ANNUAL REPORT 2009

QNB

Together Forward

His Highness
Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar

Table Of Contents

Board Of Directors

H.E. Yousef Hussain Kamal
Chairman of the Board of Directors
Member since 1988

H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani
Member of the Executive and the Group Policies, Governance and Development Committees
Member since 2004

Mr. Ali Hussain Ali Al-Sada
Member of the Executive Committee
Member since 1998

H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al-Thani
Member of the Executive Committee
Member since 2004

Mr. Bader Abdullah Darwish Fakhroo
Member of the Executive Committee
Member since 2001

H.E. Sheikh Hamad Bin Abdullah Bin Khalifa Al-Thani
Member since 2007

Mr. Fahad Mohammed Fahad Buzwair
Chairman of the Group Policies, Governance and Development Committee
Member of the Audit Committee
Member since 2001

Mr. Rashid Misfer Al-Hajri
Chairman of the Audit Committee
Member since 1998

Mr. Mansoor Ebrahim Al-Mahmoud
Member of the Audit Committee
Member since 2004

Chairman's Statement

Yousef Hussain Kamal
Chairman

I am pleased to present on behalf of the Board of Directors, QNB's Annual Report for 2009.

The first half of 2009 witnessed a continuation of the severe global economic and financial crisis that began in 2008; although, there are sings of a recovery in the world's economy with a lessening impact of the crisis on the world's financial sector. This has led to an increase in the price of energy products that constitute the primary source of revenues and export earnings of countries in the region, which will allow the continuation of the adoption of expansionary fiscal policies in order to meet the on-going ambitious development plans.

The impact of the financial crisis on Qatar has been limited as compared to other countries around the world, given the large projects in the energy sector, especially the production and exports of liquefied natural gas, along with the continuation of large development and infrastructure projects.

QNB has also managed to avoid the impact of the financial crisis given its conservative credit policy and the effective use risk management tools allowing the preservation of the Bank's high quality loan portfolio. This, along with the cautious approach across business activities and the ability to record a strong growth in profitability, were primary factors in the affirmation of QNB's credit rating, which is amongst the highest in the region, from all rating agencies during 2009, at a time when rating agencies were reviewing and downgrading banks' ratings in the region and around the world.

2009 witnessed the successful implementation of a number of major initiatives for the Bank's international expansion plan. QNB has increased its presences in the Middle East and North Africa Region with the establishment of a new private bank in Syria (QNB-Syria) in which it has a 49% stake in share capital, with QNB providing management and technical services through a management services agreement. QNB-Syria has an ambitious expansion plan covering the capital, Damascus, and major cities across the country.

2009 also witnessed the opening of QNB-Switzerland which will primary focus on providing private banking services, which will allow the offering of high quality private banking services across QNB Group. QNB Al Islami also continued to record a strong growth in 2009, becoming one of the largest Islamic financial institutions in Qatar. 2010 will witness an expansion in QNB Al Islami international activities with the establishment of new overseas branches along with the offering of new services.

The Bank has actively participated in all bond offerings and loans that took place during 2009 for the State of Qatar and for Qatar Telecom (Qtel), that included the first bond issuance for a telecom company in the Gulf Cooperation Council, with QNB Capital acting as the Financial Advisor for this transaction. Given the Bank long and established experience in initial public offering (IPO), QNB Capital was mandated as Joint Lead Manager, Financial Adviser and Joint Lead Receiving Bank for Vodafone Qatar IPO.

In regard of QNB's financial performance during 2009, I am pleased to report another year of strong growth with Net Profit increasing by 15% to QR4,202 million, the highest in the Bank's history. Also, as a result of the expansion in business activities, Total Assets increased to QR179.3 billion, recording a growth of 18% over the prior year, again recording the highest level in the Bank's history.

As far as the dividend distribution for 2009 is concerned, in line with the aim of maximizing the long-term return to shareholders, The Board of Directors is recommending to the General Assembly the distribution of a cash dividend of 40% of the nominal value of share capital, representing QR4.0 per share. The Board is also recommending a bonus share issue of 30% of share capital, representing three shares for every ten shares held.

On behalf of the Board, I take this opportunity to 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 express its gratitude to His Excellency Sheikh Hamad Bin Jassim Bin Jabor Al-Thani, the Prime Minister and Foreign Minister for his continued support.

We also express our appreciation to Qatar Central Bank Governor, His Excellency Sheikh Abdulla Bin Saoud Al-Thani, for his continuous efforts in promoting Qatar's banking sector.

Finally, I would like to thank QNB's executive management and all staff for their sincere efforts in achieving the Bank's strategic objectives.

Yousef Hussain Kamal
Chairman

Group Chief Executive Report

Ali Shareef Al-Emadi
Group Chief Executive Officer

I am pleased to present highlights of major accomplishment during 2009, a year during which QNB successfully completed a number of major initiatives.

During 2009, QNB maintained its track record of achieving a strong growth across the range of its business activities and recording a healthy increase in profitability, despite the difficult operating environment that faced financial institutions worldwide.

The Bank was also successful in implementing a number of major initiatives per its strategic plans by introducing new products and services, and expanding its overseas presence.

The Bank introduced a new structured investment product-QNB Note 1, a capital protected note linked to selected stocks at Qatar Exchange. This was the first such product in the market and was well received by investors'. QNB Note 1 was introduced in cooperation with QNB-Switzerland and the Bank's Investment Department, representing a future model of cooperation across QNB Group in order to harness increased capabilities in delivering new products and services.

Also during 2009, QNB's Al Watani Funds I & II and the Beit Al Mali Fund, were selected as the best performing funds amongst 10 funds managed by local and regional institutions, clearly demonstrating the strong capabilities and experience of QNB's Investment Department.

During the year, QNB Capital played an instrumental role in the two sovereign bond issues that took place in April and October 2009 which amounted to $10 billion. These bonds were a resounding success that clearly reflected confidence in Qatar's economy and its prospects, along with the increasing capabilities and standing of QNB Capital.

Also in 2009, QNB Capital was appointed as Joint Lead Manager and Financial Advisor for the $1 billion Vodaphone Initial Public Offering.

In regard of Islamic services, QNB Al Islami continued to record strong growth in its activities, resulting in an increased market share. During 2009, Total Assets of QNB Al Islami increased by 64.5% to reach QR22.0 billion while Financing Activities rose to QR14.5 billion, from QR6.8 billion in 2008.

As far as the international expansion, with the opening of QNB-Syria and QNB-Switzerland, QNB's Group international presence increased to 22 countries, with a focus in the Middle East and North Africa (MENA) Region. We look forward to increasing our presence in the MENA Region over the coming years.

Efforts were concentrated in Retail Banking last year to elevate service quality with intensive training provided to employees, which was appreciated by customers. The Bank's Call Centre was renovated and equipped with advanced technology allowing Customer Service Representatives to deal more effectively with customer demands and inquiries around the clock.

The Bank's domestic network was expanded with the addition of three new locations for a total of 55 branches and offices, of which 11 are for QNB Al Islami and three mobile branches. This network, the largest in Qatar, was supported by 160 ATM machines.

With the opening of these three branches, QNB's Group network increased to 64 branches and offices around the world.

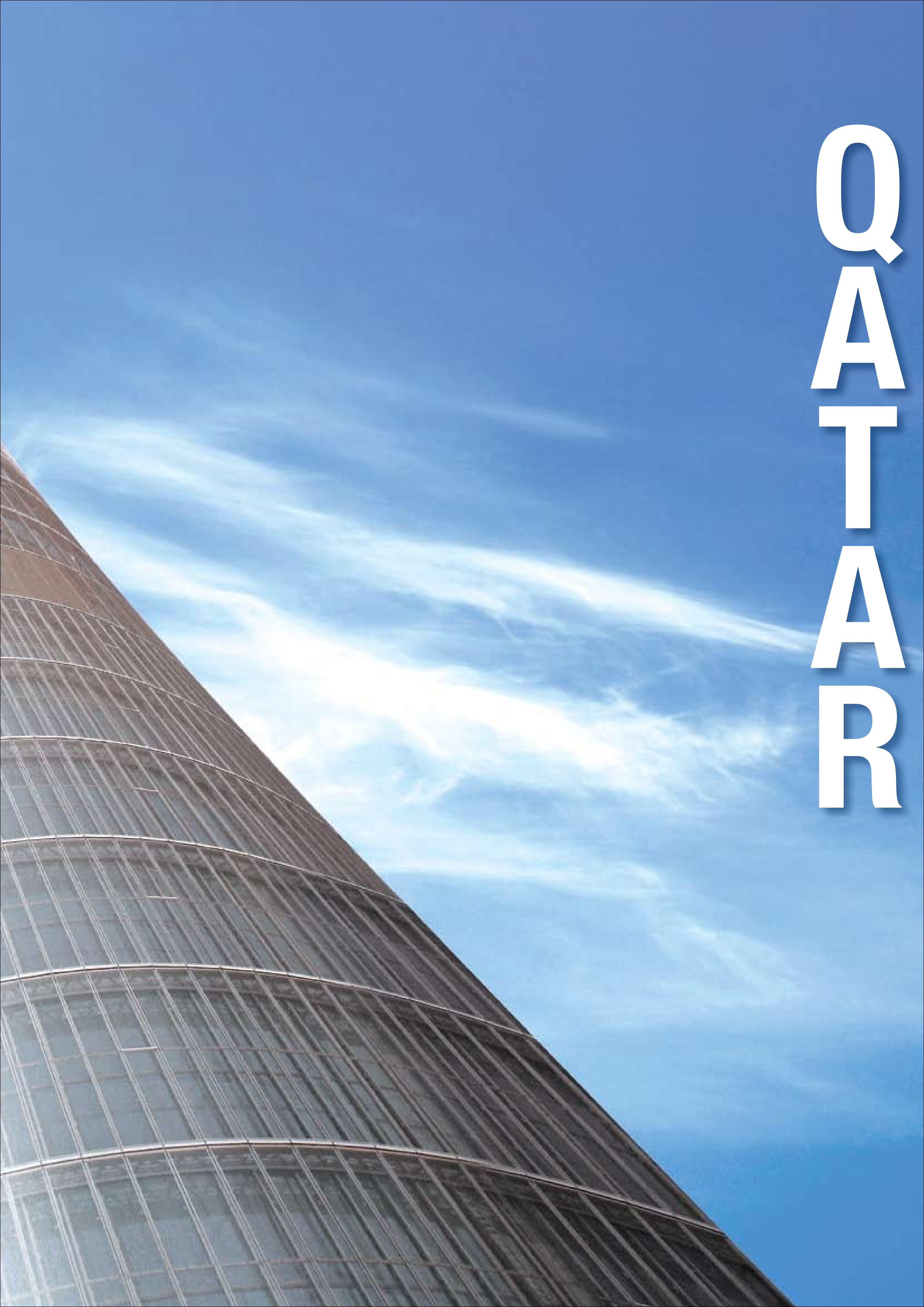
QNB continued its efforts to attract and retain qualified staff, with focus on training through the Bank's Training and Development Centre. In addition, the Head Office premises were completely refurbished to create a more suitable working environment.

We look forward in 2010 to continue to implement our strategic initiatives, domestically and internationally. While acknowledging that 2010 will be a challenging year, we are confident that our increased capabilities and resources will allow us to successfully implement our strategic goals.

At the same time, we will continue to adopt our conservative approach in implementing our expansion plans to safeguard the high quality of the loan portfolio through an effective risk management process.

I conclude by expressing my appreciation and gratitude to all QNB Group staff for their dedication and sincere efforts in implementing the Bank's strategic goals, domestically and internationally.

Ali Shareef Al-Emadi
Group Chief Executive Officer



QATAR

Corporate Governance

The Board of Directors set the standard for a sound corporate governance framework for the entire QNB Group. Corporate Governance is a matter of vital importance and a fundamental part of the business practices of the Bank

A balance between the roles and responsibilities of the Board and management is achieved with the Board providing overall strategic direction and oversight through the review and approval of major strategic initiatives, policies and objectives. Day-to-day management of QNB Group is entrusted to the Group Chief Executive.

The global economic crisis that endured throughout much of 2009 confirmed QNB Group's corporate governance structure effectively protects the interests of shareholders. Despite the challenging operating environment that financial institutions world wide faced during 2009, QNB delivered a strong growth in its profitability, while at the same time maintaining a high level of asset quality with a ratio of non-performing loans of 0.7%.

Solidifying the Governance Framework

In early 2009, the Board approved a new comprehensive suite of policies, covering all aspects of local and global operations. This, coupled with the implementation of a comprehensive Enterprise Risk Management (ERM) system in March, further enhanced the Group's sustainability. The new system effectively integrates monitoring of credit risks, assets, liabilities, economic capital and regulatory capital reporting requirements in all site locations.

Through centralized reporting, details can be quickly and effectively consolidated for the entire QNB Group network enabling the identification of potential risks and undertake effective responses to avert them. The system facilitates an aggregation of exposure and comprehensive risk analysis that supports sound credit and liquidity management.

Meanwhile, a comprehensive review of its procedures, built around the system, aimed at maximizing efficiencies and minimizing risks, is currently underway. This work is expected to be finalized in the first half of 2010.

Board Composition

The ownership structure of QNB has been stable since establishment in 1964. A 50% stake is held by the Government of the State of Qatar through its investment arm, Qatar Investment Authority (QIA), while the remaining 50% is held by the public.

In turn, the Board composition reflects this ownership structure with five members of the Board, including the Chairman being representatives of QIA, with the remaining five members from the private sector being elected by shareholders' at the General Assembly meeting.

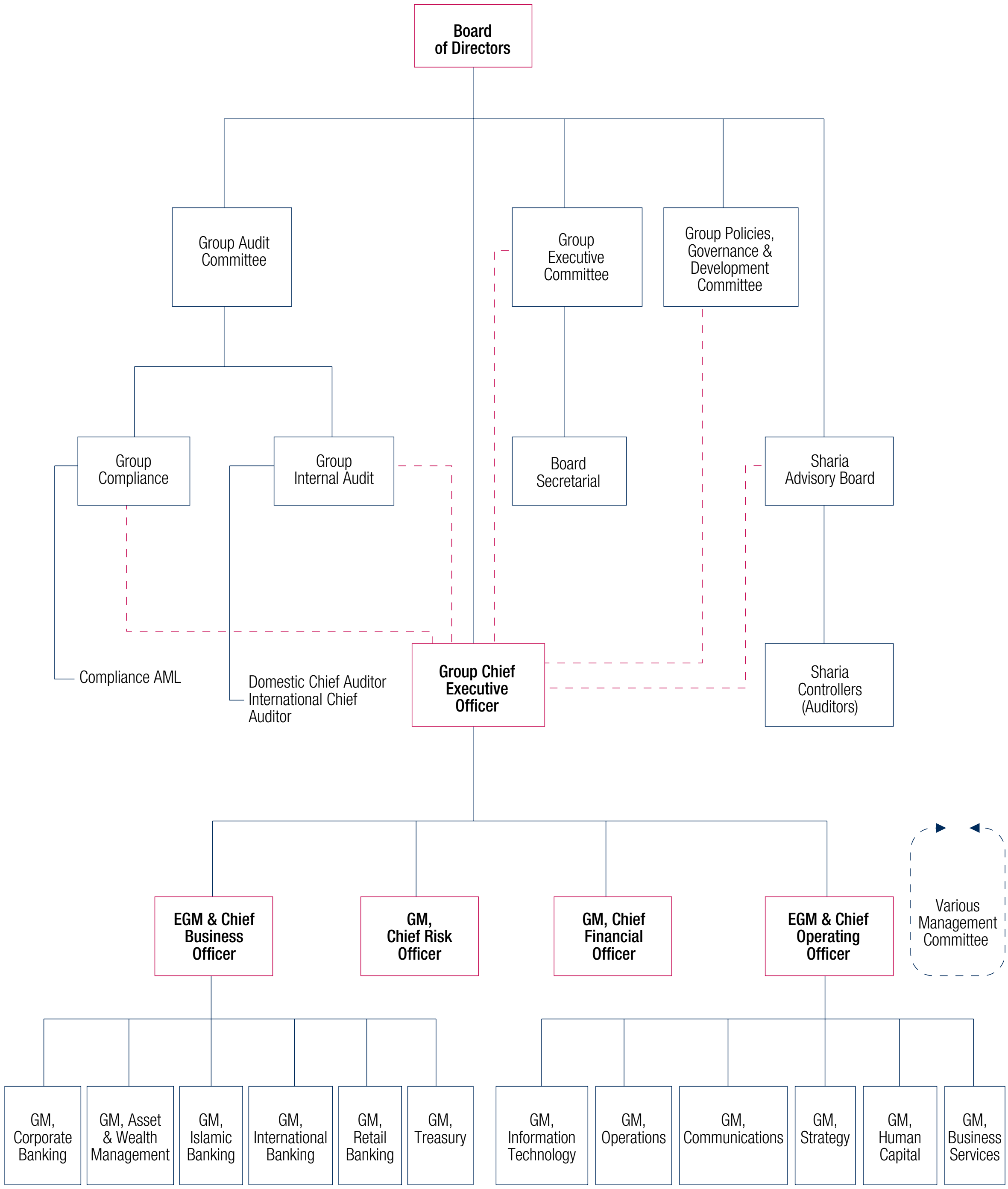
Members of the Board of Director are appointed or elected for a period of three years. The term of the current Board covers the period 2007-09, with election of the private sector members taking place at the General Assembly meeting held on February 7, 2010.

Terms of Reference of the Board of Directors

Providing overall strategic direction and oversight, the Board reviews and approves all QNB credit and investment policies through agreed upon risk parameters and limits. Meeting, at minimum, six times a year, the Board reviews and approves the annual budget and business plans, and all capital expenditures.

On regular basis, the Board reviews progress towards the achievement of strategy, making modifications as required. It is also the Board responsibility to ensure the implementation of a framework of control covering Internal Audit, Compliance, Risk Management and Financial Control.

Assisting the Board of Directors in carrying out its duties and responsibilities are three sub-committees that report directly to the Board. This includes the Group Executive Committee, the Group Audit Committee and the Group Policies, Governance and Development Committee.


Board of Directors
Group Audit Committee
Group Executive Committee
Group Policies, Governance & Development Committee
Group Compliance
Group Internal Audit
Board Secretarial
Sharia Advisory Board
Compliance AML
Domestic Chief Auditor
International Chief Auditor
Group Chief Executive Officer
Sharia Controllers (Auditors)
EGM & Chief Business Officer
GM, Chief Risk Officer
GM, Chief Financial Officer
EGM & Chief Operating Officer
Various Management Committee
GM, Corporate Banking
GM, Asset & Wealth Management
GM, Islamic Banking
GM, International Banking
GM, Retail Banking
GM, Treasury
GM, Information Technology
GM, Operations
GM, Communications
GM, Strategy
GM, Human Capital
GM, Business Services

Dates and Attendance of Board of Directors Meetings

Date	Attendance
January 13	8 Members, including Chairman
March 22	7 Members, including Chairman
June 8	6 Members, including Chairman
June 17	6 Members, including Chairman
September 15	6 Members, including Chairman
December 9	6 Members, including Chairman

Terms of Reference of the Group Executive Committee

The Executive Committee is composed of five Board members, with the Vice Chairman of the Board of Directors acting as Chairman of this committee. The Group Chief Executive attends all meetings, without voting powers. During 2008, the committee met six times.

The Executive Committee reviews overall credit and investment exposures, and approves credit facilities above the authorised limit set for management up to the committee's limit as delegated by the Board. The committee reviews, on quarterly basis, the status of litigation matters and recommends action to be taken on impaired loans. The committee also oversees and approves corporate social responsibility expenditures.

Dates and Attendance of Group Executive Committee Meetings

Date	Attendance
January 1	3 Members, including Chairman
March 17	4 Members
May 5	3 Members, including Chairman
June 6	4 Members, including Chairman
September 15	3 Members, including Chairman
December 7	3 Members, including Chairman

Terms of Reference of the Group Audit Committee

The Audit Committee consists of three Board members. During 2009, the committee held 7 meetings.

The committee carries out its responsibilities dealing with a number of major areas including Financial Statements, Internal Control, Internal Audit, External Audit, Compliance, and Reporting Responsibilities. The committee also performs other activities as requested by the Board of Directors.

Dates and Attendance of Group Audit Committee Meetings

Date	Attendance
January 13	2 Members
January 20	2 Members
April 8	3 Members, including Chairman
July 8	2 Members
August 31	3 Members, including Chairman
October 7	2 Members
October 28	3 Members, including Chairman

Terms of Reference of the Group Policies, Governance and Development Committee

The committee is composed of two Board members and the Group Chief Executive. During 2009, the committee met three times.

The committee develops the long-term strategy of QNB Group. It ensures the annual business plans and budget are in line with the long-term strategy, while at the same time monitoring quarterly performance. The committee is entrusted with the development of QNB Corporate Social Responsibility Strategy, along with marketing and communication plans.

On periodic basis, the committee review and assess changes in the local and international corporate governance practices and makes recommendation improvements to the Board. The committee also reviews group-wide policies and provides initial approval prior to final approval by the Board.

Dates and Attendance of Group Policies, Governance and Development Committee Meetings

Date	Attendance
March 17	3 Members, including Chairman
June 16	3 Members, including Chairman
December 7	3 Members, including Chairman

Group Risk

Putting risk management at the forefront

Risk management is exercised at several levels including the Board of Directors, the Board's sub-committees, the senior management team and member of the various management committees. This approach, combined with a five-point centralized risk management module enables QNB Group to effectively deflect credit and market risks, information technology (IT) security risks, legal risks and operational risks.

Routine assessments by the Group's dedicated risk management team facilitate proactive, precautionary measures that minimize risk exposure. With more than 50 dedicated staff committed to managing risk, QNB's commitment to prudent risk management cannot be overestimated.

Additionally, Group Risk ensures that the Board of Directors is always updated on the major risks that face the Bank and other related issues at least on quarterly basis. Among the fixed items in such updates are the Top 10 risks that face the Bank as rated by the Risk Committee, list of all risk events / loss events if any that has been encountered during the period. In addition, the update includes credit key risk indicators, business continuity challenges, IT security issues, capital adequacy and legal cases raised by the Bank or against it.

