

البنك الأهلي
ahlibank



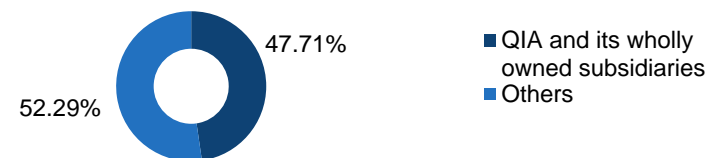
Investor Presentation Q3 2022

Overview

Overview

- Founded in 1983 and listed on the Qatar Stock Exchange,
 - Market cap of QAR 10.26 bln (as of 30 Sep 2022)
 - Has a network of 14 branches and 86 ATMs throughout Qatar
 - Best regulated banking sector in the Middle East through the QCB, according to the World Bank
- Offers its wholesale and retail banking services with a focus on the Qatari market:
 - Qatar has been a steady and growing economy over the past decade
 - The bank is operating under IFRS 9 and Basel III frameworks
- Long term IDR of “A-” by Fitch and A2/Prime I by Moody’s deposit rating
- Efficiently run bank with a cost income ratio at 23.3%
- Effective risk management and high quality loan book as proven by low non-performing assets
 - NPL ratio stood at 2.54% and conservatively provisioned (coverage of 187% including ECL provisions as of Sep 2022)
- Good capital position with Basel III Capital Adequacy Ratio (CAR) of 20.3% as of Sep 2022
- ABQ has access to a number of funding sources, with the diversification of funding and proportion of medium and long-term debt in the funding portfolio increasing in recent years – stable medium / long term debt accounts for 16.9% as of Sep 2022

Shareholding Structure



- 52.29% of shareholders are Qatari firms and individuals
- QIA and its wholly owned subsidiaries directly own the remaining 47.71% of the shares
- No other shareholder owns more than 5% of the bank’s shares
- “ABQ’s A2 deposit rating reflects our assessment of a very high likelihood of government support in case of need. Ahli Bank’s BCA rating reflects the bank’s (1) sound capital and adequate liquidity buffers, (2) strong profitability,” Moody’s, July, 2022

Key Indicators	2020		2021		Sep 2021		Sep 2022	
	QAR mln	US\$ mln	QAR mln	US\$ mln	QAR mln	US\$ mln	QAR mln	US\$ mln
Total Assets	47,555	13,065	48,093	13,212	48,586	13,348	48,710	13,382
Total Net Loans	33,513	9,207	33,570	9,223	35,682	9,803	34,068	9,359
Total Customer Deposits	26,941	7,401	27,925	7,672	28,578	7,851	27,485	7,551
Total Equity	6,275	1,724	7,685	2,111	7,534	2,070	7,786	2,139
CAR (Basel III)	17.7%		20.6%		20.4%		20.3%	
C / I Ratio	25.6%		25.0%		25.0%		23.3%	
RoAE	11.3%		11.3%		11.2%		11.6%	

ABQ Has Been at the Heart of the Community for Over 35 Years

1983	<ul style="list-style-type: none"> Incorporated as Al-Ahli Bank of Qatar part of CitiBank operations
1987	<ul style="list-style-type: none"> ABQ began to operate as a standalone entity
2004	<ul style="list-style-type: none"> Ahli United Bank (AUB) acquires a 40% stake through issue of new shares with a ten year renewable management agreement
2008	<ul style="list-style-type: none"> QIA announces 20% equity infusion in Qatar's listed banks based on December 2008 share capital. As a result, ABQ received QAR 642 mln support during 2010 and 2011
2011	<ul style="list-style-type: none"> Ahli Brokerage Co is launched as a fully owned Licensed Brokerage House on the Qatar Exchange
2012	<ul style="list-style-type: none"> 20% rights issue to Qatari Shareholders raising capital of QAR 448 mln
2013	<ul style="list-style-type: none"> Qatar Foundation for Education, Science and Community Development (Qatar Foundation) acquires a 29.41% stake in ABQ from AUB New Strategic Plan approved by the Board New Organization Structure in place to focus on business banking and strengthen corporate governance
2014	<ul style="list-style-type: none"> New brand reflecting the identity of the bank: "at the heart of the community" Debut Syndicated Facility of US\$ 200 mln, 3-year loan
2015	<ul style="list-style-type: none"> Redesign of 6 branches, enhancing customer experience Strengthened stable funding profile through additional medium term loans – US\$ 200 mln
2016	<ul style="list-style-type: none"> Awarded debut Moody's Rating - A2/Prime-1 deposit ratings ABQ raises additional funds through the issuance of US\$ 500 mln 3.625% notes due 2021 ABQ successfully closes a 3 year US\$195 mln Club Term Loan Facility
2017	<ul style="list-style-type: none"> ABQ second EMTN bond issue of US\$ 500 mln to the international debt capital market Increased 3-year committed bank funding to US\$ 250 mln and extended maturity up to 2020 Qatar Foundation transferred its 29.41% stake in ABQ to Qatar Investment Authority, which increased QIA⁽¹⁾'s stake in the bank to 47.7% Ahlibank launches Bancassurance in partnership with QGIRCO (Qatar General Insurance and Re-Insurance Company)
2018	<ul style="list-style-type: none"> Increased and extended the tenor of US\$ 200 mln of committed stable funding
2019	<ul style="list-style-type: none"> ABQ issued third tranche of EMTN bond for US\$ 500 mln to the international debt capital market New stable funding of US\$50 mln raised and extension of US\$250 mln committed bilateral facility till June 2022
2020	<ul style="list-style-type: none"> ABQ issued fourth tranche of EMTN bond for US\$ 500 mln to the international debt capital market in September 2020 Committed bilateral facilities of US\$ 50 mln and US\$ 250 mln were extended until July 2022 and November 2023, respectively. ABQ successfully launched a redesigned online and mobile banking platform with an easy user interface to enhance the digital banking experience of its customers.
2021	<ul style="list-style-type: none"> Successfully placed \$300 mln of AT1 bonds in February 2021 Repaid first tranche of EMTN US\$ 500 Mln in April 2021 Repaid US \$ 140 mln Asian Club Loan ABQ issued fifth tranche of EMTN Bond for US\$ 500 mln to the International Capital Market in July 2021
2022	<ul style="list-style-type: none"> Repaid second tranche of EMTN US\$ 500 Mln in February 2022 Increased committed bilateral facility to US \$ 400 Mln and extended tenor to April 2026

Source: Company data. 1. QIA and its wholly owned subsidiaries.

“At the heart of the community” – Corporate Social Responsibility

Our brand identity is a modern interpretation of a potent symbol from Qatar’s past, the oyster shell. The shell protects and nurtures its treasure, growing it over time, just as we seek to grow and protect our customers’ assets.

We ask, we listen, and we act on what we learn. We respond by producing products that genuinely meet the needs of our community. We are who we are because of our community. And that’s why we go further for our customers and our stakeholders.

Inspired



البنك الأهلي
ahlibank



Considered

We will always stay actively involved with our community. We aim to be a sensitive bank: knowledgeable, experienced, and insightful. We offer what our customers tell us they need most: reliable and effective products and advice they can trust.



Engaged

We are always straightforward, approachable, and responsive. We are an active part of the community. We never forget that our customers are also our neighbours.



