

QNB

Investorelations Presentation



Forward Looking Statement

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Annual Report.

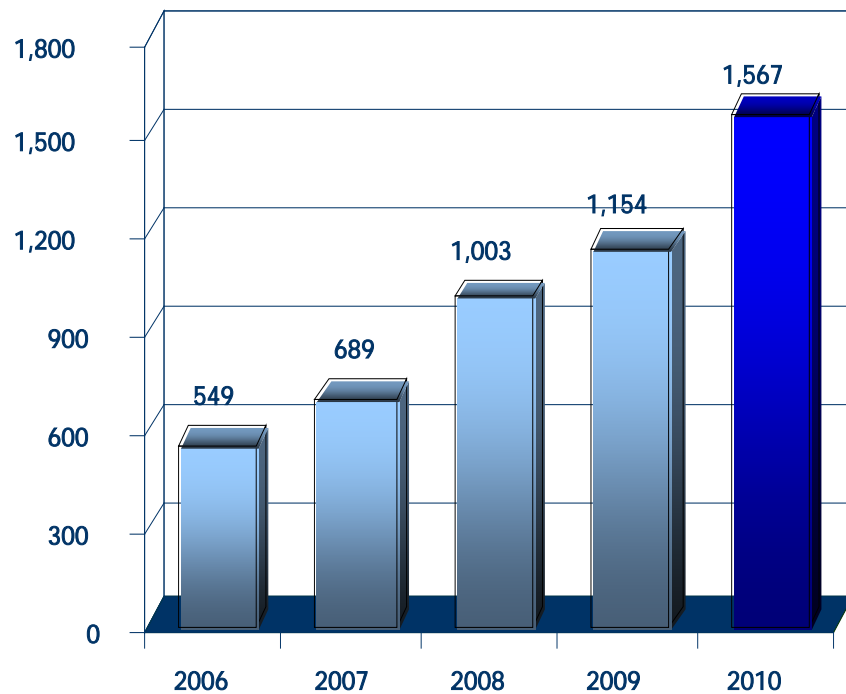
QNB Group's Profit & Asset Evolution

US\$ Million

Profit

Cumulative Average Annual Growth (CAGR)

2005 – 2010 = 30.1%

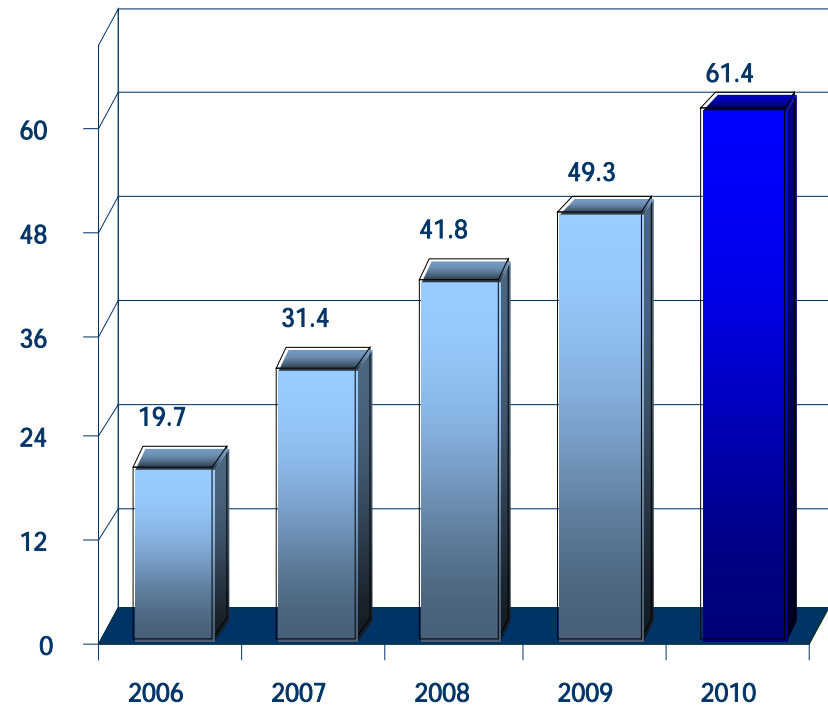


US\$ Billion

Total Assets

Cumulative Average Annual Growth (CAGR)

2005 – 2010 = 34.9%



Banking Sector : Overview

Qatar has a competitive and vibrant Banking Sector, with 18 Financial Institutions

Commercial Banks

Qatar National Bank	Commercialbank	Doha Bank
Ahlibank*	International Bank of Qatar*	Al khaliji Bank*

* Partially-owned by GCC Institutions.

Islamic Institutions

Qatar Islamic Bank	International Islamic
Masraf Al Rayan	Barwa Bank

Local Branches of Foreign Banks

HSBC	BNP Paribas	Arab Bank	Mashreqbank
Standard Chartered	United Bank Ltd.	Bank Saderat Iran	

Specialized

Qatar Development Bank

100% Government-owned

Performance Excellence

Stable Shareholders' Structure since Inception. 50% stake by Qatar Investment Authority, with the remainder by private investors

Sustained Growth in Profitability with Diversified Income Sources

Best Bank in Qatar Award from The Banker, Euromoney, Global Finance, and Asian Banker

Dominant Market Share Amongst Qatari Banks

Assets	46.8%
Loans	47.9%
Deposits	51.3%

Top MENA Bank with Total Assets of US\$66.7 billion in March 2011

Largest Domestic Network

61 branches & offices

More than 195 ATMs

Largest International Network covering 24 countries through Branches, Rep Offices, and Associates



Performance Excellence

First Qatari Bank to launch Local Equity Funds. One of the Largest Fund Manager in the region

High Asset Quality with an NPLs Ratio of 1.0% in March 2011

Highest Credit Rating among regional banks

Moody's:	Aa3
Standard & Poor's:	A+
Capital Intelligence:	AA-
Fitch:	A+



Strong Capital Adequacy Ratio 13.3% in March 2011 compared with 8% for Basel II and 10% for Qatar Central Bank

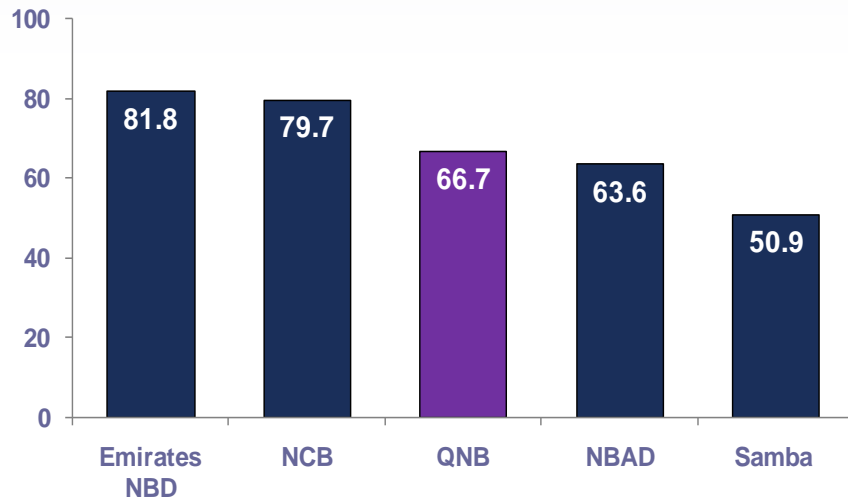
High Coverage Ratio with Specific Provisions amounting to 121% of NPLs in March 2011

Comprehensive Banking Activities

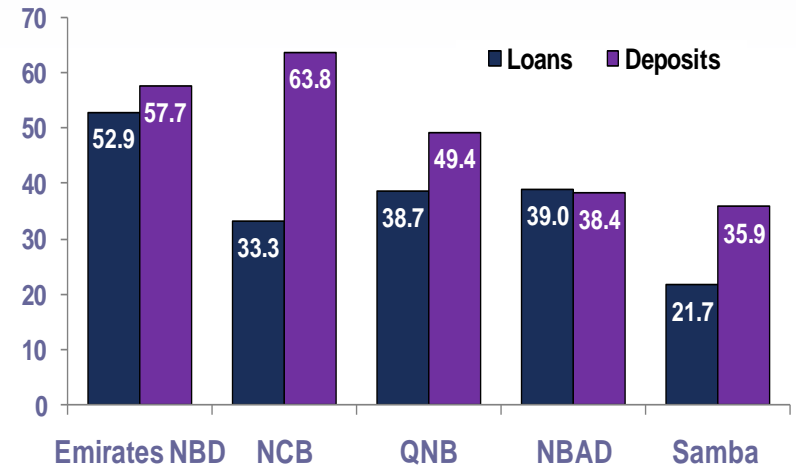
- Retail
- Treasury
- Asset & Wealth Management
- Financial Advisory (QNB Capital)
- Brokerage & Custody (QNB Financial Services)
- Corporate
- Private Banking

QNB – Regional Peers (March 2011)

