

Invitation to attend the Ordinary and Extraordinary General Assembly

The Board of Directors of Qatar National Bank is pleased to invite shareholders to attend the Ordinary General Assembly meeting to be held on Sunday the 30th of January 2011, at 6:00pm, at Al Wajba Hall, La Cigale Hotel; and also to attend the Extraordinary General Assembly meeting to be held immediately after the adjournment of the Ordinary General Assembly meeting, at the same venue, to discuss the Agendas as shown below. In case a quorum is not met, a second meeting will be held on Wednesday the 2nd of February 2011 at the same time and location. Accordingly, shareholders are kindly requested to be present at the meeting hall by 4:00pm to enable taking a record of the attending shareholders' names and number of shares held by each.

Agenda of the Ordinary General Assembly

- Hearing the speech of His Excellency the Chairman and the report of the Board of Directors on the Company's activities and its financial position for the year ended 31 December 2010 and its business plan for 2011.
- Hearing and approving the report of the External Auditor on the Company's statement of financial position and on the accounts submitted by the Board of Directors.
- Discussing and approving the statement of financial position and income statement for the year ended 31 December 2010.
- Approving the proposal of the Board of Directors to distribute to shareholders a cash dividend at the rate of 50% of the nominal value of share capital, representing QR5 per share, and distribute bonus shares equivalent to 30% of the share capital.
- Approving the transfer of necessary funds to the legal reserve so that it would be equal to 100% of the capital.
- Absolving the members of the Board of Directors from responsibility and fixing their remuneration for the financial year ended 31 December 2010.
- Appointing an External Auditor for the financial year 2011 and fixing its fees.

Reminder:

- Exclusively for the review of the Company's shareholders, the Bank will make available, three days before the convening of the General Assembly, statements showing the wages, charges, commissions, loans, letters of credit, privileges in kind and remuneration received by the Chairman and each member of the Board of Directors, along with the External Auditor's report in this regard at the Board of Director's Office, 5th floor of QNB Head Office Building, Corniche Street, Doha.
- Every shareholder has the right to authorise another person to attend the meeting on his behalf, provided such an authorisation should be special and in writing and the authorised deputy should be a shareholder. However, a Board member may not be deputised for this purpose

Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present QNB Group's Annual Report for 2010, a year that witnessed an outstanding performance in all business areas and strong financial results.

Qatar witnessed a number of significant events during 2010. The country celebrated the occasion of reaching, as per schedule, the targeted production capacity of 77 million tons of liquefied natural gas. This milestone will further strengthen the position of the State of Qatar among the top exporting countries in the world of this vital clean energy. At the same time, Qatar's economy continued its strong growth supported by the ongoing expansion in energy related projects and the vast investments undertaken for various developmental projects. Another significant event is the award of hosting the 2022 World Cup games, an event which we are proud of, which will certainly give momentum to the national economic growth in the near future, through the launch of new projects and acceleration of the ambitious developmental projects, which are already underway.

In line with our strategic aim to increase QNB Group's international presence, the Bank expanded its network in a number of countries in the region. The Bank also continued its efforts in offering new products and services including the offering of brokerage services, which will be introduced in early 2011. Currently, QNB Group is putting the final touches to its next five year strategic plan, through which we aspire, with the advent of a new decade, to achieve further success and to take the Bank forward to become the leading financial institution in the Middle East, Africa and South Asia.

During the last quarter of 2010, QNB Group entered, for the first time in its history, the

Agenda of the Extraordinary General Assembly

- Increase the share capital of the Bank amounting to QR3,914,570,290 by distributing bonus shares at 30% of the present capital to read as follows: The Company's capital is in the amount of QR5,088,941,370 (Qatar Riyals five thousand eight hundred eighty eight million, nine hundred forty one thousand and three hundred seventy), divided into 508,894,137 (Five hundred eight million, eight hundred ninety four thousand and one hundred thirty seven) ordinary nominal shares, the value of each at QR10 (Ten Qatar Riyals).
- Issuing new shares after the 1st quarter of 2011 equal to 25% of total capital after counting the bonus shares (1 share for every 4 shares) at the price of QR100 per share including the nominal value of QR10 per share and a premium of QR90 (after securing the approval of the Ministry of Business and Trade).
- Amending article (6) of the Bank's Articles of Association to allow for the above mentioned increases.
- Priority is given to the Bank's shareholders, who are registered at the date of the start of the rights issue. Shareholders will have the right to subscribe to a number of shares equal to or lesser than the number that they are entitled to.
- In case the shares are not fully subscribed, the remaining shares will be allocated to the Qatar General Retirement and Social Insurance Authority at the same price offered to shareholders.
- Amending article (7) of the Bank's Articles of Association to read: "With the exception of Qatar Investment Authority (Owner of 50% of the Company's capital) and Qatar General Retirement and Social Insurance Authority, no person or company can own, at any given time, more than 2% of the Company's total shares, except by inheritance or will."
- The Bank's Board of Directors is authorised to manage and decree any other terms and conditions for subscription and manage the resulting portion of shares resulting from articles (1) and (2).