Corporate Social Responsibility



International Federation of Red Cross and Red Crescent Societies



The Qatar Society for Rehabilitation of Special Needs



Ahli Bank of Qatar – Strategy

Concept : “ Fortress Balance Sheet” Strategy

Introduced by JP Morgan Chase just prior to global financial crisis in 2007-08

Key objectives: Carry liquidity and capital that exceeds regulatory requirements and competitors

Each line of business have enough capital to qualify for an ‘A’ credit rating

Quality of their capital base; Use more common equity rather than preferred stock

Use conservative accounting within the rules for example , JPMC sought when possible to defer recognizing revenues until they were realized.

It was estimated that “ fortress balance sheet “ approach cost JPMC five percentage points on its ROE when compared to the strategies adopted by competitors,

Reducing the absolute amount of “contingent calls” , as they were paid very little for the option they were providing

JPMC’S Management sought to increase the price it charged to customers for the use of its balance sheet that it provided to its clients.

Four Basic 'Liquidity' Components of Fortress Balance Sheet Strategy

1

Large amounts of Capital

2

Term financing (to match assets with liabilities)

3

Stress testing to understand where improbable but very large losses could appear

4

Liquidity reserves for assets that became illiquid

Fortress Balance Sheet Strategy- Summary

Targets as per Strategy

Capital Adequacy	Liquidity	Asset Quality	Others
<ul style="list-style-type: none"> Maintain CAR at a range of 15% to 17.5% 	<ul style="list-style-type: none"> Comply with Basel III ratios like NSFR Improve the maturity mismatch between assets and liabilities Target Long term liability at around 17% to 20% of total liability Reduce Concentration of deposits Improve CASA Ratio 	<ul style="list-style-type: none"> NPL Ratio target of 1% to 1.5% NPL coverage of around 125% 	<ul style="list-style-type: none"> Cost to income target of 29%-32% ROAE target of > 12.5% ROA target of > 1.5% Leverage the capital from around 7.9 to around 10

Five-year Strategic Plan (2019-2023)

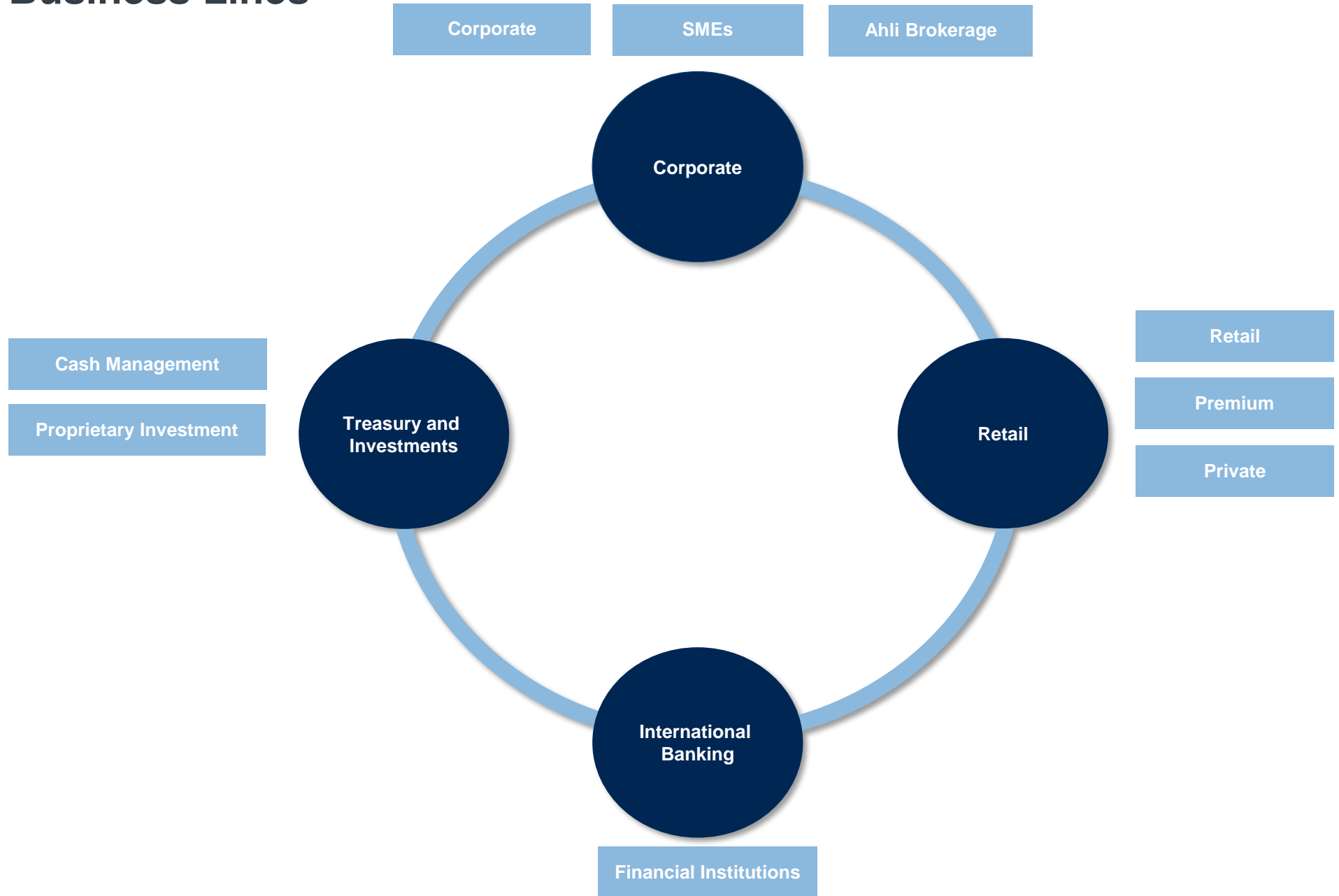
Corporate

- Position the corporate banking division to be among the top three Qatari banks in terms of portfolio quality and a relationship-oriented business model
- Risk diversification by expanding the client base across industries and sectors
- Pursue an active digitisation strategy by investing in automation tools and adopting the latest technologies

Retail

- Product innovation to meet the changing needs of the bank's targeted customer demographic
 - Improve customer experience through launching the first, innovative contactless Visa Debit and Credit cards
 - Planned future products include contactless ATMs, VIP credit cards, more bancassurance products, and a pre-paid, multi-currency and virtual card program
- Distribution network and digitalisation - revamp and enhance distribution channels, with a particular focus on the integration of modern technologies to enhance customer experience, maximise efficiency, revenue and reduce cost base

Business Lines



Executive Summary – Q3 2022

- 1) Steady Performance for the Nine Months ended September 2022 with YoY net profit growth of 8.1%;
- 2) Capital Adequacy Ratio of 20.3%
- 3) Tranche II of EMTN of USD 500mln was repaid in February 2022
- 4) NPL Ratio stood at 2.54% (2021 : 2.17%) with an improved coverage of 187% (2021 : 168%)
- 5) Loans and Advances ; Support to industry
 - 1) QCB mandated New loans provided to corporate customers @1.5% ; Current exposure ~QR 269 million
 - 2) QDB guaranteed loan for SME's disbursed ; Current exposure ~QR 64 mln;
- 6) Funding
REPO facility for QR 501 million availed from QCB @ ZERO interest to fund the above loans ;
- 7) Regulatory developments
 - a) Loans to deposit ratio – Maximum 100% ; **Debt securities (EMTN) added in denominator and weighted as per residual maturity**
 - b) QCB Mandatory Reserve requirement on Customer Deposits a) Resident deposits – 4.50%(same)
Non resident deposits (i) 9% for less than 1 year maturity, (ii) 7% for 1 to 2 years, (iii) 4.50% for >2 years
- 8) Appointed a global advisory firm to assist in developing a comprehensive ESG Strategy.