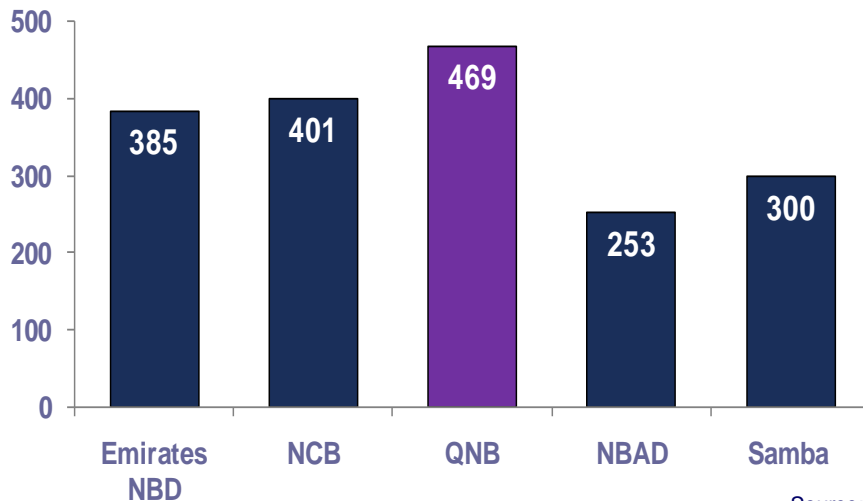
Assets (US\$ billion)



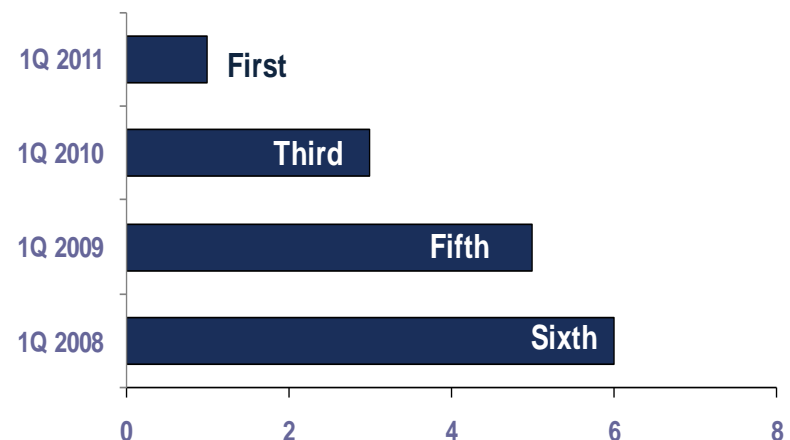
Loans and Deposits (US\$ billion)



Net Profit (US\$ million)



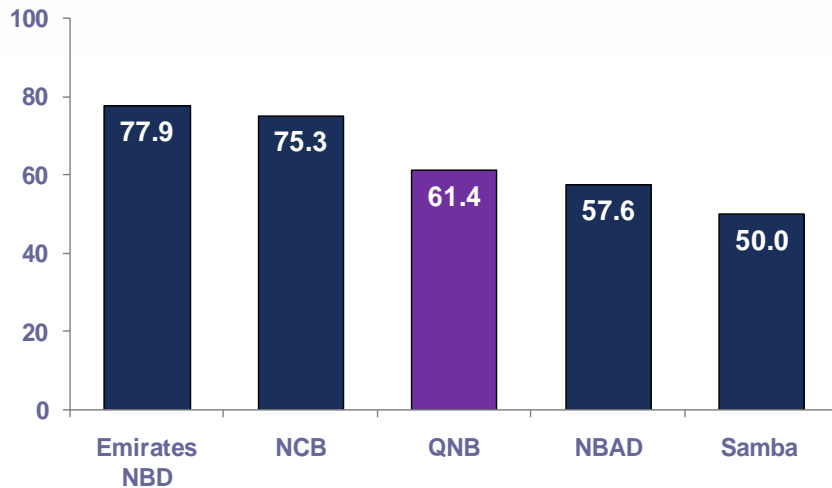
QNB's Ranking by Net Profit (MENA)



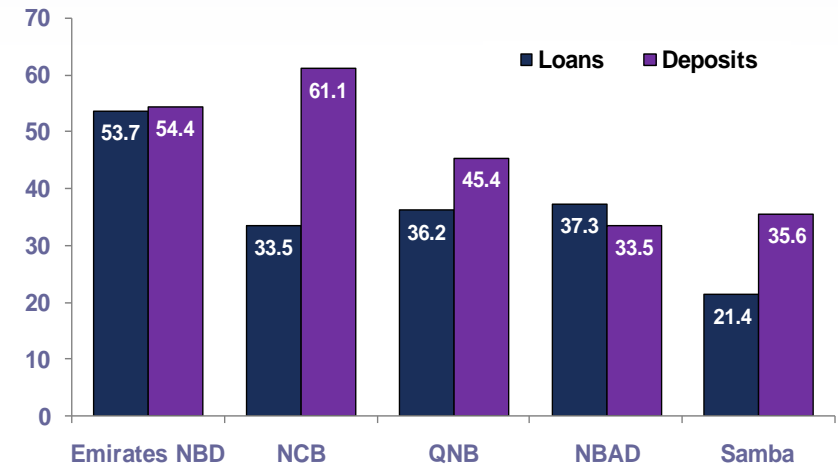
Source: Financial statements, March 2011

QNB – Regional Peers (Dec. 2010)

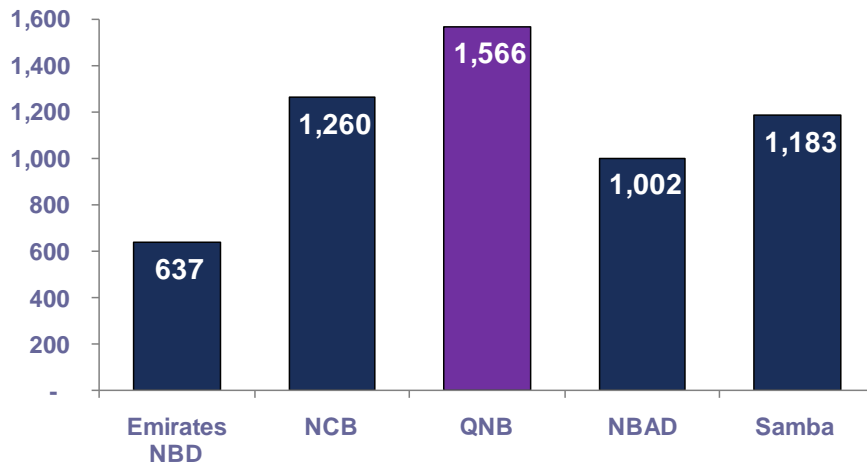
Assets (US\$ billion)



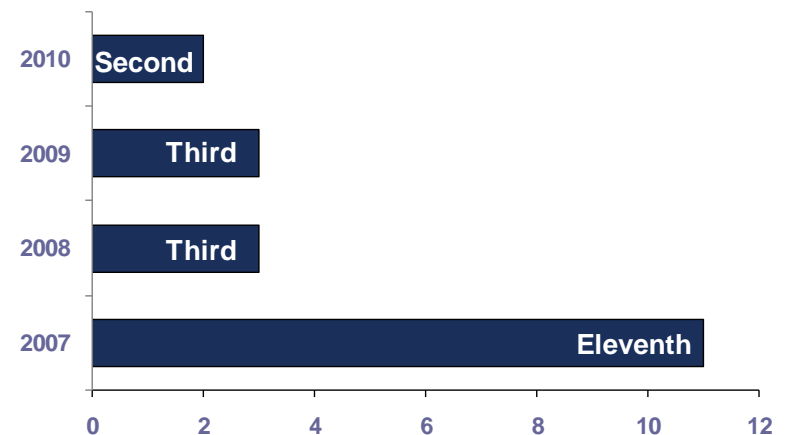
Loans and Deposits (US\$ billion)



Net Profit (US\$ million)



QNB's Ranking by Net Profit (MENA)



Source: Financial statements, Dec 2010

QNB Group Overview

Corporate History



Subsidiaries & Associates

Entity	Country	Ownership
QNB Capital	Qatar	100%
QNB Financial Services	Qatar	100%
QNB Banque Privee (Suisse)	Switzerland	100%
Ansbacher	UK	100%
Bank Kesawan	Indonesia	70%
Tunisian Qatari Bank	Tunisia	50%
QNB – Syria	Syria	51%
Housing Bank for Trade & Fin.	Jordan	35%
Commercial Bank International	UAE	24%
Mansour Bank	Iraq	23%
Al Jazeera Finance Company	Qatar	20%

International Network

Subsidiaries / Associates



Branches



Rep Offices



QNB – Risk Management

Group Risk Management Committees

Risk Committee	Strategy Committee	Credit Committee	Asset Liability Committee	Information Technology Committee	Infrastructure Committee	Human Capital
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Credit Risk

