

# QNB Group Net Profit Up by 30.4% to QR5.4 billion in Nine Months



## QNB Group Total Assets increased by 43.9% to QR280.1 billion

QNB Group, one of the largest and one of the most highly regarded financial institutions in the Middle East and North Africa region, has announced its financial results for the nine months ended 30 September 2011. The Group recorded a net profit of QR5.4 billion, up by 30.4% compared to the same period last year, a crystal-clear indicator of QNB Group's capacity to deliver a strong growth across the range of its activities along with the delivery of a solid growth in profitability for the benefit of shareholders.

For the nine months ended 30 September 2011, net profit reached QR5.4 billion, up 30.4% on the net profit delivered in September 2010. Total assets grew since September 2010 to QR280.1 billion, representing an increase of QR85.4 billion, or 43.9%. Loans and advances and financing activities grew to QR168.1 billion, representing an increase of QR44.1 billion, or 35.5%. Customer deposits and unrestricted investment accounts also increased by QR46.7 billion (31.4%) during the period to reach QR195.3 billion.

Operating income increased by QR1.7 billion (31.0%) to reach QR7.1 billion. This was mainly due to the increase in net interest income and profit from Islamic operations by QR1.4 billion (34.0%) to reach QR5.4 billion. Other operating income also

grew by QR318.8 million (22.3%) to QR1.7 billion.

Total equity grew since September 2010 to QR40.8 billion, representing an increase of QR18.0 billion, or 79.0%. Capital adequacy ratio stood at 20.9%, significantly higher than both the Basel requirements and the Qatar Central Bank minimum requirements. Earnings per share also increased to QR9.2 in September 2011 from QR7.7 in September 2010.

As part of QNB Group's international expansion plans, the Bank completed its acquisition of PT Bank Kesawan, having a controlling stake of 70% ownership. This transaction will further enhance the QNB Group's presence in South East Asia, which already includes a branch in Singapore. Operations in Lebanon were launched following the inauguration of the branch in Beirut in early June. The Group also inaugurated its fifth branch in Oman as part of its expansion strategy in the country to reach out to its customer base and provide dedicated services.

Amongst the other achievements so far during 2011 was the completion of the Rights Issue amounting to QR12.7 billion, which was fully subscribed. The Group also continued to diversify the range of products and services offered with the launch of QNB Financial Services (QNB

FS) that provides a wide range of services including brokerage, research and financial advisory. QNB FS is planning to expand its services to include asset management and custody.

Also, QNB Group announced that it plans to develop a Euro Medium Term Note Program (EMTN Program) with a total amount of USD7.5 billion. The proceeds from this program will be utilised in the Bank's normal operations.

During the first nine months of the year, the Bank's credit ratings, which are among the highest in the region, were affirmed by Fitch, Standard & Poor's and Moody's. Further, in a move that captures the Bank's strong financial position, high asset quality and leading position in the banking sector, Capital Intelligence upgraded QNB Group's Financial Strength Rating from A+ to AA-, whilst affirming all other ratings.

The Bank places the utmost importance to further enhancing the range of dedicated products and services to its customers along with expanding its network that consists of 60 branches and service centers and over 200 ATMs, which is the largest network in Qatar.

## QNB Group Key Performance Indicators

	September 2011	September 2010	Growth
Net Profit	QR5.4 billion	QR4.2 billion	30.4% ↑
Total Assets	QR280.1 billion	QR194.7 billion	43.9% ↑
Loans and Advances	QR168.1 billion	QR124.1 billion	35.5% ↑
Customer Deposits	QR195.3 billion	QR148.7 billion	31.4% ↑
Total Equity	QR40.8 billion	QR22.8 billion	79.0% ↑
Earnings per Share	QR9.2	QR7.7	19.5% ↑