Key Highlights

QAR Million

	September 2022	September 2021	Growth
Net Interest Income	892	827	8.0% ↑
Operating Income	1,088	1,030	5.6% ↑
Net Profit	567	525	8.1% ↑
	September 2022	December 2021	Growth
Total Assets	48,710	48,093	1.3% ↑
Loans & Advances	34,068	33,570	1.5% ↑
Customer Deposits	27,485	27,925	-1.6% ↓
EMTN	5,447	7,315	-25.5% ↓
AT1	1,092	1,092	0.0%
Shareholders Equity	6,694	6,593	1.5% ↑
NPL	902	1,298	-30.5% ↓
Total Provisions	1,686	1,388	21.5% ↑
NPL Coverage	187%	107%	80.0% ↑
NPL Ratio	2.54%	3.74%	-1.20% ↓

P&L-YTD Sept 2022

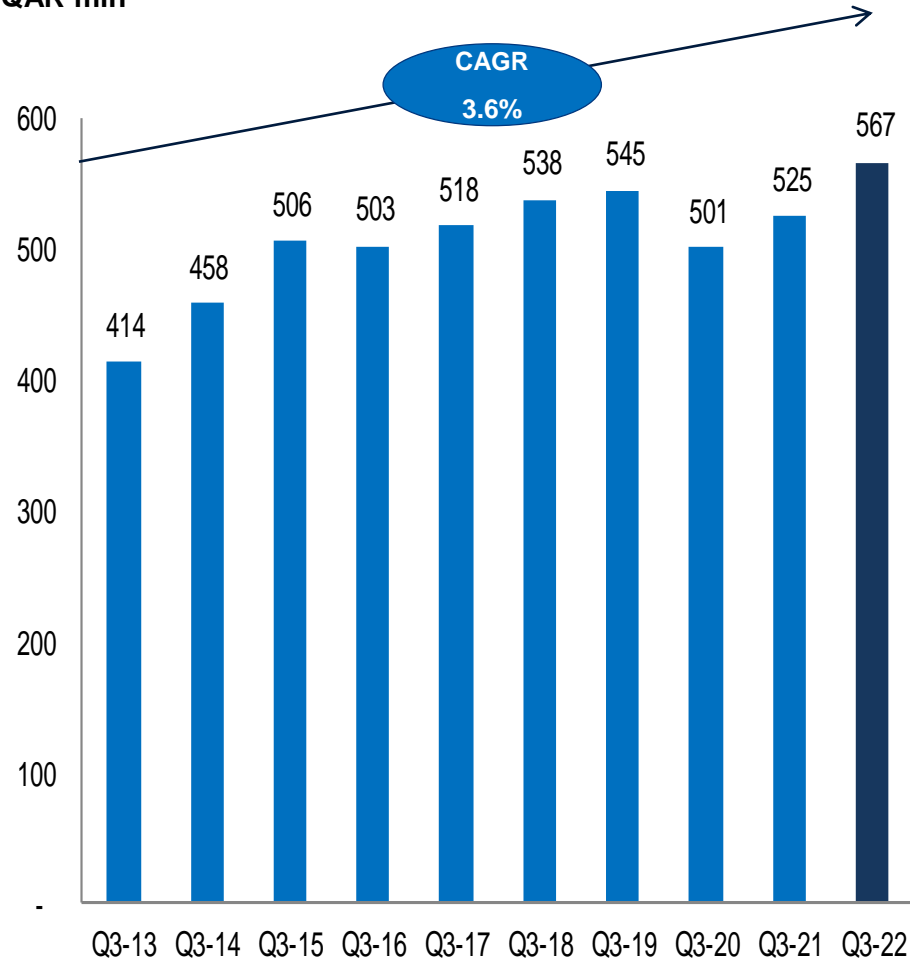
QAR '000	Actuals		YOY Variance
	Sep-22	Sep-21	Fav/(Adv)
Interest income	1,399,418	1,303,468	7.4%
Interest expense	507,069	476,838	-6.3%
Net interest income	892,349	826,631	8.0%
Fees and other income	177,815	172,466	3.1%
Income on Investment securities	17,881	31,300	-42.9%
Total operating income	1,088,045	1,030,396	5.6%
Staff Expenses	133,758	139,731	4.3%
Other expenses and Depreciation	120,041	118,265	-1.5%
Total operating expenses	253,799	257,996	1.6%
Net operating income before provisions	834,245	772,401	8.0%
Provisions for loan losses- ECL/Specific	307,214	273,215	-12.4%
Recoveries of provisions	(39,869)	(25,352)	57.3%
Net Provisions	267,344	247,863	-7.9%
Net Profit	566,901	524,538	8.1%

Balance Sheet – 30 Sept 2022

QR 'Mln	Sep-22	Dec-21	Variance	
			Amount	%
Cash and Balances with central bank (includes Statutory reserve: QR 1.20 bln)	2,922	2,443	479	20%
Due from Banks	2,685	3,001	(316)	-11%
Loans and Advances	34,068	33,570	498	1%
SOQ	200	526	(326)	-62%
Special Loans @1.5%	269	2,231	(1,962)	-88%
Other Loans (including interest receivable)	33,599	30,813	2,786	9%
Investments	8,406	8,613	(208)	-2%
Others	629	466	163	35%
Total assets	48,710	48,093	616	1%
0% QCB Support	501	2,300	(1,799)	-78%
Customer Deposits	27,485	27,925	(440)	-2%
Medium Term Funding	1,458	1,093	365	33%
EMTN	5,447	7,315	(1,868)	-26%
Due to Banks	5,310	949	4,361	460%
Others	722	826	-104	-13%
Total Liabilities	40,923	40,408	515	1%
Shareholder's Equity	6,694	6,593	101	2%
AT-1	1,092	1,092	-	0%
Total Liabilities & Equity	48,710	48,093	616	1%