- Diversification of investments, capital markets and lending and financing activities – avoid concentration
- Collaterals (cash, treasury bills and bonds, real estate and equity) used when appropriate
- Substantial exposure towards high credit quality issues (almost 86% of bond portfolio is rated A+ or better)
- Credit policy driven by Group Credit Committee which reviews credit applications/limits and approval authority
- Appropriate monitoring of credit risk – robust provisioning policy and recovery processes

Market Risk

- Regular scenario and stress analysis to manage and monitor market risk
- Interest rate risk managed primarily via interest rate swaps while limits on currency exposure are in place
- Daily mark to market and reporting to management – negligible trading or open positions
- Robust risk management system

Liquidity Risk

- Diversification of funding base
- Broad portfolio of high quality liquid assets and readily marketable securities
- Constant monitoring of liquidity position
- Managed centrally by the Group

Operational Risk

- Comprehensive operational risk management policy augmented by sophisticated risk management software
- Key risk indicators monitored and risk/loss database maintained
- Strong IT infrastructure and detailed contingency plans/procedures with two Disaster Recovery sites supporting main data center
- First bank in Qatar with ISO 27001:2005 Standard Disaster Recovery Operations Certification

Other Risks

- Regulatory, legal and reputational risks through compliance and risk frameworks with counsel from legal advisers

QNB Group – Corporate Governance

Enhance Transparency and Public Confidence in QNB and its Practices

Group Audit and Compliance Committee

- Consisting of three Board members with meetings attended by senior management
- Responsible for final approval of financial statements and appointing external auditors
- Internal control, compliance and reporting responsibilities are also part of its mandate

Group Policies, Governance, Development and Remuneration Committee

- Consisting of two Board members and the Group CEO
- Mandate is to develop long-term strategy while monitoring quarterly performance
- Entrusted to develop Group's Corporate Social Responsibility Strategy
- Monitors changes in local and International governance practice to recommend best practice
- Overlooks the remuneration policy of the Group

Group Executive Committee

- Consisting of five Board members, with meetings attended by the Group CEO
- Reviews overall credit and investment exposures
- Approves credit facilities and investments above authorized set for management
- Reviews the status of litigation matters and recommend action to be taken on impaired loans
- Oversees and approves Corporate Social responsibility expenditures

Ratings

QNB's credit rating is the highest in Qatar and is among the highest in the region. During 2010, QNB's rating was affirmed from all rating agencies.

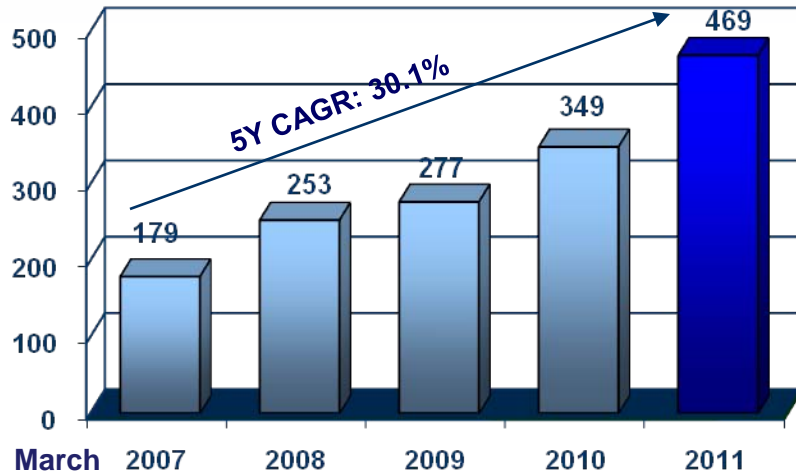
- **In April 2011, Capital Intelligence raised the Financial Strength Rating from A+ to AA-, and affirmed all other ratings.**
- **In February 2011, Moody's affirmed QNB's rating and Outlook.**
- **In July 2010, Fitch affirmed QNB's rating and Outlook.**
- **In March 2010, Standard & Poor's and Capital Intelligence affirmed QNB's ratings and Outlook.**

	Moody's	S&P	Capital Intelligence	Fitch
QNB Long-Term Rating	Aa3	A+	AA-	A+

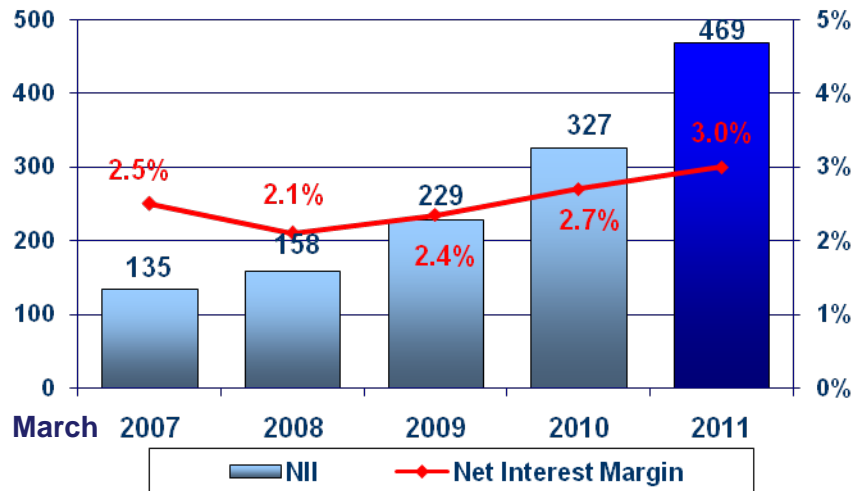
Financial Results March 2011

Income Overview (March 2011)

Profitability (US\$ million)



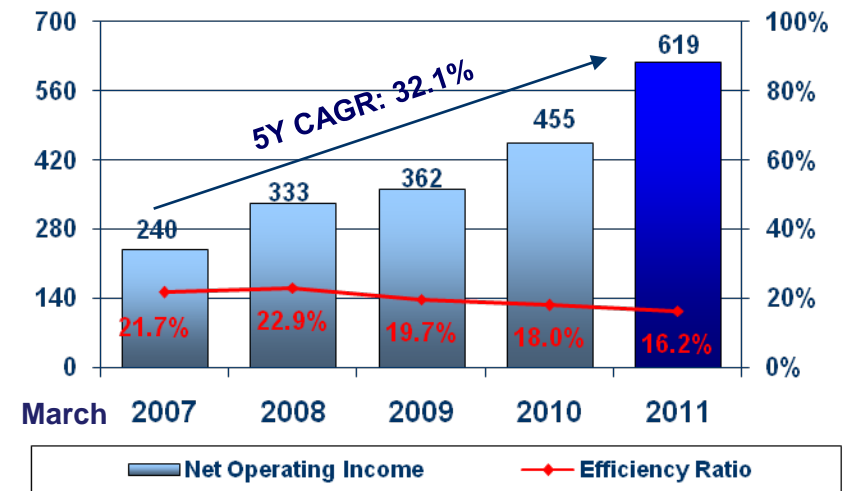
Net Int. Income (US\$ m) and NIM (%)



Highlights

- The Bank has seen continued growth in its revenues on the back of increasing market share and expanded network.
- Net profit increased to US\$469 million during Q1 2011 up by 34.8% from last year.
- Despite QNB's growing operations, the Bank has witnessed improving cost efficiencies – a testament to its ability to generate synergies.
- The Bank's bottom line has been growing, driven by a robust net interest margin.

Operating Income (US\$ m) and Efficiency (%)

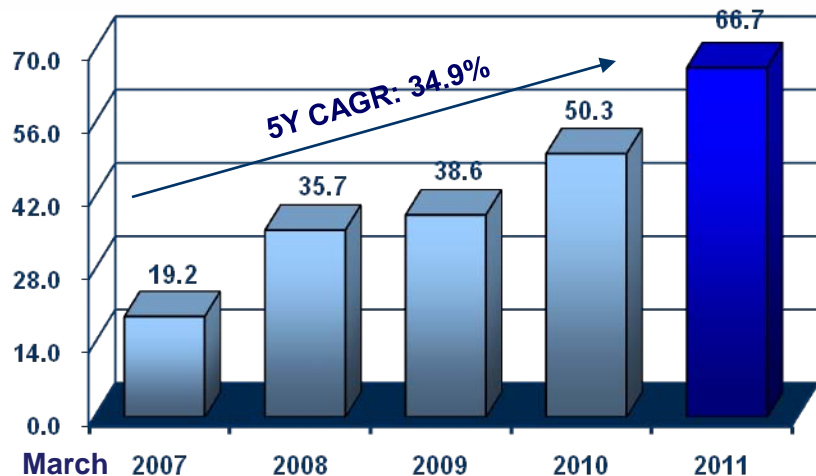


Net Profit by Quarter

	Q1	Q2	Q3	Q4	Q1
US\$000	2010	2010	2010	2010	2011
Net interest income	326,696	377,314	401,194	453,649	469,020
FX gain	23,738	24,784	24,061	25,945	26,311
Fees and commissions	77,349	78,552	77,217	74,792	78,333
Investment income- Dividends	9,245	238	1,796	2	9,582
Investment Capital Gain	1,180	13,581	11,131	22,226	21,820
Invest. Income - Associates	16,077	18,389	11,854	13,096	12,410
Other income	1,295	547	1,012	3,243	1,954
Total other income	128,885	136,091	127,071	139,303	150,411
Total Operating income	455,581	513,405	528,265	592,953	619,431
G&A Expenses	(82,208)	(84,190)	(89,515)	(98,998)	(100,055)
Total Operating Profit	373,373	429,215	438,750	493,955	519,376
Loan loss Provisions	(25,351)	(26,641)	(32,474)	(63,224)	(48,691)
Other Provisions and Taxes	(324)	(7,652)	(7,842)	(4,613)	(1,685)
Net profit	347,697	394,921	398,434	426,119	469,000

