

# QNB

## Investor Relations Presentation

### December 2010



## ***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.*

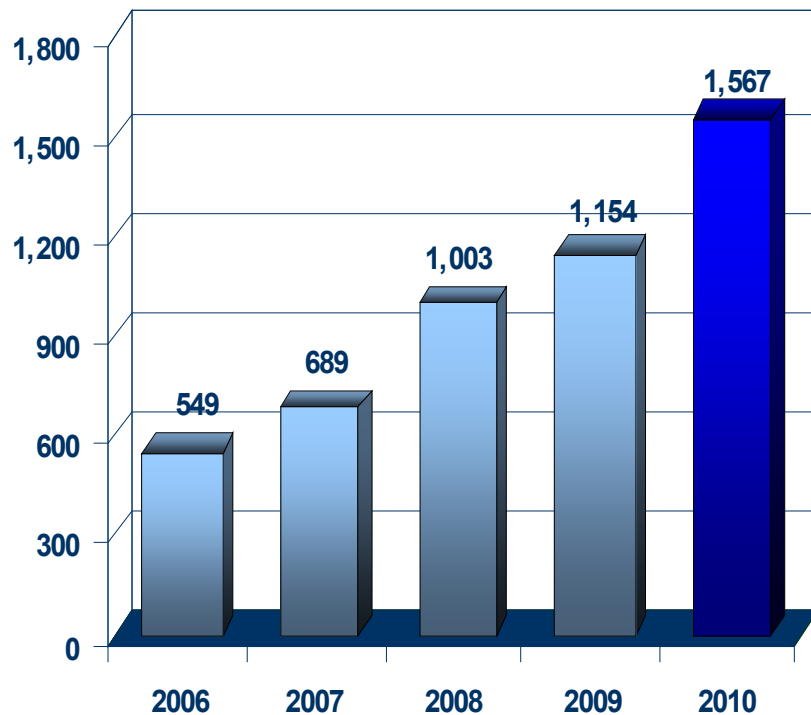
# QNB Group's Profit & Asset Evolution

US\$ Million

## Profit

Cumulative Average Annual Growth (CAGR)

**2005 – 2010 = 30.1%**

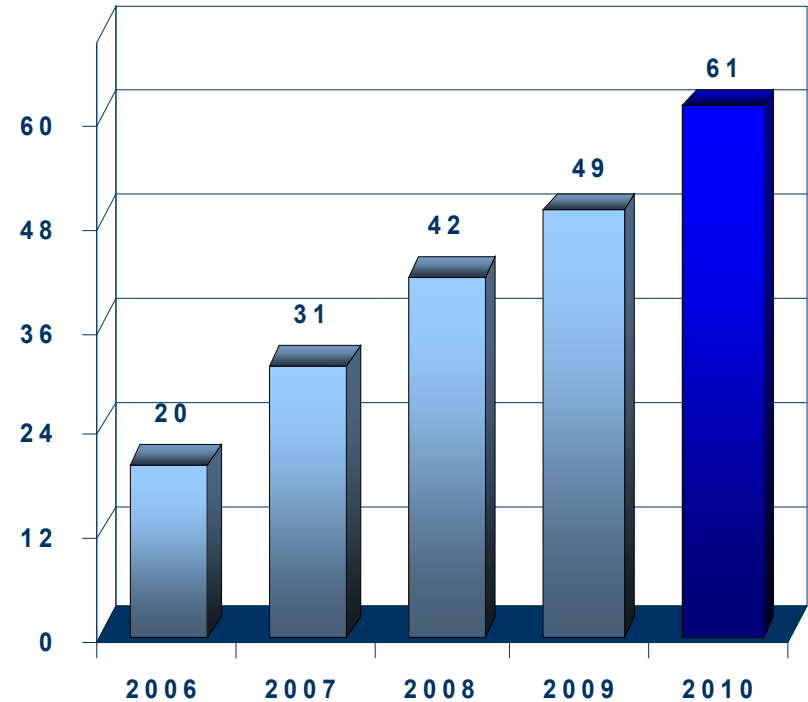


US\$ Billion

## Total Assets

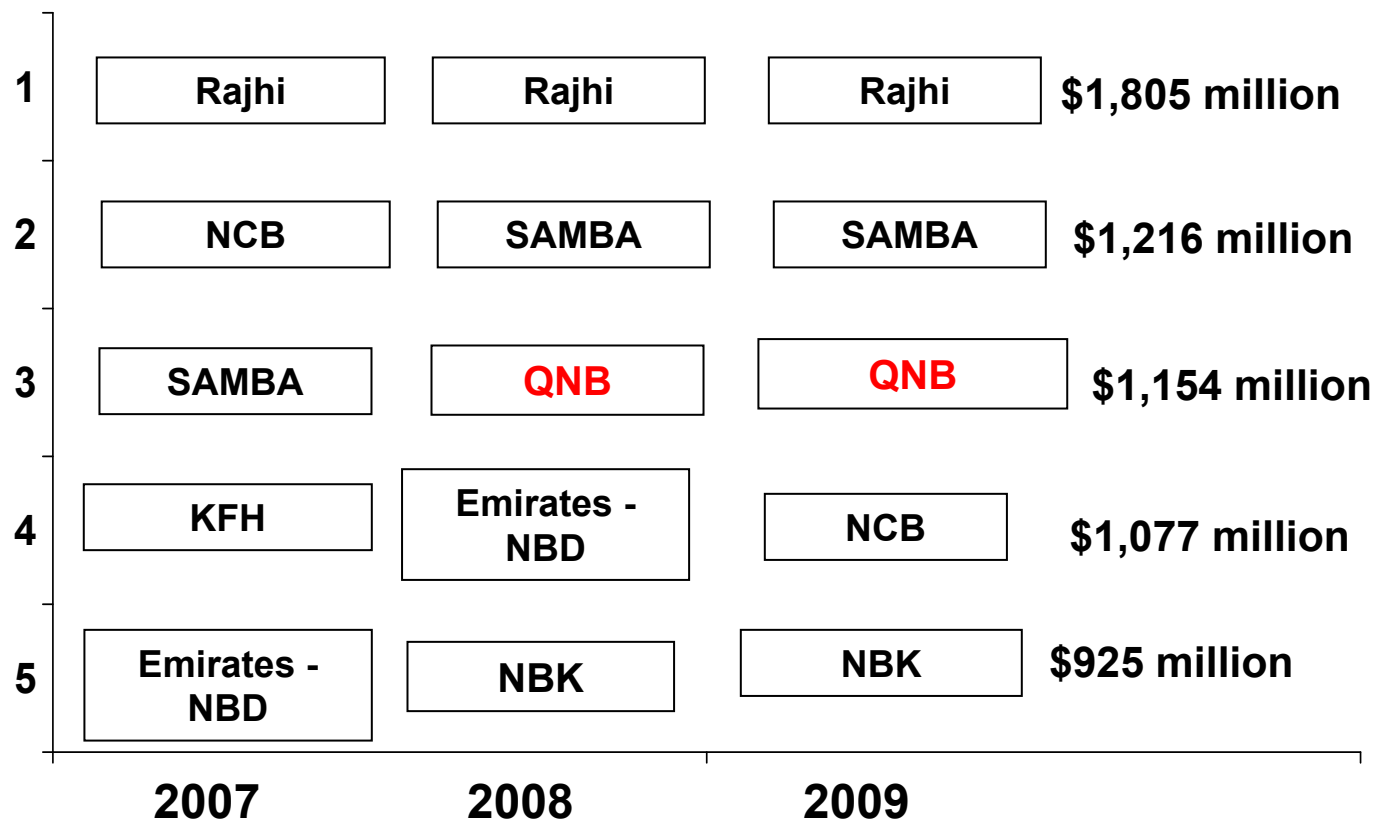
Cumulative Average Annual Growth (CAGR)

**2005 – 2010 = 34.9%**



# MENA Ranking – Top 5 Banks – Net Profit

## Ranking by Profit

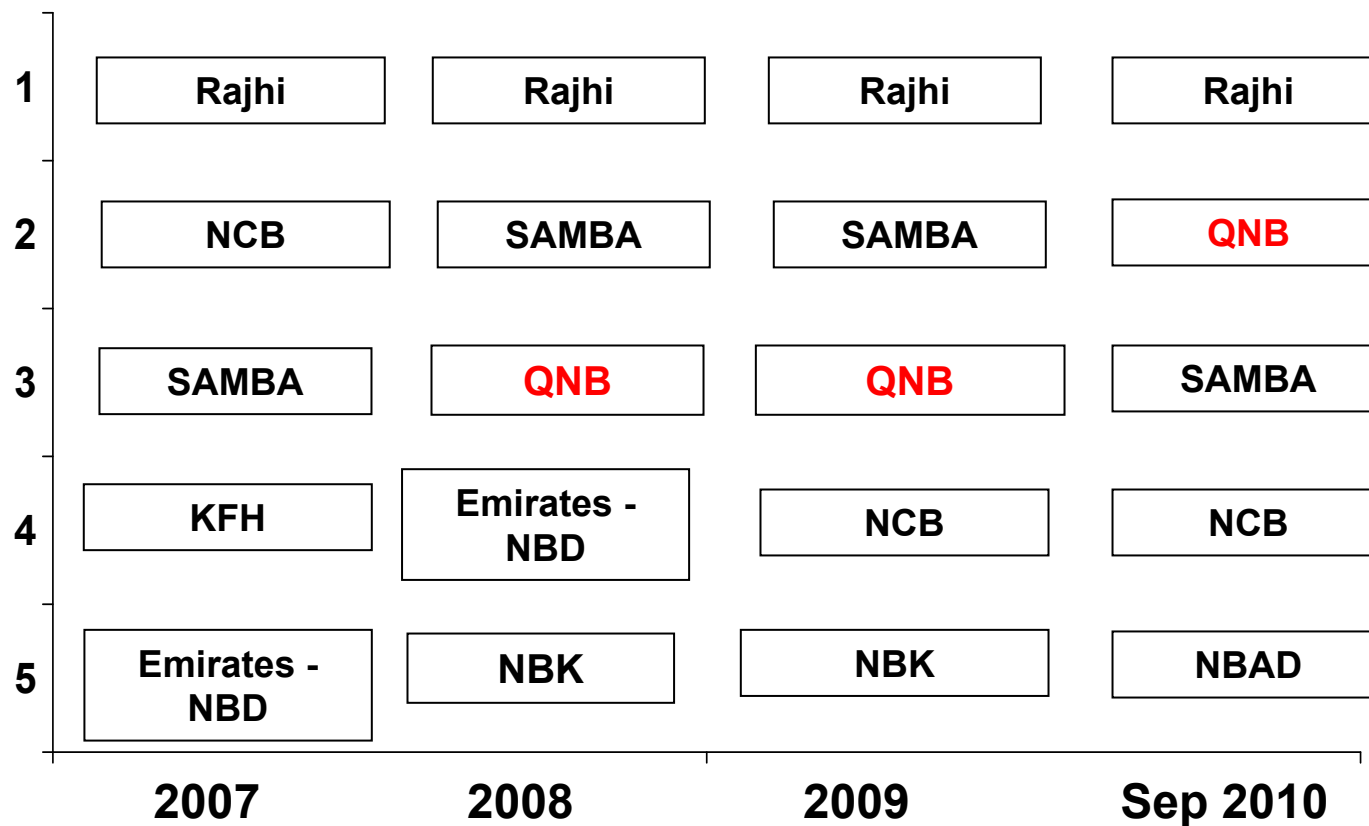


QNB's Ranking **11**

\$ Million **\$689**

# MENA Ranking – Top 5 Banks – Net Profit

## Ranking by Profit



QNB's  
Ranking

11

# Banking Sector : Overview

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

## Commercial Banks

<b>Qatar National Bank*</b>	<b>Commercialbank*</b>	<b>Doha Bank*</b>
<b>Ahlibank*<sup>a</sup></b>	<b>International Bank of Qatar<sup>a</sup></b>	<b>Al khaliji Bank</b>

\* Also offer Islamic products & services through dedicated branches.