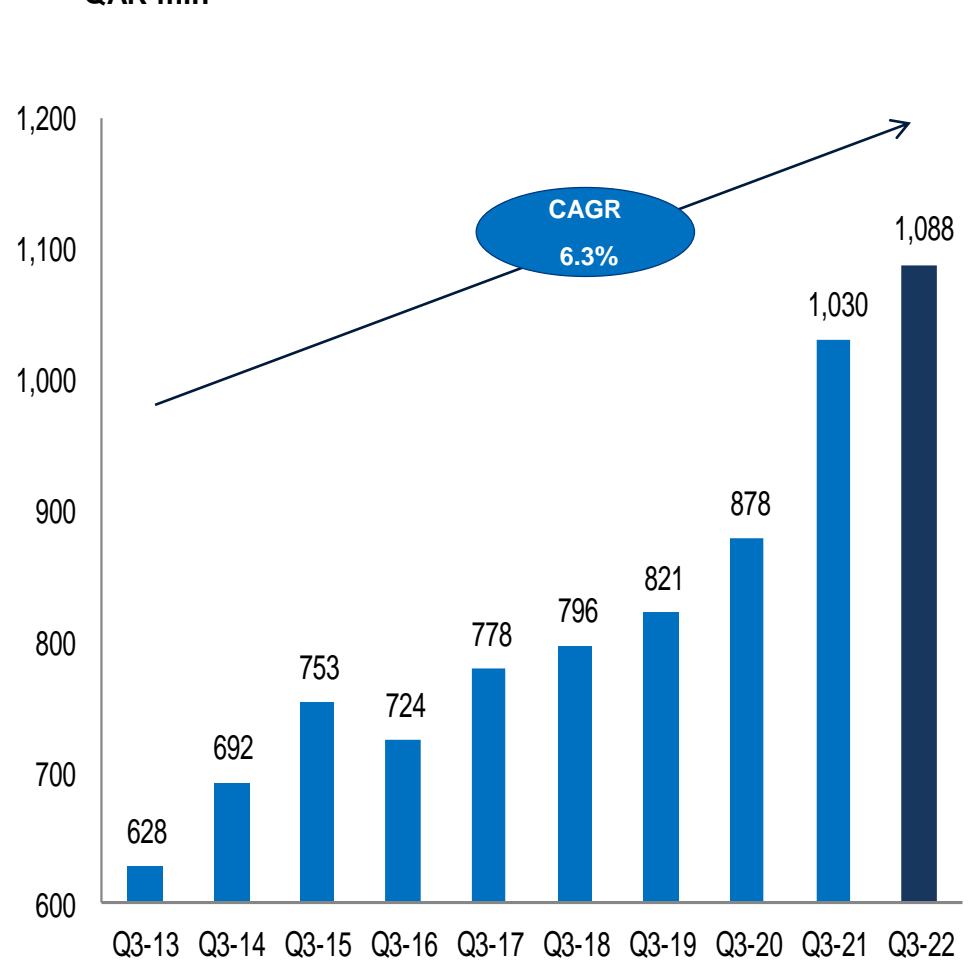
Steady Operating Income

QAR mln



Net Profit

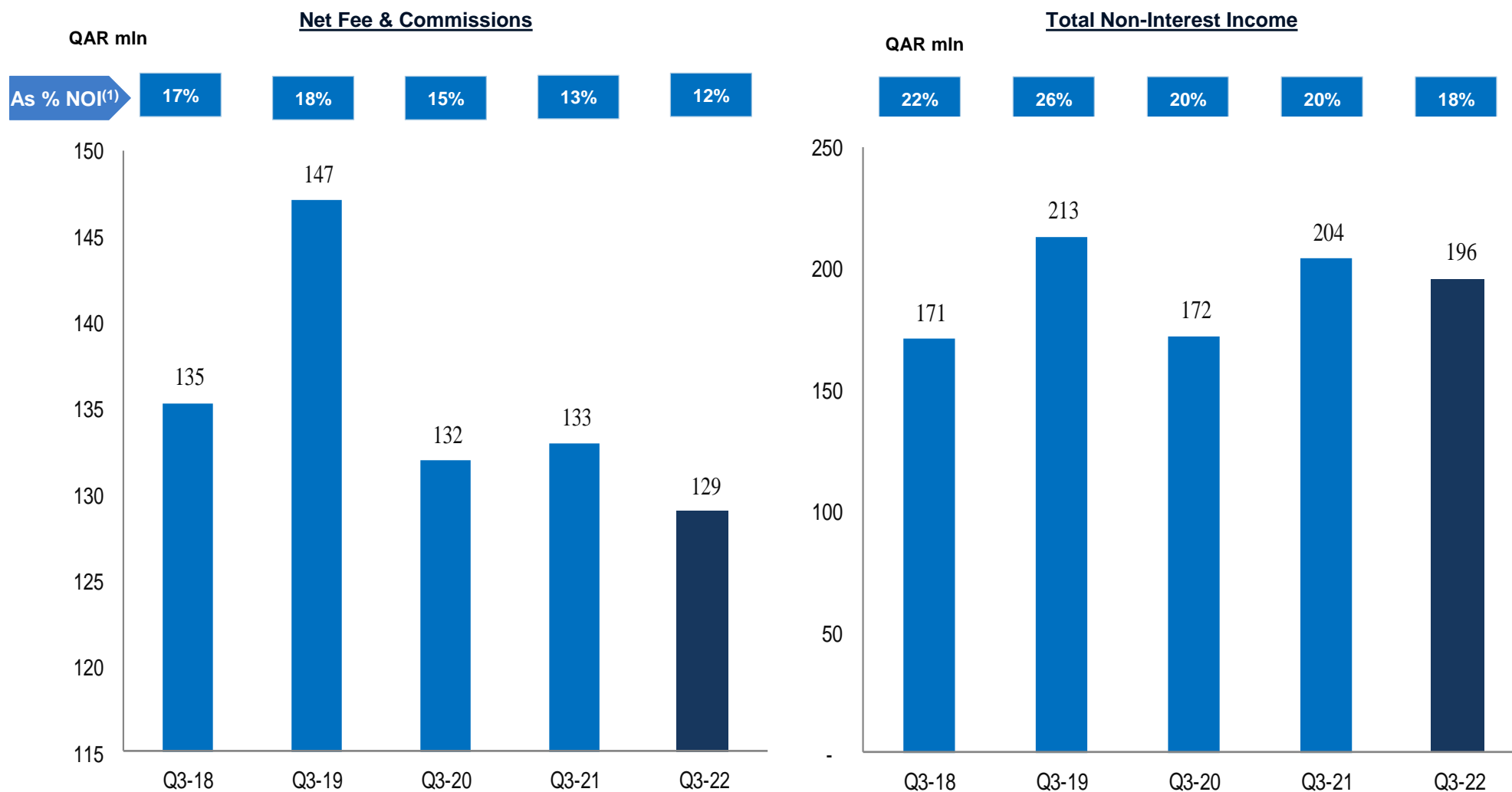
QAR mln



Operating Income

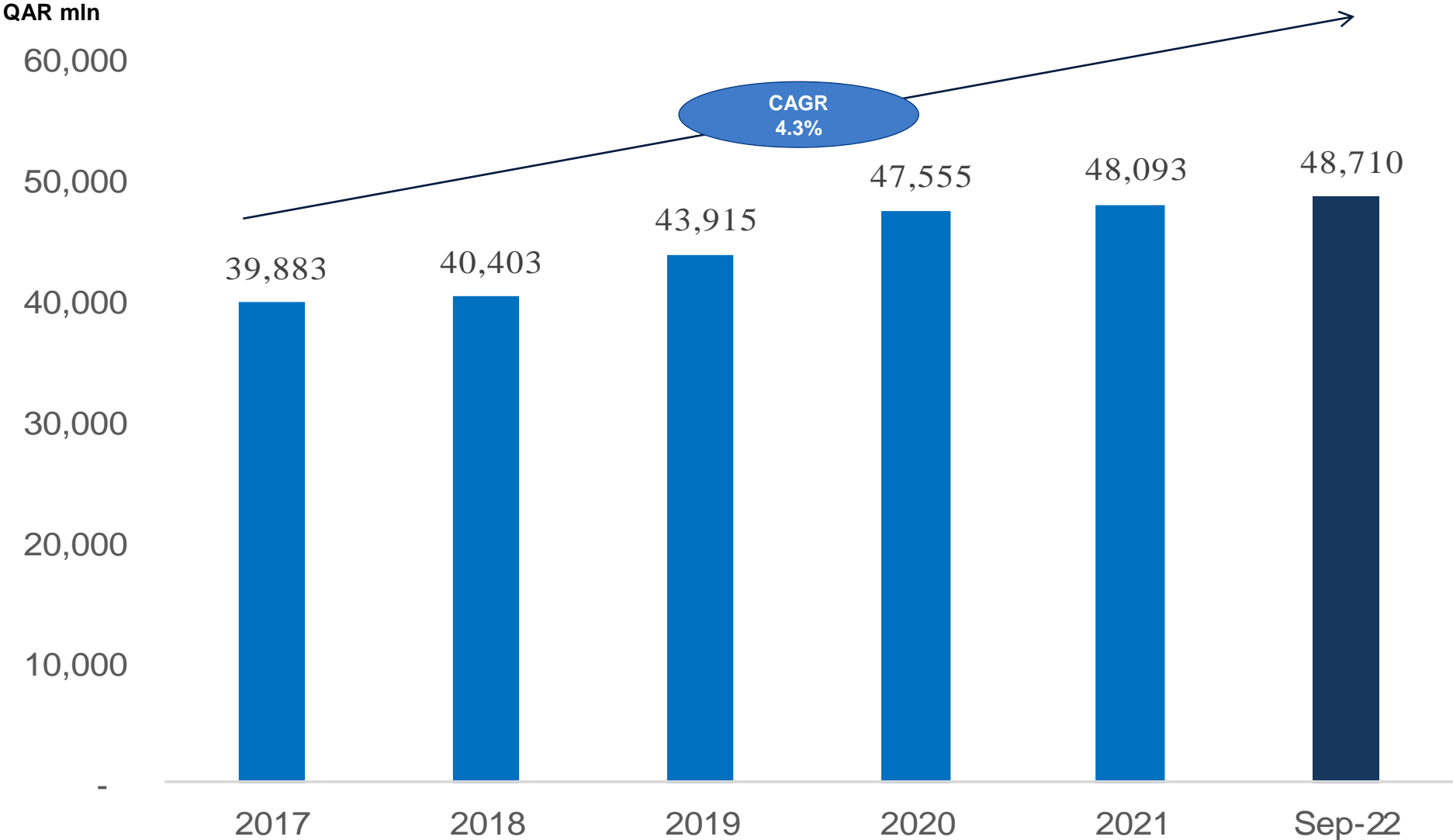
Diversified Revenues

ABQ benefits from diversified revenues with non-interest income representing 18% of net operating income till Q3-2022

