

# QNB Group Net Profit Up by 34.8% to Achieve QR1.7 billion in Three Months



## QNB Group Total Assets increased by 32.5% to reach QR242.7 billion

H.E. Yousef Hussein Kamal, Chairman of the Board of Directors of Qatar National Bank (QNB), announced that QNB was able to deliver excellent growth in profitability in the first quarter of 2011, as it surpassed QR1.7 billion, increasing by 34.8% from the same period last year. This clearly demonstrates the Bank's ability to record exceptional growth across the range of activities along with the ability to deliver strong growth in profitability for the benefit of shareholders. H.E. added that these outstanding financial results clearly demonstrate the success in the implementation of strategic initiatives both in Qatar and overseas.

For the three months ended 31 March 2011, net profit reached QR1.7 billion, up 34.8% on the net profit delivered in March 2010. Total assets grew since March 2010 to QR242.7 billion, representing an increase of QR59.5 billion, or 32.5%. Loans and advances and financing activities grew to QR140.7 billion, representing an increase of QR23.0 billion, or 19.5%. Customer deposits and unrestricted investment accounts also increased by QR48.0 billion (36.4%) during the period to reach QR179.9 billion.

Operating income increased by QR596.5 million (36.0%) to reach QR2.3 billion.

This was mainly due to the increase in net interest income and income from Islamic financing and investing activities by QR518.1 million (43.6%) to reach QR1.7 billion. Net fee and commission income grew by QR3.6 million (1.3%) to QR285.2 million. Net gains from foreign currency transactions increased by QR9.4 million (10.8%) to reach QR95.8 million.

Total equity attributable to the Bank's shareholders grew since March 2010 to QR23.9 billion, representing an increase of QR4.0 billion, or 20.2%. Also earnings per share increased to QR3.4 in March 2011 from QR2.5 in March 2010.

Mr. Ali Shareef Al Emadi, QNB's Group Chief Executive Officer, said: "These excellent results for the first three months of 2011 clearly reflect the strong growth across the range of domestic and international activities. It is also a reflection of the effective risk management framework along with the continuous enhancement of service quality and providing customers with distinctive and innovative products."

In regard to the international expansion plans, the acquisition of PT Bank Kesawan in Indonesia was completed

in the first quarter, allowing QNB Group to have a controlling stake with 70% ownership. This transaction will further enhance the Bank's presence in South East Asia which also includes a branch in Singapore. Mr. Al Emadi added that despite the international expansion plan, Qatar remains the most important market for QNB as it continues to play a leading role in the financing of various projects of the private and public sectors across a range of economic activities.

Mr. Al Emadi expressed his gratitude for the recent upgrade by Capital Intelligence of the Bank's Financial Strength Rating from A+ to AA- along with the affirmation of all other ratings, which are considered the highest in the region. This upgrade is a reflection of the Bank's strong financial position, systemic importance and its overall asset quality.

The Bank places the utmost importance to further enhancing the range of product and services offered that caters to customers' expectations. The Bank also continues its efforts to expand its network that consists of 60 branches and offices supported by over 180 ATMs, being the largest network in Qatar.

## QNB Group Key Performance Indicators

	March 2011	March 2010	Growth
Net Profit	QR1.7 billion	QR1.3 billion	34.8% ↑
Total Assets	QR242.7 billion	QR183.2 billion	32.5% ↑
Loans and Advances and Financing Activities	QR140.7 billion	QR117.7 billion	19.5% ↑
Customer Deposits and Unrestricted Investment Accounts	QR179.9 billion	QR131.9 billion	36.4% ↑
Total Equity Attributable to the Bank's Shareholders	QR23.9 billion	QR19.9 billion	20.2% ↑
Earnings per Share	QR3.4	QR2.5	34.8% ↑