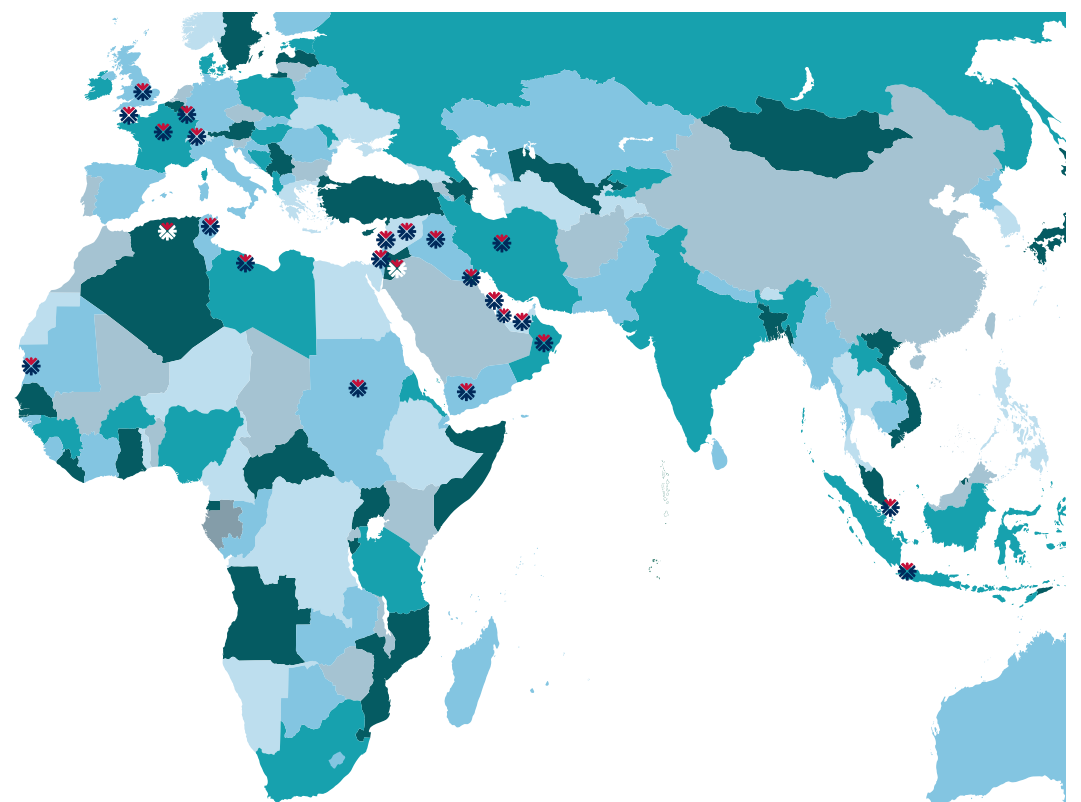
## International Presence

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 24 countries around the world through branches, representative offices, associates & subsidiaries including:

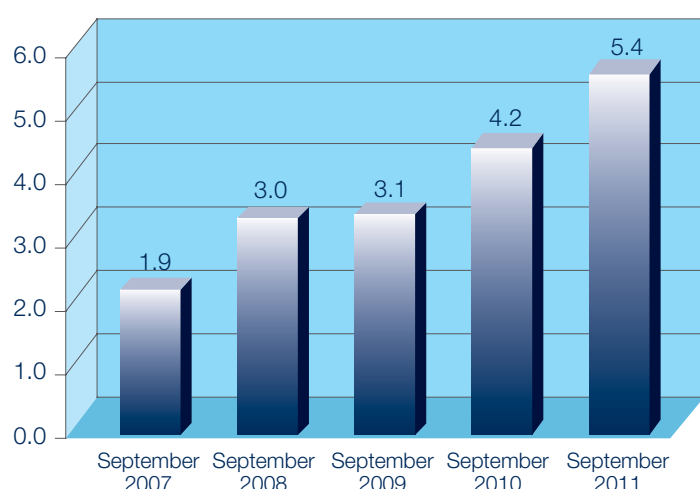
- Algeria
- Bahrain
- France
- Jersey
- Jordan
- Kuwait
- Lebanon
- Libya
- Luxembourg
- Indonesia
- Iran
- Iraq
- Mauritania
- Oman
- Palestine
- Qatar
- Singapore
- Sudan
- Switzerland
- Syria
- Tunisia
- UAE
- United Kingdom
- Yemen