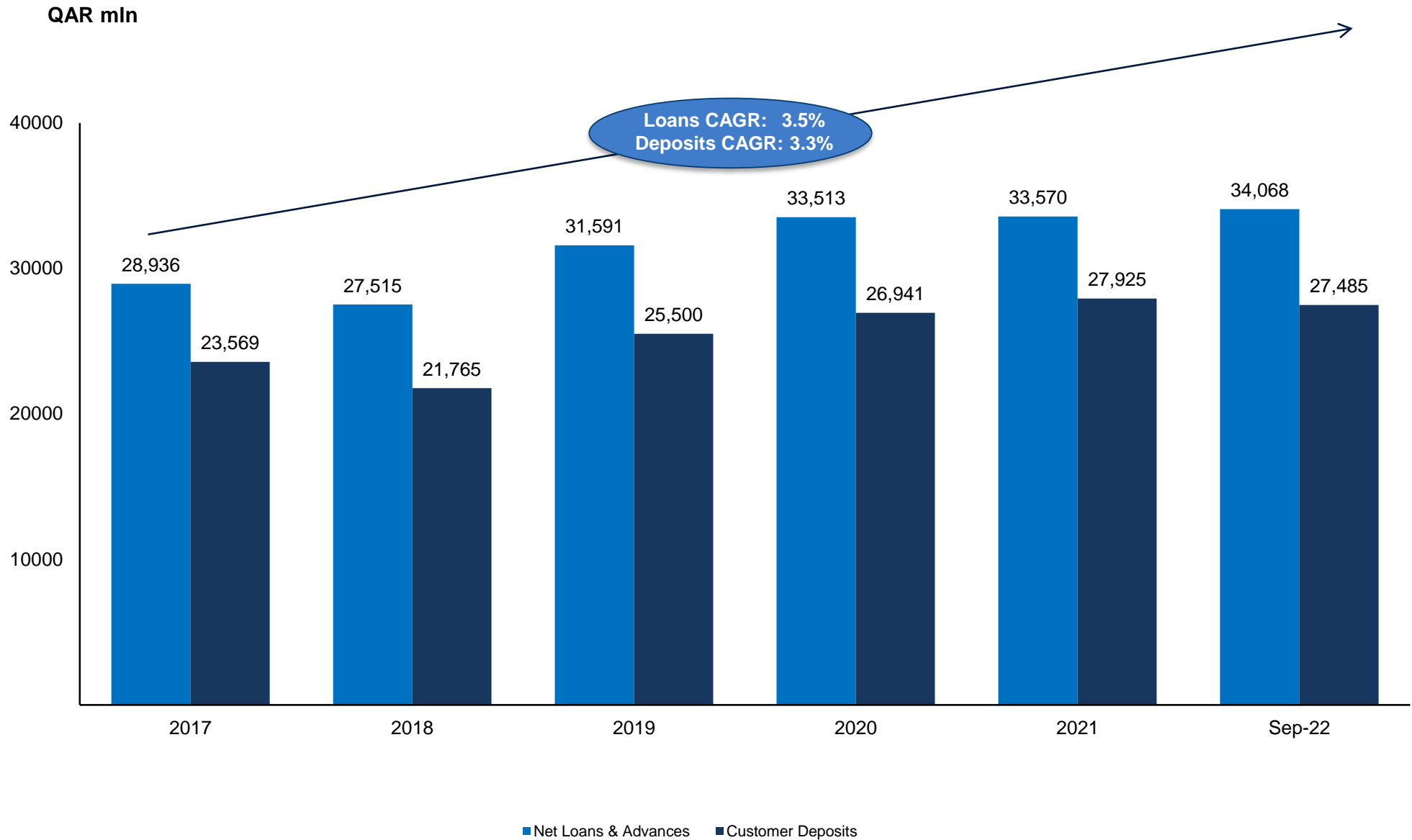


1. Net Operating Income.

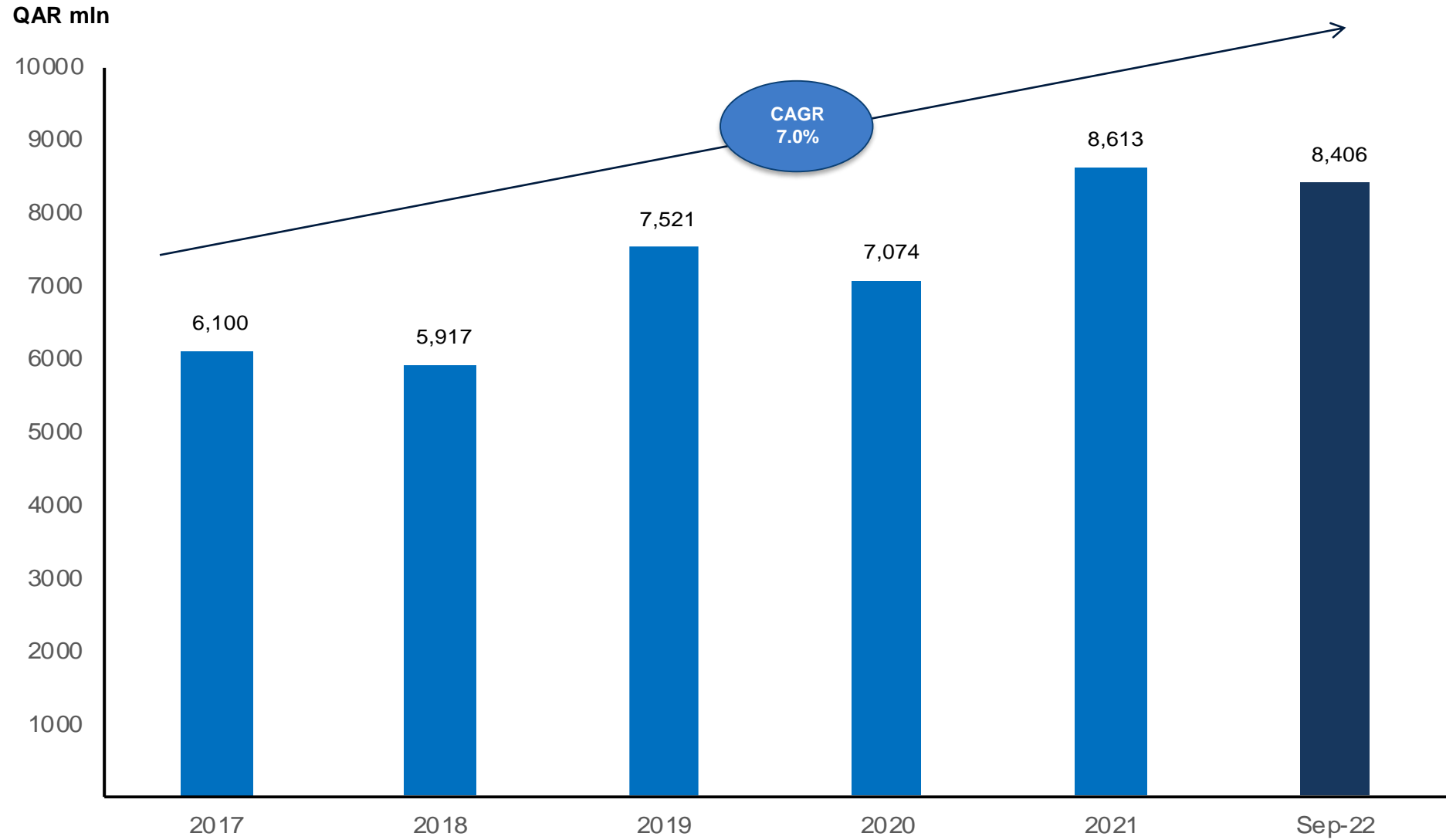
