

QNB

Investor Relations Presentation

September 2011



Forward Looking Statement

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and businesses 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 are available in our Annual Report.

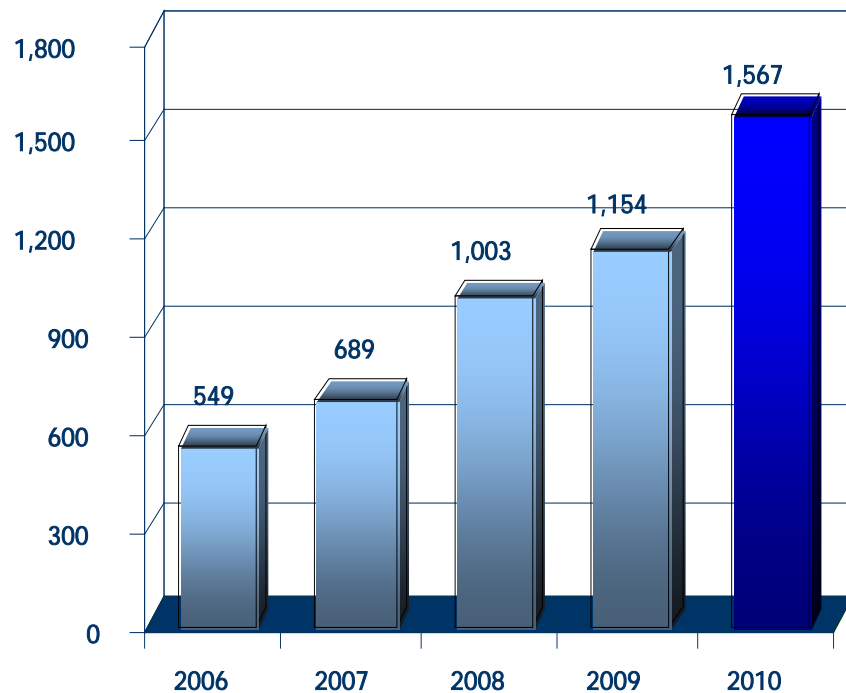
QNB Group's Profit & Asset Evolution

US\$ Million

Profit

Cumulative Average Annual Growth (CAGR)

2005 – 2010 = 30.1%

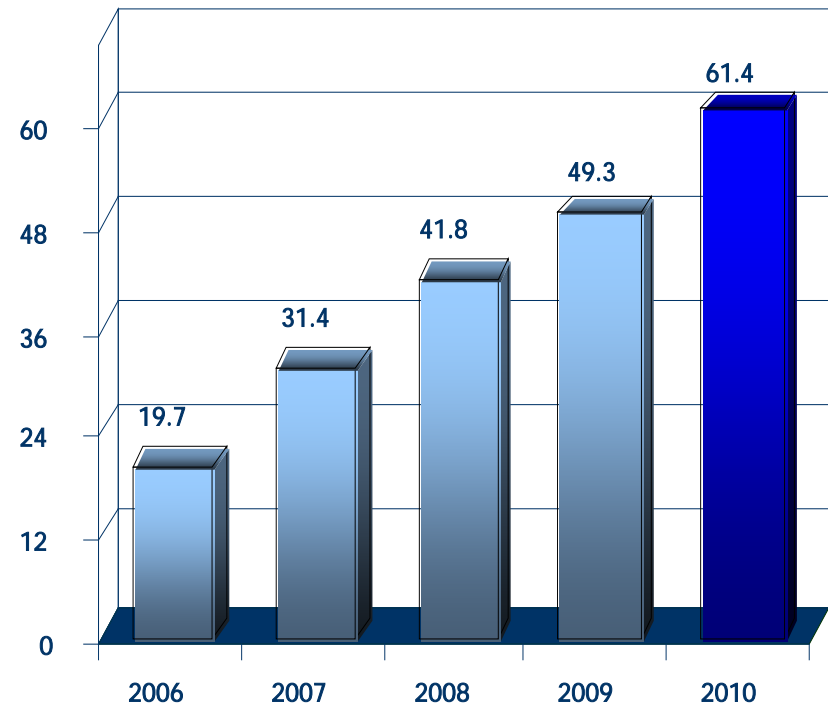


US\$ Billion

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 (June 2011)

Assets 48.6% Loans 50.1% Deposits 53.8%



Top MENA Bank with Total Assets of US\$76.9 billion in September 2011

Largest Domestic Network
60 branches & service centers
More than 200 ATMs

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

Performance Excellence

Highest Credit Rating among regional banks

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

High Asset Quality with an NPLs Ratio of 1.1% in September 2011

Comprehensive Banking Activities

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



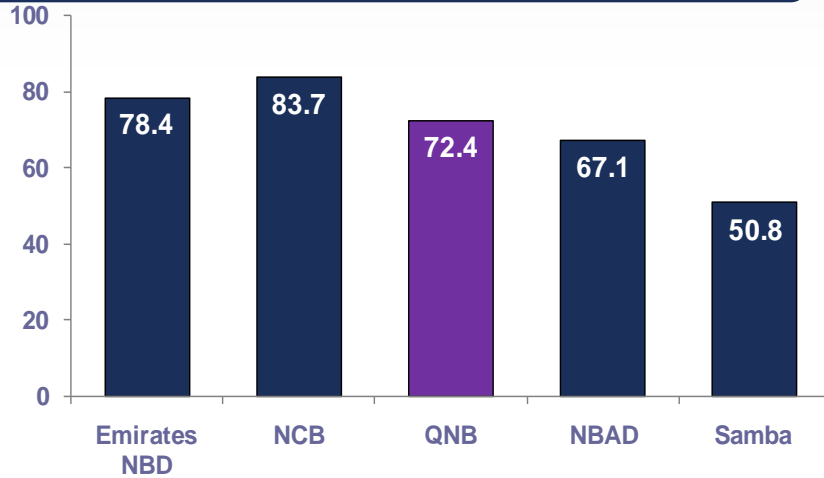
Strong Capital Adequacy Ratio 20.9% in September 2011 compared with 8% for Basel II and 10% for Qatar Central Bank

High Coverage Ratio with Specific Provisions amounting to 124% of NPLs in September 2011

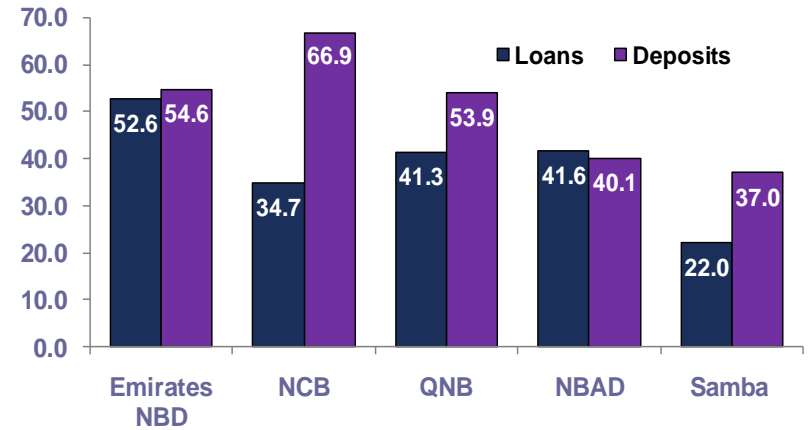
First Qatari Bank to launch Local Equity Funds. One of the Largest Fund Managers in the region

QNB – Regional Peers (June 2011)