<sup>a</sup> Partially-owned by GCC Institutions.

## Islamic Institutions

<b>Qatar Islamic Bank</b>	<b>International Islamic</b>
<b>Masraf Al Rayan</b>	<b>Barwa Bank</b>

## Local Branches of Foreign Banks

<b>HSBC</b>	<b>BNP Paribas</b>	<b>Arab Bank</b>	<b>Mashreqbank</b>
<b>Standard Chartered</b>	<b>United Bank Ltd.</b>	<b>Bank Saderat Iran</b>	

## Specialized

**Qatar Development Bank**

**100% Government-owned**

# Performance Excellence

**First Bank Established in Qatar**

**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 Domestic Market Share**

Assets	44.0%
Loans	47.7%
Deposits	58.0%

**Top MENA Bank** with Total Assets of US\$61.4 billion in Dec. 2010

**Largest Domestic Network**

43 branches & offices

16 Islamic branches

More than 170 ATMs

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



# Performance Excellence

**First Conventional Bank in Qatar to offer Islamic Banking**

(market Share of 18.5 % of Total Islamic Banks Assets)

**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 0.9% in Dec. 2010**



**Strong Capital Adequacy Ratio 15.3% in Dec. 2010 compared with 8% for Basel II and 10% for Qatar Central Bank**

**Highest Credit Rating among regional banks**

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

**Comprehensive Banking Activities**

- Retail
- Corporate
- Treasury
- Investment
- Islamic
- Asset & Wealth Management
- QNB Capital



# 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 July 2010, Fitch affirmed QNB's rating and Outlook.
- In March 2010, Standard & Poor's and Capital Intelligence affirmed QNB's ratings and Outlook.
- In January 2010, Moody's affirmed QNB's ratings and Outlook.
- In September 2009, Fitch Ratings affirmed QNB's ratings and Outlook.
- In February 2009, Standard & Poor's affirmed QNB's ratings and Outlook.
- In June 2009, Capital Intelligence affirmed QNB's ratings, with a Stable Outlook.
- In June 2008, Capital Intelligence raised QNB's Long term foreign currency rating to AA-, from A+, and its Short-term rating to A1+, from A1.

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

# Subsidiaries, Associates and Overseas Network

## Subsidiaries & Associates

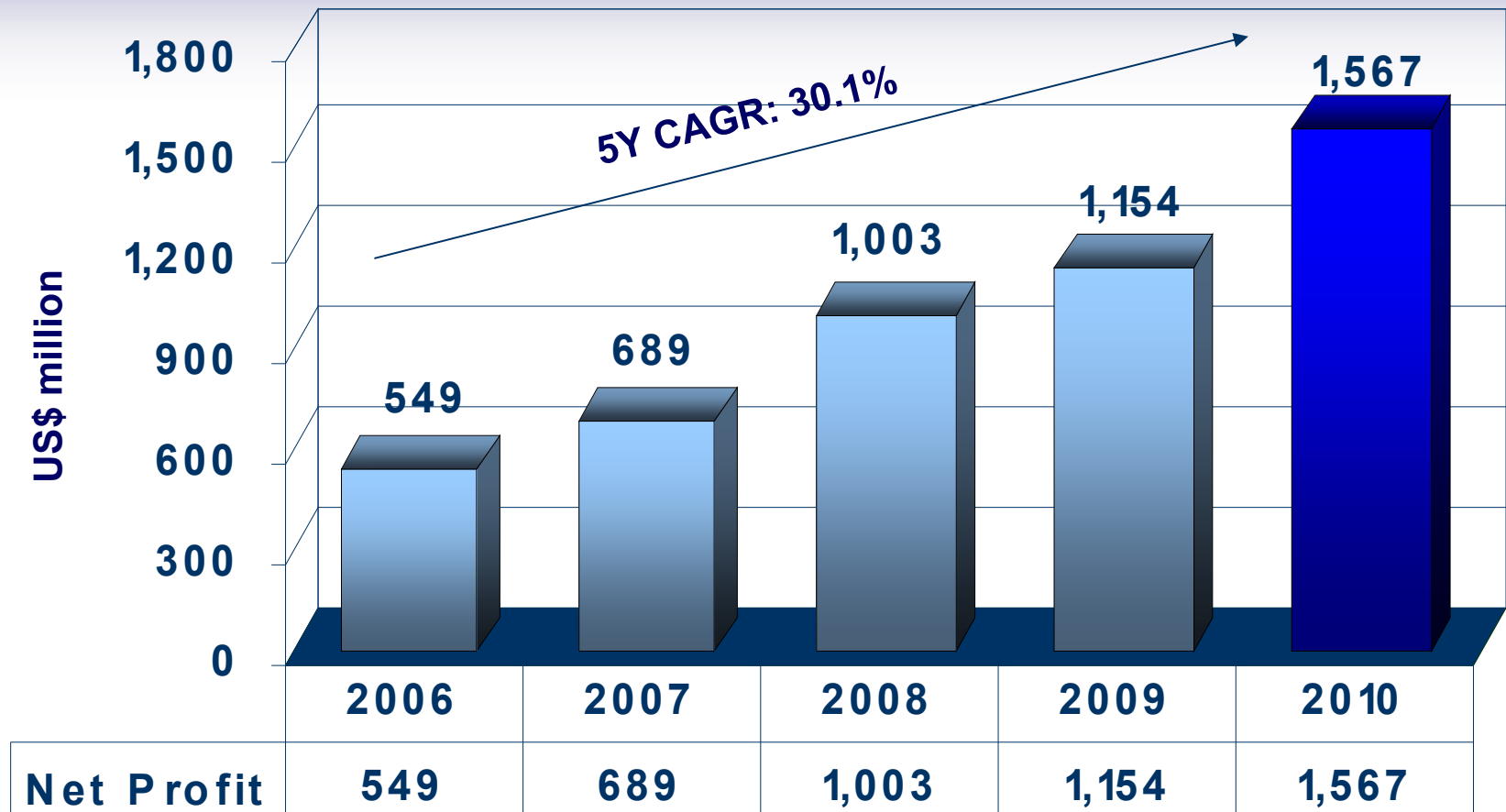
<b>QNB Group</b>	<b>Country</b>	<b>% Ownership</b>
<b>QNB International Holding</b>	<b>Luxemburg</b>	<b>100.0%</b>
<b>QNB Capital</b>	<b>Qatar</b>	<b>100.0%</b>
<b>QNB Banque Privée (Suisse)</b>	<b>Switzerland</b>	<b>100.0%</b>
<b>Qatar – Tunisian Bank</b>	<b>Tunisia</b>	<b>50.0%</b>
<b>QNB – Syria</b>	<b>Syria</b>	<b>50.8%</b>
<b>Housing Bank for Trade &amp; Finance</b>	<b>Jordan</b>	<b>34.4%</b>
<b>Commercial Bank International</b>	<b>UAE</b>	<b>23.8%</b>
<b>Al Mansour Bank</b>	<b>Iraq</b>	<b>23.1%</b>
<b>Al Jazira Finance Company</b>	<b>Qatar</b>	<b>20.0%</b>

## International Network

<b>Branches</b>	<b>UK, France, Kuwait, Oman, Yemen, Sudan, Mauritania, Lebanon and Singapore</b>
<b>Rep Offices</b>	<b>Libya and Iran</b>