While QNB continued to expand into new markets in 2009, it continued to adopt its traditional cautious business approach, carefully evaluating risk potential in any strategic alignments it is pursuing prior to committing to a course of action.

Fortifying operational systems

From an operational perspective, since January 2006 QNB continues to fulfill its commitments in relation to the first pillar of Basel II which and it is now also fulfilling all relevant compliance requirements under its second pillar (ICAAP). It also upgraded its treasury systems to embrace the newest technology in this realm to further enhance security measures and upgraded its computer room operations to meet ISO 27001 certification standards.

Similarly, the Bank works in close consultation with a world-class European-based IT security company to implement its Payment Card International (PCI) Standards and potential website fraud is monitored on a 24-7 basis by a leading international specialist.

Group Audit

During 2009, QNB Group continued to enhance its audit program to address the changing geographical landscape in which it operates. Within six months of every new operational undertaking overseas, QNB's Chief Audit Officer conducts a visit, aimed at introducing and familiarizing new QNB Group recruits working in overseas branches to the Group's audit functions and expectations.

The inaugural visits also enable audit staff to review start-up operations, examine and evaluate corporate governance compliance, review main regulatory requirements and ensure appropriate segregation of duties. The visits also enable audit staff to introduce group-wide policies and procedures to site managers. In 2009, operations in Kuwait, Singapore and Sudan benefited from this proactive undertaking, which enhances risk management through a centralized monitoring approach.

Group Internal Audit continues to take a value added approach helping management to improve business processes, rather than only audit assignments that verify compliance with policies and procedures. Audit focuses on effectiveness of processes, identifying gaps and route causes of issues, and makes recommendations to mitigate risks. This helps management to further enhance Risk Management controls and Governance processes.

QNB continued to play a leadership role in raising awareness and support for effective auditing processes through its sponsorship of the Internal Auditor's Conference. Held in Doha in November, the event attracted more than 60 participants from across Doha and included a session, delivered by the Head of QNB Al Islami, which illustrated the differences between conventional and Islamic banking and discussed the role of Sharia auditors. The presentation helped demonstrate the stringent audit processes governing Islamic banking facilities, which include internal audits that verify the efficacy of internal controls; Sharia audits that verify compliance with Sharia policies and procedures; and external audits that verify compliance with regulations at a macro-level.

QNB continues to maintain the highest standards of professional and international best practices and ethical conduct. In June 2009 it expanded its audit team to include a Head of Islamic Banking Audit, trained to conduct Sharia audits and oversee QNB Al Islami's operations. In addition, in October the entire audit team participated in an intensive five-day Basel II workshop. The Certified Advanced Basel II Master Class Program, delivered by the president of the Basel II Compliance Professional Association, focused on Pillars II and III.

Maximizing the professionalism of its audit team is a priority for QNB. In 2009 its auditors continued to pursue professional Sharia Advisor and Auditor certification (CSAA) offered through the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Operationally, the audit team supports branch managers by routinely analyzing audit reports and identifying specific areas of vulnerability. In 2009, this process was further expanded to working collaboratively with branch managers to implement a self-assessment checklist that enables staff to avoid common oversights and perfect processes. The process has proved to successfully minimize routine oversights and errors and will be expanded to develop appropriate training tools for branch staff in the future.

Group Compliance

QNB's governance structure benefits extensively from the expert advices and support of Group Compliance, which reports directly to the Board's Audit Committee. Group Compliance continually monitors and assesses all policies and procedures related to the Group's operations exerting additional efforts to ensure compliance with local and international jurisdictional statutory requirements and Qatar Central Bank regulations, laws and standards.

Group Compliance expanded role

During 2009 Group Compliance's role expanded to monitor compliance with the Qatar Financial Market Authority Code which outlines corporate governance requirements for public companies operating in Qatar. Additionally, during 2009 Group Compliance proactively conducted research and studies that focused on new regional markets the Bank is exploring, to ensure a sound understanding of relevant jurisdictional requirements. In addition, it continues to adopt an 'add value philosophy' whenever the Group considers other strategically sound growth opportunities.

Enhancing transparency

In July 2009, following the establishment of the Qatar Central Bank Credit Bureau, Group Compliance assumed responsibility for managing all activities related to this new regulatory entity which will enhance the country's ability to monitor and regulate customer facilities.

Improving compliance awareness

Group Compliance team is the key contact for all inquires related to jurisdictional requirements for the entire QNB Group network, as we responded during 2009 to the Group inquiries seeking clarification on applicable regulations and standards. In addition, the team conducted 29 training sessions to enhance Compliance / Anti Money Laundering (AML) awareness and Whistle-Blowing concepts, which reached more than 495 employees within the Group.

Implementation of the Whistle Blowing Policy

QNB Group is committed to the highest possible standards of transparency, probity and accountability. Its careful monitoring of compliance issues is complemented by the implementation of a robust whistle-blowing policy that encourages employees to disclose misconduct and wrongdoings, without fear of reprisal.

Stringent and effective monitoring practices

Group Compliance also continued to implement daily and monthly monitoring of all financial transactions in compliance with Qatar Central Bank (QCB) requirements and the Financial Action Task Force (FATF) recommendations. To achieve the highest satisfaction, it used leading on-line global systems that ensure the Group's compliance with all worldwide regulators' requirements.

Supporting broad compliance awareness in the Qatari market

Working closely with QCB, Group Compliance provided its full support to all inquiries received. In line with management's strategy to promote compliance and AML awareness among Qatari financial institutions, and following its continuous efforts with the Financial Information Unit (FIU) and the National Anti-Money Laundering and Terrorism Financing Committee (NAMC), Group compliance proposed sponsoring a full QNB educational day during the first quarter of 2010; in participation with the FIU and the NAMC to promote the Compliance & AML awareness by inviting all governmental bodies in addition to the Local banks to attend a full fledge open discussions seminar which will have a positive effect on the compliance and AML awareness in the Qatari market.

Leading with integrity

Integrity is an important cornerstone of QNB Group's operations, both within Qatar and beyond its boundaries. It values individuals who have sound analytical skills and a solid knowledge of applicable laws, regulations and standards. Identifying and assessing existing and emerging compliance risks is of critical importance especially when adopting the add value principal which has enabled the Bank to go Together Forward in 2009, to achieve its potential strategic goals and objectives.

Senior Management Team

Day-to-day management of the Bank is entrusted to the Group Chief Executive Officer (GCEO), who is aided by a seasoned and experienced executive management team. Reporting directly to the GCEO are four senior executives: the Executive General Manager-Chief Business Officer, Executive General Manager-Chief Operating Officer, General Manager-Chief Risk Officer, and General Manager-Chief Financial Officer. Two other members of the senior management team have a dotted line reporting to the GCEO including the Group Compliance Officer and the Group Chief Executive Audit.

Management Committees

As part of the Bank's new corporate governance program, seven committees were formed, as detailed below, each having its own Terms of Reference. All of these committees have a majority for the quorum including the chairman or vice Chairman. If a member is not available, a deputy representing that member must be present at the meeting.

Decision consensus for all committee is by majority with the chairman vote deciding in case of a tie, except for the Group Credit Committee where the consensus is unanimous, with any proposal not supported by all members present being rejected.

In addition, in existence is a Group Crisis Management Team (GCMT) that is headed by the Group Chief Executive Officer, with Chief Risk Officer as the vice chairman. A dedicated senior staff assigned from every department, along with a deputy, are members of the GCMT.

The GCMT is empowered to handle crisis situations that may impact the Bank in various crisis situations including but not limited to reputation, customers' confidence, financial, systems availability and major failures in operations at pre-determined escalation levels.

Group Strategy Committee

The Group Strategy Committee is headed by the Group Chief Executive Officer, with the Executive General Manager-Chief Business Officer as the Vice Chairman. Other members of this committee include the Executive General Manager-Chief Operating Officer, Chief Risk Officer, Chief Financial Officer and General Manager-Strategy. On regular basis, General Managers of Business and Support Divisions are invited. Acting as a Secretary for this committee is the Head of Economics, Financial Analysis and Research.

The committee meets at a minimum on a quarterly basis and decisions taken are by consensus, with the Chairman vote deciding in case of a tie. During 2009, the committee met five times.

A main function of this committee is to develop a five-year strategy for the approval by the Board of Directors, while making recommendation for adjustment as the need arise. In line with the five-year strategy, the committee develops the annual business plan and budget for the QNB Group and monitors quarterly performance against it.

The committee monitors and analyse market movement developments and the competitive positioning, quantitatively and qualitatively against peers in the Middle East and North Africa Region. The committee also develops the QNB brand vision and defined values. It also reviews and consolidates marketing and communications plans and resources, including QNB's Corporate Social Responsibility Strategy.

Group Asset and Liability Committee

The Group Asset and Liability Committee is headed by the Group Chief Executive Officer, with the Chief Financial Officer as the Vice Chairman. Other members of this committee include the Executive General Manager-Chief Business Officer, Chief Risk Officer, General Manager-Treasury and Head of Asset and Liability Management. Other members of the senior management team may be invited to attend as needed. Acting as a Secretary for this committee is the Head of Financial Reporting.

The committee meets at a minimum every two months and decisions taken are by consensus, with the Chairman vote deciding in case of a tie. During 2009, the committee met 10 times.

The committee review and recommend strategy, policies and procedures related to Asset Liability Management across the Group. It also monitors and review Treasury performance and products, including banking and trading book portfolios; interest rate risk; liquidity risk; and foreign exchange risk. The committee also ensures compliance with Treasury limits and ratios.

The committee oversees inter-group transfer pricing policy for cost of funds allocation within the Management Information System. It also monitors monthly financial performance and budget targets and market share targets against performance.

Group Risk Committee

The Group Risk Committee is headed by the Group Chief Executive Officer, with the Chief Risk as the Vice Chairman. Other members of this committee include the Executive General Manager-Chief Business Officer, Executive General Manager-Chief Operating Officer, Chief Financial Officer, Assistant General Manager-Credit and Executive Manager Operational Risk. The Group Chief Audit Executive and Group Compliance Officer attend meeting as observers. Acting as a Secretary for this committee is the Head of Credit Risk.

The committee meets at a minimum every two months and decisions taken are by consensus, with the Chairman vote deciding in case of a tie. During 2009, the committee met 6 times.

The Group Risk Committee creates, implement and monitor QNB Group risk management strategy and define risk policies. It reviews the processes and control framework for the management of risks and define related roles and responsibilities across the Group. The committee also monitors risk management activities on all fronts: operational, credit, market, strategic, legal and reputational, and provides the Board with risk reports as and when required.

The committee reviews compliance with policies and procedures, audit recommendations, regulatory requirements by Qatar Central Bank and other regulatory bodies, including anti money-laundering requirements. It also implements and manages the Crisis Management Plan and framework and provides strategic direction during a crisis, including management of external communications-including liaising with media, regulatory authorities, emergency services and government agencies.

It is also the responsibility of the committee to manage all litigation and fraud matters across the Group, with the support provided in this regard by a working sub-committee.

Group Information Technology Committee

The Group Information Technology Committee is headed by the Executive General Manager Chief Operating Officer, with the General Manager Information Technology as the Vice Chairman. Other members of this committee include the Executive General Manager-Chief Business Officer, Chief Risk Officer and General Managers of Infrastructure Services, Retail Banking, International Banking and QNB Al Islami. The Head of Operations, Control and Business excellence is also a member of the committee.

Acting as a Secretary for this committee is the Head of Support and Operation-Information technology.

The committee meets at a minimum every two months and decisions taken are by consensus, with the Chairman vote deciding in case of a tie. During 2009, the committee met 6 times.

The Group Information Technology Committee is responsible to set up IT standards across QNB Group and to align all IT activities across the Group to meet business plans and objectives. The committee also formulates and monitors the implementation of the annual IT strategy across the Group, including capital and operating expenditure budgets assigned to IT project and services.

It is also the responsibility of the committee to prioritise the management of IT projects across the Group and monitor progress towards their implementation. It also set, monitor and report on aspects related to technology key performance indicators (KPIs) and key risk indicators (KRIs). The committee also makes relevant recommendations for enhancing the value and contribution of the Group's information systems, as appropriate.

Group Credit Committee

The Group Credit is headed by the Executive General Manager-Chief Operating Officer, with the Chief Risk Officer as the Vice Chairman. Other members of this committee include the Executive General Manager-Chief Business Officer, General Managers of Corporate Banking and International Banking and the Assistant General Manager-Credit. Acting as a Secretary for this committee is the Head of Credit Administration.

The committee meets at a minimum every month and decision consensus is unanimous. Any proposal not supported by all members present is rejected. During 2009, the committee met 36 times.

The Group Credit Committee review, recommend and when approved implement credit polities and procedures relating to all Corporate, Financial institutions and retails assets across the Group. The committee also reviews and recommends investment strategy, policies and procedures to the Executive Committee and Board of Directors.

The committee review delegated authorities and recommend amendments to the Board of Directors where appropriate. It also recommend to the Executive Committee / Board of Directors credit facilities that exceed its authority.

It is also the responsibility of this committee to review and approve investment products across the Group and approves acceptable brokers/dealers and custodians for the Group. It also monitors and reviews the performance of all investment portfolio activities across the Groups. The committee also monitors and reviews country risk exposures across the Group, along with compliance with approved investment limits and ratios. The committee provides Group investment and credit risk reports to the Board as and when required.

Group Business Development Committee

The Group Business Development Committee is headed by the Executive General Manager-Chief Business Officer, with the General Manager-Corporate Banking as the Vice Chairman. Other members of this committee include the Executive General Manager-Chief Operating Officer, General Managers of Corporate Retail Banking, International Banking, QNB Al Islami, Treasury, Strategy, Infrastructure and Communications. Acting as a Secretary for this committee is the Assistant Manager-Cash Management.

The committee meets at a minimum once every two month and decisions taken are by consensus, with the Chairman vote deciding in case of a tie. During 2009, the committee 10 times.

The Group Business Development Committee formulates the implementation framework for realizing expansion plans and align the required regulatory, business, support and marketing resources.

The committee develops a five-year international expansion plan that aligns with QNB Group's five-year strategy, along with developing the Islamic Banking Strategy in line with QNB Group's five-year strategy. It also reviews mergers and acquisitions to implement appropriate integration standards across QNB business and support functions. In addition, the committee reviews competitor products and services and recommends business plan amendments as needed. It also reviews regulatory developments and their impact on business strategy and products.

The committee develops and monitors implementation of operational standards across the Group. It maintains inter-group working priorities in areas of business and support, at the same time review support units' delivery against business objectives.

It is also the committee's responsibility to review and recommend marketing plans and branding opportunities, along with participation in events and ensure maximum benefit from staff and management engagement.

Group Infrastructure Committee

The Group Infrastructure Committee is headed by the Executive General Manager-Chief Operating Officer, with the General Manager-Infrastructure Services as the Vice Chairman. Other members of this committee include the Executive General Manager-Chief Business Officer, Chief Risk Officer and General Managers of Information Technology, Retail Banking and International Banking. The Heads of Business Services and Operations, Control and Business Excellence are also members. Acting as a Secretary for this committee is the Head of Operations Control and Business Excellence.

The committee meets at a minimum once every two month and decisions taken are by consensus, with the Chairman vote deciding in case of a tie. During 2009, the committee met 6 times.

The Group Infrastructure Committee follow-up and conducts regular reviews of banking operational services, transactions monitoring, procedures execution and improvements, operational efficiencies, premises and facilities projects, insurance and back office centralization initiatives.

The Group Infrastructure Committee align all Operations activities with QNB's vision, mission and business plans. It conducts regular re-engineering program to support continuous process and service improvement.

The committee prioritises the management of relevant projects and manages QNB Group real estate interests. It reviews and monitors branch, office and ATM expansions across the Group. It also defines and monitors the implementation of security and safety standards across the Group.

The committee also monitors the implementation of internal and external signage and branding standards, and provides quarterly capital budget utilization and reassignments reports.

Group Human Capital Committee

The Group Human Capital Committee is headed by the Executive General Manager-Chief Operating Officer, with the General Manager-Human Capital as the Vice Chairman. Other members of this committee include the Executive General Manager Chief Business Officer, Chief Risk Officer and General Managers of Retail Banking, International Banking and Strategy. The Heads of International Human Resources and Group Human Resources Centres of Excellence are also members. Acting as a Secretary for this committee is the Head of Domestic Human Resources.

The committee meets at a minimum once every two months and decisions taken are by consensus, with the Chairman vote deciding in case of a tie. During 2009, the committee met 6 times.

The Group Human Capital Committee handles all human capital matters across the Group, including manpower planning, recruitment, job evaluations, promotions, disciplinary actions, compensations and benefits review.

The committee also handles the integrated performance management and development, learning and development initiatives, staff rewards and recognition, and the implementation of staff suggestion schemes.

The committee regularly review Human Resources policies and recommends changes, as needed and deals with the fulfillment of the nationalization program objectives.

Centralised Purchasing Committee

The Centralised Purchasing Committee is headed by the Group Chief Executive Officer, with the Chief Financial Officer as the Vice Chairman. Other members of this committee include the Executive General Manager-Chief Business Officer, Executive

General Manager-Chief Operating Officer, and General Manager-Infrastructure Services. Required observers in this committee include the Group Chief Audit Executive, Group Compliance Officer and Head of Legal. This committee also includes as an Observer a representative from the concerned Department. Acting as a Secretary for this committee is the Head of Business Services.

The committee meets as and when required, with the Chairman vote deciding in case of a tie.

The Centralised Purchasing Committee ensures Group compliance with Tenders and Auction policy directives, and manages relevant contractual relations. It review and approve the procedures for purchases and auctions, along with the formation of Auction working groups to oversee bid openings, selection and evaluation.

The committee also review and approve vendors list and associated products and services, and the awarding of tenders and auctions. It has the authority to form sub-committee in jurisdictions where required.

Communications with Stakeholders and Investors

Transparency and full disclosure are the cornerstones of QNB's communications efforts. The Board values clear, comprehensive and timely communications with shareholders and this is achieved through interim financial updates and its annual report. All financial results and disclosures comply with generally accepted international accounting standards and regulatory requirements.

At the General Assembly meetings, the Chairman of the Board of Directors presents shareholders' with detailed information and data on the Bank's performance and its achievements during prior the year, along with an outline of the major business plans and objectives for the current year.

Given the increasing coverage of QNB by leading regional and international investment banks and financial institutions, a dedicated senior management team from Financial Control and Strategy held numerous meetings with analysts during 2009.

Also, the investors' community at large was kept abreast of new developments, strategic initiatives and the Bank's financial performance through meetings held in Doha and at selected conferences in the region and in key international financial centres.

Further, QNB keeps the Qatar Exchange, Qatar Financial Market Authority and Qatar Central Bank and other regulatory bodies overseas updated on matters and developments that may affect QNB's share price performance.

Commitment to the Community

QNB is committed to supporting the communities in which it operates. As part of the Bank's Corporate Social Responsibility framework, generous financial support is provided in six key areas. This includes Health & Environment, Arts & Culture, Sports, Social & Humanitarian, Youth Welfare & Education and Economic & International Affairs.

QNB's third annual Corporate Social Responsibility Report, issued as a companion to the 2009 Annual Report, provides additional details on the Group's Corporate Social Responsibility, activities and aspirations.

SYRIA

Corporate Banking

Corporate Banking focused on strengthening its extensive relationships and minimizing risk exposure throughout 2009, achieving solid results that demonstrated the Bank's ability to protect client interests and maintain their confidence through prudent management.

It maintained a vigilant watch over credit risks through continual 'Wealth / Health' assessments of corporate clients, regional banks and investment companies. It also tracked mergers of global financial institutions while simultaneously investing time and efforts into strengthening existing relationships. The introduction of a number of monitoring tools, including a 'daily highlights report', and regular consultations with key clients supporting regional operations, proved valuable in enabling the Bank to weather the storm effectively and emerge in tact and well-situated to respond to new opportunities.

During the year, Corporate Banking continued to provide financing that supported the continued growth of a number of key economic sectors including energy, industry, infrastructure and telecommunications. These sectors which are primarily served by large corporate, government and semi government institutions continued to perform well during 2009, despite the impact of the global economic downturn. QNB is well positioned to continue to benefit from the anticipated growth in these sectors given the Bank's proven track record in structuring deals, know-how, fast turn around time, knowledge of the market and funding capacity.

Among key achievements, QNB Corporate Banking achieved a 40% increase in QNB Corporate Credit Card registration and a 50% increase in take-up on S@hl, the Bank's online banking solution, processing transactions exceeding QR4 billion during 2009.

It also attained more than 50% growth of its online SWIFT MA-CUG customers, as compared to 2008, making its popularity one of the highest in the Middle East North Africa (MENA) Region.

2009 also witnessed the debut of a new trade portal for foreign trade transactions that facilitates online processing of letters of credit and guarantees, and the launch of new e-advising products for corporate customers-innovative services that enabled the Bank to further enhance its online proposition and improve turnaround times.

The past year also witnessed the successful pilot of the Ministry of Interior (MOI) kiosk in August 2009, enabling QNB to manage payment authorizations and settlement on behalf of MOI, with the placement of 25 kiosks in strategic locations throughout Qatar. The kiosks enable MOI clients to conduct a variety of transactions including renew resident permits, settle traffic and other violation charges, and print and process both citizen and resident exit permits.

In March 2009, QNB served as an Initial Mandated Lead Arranger and General Financial Adviser for Qatar Telecom (Qtel) $1.5 billion forward start credit facility. Corporate Banking's Structured and Project Finance Team worked closely with QNB Capital on this transaction.

QNB was one of several relationship banks that participated in the deal, which included the Bank of Tokyo-Mitsubishi UFJ, Barclays Capital, BNP Paribas, DBS Bank and The Royal Bank of Scotland (RBS), as Initial Mandated Lead Arrangers and Bookrunners. In September 2009, backed by QNB and a number of new banks, the $1.5 billion facility closed a successful general syndication. The general syndication was launched at $1.5 billion, but was oversubscribed by more than 100% and the final facility size was increased to $2 billion.