Yousef Hussain Kamal
Chairman of the Board of Directors

and only an authorisation made using the authorisation form attached to the invitation letter shall be acceptable. In all respects, the number of shares held by a deputy in this capacity should not exceed 5% of the company's total shares, i.e. 19,572,851 shares. In case the shareholder is a corporate person (company, establishment, etc), the representative of the shareholder who will attend the meeting should present a written authorisation from the company/establishment duly signed and stamped per normal practice to be able to attend the meeting.

3- This invitation shall be deemed as a legal announcement to all shareholders without the need to send a special invitation by mail according to Law No. 28 of the year 2008, amending some provisions of the Commercial Company's law.

international capital markets with the launch of its debut USD1.5 billion Reg S bond, the largest issue of its kind for financial institutions in emerging markets. This highly successful issue reflects investors' confidence in the strategic plans of QNB Group, the soundness of its financial standing and the strength of its performance.

In regard of the financial performance during 2010, I am pleased to report another year of strong growth with Net Profit increasing by 35.8% to QR5,704 million, the highest ever reached by QNB Group. Similarly, with the growth emanating from across all business lines, both locally and internationally, Total Assets increased by 24.6%, to reach QR223.4 billion, which is also the highest in the Bank's history.

As far as the dividend distribution for 2010 is concerned, with the aim of maximising shareholders' return in the long-term, the Board of Directors recommends to the General Assembly the distribution of a cash dividend of 50% of the nominal value of share capital, representing QR5 per share. The Board also recommends a bonus share issue of 30% of share capital, representing 3 shares for every 10 shares held.

In view of the ongoing expansion plans, both locally and internationally, and based on the strategic plans that aim to achieve further growth in QNB Group's operations and given the recommendation of a study undertaken by a specialised consulting firm, the Board of Directors recommends to the Extraordinary General Assembly to increase the Bank's capital after the bonus shares by 25% (1 share for every 4 shares) through a rights issue to be conducted during the second quarter of 2011, at a total price of QR100 per share which represents QR10 per share being the nominal share value and a premium of QR90 per

share, with the total issuance covering all the Bank's shares at that date. This share capital increase would enable QNB Group to continue to meet regulatory requirements including the proposed Basel III along with maintaining the Bank's current high credit rating.

On behalf of the Board of Directors, I express our sincere gratitude and appreciation to His Highness the Emir, Sheikh Hamad Bin Khalifa Al-Thani and to His Highness the Heir Apparent, Sheikh Tamim Bin Hamad Al-Thani for their continued support and guidance.

The Board also expresses its gratitude to His Excellency Sheikh Hamad Bin Jassim Bin Jabor Al-Thani, the Prime Minister and Foreign Minister for his support and encouragement, and to Qatar Central Bank's Governor, His Excellency Sheikh Abdullah Bin Saud Al-Thani, for his efforts in promoting Qatar's banking sector.

I take this opportunity to thank the executive management and all staff of the Bank, in Qatar and abroad, for their sincere efforts, which were instrumental to the successes achieved by QNB Group.

Finally, I reassure the commitment of the Bank towards its customers and shareholders to achieve further successes in 2011 and in the coming years and to further strengthen the leading position of QNB Group in the Middle East, Africa and South Asia

Yousef Hussain Kamal
Chairman

Independent Auditor's Report to the Shareholders of Qatar National Bank S.A.Q.

Report on consolidated financial statements

We have audited the accompanying consolidated financial statements of Qatar National Bank S.A.Q. (the "Bank") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and applicable Qatar Central Bank regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the

appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and applicable Qatar Central Bank regulations.