## Subsidiaries & Associates of QNB Group

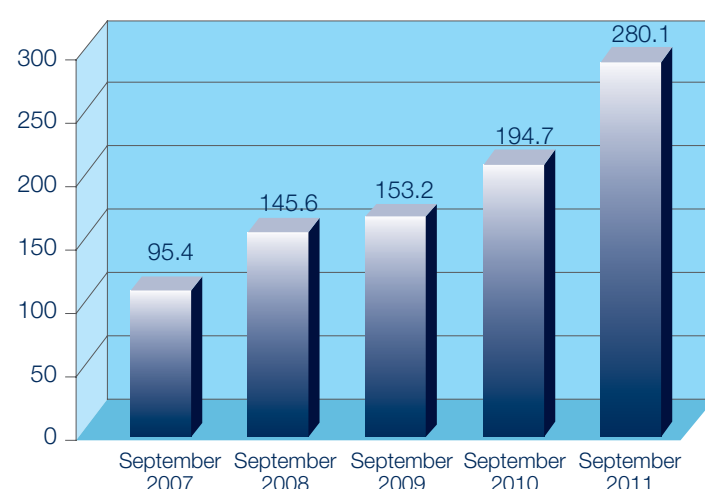
QNB Group	Country	% Ownership
QNB International Holdings	Luxembourg	100%
QNB Capital	Qatar	100%
QNB Switzerland	Switzerland	100%
QNB Financial Services	Qatar	100%
PT Bank Kesawan	Indonesia	70%
QNB Syria	Syria	51%
Tunisian Qatari Bank	Tunisia	50%
Housing Bank for Trade & Finance	Jordan	35%
Commercial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

Net Profit (QR billion)



Net Profit increased by 30.4% to QR5.4 billion

Total Assets (QR billion)



Total Assets increased by 43.9% to QR280.1 billion



# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 30 September 2011 and the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended and the related notes (together referred to as the "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 30 September 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  
5 October 2011

## Condensed Consolidated Interim Statement of Financial Position

	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
<b>ASSETS</b>			
Cash and Balances with Central Banks	18,639,278	21,759,553	33,912,459
Due from Banks and Other Financial Institutions	38,558,497	17,691,749	24,686,826
Loans and Advances and Financing Activities to Customers	168,121,067	124,069,053	131,696,000
Investment Securities	46,565,190	23,501,603	24,047,736
Investment in Associates	4,699,100	4,599,971	4,648,318
Property and Equipment	1,021,696	926,003	914,931
Intangible Assets	142,893	-	-
Other Assets	2,324,030	2,127,223	3,476,177
<b>Total Assets</b>	<b>280,071,751</b>	<b>194,675,155</b>	<b>223,382,447</b>
<b>LIABILITIES</b>			
Due to Banks and Other Financial Institutions	23,075,966	8,700,484	12,160,273
Repurchase Agreements	1,820,273	2,184,300	2,184,300
Customer Deposits and Unrestricted Investment Accounts	195,343,247	148,656,722	165,470,433
Other Borrowings	12,147,724	6,726,875	12,136,410
Other Liabilities	6,841,785	5,590,672	6,638,343
<b>Total Liabilities</b>	<b>239,228,995</b>	<b>171,859,053</b>	<b>198,589,759</b>
<b>EQUITY</b>			
Issued Capital	6,361,177	3,914,570	3,914,570
Statutory Reserve	21,178,549	8,554,060	8,554,060
Other Reserves	1,703,933	1,752,711	1,732,643
Risk Reserve	1,500,000	1,410,000	1,500,000
Fair Value Reserve	505,859	502,525	700,404
Proposed Dividend	-	-	1,957,285
Proposed Bonus Shares	-	-	1,174,371
Proposed Transfer to Statutory Reserve	-	-	1,174,371
Retained Earnings	8,946,479	6,497,673	3,529,760
<b>Total Equity Attributable to Equity Holders of the Bank</b>	<b>40,195,997</b>	<b>22,631,539</b>	<b>24,237,464</b>
Non-Controlling Interest	646,759	184,563	555,224
<b>Total Equity</b>	<b>40,842,756</b>	<b>22,816,102</b>	<b>24,792,688</b>
<b>Total Liabilities and Equity</b>	<b>280,071,751</b>	<b>194,675,155</b>	<b>223,382,447</b>