Total Assets Overview

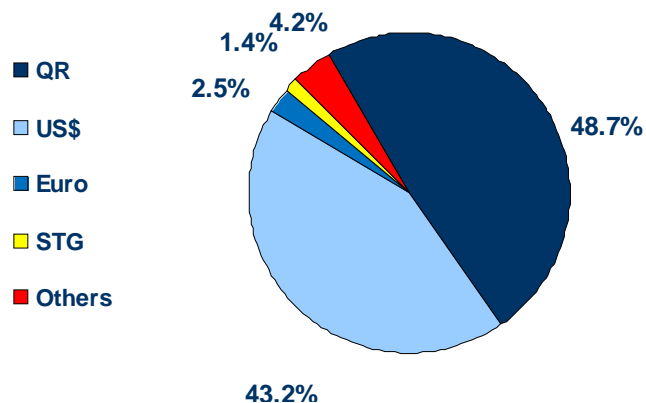
Total Assets (US\$ billion)



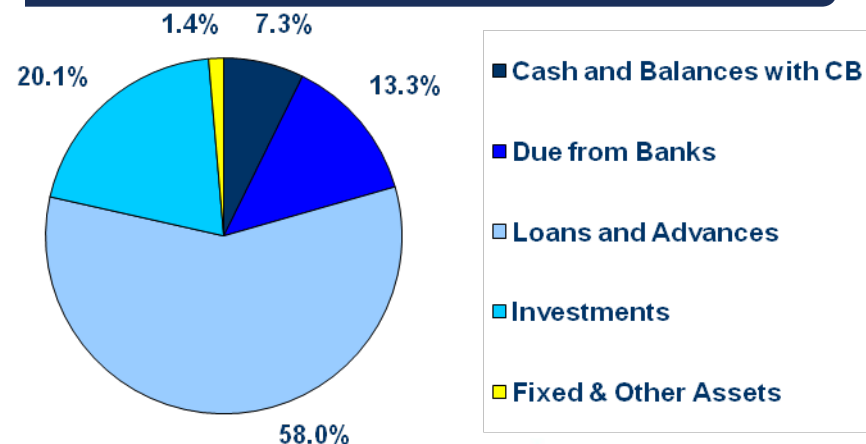
Highlights

- The strong balance sheet growth witnessed by QNB in recent years has sustained in 2010, with a reported growth of 32.5% during Q1 2011.
- This growth has been predominantly driven by increased lending with loans and advances representing 58% of total assets.
- QNB's assets are predominantly in Qatari Riyal and US\$ (to which QAR is pegged) also constitutes a material portion of assets.

Breakdown of Assets by Currency

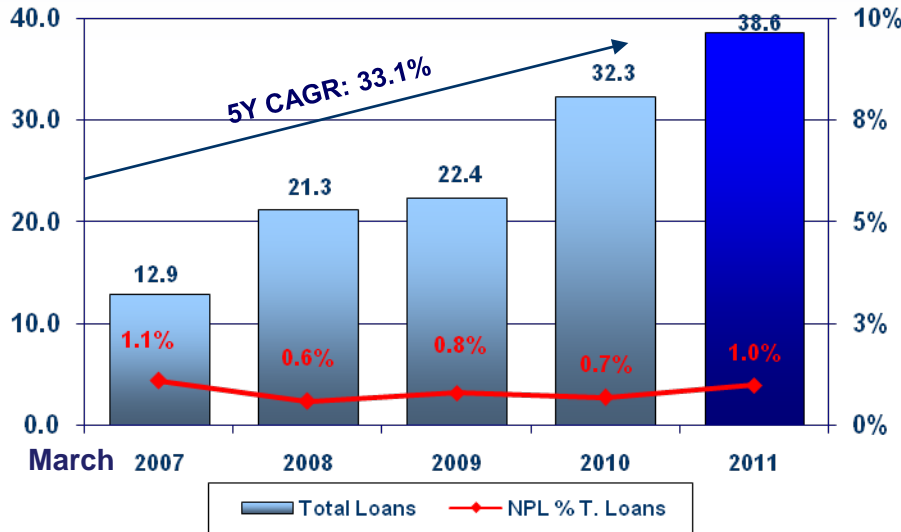


Breakdown of Assets by Type

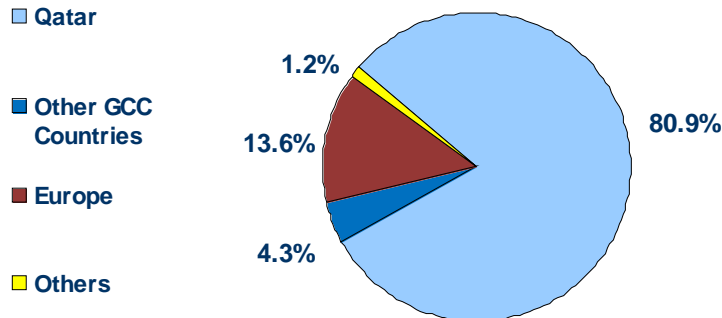


Loans Review

Loans and Advances (US\$ billion)



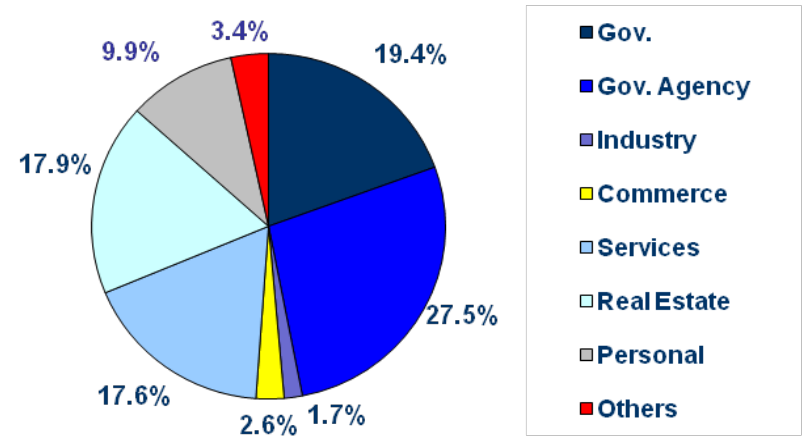
Breakdown of Loans by Geography



Highlights

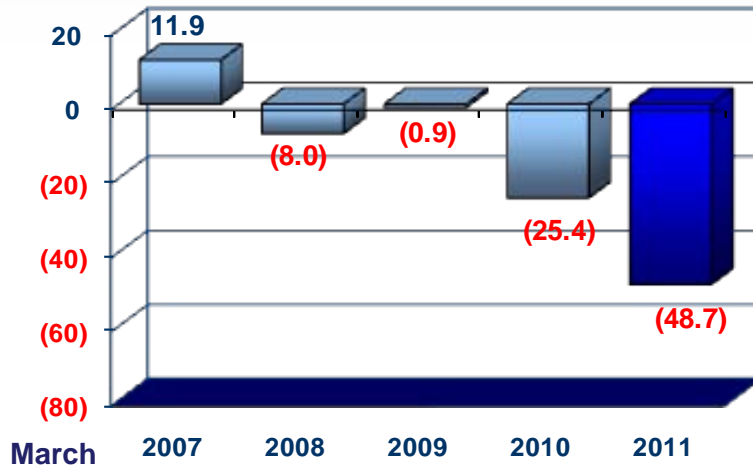
- Customer financing has grown substantially in recent years.
- Loans & advances increased to US\$38.6 billion up by 19.5% from same period last year.
- NPL as % of loans and advances stood at only 1.0%
- The Bank's loan portfolio is relatively well balanced, with a concentration in high quality credits (Government and Government Agencies).
- Being a Qatar focused bank, QNB's loan portfolio is mainly comprised of loans to Qatari entities.