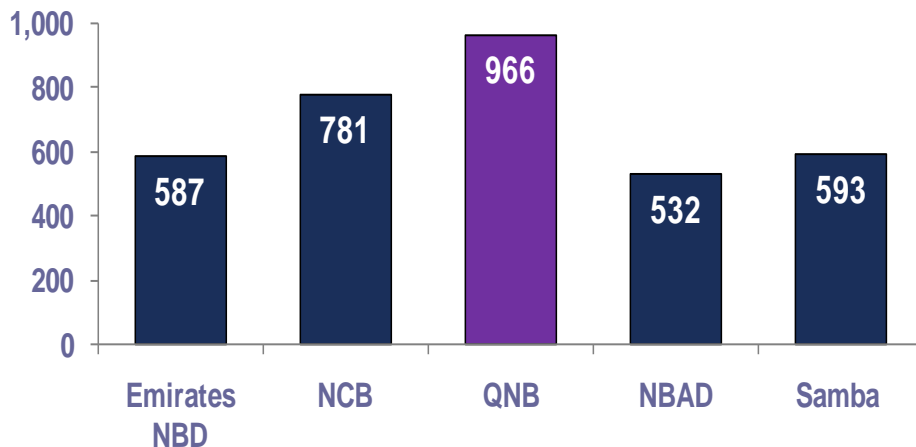
Assets (US\$ billion)



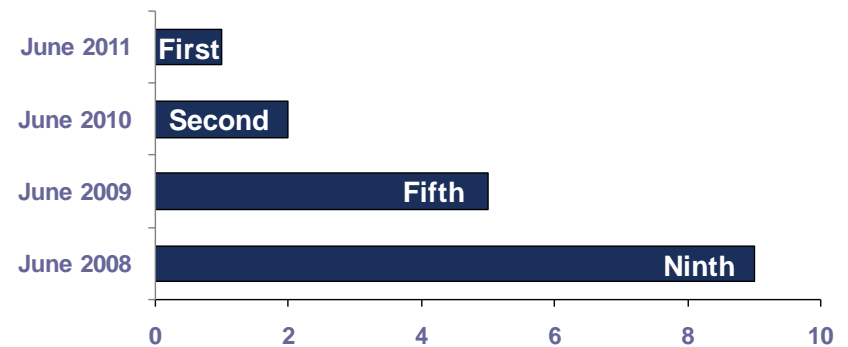
Loans and Deposits (US\$ billion)



Net Profit (US\$ million)



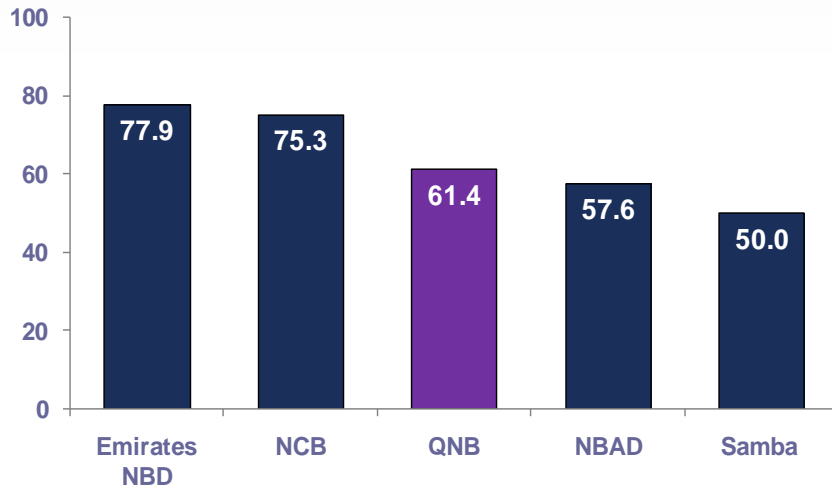
QNB's Ranking by Net Profit (MENA)



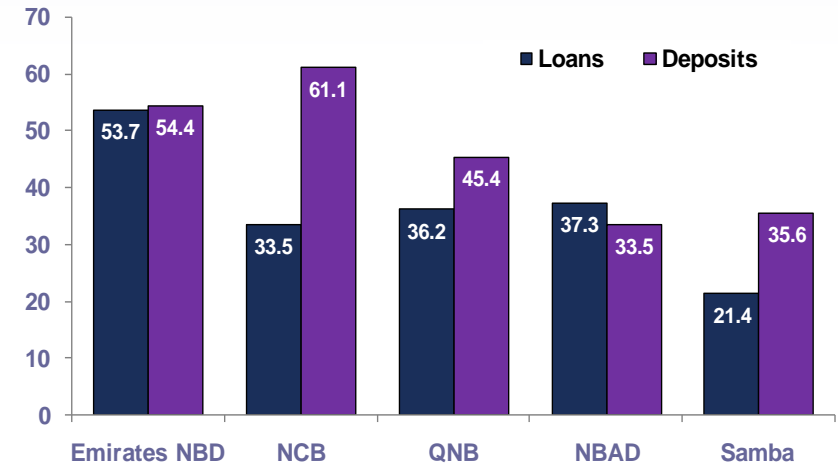
Source: Financial statements, June 2011

QNB – Regional Peers (Dec. 2010)

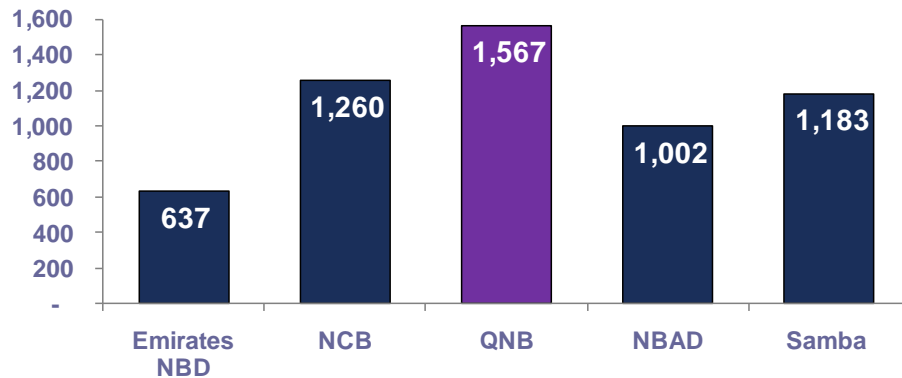
Assets (US\$ billion)



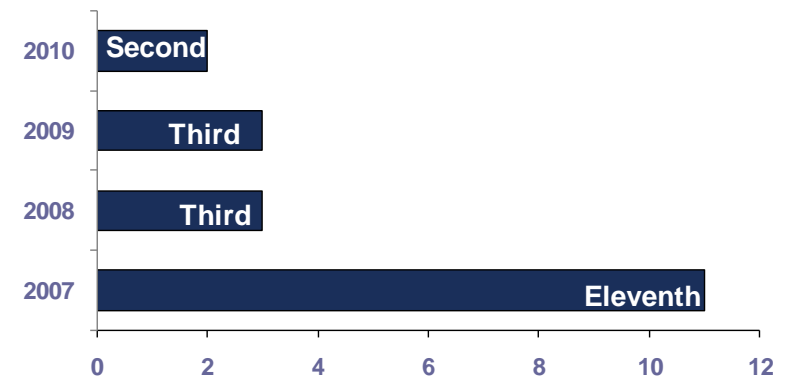
Loans and Deposits (US\$ billion)



Net Profit (US\$ million)

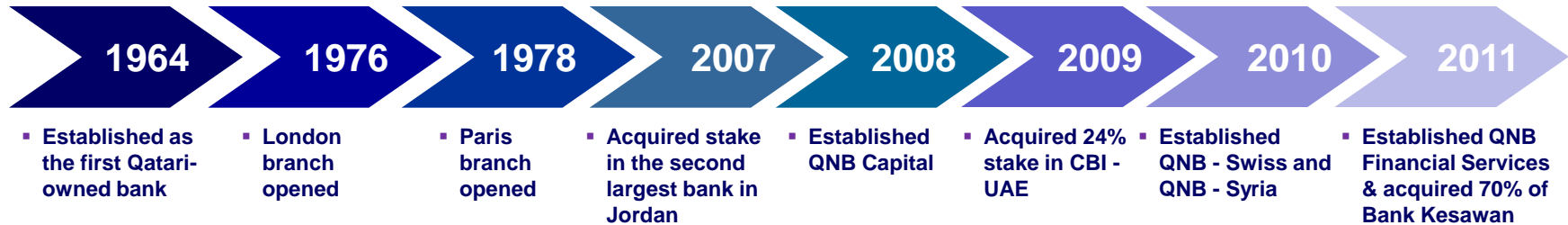


QNB's Ranking by Net Profit (MENA)



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, lending and financing activities – avoid concentration
- Collaterals (cash, treasury bills and bonds, real estate and equity) used where appropriate
- Substantial exposure towards high credit quality issues (approx. 90% of bond portfolio is rated AA 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
- Oversees 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 2011, QNB's rating was upgraded from Capital Intelligence, while being affirmed from Moody's, Fitch and S&P.