Total Assets – Trend



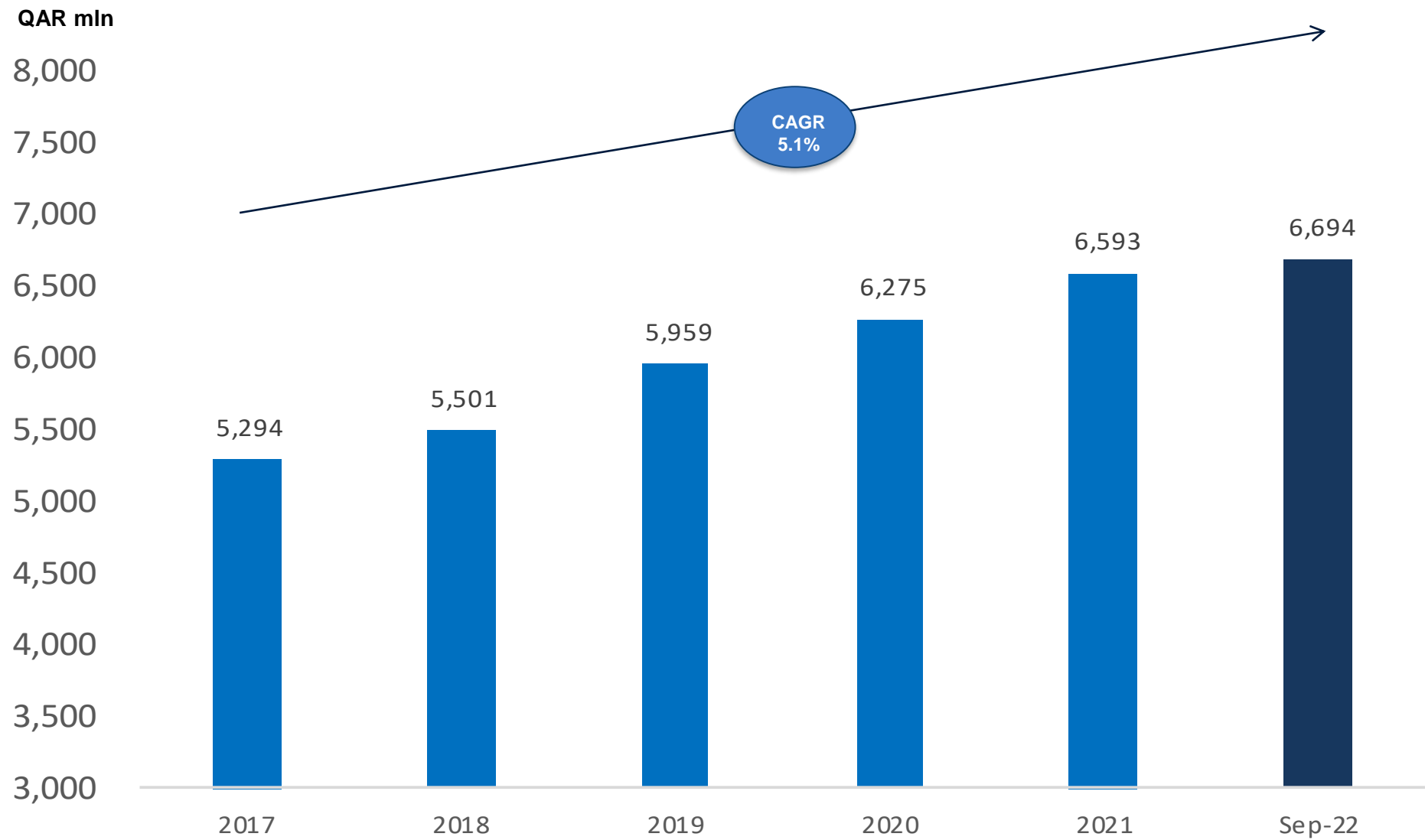
Net Loans & Advances / Customer Deposits – Trend