Breakdown of Loans by Industry



Asset Quality

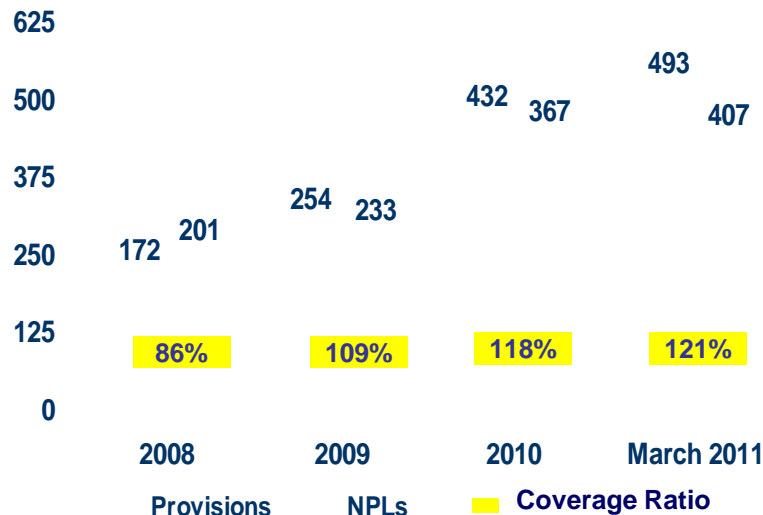
Movement in Recoveries (Provisions) (US\$ million)



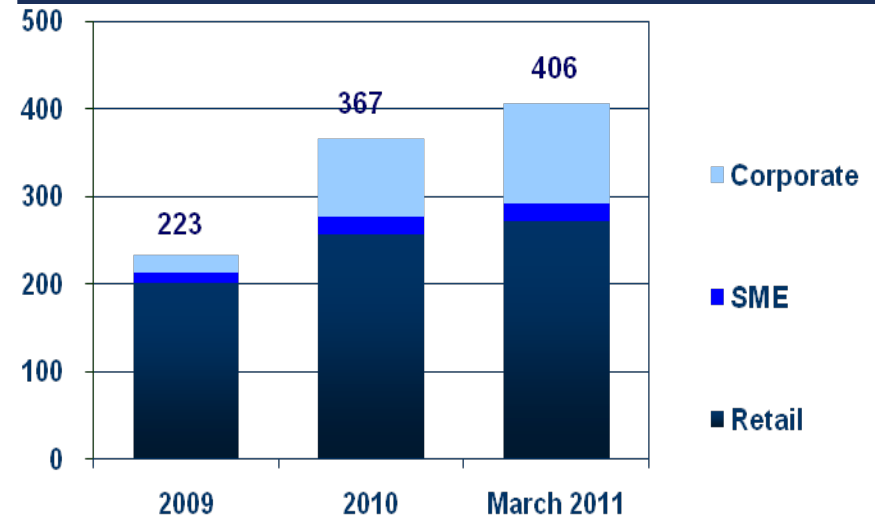
Highlights

- QNB has increased its provisions since 2008, in response to the global financial crisis.
- QNB reported an NPLs ratio of 1.0% as at March 2011 – one of the lowest in the MENA region.
- The Bank's provisions coverage has remained strong amidst the economic slowdown, with a coverage of 121% reported Q1 2011.
- An additional Risk reserve of US\$24.7m was taken to bring total balance to US\$412 million representing nearly 2.25% of private lending against QCB requirement of only 1.50%.

NPL Coverage (US\$ million)

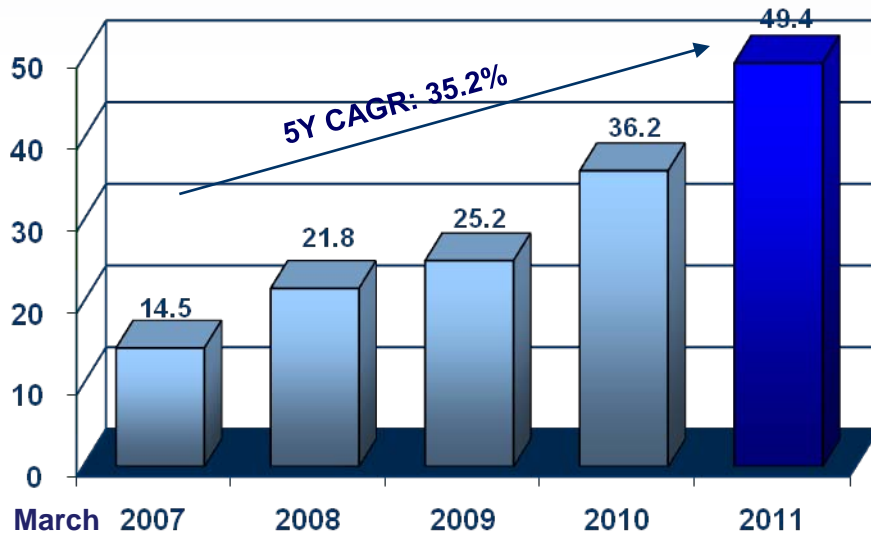


NPLs by Sector (US\$ million)

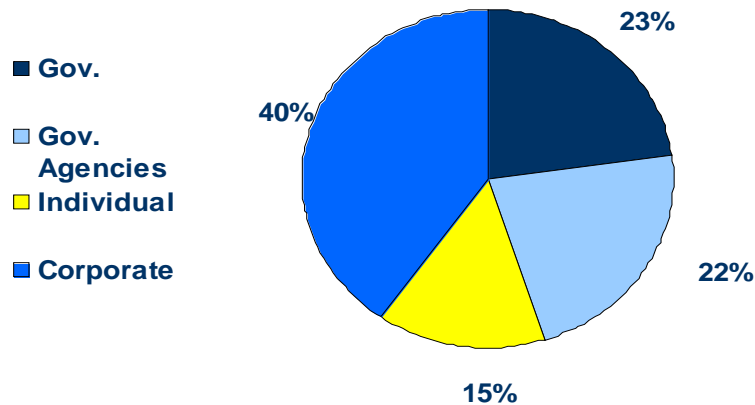


Funding Profile

Customer Deposits (US\$ billion)



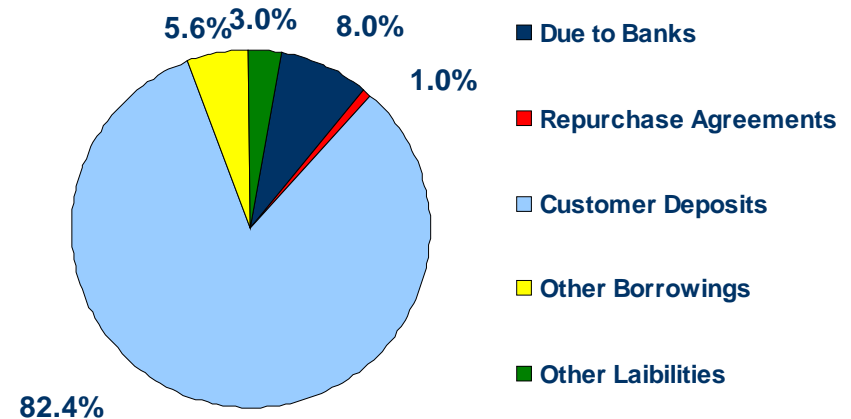
Breakdown of Deposits by Sector



Highlights

- Customer deposits and unrestricted investment accounts increased to US\$49.4 billion during Q1 2011 up by 36.4% from last year.
- QNB's funding is predominantly driven by customer deposits and unrestricted investment accounts.
- Leveraging on the Bank's extensive branch network, QNB has attracted the relevant financing to fund its growing balance sheet.
- In line with its status as the country's leading bank, QNB remains the public sector's preferred bank in terms of deposits.

Funding Split

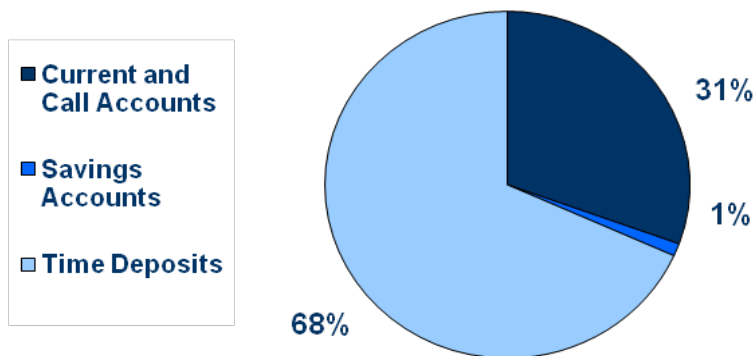


Liquidity

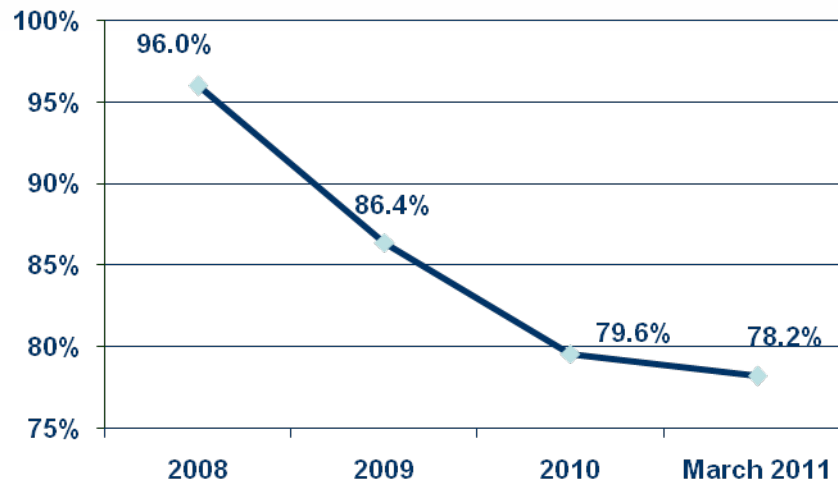
Highlights

- QNB's loans to deposit ratio has remained anchored below 100%, providing the Bank with a strong liquidity profile.
- The Bank's deposits are also predominantly in the form of time deposits, providing an added buffer.
- QNB's liquid assets also constitute a substantial portion of the Bank's balance sheet, with the amount of State of Qatar Debt Securities notably increasing since 2008.