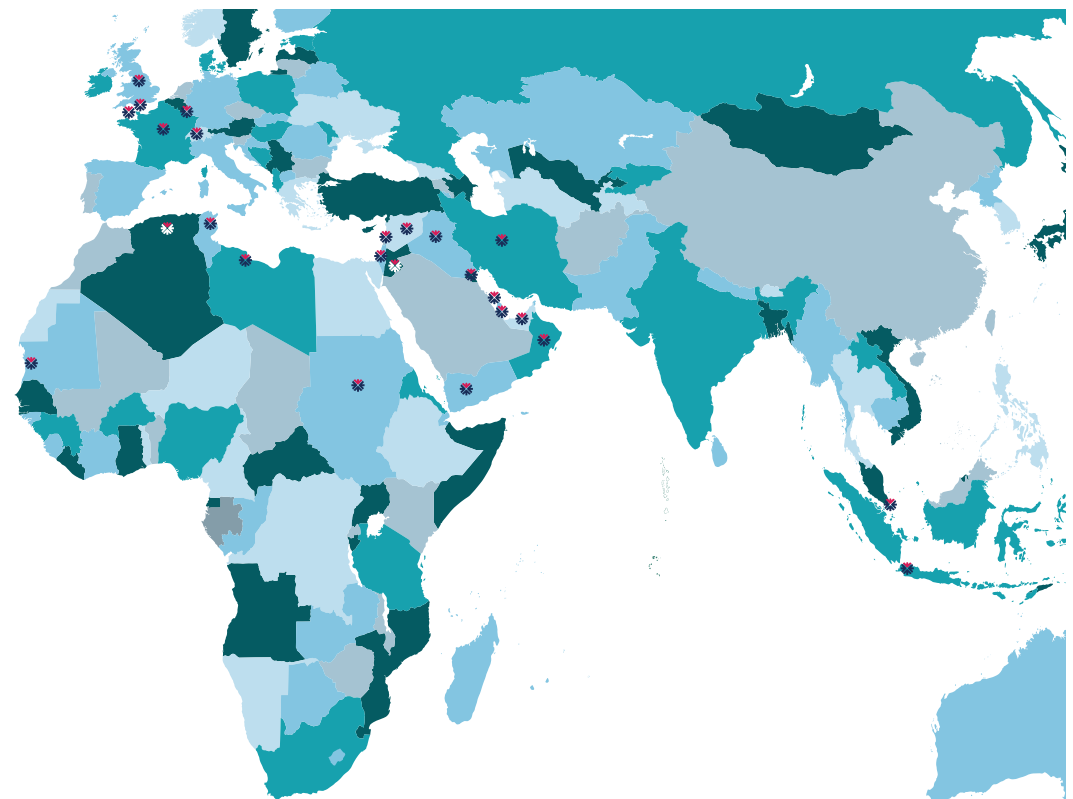
## International Presence

QNB Group's international expansion plans have become an integral part of its strategic growth and the Bank is committed to delivering a comprehensive range of products and services tailored to the markets in which it operates.

The Bank is continuously exploring new opportunities that support the international expansion of major clients based in Qatar, thereby enabling the offer of support to its existing customers.

QNB Group is currently present in 25 countries around the world through branches, representative offices, associates & subsidiaries including:

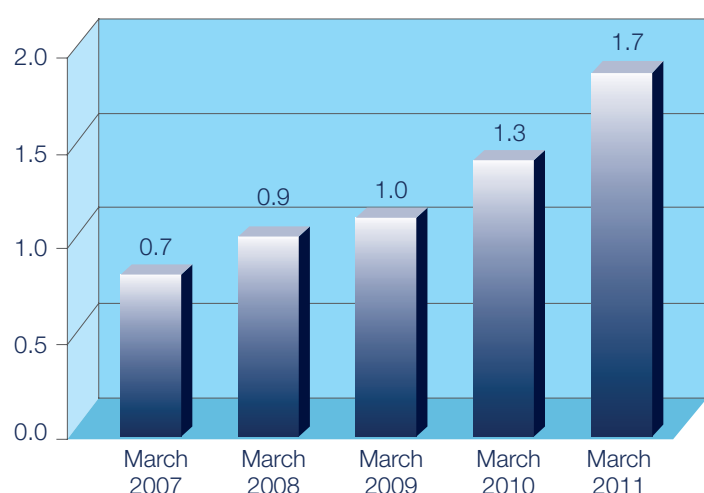
- Algeria
- Bahrain
- France
- Guernsey
- Indonesia
- Iran
- Iraq
- Jersey
- Jordan
- Kuwait
- Lebanon
- Libya
- Luxembourg
- Mauritania
- Oman
- Palestine
- Qatar
- Singapore
- Sudan
- Switzerland
- Syria
- Tunisia
- UAE
- United Kingdom
- Yemen