Proprietary Investments – Trend

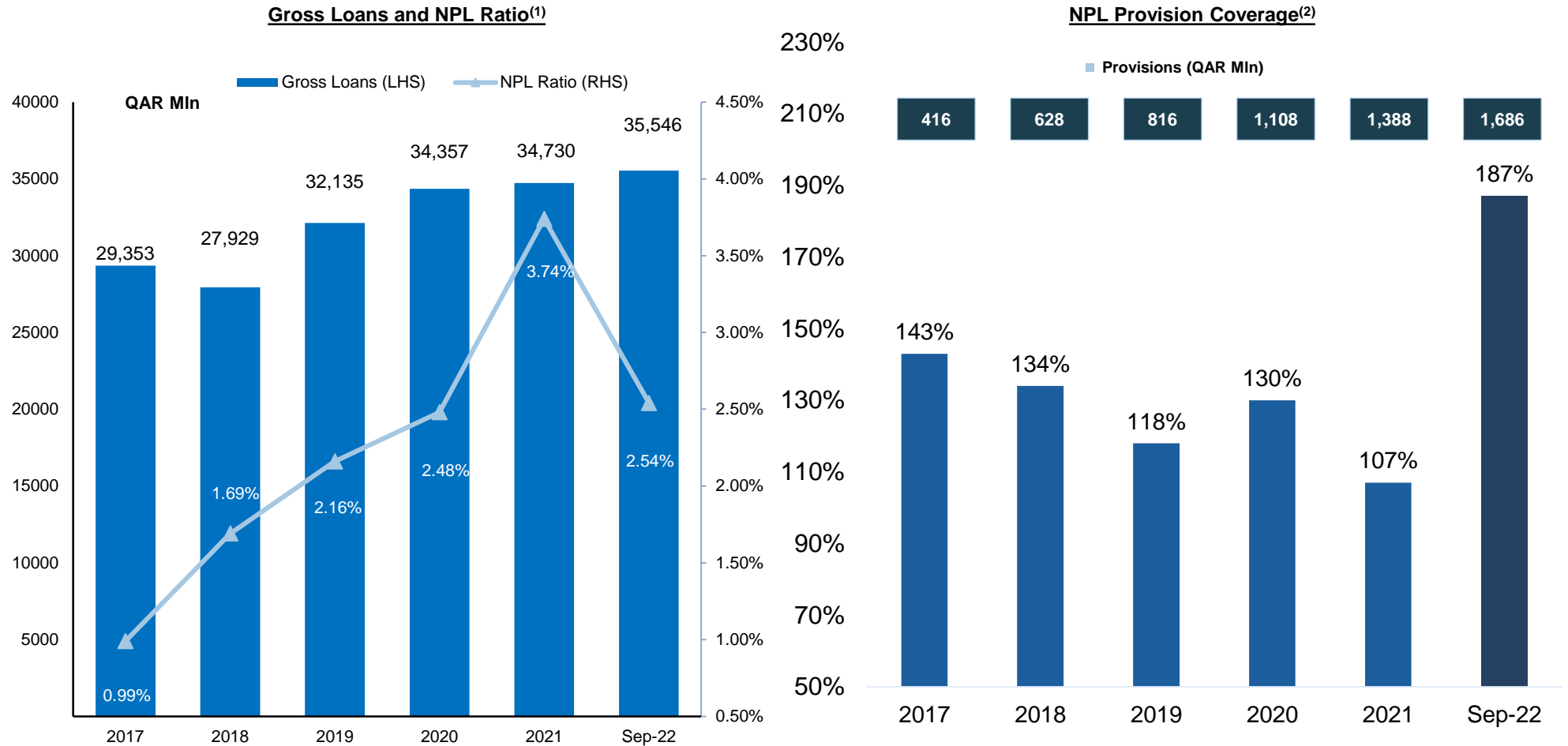


Shareholder's Funds – Trend



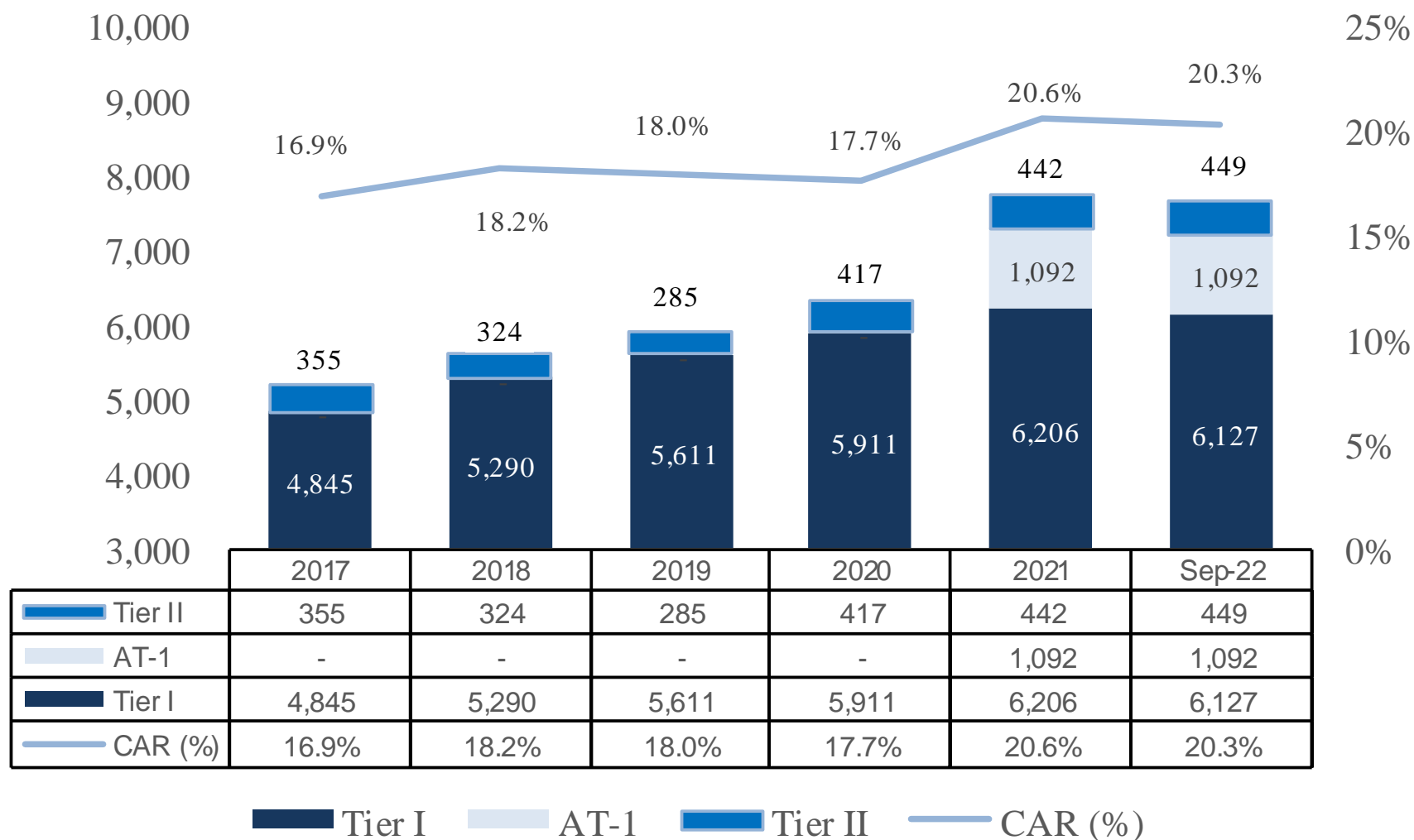
Asset Quality

NPL ratio of 2.54% and a coverage of 187% as at 30 Sept 2022



1. Non-Performing Loans divided by gross loans.
 2. Loan loss impairment provision divided by non-performing loans.

Capital Adequacy Ratio



Diversified Funding Mix

Debut Syndicated Bank Facilities (Sep 2014)

- 3-year US\$ 200 mln Syndicated Term Loan Facility for general corporate funding purposes carrying a margin of 120 basis points over LIBOR
- Syndication was launched in an initial amount of US\$ 100 mln and closed significantly oversubscribed
- Refinanced by a new 3 year US\$ 195 mln STLF in Sep 2016.

Fundraising in International Debt Capital Markets

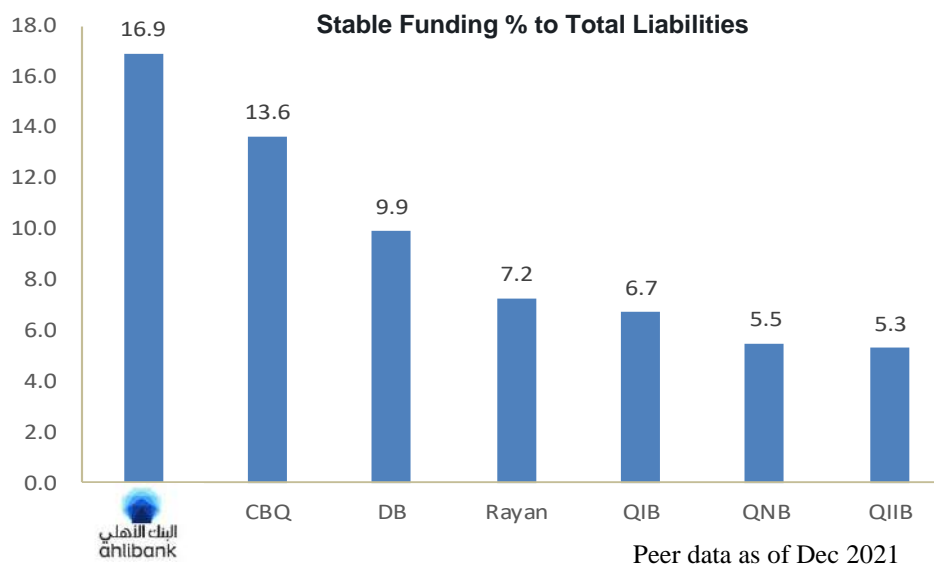
- 5-year US\$ 500 mln EMTN tranche I was issued in Apr 2016 carrying a coupon rate of 3.625% and was 2.4 times oversubscribed. Repaid in April 2021.
- 5 year US\$ 500 mln EMTN tranche II was issued in Feb 2017 at a coupon rate of 3.50% and was 4 times oversubscribed. Repaid in February 2022.
- 5 year US\$ 500 mln EMTN tranche III was issued in Sep 2019 at a coupon rate of 3.125% and was 3.5 times oversubscribed
- 5 year US\$ 500 mln EMTN tranche IV was issued in Sep 2020 at a coupon rate of 1.875% and was oversubscribed 3 times.
- Perpetual debt of US\$ 300 mln was issued in February 2021 @4% to be repriced in 2027.
- 5 year US\$ 500 mln EMTN tranche V was issued in July 2021 at a coupon rate of 2% at significant oversubscription.
- Term loan facility from Barclays increased to US\$ 400 Mln maturing in April 2026

Description,	Principal (QAR mln)	Maturity	Original Tenor
Term Loan Facility (US\$)	1,456.0	April 2026	4 years
EMTN Tranche 3 (US\$)	1,820.0	Sep 2024	5 years
EMTN Tranche 4 (US\$)	1,820.0	Sept 2025	5 years
EMTN Tranche 5 (US\$)	1,820.0	July 2026	5 years