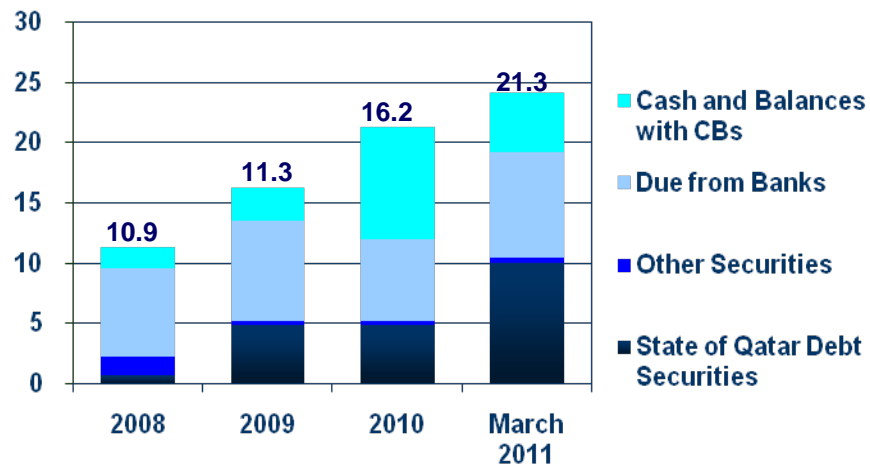
Composition of Deposits By Type



Advances to Deposit Ratio (%)



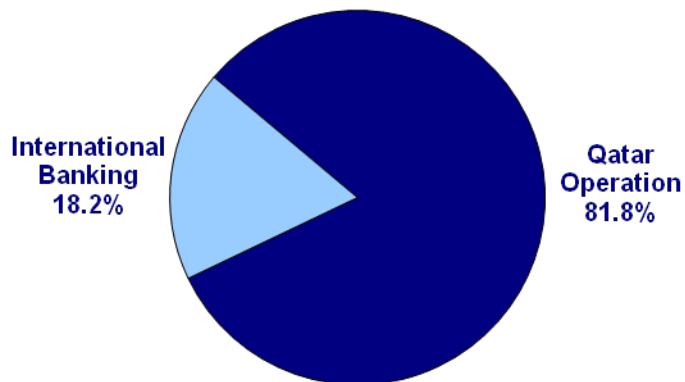
Liquid Assets (US\$ billion)



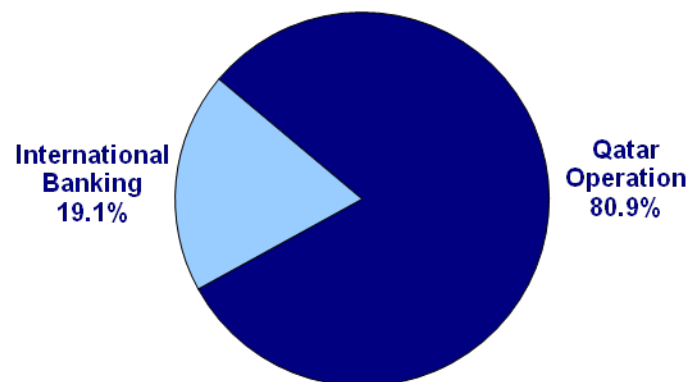
Loans & Deposits by Segment

December 2010

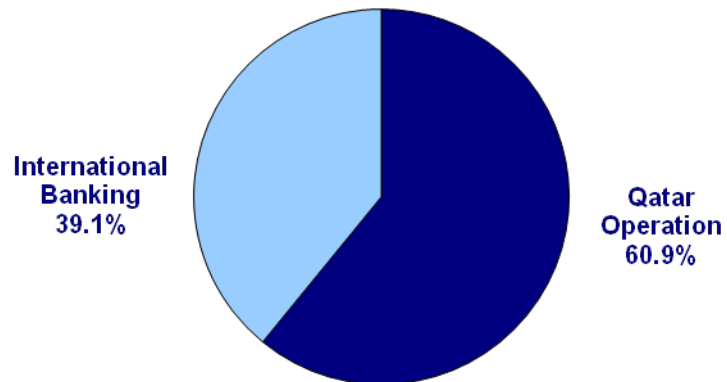
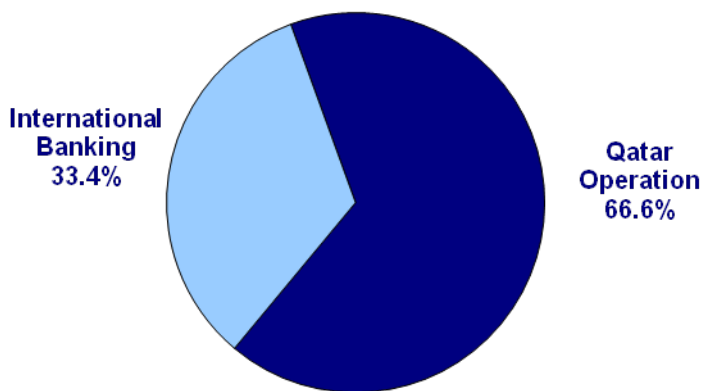
Loans



March 2011

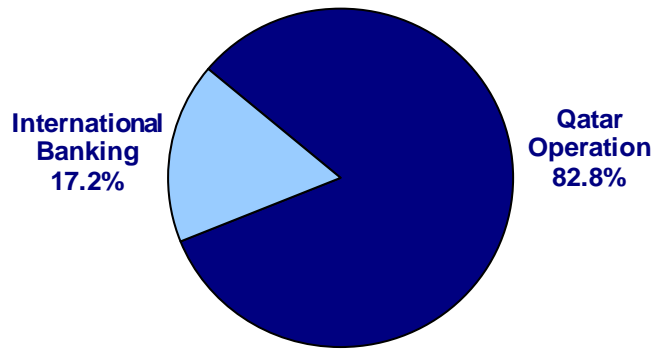


Deposits

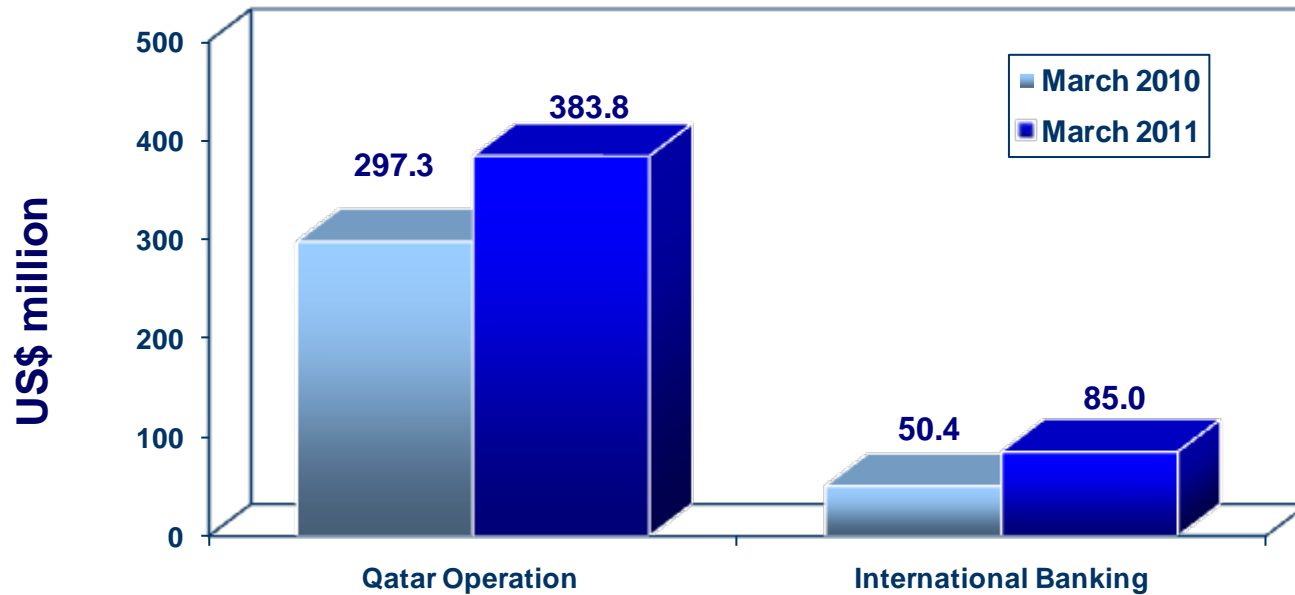
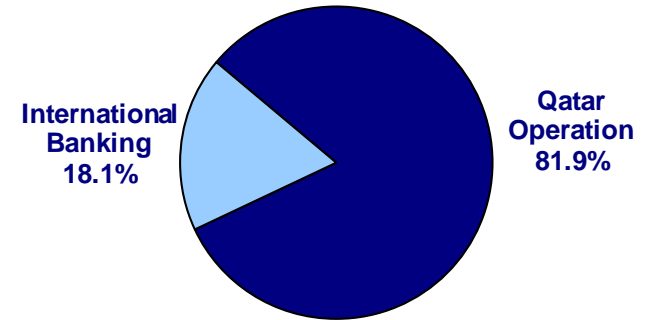


