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The Dealers are acting exclusively for QNB and the Issuer and no one else in connection with any offer of the securities described in the document. They will not regard any other person (whether or not a recipient of this document) as its client in relation to any offer of the securities described in the document and will not be responsible to anyone other than QNB and the Issuer for providing the protections afforded to its clients nor for giving advice in relation to any offer of the securities described in the document or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



(an exempted company incorporated in the Cayman Islands with limited liability)

US\$12,500,000,000
Medium Term Note Programme

guaranteed by

Qatar National Bank S.A.Q.

(incorporated as a société anonyme in Qatar)

Under the Medium Term Note Programme described in this Prospectus (the “**Programme**”), QNB Finance Ltd (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the “**Notes**”) guaranteed (the “**Guarantee**”) by Qatar National Bank S.A.Q. (the “**Guarantor**” or “**QNB**” and, together with its subsidiaries and associates, the “**QNB Group**”). Notes to be issued under the Programme may comprise senior Notes (the “**Senior Notes**”) and subordinated Notes (the “**Subordinated Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed US\$12,500,000,000 (or the equivalent in other currencies).

This Prospectus has been approved by the United Kingdom Financial Conduct Authority (“**FCA**”) under Part VI of the Financial Services and Markets Act 2000 (“**FSMA**”) (the “**UK Listing Authority**”) as a base prospectus issued in compliance with the Prospectus Directive (as defined herein) and relevant implementing measures in the United Kingdom for the purposes of giving information with regard to the issue of the Notes described in this Prospectus for the period of 12 months from the date of this Prospectus. Application has been made for such Notes (other than PD Exempt Instruments (as defined below)) to be admitted to the official list (the “**Official List**”) of the UK Listing Authority and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (the “**Market**”). References in this Prospectus to Notes (other than PD Exempt Instruments) being “**listed**” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of the Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (a “**Regulated Market**”). The relevant Final Terms in respect of the issue of any Notes (other than PD Exempt Instruments) will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange). If any Notes (other than PD Exempt Instruments) are to be admitted to trading on any other stock exchange, such admission will be in addition (rather than as an alternative) to their admission to trading on the Market. In the case of PD Exempt Instruments, the relevant Notes will not be listed and/or admitted to trading on the Market or any other Regulated Market, and the relevant pricing supplement document (the “**Pricing Supplement**”) will state whether or not the relevant Notes will be listed and/or admitted to trading on an unregulated market. Accordingly, in the case of PD Exempt Instruments, each reference in this Prospectus to the relevant Final Terms shall be read and construed as a reference to the relevant Pricing Supplement, unless the context requires otherwise.

References in this Prospectus to “PD Exempt Instruments” are to instruments for which no prospectus is required to be published under the Prospectus Directive (as defined herein). For the purposes of any PD Exempt Instruments issued pursuant to this Programme, this document does not constitute a base prospectus within the meaning of Article 2.1 of the Prospectus Directive and will constitute listing particulars. Information contained in this Prospectus regarding PD Exempt Instruments and any Pricing Supplement relating thereto shall not be deemed to form part of this Prospectus and the UK Listing Authority has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of PD Exempt Instruments or in the related Pricing Supplement to which the PD Exempt Instruments are subject.

Each Series (as defined in “*Overview of the Programme—Method of Issue*”) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depository on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) (the “**Common Depository**”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

The credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies (the “**CRA Regulation**”) as having been issued by Standard & Poor’s Credit Market Services France SAS (“**Standard & Poor’s**”), Fitch Ratings Limited (“**Fitch**”) and Moody’s Investors Service Cyprus Limited (“**Moody’s**”). Each of Standard & Poor’s, Fitch and Moody’s is established in the European Union and is registered under the CRA Regulation.

The Programme has been rated by Moody’s, Fitch and Standard & Poor’s, subject to the Final Terms in respect of each issuance of Notes hereunder. Moody’s has assigned Senior Notes and Subordinated Notes issued under the Programme the rating of (P)Aa3 and (P)A2 respectively. Fitch has assigned Notes of a long-term senior unsecured nature the rating of A+ and Notes of a short-term senior unsecured nature the rating of F1 under the Programme. Standard & Poor’s has assigned the rating of A+ to senior unsecured Notes with a maturity of one year or more and A-1 for senior unsecured Notes with a maturity of less than one year.

Whether or not a rating has been given in relation to any Tranche of Notes will be disclosed in the relevant Final Terms. Tranches of Notes (as defined in “*Overview of the Programme—Method of Issue*”) to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Prospectus.

The Notes to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

Arrangers for the Programme

HSBC

QNB Capital LLC

**ANZ
Commerzbank
J.P. Morgan
QNB Capital LLC**

Dealers
**Barclays
Deutsche Bank
MUFG
Standard Chartered Bank**

**Citigroup
HSBC
Mizuho Securities
The Royal Bank of Scotland**

The date of this Prospectus is 17 November 2014

TABLE OF CONTENTS

	Page
IMPORTANT NOTICES	i
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	iv
PRESENTATION OF CERTAIN RESERVES INFORMATION	v
PRESENTATION OF HYDROCARBON DATA	v
PRESENTATION OF CERTAIN OTHER DATA RELATED TO QATAR	vi
OVERVIEW OF THE PROGRAMME	1
DOCUMENTS INCORPORATED BY REFERENCE.....	6
SUPPLEMENTARY PROSPECTUS	7
RISK FACTORS	8
FORM OF FINAL TERMS.....	34
FORM OF PRICING SUPPLEMENT	41
TERMS AND CONDITIONS OF THE NOTES	48
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM.....	81
USE OF PROCEEDS	86
SELECTED FINANCIAL INFORMATION OF QNB.....	87
BUSINESS DESCRIPTION OF THE ISSUER.....	96
BUSINESS DESCRIPTION OF THE QNB GROUP	99
RISK MANAGEMENT AND COMPLIANCE	122
MANAGEMENT	143
OVERVIEW OF QATAR.....	153
BANKING INDUSTRY AND REGULATION IN QATAR.....	165
TAXATION.....	175
SUBSCRIPTION AND SALE	180
GENERAL INFORMATION.....	185

IMPORTANT NOTICES

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “**Prospectus Directive**”) and for the purpose of giving information with regard to the Issuer, the Guarantor, the Guarantor and its subsidiaries and associates taken as a whole (the “**QNB Group**”) and the Notes which, according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor.