## ***Financial Results 2006 - 2010***

# Net Profit

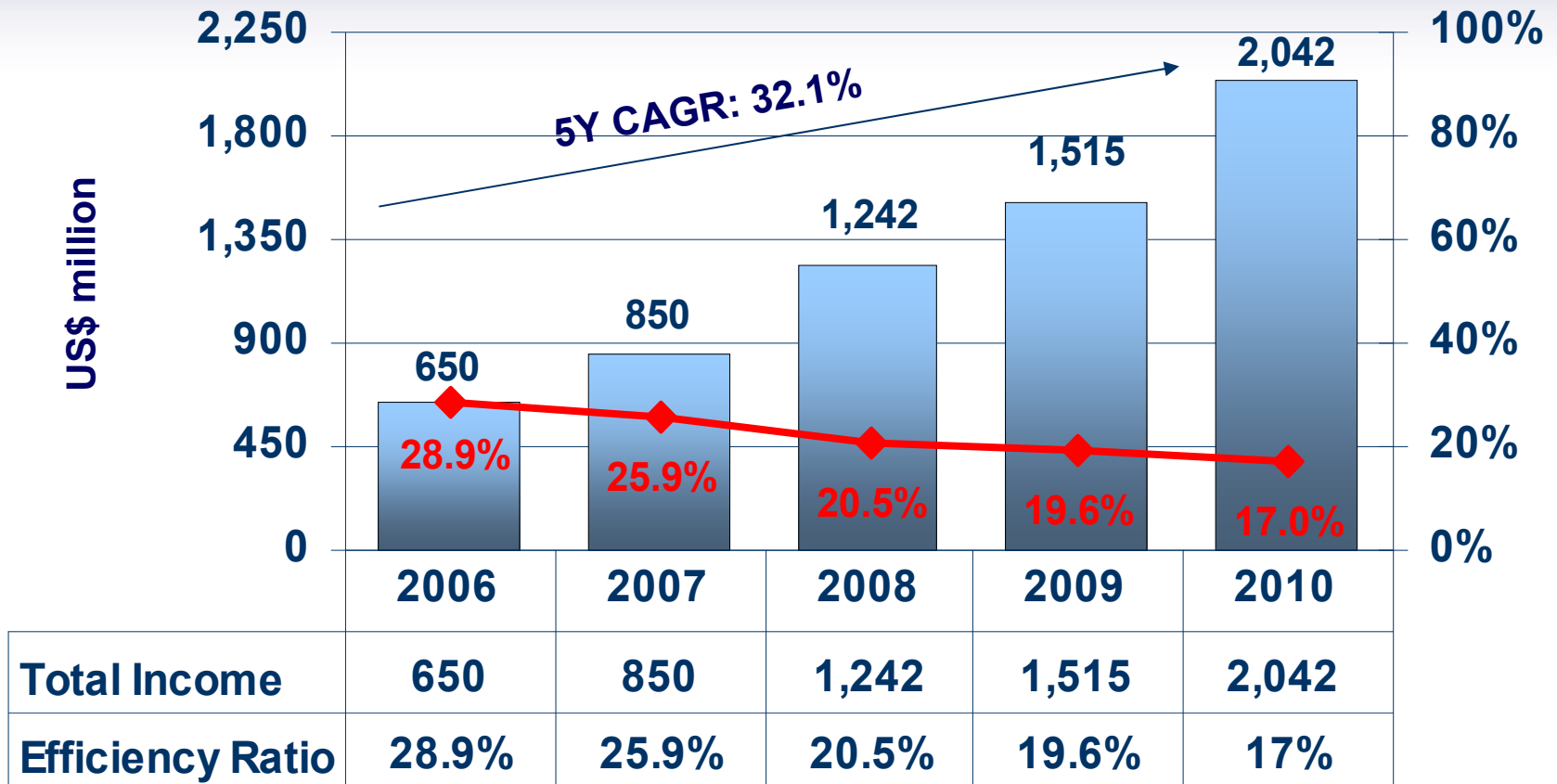


**Net profit increased to US\$1.57 billion up by 35.8% from last year.**

# Net Profit by Quarter

	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>US\$000</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b>Net interest income</b>	<b>279,607</b>	<b>326,696</b>	<b>377,314</b>	<b>401,194</b>	<b>453,649</b>
<b>FX gain</b>	<b>21,760</b>	<b>23,738</b>	<b>24,784</b>	<b>24,061</b>	<b>25,945</b>
<b>Fees and commissions</b>	<b>75,588</b>	<b>77,349</b>	<b>78,552</b>	<b>77,217</b>	<b>74,792</b>
<b>Investment income- Dividends</b>	<b>0</b>	<b>9,245</b>	<b>238</b>	<b>1,796</b>	<b>2</b>
<b>Investment Capital Gain</b>	<b>10,644</b>	<b>1,180</b>	<b>13,581</b>	<b>11,131</b>	<b>22,226</b>
<b>Invest. Income - Associates</b>	<b>21,191</b>	<b>16,077</b>	<b>18,389</b>	<b>11,854</b>	<b>13,096</b>
<b>Other income</b>	<b>1,911</b>	<b>1,295</b>	<b>547</b>	<b>1,012</b>	<b>3,243</b>
<b>Total other income</b>	<b>131,093</b>	<b>128,885</b>	<b>136,091</b>	<b>127,071</b>	<b>139,303</b>
<b>Total Operating income</b>	<b>410,700</b>	<b>455,581</b>	<b>513,405</b>	<b>528,265</b>	<b>592,953</b>
<b>G&amp;A Expenses</b>	<b>(91,613)</b>	<b>(82,208)</b>	<b>(84,190)</b>	<b>(89,515)</b>	<b>(98,998)</b>
<b>Total Operating Profit</b>	<b>319,088</b>	<b>373,373</b>	<b>429,215</b>	<b>438,750</b>	<b>493,955</b>
<b>Loan loss Provisions</b>	<b>(18,129)</b>	<b>(25,351)</b>	<b>(26,641)</b>	<b>(32,474)</b>	<b>(63,224)</b>
<b>Other Provisions and Taxes</b>	<b>(5,715)</b>	<b>(324)</b>	<b>(7,652)</b>	<b>(7,842)</b>	<b>(4,613)</b>
<b>Net profit</b>	<b>295,243</b>	<b>347,697</b>	<b>394,921</b>	<b>398,434</b>	<b>426,119</b>

# Total Income Exc. Capital Gain



**Total income exc. capital gain increased to US\$2.0 billion up by 34.7% from last year.**

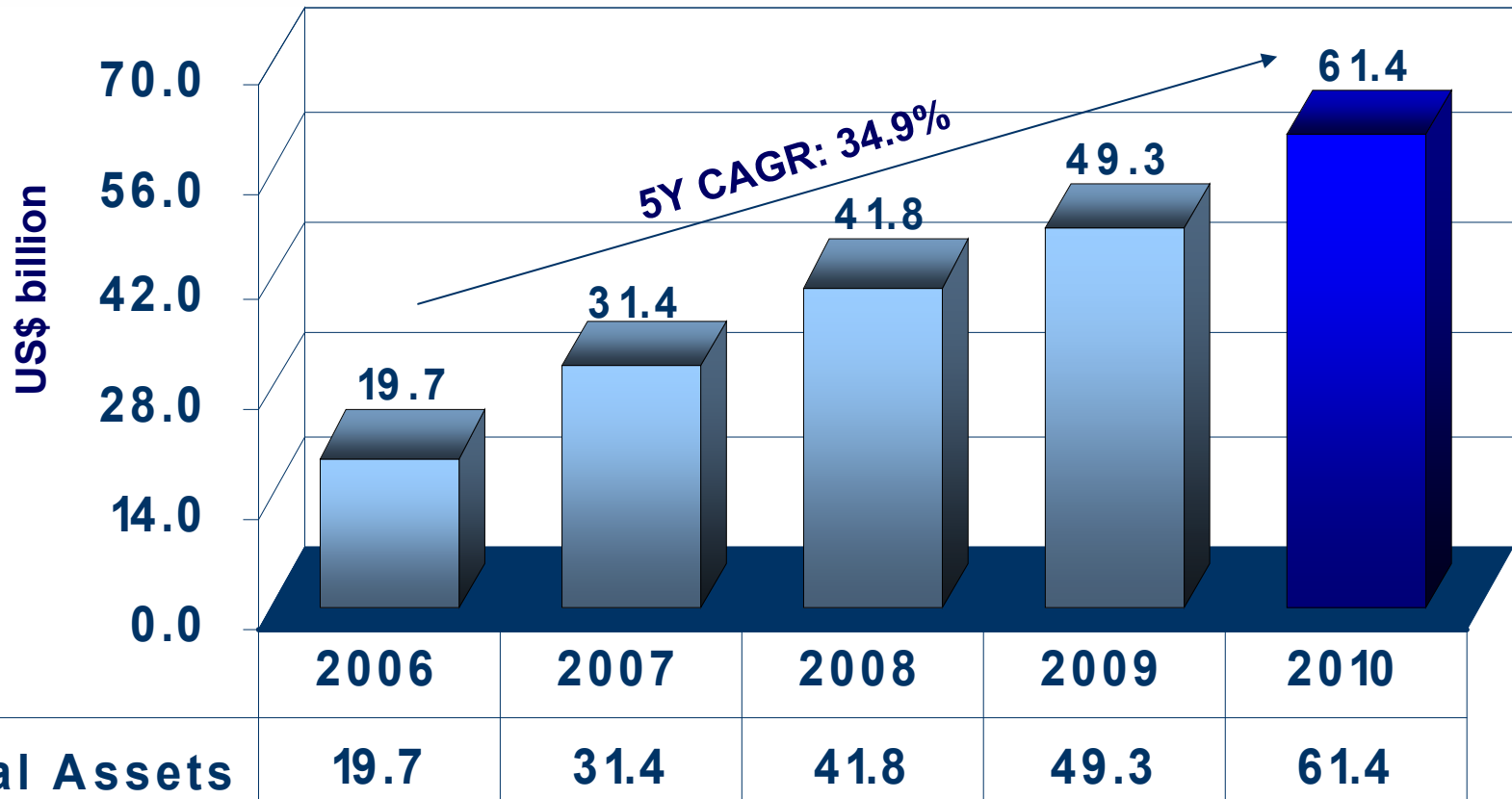
**Efficiency ratio improved to 17.0% from 19.6% last year.**