## Subsidiaries & Associates of QNB Group

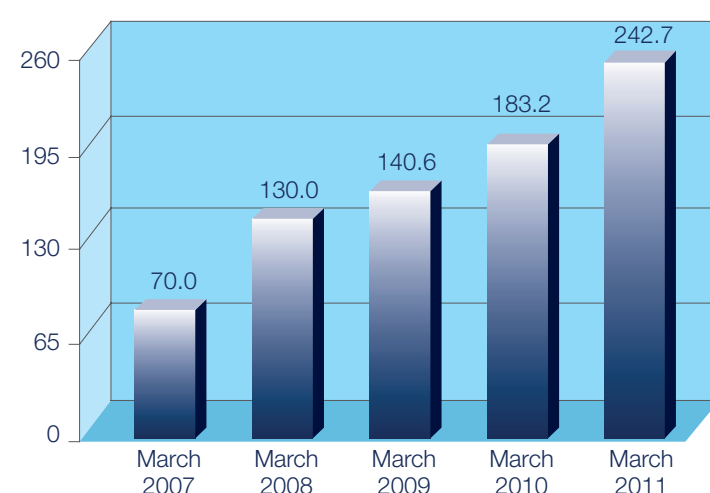
QNB Group	Country	% Ownership
QNB International Holdings	Luxembourg	100%
QNB Capital	Qatar	100%
QNB Switzerland	Switzerland	100%
PT Bank Kesawan	Indonesia	70%
QNB Syria	Syria	51%
Tunisian Qatari Bank	Tunisia	50%
Housing Bank for Trade & Finance	Jordan	35%
Commercial Bank International	UAE	24%
Mansour Bank	Iraq	23%
Al Jazeera Finance Company	Qatar	20%

### Net Profit (QR billion)



Net Profit increased by 34.8% to QR1.7 billion

### Total Assets (QR billion)



Total Assets increased by 32.5% to QR242.7 billion

# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2011



## Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Information to the Board of Directors of Qatar National Bank S.A.Q.

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Qatar National Bank S.A.Q. (the "Bank") and its subsidiaries (together referred to as the "Group") as at 31 March 2011 and the condensed consolidated interim income statement, statements of comprehensive income, changes in equity and cash flows for the three month period then ended and the related notes ("condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim

financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2011 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank regulations.

Gopal Balasubramaniam  
KPMG  
Qatar Auditors Registry Number 251

Doha - State of Qatar  
6 April 2011

## Condensed Consolidated Interim Statement of Financial Position

	31 March 2011 (Reviewed) QR000	31 March 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
<b>ASSETS</b>			
Cash and Balances with Central Banks	17,679,988	11,667,779	33,912,459
Due from Banks and Other Financial Institutions	32,173,615	22,527,329	24,686,826
Loans and Advances and Financing Activities to Customers	140,701,468	117,704,729	131,696,000
Investment Securities	44,080,541	23,357,941	24,047,736
Investment in Associates	4,687,782	4,524,371	4,648,318
Property and Equipment	970,334	738,000	914,931
Other Assets	2,364,926	2,637,619	3,476,177
<b>Total Assets</b>	<b>242,658,654</b>	<b>183,157,768</b>	<b>223,382,447</b>
<b>LIABILITIES</b>			
Due to Banks and Other Financial Institutions	17,396,104	17,941,825	12,160,273
Repurchase Agreements	2,184,300	2,091,541	2,184,300
Customer Deposits and Unrestricted Investment Accounts	179,872,953	131,903,440	165,470,433
Other Borrowings	12,140,135	6,724,652	12,136,410
Other Liabilities	6,534,595	4,454,801	6,638,343
<b>Total Liabilities</b>	<b>218,128,087</b>	<b>163,116,259</b>	<b>198,589,759</b>
<b>EQUITY</b>			
Issued Capital	5,088,941	3,914,570	3,914,570
Statutory Reserve	9,728,431	8,554,060	8,554,060
Other Reserves	1,686,539	1,793,586	1,732,643
Risk Reserve	1,500,000	1,410,000	1,500,000
Fair Value Reserve	627,989	570,417	700,404
Proposed Dividend	-	-	1,957,285
Proposed Bonus Shares	-	-	1,174,371
Proposed Transfer to Statutory Reserve	-	-	1,174,371
Retained Earnings	5,236,508	3,609,461	3,529,760
<b>Total Equity Attributable to Equity Holders of the Bank</b>	<b>23,868,408</b>	<b>19,852,094</b>	<b>24,237,464</b>
Non - Controlling Interest	662,159	189,415	555,224
<b>Total Equity</b>	<b>24,530,567</b>	<b>20,041,509</b>	<b>24,792,688</b>
<b>Total Liabilities and Equity</b>	<b>242,658,654</b>	<b>183,157,768</b>	<b>223,382,447</b>