Report on other legal and regulatory requirements

In addition, in our opinion, the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We have reviewed the accompanying report of the board of directors and confirm that the financial information contained therein is in agreement with the books and records of the Group. We are not aware of any violations of the provisions of Qatar Central Bank Law No. 33 of 2006, Qatar Commercial Law No. 5 of 2002 and the terms of Articles of Association and the amendments thereto having occurred during the year which might have had a material effect on the business of the Group or its consolidated financial position as at 31 December 2010. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No. 251

10 January 2011
Doha
State of Qatar

Consolidated Statement of Financial Position

As at 31 December 2010

	2010 QR000	2009 QR000 (Restated)
ASSETS		
Cash and Balances with Central Banks	33,912,459	9,890,170
Due from Banks and Other Financial Institutions	24,686,826	30,181,027
Loans and Advances and Financing Activities to Customers	131,696,000	108,783,261
Investment Securities	24,047,736	23,332,759
Investments in Associates	4,648,318	4,443,666
Property and Equipment	914,931	713,036
Other Assets	3,476,177	1,994,995
Total Assets	223,382,447	179,328,914
LIABILITIES and EQUITY		
LIABILITIES		
Due to Banks and Other Financial Institutions	12,160,273	20,794,043
Repurchase Agreements	2,184,300	2,085,852
Customer Deposits	140,086,810	108,772,496
Other Borrowings	12,136,410	6,723,541
Other Liabilities	6,838,243	3,977,254
	173,206,136	142,353,186
Unrestricted Investment Accounts	25,283,623	17,032,719
Total Liabilities and Unrestricted Investment Accounts	198,589,759	159,452,905
EQUITY		
Issued Capital	3,914,570	3,011,208
Statutory Reserve	8,554,060	7,650,698
Other Reserves	1,732,643	1,769,386
Risk Reserve	1,500,000	1,410,000
Fair Value Reserve	700,404	489,147
Proposed Dividend	1,957,285	1,204,483
Proposed Bonus Shares	1,174,371	903,362
Proposed Transfer to Statutory Reserve	1,174,371	903,362
Retained Earnings	3,529,760	2,343,671
Total Equity Attributable to Equity Holders of Bank	24,237,464	19,685,317
Non-Controlling Interest	555,224	190,692
Total Equity	24,792,688	19,876,009
Total Liabilities, Unrestricted Investment Accounts and Equity	223,382,447	179,328,914

These financial statements were approved by the Board of Directors on 10 January 2011 and were signed on their behalf by:

Yousef Hussain Kamal
Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2010

	2010 QR000	2009 QR000
Cash Flows from Operating Activities		
Profit for the Year Before Taxes	5,717,688	4,205,607
Adjustments for:		
Depreciation	146,596	110,998
Net Impairment Loss on Loans and Advances	537,664	281,106
Net Impairment Loss on Investment Securities	62,706	73,823
Other Provisions	5,714	8,974
Net Gain on Sale of Property and Equipment	(8,869)	(3,543)
Net Gain on Sale of Investment Securities	(175,172)	(142,266)
Net Amortisation of Premium or Discount on Investment Securities	3,431	3,469
Net Gain from Sale of Discontinued Operations	-	(14,167)
Share in Profit of Associates, net of Dividends Received	(117,343)	(174,648)
Recovery of Provision for Property Acquired Against Settlement of Debts	(112)	-
	6,172,303	4,349,353
Changes in:		
Due from Banks and Other Financial Institutions	(1,463,552)	(467,256)
Loans and Advances and Financing Activities to Customers	(23,450,403)	(21,864,332)
Other Assets	(1,470,739)	(450,688)
Due to Banks and Other Financial Institutions	(8,633,770)	1,079,621
Repurchase Agreements	98,448	(181,564)
Customer Deposits and Unrestricted Investment Accounts	39,598,218	22,790,803
Other Liabilities	2,802,702	1,511,002
Cash Generated from Operations	13,653,207	6,766,939
Income Tax Paid	(22,265)	(8,005)
Staff Indemnity Paid	(1,890)	(3,566)
Net Cash from Operating Activities	13,629,052	6,755,368
Cash Flows from Investing Activities		
Acquisition of Investment Securities	(3,576,449)	(4,968,959)
Proceeds from Sale / Redemption of Investment Securities	3,218,229	7,381,867
Investments in Associates	(71,882)	(100,688)
Acquisition of Property and Equipment	(358,846)	(240,237)
Proceeds from Sale of Property and Equipment	10,179	50,750
Disposal of Discontinued Operations, net of cash disposed of	-	117,178
Net Cash (used in) / from Investing Activities	(778,769)	2,239,911
Cash Flows from Financing Activities		
Dividend Paid	(1,208,629)	(1,820,206)
Proceeds from the Eurobond Issue	5,408,424	-
Net Cash from / (used in) Financing Activities	4,199,795	(1,820,206)
Net Increase in Cash and Cash Equivalents	17,050,078	7,175,073
Effect of Exchange Rate Fluctuations on Cash Held	24,458	(46,361)
Cash and Cash Equivalents as at 1 January	35,097,896	27,969,184
Cash and Cash Equivalents as at 31 December	52,172,432	35,097,896