# Earnings Per Share



**Earnings per share increased to US\$4.0 for the year 2010 from US\$2.9 for 2009**

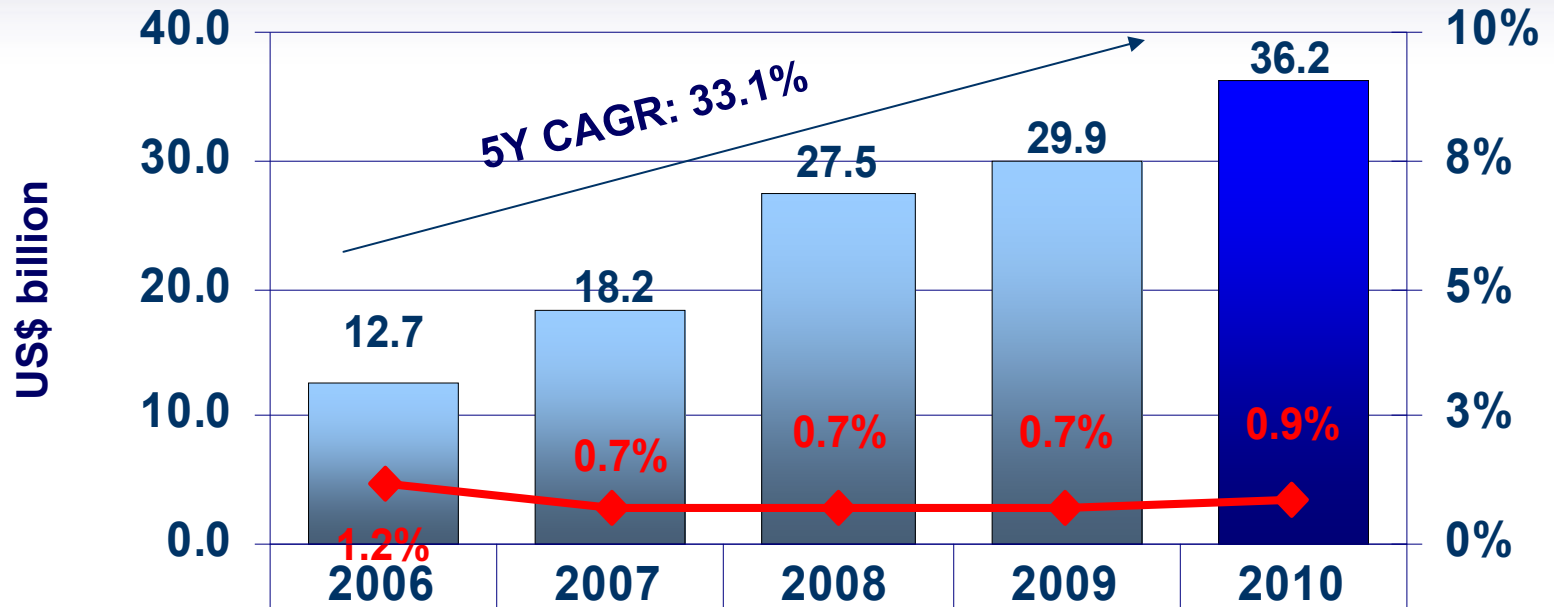
# Total Assets



**Total Assets increased to US\$61.4 billion up by 24.6% from last year.**



# Loans and Advances



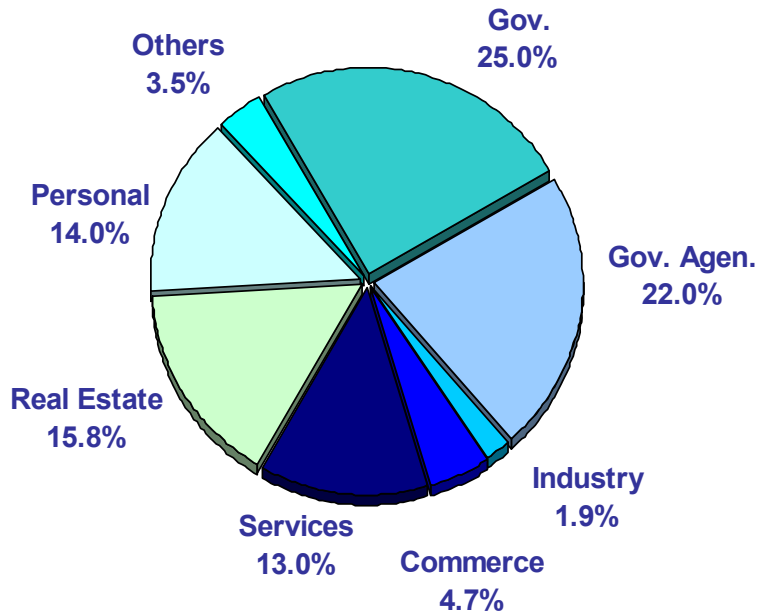
Total Loans	12.7	18.2	27.5	29.9	36.2
NPL % T. Loans	1.2%	0.7%	0.7%	0.7%	0.9%

Loans & advances increased to US\$36.2 billion up by 21.1% from last year.

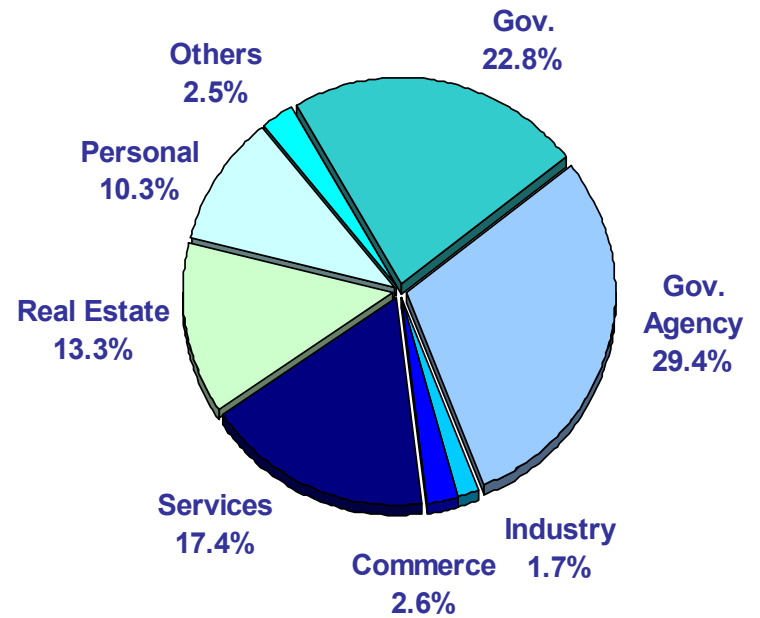
NPL as % of loans and advances stood at only 0.9%

# Loans and Advances by Segment

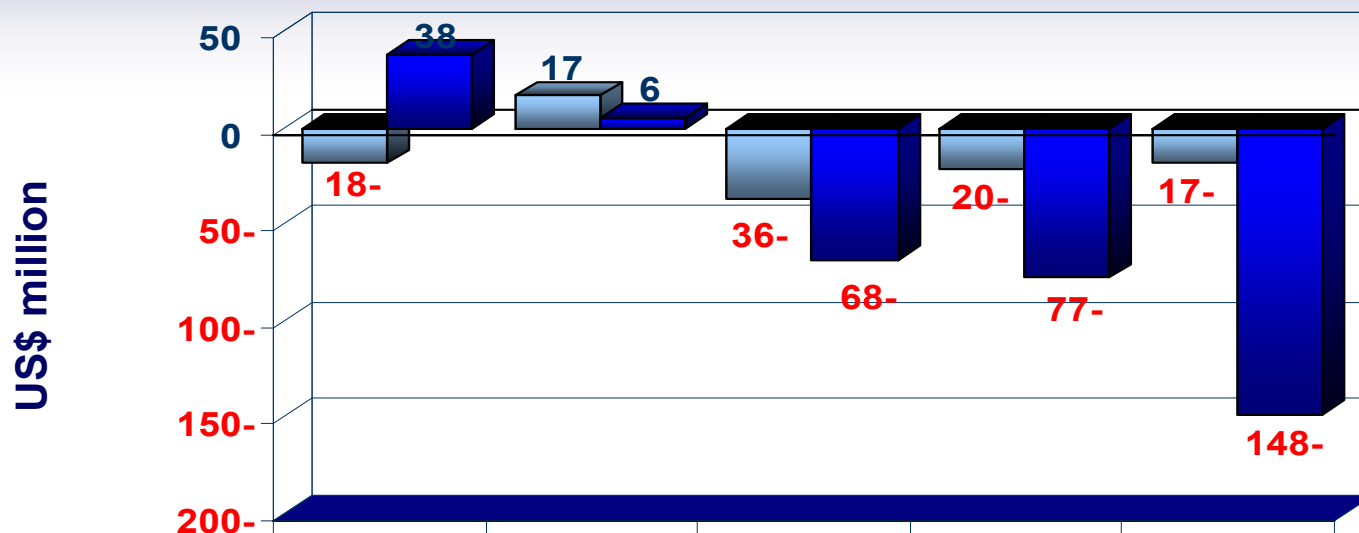
2009



2010



# (Provision) / Recovery for Impairment of Loans and Investments

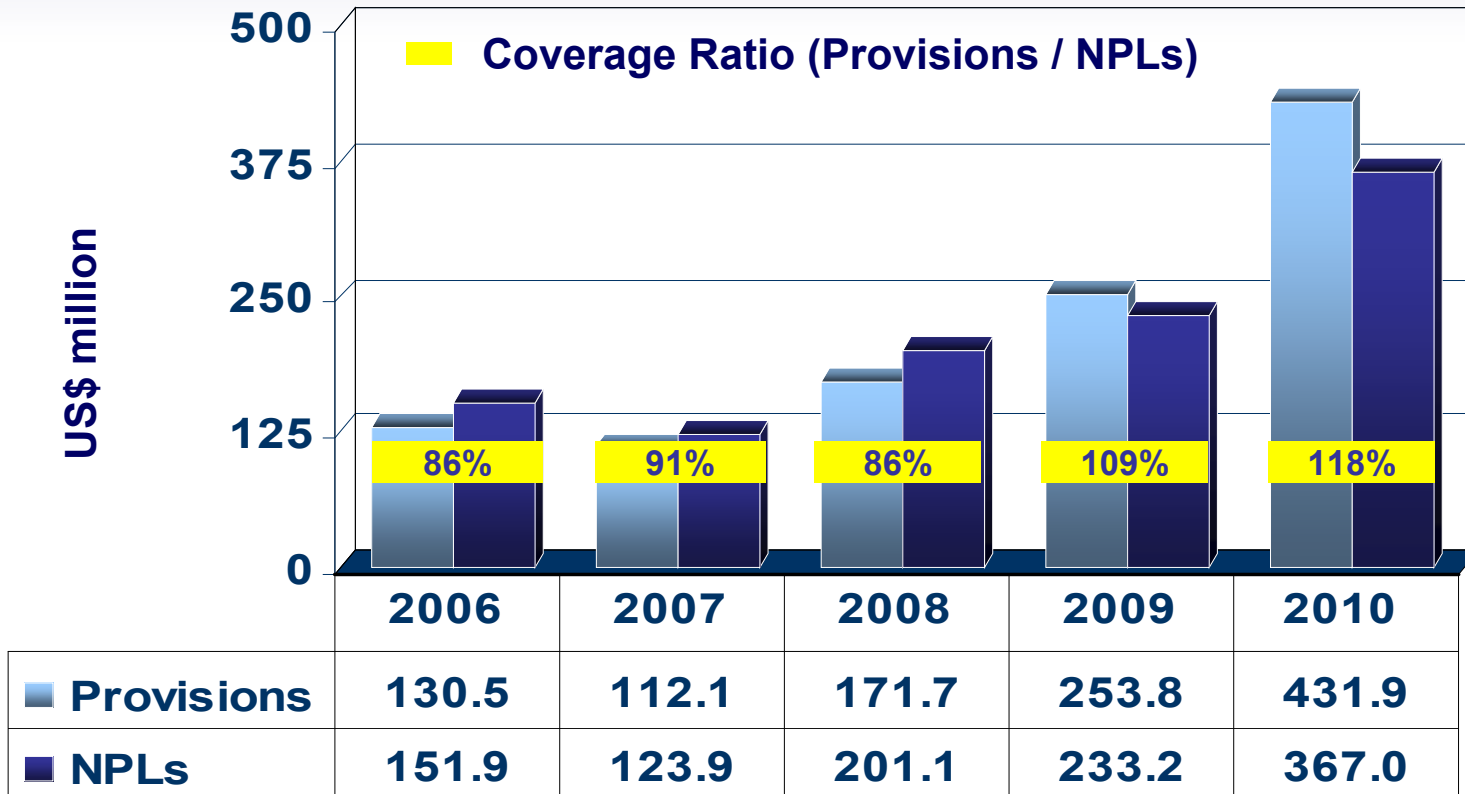


	2006	2007	2008	2009	2010
■ Investments (Provisions) / Recoveries	(18.1)	17.0	(35.7)	(20.3)	(17.3)
■ Loan Loss (Provisions) / Recoveries	38.2	5.5	(68.1)	(77.2)	(147.7)
<b>Net Impact on PL</b>	<b>20.1</b>	<b>22.5</b>	<b>(103.8)</b>	<b>(97.5)</b>	<b>(165.0)</b>

Total Impairment **provisions** for loan loss and investments amounted to US\$165.0 million in 2010 compared to US\$97.5 million in 2009.