Yousef Hussain Kamal  
Chairman

Ali Shareef Al-Emadi  
Group Chief Executive Officer

## Condensed Consolidated Interim Income Statement

	Three Months to 31 March 2011 (Reviewed) QR000	Three Months to 31 March 2010 (Reviewed) QR000
Interest Income from Conventional and Profit from Islamic Operations	2,531,864	2,283,806
Interest Expense from Conventional and Share of Profit on Islamic Operations	(824,395)	(1,094,468)
<b>Net Interest Income and Income from Islamic Financing and Investing Activities</b>	<b>1,707,469</b>	<b>1,189,338</b>
Fee and Commission Income	307,976	298,832
Fee and Commission Expense	(22,803)	(17,243)
<b>Net Fee and Commission Income</b>	<b>285,173</b>	<b>281,589</b>
Dividend Income	34,885	33,656
Net Gains from Foreign Currency Transactions	95,784	86,420
Net Gains from Investment Securities	79,437	4,296
Share in Profit of Associates	45,178	58,529
Other Operating Income	7,114	4,715
<b>Operating Income</b>	<b>2,255,040</b>	<b>1,658,543</b>
General and Administrative Expenses	(326,897)	(269,938)
Depreciation	(37,354)	(29,341)
Net Impairment Losses on Loans and Advances	(177,259)	(92,292)
Net Impairment Losses on Investment Securities	(531)	(506)
Other Recoveries	117	15
<b>Profit Before Income Tax</b>	<b>1,713,116</b>	<b>1,266,481</b>
Income Tax Expense	(5,720)	(154)
<b>Profit for the Period</b>	<b>1,707,396</b>	<b>1,266,327</b>
<b>Attributable to:</b>		
Equity Holders of the Bank	1,706,748	1,265,790
Non - Controlling Interest	648	537
<b>Profit for the Period</b>	<b>1,707,396</b>	<b>1,266,327</b>
Earnings Per Share (QR)	3.4	2.5

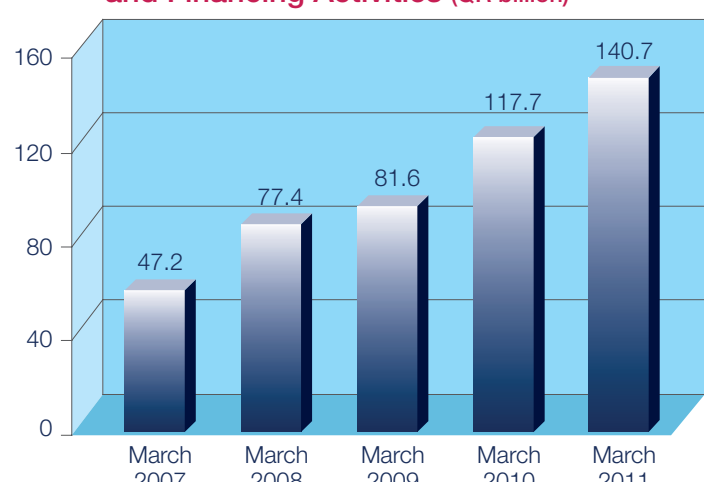
## QNB Group Financial Highlights

- Net Profit up by 34.8% to QR1.7 billion
- Total Assets up by QR59.5 billion (32.5%) since March 2010 to QR242.7 billion
- Total Loans and Advances and Financing Activities up by QR23.0 billion (19.5%) since March 2010 to QR140.7 billion
- Total Customer Deposits and Unrestricted Investment Accounts up by QR48.0 billion (36.4%) since March 2010 to QR179.9 billion
- Earnings per Share increased to QR3.4 compared to QR2.5 in March 2010
- Total Equity Attributable to the Bank's Shareholders up by QR4.0 billion (20.2%) since March 2010 to QR23.9 billion