Net Profit by Sector

December 2010

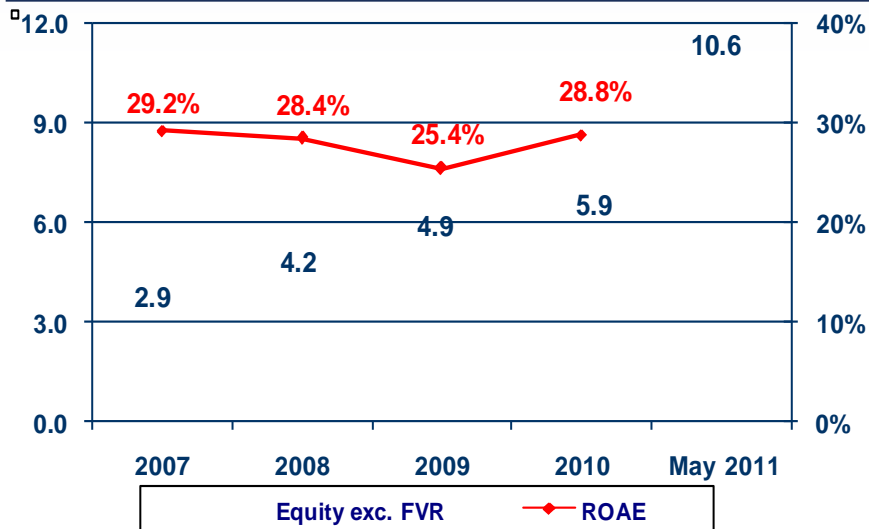


March 2011

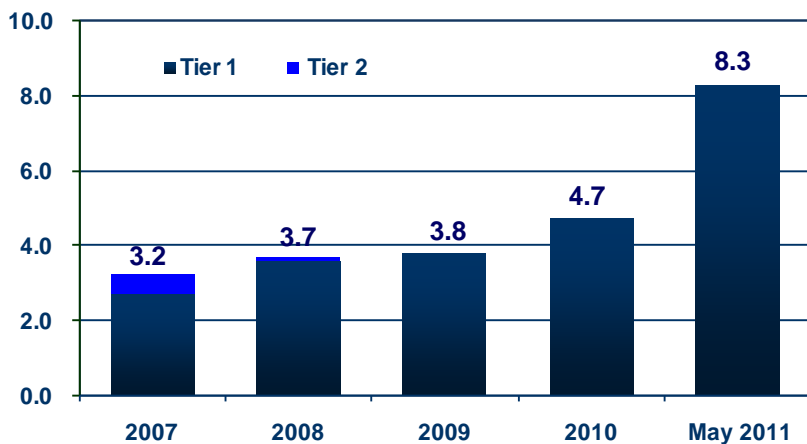


Strong Capital Growth with Stable Returns

Equity (US\$ billion)



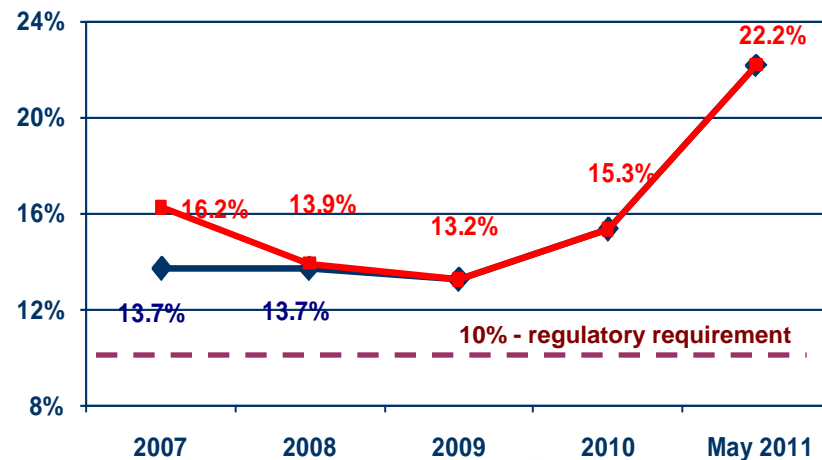
Eligible Capital (US\$ billion)



Highlights

- In line with the strong surge in the Bank's balance sheet, QNB has also regularly increased its capital base. The last time in March/April 2011.
- QNB's capital is in the form of Tier 1 Capital, and the Bank has maintained its CAR above the 10% as mandated by the Qatar Central Bank.
- QNB continued to enjoy strong ROAE above 25%.

Capital Adequacy Ratios (%)



Economic Update

Strong GDP growth rate

Supported by high energy prices and large investments on projects and infrastructure, Qatar has recorded a very high GDP growth rate in recent years, a CAGR of 21% per annum between 2006-2010 and 19.0% in Real Terms.

(\$ Million)	2006	2007	2008	2009	2010
Oil & Gas Sector	35,770	45,781	59,080	45,419	71,642
Non-Oil & Gas Sector	24,727	34,970	51,632	52,894	56,951
Total GDP	60,497	80,751	110,712	98,313	128,593
% Change	40.6%	33.5%	37.1%	-11.2%	30.8%

Source: Qatar Statistics Authority.

GDP growth rate to remain very strong in 2011

Supported by the Natural Gas Sector and growth in the Non-oil and Gas sector Qatar's economy is expected witness strong growth in 2010 and 2011.

(\$ Million)	2009	2011*	2012*
Oil & Gas Sector	71,642	103,120	112,929
Non-Oil & Gas Sector	56,951	64,067	68,808
Total Nominal GDP	128,593	167,187	181,737
% Change	30.8%	30.0%	8.7%
Real GDP growth rate	16.3%	20.0%	7.1%

* QNB & IMF Estimates .
Source: Qatar Statistics Authority.

2011/12 Budget

Current budget is the largest in history, with allocation for capital expenditures up by 33%.

(\$ Billion)	2010/11 P	2010/11 B	2011/12 B	%
Total Revenues	38.7	35.0	44.6	27.4%
Total Expenditures	34.3	32.4	38.4	18.7%
- Current Expenditures	23.0	20.4	22.5	10.2%
- Development Expenditures	11.3	11.9	15.9	33.4%
Surplus / Deficit	4.4	2.7	6.2	133.0%
Budget Oil Price Assumption (\$ pb)	55.0	55.0	55.0	0.0%
Actual Oil Price (\$ pb)	84.0			

B: Budget Announcement, P: Preliminary.