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%

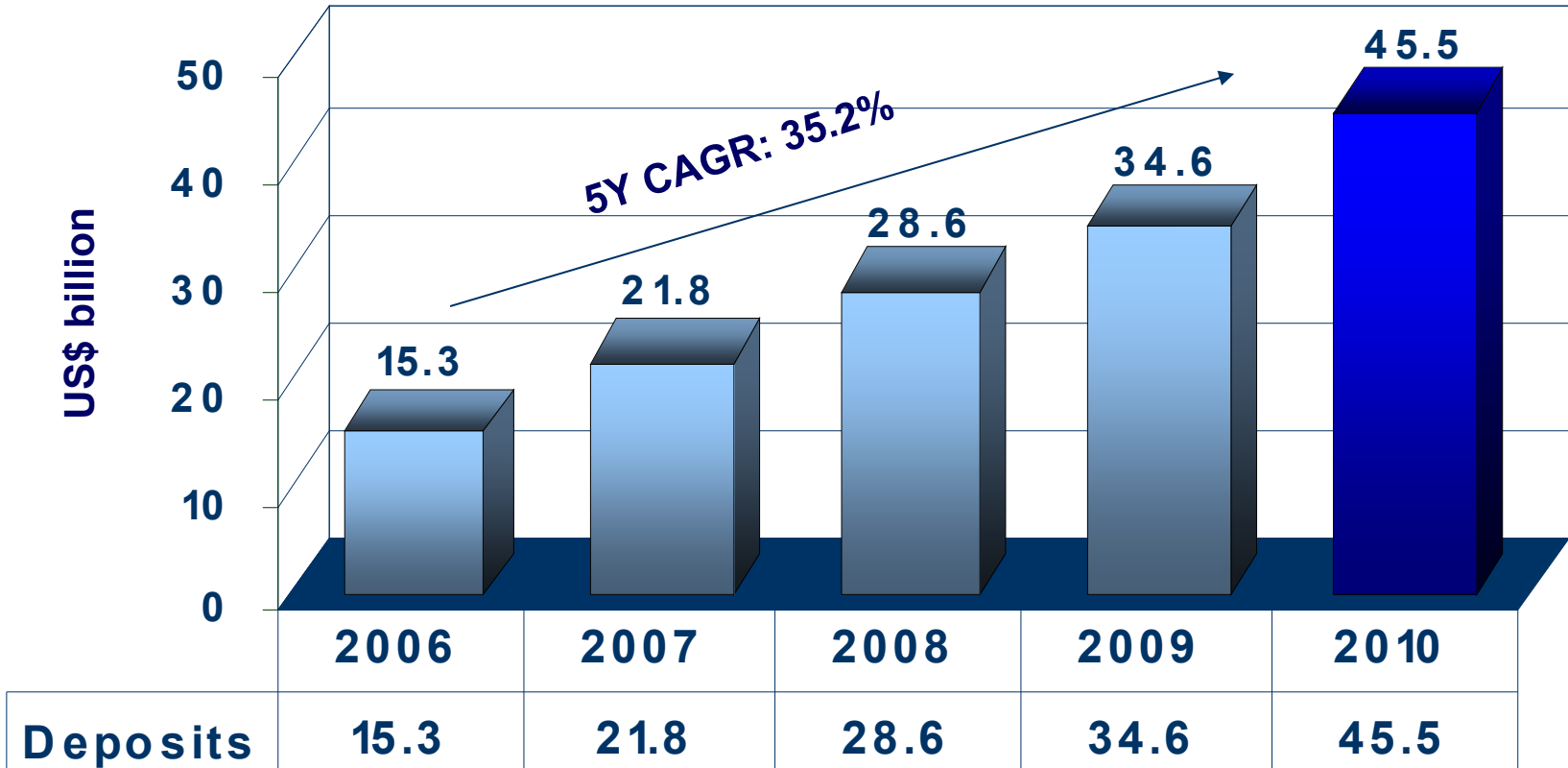
# Strong NPL Coverage Ratio



Total coverage of non performing loans improved to 118% compared to 109% in 2009.

Total loan loss provisions and interest in suspense increased by 70% to US\$431.9 million.

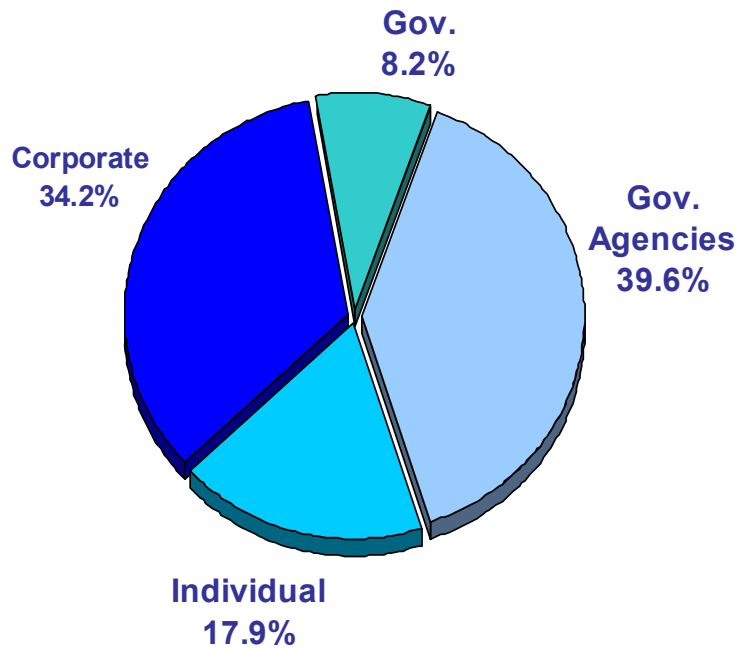
# Customer Deposits and Unrestricted Investment Accounts



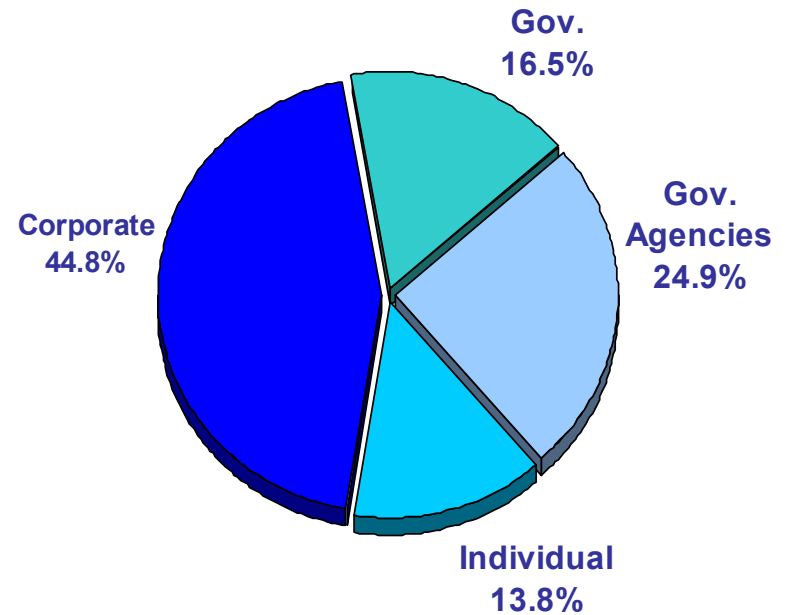
**Customer deposits and unrestricted investment accounts increased to US\$45.5 billion up by 31.5% from last year.**

# Customer Deposits by Segment

2009



2010

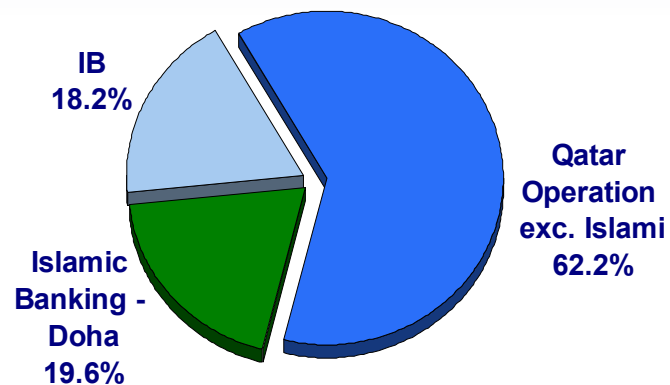
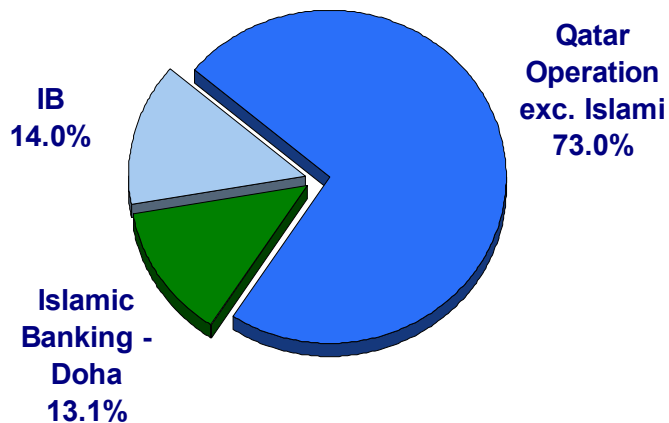


# Loans & Deposits by Segment

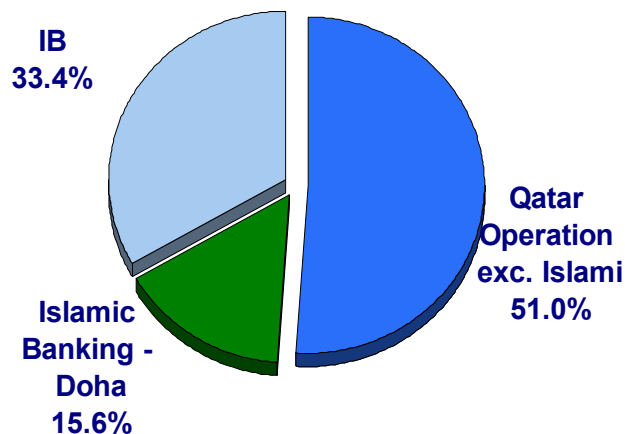
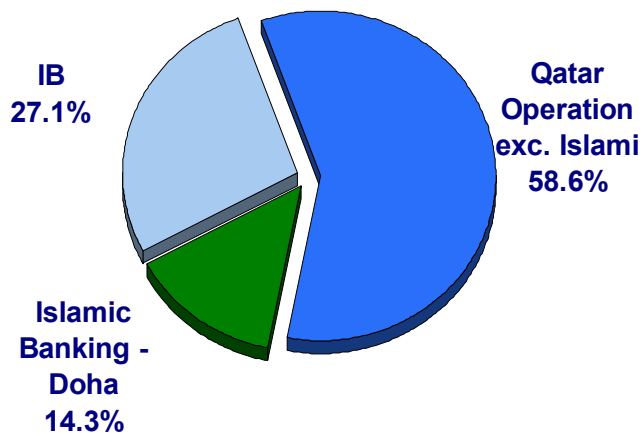
December 2009