The Issuer and the Guarantor each accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein (see “*Documents Incorporated by Reference*”) and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

Certain information under the headings “*Overview of Qatar*”, “*Banking Industry and Regulation in Qatar*” and “*Business Description of the QNB Group*” has been extracted from information provided by third party sources and, in each case, the relevant source of such information is specified where it appears under those headings. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers or the Arrangers (as defined in “*Overview of the Programme*”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “*Subscription and Sale*”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arrangers accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by an Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of the Notes.

Each Arranger and Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

In making an investment decision, investors must rely on their own, independent examination of the Issuer and the Guarantor, and the terms of the Notes being offered, including the merits and risks involved. None of the Arrangers, the Dealers nor any of their respective affiliates, the Issuer or the Guarantor makes any representation to any investor regarding the legality of its investment under any applicable laws. Any investor should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes may not be a suitable investment for all investors. Accordingly, each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Notes are legal investments for it; (2) the Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

STABILISATION

In connection with the issue of any Tranche (as defined in “*Overview of the Programme—Method of Issue*”), a Dealer or Dealers (if any) appointed as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

NOTICE TO RESIDENTS OF QATAR

The Notes have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (“Qatar”) in a manner that would constitute a public offering. This Prospectus has not been reviewed or approved by or registered with the Qatar Central Bank (the “QCB”), the Qatar Financial Markets Authority (the “QFMA”) or the Qatar Exchange (the “QE”). This Prospectus is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain (“Bahrain”), Notes issued in connection with this Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the “CBB”) in Bahrain where such investors make a minimum investment of at least US\$100,000 or any equivalent amount in another currency or such other amount as the CBB may determine.

This offer does not constitute an offer of Notes in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Notes, whether directly or indirectly, to persons in Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of Notes will be made to the public in Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “Capital Market Authority”). The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Prospectus, he or she should consult an authorised financial adviser.

NOTICE TO CAYMAN ISLAND RESIDENTS

No invitation may be made to any member of the public of the Cayman Islands to subscribe for the Notes and this Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for the Notes.

NOTICE TO RESIDENTS OF JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). The Notes will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

QNB prepared its audited consolidated financial statements as at and for the years ended 31 December 2013 and 2012 (the “2013 Financial Statements” and the “2012 Financial Statements”, respectively) in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and applicable QCB regulations. QNB prepared its unaudited published condensed consolidated interim financial information as at and for the nine month period ended 30 September 2014 (the “2014 Interim Financial Statements”) in accordance with International Accounting Standard No. 34, “Interim Financial Reporting” and applicable QCB regulations.

The Issuer prepared its audited financial statements as at and for the years ended 31 December 2013 and 2012 in accordance with IFRS as issued by the IASB. The Issuer prepared its unaudited published condensed interim financial statements for the nine month period ended 30 September 2014 in accordance with International Accounting Standard No. 34, “Interim Financial Reporting”.

The financial information of QNB as at and for the financial years ended 31 December 2013 and 2012, respectively, included in this Prospectus has been derived from the 2013 Financial Statements (including the comparative information as at and for the financial year ended 31 December 2012 contained therein and including the related notes thereto) and the financial information of QNB as at and for the financial year ended 31 December 2011 included in this Prospectus has been derived from the comparative information as at and for the financial year ended 31 December 2011 contained in the 2012 Financial Statements (including the related notes thereto). For the financial year ended 31 December 2012, the QCB prescribed the format of QNB’s financial statement data, as a result of which, comparative information for the financial year ended 31 December 2011 has been rearranged to conform to the QCB’s prescribed format. The financial information as at and for the nine month periods ended 30 September 2014 and 2013, respectively, included in this Prospectus has been derived from the 2014 Interim Financial Statements (including the comparative information as at and for the nine month period ended 30 September 2013 contained therein and including the related notes thereto).

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to “Hong Kong” are to the Hong Kong Special Administrative Region of the People’s Republic of China, all references to the “PRC” and “China” are to the People’s Republic of China, excluding Taiwan, Hong Kong and Macau, all references to “QR”, “Qatari riyals” and “riyals” are to the lawful currency for the time being of Qatar, all references to “dollars”, “US dollars”, “\$” and “US\$” are to the lawful currency for the time being of the United States of America, all references to “HKD” are to the lawful currency for the time being of Hong Kong, all references to “CHF” are to the lawful currency for the time being of Switzerland, and all references to “CNY”, “RMB” and “Renminbi” are to the lawful currency for the time being of the People’s Republic of China. Translations of amounts from riyals to US dollars in this Prospectus are solely for the convenience of the reader. The riyal currently is, and since the mid-1980s has been, pegged to the US dollar at a fixed exchange rate of 3.64 riyals per US dollar and, accordingly, translations of amounts from riyals to US dollars have been made at this exchange rate for all periods presented in this Prospectus.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

References to a “billion” are to a thousand million.

PRESENTATION OF CERTAIN RESERVES INFORMATION

The “proven” reserves classification contained in this Prospectus is similar to, but does not directly correspond with, the definition of “proved” reserves used by the Society of Petroleum Engineers. Proven reserves are defined in this Prospectus as reserves that are equal to proven ultimate recovery minus cumulative production. Proven ultimate recovery includes:

- (i) the ultimate recovery that is assigned to areas defined by wells that have been drilled and the ultimate recovery that can be obtained from locations falling within areas defined by geological and engineering information, provided that there is no reasonable doubt as to their productivity;
- (ii) the ultimate recovery to be obtained from reservoirs which have proved to be productive by production tests, but which are not yet developed to the stage of production; and
- (iii) the ultimate recovery to be obtained from successful application of supplementary recovery methods, based on experience gained from pilot tests or actual practices in similar reservoir conditions.

Certain reserves information presented in this Prospectus is based on BP’s annual “Statistical Review of World Energy”. This report has not been reviewed by an independent consultant for the purposes of this offering.

PRESENTATION OF HYDROCARBON DATA

Barrel measurements for volumes sold will vary from volumes produced and will differ between the oil produced onshore, which is lighter and sweeter, and the oil produced offshore, which is heavier and more sour.

For information on dry gas, normal cubic metres have been converted to standard cubic feet, with one actual cubic metre equivalent to 37.32584 standard cubic feet. This is not a straight volumetric conversion, as normal cubic metres are measured at one bar and zero degrees Celsius, while standard cubic feet are measured at one bar and 60 degrees Fahrenheit.

Propane has been converted based on 12.40 barrels per tonne and normal butane has been converted based on 10.94 barrels per tonne.