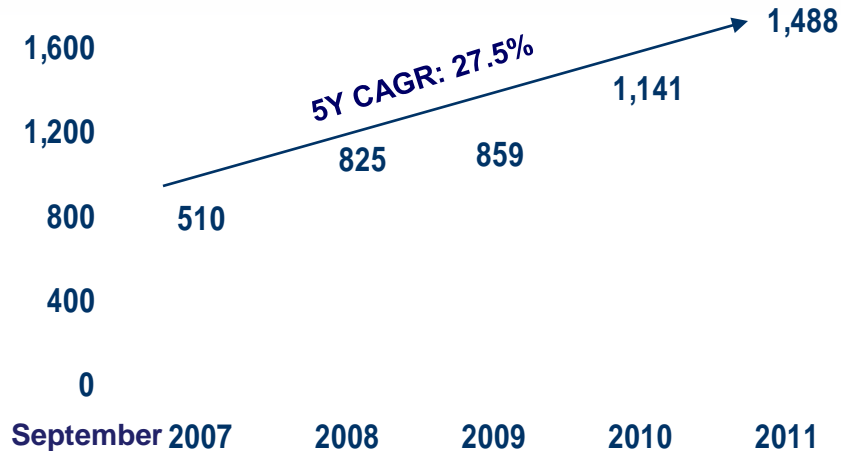
- **In August 2011, Fitch affirmed QNB's rating.**
- **In June 2011, Standard & Poor's affirmed QNB's ratings.**
- **In May 2011, Moody's affirmed QNB's rating.**
- **In April 2011, Capital Intelligence raised the Financial Strength Rating from A+ to AA-, and affirmed all other ratings.**

QNB's Rating	Moody's	S&P	Capital Intelligence	Fitch
Long-Term Rating	Aa3	A+	AA-	A+
Short-Term Rating	P-1	A-1	A1+	F1
Outlook	Stable	Stable	Stable	Stable

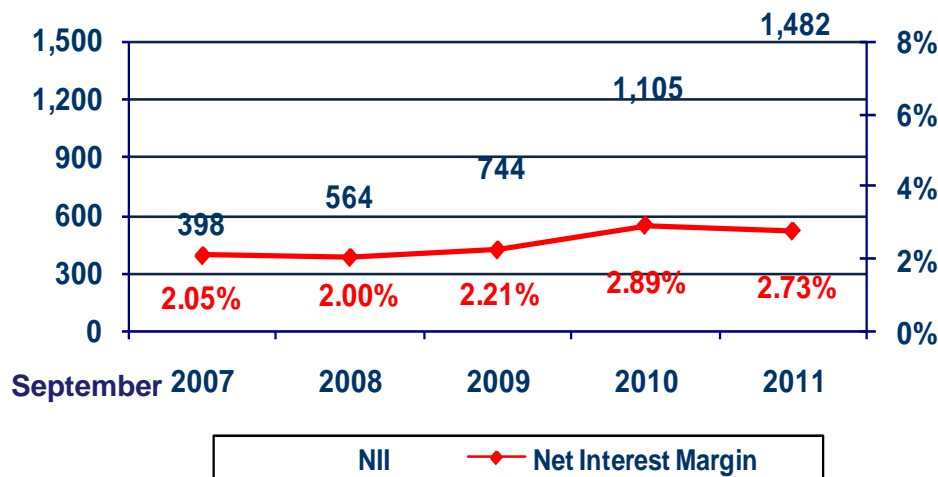
Financial Results - September 2011

Income Overview (September 2011)

Profitability (US\$ m)



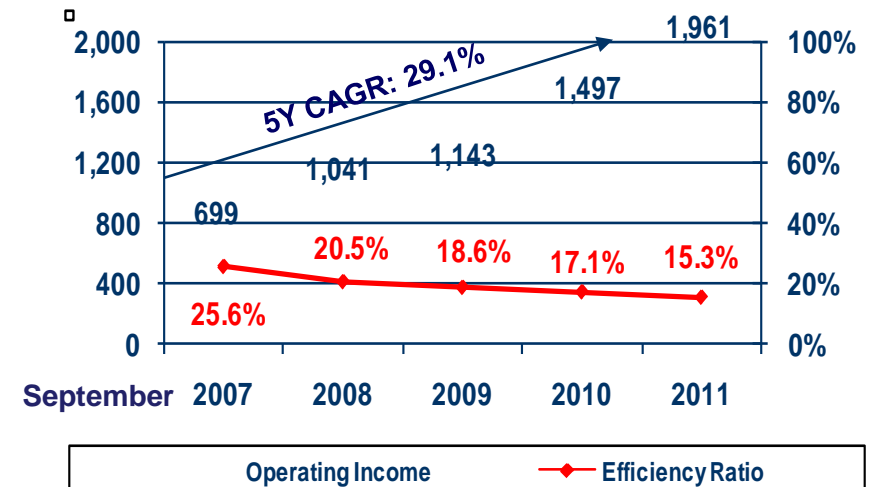
Net Int. Income (US\$ m) and NIM (%)



Highlights

- The Bank has seen continued growth in its revenues on the back of increasing market share and expanded international and domestic network.
- Net profit increased 30.4% to US\$1,488 million from the same period 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 (%)

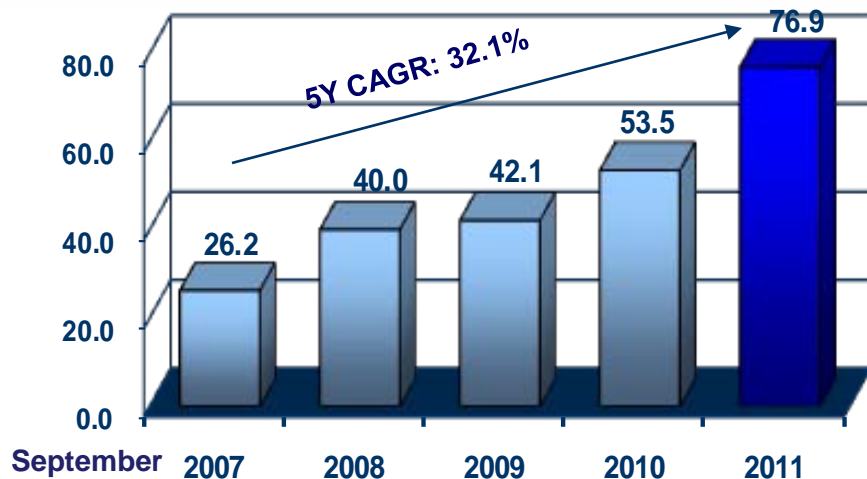


Net Profit by Quarter

	Q3	Q4	Q1	Q2	Q3
US\$000	2010	2010	2011	2011	2011
Net Interest Income	401,194	453,649	469,020	481,014	531,475
FX Gain	24,061	25,945	26,311	29,255	39,143
Fees & Commissions	77,217	74,792	78,333	86,694	90,500
Invest. Income – Dividends	1,796	2	9,582	6,700	4
Invest. Income – Capital Gain	11,131	22,226	21,820	21,786	20,902
Invest. Income – Associates	11,854	13,096	12,410	15,099	13,662
Other Income	1,012	3,243	1,954	3,882	1,590
Total Other Income	127,071	139,303	150,411	163,417	165,801
Total Operating Income	528,265	592,953	619,431	644,432	697,276
G&A Expenses	(89,515)	(98,998)	(100,055)	(100,243)	(100,556)
Total Operating Profit	438,750	493,955	519,376	544,189	596,720
Loan Loss Provisions	(32,474)	(63,224)	(48,691)	(57,409)	(68,782)
Other Provisions & Taxes	(7,842)	(4,613)	(1,685)	9,566	(4,044)
Net Profit	398,434	426,119	469,000	496,346	523,893