Consolidated Income Statement

For the Year Ended 31 December 2010

	2010 QR000	2009 QR000
Continuing Operations		
Interest Income	7,889,807	6,394,834
Interest Expense	(3,241,878)	(3,080,578)
Net Interest Income	4,647,929	3,314,256
Income from Islamic Financing and Investing Activities	2,041,964	900,872
Unrestricted Investment Account Holders' Share of Profit	(1,014,887)	(488,866)
Net Income from Islamic Financing and Investing Activities	1,027,077	412,006
Net Interest Income and Income from Islamic Financing and Investing Activities	5,675,006	3,726,262
Fees and Commission Income	1,199,660	1,031,037
Fees and Commission Expense	(78,713)	(63,291)
Net Fees and Commission Income	1,120,947	967,746
Dividend Income	41,068	204,962
Net Gains from Foreign Currency Transactions	358,681	304,809
Net Gains from Investment Securities	175,172	142,266
Share in Profit of Associates	216,306	292,795
Other Operating Income	22,198	18,337
Operating Income	7,609,388	5,657,177
General and Administrative Expenses	(1,145,461)	(995,860)
Depreciation	(146,596)	(110,998)
Net Impairment Losses on Loans and Advances	(537,664)	(281,106)
Net Impairment Losses on Investment Securities	(62,706)	(73,823)
Other Recoveries / (Provisions)	615	(3,950)
Recovery of Provision for Properties Acquired against Settlement of Debts	112	-
Profit Before Income Taxes	5,717,688	4,191,440
Income Tax Expense	(15,520)	(17,140)
Profit for the Year from Continuing Operations	5,702,168	4,174,300
Profit from Discontinued Operations	-	14,167
Profit for the Year	5,702,168	4,188,467
Attributable to:		
Equity Holders of the Bank	5,704,299	4,201,723
Non-Controlling Interest	(2,131)	(13,256)
Profit for the Year	5,702,168	4,188,467
Basic and Diluted Earnings Per Share (QR)	14.6	10.7

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2010

	Issued Capital	Statutory Reserve	Other Reserves	Risk Reserve	Fair Value Reserve	Proposed Dividend	Proposed Bonus Shares	Proposed Transfer to Statutory Reserve	Retained Earnings	Equity Attributable to Equity Holders of the Bank	Non-Controlling Interest	Total
	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000
Balance as at 1 January 2010	3,011,208	7,650,698	1,769,386	1,410,000	489,147	1,204,483	903,362	903,362	2,343,671	19,685,317	190,692	19,876,009
Total Comprehensive Income for the Year	-	-	-	-	-	-	-	-	5,704,299	5,704,299	(2,131)	5,702,168
Other Comprehensive Income, net of Income Tax	-	-	-	-	-	-	-	-	-	(51,025)	-	(51,025)
Net Movement in Currency Translation Differences	-	-	(51,025)	-	-	-	-	-	-	(51,025)	-	(51,025)
Share of Other Comprehensive Income of Associates	-	-	14,282	-	-	-	-	-	-	14,282	-	14,282
Net Movement in Fair Value Reserve	-	-	-	-	211,257	-	-	-	-	211,257	-	211,257
Total Other Comprehensive Income	-	-	(36,743)	-	211,257	-	-	-	-	174,514	-	174,514
Total Comprehensive Income for the Year	-	-	(36,743)	-	211,257	-	-	-	5,704,299	5,878,813	(2,131)	5,876,682
Dividend Declared for the Year 2009	-	-	-	-	-	(1,204,483)	-	-	-	(1,204,483)	-	(1,204,483)
Bonus Shares for the Year 2009	903,362	-	-	-	-	-	(903,362)	-	-	-	-	-
Transfer to Statutory Reserve for the Year 2009	-	903,362	-	-	-	-	-	(903,362)	-	-	-	-
Net Movement in Risk Reserve	-	-	-	90,000	-	-	-	-	-	(90,000)	-	-
Proposed Dividend	-	-	-	-	-	1,957,285	-	-	-	(1,		