All converted data in this Prospectus with respect to butane, propane and dry gas are estimates only and actual volumes may differ.

Proven and expected reserves of natural gas have been converted to BOE in this Prospectus using the methodology in BP’s “Statistical Review of World Energy”, which converts gas to BOE on a calorific basis according to a conversion factor of 1 bcf of gas to 0.19 million BOE.

The information provided in this Prospectus on production capacity includes an allowance for plant reliability and as a result does not represent peak throughput capacity for the relevant plant or equipment. Production capacity data is consistent with expected typical average production rates. Volumes presented for production capacity following completion of certain projects are forward-looking projections based upon engineering estimates and actual performance may vary.

References in this Prospectus to “tonnes” are to metric tonnes. One tonne in this Prospectus equals 1,000 kilograms. References in this Prospectus to “bcf” are to billion standard cubic feet and

references to “tcf” are to trillion standard cubic feet. References in this Prospectus to “BOE” are to barrels of oil equivalent.

PRESENTATION OF CERTAIN OTHER DATA RELATED TO QATAR

Unless otherwise stated, all annual information contained in this Prospectus has been prepared on the basis of calendar years. Certain figures included in this Prospectus have been rounded and, as a result, the totals of the figures presented may vary slightly from the actual arithmetic totals of such figures.

Statistical data and other information presented herein related to Qatar, in particular, information presented under “*Overview of Qatar*”, “*Banking Industry and Regulation in Qatar*” and “*Business Description of the QNB Group*”, is based on information made available by governmental agencies and entities of Qatar, including the Ministry of Finance, Qatar Petroleum (“QP”), QCB and the Ministry of Development Planning and Statistics (the “MDPS”). In addition, all references in this document to “Qatar” or the “State” are to the State of Qatar. References to the “Government” are to the Government of the State of Qatar.

All of the data relating to the State of Qatar appearing in this Prospectus under “*Overview of Qatar*” and the market, industry and competitive position appearing in this Prospectus under “*Banking Industry and Regulation in Qatar*” has been obtained from: (i) the 2009, 2010, 2011, 2012 and 2013 Annual Reports issued by the QCB; Statistical Bulletins issued by the QCB; the “Annual Energy Review” published by the US Energy Information Administration (the “USEIA”); BP’s annual “Statistical Review of World Energy”; the CIA Factbook; and reports issued by the MDPS; (ii) third-party industry expert reports; (iii) Qatari press reports and publications, edicts and resolutions of Qatar; and (iv) published financial statements of certain commercial banks in Qatar. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. The Issuer and QNB have relied on the accuracy of such aforementioned information without carrying out an independent verification thereof and cannot guarantee their accuracy. The Issuer and QNB confirm that such information has been accurately reproduced, and, as far as the Issuer and QNB are aware and able to ascertain from information published by such sources, no facts have been omitted from the information in this Prospectus that would render it inaccurate or misleading. See “*Presentation of Financial and Other Information*”; “*Presentation of Certain Reserves Information*”; and “*Presentation of Hydrocarbon Data*”.

Prospective investors in the Notes should review the description of the economy of Qatar set forth in this Prospectus in light of the following observations. Statistics contained in this Prospectus, including those in relation to nominal gross domestic product (“GDP”), have been obtained from, among others, the Ministry of Finance, the QCB and the MDPS. Such statistics, and the component data on which they are based, may be unreliable and may not have been compiled in the same manner as data provided by similar sources in Western Europe and the United States. Similar statistics may be obtainable from other sources, although the underlying assumptions, methodology and consequently the resulting data may vary from source to source. There may also be material variances between preliminary or estimated data set forth in this Prospectus and actual results, and between the data set forth in this Prospectus and corresponding data previously published by or on behalf of Qatar. In addition, due to deficiencies in the currency of certain data, some information for recent years is not available as of the date of this Prospectus. Consequently, the statistical data contained in this Prospectus should be treated with caution by prospective investors.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche, the applicable Final Terms. The Issuer, the Guarantor and any relevant Dealer(s) may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions of the Notes, in which event, in the case of listed Notes only and, if appropriate, a supplemental prospectus will be published.

Issuer	QNB Finance Ltd.
Guarantor	Qatar National Bank S.A.Q.
Description	Guaranteed Medium Term Note Programme.
Size	Up to US\$12,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arrangers	HSBC Bank plc and QNB Capital LLC.
Dealers	Australia and New Zealand Banking Group Limited, Barclays Bank PLC, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, HSBC Bank plc, Mitsubishi UFJ Securities International plc, Mizuho International plc, QNB Capital LLC, Standard Chartered Bank and The Royal Bank of Scotland plc.

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal and Principal

Paying Agent	The Bank of New York Mellon, acting through its London Branch.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) issued on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “ Final Terms ”).
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The price and amount of Notes to be issued will be determined by the Issuer, QNB and the relevant Dealer(s).
Form of Notes	The Notes may be issued in bearer form (“ Bearer Notes ”) or in registered form (“ Registered Notes ”) only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “ <i>Selling</i>

Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

Clearing Systems..... Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal and Principal Paying Agent and the relevant Dealer.

Initial Delivery of Notes..... On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal and Principal Paying Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers.

Maturities Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). Unless otherwise permitted by then current laws, regulations and directives, Subordinated Notes will have a maturity of not less than five years.

Specified Denomination Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise would constitute a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Fixed Rate Notes Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes Floating Rate Notes (as defined in “*Terms and Conditions of the Notes*”) will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to the relevant Reference Rate as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes Zero Coupon Notes (as defined in “*Terms and Conditions of the Notes*”) may be issued at their nominal amount or at a discount to it and will not bear interest.

Interest Periods and

Interest Rates The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Redemption The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Optional Redemption The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Guarantee Senior Notes will be unconditionally and irrevocably guaranteed by the Guarantor.

Subordinated Guarantee.... Subordinated Notes will (subject as provided in the Subordinated Guarantee) be unconditionally and irrevocably guaranteed by the Guarantor on a subordinated basis.

Status of the Senior Notes

and Guarantee The Senior Notes and Guarantee will constitute direct, unconditional and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and the Guarantor and will rank pari passu among themselves and (save for such exceptions as may be provided by applicable legislation and subject to Condition 4 (*Negative Pledge*)) at least equally with all other unsecured and unsubordinated obligations of the Issuer and the Guarantor, from time to time outstanding.