Total Assets Overview

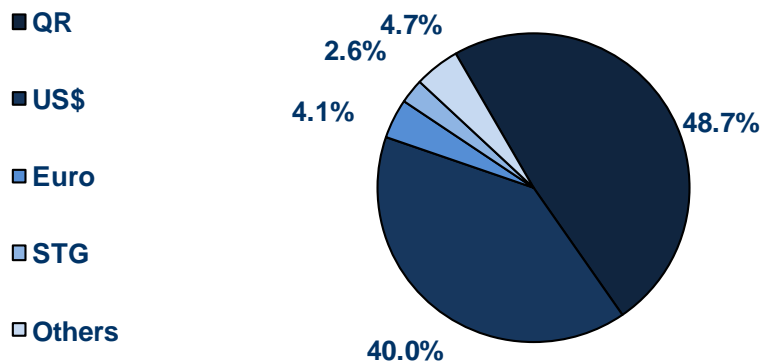
Total Assets (US\$ billion)



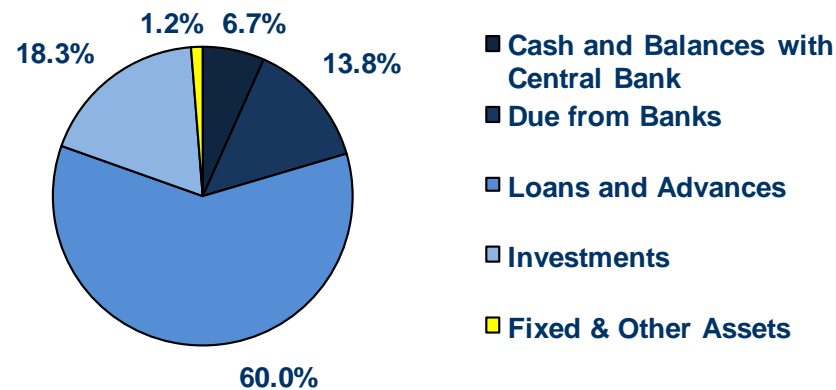
Highlights

- The strong balance sheet growth witnessed by QNB in recent years has sustained with growth of 43.9% from September 2010.
- This growth has been predominantly driven by increased lending with loans and advances representing 60% 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

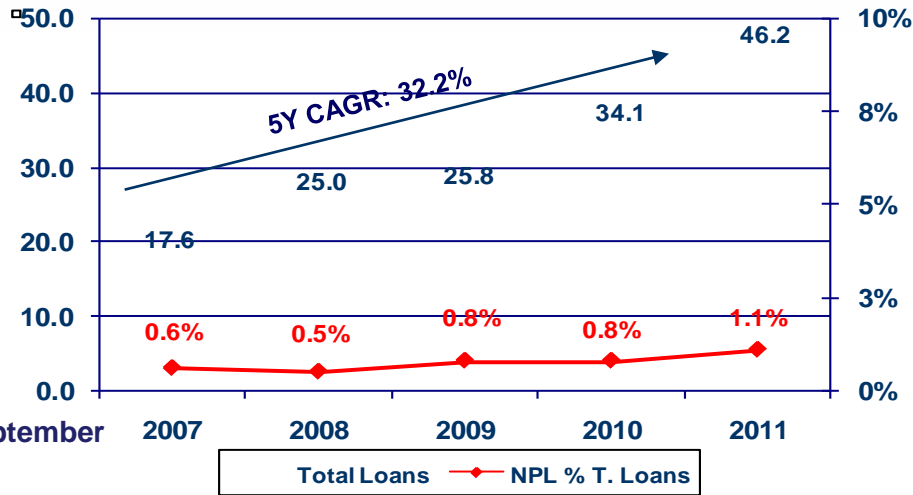


Breakdown of Assets by Type



Loans Review

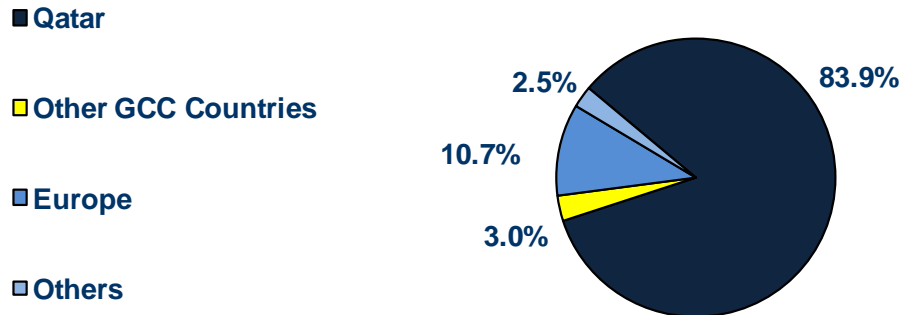
Loans and Advances (US\$ billion)



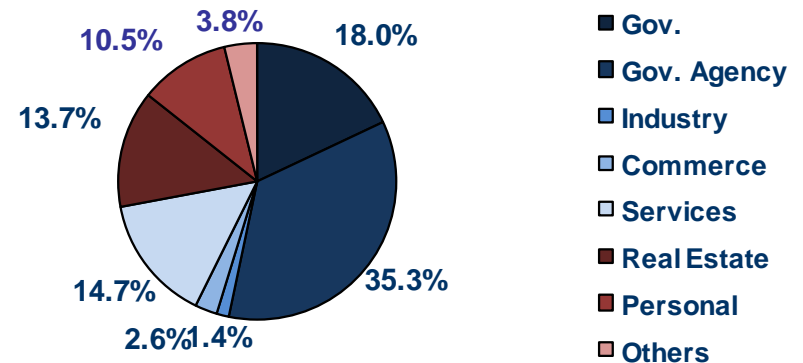
Highlights

- Customer financing has grown substantially in recent years.
- Loans & advances increased to US\$46.2 billion up by 35.5% from September 2010.
- NPL as % of loans and advances stood at only 1.1%.
- The Bank's loan portfolio is relatively well balanced, with a concentration in high quality credit exposures (Government & Government Agencies).
- Being a Qatar focused bank, QNB's loan portfolio is mainly comprised of loans to Qatari entities.

Breakdown of Loans by Geography

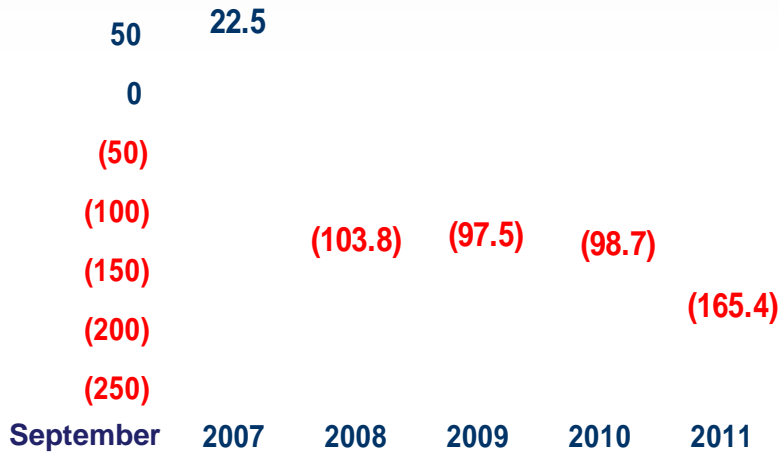


Breakdown of Loans by Industry



Asset Quality

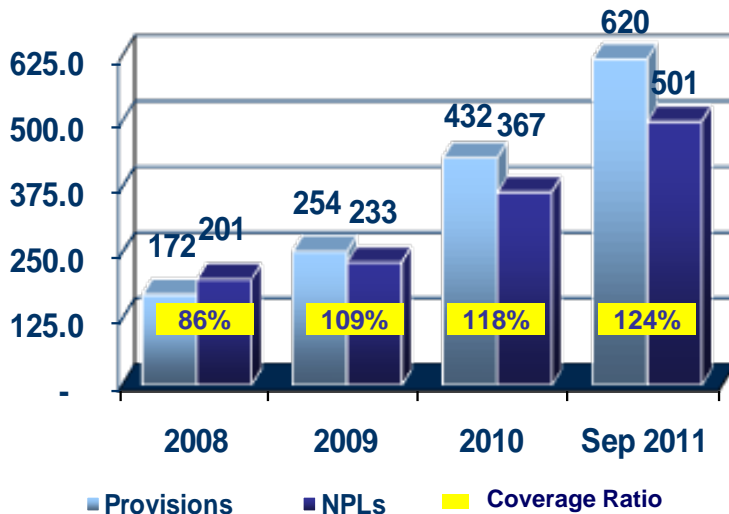
Movement in Recoveries / (Provisions) (US\$ million)