## Condensed Consolidated Interim Statement of Comprehensive Income

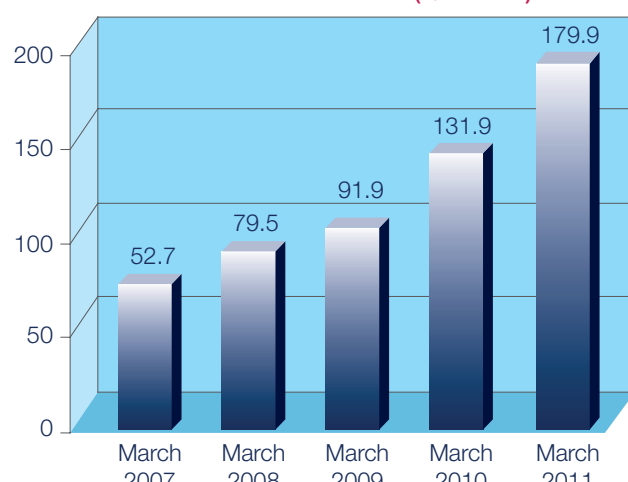
	Three Months to 31 March 2011 (Reviewed) QR000	Three Months to 31 March 2010 (Reviewed) QR000
<b>Profit for the Period</b>	<b>1,707,396</b>	<b>1,266,327</b>
<b>Other Comprehensive Income, net of Income Tax</b>		
Foreign Currency Translation Differences for Foreign Operations	(42,455)	4,186
Share of Other Comprehensive Income of Associates	(3,649)	20,014
Effective Portion of Changes in Fair Value of Cash Flow Hedges	37,744	(25,184)
Net (Loss) / Gain on Revaluation of Available-for-Sale Investment Securities	(110,159)	106,454
<b>Total Other Comprehensive Income for the Period, net of Income Tax</b>	<b>(118,519)</b>	<b>105,470</b>
<b>Total Comprehensive Income for the Period</b>	<b>1,588,877</b>	<b>1,371,797</b>
<b>Attributable to:</b>		
Equity Holders of the Bank	1,588,229	1,371,260
Non - Controlling Interest	648	537
<b>Total Comprehensive Income for the Period</b>	<b>1,588,877</b>	<b>1,371,797</b>

### Loans and Advances and Financing Activities (QR billion)



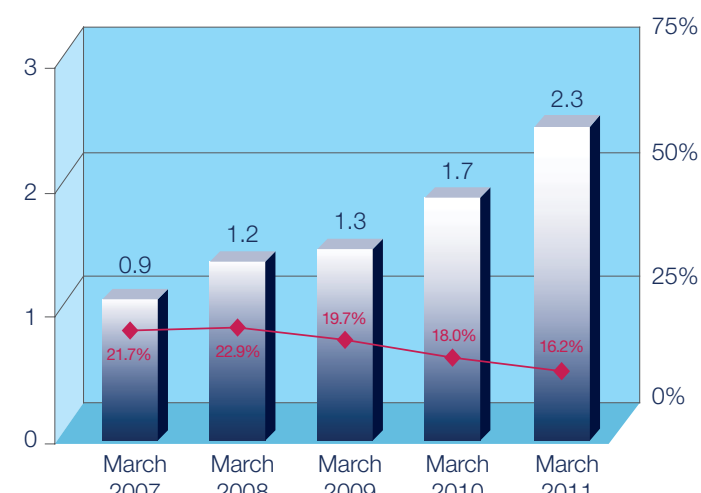
Loans and Advances and Financing Activities increased by 19.5% to QR140.7 billion

### Customer Deposits and Unrestricted Investment Accounts (QR billion)



Customer Deposits and Unrestricted Investment Accounts increased by 36.4% to QR179.9 billion

### Operating Income (QR billion)



Operating Income increased by 36.0% to QR2.3 billion  
Efficiency Ratio improved to 16.2%