Status of the

Subordinated Notes The Subordinated Notes are direct, conditional and unsecured obligations of the Issuer and rank pari passu and without any preference among themselves. Payments in respect of the Subordinated Notes will be subordinated as described in Condition 3(d) (*Status of the Subordinated Notes*).

Negative Pledge The Senior Notes will have the benefit of a negative pledge as described in “*Terms and Conditions of the Notes—Negative Pledge*”.

Cross Default The Senior Notes will have the benefit of a cross default provision as described in “*Terms and Conditions of the Notes—Events of Default*”.

Ratings The Programme has been rated by Moody’s, Fitch and Standard & Poor’s, subject to the Final Terms in each case. Moody’s has assigned Senior Notes and Subordinated Notes issued under the Programme the rating of (P)Aa3 and (P)A2 respectively. Fitch has assigned Notes of a long-term senior unsecured nature the rating of A+ and Notes of a short-term senior unsecured nature the

rating of F1 under the Programme. Standard & Poor's has assigned the rating of A+ to senior unsecured Notes with a maturity of one year or more and A-1 for senior unsecured Notes with a maturity of less than one year. Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Early Redemption Except as provided in "*Optional Redemption*" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the Notes—Redemption, Purchase and Options*".

Withholding Tax All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Cayman Islands or Qatar, unless the withholding is required by law. In such event, the Issuer or the Guarantor shall, (subject to the exceptions in Condition 8 (*Taxation*)), pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in "*Terms and Conditions of the Notes—Taxation*". See "*Taxation*".

Governing Law English law.

Listing and Admission to Trading Application has been made to list Notes (other than PD Exempt Instruments) issued under the Programme on the Official List and to admit them to trading on the Market. In the case of PD Exempt Instruments, the relevant Notes will not be listed and/or admitted to trading on the Market or any other Regulated Market, and the applicable Pricing Supplement will state whether or not the relevant Notes will be listed and/or admitted to trading on an unregulated market.

Information contained in this Prospectus regarding PD Exempt Instruments shall not be deemed to form part of this Prospectus and the UK Listing Authority has neither approved nor reviewed information contained in this Prospectus in connection with PD Exempt Instruments.

Immunity To the extent that the Issuer or the Guarantor, respectively, may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, the Issuer and the Guarantor will agree in the Notes not to claim and will irrevocably and unconditionally waive such immunity in relation to any legal proceedings or disputes. Further, the Issuer and the Guarantor, respectively, will irrevocably and unconditionally consent to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment, proceedings and injunctions in connection with any legal proceedings or disputes.

Selling Restrictions The United States, the United Kingdom, the Cayman Islands, Qatar, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the Dubai International Financial Centre ("**DIFC**"), the United Arab Emirates (the "**UAE**") (excluding the DIFC), Hong Kong, Singapore, the PRC and Japan. See "*Subscription and Sale*".

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the 2013 Financial Statements, the 2012 Financial Statements, the 2014 Interim Financial Statements and the audited financial statements of the Issuer as at and for the years ended 31 December 2013 and 2012 and the unaudited condensed interim financial statements of the Issuer as at and for the nine month period ended 30 September 2014, which have been previously published and which have been filed with the Financial Conduct Authority. This Prospectus should also be read and construed in conjunction with the Terms and Conditions set out on pages 30 to 66 of the prospectus dated 5 November 2012 relating to the Programme (the “**2012 Conditions**”) and the Terms and Conditions set out on pages 44 to 75 of the prospectus dated 18 November 2013 relating to the Programme (the “**2013 Conditions**”). Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Certificates or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer or the Paying Agent, or the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87Q(4) of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87Q(4) of the FSMA.

Each of the Issuer and the Guarantor has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

RISK FACTORS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Notes and the Deed of Guarantee, as the case may be. Most of these factors are contingencies that may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. The order in which the risks are presented below does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Issuer or the Guarantor. In addition, factors that the Issuer and the Guarantor believe are material for the purpose of assessing the market risks associated with the Notes are described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in respect of the Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. Prospective investors should also consult their own financial and legal advisers about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances, without relying on the Issuer, the Guarantor, the Arrangers or the Dealers. Prospective investors are advised to make, and will be deemed by the Arrangers, the Dealers, the Issuer and the Guarantor to have made, their own investigations in relation to such factors before making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

The Issuer is a special purpose company that is entirely dependent on QNB to service its payment obligations under the Notes.

The Issuer is an exempted company with limited liability incorporated under the laws of the Cayman Islands for the principal purpose of providing funding, through the international capital markets, to QNB. The first of such funding activities was undertaken on 16 November 2010 when the Issuer issued its US\$1.5 billion 3.125 per cent. notes due 2015 (the “**2015 Notes**”). On 22 February 2012, the Issuer issued US\$1 billion 3.375 per cent. notes due 2017 (the “**2017 Notes**”). On 14 November 2012, the Issuer issued US\$1 billion 2.125 per cent. notes due 2018 (the “**2018 Notes**”). On 13 December 2012, the Issuer issued HKD 184 million 2.0 per cent. notes due 20 December 2017. On 17 January 2013, the Issuer issued CHF 300 million floating rate notes maturing on 12 January 2015. On 22 January 2013, the Issuer issued HKD 155 million 2.0 per cent. notes due on 29 January 2018. On 17 April 2013, the Issuer issued CHF 200 million floating rate notes due on 13 May 2016. On 29 April 2013, the Issuer issued US\$1 billion 2.875 per cent. notes due 2020 (the “**2020 Notes**”). On 28 May 2013, the Issuer issued CHF 200 million 0.5 per cent. notes due on 27 June 2016. On 12 June 2013, the Issuer issued EUR 58.5 million floating rate notes due on 19 December 2014. On 9 July 2013, the Issuer issued US\$50 million floating rate notes due on 16 July 2015. On 9 September 2013, the Issuer issued US\$50 million floating rate notes due on 16 September 2015. On 16 September 2013, the Issuer issued US\$100 million floating rate notes due on 23 January 2015. On 31 October 2013, the Issuer issued US\$750 million 2.750 per cent. notes due 2018 (the “**October 2018 Notes**”) and US\$750 million floating rate notes due 2016 (the “**2016 Notes**”). On 31 October 2013, the Issuer issued US\$100 million floating rate notes due 30 April 2015. On 23 January 2014, the Issuer issued EUR 100 million floating rate notes due on 24 January 2015. On 20 February 2014, the Issuer issued EUR 150 million floating rate notes due on 20 February 2015. On 21 February 2014, the Issuer issued US\$35 million floating rate notes due on 21 February 2017. On 24 February 2014, the Issuer issued US\$60 million floating rate notes due on 24 February 2016. On 19 August 2014, the Issuer issued US\$43 million floating rate notes due on 26 August 2016. On 27 August 2014, the Issuer issued US\$50 million floating rate notes due on 27 February 2016. On 18 September 2014, the Issuer issued HKD 400 million 0.54 per cent. notes due on 18 September 2015. On 27 October 2014, the Issuer issued EUR 100 million floating rate notes due on 27 October 2016.