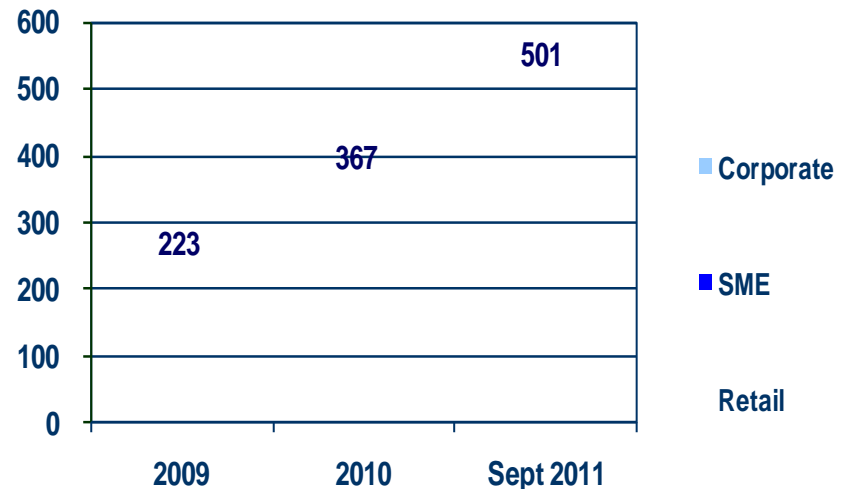
Highlights

- Since 2008, in response to the global financial crisis, QNB has increased its provisions.
- QNB reported an NPL ratio of 1.1% as at Sept 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 124% reported in Q3 2011.
- An additional Risk reserve of US\$24.7m was taken in 2010 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)

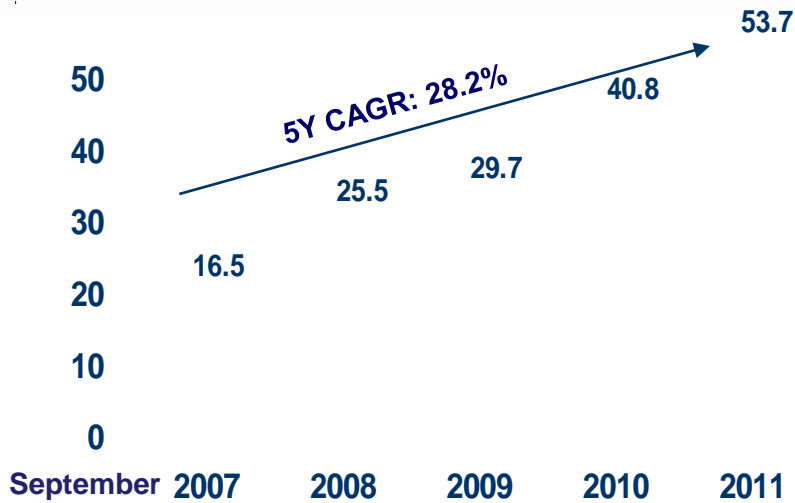


NPLs by Sector (US\$ million)



Funding Profile

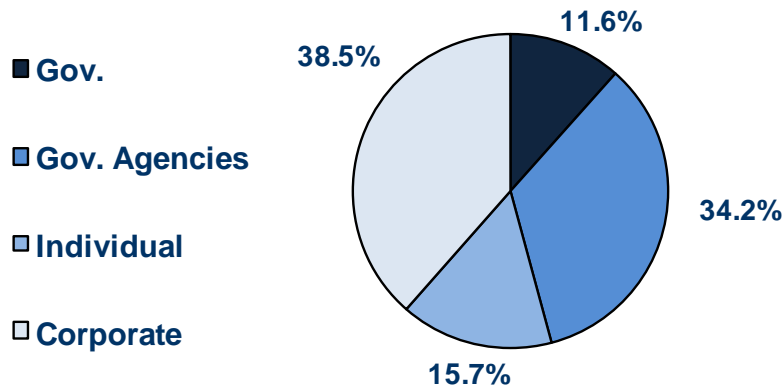
Customer Deposits (US\$ billion)



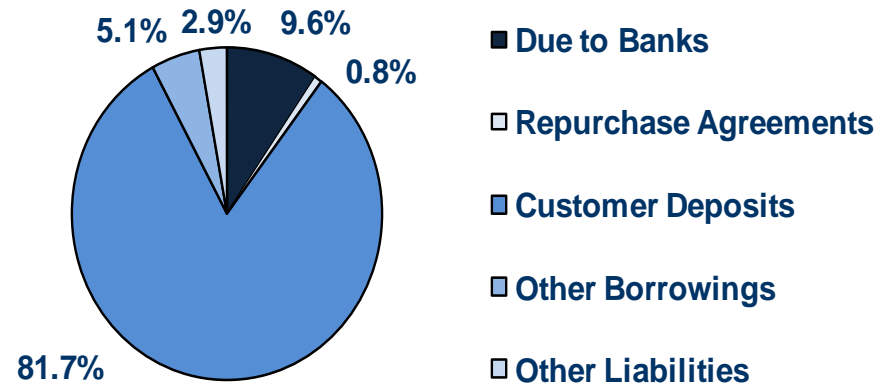
Highlights

- Customer deposits and unrestricted investment accounts increased to US\$53.7 billion up by 31.4% from September 2010.
- 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.

Breakdown of Deposits by Sector



Funding Split



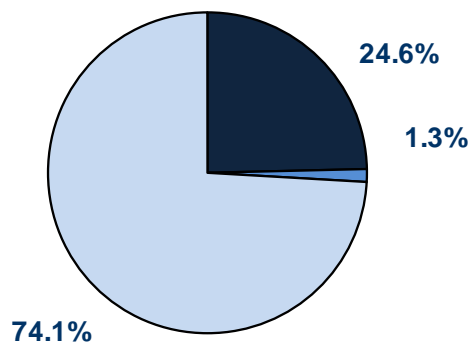
Liquidity

Highlights

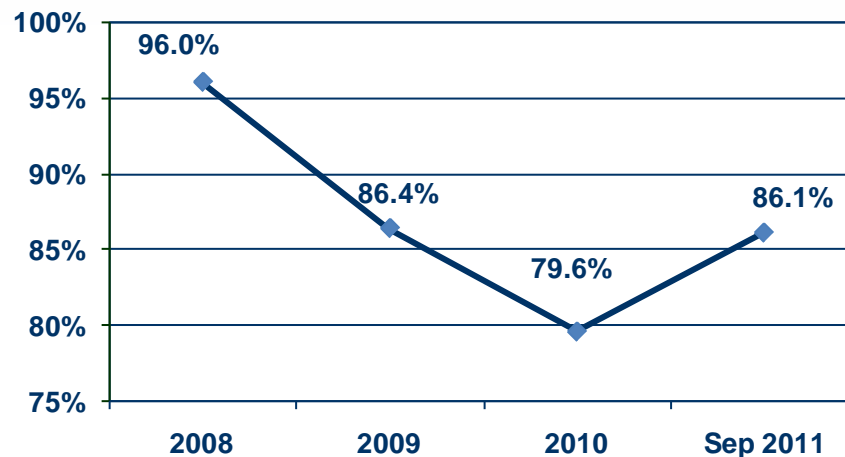
- QNB's loans to deposit ratio has remained anchored below 100%, providing the Bank with a strong liquidity profile.
- The Bank's deposits are also predominantly in the form of time deposits, providing an added buffer.
- QNB's liquid assets also constitute a substantial portion of the Bank's balance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