December 2010

Loans



Deposits



# Islamic Banking - Including Sudan



Financing Activities	1.2	1.9	4.0	7.4
Total Assets	2.0	3.7	6.0	8.8
Net Profit	40.7	91.0	115.5	248.3

**Total assets increased by 46.4% to US\$8.8 billion.**

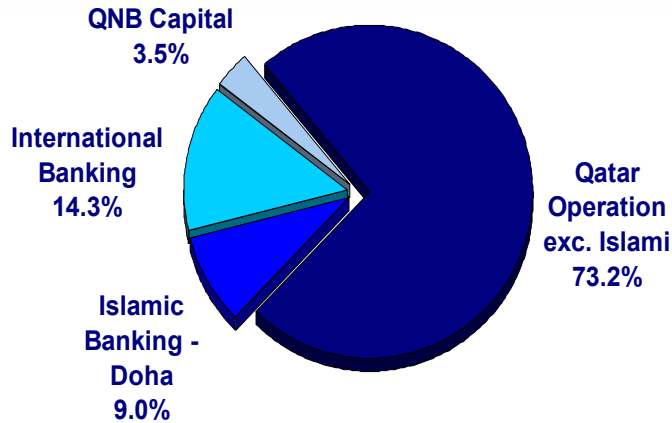
**Financing activities increased by 86.2% to US\$7.4 billion.**

**Net profit increased by 115% to US\$248 million.**

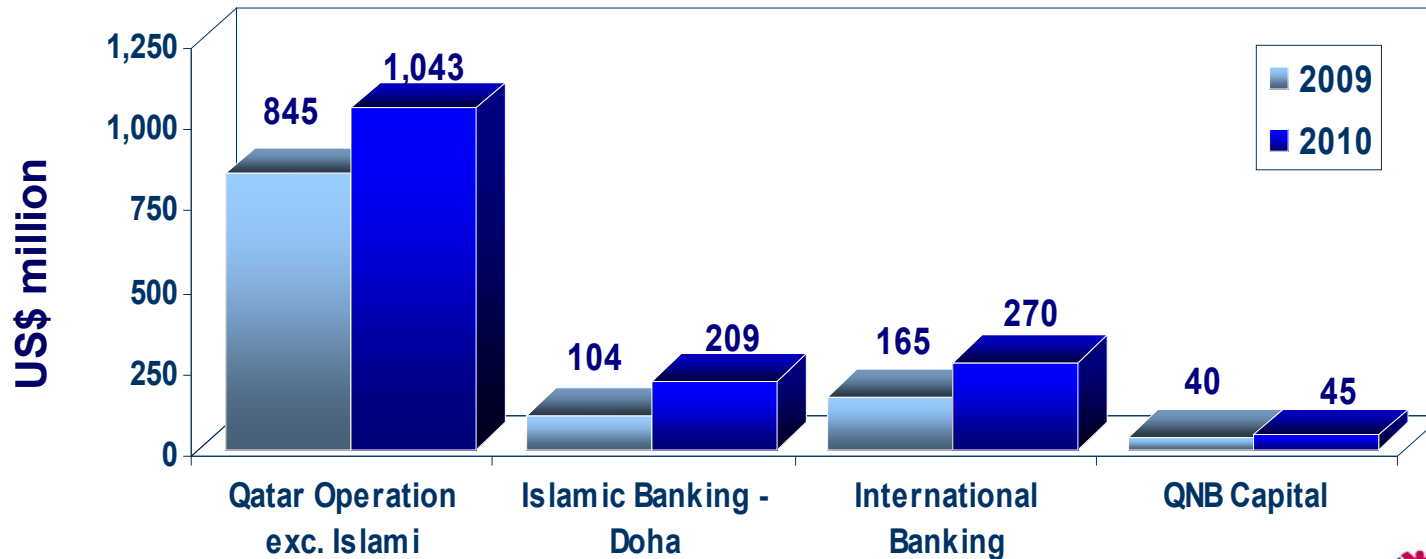
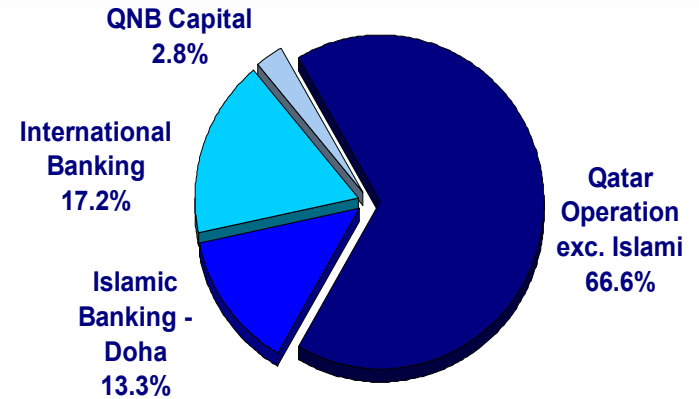


# Net Profit by Sector

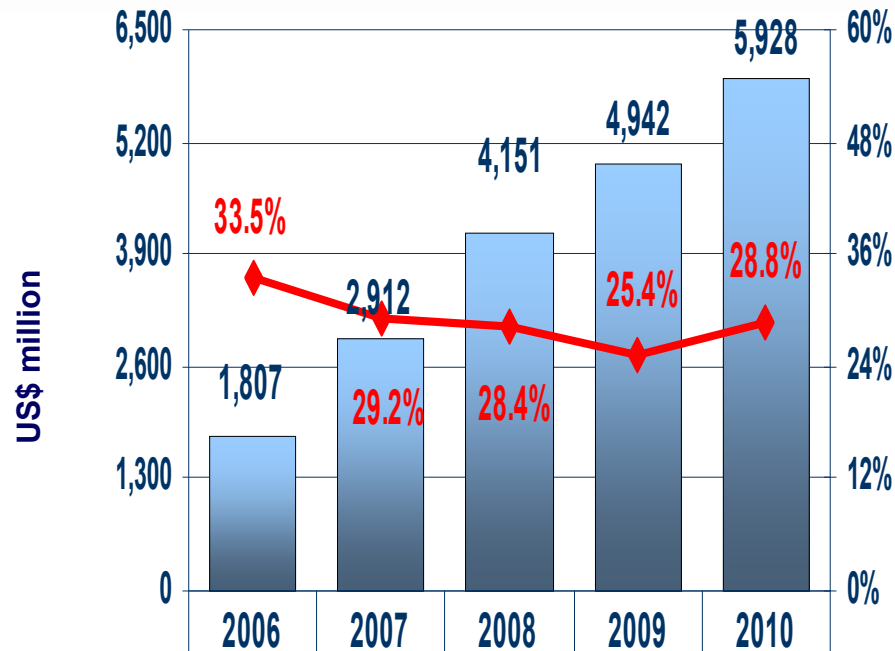
2009



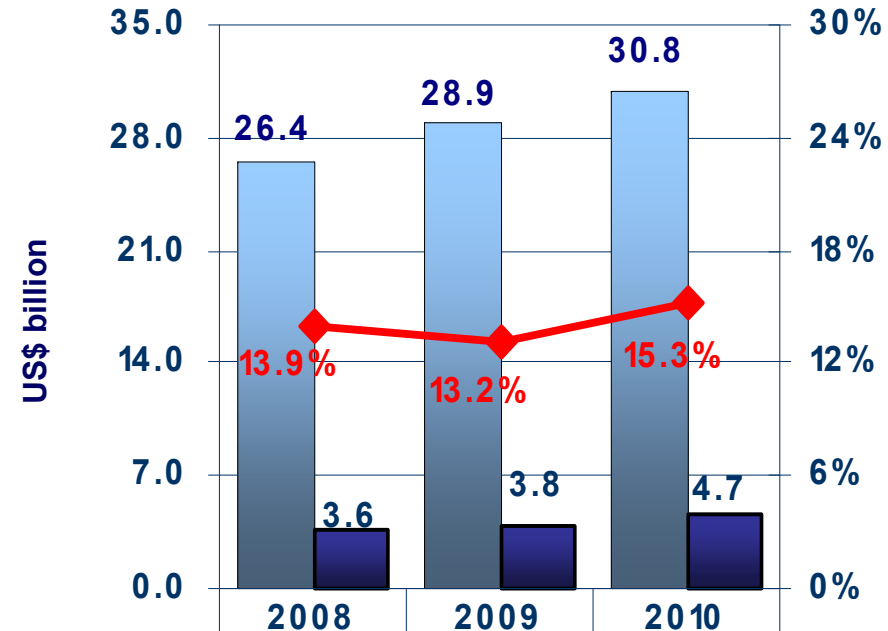
2010



# Strong Capital Growth with Stable Returns



Equity exc. FVR	1,807	2,912	4,151	4,942	5,928
ROAE	33.5%	29.2%	28.4%	25.4%	28.80%



RWA	26.4	28.9	30.8
Tier 1 Capital	3.6	3.8	4.7
CAR	13.9%	13.2%	15.3%

# 2010 Main Non-Financial Achievements

- Completed increasing QNB – Syria capital to USD300 million and increasing QNB Group's share to 50.8%
- Completed all important step for the acquisition of controlling stake in Kisawan bank in Indonesia and Bank of Commerce and Development in Libya
- Opened 6 new branches/offices in Qatar to bring total number of locations to 59 covering conventional and Islamic operations, in addition to 170 ATMs
- Increased operation in Oman to 3 branches, Sudan to 3 branches and Syria to 15 branches.
- Started operations in Mauritania and received approval for 2 new branches in Lebanon to increase total international operations to 24 countries
- Maintained QNB's strong rating from all Rating Agencies
- Complete issuing the first Reg S bond issue amounting to US\$1.5 billion, one of the largest and best priced issues in the history of the region
- Acted as Joint Lead Manager and Financial Advisor for different bond issues for Q.Tel, Qatari Diar and State of Qatar
- Won Best Bank Award from Euromoney, The Banker and Global Finance

# *Economic Update*

# Gross Domestic Product

Supported by high energy prices and large investments on projects and infrastructure, Qatar has recorded a very high GDP growth rate in recent years, averaging Nominal 27.2% during 2005-2009 and 17.4% in Real Terms.

(\$ Million)	2005	2006	2007	2008	2009
Oil & Gas Sector	25,300	35,770	45,781	59,080	45,419
Non-Oil & Gas Sector	17,740	24,727	34,970	51,632	52,894
Total GDP	43,040	60,497	80,751	110,712	98,313
% Change	35.9%	40.6%	33.5%	37.1%	-11.2%

Source: Qatar Statistics Authority.