In the case of each issuance listed above, the notes are guaranteed by QNB and the proceeds of each issuance made available to QNB pursuant to one or more loan agreements (each, a “**Notes Loan Agreement**”), whereby QNB will be obligated to make payments to the Issuer that match the payment obligations of the Issuer under the Notes. As the Issuer does not have any business operations, the Issuer will be entirely dependent on QNB to service its payment obligations under the Notes. Therefore, the Issuer's ability to fulfil its payment obligations under the Notes is entirely dependent on QNB's performance, and thus the Issuer is

subject to all the risks to which QNB is subject, including to the extent that such risks could limit QNB's ability to satisfy in full and on a timely basis its obligations under the Deed of Guarantee. See "*—Factors that may affect QNB's ability to fulfil its obligations under the Deed of Guarantee*" for a further description of certain of these risks.

Factors that may affect QNB's ability to fulfil its obligations under the Deed of Guarantee

QNB's business, financial condition, results of operations and prospects are and will continue to be affected by global and regional financial markets and economic conditions.

The financial services industry generally prospers in periods of economic growth and stable geopolitical conditions and benefits from capital markets that are transparent, liquid and buoyant and experience positive investor sentiment. Whilst macroeconomic indicators have improved since the global financial crisis which occurred in the second half of 2008 and early 2009 and the market disruption caused by certain countries in the European Union experiencing debt servicing problems in 2011 and 2012, any future increase in market volatility could result in a material reduction in the availability of financing, both for financial institutions and their customers, compelling many financial institutions to rely on central banks and governments to provide liquidity and, in some cases, additional capital. Enhanced credit risks could arise from a general deterioration in local or global economic conditions or from systemic risks within the financial systems. Governments around the world, including in Qatar and some of the other countries in the Middle East and North Africa ("**MENA**") region, have taken actions intended to stabilise financial markets and prevent the failure of financial institutions. See "*Banking Industry and Regulation in Qatar*". Despite implementing such measures, and although financial markets and liquidity fundamentals have improved since the 2008-2009 global financial crisis, overall, aversion to risk remains relatively high.

Changes in interest rates and/or widening credit spreads that resulted from the global financial crisis have created a less favourable environment for certain of QNB Group's businesses and have led to a decrease in the demand for certain loans and other products and services offered by the QNB Group. In addition, fluctuations in interest rates and credit spreads have affected the fair value of financial instruments held by QNB.

In addition, various factors affecting economic growth are present in most of the countries in which the QNB Group operates and economic growth remains well below the levels it achieved before the 2008-2009 global financial crisis. These conditions have restricted banks' stock prices to below pre-crisis levels and have reduced the availability of credit to financial institutions. The deteriorating macroeconomic environment has resulted in higher credit losses and there remains a risk of future credit losses. The foregoing factors also affect QNB's flexibility in planning for, or reacting to, changes in the QNB Group's operations and in the financial industry generally. If these levels of market disruption and volatility continue or recur, the QNB Group may experience reductions in business activity, increased funding costs and funding pressures, decreased asset values, credit losses, write-downs and impairment charges, and lower profitability and cash flows. QNB's business and financial performance may also be affected by future recovery rates on assets and the historical assumptions underlying asset recovery rates, which may not be as accurate given the unprecedented market volatility and disruption during the past several years.

Accordingly, as a result of the foregoing, QNB's business, financial condition, results of operations or prospects may be adversely affected by conditions in global and regional financial markets and by global and regional economic conditions which may, in turn, affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

Slower economic growth in the countries where the QNB Group operates could adversely impact QNB.

The QNB Group's total net loans and advances have increased in recent years, growing by: (i) 5.8 per cent. to QR328.8 billion (US\$90.3 billion) as at 30 September 2014 from QR310.7 billion (US\$85.4 billion) as at 31 December 2013; (ii) 24.3 per cent. to QR310.7 billion (US\$85.4 billion) as at 31 December 2013 from QR249.9 billion (US\$68.7 billion) as at 31 December 2012; and (iii) 28.9 per cent. to QR249.9 billion (US\$68.7 billion) as at 31 December 2012 from QR193.9 billion (US\$53.3 billion) as at 31 December 2011. The growth in QNB's assets and loan portfolio over the past several years has been supported by the rapid growth of the economy in Qatar. The economies of Qatar and the other Gulf Cooperation Council ("**GCC**") countries are dependent on oil and gas and related industries, as well as the prices and quantities of these commodities. Although world oil prices have remained stable in recent years (with prices ranging between

approximately US\$80 and approximately US\$130 per barrel from 2011 to the date of this Prospectus), any future volatility in oil prices may have the potential to adversely affect the economy of Qatar and the other GCC countries. Whilst an increase in global oil prices could benefit Qatar and the other GCC countries in some respects, it could also create instability in the global financial markets which could affect global financial and trade flows and increase the cost of borrowing for the governments of these countries.

QNB's financial performance has been and will continue to remain closely linked to the rate of economic growth in Qatar and the other countries in which the QNB Group operates. Any deterioration in economic conditions in Qatar or the other countries in which the QNB Group operates, due to a deterioration in the oil and gas or related industries or due to other factors, could materially adversely affect many of QNB's borrowers and contractual counterparties which may, in turn, adversely affect QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee. See "*—QNB's investment and loan portfolios and deposit base are concentrated in Qatar and the MENA region, in Qatari riyals and US dollars and in oil and gas and related industries*".

QNB began its international expansion in 2005 and does not have a long track record of operating its recently established and acquired international businesses, which are located in emerging markets and are thus subject to various risks relating to emerging markets generally.