Composition of Deposits By Type

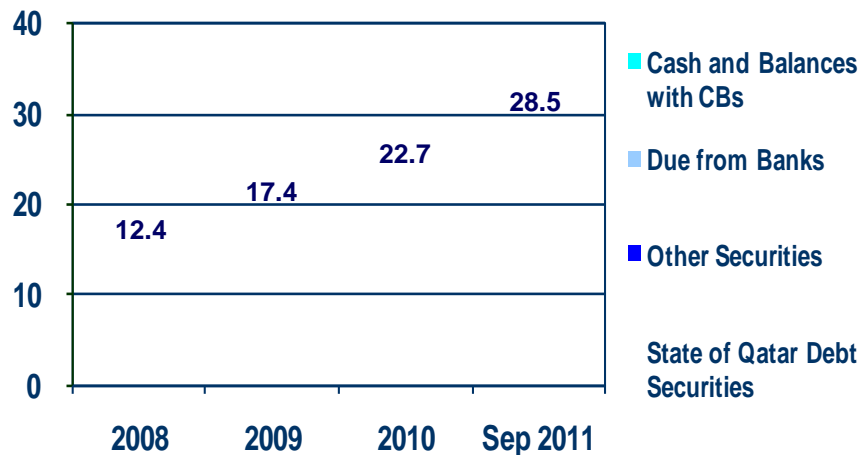
- Current and Call Accounts
- Savings Accounts
- Time Deposits



Loans to Deposit Ratio (%)



Liquid Assets (US\$ billion)

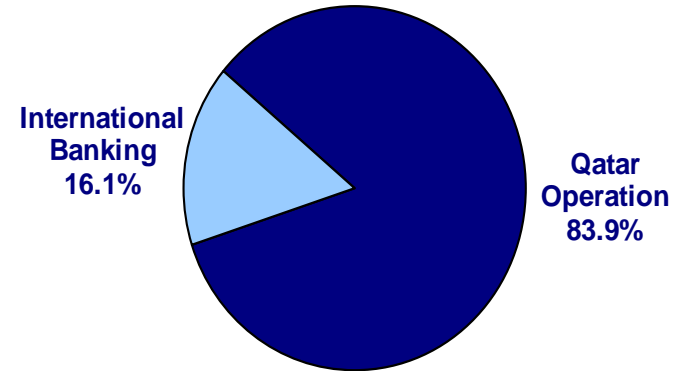
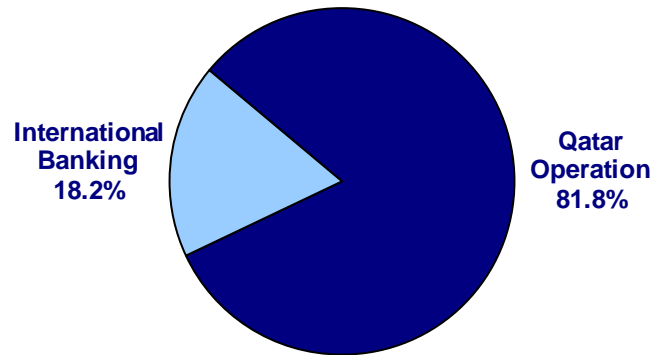


Loans & Deposits by Segment

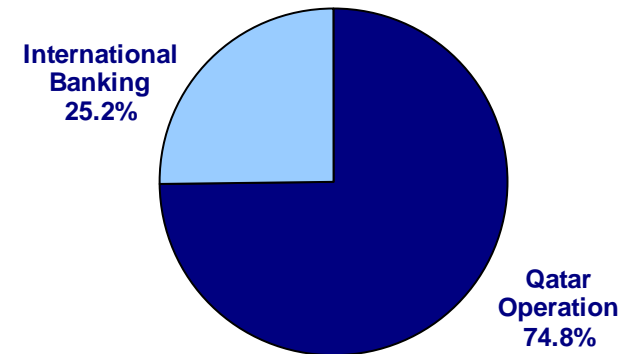
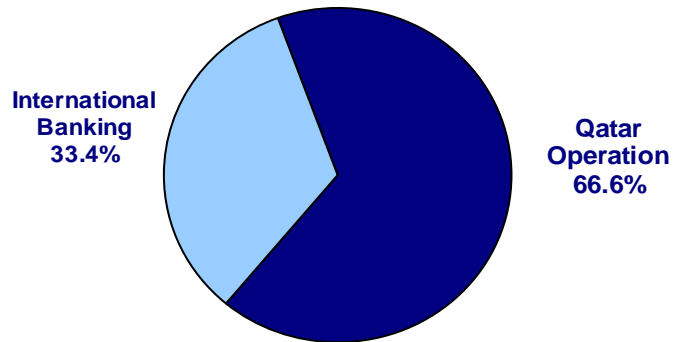
December 2010

September 2011

Loans

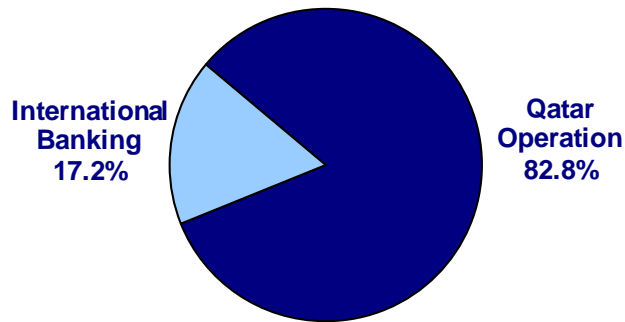


Deposits

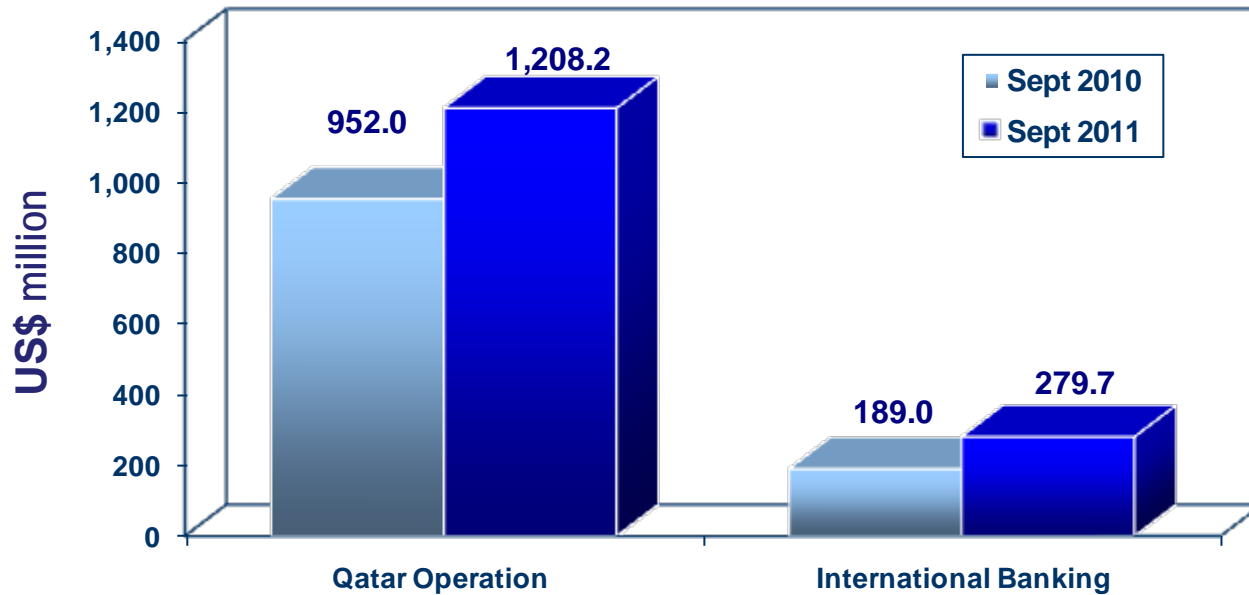
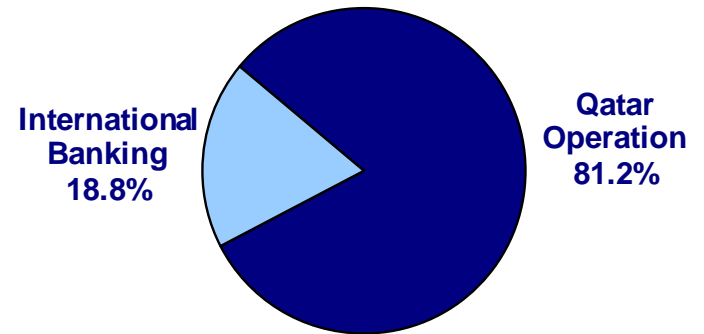