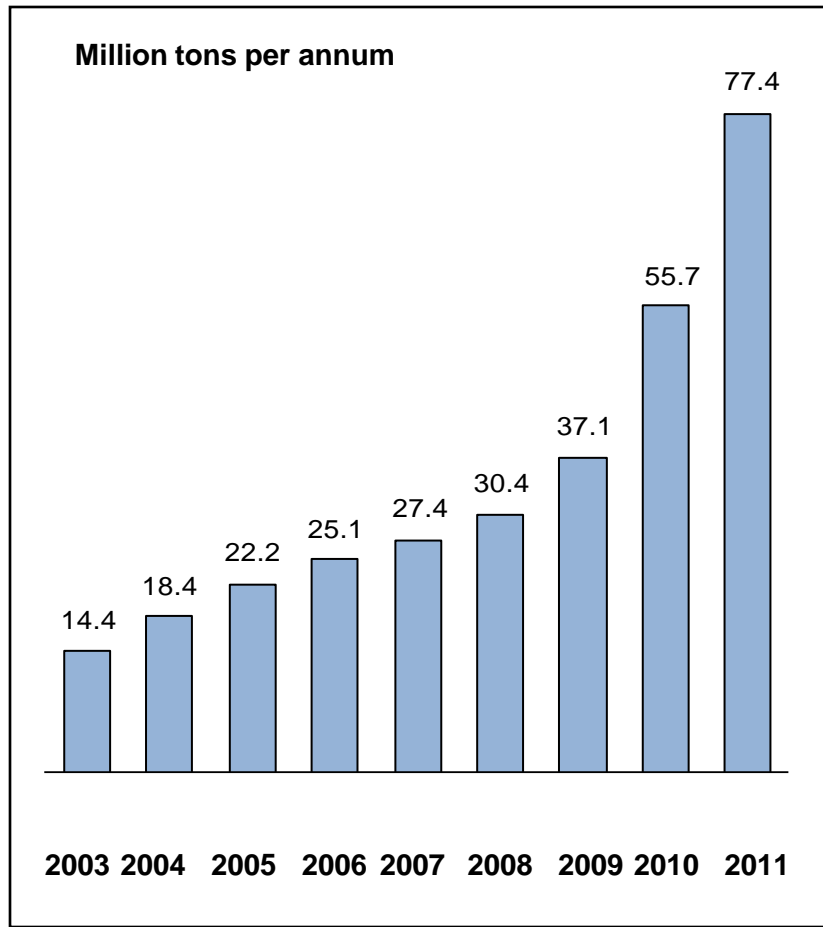
Planned projects are estimated to reach a budget of over \$188 billion with the bulk of investment in infrastructure

Sector	Budget Value (\$ billion)
➤ Infrastructure	72.2
➤ Construction	46.9
➤ Gas Processing	16.2
➤ Power	14.8
➤ Petrochemicals	14.5
➤ Water and Waste	7.1
➤ Oil / Gas Production	5.5
➤ Fertiliser	4.4
➤ LNG	2.6
➤ Refining	1.7
➤ Pipeline	1.1
➤ Alternative Energies	1.0
➤ Industrial	0.5
➤ Metal	<u>0.1</u>
TOTAL	188.6

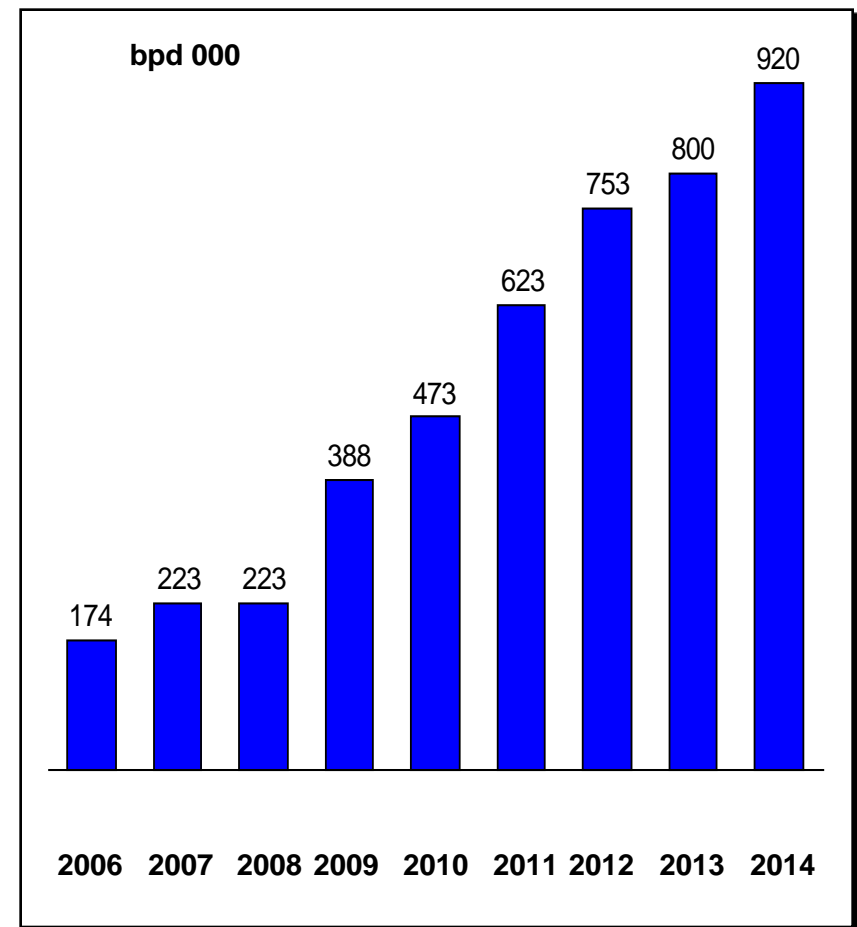
Source: MEED Projects

Natural Gas will Fuel and Sustain the Economy

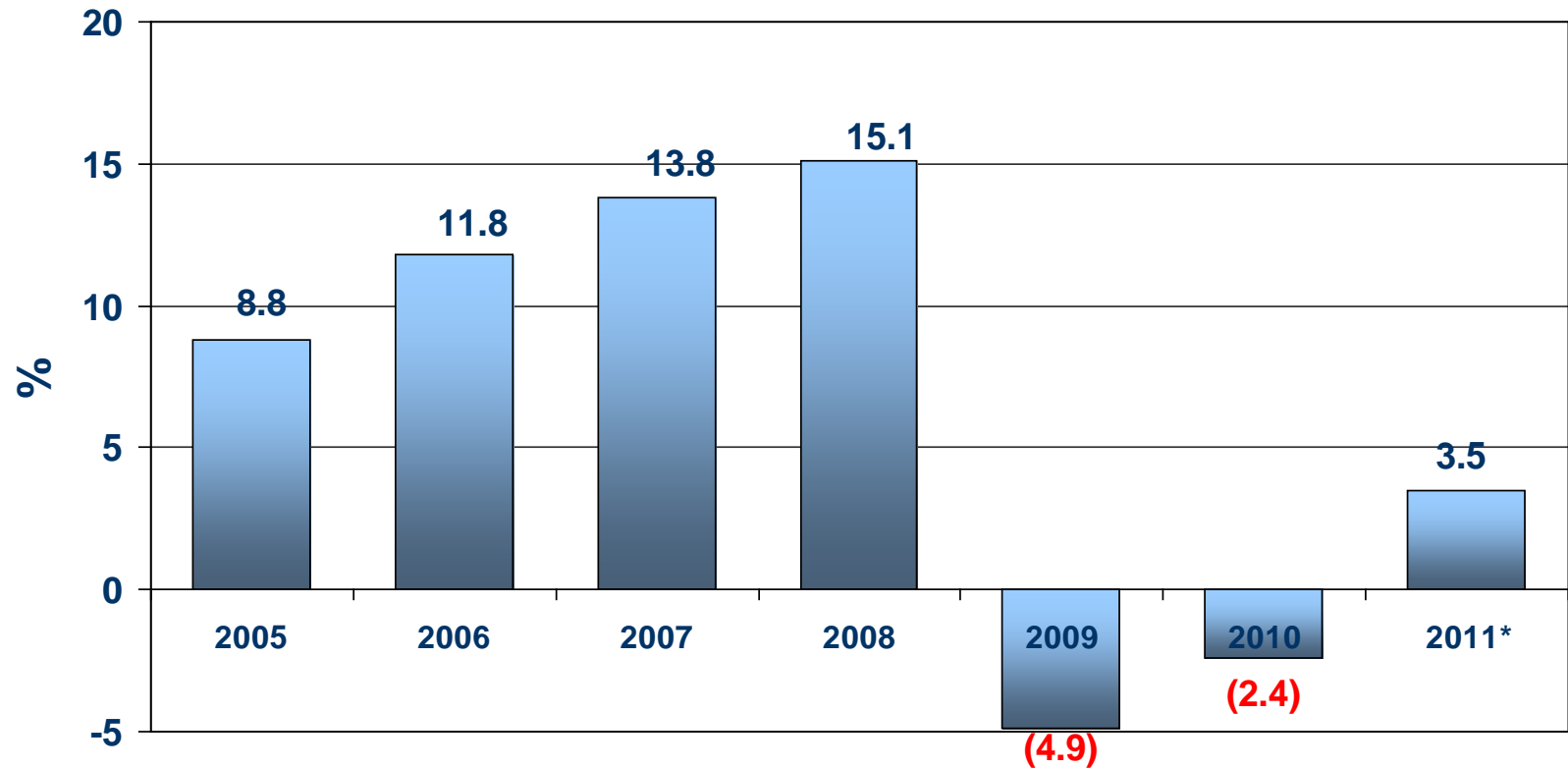
LNG Exports are expected to reach 77.4 million tons per annum in 2011



Condensate and GTL Production is expected to reach 920k barrels per day by 2014



Inflation has been one of the highest in the region up to 2008, is negative today and is expected to remain low



Source: Qatar Statistics Authority.
* QNB Estimate.

THANK YOU