Corporate Banking's Financial Institutions Team led the way for the participation of Qatari Banks' delegation at the Annual General Meeting of the Boards of Governors of the World Bank Group and International Monetary Fund, held in Istanbul, Turkey in October 2009. It expects to lead the country's participation again in the 2010 meeting to be held in Washington, DC.

QNB Capital

During 2009, QNB Capital made its hallmark in capital markets, playing an instrumental role in three significant bond issues and the region's largest Initial Public Offering (IPO) transaction for the year. These transactions underscore the Bank's growing capacity to raise capital, even amidst unusually challenging economic circumstances globally.

During the year, QNB Capital was mandated as Joint Lead Manager, Financial Adviser and Joint Lead Receiving Bank for the $1 billion Vodaphone IPO. This single transaction, the region's largest and the only IPO conducted in Qatar in 2009, was fully subscribed during the height of the global economic crisis, underscoring the high degree of capital-raising capabilities of QNB Capital.

QNB Capital acted as Co-Lead Manager for Qatar's Telecom's (Qtel) $1.5 billion global medium term note issue, the first-ever telecom bond issuance in the Gulf region. The issue was a resounding success and was 8 times oversubscribed. The transaction is part of a larger $5 billion global medium term note issue which Qtel launched on the London Stock Exchange. In addition, QNB Capital acted as the Financial Advisor to Qtel on this transaction.

In November 2009, QNB Capital was appointed as Joint Lead Manager for the $7 billion State of Qatar sovereign bond issue. In addition, QNB Capital, working in cooperation with the Bank's Treasury, made its debut as Book Runner alongside global heavyweights Golden Sachs, Credit Suisse, JP Morgan and Barclays Capital. QNB performed on par with its international peers on this benchmark transaction, which succeeded in building a book of $28 billion, a record for the Middle East and North Africa (MENA) Region.

QNB Capital also advised Qatar Navigation on its proposed merger with Qatar Shipping. This transaction represents potentially the largest merger between two companies listed on Qatar Exchange, with a combined market capitalization of approximately QR8.4 billion. QNB Capital is advising Qatar Navigation on all aspects of the merger including merger evaluation, structuring, valuation and implementation.

Over the year, QNB Capital continued in its financial advisory role on the Qatar-Bahrain Causeway project. Meanwhile, the world-class Shard project, a landmark London-based development that has attracted global interest continues to gather momentum. QNB Capital is contributing as financial adviser to the Shard project and an integral player in ensuring the development remains on track to meet its targeted completion date in 2012.

Treasury

QNB's Treasury is comprised of two distinct operations. Its trading activities encompass money markets, Qatari Riyals and major currencies, group international, foreign exchange and fixed income bonds while sales focuses on high net-worth individuals, retail and corporate customers.

During 2009, significant effort was undertaken to further enhance the capacity of QNB's Treasury, through the implementation of a systematic, department-wide manpower plan. The plan is leading to increased depth and enhanced experience in key areas, contributing to a tightly coordinated, well-integrated and enriched treasury service.

Focused on implementing a more stringent and rigorous risk management process, Treasury introduced increased daily monitoring and reporting mechanisms. This will be complemented by a comprehensive, enterprise-wide risk management system, being implemented in liaison with the Bank's Risk Division and scheduled for roll-out in 2010.

In light of the global financial situation, Treasury officials promoted a 'back to basics' strategy among clients that offered full transparency and comfort at all times, effectively increasing client confidence and trust.

Transparent risk management tools that hedged exposure through basic derivatives and structured products helped boost confidence that will have positive, long-term impacts on the QNB brand.

To complement QNB Group's carefully orchestrated international expansion activities, Treasury focused on securing enhanced key corporate and government agency business opportunities. This was, in part, achieved through the implementation of a more richly integrated, proactive business model that pairs treasury representatives with relationship managers in dealing with corporate clients. By promoting synergies across business lines, the Bank proactively ensures every opportunity is explored to its fullest.

In November 2009 QNB Treasury, working in cooperation with QNB Capital, made its debut as Joint Lead Manager alongside global heavyweights Goldman Sachs, Credit Suisse, JP Morgan and Barclays Capital for the three-tranche State of Qatar Bond Issue. QNB performed on par with its international peers. This benchmark transaction generated orders of almost $28 billion, a record for the Middle East and North Africa Region.

Looking ahead, Treasury will continue to provide enhanced support through the Group International Desk. Intent on strengthening and capitalizing on its centralized treasury service, the desk will expand from a one-man entity to a three-person operation in the first quarter of 2010.

YEMEN

Retail Banking

Increasing customer satisfaction and service quality through employee skills enhancement was a key focus in 2009 among QNB's retail team, generating improved customer loyalty and expanded brand advocacy. Through increased training and activity management the skills of Customer Relations Officers were enhanced. In addition, the Bank launched a comprehensive certification process that effectively tracks and manages learning opportunities.

Expanded Access

During 2009 Retail Banking increased its footprint across all channels. It opened two new offices (Ras Gas and Souq Waqif) expanding its network to 44 branches and offices including three mobile branches. With an additional dedicated network of 11 Islamic branches and offices in Qatar, apart from its international branch in Sudan, QNB has the largest domestic network comprising 55 locations in Doha and across the country. This is complemented by Qatar's largest and most advanced automated teller machine (ATM) network, comprised of 160 ATMs strategically located throughout the country. In addition to QNB's domestic network of 55 branches and offices, the Bank's international network currently covers nine countries across Middle East and North Africa Region (MENA), Europe and Asia, with 7 branches and 2 representative offices for a total of 64.

E-Channel Growth

QNB's eServices enjoyed unsurpassed acceptance and penetration among QNB clients during 2009, with some offerings growing by more than 200%. Strategic alliances with Qtel and Vodafone enabled the Bank to further enhance its E-channel offerings. Customers can now pay their bills using credit cards and debit cards on QNB ATMs. Meanwhile real-time bill payments and mobile top-ups enable QNB customers to see their new Qtel balances immediately. Vodafone mobile top-ups are also available through QNB's ATM network.

June 2009 witnessed the debut of 'Gasper', a new 24-7 ATM monitoring system that alerts bank officials to malfunctions, increasing the Bank's responsiveness to this critical banking channel.

Service quality through an enhanced Call Centre

The complete streamlining of QNB's Call Centre in the first quarter of 2009 transformed it into a sophisticated, stylish and modern service. The move reduced abandoned calls to a world-class rate of less than three per cent, and coupled with busy-call tracking, the introduction of 'call backs' and the initiation of 'welcome calls' heightened customer satisfaction markedly.

This year's roll-out of replacement debit cards was expanded to enable QNB customers to pick-up replacement at any QNB branch within a 15-minute window. Additionally, in June, QNB's dedicated Card Center, expanded its service hours to accommodate two shifts serving customers from 7:30 am to 9:00 pm.

Internal evaluations demonstrated that the Bank's card services were improved significantly during 2009, with 97% of all customer requests being addressed within a 72-hour window and 98% of credit card deliveries through Q-Post completed within 48 hours. In addition, the rollout of a new Branch Automation System (BAS) in the fourth quarter streamlined application processes that resulted in faster and more efficient issuances.

Expanded product and improved service offerings

Through partnerships with the Housing Bank of Trade and Finance (HBTF) in Jordan and HDFC in India, same-day delivery of funds at lower fees was achieved. Additionally, the introduction of QNB 2 Jordan, a joint initiative undertaken with HBTF in Jordan, eased banking transactions for Jordanian expatriates. The new service offers Jordanian customers access to a range of services including accounts, remittances and home loans in the home country, from Qatar. To expand retail appeal among top-tier customers, QNB enhanced the Bank's upscale retail offering, QNB First. In October, it introduced a new structured investment product-QNB Note 1, which enabled investors to participate in the Qatar Exchange with no risk to their initial capital. QNB Note 1 is a 100% capital protected note available to Qatari and expatriate investors, residents and non-residents.

During 2009, QNB customers benefited from significant tariff and fee waivers, including the removal of minimum balance fees and a reduction of electronic transfer costs by 60%. Loan postponements and improved remittance capabilities, with the introduction of routing transfers to GCC countries through the SWIFT network in real-time, also helped retain and attract retail patrons.

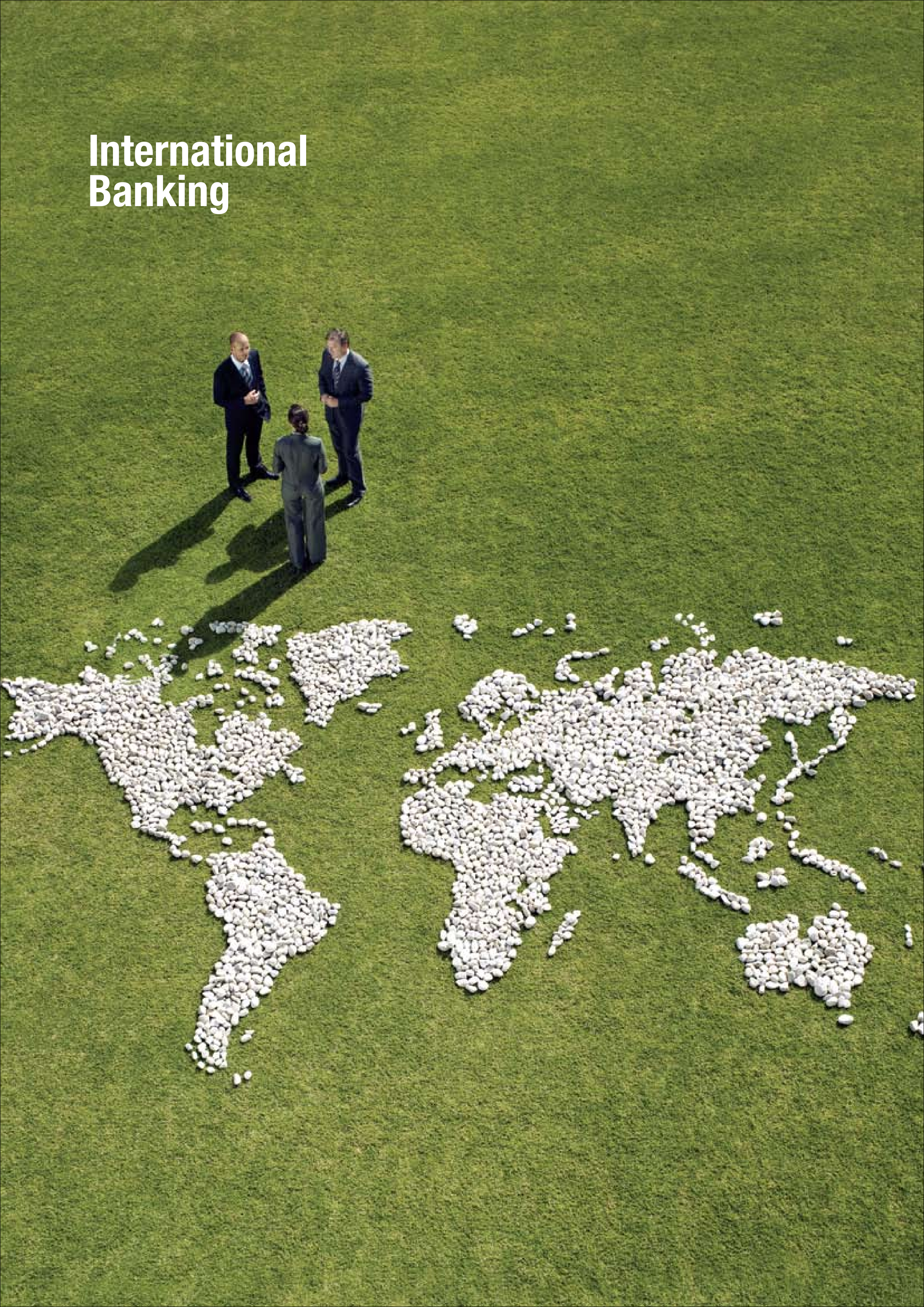
Focus on Customer Care

Improving sales and service skills to promote in-depth product knowledge, cross-sale activity and turn-around times was also a key priority in 2009. In addition, the Bank implemented a range of new customer satisfaction measurement tools including the introduction of mystery shoppers in May 2009. The launch of new monitoring systems, SMS alerts and e-statements also contributed to enhanced customer satisfaction.

The introduction of 'model branch training' has had an overwhelmingly positive impact on frontline employee knowledge and skill development, providing a true-to-life simulated environment to groom and familiarize new recruits with routine teller procedures and transactions. A significant culture shift, linking rewards to service standards also supported the move to a more customer-centric model. During 2009, the Bank introduced a Sales Tracking and Incentive Management System (STIMS) to drive behavioral change among staff. This coupled with the implementation of comprehensive sales tracking and management systems that track performance on a monthly basis introduced new discipline into the Bank's performance monitoring capacity.

SINGAPORE

International Banking



Three years ago QNB embarked on an ambitious international expansion, which continues to be an integral part of its growth strategy. However, responding to global economic realities, it adopted a cautious approach to its expansion activities over the past year.

As of December 2009, through direct presence and subsidiaries and associates, QNB Group was represented in 22 countries around the world. The focus of this presence is in the Middle East and North Africa (MENA) Region, with representation in Algeria, Bahrain, Libya, Iran, Jordan, Iraq, Kuwait, Libya, Oman, Qatar, Sudan, Syria, Tunisia, the United Arab Emirates and Yemen. Presence in Europe includes France, Guernsey, Jersey, Luxembourg, Switzerland and the United Kingdom. In addition, the Bank has a branch in Singapore.

In early November, QNB-Switzerland was launched in Geneva, Switzerland. QNB-Switzerland, a 100% subsidiary of QNB Group, complements the Group's existing Private Banking franchise by offering Private Banking services in Switzerland to the Group's customers in Qatar, and throughout the international network. QNB-Switzerland is conveniently located in Central Geneva and will be managed as part of the Group's European operations.

Another major milestone for the Group was the launch of QNB-Syria in mid-November, with the opening of its first branch in Damascus, following two years of intense planning and work. QNB-Syria, QNB Group's first formation of a locally licensed and incorporated bank, proved to be a tremendous success among the Syrian public. An Initial Public Offering (IPO) which represented 34% of its total equity of $100 million, with the remaining share held by QNB Group and Syrian founders that was almost three times over-subscribed. QNB provides management and technical services to QNB-Syria through a management services agreement and by the end of 2010 it is anticipated that QNB-Syria will expand to include a Damascus-based Head Office and up to 15 branches strategically located throughout the country, all of which are currently under planning and/or development.

In addition to its foreign branch locations, QNB Group has strategic shareholdings in affiliates including Jordan's Housing Bank for Trade and Finance (34%), the Commercial Bank International (23%) in the United Arab Emirates, Mansour Bank (23%) in Iraq and the Tunisian-Qatari Bank (50%) in Tunisia. QNB participates in the management of these organizations through significant representation at Board level and it is pleased to recognize, both the contribution these affiliates make to QNB Group's international network, and their sound performance during 2009 despite a challenging global banking environment.

Network Expansion

In the year ahead, QNB Group will continue to focus on several key areas to further strengthen its international operations, focusing on growth and profitability to maximize its net profit contribution to QNB Group's bottom line. QNB Group will continue to explore new opportunities that support the international expansion of major clients based in Qatar, thereby enabling QNB to support its existing customer franchise. This growth will focus predominantly on select markets in the MENA Region, in a bid to strengthen its regional presence, as well as South East Asia. Both organic and inorganic growth opportunities will continue to be explored.

Integration

A key component of the success of QNB Group's international expansion is leveraging its investment in technology, staff, products and customers across borders. Consequently, staff training and transfer of skills across geographies, has been, and will continue to be a major focus. Applicability of products and services across geographies is continuously being assessed and in 2010 QNB First (QNB Group's premier banking proposition) will go international across the Group.

Centralization of data-processing and operations, where appropriate, is another goal and initiative of the QNB Group. To date, with the cooperation of regulators, the Group has successfully centralized data- processing for all its new ventures. It is very important that customers benefit from the Group's international network, and on the wholesale side corporate customers are benefiting from the ability to deal with QNB Group in multiple international locations. Additionally, major product and technology development activities are ongoing to further enhance this experience, both in core banking and customer-friendly interfaces that support channels with international reach.

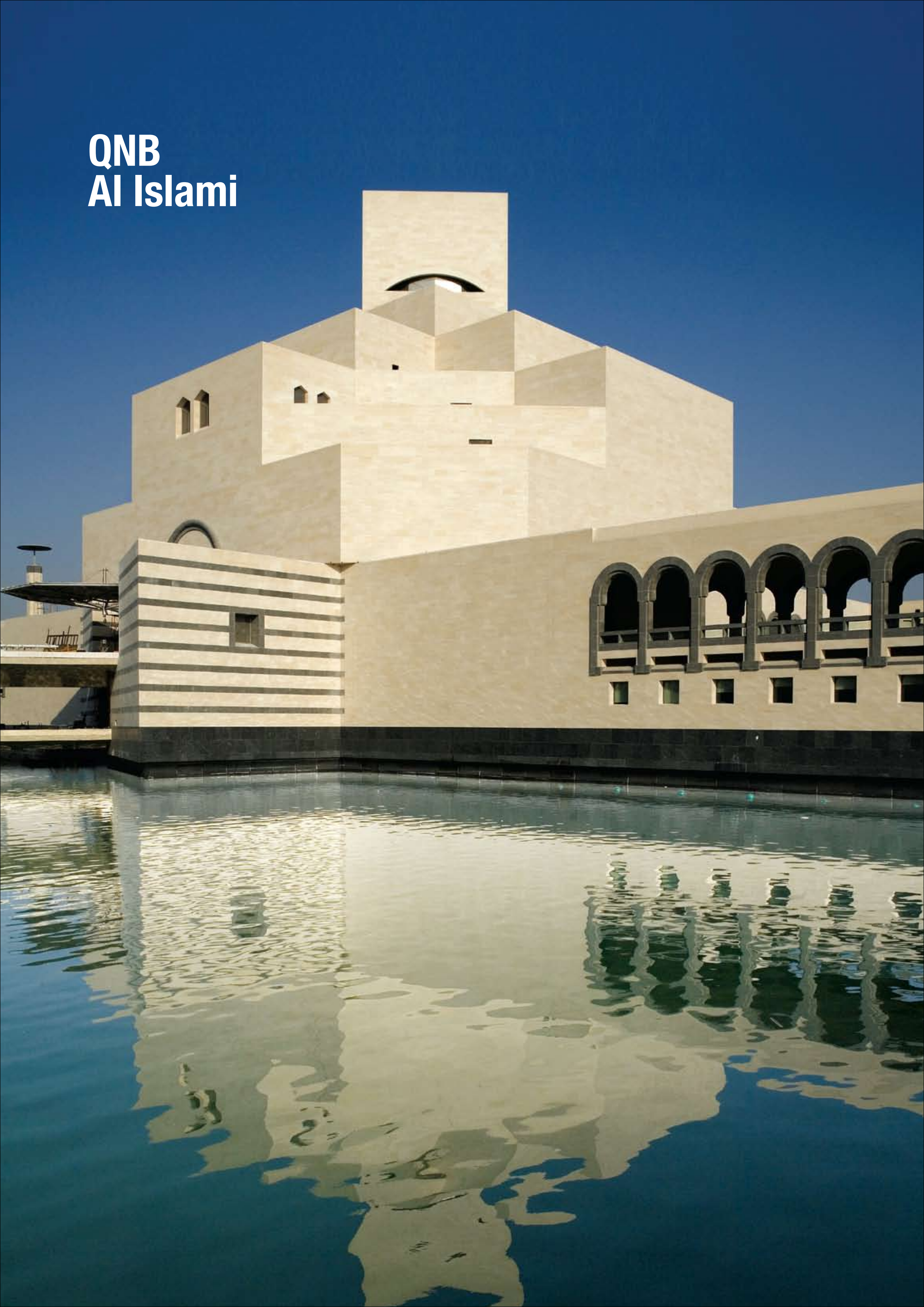
Local Presence

As a "guest" in host countries, QNB Group is committed to contributing to the local development of each country. While QNB Group's primary focus is to service and intermediate the international activities of its retail and corporate customers (regardless of country of origin), the Group is increasingly supporting local business and retail customers and actively seeks opportunities to make a contribution to the communities in which it operates. As an example, QNB Group will be building an additional five branches in each of Sudan and Oman during 2010.

QNB Group is also committed to providing career opportunities and development for local staff in each international location and its Human Resources Strategy is dedicated to achieving this by ensuring that a significant proportion of staff in international locations are recruited from each country's local talent pool.

JORDAN

QNB
Al Islami



QNB Al Islami has witnessed a substantial growth since beginning its operations in May 2005, as the first Islamic offering of a Qatari conventional bank. Despite tough competition from the established Islamic financial institutions and the subsequent offering of Islamic banking services by all other Qatari conventional banks, QNB Al Islami managed to increase the size and scope of its operation becoming one of the largest Islamic financial institution in Qatar.

During 2009, QNB Al Islami focused much of its effort on enhancing service quality both through focused staff training and system upgrades that enabled it to expedite transactions more efficiently and swiftly. With the implementation of a comprehensive new processing system, it successfully automated numerous processes, improving customer satisfaction and loyalty.

In addition, QNB Al Islami Treasury provides full services to its customers through Sharia-compliant products such as Murabaha, Wakala, Tawareq and Sukuk. It also provides risk management tools that hedge client exposures in rates through Profit Rate Swap (PRS), and foreign exchange through Al wa'ad structure.

To further secure its position in the local market, QNB Al Islami introduced Tawlia Finance, a new incentive tool that attracted new retail customers through a salary acquisition program. This, coupled with a zero profit financing scheme launched in October 2009, enabled it to further increase its market share.

QNB Al Islami has also broadened its reach with the opening of a new branch in Qatar's industrial area in the second quarter increasing the domestic network of branched and offices to 11, along with the formal launch of its first international branch in Khartoum, Sudan in February 2009.

QNB Al Islami operations in Sudan are focused on filling a gap in the country's transactional banking and trade financing segment. On the retail front, it is focused on targeting high-net worth individuals, leveraging QNB First's premier offerings and appeal, while at the same time extending its presence in the country through the establishment of additional branches.