# Gross Domestic Product

The Non-Oil and Gas Sector Currently Accounts for the Largest Contribution to GDP, while the Gas Sector has overtaken the Oil Sector.

(\$ Million)	2007	2008	2009
<b>Gas Sector</b>	<b>21,688</b>	<b>26,799</b>	<b>24,039</b>
<b>% Change</b>	<b>44.2%</b>	<b>23.6%</b>	<b>-10.3%</b>
<b>Oil Sector</b>	<b>24,093</b>	<b>32,281</b>	<b>21,380</b>
<b>% Change</b>	<b>16.3%</b>	<b>34.0%</b>	<b>-33.8%</b>
<b>Oil &amp; Gas Sector</b>	<b>45,781</b>	<b>59,080</b>	<b>45,419</b>
<b>Non-Oil &amp; Gas Sector</b>	<b>34,970</b>	<b>51,632</b>	<b>52,894</b>
<b>Total GDP</b>	<b>80,751</b>	<b>110,712</b>	<b>98,313</b>

Source: Qatar Statistics Authority.

# Gross Domestic Product

**Nominal GDP Increased by 21.4% for the First Three Quarters of 2010.**

(\$ Million)	2004	2009*	Jan-Sep 2009*	Jan-Sep 2010*	% Change
<b>Oil &amp; Gas Sector</b>	<b>17,286</b>	<b>45,419</b>	<b>30,755</b>	<b>44,384</b>	<b>44.3%</b>
<b>Non-Oil &amp; Gas Sector</b>	<b>14,448</b>	<b>52,894</b>	<b>39,881</b>	<b>41,379</b>	<b>3.8%</b>
- Manufacturing	3,295	7,792	5,850	6,489	10.9%
- Agriculture & Fishing	58	87	64	69	7.7%
- Electricity & Water	407	1,075	853	884	3.7%
- Building & Construction	1,765	7,083	5,494	4,894	-10.9%
- Trade, Restaurants & Hotels	1,689	6,579	4,898	5,166	5.5%
- Transport & Communications	1,104	6,235	4,650	5,242	12.7%
- Finance, Ins. & Real Estate	2,727	11,916	9,058	9,381	3.6%
- Other Services	3,402	12,128	9,013	9,254	2.7%
<b>Total GDP</b>	<b>31,734</b>	<b>98,313</b>	<b>70,636</b>	<b>85,763</b>	<b>21.4%</b>

\*Preliminary

Source: Qatar Statistics Authority.

# Gross Domestic Product

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.

<b>(\$ Million)</b>	<b>2009</b>	<b>2010*</b>	<b>2011*</b>
<b>Oil &amp; Gas Sector</b>	<b>45,419</b>	<b>64,698</b>	<b>87,542</b>
<b>Non-Oil &amp; Gas Sector</b>	<b>52,894</b>	<b>61,271</b>	<b>70,492</b>
<b>Total Nominal GDP</b>	<b>98,313</b>	<b>125,970</b>	<b>158,034</b>
<b>% Change</b>	<b>-11.2%</b>	<b>28.1%</b>	<b>25.5%</b>
<b>Real GDP growth rate</b>	<b>8.7%</b>	<b>14.5%</b>	<b>16.0%</b>

\* QNB Estimates.

Source: Qatar Statistics Authority.



# GCC Economic Outlook

<b>Real GDP Growth</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Qatar</b>	<b>15.8%</b>	<b>8.6%</b>	<b>16.0%</b>	<b>18.6%</b>
<b>Saudi Arabia</b>	<b>4.2%</b>	<b>0.6%</b>	<b>3.4%</b>	<b>4.5%</b>
<b>UAE</b>	<b>7.4%</b>	<b>-2.5%</b>	<b>2.4%</b>	<b>3.2%</b>
<b>Kuwait</b>	<b>8.5%</b>	<b>-4.8%</b>	<b>2.3%</b>	<b>4.4%</b>
<b>Bahrain</b>	<b>6.3%</b>	<b>2.9%</b>	<b>3.5%</b>	<b>4.0%</b>
<b>Oman</b>	<b>7.8%</b>	<b>3.4%</b>	<b>4.7%</b>	<b>4.7%</b>

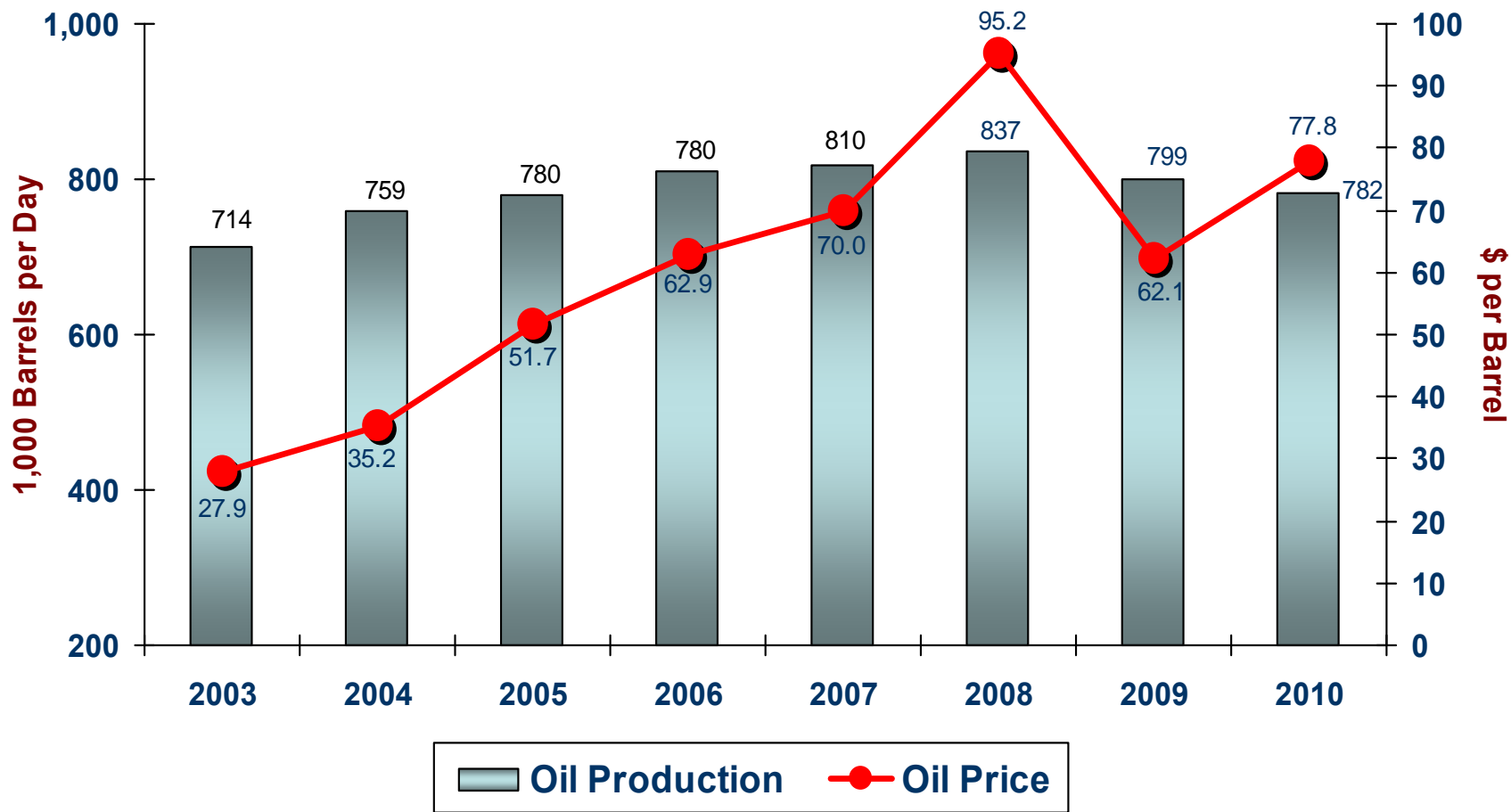
➤ Higher average oil prices of \$78 p/b in 2010, compared to \$62 p/b in 2009, GCC countries will witness better real GDP growth rates in 2010.

➤ GCC Monetary and Fiscal policies are supporting growth, however confidence levels have to rise for a full economic recovery.

Source: IMF.

# Oil Production and Prices

## Oil Production and Prices

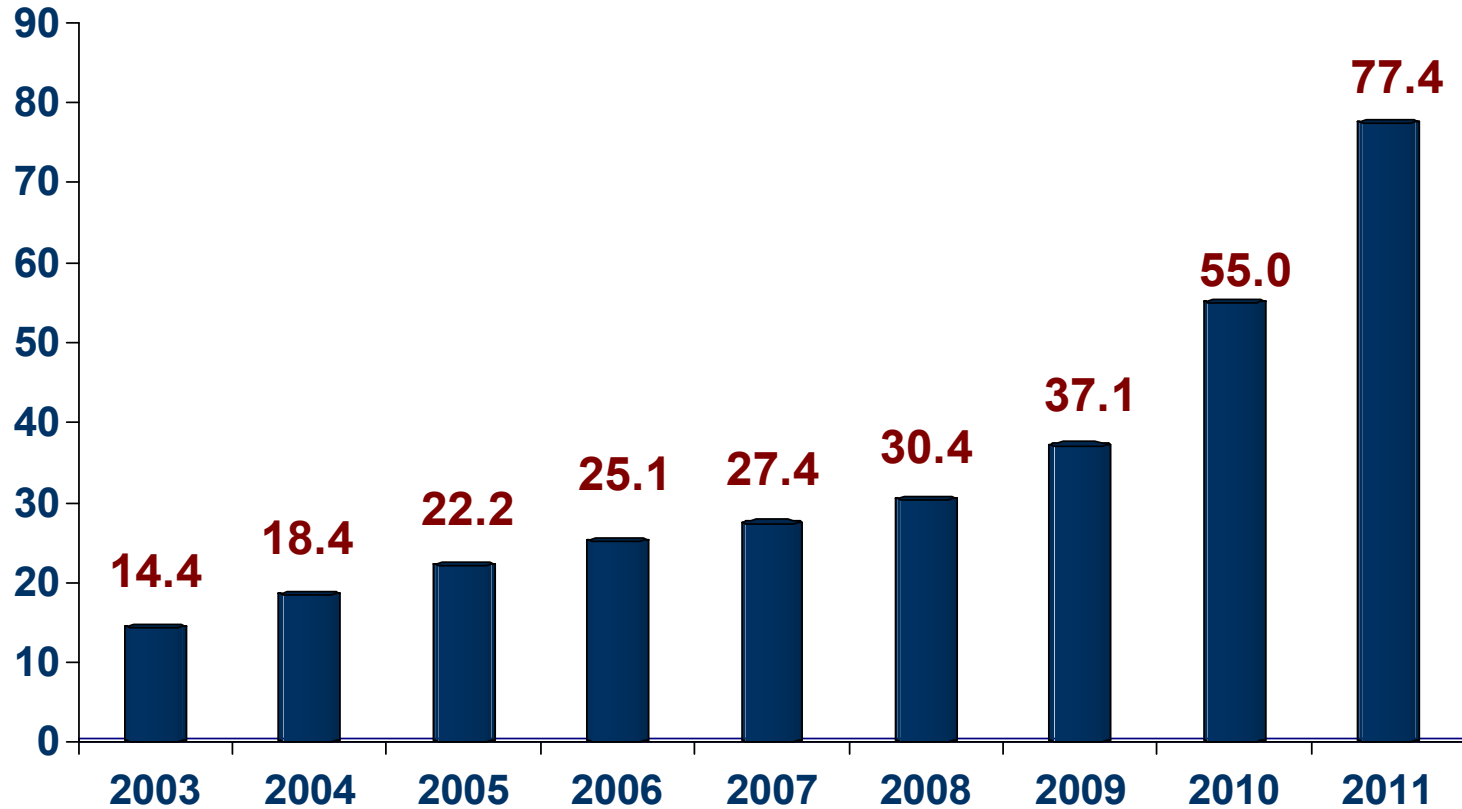


Source: Middle East Economic Survey.

