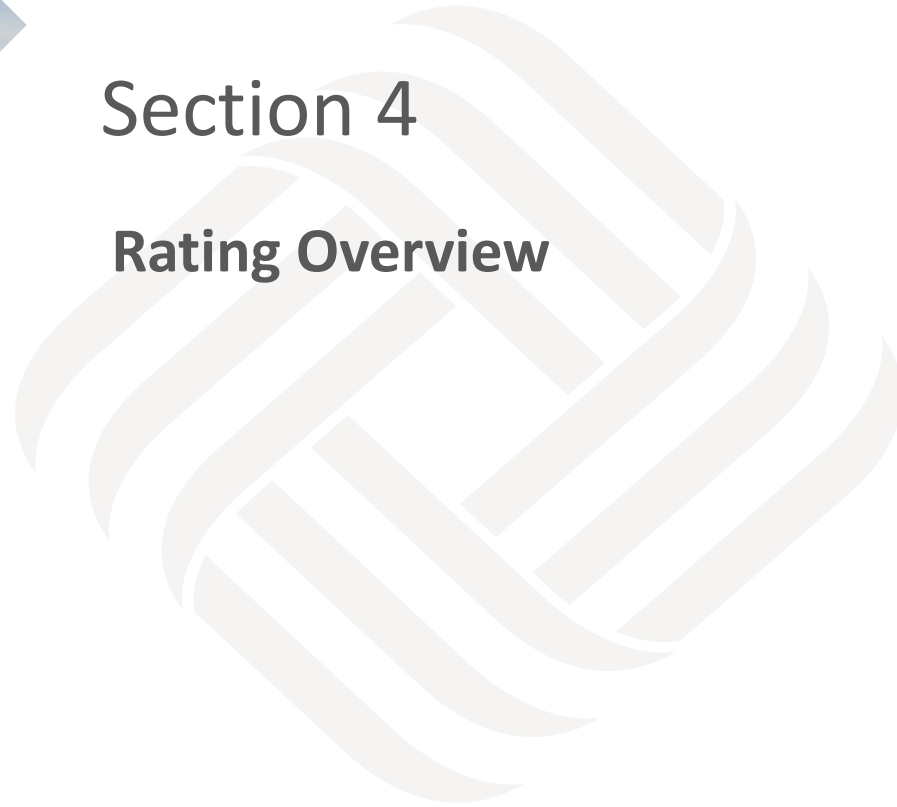
## Growth in total customer deposits (US\$ mn)





## Section 4

### Rating Overview





## Fitch Ratings

<i>Longer-term IDR</i>	<i>Short-term IDR</i>	<i>Viability Rating</i>	<i>Outlook</i>	<i>Date</i>
A	FI	bb+	Stable	October 2019

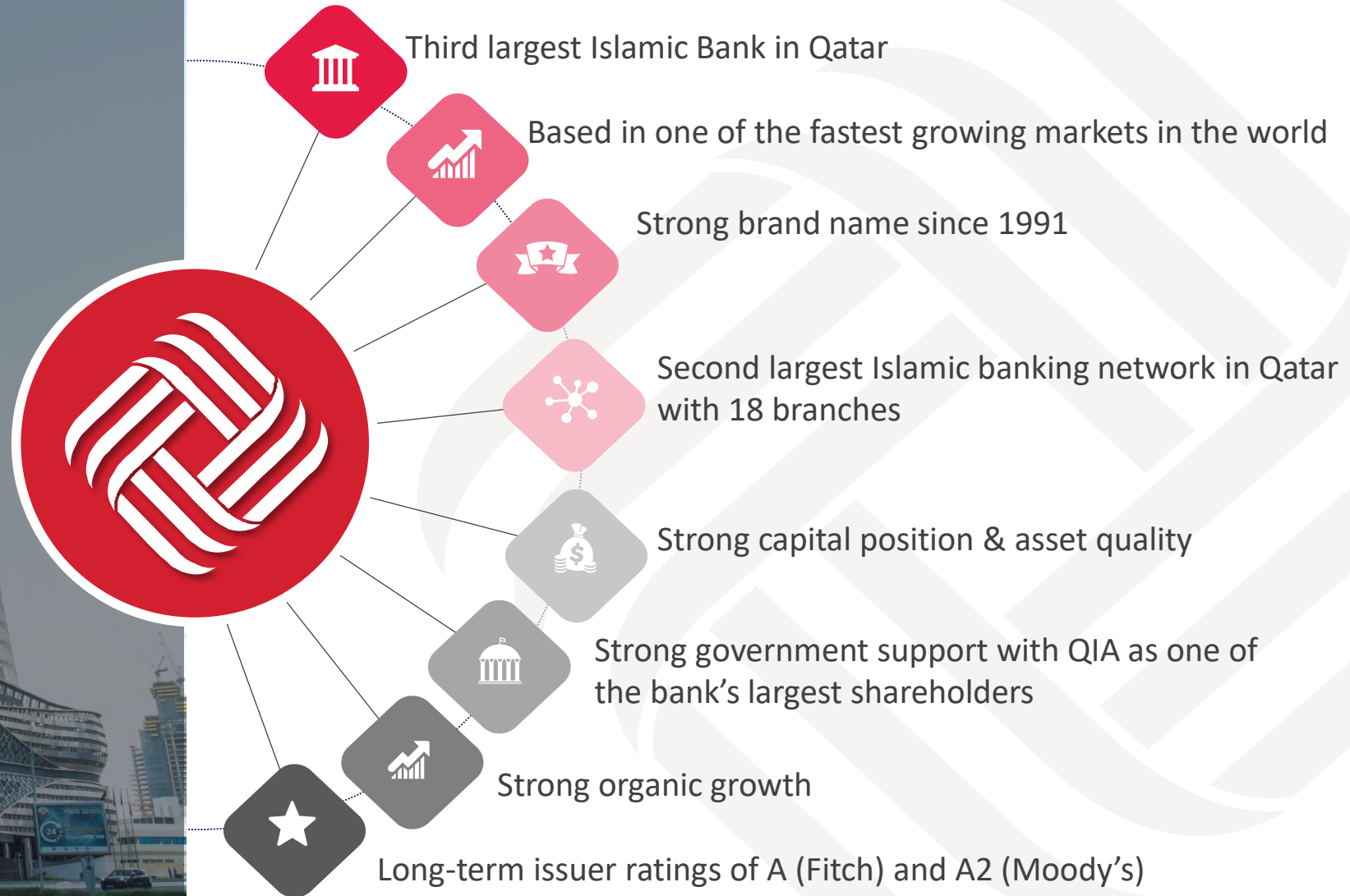
## Moody's

<i>Issuer Rating</i>	<i>ST Issuer Rating</i>	<i>Baseline credit assessment</i>	<i>Outlook</i>	<i>Date</i>
A2	P-I	baa3	Stable	June 2019

## Capital Intelligence

<i>Long Term Rating</i>	<i>Short Term Rating</i>	<i>Standalone Rating (BSR)</i>	<i>Outlook</i>	<i>Date</i>
A	A1	bbb+	Stable	April 2020

# Key Investment Highlights





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