Yousef Hussain Kamal  
Chairman

Ali Sharif Al-Emadi  
Group Chief Executive Officer

## Condensed Consolidated Interim Statement of Income

	Three Months to 30 September 2011 (Reviewed) QR000	Three Months to 30 September 2010 (Reviewed) QR000	Nine Months to 30 September 2011 (Reviewed) QR000	Nine Months to 30 September 2010 (Reviewed) QR000
Interest Income from Conventional and Profit from Islamic Operations	2,593,563	2,456,018	7,548,185	7,254,278
Interest Expense from Conventional and Share of Profit on Islamic Operations	(658,727)	(995,473)	(2,154,747)	(3,230,783)
<b>Net Interest Income and Profit from Islamic Operations</b>	<b>1,934,836</b>	<b>1,460,545</b>	<b>5,393,438</b>	<b>4,023,495</b>
Fee and Commission Income	352,574	296,042	1,000,226	902,191
Fee and Commission Expense	(23,107)	(14,933)	(69,975)	(53,524)
<b>Net Fee and Commission Income</b>	<b>329,467</b>	<b>281,109</b>	<b>930,251</b>	<b>848,667</b>
Dividend Income	13	6,537	59,289	41,061
Net Gains from Foreign Currency Transactions	142,501	87,594	344,789	264,239
Net Gains from Investment Securities	76,092	40,522	234,840	94,258
Share in Profit of Associates	49,737	43,156	149,884	168,631
Other Operating Income	5,789	3,685	27,037	10,391
<b>Operating Income</b>	<b>2,538,435</b>	<b>1,923,148</b>	<b>7,139,528</b>	<b>5,450,742</b>
General and Administrative Expenses	(323,719)	(292,672)	(975,754)	(838,011)
Depreciation	(42,356)	(33,207)	(119,505)	(93,642)
Net Impairment Losses on Loans and Advances	(250,402)	(118,220)	(636,658)	(307,500)
Net Impairment Gains / (Losses) on Investment Securities	(3,454)	(30,235)	34,575	(51,857)
Amortisation of Intangible Assets	(2,517)	-	(2,517)	-
Other (Provisions) / Recoveries	(23)	468	(1,230)	614
<b>Profit Before Income Tax</b>	<b>1,915,964</b>	<b>1,449,282</b>	<b>5,438,439</b>	<b>4,160,346</b>
Income Tax Expense	(8,730)	(2,354)	(16,860)	(9,465)
<b>Profit for the Period</b>	<b>1,907,234</b>	<b>1,446,928</b>	<b>5,421,579</b>	<b>4,150,881</b>
<b>Attributable to:</b>				
Equity Holders of the Bank	1,900,585	1,450,501	5,416,719	4,154,003
Non-Controlling Interest	6,649	(3,573)	4,860	(3,122)
<b>Profit for the Period</b>	<b>1,907,234</b>	<b>1,446,928</b>	<b>5,421,579</b>	<b>4,150,881</b>
Earnings Per Share (QR)	3.2	2.7	9.2	7.7

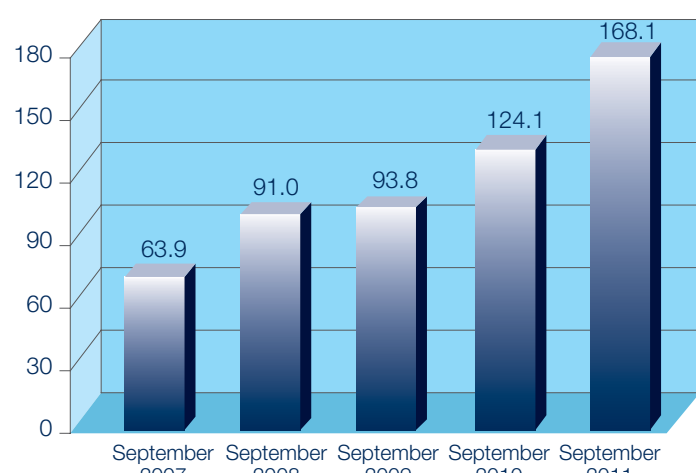
## QNB Group Financial Highlights

- Net Profit up by 30.4% to QR5.4 billion
- Total Assets up by QR85.4 billion (43.9%) since September 2010 to QR280.1 billion
- Total Loans and Advances up by QR44.1 billion (35.5%) since September 2010 to QR168.1 billion
- Total Customer Deposits up by QR46.7 billion (31.4%) since September 2010 to QR195.3 billion
- Earnings per Share increased to QR9.2 compared to QR7.7 in September 2010
- Total Equity up by QR18.0 billion (79.0%) since September 2010 to QR40.8 billion