OMAN

Our People

In the first quarter of 2009, QNB launched an intensive and innovative training program for branch staff. The program encompasses a comprehensive 'model branch' that incorporates an array of test systems that mirror the systems routinely used in branch transactions. Branch employees are provided, on average, five training days within a one-year time span at the Hilal-based training centre, demonstrating the Bank's ongoing commitment to training and development.

Additionally, QNB focused on enhancing training opportunities for staff working in its international operations. During December 2009, The Group established criteria to help it identify top performers in all its international branches. As a result, an estimated 50 candidates, instrumental in group operations, from a number of countries in which QNB has a presence, will participate in comprehensive training sessions with their colleagues in Doha.

Meanwhile, a select group of representatives from international outlets has already undergone a 'train the trainer' session, participating in one week of intensive training in Doha. Subsequently, each of the representatives will undertake to train staff in their respective locations, enabling more than 200 QNB Group staff to benefit.

In July 2009, QNB celebrated the success of 35 new middle management candidates, who successfully completed the Qatari Top Talent (QTT) program. Following one-year of intensive training, all candidates were offered middle management positions throughout various operations in Doha.

The introduction of succession planning was another key activity undertaken during 2009. The three-phase process included the identification of staff eager to actively pursue career goals linked to senior and middle management opportunities, assessment of individuals currently working in Grades 2-8 of the Bank's 14-level system and a commitment to develop new programs.

A Management Development Program (MDP), an Executive Development Program (EDP) and a Graduates Development Program (GDP) will enable employees to achieve their potential and the Bank to achieve the goals of its succession planning initiative.

All QNB employees identified through the Bank's assessment centre are eligible to participate in either the Management or Executive Development Program, which replace the Qatari Top Talent (QTT) program.

Throughout 2009, QNB's Human Resource team continued to Plan for promoting individual learning plans (IDPs) among the Banks entire staff which is nearing 1300, and more than 1600 when employees who work in international operations are taken into account.

The launch of QNB-Syria in November 2009, the Bank's first locally licensed and incorporated branch, is generating unique demands and innovative approaches to staff training and recruitment. Anticipating the roll-out of up to 15 new branches in 2010, Human Resources focus in the latter half of 2009 has been on identifying viable models to effectively manage human capital that respect commitments to hire locally in new international markets in which it is operating.

QNB honored 14 QNB employees in June 2009, who celebrated an important service milestone, marking 20 years of service to the Bank. The achievement is a testimony to the Bank's ability to retain employees, and provide satisfying and rewarding career opportunities that nurture loyalty.

In Qatar, the Bank's role in nurturing Qatari talent continues to be a primary focus. In 2009, QNB and Qatar's Ministry of Labour entered into a Memorandum of Understanding in which QNB agreed to train 75 Qatari graduates over the summer months. Through the initiative, 25 students each participated in one month of intensive training at QNB's Training and Development Centre. QNB was the first bank in Qatar to participate in the summer training initiative. This complements its annual recruitment program, accommodating 16 students during the year eager to enter the banking and finance sector.

These efforts were enhanced by QNB's participation in the 2nd annual Qatar Career Fair, held in April 2009. During the event, the Bank received applications from more than 350 participants, of which 33 have been offered positions.

The Bank's commitment to Qatarization continues to generate impressive results with Qataris representing more than 52% of its Qatar-based workforce, including 70% representation in its retail segment.

Focus on Training and Development

During 2009, the Bank's Learning and Development team focused on developing core competencies both for the Bank as a whole-that respect its mission and values, and specific jobs-that focus on required skills and performance needs. This is supporting a transition to competency-based development that will enable the Bank to better mange human resources as it broadens its reach regionally and internationally.

The move to competency-based development is complemented by a team of 12 internal assessment officers who are actively evaluating employees to identify appropriate career opportunities that align with individual strengths and assets, and identify and bridge existing gaps.

The move to a competency-based system also supports the Bank's succession planning efforts. The three-tiered approach enables the Bank to identify suitable candidates for its Executive Development Program (EDP), its Management Development Program (MDP) and its Graduate Development Program (GDP), which draws from an immense internal talent pool.

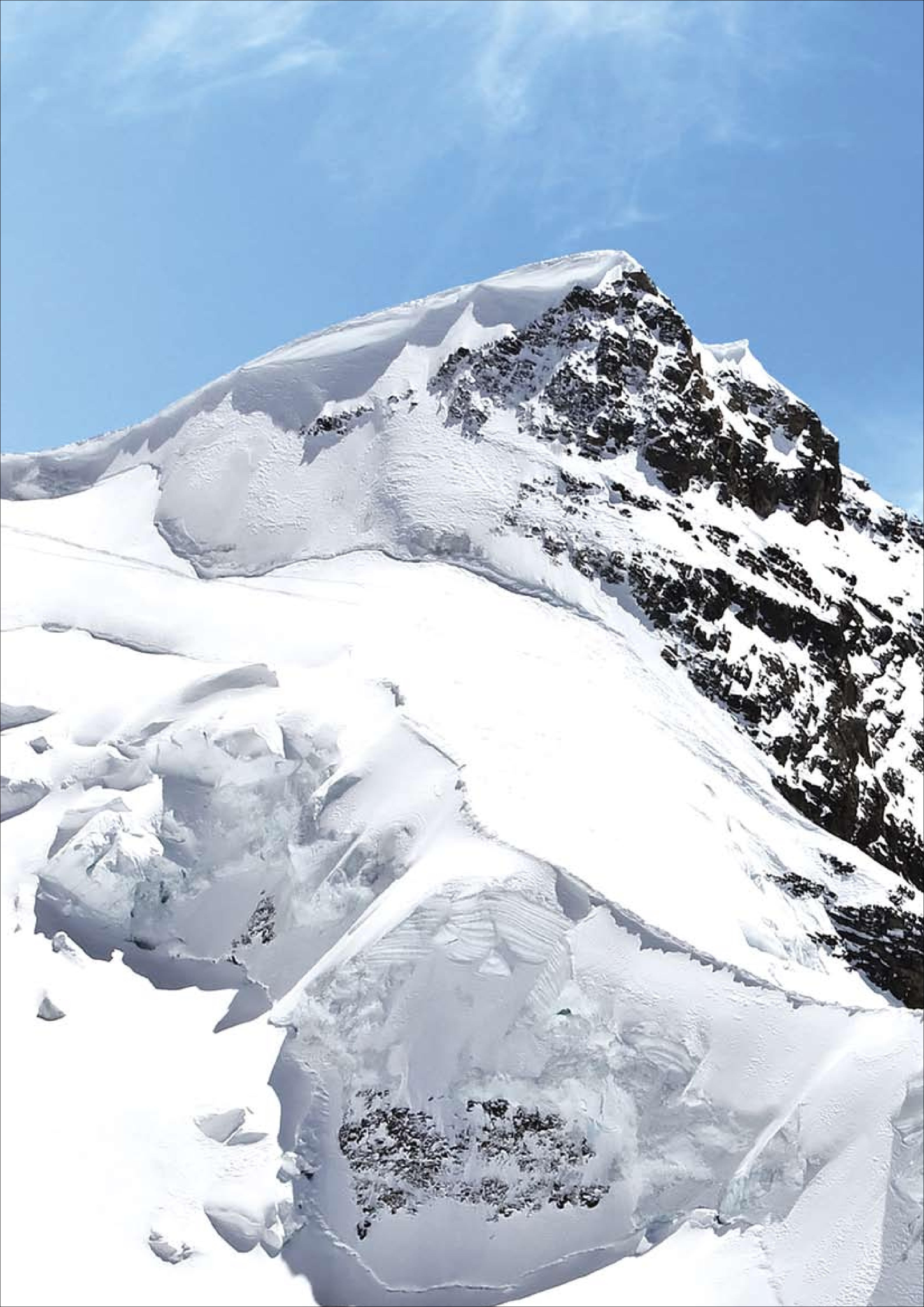
The Bank's commitment to learning and development is further evidenced in the expansion of its training team, which will have doubled in size by the end of the first quarter of 2010, as compared to the first quarter of 2009.

Additionally, the introduction of on Organizational Development team to complement its Learning Development team will enable the Bank to more effectively fulfill the learning needs of its expanding international operations. QNB now boasts three internal trainers: a Banking System Trainer, a Management and Soft Skills Trainer and an English Trainer.

Perhaps the most exciting development in the Bank's learning and development division in 2009 was its move to identify an external agency to oversee the strategic development of its Executive Development Program (EDP). It received proposals from five world-class business schools: US-based Duke University, London School of Business, HEC Paris International Business School, IMD in Lausanne, Switzerland and INSEAD of Paris.

The new service provider, selected at year-end 2009, will provide strategic direction, identify core competencies for executive candidates and provide training to fill the gaps. Meanwhile, the Bank itself will focus on developing and implementing its Management and Graduate Development Programs.

Formalized job descriptions based on core competencies that will be objectively measured and assessed will provide renewed clarity for QNB employees. It will also enable the Bank to more effectively identify and deliver training needs, which it recognizes as a key asset to its successful foray into regional and international markets.



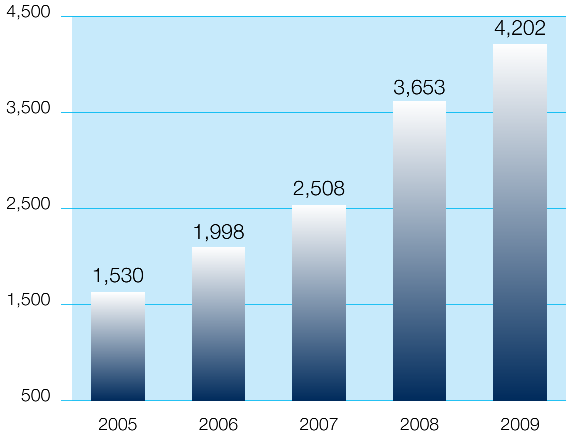

SWITZERLAND

Financials

QNB GROUP FINANCIAL HIGHLIGHTS

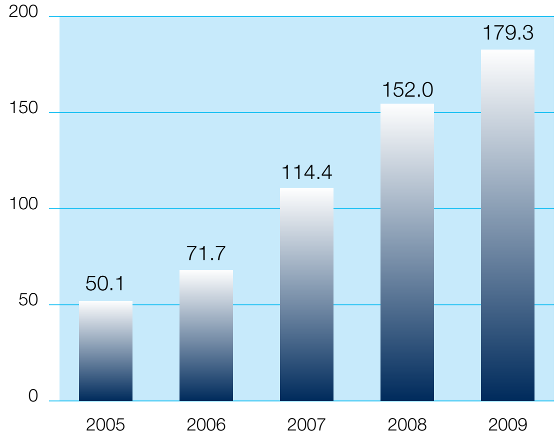
- Net Profit surpassed QR4.2 billion, up by 15% from 2008
- Total Assets increased to QR179.3 billion, up by 18% from 2008
- Total Loans and Advances and Financing Activities increased to QR108.8 billion, up by 8.7% from 2008
- Total Customer Deposits and Unrestricted Investment Accounts increased to QR125.9 billion, up by 20.7% from 2008
- Earnings per Share increased to QR14.0 from QR12.3 in 2008
- Total Shareholders equity increased by 18.9% to reach QR19.8 billion
- Net Profit for QNB Al Islami increased to QR420.3 million, up by 26.9% over 2008

Net Profit (QR million)



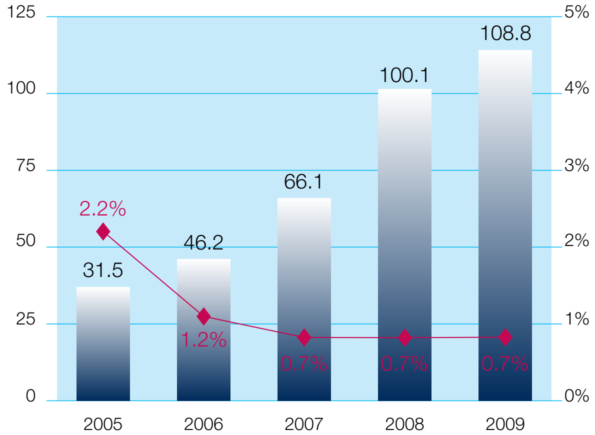
Net profit increased to QR4.2 billion
up by 15.0% from last year

Total Assets (QR billion)



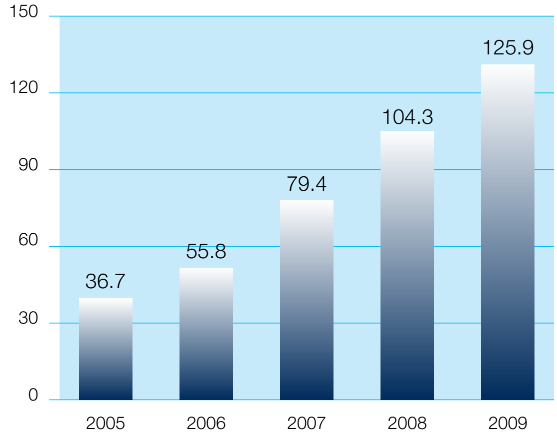
Total Assets increased to QR179.3 billion
up by 18.0% from last year

Loans and Advances and Financing Activities (QR billion)



Loans and advances and financing activities increased
to QR108.8 billion up by 8.7% from last year
NPLs to total loans at 0.7%

Customer Deposits and Unrestricted Investment Accounts (QR billion)



Customer deposits and unrestricted investment Accounts
increased to QR125.9 billion up by 20.7% from last year

Financial Review

For the first time in its history, QNB was able to exceed the QR4.2 billion profit thanks to its success in diversifying its income sources and the maintenance of a strong efficiency ratio (total costs to total income).

Net profit rose by 15.0% to exceed QR4.2 billion, compared with the net profit of QR3.7 billion for 2008. The Bank saw a substantial growth in all of its income components. As a result, total income grew by 11.1% to QR5.7 billion.

Net interest income and income from Islamic financing and investing activities increased by 31.4% to exceed QR3.7 billion, mainly due to the Bank's success in improving interest margins on interest earning assets.

The Group's success in improving efficiency and increasing productivity was reflected in its efficiency ratio, being total costs as a percentage of total income, which improved from 20.5% in 2008 to 19.6% in 2009. The Bank's success in improving its collection process and the effectiveness of its credit risk management policies is clearly reflected in its ratio of non-performing loans to gross loans which was maintained at 0.7%.

BALANCE SHEET GROWTH

At year-end 2009, the Group's total assets increased to QR179.3 billion reflecting an increase of 18.0%. The growth in total assets was attributable to the growth in loans and advances and financing activities which grew to QR108.8 billion, representing an increase of 8.7%.

Customer deposits and unrestricted investment accounts also grew during the year by 20.7% to reach QR125.9 billion, mainly due to the increase in Islamic and International business.

ISLAMIC BANKING

During 2009, QNB Al Islami succeeded in achieving excellent results, with total assets reaching QR22.0 billion, up by 64.5% since 31 December 2008. Financing activities up by 114% to reach QR14.5 billion, and net profit rose by 26.9% to reach QR420.3 million.

CAPITAL STRENGTH

Total equity as at 31 December 2009 reached QR19.8 billion. The Group's risk assets ratio stood at 13.2%, comfortably in excess of the 10% minimum level set by Qatar Central Bank and the 8% minimum stipulated in the Basle capital adequacy directives.

EARNINGS PER SHARE

Earnings per share improved to QR14.0 from QR12.3 in 2008.

OUTLOOK

With a strong projected growth for Qatar's economy and based on the excellent achievements in 2009, there are good reasons for confidence and optimism over the projected results for QNB in 2010.

Financial Statements

INDEPENDENT AUDITORS' 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 2009 and the statements of consolidated income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the directors for the consolidated financial statements
The 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 2009, 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 thereon 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 or Qatar Commercial Law No. 5 of 2002 and the amendments thereto and the terms of Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its consolidated financial position as of 31 December 2009. 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

12 January 2010
Doha - State of Qatar

Statement of the Sharia Control Board

Praise be to Allah and peace be upon his prophet. Subject to the Articles of Association of QNB Al Islami, a branch of Qatar National Bank S.A.Q (the «Branch»), the Fatwa and Sharia Control Board has issued Fatwas (Sharia opinion) on the matters presented to it, provided Sharia solutions for the difficulties encountered during implementation and oversaw compliance with the Sharia principles and rules set by it for the Branch.

As well, through its Executive Committee and Internal Sharia Control, the Board continuously carried out its duties, reviewed the contracts and forms, oversaw the correctness of implementation of its decisions, ensured the soundness of execution of banking operations and reviewed the statement of financial position, income statement and the method of calculation adopted for the distribution of profits between the depositors and shareholders for the financial year ended 31 December 2009. The Fatwa and Sharia Control Board confirms that the application of Sharia rules and controls is the management responsibility, and its role is limited to issuing Fatwa and overseeing transactions through the Internal Sharia Control within the limits of resources available to it.

In the opinion of the Sharia Board:

- The Branch has complied with the Sharia principles and rules set for Islamic branches.
- The matters presented to it, including contracts and forms, and the transactions reviewed by the Sharia Control were in compliance with the Sharia rules and controls. In addition, the discrepancies discovered were either corrected, revised or the appropriate decisions were taken in their respect.
- The distribution of profit was carried out in compliance with the guidance established by the Board in accordance with the principles of Islamic Sharia.

Finally, we thank, and pray to Allah to bless, the dedicated efforts which contributed to the initiation and success of this business. In particular, our thanks are due to the Board and senior management of QNB and the staff of QNB Al Islami for their sincere cooperation with the Sharia Control Board. May Allah Al Mighty guide all to the prosperity of this country, and praise be to Allah.

His Eminence, Dr. Yousof Al Qaradawi
S.C.B. Chairman

His Eminence, Dr. Ali Alqurah Dagi
S.C.B. Vice Chairman

Dr. Sultan Al Hashemi
S.C.B. Member

Consolidated Statement of Financial Position
As at 31 December 2009

(All amounts are shown in thousands of Qatari Riyals)

	Note	2009	2008
ASSETS			
Cash and Balances with Central Banks	4	9,880,170	6,269,596
Due from Banks and Other Financial Institutions	5	30,181,027	27,044,455
Loans and Advances and Financing Activities to Customers	6	108,783,261	100,053,490
Investment Securities	7	23,332,759	11,814,912
Investments in Associates	8	4,443,666	4,596,644
Property and Equipment	9	713,036	618,237
Other Assets	10	1,994,995	1,576,284
Total Assets		**179,328,914**	**151,973,618**
LIABILITIES			
Due to Banks and Other Financial Institutions	11	20,794,043	19,721,259
Repurchase Agreements		2,085,852	2,267,416
Customer Deposits	12	108,772,496	94,972,965
Other Borrowings	13	6,723,541	6,719,147
Other Liabilities	14	3,881,434	2,369,934
Total Liabilities		**142,257,366**	**126,050,721**
Unrestricted Investment Accounts	16	17,099,719	9,279,672
Total Liabilities and Unrestricted Investment Accounts		**159,357,085**	**135,330,393**
EQUITY			
Issued Capital	17	3,011,208	2,408,966
Statutory Reserve	17	7,650,698	6,829,459
Other Reserves	17	1,769,386	1,789,787
Risk Reserve	17	1,410,000	1,410,000
Fair Value Reserve	17	489,147	(274,167)
Proposed Dividend	17	1,204,483	1,806,724
Proposed Bonus Shares	17	903,362	602,242
Proposed Transfer to Statutory Reserve	17	903,362	821,239
Retained Earnings	17	2,439,491	1,248,975
Total Equity Attributable to Equity Holders of Parent		**19,781,137**	**16,643,225**
Non - Controlling Interest	18	190,692	-
Total Equity		**19,971,829**	**16,643,225**
Total Liabilities, Unrestricted Investment Accounts and Equity		**179,328,914**	**151,973,618**

These financial statements were approved by the Board of Directors on 12 January 2010 and were signed on its behalf by:

Yousef Hussain Kamal
Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Consolidated Income Statement
For the Year Ended 31 December 2009

(All amounts are shown in thousands of Qatari Riyals)

	Note	2009	2008 (Restated)
Continuing Operations			
Interest Income	19	6,394,834	6,116,138
Interest Expense	20	(3,080,578)	(3,606,705)
Net Interest Income		**3,314,256**	**2,509,433**
Income from Islamic Financing and Investing Activities	21	900,872	689,135
Unrestricted Investment Account Holders' Share of Profit		(488,866)	(362,774)
Net Income from Islamic Financing and Investing Activities		**412,006**	**326,361**
Net Interest Income and Income from Islamic Financing and Investing Activities		**3,726,262**	**2,835,794**
Fee and Commission Income	22	1,031,037	992,557
Fee and Commission Expense		(63,291)	(76,057)
Net Fee and Commission Income		**967,746**	**916,500**
Dividend Income	23	204,962	137,524
Net Gains from Foreign Currency Transactions	24	304,809	327,866
Net Gains from Investment Securities	25	142,266	569,286
Share in Profit of Associates	8	292,795	200,299
Other Operating Income	26	18,337	103,881
Net Operating Income		**5,657,177**	**5,091,150**
General and Administrative Expenses	27	(995,860)	(941,375)
Depreciation	9	(110,998)	(101,015)
Provisions for Credit Losses on Loans and Advances	6	(281,106)	(247,693)
Net Impairment Losses on Investment Securities	7	(73,823)	(130,361)
Other Provisions	15	(3,950)	(85)
Profit Before Income Taxes		**4,191,440**	**3,670,621**
Income Tax Expense		(17,140)	(19,762)
Profit for the Year from Continuing Operations		**4,174,300**	**3,650,859**
Profit from Discontinued Operations	28	14,167	1,686
Profit for the Year		**4,188,467**	**3,652,545**
Attributable to:			
Equity Holders of the Parent		4,201,723	3,652,545
Non - Controlling Interest		(13,256)	-
Profit for the Year		**4,188,467**	**3,652,545**
Basic and Diluted Earnings Per Share (QR)	29	14.0	12.3

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2009

(All amounts are shown in thousands of Qatari Riyals)

