



IR Call Transcript (Edited Version)

QNB Group Q1 2026 Results

CORPORATE PARTICIPANTS

Ramzi Talat A. Mari *Qatar National Bank (Q.P.S.C.) - Group Chief Financial Officer*

Noor Mohammad Al-Naimi *Senior Executive Vice President, Group Treasury*

Mark Abrahams *Qatar National Bank (Q.P.S.C.) - Executive Vice President - Group Treasury*

Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

CONFERENCE CALL PARTICIPANTS

Chiro Ghosh *SICO*

Jon Peace *UBS*

Murad Ansari *GTN Middle East*

Olga Veselova *Bank of America*

PRESENTATION

Operator

Hello everyone and thank you for joining the QNB Q1 Earnings Call. My name is Lucy and I'll be coordinating your call today. It is now my pleasure to hand over to your host, Janany Vamadeva from Arqaam Capital to begin. Please go ahead.

Janany Vamadeva *Arqaam Capital*

Thank you, Lucy. Good morning, Good afternoon, everyone and thank you for joining us today. This is Janany Vamadeva and on behalf of Arqaam Capital, I'm pleased to welcome you to Qatar National Bank's Q1 2026 Earnings Conference Call. I have with me here today from QNB Management Mr. Ramzi Mari, the Group Chief Financial Officer; Mr. Noor Mohammad Al-Naimi, Group Treasury and Financial Institutions; and Mr. Mark Abrahams, Group Treasury Trading. Without further ado, I'll now turn the call over to Mr. Mark Abrahams. Over to you.

Mark Abrahams *Qatar National Bank (Q.P.S.C.) - Executive Vice President - Group Treasury*

Thank you very much Janany and Arqaam Capital for hosting our call today. Before we begin, it is customary to remind everyone that this call is for investors and analysts only, and any media should please disconnect now.

I will begin by giving a brief overview of the global and regional macroeconomic backdrop. We will then present briefly the financial results and finally, we will open the floor to Q&A.

The beginning of 2026 was characterized by a resilient global economic backdrop driven by artificial intelligence and technology-driven investments and solid private sector demand. The IMF in its January '26 update continued to project global

growth at around 3.1% with inflation expected to ease further, while noting downside risks from geopolitics, trade friction and potential market corrections.

Momentum has weakened materially since the beginning of March '26 due to the geopolitical events in the Middle East. This has resulted in disruption of commodity and energy markets and heightened volatility with potential downward revision to the global growth outlook.

This has also affected the overall outlook and macroeconomic landscape for the GCC, primarily due to the suspension of trade via the Strait of Hormuz and the attacks on the region's energy, transport and other industrial infrastructure. Specifically for Qatar, LNG production and associated exports have been impacted. While the evolution of events remains uncertain, our baseline assumption is for a resolution via negotiations at some point. In this case, the reopening of the Strait of Hormuz would lead to a resumption of hydrocarbon-related exports.

However, with reduced capacity of LNG production due to the damage to the Ras Laffan Industrial complex, we believe that higher post-conflict energy prices will support a rapid recovery. Furthermore, Qatar energy revenues and tax dividend payments to the State of Qatar will also be helped by the opening of the Golden Pass terminal in Texas, United States, from Q1 '26.

On the non-hydrocarbon front, the sectors most impacted are accommodation, transportation and recreation. We believe that the remaining sectors, including construction, real estate, wholesale and retail, and finance and insurance are less impacted in the short term.

A key message that we would like to emphasize today is the resilience of Qatar's banking system and its ability to keep supporting the economy through this period of volatility. First, Qatari banking system remains robust and resilient. Following its review of recent geopolitical developments, the Qatar Central Bank has reiterated that the financial system is operating from a position of strength, highlighting strong liquidity, capital levels significantly above regulatory requirements and strong provisioning coverage against credit risk.

Second, QCB announced a set of precautionary measures to maintain orderly market functioning and support deep liquidity in the local market, including unlimited Qatari riyal repo facilities, the introduction of a term repo facility of up to three months and the reduction in the cash reserve requirements by 100 basis points to release additional liquidity into the Qatari banking system. QCB has also permitted banks to offer temporary payment deferrals for effective borrowers subject to internal policies and supervisory guidance. This payment deferral is not expected to materially impact QNB's results.

Third, QCB's financial stability framework explicitly centers on ensuring that the system can withstand shocks and continue performing its core functions. This is supported by macro prudential surveillance, stress testing and regular financial stability reporting. In addition to the safe and sound financial system, the recent weeks have also demonstrated operational resilience in the banking system. Digital banking channels of QNB were available throughout this period of our customers to our customers without any interruption due to our significant investment in IT infrastructure.