Net Profit by Sector

December 2010

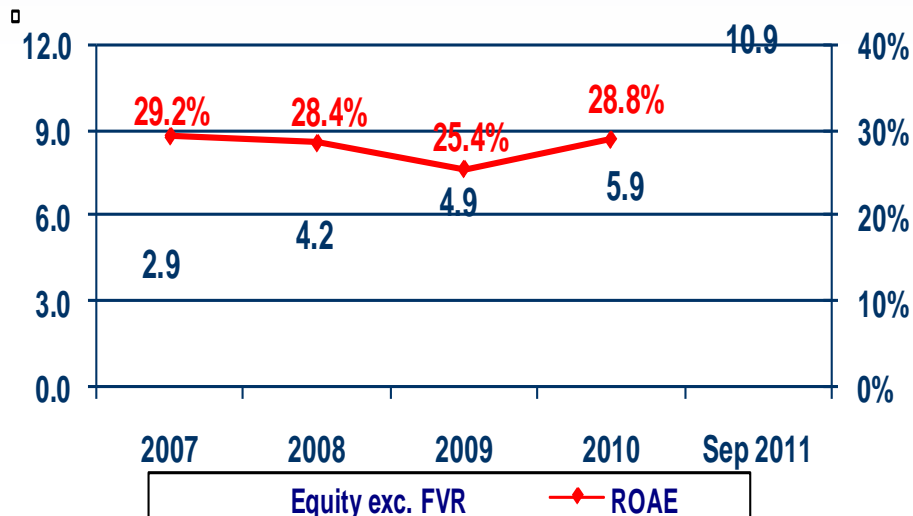


September 2011

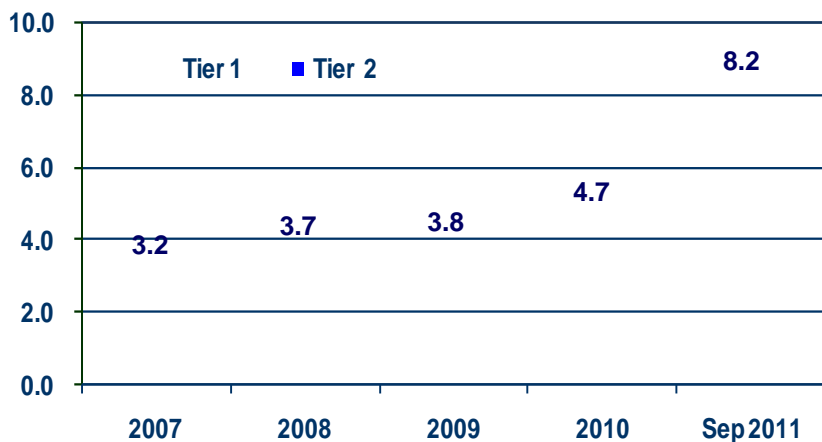


Strong Capital Growth with Stable Returns

Equity (US\$ billion)



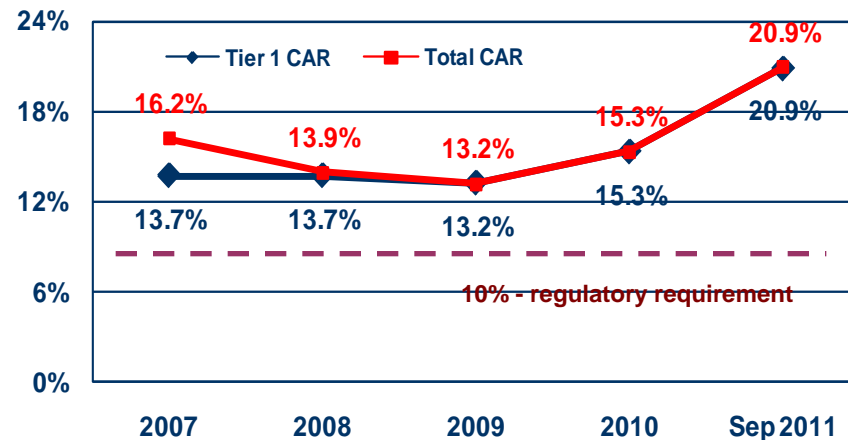
Eligible Capital (US\$ billion)



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 early 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 nominal CAGR of 20% between 2006-2010 and 15.7% in Real Terms.

(\$ Million)	2006	2007	2008	2009	2010
Oil & Gas Sector	32,272	41,213	63,273	43,810	65,864
Non-Oil & Gas Sector	28,610	38,499	51,998	53,989	61,468
Total GDP	60,882	79,712	115,270	97,798	127,332
% Change	36.7%	30.9%	44.6%	-15.2%	30.2%

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 to witness a strong growth in 2011.

(\$ Million)	2010	2011*	2012*
Oil & Gas Sector	65,864	100,932	114,762
Non-Oil & Gas Sector	61,468	72,060	81,862
Total Nominal GDP	127,332	172,992	196,624
% Change	30.2%	35.9%	13.7%
Real GDP growth rate	15.2%	21.0%	10.2%

* QNB Estimates.

Source: Qatar Statistics Authority.

2011/12 State Budget

Current State 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	42.8	35.0	44.6	27.4%
Total Expenditures	39.1	32.4	38.4	18.7%
- Current Expenditures	27.0	20.4	22.5	10.2%
- Development Expenditures	12.1	11.9	15.9	33.4%
Surplus / Deficit	3.7	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.

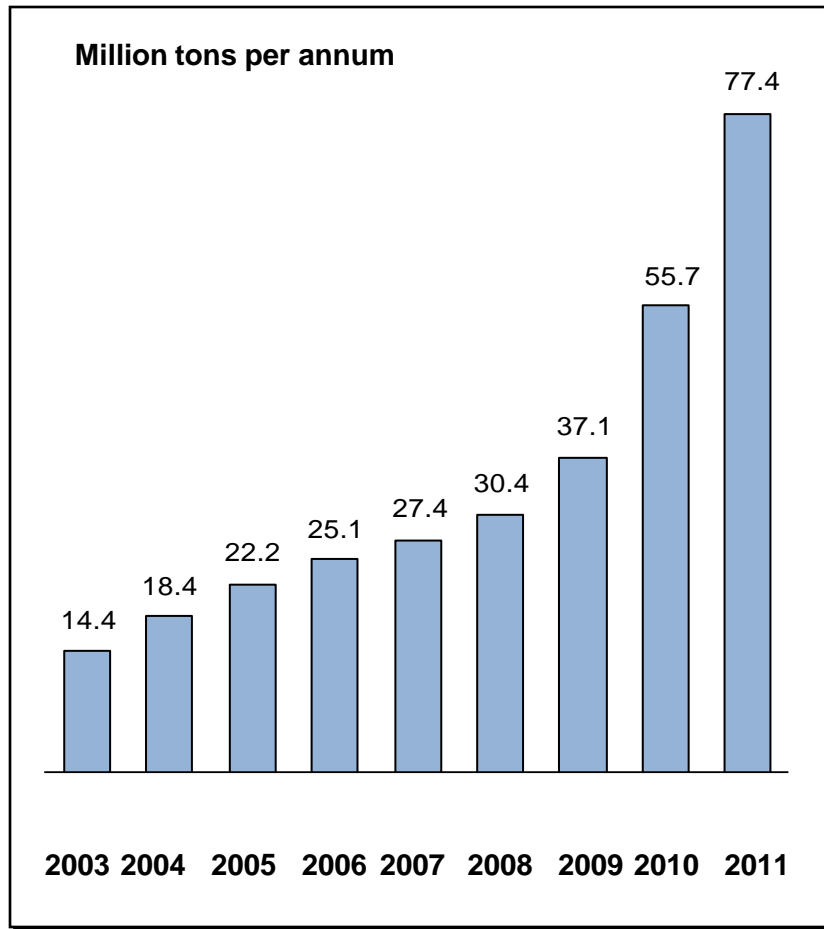
Planned projects are estimated to reach a budget of \$175 billion with the bulk of investment in infrastructure