	2009	2008 (Restated)
Profit for the Year	**4,188,467**	**3,652,545**
Other Comprehensive Income, net of Income Tax		
Foreign Currency Translation Differences for Foreign Operations	(20,528)	20,109
Share of Other Comprehensive Income of Associates	127	18,062
Effective Portion of Changes in Fair Value of Cash Flow Hedges	49,460	(141,116)
Net Gain / (Loss) on Revaluation of Available for Sale Investment Securities	713,854	(2,479,709)
Total Other Comprehensive Income for the Year, net of Tax	**742,913**	**(2,582,654)**
Total Comprehensive Income for the Year	**4,931,380**	**1,069,891**
Attributable to:		
Equity Holders of the Parent	4,944,636	1,069,891
Non - Controlling Interest	(13,256)	-
Total Comprehensive Income for the Year	**4,931,380**	**1,069,891**

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2009

(All amounts are shown in thousands of Qatari Riyals)

	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 Parent	Non Controlling Interest	Total
Balance at 1 January 2009	2,408,966	6,829,459	1,789,787	1,410,000	(274,167)	1,806,724	602,242	821,239	1,248,975	16,643,225	-	16,643,225
Total Comprehensive Income for the Year												
Profit for the Year	-	-	-	-	-	-	-	-	4,201,723	4,201,723	(13,256)	4,188,467
Other Comprehensive Income, net of Income Tax												
Net Movement in Currency Translation Differences	-	-	(20,528)	-	-	-	-	-	-	(20,528)	-	(20,528)
Share of Other Comprehensive Income of Associates	-	-	127	-	-	-	-	-	-	127	-	127
Net Movement in Fair Value Reserve	-	-	-	-	763,314	-	-	-	-	763,314	-	763,314
Total Other Comprehensive Income	**-**	**-**	**(20,401)**	**-**	**763,314**	**-**	**-**	**-**	**-**	**742,913**	**-**	**742,913**
Total Comprehensive Income for the Year	**-**	**-**	**(20,401)**	**-**	**763,314**	**-**	**-**	**-**	**4,201,723**	**4,944,636**	**(13,256)**	**4,931,380**
Dividend Declared for the year 2008	-	-	-	-	-	(1,806,724)	-	-	-	(1,806,724)	-	(1,806,724)
Bonus Shares for the year 2008	602,242	-	-	-	-	-	(602,242)	-	-	-	-	-
Transfer to Statutory Reserve for the Year 2008	-	821,239	-	-	-	-	-	(821,239)	-	-	-	-
Proposed Dividend	-	-	-	-	-	1,204,483	-	-	(1,204,483)	-	-	-
Proposed Bonus Shares	-	-	-	-	-	-	903,362	-	(903,362)	-	-	-
Proposed Transfer to Statutory Reserve	-	-	-	-	-	-	-	903,362	(903,362)	-	-	-
Net Movement in Non controlling Interest	-	-	-	-	-	-	-	-	-	-	203,948	203,948
Balance at 31 December 2009	**3,011,208**	**7,650,698**	**1,769,386**	**1,410,000**	**489,147**	**1,204,483**	**903,362**	**903,362**	**2,439,491**	**19,781,137**	**190,692**	**19,971,829**
Balance at 1 January 2008	1,824,975	3,852,723	1,751,616	783,072	2,346,658	912,487	364,995	567,770	1,453,563	13,857,859	505	13,858,364
Total Comprehensive Income for the Year												
Profit for the Year	-	-	-	-	-	-	-	-	3,652,545	3,652,545	-	3,652,545
Other Comprehensive Income, net of Income Tax												
Net Movement in Risk Reserve	-	-	-	626,928	-	-	-	-	(626,928)	-	-	-
Net Movement in Currency Translation Differences	-	-	20,109	-	-	-	-	-	-	20,109	-	20,109
Share of Other Comprehensive Income of Associates	-	-	18,062	-	-	-	-	-	-	18,062	-	18,062
Net Movement in Fair Value Reserve	-	-	-	-	(2,620,825)	-	-	-	-	(2,620,825)	-	(2,620,825)
Total Other Comprehensive Income	**-**	**-**	**38,171**	**626,928**	**(2,620,825)**	**-**	**-**	**-**	**(626,928)**	**(2,582,654)**	**-**	**(2,582,654)**
Total Comprehensive Income for the Year	**-**	**-**	**38,171**	**626,928**	**(2,620,825)**	**-**	**-**	**-**	**3,025,617**	**1,069,891**	**-**	**1,069,891**
Dividend Declared for the year 2007	-	-	-	-	-	(912,487)	-	-	-	(912,487)	-	(912,487)
Bonus Shares for the Year 2007	364,995	-	-	-	-	-	(364,995)	-	-	-	-	-
Rights Issue	218,996	-	-	-	-	-	-	-	-	218,996	-	218,996
Premium on Rights Issue	-	2,408,966	-	-	-	-	-	-	-	2,408,966	-	2,408,966
Transfer to Statutory Reserve for the Year 2007	-	567,770	-	-	-	-	-	(567,770)	-	-	-	-
Proposed Dividend	-	-	-	-	-	1,806,724	-	-	(1,806,724)	-	-	-
Proposed Bonus Shares	-	-	-	-	-	-	602,242	-	(602,242)	-	-	-
Proposed Transfer to Statutory Reserve	-	-	-	-	-	-	-	821,239	(821,239)	-	-	-
Net Movement in Non controlling Interest	-	-	-	-	-	-	-	-	-	-	(505)	(505)
Balance at 31 December 2008	**2,408,966**	**6,829,459**	**1,789,787**	**1,410,000**	**(274,167)**	**1,806,724**	**602,242**	**821,239**	**1,248,975**	**16,643,225**	**-**	**16,643,225**

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2009

(All amounts are shown in thousands of Qatari Riyals)

	Note	2009	2008
Cash Flows from Operating Activities			
Profit for the Year Before Taxes		4,205,607	3,672,307
Reconciliation of Profit for the Year to Net Cash Flow from Operating Activities			
Depreciation	9	110,998	102,727
Provisions for Credit Losses on Loans and Advances	6	281,106	247,612
Net Impairment Losses on Investment Securities	7	73,823	130,336
Other Provisions	15	8,974	9,315
Staff Indemnity Paid	15	(3,566)	(3,856)
Net Profit on Sale of Property and Equipment		(3,543)	(89,576)
Net Gain on Sale of Investment Securities	25	(142,266)	(569,286)
Income Tax Expense		(8,005)	(16,800)
Net Amortisation of Premium or Discount on Financial Investments		3,469	22,979
Net Gain from Sale of Discontinued Operations	28	(14,167)	-
Share in Profit of Associates, net of Dividends Received	8	(174,648)	(200,299)
		4,337,782	**3,305,459**
Change in Due from Banks and Other Financial Institutions		(467,256)	(541,632)
Change in Loans and Advances and Financing Activities to Customers		(21,864,332)	(34,236,965)
Change in Other Assets		(450,688)	(196,269)
Change in Due to Banks and Other Financial Institutions		1,079,621	9,792,907
Change in Repurchase Agreements		(181,564)	(227,726)
Change in Customer Deposits and Unrestricted Investment Accounts		22,790,803	24,888,756
Change in Other Borrowings		4,394	4,328
Change in Other Liabilities		1,506,608	233,587
Net Cash from Operating Activities		**6,755,368**	**3,022,445**
Cash Flows from Investing Activities			
Acquisition of Investment Securities	7	(4,968,959)	(7,299,111)
Proceeds from Sale / Redemption of Investment Securities	7	7,381,867	4,550,260
Investments in Associates	8	(100,688)	(1,676,913)
Acquisition of Property and Equipment	9	(240,237)	(344,372)
Proceeds from Sale of Property and Equipment		50,750	262,396
Disposal of Discontinued Operations, net of Cash Disposed Off		117,178	-
Net Cash from / (used in) Investing Activities		**2,239,911**	**(4,507,740)**
Cash Flows from Financing Activities			
Dividend Paid		(1,820,206)	(903,227)
Proceeds from Rights Issue		-	2,627,962
Net Cash (used in) / from Financing Activities		**(1,820,206)**	**1,724,735**
Net Increase in Cash and Cash Equivalents		**7,175,073**	**239,440**
Effect of Exchange Rate Fluctuations on Cash Held		(46,361)	281,802
Cash and Cash Equivalents at 1 January		27,969,184	27,447,942
Cash and Cash Equivalents at 31 December	**36**	**35,097,896**	**27,969,184**

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

(All amounts are shown in thousands of Qatari Riyals)

1. CORPORATE INFORMATION

Qatar National Bank S.A.Q. ("QNB" or "the Bank") was incorporated in the State of Qatar on 6 June 1964 as a Joint Stock Company under Emiri Decree No. 7 issued in 1964. The registered office of the Bank is in Doha, State of Qatar.

The Bank together with its subsidiaries (together referred to as the "Group") is engaged in commercial and Islamic banking activities and operates through its head office in Doha and a total of 64 branches and offices in Qatar, branches in the United Kingdom, France, Singapore, Yemen, Kuwait, Sultanate of Oman and Sudan, and Representative Offices in Iran and Libya. In addition, QNB owns 100% of the issued share capital of Ansbacher Group Holdings Limited, a wealth management financial institution with operations in the UK, Switzerland and Channel Islands. QNB owns Ansbacher Group Holdings Limited through a Luxembourg based holding company, QNB International Holdings Limited. In addition, QNB owns 100% of QNB Switzerland, owns 49% of QNB Syria and 100% of QNB Capital, a corporate advisory firm registered in the Qatar Financial Center.

2. SIGNIFICANT ACCOUNTING POLICIES

a) New Standards, Amendments and Interpretations

New Standards, Amendments and Interpretations Effective from 1 January 2009

- **IAS 1 (revised),** "**Presentation of Financial Statements**"
  During the year, the Group adopted Revised IAS 1 as issued by International Accounting Standards Board (IASB) revised in May 2008, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. Revised IAS 1 introduced the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The Group has decided to adopt a two statement approach for presenting total comprehensive income. Since the change in accounting policy only impacts presentation and disclosure, there is no impact on earnings per share.

- **IFRS 8,** "**Operating Segments**"
  During the year, the Group adopted IFRS 8 as issued by International Accounting Standards Board (IASB) issued in November 2006, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. IFRS 8 introduces the "management approach" to segment reporting i.e. based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.

New Standards, Amendments and Interpretations that are not yet Effective for the Year Ended 31 December 2009 and not yet Adopted
A number of new standards, amendments to standards and interpretations have been issued that are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements:

- **Revised IFRS 3 Business Combinations** incorporates certain changes that are likely to be relevant to the Group's operations. Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

(All amounts are shown in thousands of Qatari Riyals)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Amended IAS 27 Consolidated and Separate Financial Statements** requires accounting for changes in ownership interests in a subsidiary that occur without loss of control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- **IFRS 9, Financial Instruments** is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow caracteristics of the financial asset. The standard can be adopted early prospectively, and prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.

b) Basis of Measurement, Presentation and Consolidation

The consolidated financial statements have been prepared on a historical cost basis except for the measurement at fair value of derivatives and available for sale financial investments. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Qatar Central Bank regulations.

The consolidated financial statements are presented in Qatari Riyals (QR), and all values are rounded to the nearest QR thousand except when otherwise indicated.

The consolidated financial statements comprise the financial statements of Qatar National Bank S.A.Q. and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as Qatar National Bank S.A.Q, using consistent accounting policies.

All intergroup balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Share Capital	Year of Acquisition	Ownership
QNB International Holdings Limited	Luxembourg	413,035	2004	100%
QNB Property	France	26,229	2008	100%
QNB Capital	Qatar	54,608	2008	100%
QNB Switzerland	Switzerland	181,515	2009	100%
QNB Syria	Syria	400,000	2009	49%

Non - controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

c) Islamic Banking

Islamic branches carry out Islamic banking services through various Islamic modes of financing. The activities of the Islamic branches are conducted in accordance with the Islamic Sharia, as determined by the Sharia Control Board.

(All amounts are shown in thousands of Qatari Riyals)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Foreign Currencies

The consolidated financial statements are denominated in Qatari Riyals (functional currency of the Parent). Transactions in foreign currencies are translated into Qatari Riyals at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Qatari Riyals at the rates ruling at the balance sheet date. Exchange gains and losses resulting therefrom appear in the income statement under net gains from dealing in foreign currencies. Assets and liabilities of subsidiaries and overseas branches are translated into Qatari Riyals (presentation currency) at the rates ruling at the balance sheet date, and their statements of income are translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to other reserves within shareholders' equity.

e) Derivatives

After initial recognition at transaction prices, being the best evidence of fair value upon initial recognition, derivatives are subsequently measured at fair value. Fair value represents quoted market prices or internal pricing models as appropriate. Derivatives with positive fair value are included in other assets and derivatives with negative fair value are included in other liabilities. The resultant gains and losses from derivatives held for trading purposes are included in the income statement.

For the purpose of hedge accounting, hedges are classified as either fair value, or cash flow hedges. Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability. Cash flow hedges hedge exposure to the variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised immediately in the income statement. The related aspect of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement.

In relation to cash flow hedges which meet the conditions for hedge accounting, any gain or loss on the hedging instrument that is determined to be an effective hedge is recognised initially in shareholders' equity. Gains or losses on cash flow hedges initially recognised in equity are transferred to the income statement in the period in which the hedged transaction impacts the income statement. Where the hedged transaction results in the recognition of an asset or a liability, the associated gains or losses that had initially been recognised in shareholders' equity are included in the initial measurement of the cost of the related asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires, is terminated or exercised, or no longer qualifies for hedge accounting. For effective fair value hedges of financial instruments with fixed maturities, any adjustment arising from hedge accounting is amortised over the remaining term to maturity. For effective cash flow hedges, any cumulative gain or loss on the hedging instrument recognised in equity is held therein until the forecasted transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' equity is transferred to the income statement.

(All amounts are shown in thousands of Qatari Riyals)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Revenue Recognition

Revenues are recognised on an accrual basis. Interest income and expense are recognised in the income statement using the effective interest rate method.

Revenues on Islamic financing transactions are recognised on accrual basis using the effective profit rate method. Loan management fees and commission income are amortised over the period of the transaction using the effective interest method, if applicable. Fees and commission income on other services are recognised as the related services are performed.

Dividend income is recognised when the right to receive dividend is established.

g) Investment Securities

Available for Sale Financial Assets
After initial recognition at transaction prices, being the best evidence of fair value upon initial recognition, available for sale investments are subsequently measured at fair value. Unrealised gains or losses arising from a change in the fair value are recognised directly in the fair value reserve under equity until the investment is sold, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

In cases where objective evidence exists that a specific investment is impaired, the recoverable amount of that investment is determined and any impairment loss is recognised in the income statement as a provision for impairment of investments. Reversals in respect of equity investments classified as available for sale are treated as increase in fair value through statement of changes in equity. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is an objective evidence of impairment. Reversal of impairment losses on debt instruments are reversed through the income statement, when the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Held to Maturity Financial Assets
After initial measurement at cost, held to maturity investments are measured at amortised cost using the effective interest rate method, less any provision for impairment. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

In cases where objective evidence exists that a specific investment is impaired, the recoverable amount of that investment is determined and any impairment loss is recognised in the income statement as a provision for impairment of investments.

h) Investment in Associates

The Group’s investments in associates are accounted for using the equity method of accounting.

i) Fair Value

The fair value of financial assets traded in organised financial markets is determined by reference to quoted market bid prices on a regulated exchange at the close of business on the balance sheet date. For financial assets where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same. Where it is not possible to arrive at a reliable estimate of the fair value, the financial assets are carried at cost until reliable measure of the fair value is available.

(All amounts are shown in thousands of Qatari Riyals)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Recognition / Derecognition of Financial Instruments

All financial assets are recognised using the settlement date.

Financial assets are derecognised when the contractual right to receive cash flows from the assets have expired, or when the Group has transferred the contractual right to receive cash flows of the financial assets.

Financial liabilities are derecognised when they are extinguished, that is when the contractual obligation is discharged, cancelled or expired.

k) Due from Banks, Loans and Advances and Financing Activities

After initial recognition at fair value, due from banks and loans and advances are stated at amortised cost less any provisions for their credit losses.

Islamic financing activities such as Murabaha and Musawama which are a sale of goods with an agreed upon profit mark up, Musharaka which is a form of partnership between the Bank and its clients, Mudaraba which is a partnership in profit between capital and work and Ijara which is the transfer of ownership of services or leased assets for an agreed upon consideration, are stated at their gross principal amounts less any amount received, provision for credit loss and deferred profit. Financing activities are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted and recoveries from previously written off financing activities are written back to the specific provision.

l) Properties Acquired Against Settlement of Debts

Properties acquired against settlement of debts appear under other assets at their net acquired values.

Unrealised losses due to the diminution in the fair value of these assets appear in the income statement. Future unrealised gains on these properties are recognised in the income statement to the extent of unrealised losses previously recognised.

In accordance with Qatar Central Bank regulations, all properties acquired against settlement of debts must be sold within three years. Any extension or transfer to property and equipment must be with Qatar Central Bank approval.

m) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment in value. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

	Years
Buildings	20
Equipment and Furniture	3 to 7
Motor Vehicles	5
Leasehold improvements	4

Freehold land is stated at cost.

n) Impairment of Financial Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised in the income statement.

(All amounts are shown in thousands of Qatari Riyals)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specific provisions for the credit losses are calculated based on the difference between the book value of the loans and advances and their recoverable amount, being the net present value of the expected future cash flows, discounted at the original effective interest rates. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Loans and advances are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted.

The Group also assess a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry as well as identified structural weaknesses.

o) Employees' Termination Benefits and Pension Fund

The Group makes a provision for all termination indemnity payable to employees in accordance with its regulations, calculated on the basis of the individual's final salary and period of service at the balance sheet date. The expected costs of these benefits are accrued over the period of employment. The provision for employees' termination benefits is included in other provisions within other liabilities.

With respect to Qatari employees, the Group makes a contribution to the Qatari Pension Fund calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions. The cost is considered as part of general and administrative expenses and is disclosed in note 27.

p) Other Provisions

The Group makes provisions for any expected legal or financial liabilities as a charge to the income statement based on the likelihood and expected amount of such liabilities at the balance sheet date. Other provisions are disclosed in note 15.

q) Repurchase Agreements

Securities sold under agreements to repurchase at a specified future date (repos) are not derecognised from the balance sheet. The corresponding cash received, including accrued interest, is recognised on balance sheet as Repurchase agreements, reflecting economic substance as a loan to the Group. The difference between sale and repurchase price is treated as interest expense and is accrued over the tenor of the agreement using the effective interest method.

r) Contingent Liabilities and Other Commitments

At the balance sheet date, contingent liabilities and other commitments do not represent actual assets or liabilities.

s) Other Borrowings

Other borrowings represent loan secured by the Group through a syndicated loan facility which is subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

(All amounts are shown in thousands of Qatari Riyals)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Unrestricted Investment Accounts' Share of Profit

Islamic branches profit for the year is distributed among unrestricted account holders and shareholders in accordance with Qatar Central Bank regulations. The share of profit of the unrestricted account holders is calculated on the basis of their daily deposit balances over the year, after reducing the agreed and declared Mudaraba fee.

In case of any expense or loss, which arise out of misconduct on the part of the Group due to non-compliance with Qatar Central Bank regulations, then such expenses or losses are not to be borne by the unrestricted investment account holders. Such matter is subject to Qatar Central Bank decision. Where the Islamic branches results at the end of a financial year is a net loss, the unrestricted investment account holders are not charged with any share of such loss, except as approved by Qatar Central Bank in its capacity as the regulator having responsibility of assessing the Bank's management of such losses and compliance with Islamic Sharia rules and principles.

The unrestricted investment accounts carry preferential rights over others in respect of utilisation of funds towards financing and investment activities.

u) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash, balances with central banks and balances with banks and other financial institutions with an original maturity of three months or less as disclosed in note 36.

v) Taxes

Taxes are calculated based on tax laws and regulations in other countries in which the Group operates. A tax provision is made based on an evaluation of the expected tax liability. The Group operations inside Qatar are not subject to income tax.

w) Financial Guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements at fair value, being the premium received, and the initial fair value is amortised over the life of the financial guarantee. Subsequent to initial recognition, the Group's liability under each guarantee is carried at the higher of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

Any increase in the liability relating to financial guarantees is taken to the income statement as provision for credit losses. The premium received is recognised in the income statement as fee and commission income.

x) Fiduciary Assets

Assets held in a fiduciary capacity are not treated as assets of the Group in the balance sheet.

y) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is represented as if the operation had been discontinued from the start of the comparative period.

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT

I. Financial Instruments

a) Definition and Classification

Financial instruments cover all financial assets and liabilities of the Group. Financial assets include cash balances, on demand balances and placements with banks and other financial institutions, investment securities, loans and advances to customers and banks and certain other financial assets. Financial liabilities include customer deposits, due to banks and certain other financial liabilities. Financial instruments also include contingent liabilities and commitments included in off-balance sheet items.

Note 2 explains the accounting policies used to recognise and measure the major financial instruments and their related income and expense.

b) Fair Value of Financial Instruments

The following table provides a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying Amount 2009	Fair Value 2009	Carrying Amount 2008	Fair Value 2008
Financial Assets				
Cash and Balances with Central Banks	9,880,170	9,880,170	6,269,596	6,269,596
Due from Banks and Other Financial Institutions	30,181,027	30,181,027	27,044,455	27,044,455
Loans and Advances and Financing Activities	108,783,261	108,783,261	100,053,490	100,053,490
Available for Sale Financial Investments	5,843,087	5,843,087	7,186,082	7,186,082
Held to Maturity Financial Investments	17,489,672	17,682,779	4,628,830	4,668,015
Derivatives Held for Trading	88,971	88,971	61,361	61,361
Derivatives Held as Cash Flow Hedges	33	33	57	57
Financial Liabilities				
Due to Banks and Other Financial Institutions	20,794,043	20,794,043	19,721,259	19,721,259
Repurchase Agreements	2,085,852	2,104,879	2,267,416	2,267,416
Customer Deposits	125,872,215	125,872,215	104,252,637	104,252,637
Other Borrowings	6,723,541	6,723,541	6,719,147	6,719,147
Derivatives Held for Trading	22,149	22,149	165,703	165,703
Derivatives Held as Cash Flow Hedges	139,968	139,968	189,451	189,451

Fair Value Hierarchy
The fair values for available for sale financial assets comprise of QR691 million under the level 1 category, QR1,260 million under the level 2 category and QR3,892 million under level 3 of the fair value hierarchy. Moreover, the fair values for held to maturity financial assets comprise of QR3,508 million under the level 2 category and QR14,175 million under the level 3 category.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Level 1 fair values are based on quoted prices (unadjusted) in active markets for identical assets. Level 2 fair values are based on inputs other than quoted prices included within level 1 that are observable for the assets either directly (i,e, as prices) or indirectly (i,e, derived from prices). Level 3 fair values are based on inputs for assets that are not based on observable market data.