In the initial days of March, QNB ensured that certain branches and high footfall areas remained open to serve our customers.

Since the 24th of March, all branches and offices have been open to serve all customers. Furthermore, from this date, based on government guidance, all public offices, educational institutions and most commercial and industrial enterprises are back to in-person attendance.

The country's flag carrier is gradually building up capacity and is expected to cover more than 120 destinations by mid-May. In summary, though the geopolitical events have created uncertainty, nonetheless the banking system has remained robust and resilient. The overall society has returned back to normalcy quicker and faster in relation to its neighbors, and the overall economy will be able to recover quickly once a permanent agreement to the situation has been finalized.

We will now move on to QNB's financial results for the three months ending 31st of March, 2026. Key financial results were as follows.

Net profit was QAR4.3 billion or US\$1.2 billion, growth of 2% compared to last year. Robust revenue growth resulted in an increase in operating income to QAR12.1 billion or US\$3.3 billion, up 10%, demonstrating QNB Group's success in maintaining growth across the full range of revenue sources. QNB's cost to income ratio remains strong at 24.1%, which is one of the best ratios among large financial institutions in the Middle East and Africa region.

Total assets currently stand at QAR1.41 trillion or US\$387 billion, up by 6% from the same period last year. Loans and advances reached QAR1.03 trillion or US\$282 billion, up by 8%.

Despite the geopolitical uncertainty present across the broader region, QNB continued to attract deposits, which have increased by 5% from March '25 to reach QAR974 billion, or US\$268 billion. This reaffirms the strong confidence of our customers and investors in addition to the quality and resilience of the QNB Group. The group's regulatory loan-to-deposit ratio remains stable at 98%.

Cash and balances with central banks increased by 10% from December '25 to reach QAR87 billion or US\$24 billion, further underpinning the group's consistently strong liquidity position and its ability to increase liquidity buffers and resilience against the uncertain environment.

QNB Group's ratio of nonperforming loans to gross loans is at 2.7%, reflecting the high quality of the group's loan book and the effective management of credit risk. In addition, the coverage ratio on Stage 3 loans remains at 100%.

Total equity increased to QAR125 billion, up by 10% from March '25. The bank's capital adequacy ratio at 19.4% is comfortably higher than both QCB and the latest Basel III reform requirements.

In relation to the QNB buyback program, QNB has completed buyback of 125.3 million shares at a cost of QAR2.1 billion up to March 31st, '26. The buyback execution is in progress.

We will now turn to Q&A. Thank you.

QUESTIONS AND ANSWERS

Host - Janany Vamadeva *Arqaam Capital*

Our first question comes from Jon Peace from UBS. Please go ahead.

Q - Jon Peace *UBS*

Hi. Thank you and well done on the resilience in the first quarter. My question was firstly, do you have any updates to your guidance for this year around things like loan growth, cost of risk and NIM, both for the group as a whole but also for the international subsidiaries in Turkey and Egypt?

And another question, please, just on the buyback, would you expect to finish it this year or are you going a little slower given the current environments or even maybe a little faster given the lower share price? Thank you.

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

Yes, Jon, this is Durraiz. In terms of our guidance, our guidance for the full year 2026 is as follows.

We expect profitability growth between 5% to 7% and we expect the loans, deposits and assets to grow between 6% to 8%. Our NIM guidance is 262 to 265 basis points and our cost of risk guidance is between 70 basis points to 80 basis points. For QNB

Turkey operations, our combined operations, we expect their profitability to grow between - in local currency between 25% to 30% and we expect the balance sheet to grow between 20% to 25%. For QNB Egypt operations, we expect their profitability to grow in high teens and their loans to grow in 20% to 25%, their deposits to grow between in high-teens and their assets to grow in high teens.

That's the guidance for the full group and our key operations in the respective local currencies.

In terms of questions on buyback, it's simply a function of total volumes in the market as we participate a certain percentage of the volume. If volumes increase, our participation increases; if volumes remain lower, our participation slows down. So it's simply a function of that. And we would expect to finish it by end of next year for which we have the approval already.

Q - Jon Peace *UBS*

Thank you. Could I just ask a clarification on the guidance? If I just compare it with what you gave us at the end of last year, you're only expecting a very slight slowdown in loan growth, and I think the cost of risk guidance is even a touch better. So that's quite an optimistic outlook. Would you agree?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

Yes. Given what we know and what we have in the pipeline, this is the update in the guidance. We have slightly moderated the bottom line and the asset growth whether from a cost of risk. The reason why we are slightly more optimistic is as you note, QNB has been very different from other peer banks, where we have over the years post-2021 built a lot of buffers and provisions in. And this is something that would give us a lot more stability in uncertain times. So that is where we are coming from.