QNB has made significant investments since 2005 to implement its international expansion plan. For example, QNB has acquired a 34.5 per cent. stake in the Jordan-based Housing Bank for Trade & Finance ("**Housing Bank**"), a 50.8 per cent. stake in QNB-Syria and a 82.59 per cent. stake in Indonesia's QNB Kesawan, and a 49.0 per cent. stake in the Libya-based Bank of Commerce and Development, among other acquisitions and investments made outside Qatar since 2005. Also, in line with its international expansion strategy, QNB has increased the stake it holds in a number of institutions in the MENA region to include increasing its stake from 23.8 per cent. to 40.0 per cent. in the UAE-based Commercial Bank International ("**CBI**") and from 23.1 per cent. to 50.8 per cent. in the Iraq-based Mansour Bank. On 2 June 2014, QNB increased its stake in QNB Kesawan to 78.59 per cent. and on 7 November 2014, QNB further increased its stake in QNB Kesawan to 82.59 per cent. On 4 September 2014, QNB acquired 12.5 per cent. (taking into account the convertible preference shares acquired by QNB) of Ecobank Transnational Incorporated ("**Ecobank**"), a leading pan-African bank, and later acquired an additional 11.0 per cent. on 15 September 2014, increasing the total stake held by QNB in Ecobank to 23.5 per cent. (taking into account the convertible preference shares acquired by QNB). Subsequently, in October 2014, Nedbank Group Ltd ("**Nedbank**") exercised its right to increase its stake in Ecobank to 20 per cent., reducing QNB's stake to 19.4 per cent. (taking into account the convertible preference shares held by QNB). QNB has announced its commitment to expand internationally by carefully selecting markets in the GCC and MENA region as well as the Southeast Asia region. See also "*Business Description of the QNB Group—Competitive Strengths—Leading Regional Presence and Growing International Network*" and "*—Recent Developments*".

QNB's projected growth over the coming years is, to a certain extent, dependent on the success and performance of these international acquisitions and investments in certain emerging markets, including, among others, Egypt, Iraq, Libya, India, China, Jordan, Syria, Indonesia, Sudan, South Sudan and Yemen. Moreover, given the recent political turmoil, civil unrest and violence in Egypt, Iraq, Libya, Sudan, Syria and Yemen, the QNB Group's investments in these markets, as well as other emerging markets, along with its related growth prospects, could be materially adversely affected. There can be no assurance that such events in these countries or other countries in which the QNB Group operates will not escalate or occur in the future or that the governments of such countries will be successful in maintaining domestic order and stability. See "*—Factors relating to Qatar—Investing in securities involving emerging markets generally involves a higher degree of risk*".

In addition, QNB does not have a long history of operating in some of the countries in which the QNB Group now operates, and its ability to manage its existing businesses and its future growth depends upon a number of factors, including its ability to: (i) effectively increase the scope of its operational and financial systems and controls to handle the increased complexity and expanded geographic area of its operations; (ii) recruit, train and retain qualified personnel to manage and operate its growing business; and (iii) to explore new markets and operate new businesses. There can be no assurance that QNB will be able to effectively implement its international expansion strategy, nor that the interests of QNB and its associates or the other shareholders in its associates will not conflict from time to time.

QNB will continue to consider and review potential acquisition targets as well as other investment opportunities, both within and outside Qatar, if and when they present themselves. QNB evaluates and, in certain cases, engages in discussions and negotiations regarding these types of opportunities on an ongoing basis, some of which, if they are acted upon and are not ultimately successful, could have an adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

QNB's ability to achieve its strategic objectives could be impaired if it is unable to maintain or obtain required licences, permits, approvals and consents.

In order to carry out and expand its businesses, it is necessary for the QNB Group to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licences, permits approvals and consents are often lengthy, complex, unpredictable and costly. If the QNB Group is unable to maintain or obtain the relevant licences, permits, approvals and consents, QNB's ability to achieve its strategic objectives could be impaired, with a consequent adverse effect on the market value of the Notes and/or on the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

QNB is subject to the risk that liquidity may not always be readily available; this risk may be exacerbated by conditions in global financial markets.

Liquidity risk is the risk that QNB will be unable to meet its obligations, including funding commitments, as they become due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. Credit markets worldwide have, since the final quarter of 2008, experienced a severe reduction in liquidity and term-funding in the aftermath of events in the U.S. sub-prime residential mortgage market and the resulting severe market dislocation. Since then, market fundamentals have improved although a level of risk aversion still remains.

Perception of counterparty risk between banks has also increased significantly since the final quarter of 2008, which has led to reductions of certain traditional sources of liquidity, such as the debt markets, asset sales and redemption of investments. QNB's access to these traditional sources of liquidity may be restricted or available only at a higher cost and there can be no assurance that the State will continue to provide the levels of support that it has provided to date, either to the Qatari banking sector generally or to QNB in particular.

In addition, uncertainty or volatility in the capital and credit markets may limit QNB's ability to refinance maturing liabilities with long-term funding and increase the cost of such funding. The availability to QNB of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and QNB's financial condition, credit ratings and credit capacity.

In extreme market stress, QNB may be exposed to situations whereby it is unable to realise its high quality liquid assets in the market. If QNB is unable to realise its stock of high quality liquid assets to manage its liquidity requirements this could affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

QNB has historically relied on corporate, retail and State of Qatar sovereign or public sector entity (PSE) deposits to meet most of its funding needs. Such deposits are subject to fluctuation due to certain factors outside QNB's control, such as any possible loss of confidence and competitive pressures, which could result in a significant outflow of deposits within a short period of time. As at 30 September 2014, 92.3 per cent. of QNB's funding (which includes amounts due to banks and financial institutions, customer deposits and other borrowed funds) had remaining maturities of one year or less or were payable on demand. Moreover, QNB is reliant on certain large deposits from a limited group of government-related and private sector corporate customers. It should be noted that the Government holds a 50 per cent. stake in QNB, and QNB is categorised as a Domestic Systemically Important Bank (DSIB). As at 30 September 2014, QNB's top 20 depositors accounted for 48.4 per cent. of total deposits. If a substantial portion of QNB's depositors withdraw their demand deposits or do not roll over their time deposits at maturity, QNB may need to seek other sources of

funding to meet its funding requirements, and there can be no assurance that QNB will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. If QNB is unable to refinance or replace such deposits with alternative sources of funding or meet its liquidity needs, through deposits, the interbank markets or international capital markets, it could have an adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

QNB's historical consolidated financial condition and results of operations may not be indicative of future performance.

QNB's historical consolidated financial condition and results of operations may not be indicative of QNB's future financial condition and results of operations. Thus there can be no assurance of QNB's continued profitability or increase in net assets in any future periods.