Financial Instruments for which Fair Value Approximates Carrying Value
For financial assets and financial liabilities that are liquid or having a term maturity less than three months, the carrying amounts approximate to their fair value.

Fixed Rate Financial Instruments
The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing cash flows discounted using market interest rates when they were first recognised with current market rates offered for similar financial instruments.

II. Risk Management

a) Risk Management Framework

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, operational risk and market risk, which include trading and non-trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk Management Structure
The Board of Directors is ultimately responsible for identifying and controlling risks, however, there are separate independent bodies responsible for managing and monitoring risks.

Risk Committee
The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

Risk Measurement and Reporting Systems
Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries.

Information compiled from all businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, the Risk Committee and the head of each business division.

Internal Audit
Risk management processes throughout the Group are audited annually by the internal audit function that examines both the adequacy and compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk Mitigation

As part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks and exposures arising from forecast transactions. The risk profile is assessed before entering into hedge transactions, which are authorised by the appropriate level of seniority within the Group. The effectiveness of all hedge relationships is monitored by the Risk Management on a monthly basis. In situation of ineffectiveness, the Group will enter into a new hedge relationship to mitigate risk on a continuous basis.

b) Credit Risk

The Group manages its credit risk exposure through diversification of its investments, capital markets and lending and financing activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains collaterals when appropriate. The types of collaterals obtained include cash, treasury bills and bonds, mortgages over real estate properties and pledge over shares. The Group uses the same credit risk procedures when entering into derivative transactions as it does for traditional lending products.

Note 6 discloses the distribution of loans and advances and financing activities by industrial sector. Note 32 discloses the geographical distribution of the Group's assets and liabilities.

The table below shows the maximum exposure to credit risk for on balance sheet and certain off balance sheet items. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross Maximum Exposure	
	2009	**2008**
Cash and Balances with Central Banks (Excluding Cash on Hand)	9,348,155	5,870,065
Due from Banks and Other Financial Institutions	30,181,027	27,044,455
Loans and Advances and Financing Activities	108,783,261	100,053,490
Investment Securities	23,332,759	11,814,912
Other Assets	1,994,995	1,576,284
	173,640,197	**146,359,206**
Contingent Liabilities	41,744,781	51,043,517
Total	**215,384,978**	**197,402,723**

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Risk Concentration for Maximum Exposure to Credit Risk by Industry Sector

An industry sector analysis of the Group's financial assets and contingent liabilities, before and after taking into account collateral held or other credit enhancements, is as follows:

	Gross Maximum Exposure 2009	Net Maximum Exposure 2009	Gross Maximum Exposure 2008	Net Maximum Exposure 2008
Government	45,966,859	-	8,160,228	-
Government Agencies	24,652,268	14,922,568	38,491,015	14,650,326
Industry	2,565,154	2,030,273	4,339,218	3,308,318
General Trade	4,339,465	2,967,046	4,554,129	1,974,388
Services	59,751,041	48,858,978	52,140,848	42,973,051
Contractors	2,214,560	1,770,306	1,769,027	1,166,737
Real Estate	15,658,007	1,239,327	12,858,084	1,932,065
Consumption	14,391,621	2,209,179	20,457,681	8,327,072
Others	4,101,222	2,257,597	3,588,976	2,031,770
Contingent Liabilities	41,744,781	37,451,144	51,043,517	50,148,452
Total	**215,384,978**	**113,706,418**	**197,402,723**	**126,512,179**

d) Credit Risk Exposure for each Internal Risk Rating

It is the Group’s policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group’s rating policy. The attributable risk ratings are assessed and updated regularly.

	2009	2008
Equivalent Grades		
AAA to AA-	61,915,423	33,121,927
A+ to A-	60,069,912	72,221,677
BBB+ to BBB-	1,069,172	5,034,519
BB+ to B-	4,000,180	5,317,480
Below B-	-	128,617
Unrated	88,330,291	81,578,503
Total	**215,384,978**	**197,402,723**

Unrated exposures represent credit facilities granted to corporations and individuals which do not have external credit ratings. Also, the ratings used by the Group are in line with the ratings and definitions published by international rating agencies. The above exposures include loans and advances which are neither past due nor impaired amounting to QR108,645 million (2008: QR99,754 million).

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Aging Analysis of Past Dues not Impaired per Category of Loans and Advances

	Less than 30 Days	31 - 60 Days	61 - 90 Days	Total
At 31 December 2009:				
Corporate Lending	111,392	40,775	2,818	154,985
Small Business Lending	4,323	854	34	5,211
Consumer Lending	16,440	20,106	10,407	46,953
Residential Mortgages	-	3,171	2,220	5,391
Total	**132,155**	**64,906**	**15,479**	**212,540**
At 31 December 2008:				
Corporate Lending	75,005	8,255	2,658	85,918
Small Business Lending	5,881	2,361	1,736	9,978
Consumer Lending	71,637	20,760	4,735	97,132
Total	**152,523**	**31,376**	**9,129**	**193,028**

f) Renegotiated Loans and Advances and Financing Activities

	2009	2008
Corporate Lending	87,485	10,762
Small Business Lending	36,736	-
Consumer Lending	623,386	523,113
Residential Mortgages	-	120,011
Total	**747,607**	**653,886**

g) Market Risk

The Group takes on exposure to market risks from interest rates, foreign exchange rates and equity prices due to general and specific market movements. The Group applies an internal methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Group has a set of limits on the value of risk that may be accepted, which is monitored on a daily basis.

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in Equity Indices %	Effect on Equity 2009	Change in Equity Indices %	Effect on Equity 2008
Market Indices				
Qatar Exchange	±10%	350,494	±10%	404,046

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

h) Operational Risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risks failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

i) Other Risks

Other risks to which the Group is exposed are regulatory risk, legal risk and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate.

j) Risk of Managing Customer Investments

The Group provides custody and corporate administration to third parties in relation to mutual funds marketed or managed by the Group. These services give rise to legal and operational risk. Such risks are mitigated through detailed daily procedures and internal audits to assure compliance. Note 34 lists mutual funds marketed by the Group.

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

k) Interest Rate Risk

Interest rate risk reflects the risk of a change in interest rates which might affect future earnings or the fair value of financial instruments. Exposure to interest rate risk is managed by the Group using, where appropriate, various off-balance sheet instruments, primarily interest rate swaps. Maturities of assets and liabilities have been determined on the basis of contractual pricing. The following table summarises the reprising profile of the Group's assets, liabilities and off-balance sheet exposures:

	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Non-Interest Sensitive	Total	Effective Interest Rate
At 31 December 2009:							
Cash and Balances with Central Banks	3,610,018	-	-	-	6,270,152	9,880,170	
Due from Banks	29,828,621	50,850	-	-	301,556	30,181,027	0.97%
Loans and Advances	83,800,287	9,962,959	526,632	-	14,493,383	108,783,261	6.48%
Investment Securities	781,323	843,278	10,693,706	9,587,133	5,870,985	27,776,425	6.21%
Other Assets	-	-	-	-	2,708,031	2,708,031	
Total Assets	**118,020,249**	**10,857,087**	**11,220,338**	**9,587,133**	**29,644,107**	**179,328,914**	
Due to Banks	19,795,801	696,915	-	-	301,327	20,794,043	0.91%
Repurchase Agreements	2,085,852	-	-	-	-	2,085,852	
Customer Deposits	86,818,954	9,833,895	506,882	-	11,612,765	108,772,496	3.32%
Other Borrowings	-	6,723,541	-	-	-	6,723,541	
Unrestricted Investment Accounts	17,099,719	-	-	-	-	17,099,719	
Other Liabilities	-	-	-	-	3,881,434	3,881,434	
Total Equity	-	-	-	-	19,971,829	19,971,829	
Total Liabilities and Equity	**125,800,326**	**17,254,351**	**506,882**	**-**	**35,767,355**	**179,328,914**	
Balance Sheet Items	(7,780,077)	(6,397,264)	10,713,456	9,587,133	(6,123,248)	-	
Off-Balance Sheet Items	638,562	5,772,834	(5,880,218)	(531,178)	-	-	
Interest Rate Sensitivity Gap	**(7,141,515)**	**(624,430)**	**4,833,238**	**9,055,955**	**(6,123,248)**	**-**	
Cumulative Interest Rate Sensitivity Gap	**(7,141,515)**	**(7,765,945)**	**(2,932,707)**	**6,123,248**	**-**	**-**	
At 31 December 2008:							
Cash and Balances with Central Banks	1,900,000	-	-	-	4,369,596	6,269,596	
Due from Banks	24,923,261	660,571	-	-	1,460,623	27,044,455	3.10%
Loans and Advances	86,949,136	5,915,622	162,640	-	7,026,092	100,053,490	6.66%
Investment Securities	1,081,727	1,186,275	2,846,070	1,209,751	10,087,733	16,411,556	5.24%
Other Assets	-	-	-	-	2,194,521	2,194,521	
Total Assets	**114,854,124**	**7,762,468**	**3,008,710**	**1,209,751**	**25,138,565**	**151,973,618**	
Due to Banks	17,558,490	1,418,043	-	-	744,726	19,721,259	2.78%
Repurchase Agreements	2,267,416	-	-	-	-	2,267,416	
Customer Deposits	78,075,618	6,031,191	340,553	-	10,525,603	94,972,965	3.51%
Other Borrowings	6,719,147	-	-	-	-	6,719,147	
Unrestricted Investment Accounts	9,279,672	-	-	-	-	9,279,672	
Other Liabilities	-	-	-	-	2,369,934	2,369,934	
Total Equity	-	-	-	-	16,643,225	16,643,225	
Total Liabilities and Equity	**113,900,343**	**7,449,234**	**340,553**	**-**	**30,283,488**	**151,973,618**	
Balance Sheet Items	953,781	313,234	2,668,157	1,209,751	(5,144,923)	-	
Off-Balance Sheet Items	762,713	997,069	(1,162,628)	(597,154)	-	-	
Interest Rate Sensitivity Gap	**1,716,494**	**1,310,303**	**1,505,529**	**612,597**	**(5,144,923)**	**-**	
Cumulative Interest Rate Sensitivity Gap	**1,716,494**	**3,026,797**	**4,532,326**	**5,144,923**	**-**	**-**	

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

l) Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's income statement. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of non-trading financial assets and financial liabilities including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing fixed rate available for sale financial assets, including the effect of any associated hedges and swaps designated as cash flow hedges. The sensitivity of equity is analysed by maturity of the asset or swap. Total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

			Sensitivity of Equity				
	Increase in Basis Points	Sensitivity of Net Interest Income 2009	Within 3 Months 2009	3 - 12 Months 2009	1 - 5 Years 2009	More than 5 Years 2009	Total 2009
Currency							
Qatari Riyal	10	(49)	8,116	(1,452)	2,441	3,435	12,540
US$	10	(3,720)	(4,878)	1,268	3,405	1,548	1,343
Euro	10	976	1,426	93	(32)	-	1,487
Pounds Sterling	10	249	392	105	(84)	-	413
Other Currencies	10	274	573	(302)	256	24	551

			Sensitivity of Equity				
	Decrease in Basis Points	Sensitivity of Net Interest Income 2009	Within 3 Months 2009	3 - 12 Months 2009	1 - 5 Years 2009	More than 5 Years 2009	Total 2009
Currency							
Qatari Riyal	10	1,719	(8,441)	725	(2,925)	(3,778)	(14,419)
US$	10	4,891	4,059	(1,387)	(3,179)	(1,702)	(2,209)
Euro	10	(782)	(1,509)	(102)	32	-	(1,579)
Pounds Sterling	10	(187)	(413)	(115)	85	-	(443)
Other Currencies	10	(227)	(621)	270	(260)	(26)	(637)

			Sensitivity of Equity				
	Increase in Basis Points	Sensitivity of Net Interest Income 2008	Within 3 Months 2008	3 - 12 Months 2008	1 - 5 Years 2008	More than 5 Years 2008	Total 2008
Currency							
Qatari Riyal	10	14,856	18,333	(1,392)	500	-	17,441
US$	10	(5,619)	(5,040)	(1,572)	3,907	1,295	(1,410)
Euro	10	1,161	1,817	(211)	93	-	1,699
Pounds Sterling	10	2,464	2,691	(83)	37	-	2,645
Other Currencies	10	(127)	(73)	11	112	69	119

			Sensitivity of Equity				
	Decrease in Basis Points	Sensitivity of Net Interest Income 2008	Within 3 Months 2008	3 - 12 Months 2008	1 - 5 Years 2008	More than 5 Years 2008	Total 2008
Currency							
Qatari Riyal	10	(6,929)	(19,856)	1,235	6,254	-	(12,367)
US$	10	11,213	4,203	1,336	865	(1,424)	4,980
Euro	10	(373)	(1,938)	187	484	-	(1,267)
Pounds Sterling	10	(1,326)	(2,940)	74	997	-	(1,869)
Other Currencies	10	303	47	(12)	21	(77)	(21)

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

m) Liquidity Risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or credit down grades, which may cause certain sources of funding to cease immediately. To mitigate this risk, the Group has a diversification of funding sources and a diversified portfolio of high quality liquid assets and readily marketable securities. The table below summarises the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's deposit retention history. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

	Within 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
At 31 December 2009:						
Cash and Balances with Central Banks	9,875,442	-	-	-	4,728	9,880,170
Due from Banks	24,588,888	4,535,023	962,444	94,672	-	30,181,027
Loans and Advances	49,314,289	11,375,984	28,380,140	14,615,323	5,097,525	108,783,261
Investment Securities	1,163,125	286,738	945,150	15,466,927	9,914,485	27,776,425
Other Assets	1,389,179	35,498	1,679	75,113	1,206,562	2,708,031
Total Assets	**86,330,923**	**16,233,243**	**30,289,413**	**30,252,035**	**16,223,300**	**179,328,914**
Due to Banks	17,106,810	5,222,587	489,062	6,784,977	-	29,603,436
Customer Deposits	78,529,793	17,420,923	12,307,548	514,232	-	108,772,496
Unrestricted Investment Accounts	11,994,388	3,555,278	1,550,053	-	-	17,099,719
Other Liabilities	1,831,400	583,173	267,972	203,356	20,967,362	23,853,263
Total Liabilities and Equity	**109,462,391**	**26,781,961**	**14,614,635**	**7,502,565**	**20,967,362**	**179,328,914**
Difference	(23,131,468)	(10,548,718)	15,674,778	22,749,470	(4,744,062)	-
At 31 December 2008:						
Cash and Balances with Central Banks	6,264,868	-	-	-	4,728	6,269,596
Due from Banks	25,082,300	1,079,279	788,222	94,654	-	27,044,455
Loans and Advances	51,165,668	17,038,904	13,226,928	16,538,800	2,083,190	100,053,490
Investment Securities	829,257	859,755	5,281,281	5,718,708	3,722,555	16,411,556
Other Assets	1,447,578	83,730	64,884	70,017	528,312	2,194,521
Total Assets	**84,789,671**	**19,061,668**	**19,361,315**	**22,422,179**	**6,338,785**	**151,973,618**
Due to Banks	16,892,426	3,611,523	1,418,043	6,785,830	-	28,707,822
Customer Deposits	78,698,455	10,193,164	5,659,927	421,419	-	94,972,965
Unrestricted Investment Accounts	6,591,155	2,199,460	489,057	-	-	9,279,672
Other Liabilities	1,294,222	97,581	43,474	126,133	17,451,749	19,013,159
Total Liabilities and Equity	**103,476,258**	**16,101,728**	**7,610,501**	**7,333,382**	**17,451,749**	**151,973,618**
Difference	(18,686,587)	2,959,940	11,750,814	15,088,797	(11,112,964)	-

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

n) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that customers will not request repayment before the contractual repayment date.

The Group maintains a portfolio of highly marketable and diverse assets readily liquefiable in the event of an unforeseen interruption to cash flow. The Group maintains statutory reserves with Qatar Central Bank and other Central Banks. Liquidity is assessed and managed using a variety of stressed scenarios applicable to the Group.

	One month	1 - 3 months	3 - 12 months	1 - 5 years	Total
At 31 December 2009:					
Due to Banks	15,219,354	5,291,567	495,522	62,247	21,068,690
Repurchase Agreements	2,096,562	-	-	-	2,096,562
Derivative Financial Instruments					
- Contractual Amounts Payable	2,672,631	3,674,743	12,547,961	4,410,097	23,305,432
- Contractual Amounts Receivable	(2,676,204)	(3,679,656)	(12,564,737)	(4,415,993)	(23,336,590)
Customer Deposits	91,719,827	21,253,254	14,040,630	521,023	127,534,734
Other Borrowings	-	-	-	6,723,659	6,723,659
Total Liabilities	**109,032,170**	**26,539,908**	**14,519,376**	**7,301,033**	**157,392,487**
At 31 December 2008:					
Due to Banks	17,037,206	1,355,627	1,430,197	67,254	19,890,284
Repurchase Agreements	-	2,289,386	-	-	2,289,386
Derivative Financial Instruments					
- Contractual Amounts Payable	6,728,219	1,140,253	92,048	4,889,126	12,849,646
- Contractual Amounts Receivable	(6,730,334)	(1,140,612)	(92,077)	(4,890,663)	(12,853,686)
Customer Deposits	85,686,310	12,450,265	6,177,584	423,379	104,737,538
Other Borrowings	-	-	-	6,789,219	6,789,219
Total Liabilities	**102,721,401**	**16,094,919**	**7,607,752**	**7,278,315**	**133,702,387**

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

o) Liquidity Risk and Funding Management

The table below summarises the contractual expiry dates by maturity of contingent liabilities:

	On Demand	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
At 31 December 2009:						
Contingent Liabilities	178,989	14,765,662	14,378,858	10,879,380	1,541,892	41,744,781
At 31 December 2008:						
Contingent Liabilities	129,554	14,195,545	23,115,059	12,649,432	953,927	51,043,517

p) Currency Risk

The Group takes on exposure to the effect of fluctuations in prevailing foreign currency exchange rates on its financial position. The Group has a set of limits on the level of currency exposure, which are monitored daily. The Group has the following significant net exposures denominated in foreign currencies:

	QR	US$	Euro	Pounds Sterling	Other Currencies	Total
At 31 December 2009:						
Assets	113,669,015	47,130,386	6,711,530	3,083,603	8,734,380	179,328,914
Liabilities and Equity	97,622,327	67,670,692	5,923,614	3,288,831	4,823,450	179,328,914
Net Balance Sheet Position	**16,046,688**	**(20,540,306)**	**787,916**	**(205,228)**	**3,910,930**	**-**
At 31 December 2008:						
Assets	70,495,439	58,843,751	9,163,028	5,518,918	7,952,482	151,973,618
Liabilities and Equity	67,760,188	66,095,617	8,796,328	5,897,062	3,424,423	151,973,618
Net Balance Sheet Position	**2,735,251**	**(7,251,866)**	**366,700**	**(378,144)**	**4,528,059**	**-**

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

q) Currency Risk - Effect of Change in Fair Value of Currency

The table below indicates the effect of a reasonably possible movement of the currency rate against the Qatari Riyal on the income statement, with all other variables held constant:

	Change in Currency Rate	Effect on Income Statement	
	%	2009	2008
Currency			
US$	+2	(410,806)	(145,037)
Euro	+3	23,637	11,001
Pounds Sterling	+2	(4,105)	(7,563)
Other Currencies	+3	117,328	135,842
US$	-2	410,806	145,037
Euro	-3	(23,637)	(11,001)
Pounds Sterling	-2	4,105	7,563
Other Currencies	-3	(117,328)	(135,842)

r) Capital Management

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by Qatar Central Bank in supervising the Group.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

s) Capital Adequacy

	2009	2008
Tier 1 Capital	13,856,775	13,170,148
Tier 2 Capital	-	215,354
Total Capital	**13,856,775**	**13,385,502**
Risk Weighted Assets	**105,248,653**	**96,056,020**
Tier 1 Capital ratio	13.2%	13.7%
Total Capital ratio	13.2%	13.9%

Tier 1 capital includes issued capital, statutory reserve, other reserves and retained earnings including current year profit and excluding proposed dividend.

Tier 2 capital includes risk reserve (up to 1.25% of risk weighted assets) and 45% of the fair value reserve and currency translation adjustment if the balance is positive and 100% if negative.

The minimum accepted capital adequacy ratio is 10% under Qatar Central Bank requirements and 8% under Basel Committee on Banking Supervision requirements.

(All amounts are shown in thousands of Qatari Riyals)

4. CASH AND BALANCES WITH CENTRAL BANKS

	2009	2008
Cash	532,015	399,531
Cash Reserve with Qatar Central Bank	4,808,011	3,557,278
Other Balances with Qatar Central Bank	3,733,387	2,312,091
Balances with Other Central Banks	806,757	696
Total	**9,880,170**	**6,269,596**

Cash reserve with Qatar Central Bank is a mandatory reserve and cannot be used to fund the Group's day-to-day operations.

5. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2009	2008
Current Accounts	643,330	2,868,605
Placements	28,546,136	22,406,573
Loans	991,561	1,769,277
Total	**30,181,027**	**27,044,455**

6. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

a) By Type

(i) Conventional Banking Loans and Advances

	2009	2008
Loans	86,108,265	91,109,436
Overdrafts	9,035,750	2,763,216
Bills Discounted	12,477	2,704
	95,156,492	**93,875,356**
Specific Provision for Credit Losses of Loans and Advances	(871,437)	(613,533)
Net Conventional Banking Loans and Advances	**94,285,055**	**93,261,823**

(ii) Financing Activities

	2009	2008
Murabaha and Musawama	13,915,793	4,833,687
Musharaka	683,401	682,862
Mudaraba	110,758	39,299
Istisna	57,763	6,541
Ijara	3,809,383	2,485,271
Others	3,353	8,685
	18,580,451	**8,056,345**
Specific Provision for Credit Losses of Financing Activities	(52,169)	(11,428)
Financing Activities Deferred Profit	(4,030,076)	(1,253,250)
Net Financing Activities	**14,498,206**	**6,791,667**
Net Loans and Advances and Financing Activities	**108,783,261**	**100,053,490**

(All amounts are shown in thousands of Qatari Riyals)

6. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS (CONTINUED)

During the year, the Group disposed off certain loans and advances to the Government of Qatar as part of the Government assistance program for Qatari banks, in consideration for State of Qatar bonds.

The aggregate amount of non-performing loans and advances and financing activities amounted to QR849.0 million, which represents 0.7% of total loans and advances and financing activities (2008: QR731.5 million, 0.7% of total loans and advances and financing activities).

Specific provision for credit losses of loans and advances and financing activities includes QR201.0 million of interest and profit in suspense (2008: QR134.4 million).

b) By Industry

	Loans & Advances	Overdrafts	Bills Discounted	Financing Activities	Total
At 31 December 2009:					
Government	21,496,592	6,919,606	-	9,101	28,425,299
Government Agencies	19,876,748	126,874	-	5,056,627	25,060,249
Industry	1,901,096	5,528	9,235	276,599	2,192,458
Commercial	2,483,867	150,807	3,026	2,730,271	5,367,971
Services	13,601,434	182,665	-	979,620	14,763,719
Contracting	1,680,724	367,209	-	196,862	2,244,795
Real Estate	9,675,200	108	-	6,082,237	15,757,545
Personal	11,890,360	1,049,068	216	2,993,925	15,933,569
Others	3,502,244	233,885	-	255,209	3,991,338
Total	**86,108,265**	**9,035,750**	**12,477**	**18,580,451**	**113,736,943**
At 31 December 2008:					
Government	5,811,612	24,433	-	-	5,836,045
Government Agencies	36,721,492	693,716	-	251,334	37,666,542
Industry	3,346,531	19,046	-	182,541	3,548,118
Commercial	4,054,854	149,157	2,488	180,508	4,387,007
Services	11,912,129	597,342	-	744,720	13,254,191
Contracting	1,187,887	235,626	-	174,776	1,598,289
Real Estate	8,856,660	-	-	3,402,680	12,259,340
Personal	17,762,860	584,292	216	2,551,525	20,898,893
Others	1,455,411	459,604	-	568,261	2,483,276
Total	**91,109,436**	**2,763,216**	**2,704**	**8,056,345**	**101,931,701**

The amounts above include both conventional banking and Islamic banking gross figures before subtracting specific provision for credit losses and deferred profit.

c) Movement in Provisions for Credit Losses of Loans and Advances and Financing Activities

	2009	2008
Balance at 1 January	624,961	408,318
Foreign Currency Translation	1,859	(6,519)
Net Provisions during the Year	306,490	252,950
Provisions Made during the Year	474,442	463,039
Recoveries during the Year	(167,952)	(210,089)
Written off during the Year	(9,704)	(29,788)
Balance at 31 December	**923,606**	**624,961**

(All amounts are shown in thousands of Qatari Riyals)

6. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS (CONTINUED)

d) Provisions for Credit Losses on Loans and Advances and Financing Activities

	Corporate Lending	Small Business Lending	Consumer Lending	Residential Mortgages	Total
Balance at 1 January 2009	112,362	10,122	424,258	78,219	624,961
Foreign Currency Translation	(80)	-	10	1,929	1,859
Provisions Made during the Year	50,882	36,244	339,127	48,189	474,442
Recoveries during the Year	(69,491)	(8,268)	(69,302)	(20,891)	(167,952)
Written off during the Year	(1,998)	-	(7,706)	-	(9,704)
Balance at 31 December 2009	**91,675**	**38,098**	**686,387**	**107,446**	**923,606**
Balance at 1 January 2008	142,401	740	241,218	23,959	408,318
Foreign Currency Translation	(111)	-	57	(6,465)	(6,519)
Provisions Made during the Year	77,651	9,673	314,672	61,043	463,039
Recoveries during the Year	(85,862)	(107)	(123,802)	(318)	(210,089)
Written off during the Year	(21,717)	(184)	(7,887)	-	(29,788)
Balance at 31 December 2008	**112,362**	**10,122**	**424,258**	**78,219**	**624,961**

e) Net Provisions for Credit Losses during the Year

	2009	2008
Corporate Lending	(20,842)	(19,975)
Small Business Lending	(27,399)	(8,115)
Consumer Lending	(205,155)	(159,394)
Residential Mortgages	(27,710)	(60,209)
Total	**(281,106)**	**(247,693)**

(All amounts are shown in thousands of Qatari Riyals)

7. INVESTMENT SECURITIES

Investments as at 31 December 2009 totaled QR23,333 million (2008: QR11,815 million). The analysis of investment securities is detailed below:

a) Available for Sale Financial Investments

	2009		2008	
	Quoted	Unquoted	Quoted	Unquoted
Equities	654,214	126,782	3,398,016	370,720
State of Qatar Debt Securities	646,007	3,000,000	204,359	1,001,502
Other Debt Securities	614,111	130,534	416,066	73,066
Mutual Funds	37,203	634,236	71,102	1,651,251
Total	**1,951,535**	**3,891,552**	**4,089,543**	**3,096,539**

Fixed rate securities and floating rate securities amounted to QR3,928 million and QR488.3 million respectively (2008: QR1,420 million and QR274.7 million respectively).

During the year, the Group disposed off certain available for sale equity securities listed on the Qatar Exchange to the Government of Qatar at a sales price of QR4,013 million, comprising cash of QR1,788 million and a five year term bond of QR2,225 million at an interest yield of 5.5% per annum. This sales price was equal to cost less impairment booked for these securities, hence there is no impact on the income statement for the period. The available for sale reserve amount transferred from equity in relation to this sale was QR917 million.

b) Held to Maturity Financial Investments

	2009		2008	
	Quoted	Unquoted	Quoted	Unquoted
- By Issuer				
State of Qatar Debt Securities	701,581	12,970,938	920,537	419,604
Other Debt Securities	2,664,385	1,152,768	2,372,425	916,264
Total	**3,365,966**	**14,123,706**	**3,292,962**	**1,335,868**
- By Interest Rate				
Fixed Rate Securities	2,635,236	13,986,544	2,411,875	1,236,080
Floating Rate Securities	730,730	137,162	881,087	99,788
Total	**3,365,966**	**14,123,706**	**3,292,962**	**1,335,868**

The carrying amount and fair value of securities pledged under repurchase agreements amounted to QR2,086 million and QR2,105 million respectively (2008: QR2,267 million and QR2,187 million respectively).

Impairment losses on financial investments amounted to QR81.0 million while recoveries amounted to QR7.2 million

(All amounts are shown in thousands of Qatari Riyals)

8. INVESTMENTS IN ASSOCIATES

	2009	2008
Balance at 1 January	4,596,644	2,703,546
Foreign Currency Translation	46,452	(102)
Investments Acquired during the Year	100,688	1,798,512
Share in Profit	292,795	200,299
Cash Dividend	(118,147)	(121,599)
Associates Sold / Transferred	(475,662)	(269)
Other Movements	896	16,257
Balance at 31 December	**4,443,666**	**4,596,644**

Name of Associate	Country	Ownership %	
Mansoor Bank	Iraq	23.1	23.1
Housing Bank for Trade and Finance	Jordan	34.0	33.2
Al Jazeera Islamic Company	Qatar	20.0	20.0
Commercial Bank International	UAE	23.8	23.8
Tunisian Qatari Bank	Tunisia	50.0	50.0

The published share prices for Housing Bank for Trade and Finance and Commercial Bank International as at 31 December 2009 are QR36.5 and QR1.50 respectively (2008: QR41.9 and QR1.64 respectively). All other investments are not listed. Moreover, total assets of Housing Bank for Trade and Finance, Commercial Bank International and Al Jazeera Islamic Company amounted to QR29,029 million, QR11,422 million and QR2,554 million respectively, based on the reviewed financial information as at 30 September 2009. Also, total revenue for Housing Bank for Trade and Finance, Commercial Bank International and Al Jazeera Islamic Company amounted to QR992.9 million, QR400.4 million and QR216.2 million respectively for the nine months period ended 30 September 2009.

(All amounts are shown in thousands of Qatari Riyals)

9. PROPERTY AND EQUIPMENT

	Land & Buildings	Leasehold Improvements	Equipment & Furniture	Motor Vehicles	Total
At 31 December 2009:					
Cost:					
Balance at 1 January	465,860	199,202	450,138	974	1,116,174
Additions / Transfers	88,677	74,054	76,971	535	240,237
Disposals	(72,344)	(36,192)	(123,724)	(271)	(232,531)
Foreign Currency Translation	13,333	4,807	11,331	(8)	29,463
	495,526	**241,871**	**414,716**	**1,230**	**1,153,343**
Accumulated Depreciation:					
Balance at 1 January	99,648	77,919	320,068	302	497,937
Charged during the Year	11,467	37,868	61,541	122	110,998
Disposals	(47,206)	(19,319)	(118,687)	(112)	(185,324)
Foreign Currency Translation	4,023	2,524	10,155	(6)	16,696
	67,932	**98,992**	**273,077**	**306**	**440,307**
Net Carrying Amount	**427,594**	**142,879**	**141,639**	**924**	**713,036**
At 31 December 2008:					
Cost:					
Balance at 1 January	613,962	96,817	455,960	840	1,167,579
Additions / Transfers	148,665	110,214	84,787	706	344,372
Disposals	(178,774)	(4,574)	(55,443)	(572)	(239,363)
Foreign Currency Translation	(117,993)	(3,255)	(35,166)	-	(156,414)
	465,860	**199,202**	**450,138**	**974**	**1,116,174**
Accumulated Depreciation:					
Balance at 1 January	101,041	63,386	350,939	717	516,083
Charged during the Year	26,815	19,130	54,978	92	101,015
Disposals	(7,823)	(3,460)	(53,251)	(506)	(65,040)
Foreign Currency Translation	(20,385)	(1,137)	(32,598)	(1)	(54,121)
	99,648	**77,919**	**320,068**	**302**	**497,937**
Net Carrying Amount	**366,212**	**121,283**	**130,070**	**672**	**618,237**

10. OTHER ASSETS

	2009	2008
Interest Receivable	1,249,413	537,726
Prepaid Expenses	33,760	30,842
Capital Expenditure in Progress	220,950	136,168
Properties Acquired Against Settlement of Debts	360	360
Positive Fair Value of Derivatives (Note 33)	89,004	61,418
Sundry Debtors	202,092	63,559
Others	199,416	746,211
Total	**1,994,995**	**1,576,284**

Properties acquired against settlement of debts are disclosed net of revaluation provision amounting to QR0.1 million (2008: QR0.1 million).

(All amounts are shown in thousands of Qatari Riyals)

11. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2009	2008
Balances Due to Central Banks	777,550	1,353,441
Current Accounts	843,104	1,167,537
Deposits	19,173,389	17,200,281
Total	**20,794,043**	**19,721,259**

12. CUSTOMER DEPOSITS

a) By Type

(i) Conventional Banking Customer Deposits

	2009	2008
Current and Call Accounts	35,701,714	46,594,045
Saving Accounts	925,999	881,831
Time Deposits	70,435,794	46,414,995
	107,063,507	**93,890,871**
(ii) Islamic Banking Current Accounts	**1,708,989**	**1,082,094**
Total	**108,772,496**	**94,972,965**

Customer deposits include QR123.0 million of margins held for direct and indirect facilities (2008: QR262.2 million).

b) By Sector

	2009	2008
Government	8,963,904	19,133,647
Government Agencies	43,058,356	32,590,765
Individuals	19,502,658	16,135,177
Corporate	37,247,578	27,113,376
Total	**108,772,496**	**94,972,965**

13. OTHER BORROWINGS

Other borrowings represent a syndicated term loan amounting to USD1.85 billion (QR6,715 million). This is an unsecured bullet repayment loan facility due on 24 July 2012. Interest rate on the loan is 19.5 bp above LIBOR.

(All amounts are shown in thousands of Qatari Riyals)

14. OTHER LIABILITIES

	2009	2008
Interest Payable	1,396,666	745,968
Expense Payable	284,346	218,358
Other Provisions (Note 15)	44,627	39,505
Tax Payable	18,408	11,086
Negative Fair Value of Derivatives (Note 33)	162,117	355,154
Unearned Revenue	477,099	264,084
Others	1,498,171	735,779
Total	**3,881,434**	**2,369,934**

15. OTHER PROVISIONS

	Staff Indemnity	Legal Provision	Total 2009	Total 2008
Balance at 1 January	36,864	2,641	39,505	34,667
Foreign Currency Translation	-	186	186	(621)
Provisions Made during the Year	5,024	3,950	8,974	9,315
	41,888	**6,777**	**48,665**	**43,361**
Provisions Paid and Written off during the Year	(3,566)	(472)	(4,038)	(3,856)
Balance at 31 December	**38,322**	**6,305**	**44,627**	**39,505**

16. UNRESTRICTED INVESTMENT ACCOUNTS

a) By Type

	2009	2008
Call Accounts	2,831,873	2,225,262
Saving Accounts	413,618	329,374
Time Deposits	13,854,228	6,725,036
Total	**17,099,719**	**9,279,672**

b) By Sector

Customers	13,437,213	7,610,500
Banks and Other Financial Institutions	3,662,506	1,669,172
Total	**17,099,719**	**9,279,672**

Following are the Profit Distribution Rates for Unrestricted Investment Accounts:

	2009 %	2008 %
One Year Term	5.62	5.35
Nine Months Term	5.62	5.35
Six Months Term	5.29	5.03
Three Months Term	4.96	4.72
Saving Accounts	3.31	3.15
Call Accounts	3.31	3.15

(All amounts are shown in thousands of Qatari Riyals)

17. EQUITY

a) Issued Capital

The authorised, issued and fully paid up share capital of the Bank totaling QR3,011 million consists of 301,120,792 ordinary shares of QR10 each (2008: 240,896,634 shares of QR10 each). Qatar Investment Authority holds 50% of the ordinary shares of the Bank with the remaining 50% held by members of the public.

The table below shows the number of shares outstanding at the beginning and end of the year:

	2009	2008
Number of Shares Outstanding at the Beginning of the Year	240,896,634	182,497,450
Bonus Shares	60,224,158	40,149,439
Rights Issue	-	18,249,745
Number of Shares Outstanding at the End of the Year	**301,120,792**	**240,896,634**

b) Statutory Reserve

In accordance with Qatar Central Bank Law, at least 20% of profit for the year is required to be transferred to the statutory reserve until the reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in the Qatar Commercial Companies Law No. 5 of 2002 and after Qatar Central Bank approval. As bonus shares are proposed, an increase in the statutory reserve is proposed equivalent to the increase in capital to enhance the financial position of the Group.

The proceeds received from the rights issue, net of any directly attributable transaction costs, are directly credited to share capital (nominal value of shares) and statutory reserve (share premium on rights issue) when shares have been issued higher than their nominal value as per Qatar Commercial Companies Law No. 5 of 2002.

c) Other Reserves

Other reserves represent mainly a general reserve which, in accordance with the Bank's Articles of Association, shall be employed according to a resolution of the General Assembly upon the recommendation from the Board of Directors and after Qatar Central Bank approval. Currency translation adjustments and share of changes recognised directly in associates' equity are not available for distribution. Details of other reserves are as follows:

	2009	2008
General Reserve	1,770,034	1,770,034
Currency Translation Adjustments	(13,887)	6,641
Share of Changes Recognised Directly in Associates' Equity, Excluding Share in Profit	13,239	13,112
Total	**1,769,386**	**1,789,787**

d) Risk Reserve

In accordance with Qatar Central Bank regulations, a risk reserve is made to cover contingencies on loans and advances and financing activities, with a minimum requirement of 1.5% of the total direct facilities after excluding provisions for credit losses, deferred profits, exposures granted to or guaranteed by Government and exposures against cash collaterals.

(All amounts are shown in thousands of Qatari Riyals)

17. EQUITY (CONTINUED)

e) Fair Value Reserve

	Cash Flow Hedges	Available for Sale Investments	Total 2009	Total 2008
Balance at 1 January	(189,395)	(84,772)	(274,167)	2,346,658
Revaluation Impact	49,460	851,042	900,502	(2,063,175)
Reclassified to Income Statement	-	(137,188)	(137,188)	(557,650)
Net Movement during the Year	**49,460**	**713,854**	**763,314**	**(2,620,825)**
Balance at 31 December	**(139,935)**	**629,082**	**489,147**	**(274,167)**

Fair value reserve for available for sale financial investments as at 31 December 2009 includes a negative fair value amounting to QR4.1 million (2008: QR488.6 million).

f) Retained Earnings

Retained earnings include the Group's share in profit of associates amounting to QR292.8 million (2008: QR200.3 million). These profits are distributable to the shareholders only to the extent of the cash received.

g) Dividend Paid and Proposed

The Board of Directors have proposed a cash dividend of 40% of the nominal share value (QR4.0 per share) and a bonus share of 30% of the share capital for the year ended 31 December 2009 (2008: cash dividend 75% of the nominal share value (QR7.5 per share) and a bonus share of 25% of the share capital). The amounts are subject to the approval of the General Assembly.

18. NON CONTROLLING INTEREST

Represents the non - controlling interest in QNB Syria amounting to 51% of the share capital.

19. INTEREST INCOME

	2009	2008
Due from Central Banks	86,851	27,890
Due from Banks and Other Financial Institutions	115,929	696,092
Debt Securities	1,059,816	316,948
Loans and Advances	5,132,238	5,075,208
Total	**6,394,834**	**6,116,138**

20. INTEREST EXPENSE

	2009	2008
Due to Banks and Other Financial Institutions	551,520	1,122,314
Customer Deposits	2,465,985	2,397,163
Others	63,073	87,228
Total	**3,080,578**	**3,606,705**

Notes to the Consolidated Financial Statements
For the Year Ended 31 December **2009**

(All amounts are shown in thousands of Qatari Riyals)

21. INCOME FROM ISLAMIC FINANCING AND INVESTING ACTIVITIES

	2009	2008
Due from Banks and Other Financial Institutions	181,843	230,171
Investing Activities	37,797	21,061
Financing Activities	681,232	437,903
Total	**900,872**	**689,135**

22. FEE AND COMMISSION INCOME

	2009	2008
Loans and Advances	505,938	508,290
Off Balance Sheet Items	141,334	106,370
Bank Services	196,886	171,660
Investment Activities for Customers	144,145	157,631
Others	42,734	48,606
Total	**1,031,037**	**992,557**

23. DIVIDEND INCOME

	2009	2008
Available for Sale Securities	204,023	136,199
Mutual Funds	939	1,325
Total	**204,962**	**137,524**

24. NET GAINS FROM FOREIGN CURRENCY TRANSACTIONS

	2009	2008
Dealing in Foreign Currencies	296,427	148,859
Revaluation of Assets and Liabilities	5,508	177,058
Revaluation of Derivatives	2,874	1,949
Total	**304,809**	**327,866**

25. NET GAINS FROM FINANCIAL INVESTMENTS

	2009	2008
Net Gains from Sale of Available for Sale Financial Investments	142,266	569,286
Total	**142,266**	**569,286**

26. OTHER OPERATING INCOME

Other operating income for the year 2008 includes a net profit on a sale and operating leaseback transaction amounting to QR76.2 million related to Ansbacher Holdings Head Office.

(All amounts are shown in thousands of Qatari Riyals)

27. GENERAL AND ADMINISTRATIVE EXPENSES

	2009	2008
Staff Costs	569,330	562,377
Staff Pension Fund Costs	11,462	10,497
Staff Indemnity Costs	5,024	9,014
Training	14,616	13,455
Advertising	96,213	95,128
Professional Fees	79,332	47,955
Communication and Insurance	63,178	45,229
Occupancy and Maintenance	75,060	75,785
Computer and IT Costs	46,582	38,765
Printing and Stationary	8,290	6,510
Directors' Fees	10,280	11,500
Others	16,493	25,160
Total	**995,860**	**941,375**

28. DISCONTINUED OPERATIONS

During the year, the Group disposed off the Bahamas business which is part of QNB International Holdings Limited subsidiary. The comparative income statement has been restated to show the discontinued operations separately from continuing operations. Total revenue for the year till the date of disposal amounted to QR33.0 million (2008: QR84.8 million) and total expenses amounted to QR18.8 million (2008: 83.1 million). At the date of disposal, the Bahamas operations comprised assets of QR587 million and liabilities of QR1,335 million, held at the lower of carrying value and fair value less costs to sell in accordance with IFRS 5 - "Non current assets held for sale and discontinued operations".

29. EARNINGS PER SHARE

Earnings per share for the Group are calculated by dividing profit for the year by the weighted average number of ordinary shares in issue during the year.

	2009	2008
Profit for the Year Attributable to Equity Holders of the Parent	4,201,723	3,652,545
Weighted Average Number of Shares	301,120,792	297,322,881
Earnings Per Share (QR)	**14.0**	**12.3**

The weighted average number of shares have been calculated as follows:

	2009	2008
Qualifying Shares at the Beginning of the Year	240,896,634	182,497,451
Effect of Bonus Share Issue	60,224,158	96,723,648
Effect of Rights Issue	-	18,101,782
Total	**301,120,792**	**297,322,881**

There were no potentially dilutive shares outstanding at any time during the year, therefore, the diluted earnings per share are equal to the basic earnings per share.