Q - Jon Peace *UBS*

Thank you very much.

Host - Janany Vamadeva *Arqaam Capital*

Thank you, Durraiz. We have our next question from Chira Ghosh from SICO. Please go ahead.

Q - Chiro Ghosh *SICO*

Hi. This is Chira Ghosh from SICO Bahrain. I have a few questions.

So first one is related to the international deposit. So I know the number which we see on the international deposit is kind of mapped with the answer. But can you tell us how much is your Qatari operation? What kind of international deposit is funding your Qatari operation? Basically, we want to see if there is any outflow or if you can give us some color on that one.

Second one is on the North Field projects delayed. North Field project this year has been deferred basically. So what will be the impact? Because I see the loan growth has been reduced by only 100 basis points. But would it be a longer-term impact or are you compensating it - lending to some other sector that is on this one?

And the third one is related to the QCB, the support which have been offered. So I believe that most of the line items you are anyway comfortably above existing with the capital and all. But if you can give us some clarity on the liquidity side or rather has QCB policies benefited you or it would have been indifferent either? These are my three questions.

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

Thank you, Chiro. So in terms of deposits, if you actually look at it, we give you the breakdown of deposits in our presentation and you can figure out what are the international depositors. If you go to Slide 21, Europe and others are principally our international depositors, and you would see that actually they have been flattish or slightly higher from a quarter-on-quarter on year-on-year basis.

Our international depositors that we have in QNB are extremely well diversified by currency, by tenure, by geography. And these are very multiproduct relationships that we have built over the years. So this is something that we have been able to do - they have remained stable despite political uncertainty that is going on.

In terms of North Field expansion project, as you would recall, we have never said that we would directly lend to those projects. Yes, we do benefit from the associated development around it. And what we think is that our loan growth guidance basically reflects government expenditure which government has already committed, not related to LNG and our international diversification, our loan growth in other markets that we have being both Egypt and Turkey and other international markets.

In terms of QCB support or liquidity measures, technically speaking, the benefit of those measures actually came in particularly on the liquidity front actually were reflected post results in the first week of April. Even without that benefit, we were able to increase our cash and bank reserve, cash and bank balances and increase our deposits. So yes, of course QCB measures have helped, but it is not something that we banked on and it's something, of course, that are additional benefit for us.

A - Mark Abrahams *Qatar National Bank (Q.P.S.C.) - Executive Vice President - Group Treasury*

I think it's also worth bearing in mind that the new repo facilities. Sorry, just to add to what Durraiz just said. The repo facilities that have been offered by the Central Bank, QNB has zero exposure as of today.

Q - Chiro Ghosh *SICO*

Okay. No, my question was if they reverses it, so fair to assume that QNB would have a very negligible impact, right, once this is reversed back?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

Yes, as and when they are reversed, we look at at the time. It's not something that we have taken into account for us to continue.

Q - Chiro Ghosh *SICO*

Okay, that's all from my side. Thank you

Host - Janany Vamadeva *Arqaam Capital*

Thank you, sir. We have our next question from Olga Veselova from Bank of America. Please go ahead.

Q - Olga Veselova *Bank of America*

Thank you for the presentation and for taking my questions. I have three.

One is on Central Bank support measures to borrowers. I wanted to check what are the criteria to borrowers which allow payment deferrals. And during your presentation you mentioned that you believe QNB will not be impacted by this measure. Why? That's one.

Second, on overall support measures from the Central Bank, for which period are they provided? Is there a deadline when they stop being provided?

And third is when I look at your investor presentation, we noticed that for domestic business there was actually a decline of loans and deposits Q-on-Q in Qatar alone. And these were offset by increases in deposits and loans in international operations. Domestically, I wanted to check what was the nature of decline of domestic deposits and why do you think this will change later in the year? Thank you.

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

Okay. In terms of Central Bank support measures for borrowers, the criteria is quite broad based in the Central Bank circular, which it talks about that borrowers which in bank's opinion are impacted by the current geopolitical events. The time period which is related to the second question is that, particularly for borrowers, it talks about initially three months starting from the 1st of March and then it can be reviewed the circular says as and when the deadline approaches.

Why do we say we will not have a material impact is because it's only a deferral of the payment. It is not reducing the interest rate on any of the facilities or it is not talking about giving free lending during that period. And even if you look at how certain things played out back during the COVID crisis, we had a facility in which the interest rates were reduced at the maximum amount of borrowers which took the facility during the COVID crisis, which was a much broader crisis, what about QAR25 billion. WE expect, we don't have the numbers yet, but we expect the numbers for borrowers which would take this facility would be lower than this. And this is only payment deferral; it does not impact from an interest income perspective.