Sector	Budget Value (\$ billion)
➤ Infrastructure	61.8
➤ Construction	49.5
➤ Gas Processing	15.9
➤ Power	14.1
➤ Petrochemicals	12.4
➤ Water and Waste	7.3
➤ Fertiliser	4.4
➤ Oil / Gas Production	3.1
➤ Refining	1.7
➤ LNG	1.6
➤ Pipeline	1.3
➤ Alternative Energies	1.0
➤ Industrial	<u>0.5</u>
TOTAL	174.5

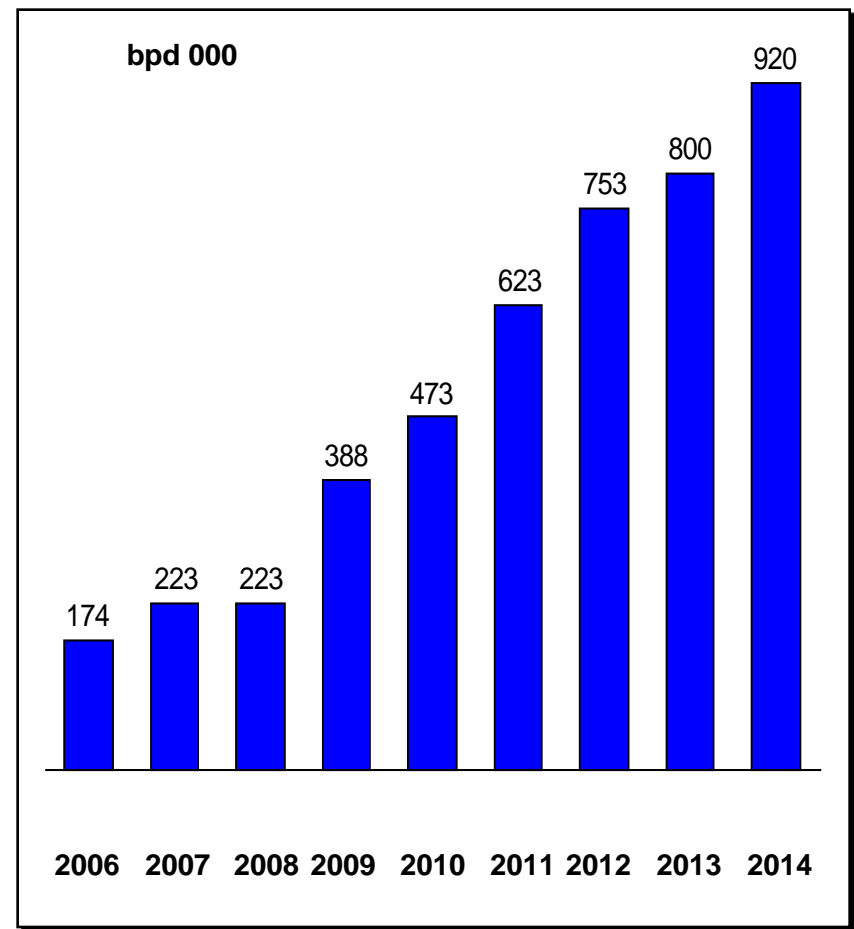
Source: MEED Projects, September 2011

Natural Gas will Fuel and Sustain the Economy

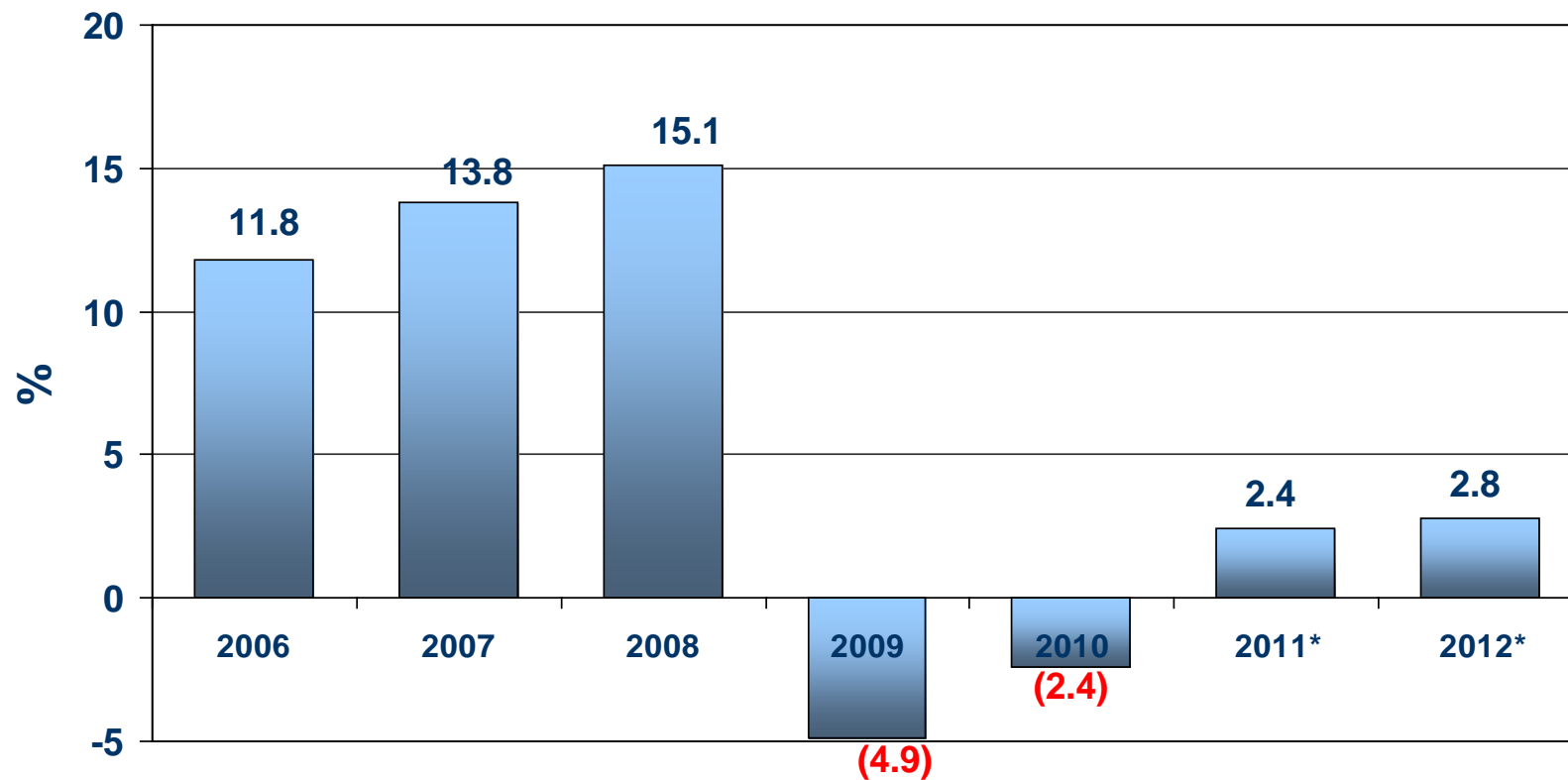
LNG Exports are expected to reach 77.4 million tons per annum in 2011



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, with deflation in 2009 and 2010, and is expected to remain low



Source: Qatar Statistics Authority.
* QNB Estimate.