## Condensed Consolidated Interim Statement of Comprehensive Income

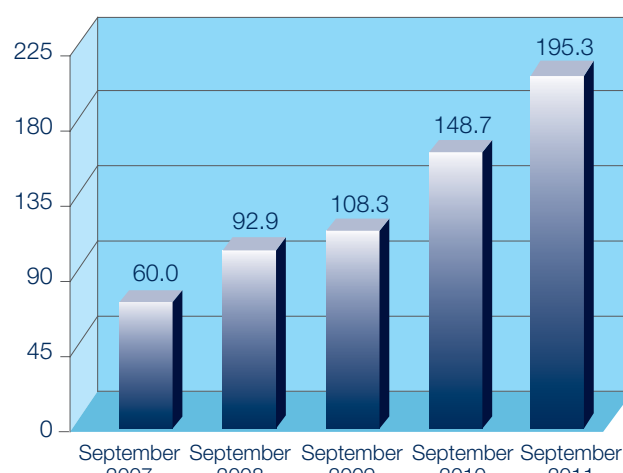
	Three Months to 30 September 2011 (Reviewed) QR000	Three Months to 30 September 2010 (Reviewed) QR000	Nine Months to 30 September 2011 (Reviewed) QR000	Nine Months to 30 September 2010 (Reviewed) QR000
<b>Profit for the Period</b>	<b>1,907,234</b>	<b>1,446,928</b>	<b>5,421,579</b>	<b>4,150,881</b>
<b>Other Comprehensive Income, net of Income Tax</b>				
Foreign Currency Translation Differences for Foreign Operations	13,791	(15,622)	(23,285)	(29,154)
Share of Other Comprehensive Income of Associates	7,261	(5,730)	(5,425)	12,479
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(41,513)	(28,881)	(34,865)	(146,178)
Net (Loss) / Gain on Revaluation of Available-for-Sale Investment Securities	(38,334)	131,392	(159,680)	159,556
<b>Total Other Comprehensive Income for the Period, net of Income Tax</b>	<b>(58,795)</b>	<b>81,159</b>	<b>(223,255)</b>	<b>(3,297)</b>
<b>Total Comprehensive Income for the Period</b>	<b>1,848,439</b>	<b>1,528,087</b>	<b>5,198,324</b>	<b>4,147,584</b>
<b>Attributable to:</b>				
Equity Holders of the Bank	1,841,790	1,531,660	5,193,464	4,150,706
Non-Controlling Interest	6,649	(3,573)	4,860	(3,122)
<b>Total Comprehensive Income for the Period</b>	<b>1,848,439</b>	<b>1,528,087</b>	<b>5,198,324</b>	<b>4,147,584</b>

### Loans and Advances (QR billion)



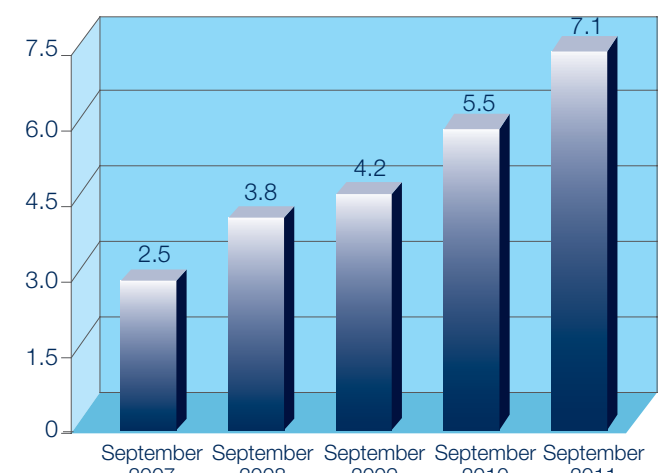
Loans and Advances increased by 35.5% to QR168.1 billion

### Customer Deposits (QR billion)



Customer Deposits increased by 31.4% to QR195.3 billion

### Operating Income (QR billion)



Operating Income increased by 31.0% to QR7.1 billion