In terms of domestic loans and international loans, one thing that we should keep in mind when we are disclosing in our financials, we do not disclose by booking entity. We disclose by the residence of the customers. So we, while we in Qatar have a lot of customers where we book international loans and both international deposits. So while the entity remains our Qatar operations, the customer composition can change and that is what you see in our investor presentations.

Q - Olga Veselova *Bank of America*

Sorry, can you help me to understand the latter better? So what exactly has happened? You say those customers which have residents in Qatar, they had decline or outflow of deposits. Is that correct interpretation?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

We would say yes. If it does for customers in resident, maybe they went out, but more than offset by customers from outside Qatar.

Q - Olga Veselova *Bank of America*

It wasn't the same money. Customers outside of Qatar, it wasn't the same money which were three channels to different jurisdiction. It was new money coming in. Right?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

I would not have customer details, but it could be that money coming in from outside as well, but I am not at liberty to tell you exactly which customers caused it.

Q - Olga Veselova *Bank of America*

Right. Thank you very much for your answers. Thank you.

Host - Janany Vamadeva *Arqaam Capital*

Thank you. So we have our next question from Murad Ansari from GTN. Go ahead.

Q - Murad Ansari *GTN*

Yes, good afternoon and thank you for the presentation and congratulations on resilient set of results. So just two questions from me.

One was on fee income; it was fairly strong performance on fee income despite the bulk of March being impacted by the conflict. So I just wanted to get a sense of what were the key drivers on the fixed fee income side during this quarter.

And secondly, on the hyperinflation charge, I mean, it's quite significant in this quarter. If you could help understand how to think about this over the next few quarters? And we are seeing about QAR400 million, QAR500 million charge over the last couple of quarters and this quarter is over 1 billion. So if you could help us understand how to think of this over the next few quarters? Thank you.

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

So Murad, if you look at our fee income side, especially from Qatar operations, it is principally driven by a balance sheet-driven fee income that we have and that is even in terms of uncertainty, those things continue. That is, and we had very strong performance from our Turkish and our Egyptian franchises, which more than offset whatever was a little bit of weakness coming in from our cards business in Qatar. So on an overall basis, it was very strong income.

Now coming to hyperinflation charge and how does it play out? Why there is a significant increase in hyperinflation charge compared to last quarter? There are three way, three primary factors which impact hyperinflation charge. The first is the net monetary position, which is essentially the equity net of fixed assets. The second is the inflation rate. And the third factor is basically the exchange rate. What has happened between last Q4, 2025 and Q1, 2026 is that the inflation rate has moved from quarterly rate of 4% to a rate of 10% in the first quarter of 2026, which it has more than doubled. That is what is simply being reflected in our hyperinflation charge of Q4 versus Q1, whereas exchange rate has remained broadly stable, it's only down by 3%.

What is the outlook? With the way outlook for inflation is, we do not expect that the total hyperinflation charge for the year will be lower this year than 2025. So 2026 will not be lower than 2025. That's our outlook for the full year.

Q - Murad Ansari *GTN*

Sure. And just picking off that, I mean, the OpEx growth that we've seen, is that also a reflection of the exchange rate movements from the international operations?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

It is principally coming in from a higher nominal increases in Turkey. We should remember Turkey inflation remains at 30% in nominal terms and B, when it is translated to dollars exchange rate devalued only by 3%, which effectively is, we're talking about significant increase coming in from Turkey. That's what's driving primary increase in all of our OpEx lines.

Q - Murad Ansari *GTN*

Thank you so much.

Host - Janany Vamadeva *Arqaam Capital*

We do have a couple of questions in the chat box. There's one question on margins. The probability of interest rate cut has reduced. What is your NIM sensitivity to 25 bps NIM rate movement? Can you give some clarity on your asset quality within the Qatari market? Are you seeing any defaults which you're compensating with improvement from your international operations? And the last question is, your trading income sharply rose in this quarter? Can you give some color on it?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

In terms of our NIM sensitivity that does not change. A 100 bps decline would basically decrease our overall net income between QAR600 million to QAR800 million on an annualized basis. In terms of asset quality, at this time, it's too early to say what are the sectors being impacted. But as we have said earlier in the call, our exposure to those sectors is extremely low and we can cover it from our existing cost of risk guidance. Our trading income has gone up as we've talked about in the earlier question, principally coming in from our Turkish franchise and our Egyptian franchises.