QNB may be subject to increased capital requirements or standards due to new governmental or regulatory requirements and changes in perceived levels of adequate capitalisation, and may also need additional capital in the future due to worsening economic conditions.

Regulators in the markets in which the QNB Group operates have and may in the future determine to increase the capital requirements for the QNB Group's operations. For example, in May 2009, the QCB amended its methodology for calculating capital adequacy ratios by Qatari banks. Various other regulatory regimes to which QNB and its associates are subject, such as Basel III, which are to be implemented will affect capital adequacy ratios (and the level of capital required) applicable to financial institutions. QNB is categorised as a Domestic Systemically Important Bank (DSIB) in Qatar and is required to hold an additional capital buffer as a consequence. For additional information regarding QCB Basel III requirements and QNB's procedures and controls implemented in respect of such requirements, please see "*Risk Management and Compliance*" and "*Banking Industry and Regulation in Qatar*". An increase in capital requirements may also arise due to market perception of adequate capitalisation levels and perceptions of rating agencies. QNB may also require additional capital in the future in the event that it experiences higher-than-expected increases in losses in QNB's operations or declines in asset quality resulting in higher-than-expected risk-weighted asset growth.

It therefore cannot be ruled out that QNB may need to obtain additional capital in the future. Such capital, whether in the form of debt financing or additional equity, may not be available on commercially favourable terms, or at all. Moreover, any such development may expose QNB to additional costs and liabilities requiring it to change how it conducts its business, including by reducing the risk and leverage of certain activities, or otherwise have an adverse effect on its business, the products and services it offers and the value of its assets. If QNB is unable to increase its capital adequacy ratios sufficiently, its credit ratings may be lowered and its cost of funding may increase.

Current market conditions in certain markets have increased the risk of loans being impaired, and loan losses have generally increased in the global banking sector.

The QNB Group is exposed to the risk that borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. QNB continuously reviews and analyses its loan portfolio and credit risks, and QNB's provision for losses on loans is based on, among other things, its analysis of current and historical delinquency rates and loan management and the valuation of the underlying assets, as well as numerous other management assumptions.

QNB conducts regular stress tests of its credit portfolio under scenarios of differing severity in order to identify key vulnerabilities and to measure resultant impacts on asset quality and performance. However, these stress-testing activities do not provide assurance against impacts that may be realised through external shocks.

A material increase in loan losses could have a material adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

The growth and diversification of QNB's loan portfolio has resulted in an increase in its credit exposure and risk profile.

As QNB continues to grow and diversify its loan portfolio in both Qatar and the other markets in which the QNB Group operates, its management team will be required to continually monitor the credit quality of its loan portfolio. See “*Risk Management and Compliance*”. QNB’s overall growth strategy may further increase its exposure to credit risk, particularly as QNB expands its lending to a greater range of customers in markets outside of Qatar.

In March 2011, the QCB launched the Central Credit Bureau, the purpose of which is to collate information about customers based in Qatar and their credit history. However, given its lack of operational history, there can be no assurance that the Central Credit Bureau will support QNB’s assessment of the overall debt level and creditworthiness of credit applicants in Qatar. Because the availability of accurate and comprehensive financial and general credit information on individuals and small businesses in Qatar and the MENA region is limited, it is likely to be more difficult for the QNB Group to accurately assess the credit risk associated with such lending.

As a result, retail and small business customers may be overextended by virtue of other credit obligations about which the QNB Group does not have knowledge. QNB is therefore exposed to retail and small business credit risks that it may not be able to accurately assess and provide for, particularly in those jurisdictions in which the QNB Group operates with complex rules relating to recoveries of problem loans. These factors may result in the QNB Group facing credit delinquencies in its loan portfolio. Although QNB has policies to deal with problem loans, there can be no assurance that these policies will result in full or partial recovery of these loans.

QNB’s failure to maintain the growth of its loan portfolio through effective risk management policies could lead to higher loan loss provisioning and result in higher levels of defaults and write-offs, which, in turn, could have a material adverse effect on QNB’s business, financial condition, results of operations or prospects and thereby affect the Issuer’s ability to perform its obligations under the Notes and QNB’s ability to perform its obligations under the Deed of Guarantee.

QNB is exposed to declining property values in Qatar on the collateral supporting residential and commercial real estate loans.

QNB’s total credit portfolio (before deducting specific provisions for impairment of loans and advances to customers and deferred profits) (see “*Business Description of the QNB Group—Competitive Strengths—Strong Qatari Government Support*”) as at 30 September 2014 and 31 December 2013 was QR328.8 billion (US\$90.3 billion) and QR310.7 billion (US\$85.4 billion), respectively, of which real estate and contracting amounted to 10.9 per cent., or QR35.7 billion (US\$9.8 billion), and 11 per cent., or QR35.6 billion (US\$9.8 billion), respectively. Residential property prices and commercial property prices in Qatar and most of the other markets in which the QNB Group operates have generally declined since 2009, reflecting the slowdown in economic growth as well as uncertainty and lower availability of credit. Although the property market in Qatar has stabilised and is forecast to grow, economic and other factors could lead to contraction in the residential mortgage and commercial lending market and to decreases in residential and commercial property prices which would impact on QNB’s profitability. See “—*A recurrence of rising inflation, or continued deflation, may impact QNB’s profitability*”.

Market fluctuations and volatility may adversely affect the value of QNB’s positions in certain securities and make it more difficult to assess the fair value of certain of its assets.

As a result of the 2008-2009 global financial crisis, financial markets were subject to significant stress conditions, with steep declines in perceived or actual asset values accompanied by a severe reduction in market liquidity. These events affected the prices of bonds, equities and other securities that QNB holds. Although in March 2009, QNB sold a portion of its portfolio of equity securities listed on the QE to the QCB, and financial markets have generally improved since the global financial crisis, any further deterioration in economic and financial market conditions could lead to future impairment charges and mark-downs of its remaining investment portfolio. Moreover, market volatility and illiquidity may make it difficult to value certain investment exposures. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of QNB’s exposure. In addition, the value ultimately realised by QNB may be materially different from the current or estimated fair value. Any of these factors could

require QNB to recognise valuation losses or realise impairment charges, any of which may adversely affect its business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

QNB's investment and loan portfolios and deposit base are concentrated in Qatar and the MENA region, in Qatari riyals and US dollars, and in oil and gas and related industries.