Total	6,916.0		

Maturity Profile

- With the new facilities, we have significantly improved our funding profile, positioning ourselves in line with most peers, and demonstrated our ability to access capital markets
- In 2018, increased and extended the tenor of approximately US\$ 200 mln of committed , stable funding.
- 5 Tranches of 5 year US\$ 500 mln EMTN each completed, thereby improving the maturity profile.
- Term loan facility from Barclays increased to US\$ 400 Mln maturing in April 2026
- First tranche of US\$ 500 mln repaid in April 2021
- Second tranche of US\$ 500 mln repaid in February 2022

Maturity Profile



Market Positioning

Cost to Income (%)				
	2019	2020	2021	9M-2022
QIB	23.8	20.9	18.9	18.0
QIIB	24.2	21.2	19.8	19.7
QNB	27.7	25.7	23.6	20.5
ABQ	27.4	25.6	25.0	23.3
Rayan	22.9	21.6	22.0	26.1
CBQ	29.9	27.3	30.6	26.5
DB	37.1	31.7	30.1	32.1

Return on Assets (%)				
	2019	2020	2021	9M-2022
QIIB	1.62	1.40	1.46	1.90
QIB	1.82	1.70	1.83	1.90
ABQ	1.66	1.50	1.49	1.61
CBQ	1.25	0.73	1.26	1.55
QNB	1.49	1.12	1.15	1.23
Rayan	2.13	1.93	1.28	1.07
DB	0.53	0.47	0.48	1.05

Return on Equity (%)				
	2019	2020	2021	9M-2022
QIB	17.9	16.6	17.5	17.1
QNB	19.4	15.2	15.9	17.0
QIIB	15.1	13.9	14.3	16.1
CBQ	10.7	6.1	11.2	14.5
ABQ	11.9	11.3	11.3	11.6
DB	5.8	5.4	5.0	10.4
Rayan	16.5	15.9	10.7	7.8

NIM (%)				
	2019	2020	2021	9M-2022
QIB	2.47	2.72	2.74	2.81
QNB	2.26	2.18	2.24	2.53
ABQ	1.81	2.07	2.19	2.46
CBQ	2.06	2.12	2.30	2.39
DB	1.58	1.99	2.30	2.30
Rayan	2.04	2.37	2.30	2.17
QIIB	2.32	2.35	2.31	2.10

Disclaimer:

The description in this Investor Relations Presentation is provided for information purposes only and is not intended to advise any person to invest in the Bank or to induce or attempt to induce any person or entity to invest in any particular bank product. The information and opinions contained herein are provided for personal use and informational purposes only and are subject to change without notice.