Host - Janany Vamadeva *Arqaam Capital*

Thank you, Durraiz. There's another question on loan growth. Over the past few months we've seen the overall lending growth in Qatar stagnating. How do you see the current operating environment due to the war along with impending reconstruction activity affecting the loan growth outlook?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

Let's talk about this quarter's loan growth first. It is about 93 basis points. This is slightly lower than what is generally expected in Q1 and why this was impacted are two one-off factors.

One is we had a devaluation in Egypt and secondly, there were certain repayments in Qatar operations. If we exclude both of these factors, our loan growth in Q1 would have been a very decent 2% sequentially. Going forward, our guidance for loan growth remains 6% to 8%. We expect it to benefit both from Qatar-related operations, public sector as well as from our international operations.

Host - Janany Vamadeva *Arqaam Capital*

Thank you, Durraiz. There are a couple of questions but it mainly asks about loan growth and cost growth, which you've already answered. I think we have one audio question from Jon Peace from UBS. Please go ahead.

Q - Jon Peace *UBS*

Yeah, thank you for taking a follow-up question. I just wanted to revisit the strength of the non interest income in Turkey and Egypt and were there any sort of one-offs in there and how sustainable would you see that non interest income rate? Thank you.

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

If you want to compute it, you should take a quarterly average of the previous four quarters to get more of stable fee income from those, from our franchises.

Q - Jon Peace *UBS*

Got it. Thank you.

Host - Janany Vamadeva *Arqaam Capital*

Thank you. We have another question on loan growth in the chat box and another one is asking about do you have any guidance on capital ratios or any intention to issue Sukuk or Tier 1 or Tier 2 bonds?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

No, none. We are very comfortably ahead on all our capital ratios and we don't have any intention of issuance at this time.

Host - Janany Vamadeva *Arqaam Capital*

Thank you, Durraiz. We have a follow-up from Murad Ansari. Please go ahead.

Q - Murad Ansari *GTN*

And again, it's on loan growth. I mean, you've revised your guidance down by about a little bit for the year. Just some preliminary thoughts on which segments you're expecting the slowdown to come from? I mean, within Qatar you've had good couple of years, last couple of years both on retail and corporate. The conflict does that change in any way your view of how to assess domestic credit in terms of any sectoral exposure, et cetera or are you fair comfortable with how things are recovering and expect a fuller coverage soon?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

From a retail perspective, that is not a very big portion of our book and has not been. Principally, we are a corporate bank from a lending side and what has changed is that at least in the short term, we're talking about three to six months; we expect public sector borrowing would replace some of the loan growth which was coming from the LNG expansion, the associated facilities with that. So this is why we have slightly reduced it by 100 basis points. But our view regarding loan growth in Qatar remains consistent that we would expect in the long run to see mid-single-digit growth at least until late 2020s.

Q - Murad Ansari *GTN*

And again, it's on loan growth. I mean, you've revised your guidance down by about a little bit for the year. Just some preliminary thoughts on which segments you're expecting the slowdown to come from? I mean, within Qatar you've had good couple of years, last couple of years both on retail and corporate. The conflict does that change in any way your view of how to assess domestic credit in terms of any sectoral exposure, et cetera or are you fairl comfortable with how things are recovering and expect a fuller coverage soon?

Host - Janany Vamadeva *Arqaam Capital*

Thank you. We have a couple of more questions in the chat box. One is ECL charges have increased to QAR2 billion. What sectors or geographies are contributing most to provisioning, especially given rising geopolitical risks?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

ECL charges have increased because we have also slightly attuned our model and we have slightly increased the downside risks and slightly reduced the base case assumptions and removed the upside risks. That's one.

In terms of how the charges are broken down between geographies, half of it is coming from our Turkish operations and the remaining half is coming from Qatar and a small portion is coming from remaining international operations.

Host - Janany Vamadeva *Arqaam Capital*

Thank you, Durraiz. There's another question. Would you mind repeating the net profit guidance for 2026?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

5% to 7% growth.

Host - Janany Vamadeva *Arqaam Capital*

And the next question is asking about Turkey expectation for policy rates and inflation rate guidance for Egypt in 2026 and has your guidance changed given the rate environment and outlook?

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

We have already given the guidance for Turkey and Egypt earlier in the call and our expectation for inflation rate is going to be close to 30%, which is very similar to current levels for the rest of the year.

Host - Janany Vamadeva *Arqaam Capital*

Thank you, Durraiz. I think that's all we have for today in terms of audio and the chat box. Thank you very much everyone for joining the call and we do appreciate your participation. Thank you very much.

A - Durraiz Khan *Qatar National Bank (Q.P.S.C.) - Senior Vice President, Group Financial Consolidation*

Thank you.