# LNG Exports are Increasing Rapidly

**Qatar is currently the largest LNG exporter in the world.**

Million Tons



Source: Qatargas and RasGas.

# State Budget

**Qatar's Budget Surplus for the Past Ten Fiscal Years amounted to \$52 Billion.**

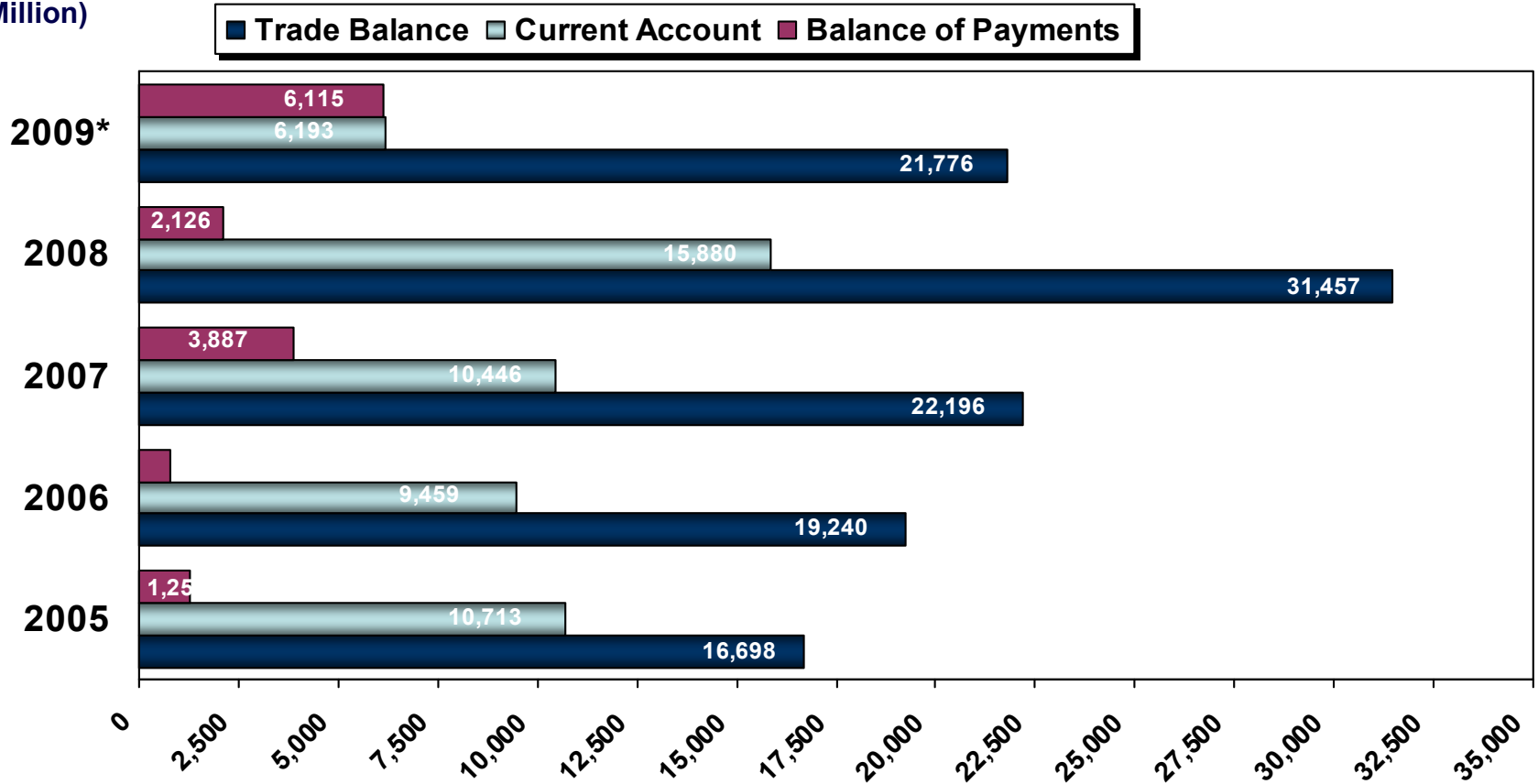
<b>(\$ Million)</b>	<b>2007/08 Actual</b>	<b>2008/09 Actual</b>	<b>2009/10 Prelim.</b>	<b>2009/10 Budget</b>	<b>2010/11 Budget</b>
<b>Total Revenues</b>	<b>32,380</b>	<b>38,734</b>	<b>42,494</b>	<b>24,368</b>	<b>35,028</b>
<b>Total Expenditures</b>	<b>23,695</b>	<b>27,279</b>	<b>29,694</b>	<b>25,962</b>	<b>32,390</b>
<b>Surplus / (Deficit)</b>	<b>8,685</b>	<b>11,455</b>	<b>12,800</b>	<b>(1,594)</b>	<b>2,638</b>
<b>Budget Surplus / (Deficit) as % of GDP</b>	<b>10.8%</b>	<b>10.3%</b>	<b>13.0%</b>	<b>--</b>	<b>--</b>
<b>Budget Oil Price Assumption, \$ p/b</b>	<b>\$40</b>	<b>\$55</b>	<b>\$40</b>	<b>\$40</b>	<b>\$55</b>
<b>Actual Oil Price \$ p/b</b>	<b>\$79.5</b>	<b>\$82.8</b>	<b>\$69.8</b>		

Source: Ministry of Economy and Finance.

# Balance of Payments

Exports have grown by an Average of 21.2% from 2005-2009, with the Balance of Payments Surplus reaching \$6.1 Billion in 2009.

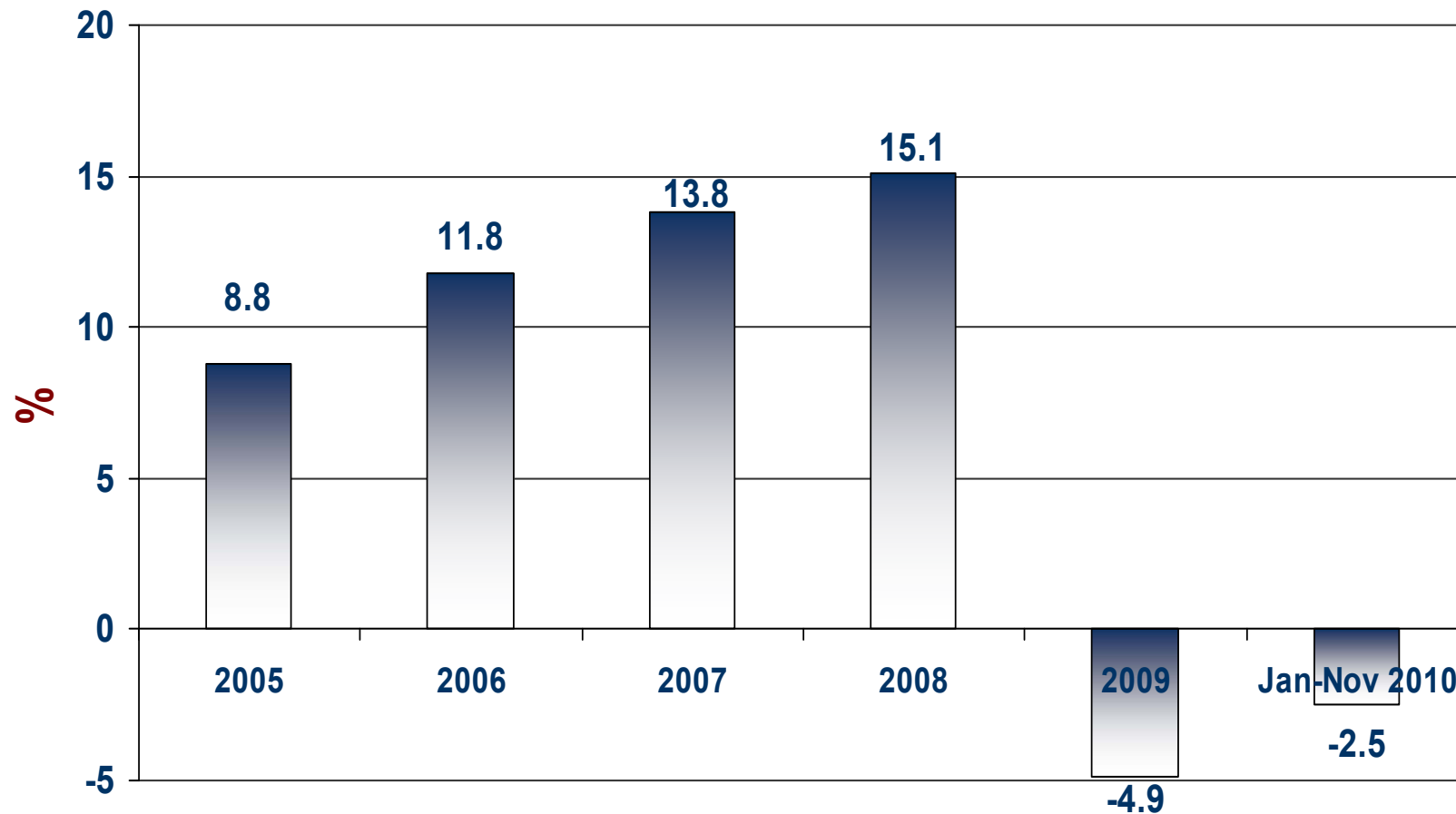
(\$ Million)



Source: Qatar Statistics Authority and Qatar Central Bank.

# Inflation

**Qatar witnessed a Deflation of 4.9% in 2009.**



Source: Qatar Statistics Authority.

**THANK YOU**