(All amounts are shown in thousands of Qatari Riyals)

30. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

a) Contingent Liabilities

	2009	2008
Unused Facilities	13,280,872	13,512,538
Acceptances	385,565	1,107,848
Guarantees	13,937,897	19,598,413
Letters of Credit	5,923,446	8,071,390
Others	8,217,001	8,753,328
Total	**41,744,781**	**51,043,517**

b) Other Commitments

	2009	2008
Forward Foreign Exchange Contracts	23,336,590	12,853,686
Interest Rate Swaps	22,796,440	13,167,063
Options, Caps and Floors	885,356	1,141,551
Mutual Funds	10,175,301	10,639,191
Total	**57,193,687**	**37,801,491**

Unused Facilities
Commitments to extend credit represent contractual commitments to make loans and revolving credits. The majority of these expire in the next year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Acceptances, Guarantees and Letters of Credit
Acceptances, guarantees and letters of credit commit the Group to make payments on behalf of customers in the event of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

31. OPERATING SEGMENTS

The Group organises and manages its operations through six main business segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group management committee reviews internal management reports on at least a quarterly basis. The strategic business units offer different products and services and are managed separately because they require different strategies.

Corporate Banking
Corporate banking includes loans, deposits, investment and advisory services and other products and services with corporate customers and undertakes the Group's funding and centralised risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short term placements, corporate and government debt securities.

Consumer banking
Consumer banking includes loans, deposits and other diversified range of products and services to retail customers.

Asset and Wealth Management
Assets and wealth management includes loans, deposits, assets management, brokerage and custody services to the high wealth customers.

(All amounts are shown in thousands of Qatari Riyals)

31. OPERATING SEGMENTS (CONTINUED)

Islamic banking
Islamic banking includes islamic financing activities, current accounts, unrestricted investment accounts and other products and services to corporate and individual customers under Sharia principles

QNB International Holdings Limited (QIHL)
Includes loans, deposits and other products and services in the Group's subsidiary QNB International Holding Limited in London.

International Banking
International banking includes loans, deposits and other products and services with corporate and individual customers in the Group's international locations.

	Qatar Operation							
	Corporate Banking	Consumer Banking	Asset and Wealth Management	Islamic Banking	QIHL (Subsidiary)	International Banking	Unallocated and Intra-group Transactions	Total
At 31 December 2009:								
Net Operating Income	2,531,219	784,546	293,879	487,569	90,992	782,681	686,291	5,657,177
General and Administrative Expenses	(224,492)	(415,926)	(20,020)	(68,234)	(141,259)	(108,219)	(17,710)	(995,860)
Profit / (Loss)	2,267,678	161,525	255,811	377,717	(43,631)	645,575	537,048	4,201,723
Total Assets	105,749,783	8,249,229	7,116,863	20,832,292	2,096,189	52,762,632	(17,478,074)	179,328,914
At 31 December 2008:								
Net Operating Income	2,380,955	811,037	275,469	402,268	289,951	495,895	435,575	5,091,150
General and Administrative Expenses	(154,118)	(358,093)	(19,748)	(61,309)	(245,325)	(96,921)	(5,861)	(941,375)
Profit	1,980,287	291,303	220,756	331,322	18,224	384,497	426,156	3,652,545
Total Assets	98,051,196	6,949,958	5,863,515	12,995,986	3,551,357	48,620,845	(24,059,239)	151,973,618

(All amounts are shown in thousands of Qatari Riyals)

32. GEOGRAPHICAL DISTRIBUTION

	Qatar	Other GCC Countries	Europe	North America	Others	Total
At 31 December 2009:						
Cash and Balances with Central Banks	9,031,973	140,551	9,431	-	698,215	9,880,170
Due from Banks	4,357,296	2,479,975	20,409,170	2,424,724	509,862	30,181,027
Loans and Advances	96,851,086	5,296,562	3,680,727	1,682,869	1,272,017	108,783,261
Investment Securities	20,914,624	2,654,055	53,446	159,818	3,994,482	27,776,425
	131,154,979	**10,571,143**	**24,152,774**	**4,267,411**	**6,474,576**	**176,620,883**
Other Assets						2,708,031
Total Assets						**179,328,914**
Due to Banks	3,967,913	6,690,089	9,695,467	1,169,736	8,080,231	29,603,436
Customer Deposits	86,064,717	3,774,483	1,789,259	54,215	17,089,822	108,772,496
Unrestricted Investment Accounts	16,075,817	323,626	144,596	-	555,680	17,099,719
	106,108,447	**10,788,198**	**11,629,322**	**1,223,951**	**25,725,733**	**155,475,651**
Other Liabilities						3,881,434
Total Equity						19,971,829
Total Liabilities and Equity						**179,328,914**
At 31 December 2008:						
Cash and Balances with Central Banks	5,856,430	331,080	9,170	-	72,916	6,269,596
Due from Banks	7,716,632	6,531,076	7,302,892	4,410,719	1,083,136	27,044,455
Loans and Advances	83,259,934	6,136,221	6,949,167	2,106,921	1,601,247	100,053,490
Investment Securities	9,447,649	2,515,481	397,677	186,136	3,864,613	16,411,556
	106,280,645	**15,513,858**	**14,658,906**	**6,703,776**	**6,621,912**	**149,779,097**
Other Assets						2,194,521
Total Assets						**151,973,618**
Due to Banks	8,104,487	5,051,579	9,571,218	3,119	5,977,419	28,707,822
Customer Deposits	77,644,476	633,170	3,669,263	349,813	12,676,243	94,972,965
Unrestricted Investment Accounts	8,719,341	364,100	189,855	2	6,374	9,279,672
	94,468,304	**6,048,849**	**13,430,336**	**352,934**	**18,660,036**	**132,960,459**
Other Liabilities						2,369,934
Total Equity						16,643,225
Total Liabilities and Equity						**151,973,618**

(All amounts are shown in thousands of Qatari Riyals)

33. DERIVATIVES

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, or market risk.

				Notional / Expected amount by term to maturity			
	Positive Fair Value	Negative Fair Value	Notional Amount	Within 3 Months	3 - 12 Months	1-5 Years	More than 5 Years
At 31 December 2009:							
Derivatives Held for Trading:							
Forward Foreign Exchange Contracts	71,538	18,706	23,336,590	6,355,860	12,564,737	4,415,993	-
Options	3,211	3,166	625,697	496,980	-	128,717	-
Credit Default Swaps	-	146	72,810	-	-	72,810	-
Caps and Floors	131	131	186,849	17,486	67,446	101,917	-
Interest Rate Swaps	14,091	-	16,354,829	-	3,422,069	7,456,917	5,475,843
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	33	139,968	6,441,611	62,981	111,735	5,735,716	531,179
Total	**89,004**	**162,117**	**47,018,386**	**6,933,307**	**16,165,987**	**17,912,070**	**6,007,022**
At 31 December 2008:							
Derivatives Held for Trading:							
Forward Foreign Exchange Contracts	47,180	162,640	12,853,686	7,870,946	92,077	4,890,663	-
Options	1,253	1,253	264,869	57,397	71,649	135,823	-
Credit Default Swaps	597	182	145,620	-	72,810	72,810	-
Caps and Floors	1,628	1,628	731,062	-	100,325	630,737	-
Interest Rate Swaps	10,703	-	11,208,971	-	7,281	6,416,573	4,785,117
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	57	189,451	1,958,092	-	384,073	976,866	597,153
Total	**61,418**	**355,154**	**27,162,300**	**7,928,343**	**728,215**	**13,123,472**	**5,382,270**

(All amounts are shown in thousands of Qatari Riyals)

33. DERIVATIVES (CONTINUED)

Swaps

Swaps are commitments to exchange one set of cash flows for another. In the case of interest rate swaps, counterparties generally exchange fixed and floating interest payments in a single currency without exchanging principal. In the case of currency swaps, fixed interest payments and principal are exchanged in differentcurrencies. In the case of cross-currency interest rate swaps, principal, fixed and floating interest payments are exchanged in different currencies. In the case of credit default swaps the counterparties agree to make payments with respect to defined credit events based on specified notional amounts.

Forwards and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and interest rate futures are transacted in standardised amounts on regulated exchanges and changes in future contract values are settled daily.

Forward rate agreements

Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement for the difference between a contracted interest rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Caps and floors

An interest rate cap or floor is a contractual arrangement under which the buyer receives money at the end of each specific period in which the agreed interest rates exceeds or is below the agreed strike price of the cap or floor.

Derivatives Held for Hedging Purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves reducing the Group's exposure to fluctuations in foreign exchange rates and interest rates to acceptable levels within the guidelines issued by Qatar Central Bank. The Group has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Group has established a level of interest rate risk by setting limits on interest rate gaps for stipulated periods. Asset and liability interest rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce interest rate gaps to within the established limits.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to adjust its own exposure to currency and interest rate risks. This is generally achieved by hedging specific transactions in the balance sheet.

The Group uses interest rate swaps to hedge against the cash flow risk arising on certain floating rate liabilities. In such cases, the hedging relationship and objective, including details of the hedged items and hedging instruments, are formally documented and the transactions are accounted for as cash flow hedges.

Derivatives Held for Trading Purposes

Most of the Group’s derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers in order to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates or indices. Arbitrage involves identifying and profiting from price differentials between markets or products. The Group also uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

(All amounts are shown in thousands of Qatari Riyals)

34. MUTUAL FUNDS

As part of the Group's investment activities, the following mutual funds were marketed by the Group:

	2009	2008
Al Watani Amana - Notes 1	-	146
Al Watani Amana - Notes 2	15,301	15,155
Total	**15,301**	**15,301**

The Group's investment activities also include management of certain investment funds. As at 31 December 2009, third party funds under management amounted to QR10,160 million (2008: QR10,624 million). The financial statements of these funds are not consolidated with the financial statements of the Group. However, the Group's share of these funds is included in the financial investments of the Group.

35. RELATED PARTIES

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities over which they have significant influence and control. The key management personnel are those persons having authority and responsibility in making financial and operating decisions. At the balance sheet date, such significant balances included:

	2009	2008
Balance Sheet Items		
Loans and Advances	2,670,374	2,512,673
Deposits	965,734	724,877
Contingent Liabilities and Other Commitments	82,883	155,272
Statement of Income Items		
Interest and Commission Income	161,489	152,267
Interest and Commission Expense	42,984	32,085

The Group also has significant commercial transactions with the Government of Qatar which are disclosed in notes 6 and 12. All the transactions with the related parties are substantially on the same terms, including interest rates and collateral, as those prevailing in comparable transactions with unrelated parties.

Compensation of key management personnel is as follows:

	2009	2008
Salaries and Other Benefits	17,871	17,624
End of Service Indemnity Benefits	369	534

36. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following balances:

	2009	2008
Cash and Balances with Central Banks	5,072,159	2,712,318
Due from Banks Maturing in Three Months	30,025,737	25,256,866
Total	**35,097,896**	**27,969,184**

Cash and balances with Central Banks do not include mandatory reserve deposits.

(All amounts are shown in thousands of Qatari Riyals)

37. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATING UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists.

The Group reviews its non performing loans and advances on a half yearly basis to assess whether a provision for credit losses should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions of several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

The Group uses fair values of financial assets that are traded in active markets based on quoted market prices (i.e. level 1). Where active quoted market prices are not available, the Group uses widely recognised valuation models including common and more simple financial instruments that use only observable market data and require little management judgement and estimation (i.e. level 2). The determination of fair values for unquoted investments where no observable market data is also available, requires management to make estimates and assumptions that may affect the reported amount of assets at the date of financial statements (i.e. level 3).

38. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified in order to conform with the current year presentation.

Supplementary Information to the Consolidated Financial Statements
For the Year Ended 31 December **2009**

(All amounts are shown in thousands of Qatari Riyals)

A) PARENT COMPANY

The statement of financial position and income statement of the parent company are presented below:

(i) Statement of Financial Position as at 31 December:

	2009	2008
ASSETS		
Cash and Balances with Central Banks	9,652,001	6,268,898
Due from Banks and Other Financial Institutions	31,030,718	26,573,475
Loans and Advances and Financing Activities to Customers	106,959,623	97,641,267
Investment Securities	23,039,708	11,610,955
Investments in Subsidiaries and Associates	5,284,141	5,022,660
Property and Equipment	607,412	544,340
Other Assets	1,979,230	1,490,810
Total Assets	**178,552,833**	**149,152,405**
LIABILITIES		
Due to Banks and Other Financial Institutions	21,059,191	19,931,336
Repurchase Agreements	2,085,852	2,267,416
Customer Deposits	108,170,919	92,347,156
Other Borrowings	6,723,541	6,719,147
Other Liabilities	3,788,288	2,113,951
Total Liabilities	**141,827,791**	**123,379,006**
Unrestricted Investment Accounts	17,099,719	9,279,672
Total Liabilities and Unrestricted Investment Accounts	**158,927,510**	**132,658,678**
EQUITY		
Issued Capital	3,011,208	2,408,966
Statutory Reserve	7,650,698	6,829,459
Other Reserves	1,754,062	1,759,800
Risk Reserve	1,410,000	1,410,000
Fair Value Reserve	489,147	(273,815)
Proposed Dividend	1,204,483	1,806,724
Proposed Bonus Shares	903,362	602,242
Proposed Transfer to Statutory Reserve	903,362	821,239
Retained Earnings	2,299,001	1,129,112
Total Equity	**19,625,323**	**16,493,727**
Total Liabilities, Unrestricted Investment Accounts and Equity	**178,552,833**	**149,152,405**

Supplementary Information to the Consolidated Financial Statements
For the Year Ended 31 December **2009**

(All amounts are shown in thousands of Qatari Riyals)

(ii) Income Statement for the Year Ended 31 December:

	2009	2008
Continuing Operations		
Interest Income	6,353,081	5,961,302
Interest Expense	(3,072,445)	(3,526,096)
Net Interest Income	**3,280,636**	**2,435,206**
Income from Islamic Financing and Investing Activities	900,872	689,135
Unrestricted Investment Account Holders' Share of Profit	(488,866)	(362,774)
Net Income from Islamic Financing and Investing Activities	**412,006**	**326,361**
Net Interest Income and Income from Islamic Financing and Investing Activities	**3,692,642**	**2,761,567**
Fee and Commission Income	995,958	955,339
Fee and Commission Expense	(62,973)	(74,091)
Net Fee and Commission Income	**932,985**	**881,248**
Dividend Income	204,962	137,524
Net Gains from Foreign Currency Transactions	307,637	320,795
Net Gains from Investment Securities	142,266	569,289
Other Operating Income	5,763	16,254
Net Operating Income	**5,286,255**	**4,686,677**
General and Administrative Expenses	(825,987)	(777,466)
Depreciation	(104,522)	(73,708)
Provisions for Credit Losses on Loans and Advances	(281,106)	(246,585)
Net Impairment Losses on Investment Securities	(73,823)	(130,311)
Other Provisions	(3,950)	-
Profit Before Income Taxes	**3,996,867**	**3,458,607**
Income Tax Expense	(15,180)	(23,696)
Profit for the Year	**3,981,687**	**3,434,911**

(All amounts are shown in thousands of Qatari Riyals)

B) ISLAMIC BANKING

Islamic branches accounts are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and Qatar Central Bank regulations.

The statement of financial position and income statement of QNB Al Islami are presented below:

(i) Statement of Financial Position as at 31 December:

	2009	2008
ASSETS		
Cash and Balances with Central Banks	1,069,612	516,373
Due from and Investments with Banks and Financial Institutions	4,938,002	4,866,576
Due from Financing Activities	14,498,206	6,791,667
Investment Securities	1,167,349	927,082
Property and Equipment	18,063	10,709
Other Assets	285,080	249,045
Total Assets	**21,976,312**	**13,361,452**
LIABILITIES		
Due to Banks and Other Financial Institutions	64,701	217,833
Customer Current Accounts	1,708,989	1,082,094
Other Liabilities	356,754	115,752
Total Liabilities	**2,130,444**	**1,415,679**
Unrestricted Investment Accounts	17,099,719	9,279,672
Total Liabilities and Unrestricted Investment Accounts	**19,230,163**	**10,695,351**
EQUITY		
Issued Capital	2,320,400	2,338,664
Other Reserves	(842)	60
Fair Value Reserve	6,294	(3,932)
Retained Earnings	420,297	331,309
Total Equity	**2,746,149**	**2,666,101**
Total Liabilities, Unrestricted Investment Accounts and Equity	**21,976,312**	**13,361,452**

Supplementary Information to the Consolidated Financial Statements
For the Year Ended 31 December 2009

(All amounts are shown in thousands of Qatari Riyals)

(ii) Income Statement for the Year Ended 31 December:

	2009	2008
Income from Financing and Investing Activities	900,872	689,135
Total Income from Financing and Investing Activities	**900,872**	**689,135**
Fee and Commission Income	82,411	53,746
Fee and Commission Expense	(1,804)	(1,110)
Net Fee and Commission Income	**80,607**	**52,636**
Net Gains from Foreign Currency Transactions	13,920	6,138
Net Gains from Investment Securities	2,937	4,832
Share in Profit of Associates	42,909	15,374
Other Operating Income	71	31
Net Operating Income	**1,041,316**	**768,146**
General and Administrative Expenses	(75,351)	(63,180)
Depreciation	(5,004)	(1,730)
Net Impairment Losses on Financing Activities	(41,009)	(8,164)
Other Provisions	(468)	-
Profit for the Year before Taxes and Zakat	**919,484**	**695,072**
Income Tax and Zakat Expense	(10,321)	(989)
Profit for the Year	**909,163**	**694,083**
Less:		
Unrestricted Investment Account Holders' Share of Profits	(488,866)	(362,774)
Profit for the Year Attributable to Shareholders	**420,297**	**331,309**

QNB Branches and Offices

Head Office

P.O.Box 1000, Doha, State of Qatar
Tel. (+974) 440 7407, Fax (+974) 441 3753
Website www.qnb.com.qa, E-mail ccsupport@qatarbank.com

Branches	
Air Force Base	Mesaieed
Al Gharrafa	Musheireb
Al Khor	Qatar Foundation
Al Rayyan	Qatar University Ladies Campus
Al Sadd	Qatar University Men's Campus
Al Sadd-Ladies	Qtel
Al Shamal	Ras Laffan Industrial City
Al Wakra	Salwa Road
C-Ring Road	Shahaniya
City Center-Doha	Sharq Village & Spa
Doha Marriot Gulf Hotel	Sheraton Doha Hotel & Resort
Exhibition Centre	The Mall
Industrial Area	The Ritz-Carlton Doha
Grand Hamad	West Bay
Hamad Medical Hospital	Dlala
QNB Al Islami	
Al Gharrafa	Industrial Area
Al Khor	Salwa Road
Al Rayyan	Hamad Medical Hospital
Al Wakra	Qatar Olympic Committee Building
C-Ring Road - Corporate Branch	General Retirement and Pension Authority
Grand Hamad Street	
Offices	
Airport Departures Terminal	Q-Post
Ministry of Education	RasGas
Muwasalat	RasGas (Al Dana Tower)
Qatargas	Souq Waqif
Qatar Petroleum - Head Office	Urban Planning
Qatar Petroleum - Al Sadd	

24-Hour Call Center 440 7777

Branches can be contacted through the Call Center

QNB International Branches and Representative Offices:

United Kingdom
51 Grosvenor Street,
London W1K 3HH
Tel: (+44) 207 647 2600, Fax: (+44) 207 647 2647
QNBLondon@qnb.com.qa

France
65 Avenue d'Iena
75116 Paris
Tel: (+33) 1 53 23 0077, Fax: (+33) 1 53 23 0070
QNBParis@qnb.com.qa

Kuwait
Al-Arabia Tower, Ahmad Al-Jaber Street. Sharq Area
P.O. Box: 583
Dasman 15456 Kuwait
Tel: (+965) 2226 7023
QNBKuwait@qnb.com.qa

Oman
Qatar National Bank Building
MBD Area - Matarah / opposite to
Central Bank of Oman
P.O. Box: 4050
Postal Code: 112, Ruwi
Tel: (+968) 24783555, Fax: (+968) 24779233
QNBOman@qnb.com.qa

Sudan
Africa Road – Amarat Street No. 9
P.O. Box: 8134
Tel: (+249) 183-480000
Fax: (+249) 183- 486666

Singapore
One Temasek Avenue
22-03 Millenia Tower
Singapore 039192
Tel: (+65) 6499 0866, Fax: (+65) 6884 9679
QNBSingapore@qnb.com.qa

Yemen
Qatar National Bank Building
Al-Zubairi Street
P.O. Box: 4310 Sana'a - Yemen
Tel: (+967) 1 517517, Fax: (+967) 1 517666
QNBYemen@qnb.com.qa

Iran
(Representative Office)
6th floor Navak Building
Unit 14 Africa Tehran - Iran
Tel: (+98) 21 88 889 814
Fax: (+98) 21 88 889 824
QNBIran@qnb.com.qa

Libya
(Representative Office)
Burj Al Fatah – 19th Floor
P.O. Box: 91351 Tripoli - Libya
Tel: (+218) 213362131 / 2
Fax: (+218) 213362134
QNBLibya@qnb.com.qa

QNB Subsidiary / Associates:

Iraq
Mansour Bank
Associate Company
P.O. Box: 3162
Al Alawiya Post Office
Al Wihda District Baghdad - Iraq
Tel: (+964) 1 7175586, Fax: (+964) 1 7175514

Jordan
The Housing Bank for Trade
and Finance (HBTF)
Associate Company
P.O. Box: 7693
Postal Code 11118 Amman - Jordan
Tel: (+962) 6 5200400, Fax: (+962) 6 5678121

Qatar
Al Jazeera Islamic Company
Associate Company
P.O. Box: 22310 Doha - Qatar
Tel: (+974) 4682812, Fax: (+974) 4682616

Switzerland
QNB - Switzerland
Subsidiary
3 Rue des Alpes, P.O. Box: 1785, 1211
Genève -1 Mont Blanc
Tel: (+41) 22 907 70 70, Fax: (+41) 22 907 70 71

Syria
QNB - Syria
Associate Company
P.O. Box: 3800 Damascus, Syria
Tel: (+963) 11 335 3660, Fax: (+963) 11 335 3670

Tunisia
Tunis Qatari Bank
Associate Company
Rue de la cité des sciences
B.P 320 – 1080 Tunis Cedex
Tel: (+216) 71713555, Fax: (+216) 71713111
www.tqb.com.tn

UAE
Commercial Bank International p.s.c
Associate Company
P.O. Box: 4449, Dubai, Al Riqqa Street, Deira
Tel: (+971) 042275265, Fax: (+971) 04 2279038

QNB
Together Forward