QNB's investment and loan portfolios are concentrated, geographically, in Qatar and the MENA region. QNB's loans and advances to customers constituted 69.2 per cent. of total assets, or QR328.8 billion (US\$90.3 billion), as at 30 September 2014, and 78.9 per cent. of these loans and advances to customers were concentrated in Qatar. Amounts due from banks and financial institutions constituted 4.7 per cent. of total assets, or QR22.2 billion (US\$6.1 billion), as at 30 September 2014. QNB's investment securities and investments in associates constituted 17 per cent. of total assets, or QR80.8 billion (US\$22.2 billion), as at 30 September 2014. QNB's customer deposits constituted 84 per cent. of total liabilities, or QR352.1 billion (US\$96.7 billion), as at 30 September 2014, and 66.4 per cent. of these deposits were concentrated in Qatar. QNB's top 20 loans constituted 64.1 per cent. of its total loan portfolio as at 30 September 2014. Any deterioration in general economic conditions in Qatar or the MENA region or the failure of QNB to manage effectively its risk concentrations could have a material adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

QNB's investment and loan portfolios are primarily concentrated, in terms of currencies, in Qatar riyals and US dollars. The total value of QNB's Qatar riyal-denominated assets was QR256.3 billion (US\$70.4 billion) as at 30 September 2014, or 53.9 per cent. of total assets. The total value of QNB's US dollar-denominated assets was QR111.7 billion (US\$30.7 billion) as at 30 September 2014, or 23.5 per cent. of total assets. Any volatility in the values of these currencies could have a material adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

Furthermore, QNB's loan portfolio, as well as the economy of Qatar, is driven by oil and gas and related industries. Many of QNB's corporate customers engage in the production and/or export of oil and gas, or provide related businesses and services (such as construction services) to the oil and gas industry. See "*—Slower economic growth in the countries where the QNB Group operates could adversely impact QNB*". A prolonged and material downturn in hydrocarbon demand and/or related prices will likely slow economic growth and may adversely affect the business of many of QNB's customers and may result in reduced profits, liquidity and cash flow, a fall in loan growth and asset values, and an increase in loan defaults, in each case, of QNB.

QNB could be adversely affected by the soundness or the perceived soundness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults.

QNB, like other financial institutions, is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by QNB or other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom QNB interacts on a daily basis. Systemic risk could have a material adverse effect on QNB's ability to raise new funding and on its business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

QNB may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its growth strategy.

QNB's success and ability to maintain current business levels and sustain growth will depend, in part, on QNB's ability to continue to recruit and retain qualified and experienced banking and management personnel. QNB could face challenges in recruiting qualified personnel to manage its businesses. In addition, if QNB continues to grow, it will need to continue to increase its number of employees. Furthermore, QNB is guided in its human resources decisions by the Qatari government's policy that 20.0 per cent. of QNB's total personnel consists of Qatari nationals in Qatar. Although QNB believes that it has effective recruitment, training and incentive programmes in place, and QNB's Qatarisation level is well above 20.0 per cent. In Qatar, QNB's failure to recruit, train and retain necessary personnel, or the shortage of qualified Qatari or other nationals prepared to relocate to Qatar, could have a material adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

The loss of key personnel may adversely affect QNB's ability to implement its strategies.

QNB's future success and growth depends to a substantial degree on its ability to retain and motivate QNB's senior management and other key personnel. QNB depends especially on the efforts, skill, reputation and experience of its key senior management personnel, as well as synergies among their diverse fields of expertise and knowledge. Furthermore, the loss of key personnel could delay or prevent QNB from implementing its strategies. Moreover, QNB is not insured against losses that may be incurred in the event of the loss or dismissal of its key personnel.

QNB is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have a material adverse effect on QNB.

QNB is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These controls include Qatari laws and regulations (particularly those of the QCB, the QFMA and the QE), as well as the laws and regulations of the other countries in which the QNB Group operates. Relevant regulatory authorities may impose penalties and fines for any non-compliance with such controls. In addition to various legal restrictions and regulations in the various countries in which the QNB Group operates, in Qatar, QNB is subject to the following legal restrictions and QCB regulations, among others:

- total real estate financing may not exceed 150.0 per cent. of QNB's capital and reserves;
- credit limits for a single customer and certain related persons/entities should not exceed 20.0 per cent. of QNB's capital and reserves;
- credit limits for a major shareholder and certain related persons/entities should not exceed 10.0 per cent. of QNB's capital and reserves;
- total investment and credit facilities provided to a single customer and certain related persons/entities should not exceed 25.0 per cent. of QNB's capital and reserves;
- in all cases, the maximum limit of the credit facilities granted by QNB to a single customer and its borrower group must not exceed QR8 billion;
- total credit facilities granted to all customers and their borrower groups, at 10 per cent. or more of QNB's capital and reserves, must not exceed 600 per cent. of QNB's capital and reserves;
- the maximum limit of investments and credit facilities that can be granted to subsidiary or affiliate must not exceed 25 per cent. of QNB's capital and reserves, and total funds invested in all subsidiaries should not exceed 40 per cent. of QNB's capital and reserves;
- certain concentration limits on total credit and other risk exposures to retail customers, banks, and investments;

- QNB should not exceed the following ceilings of risk concentration for each country:

Percentage to Capital and Reserves (Tier 1):

- First Category Countries: 250 per cent.
 - Second Category Countries: 100 per cent.
 - Third Category Countries: 50 per cent.
- QNB must maintain a minimum individual and consolidated capital adequacy ratio, at all times, pursuant to QCB Basel III requirements, per the following minimum limits, commencing from the ratios calculated for 31 March 2014:

Capital Tier	Minimum Limit without Buffer	Minimum Conservation Buffer Limit (per cent.)	Total Minimum Ratio Limit
Common Equity	6.0	2.5	8.5
Total Tier 1 Capital (Common Equity plus additional, if any) ...	8.0	2.5	10.5
Capital Adequacy Ratio (Tier 1 plus Tier 2, if any)	10.0	2.5	12.5

- QNB is required to calculate its liquidity coverage ratio at the following three levels:
 - in respect of QNB in Qatar pursuant to its monthly balance sheet;
 - in respect of QNB and its branches outside Qatar pursuant to its aggregate monthly balance sheet; and
 - in respect of QNB and its branches and subsidiaries inside and outside Qatar pursuant to its consolidated monthly balance sheet.
- QNB is required to maintain its liquidity coverage ratio for each of the above levels at percentages not less than as shown in the following timetable:

2014	2015	2016 (per cent.)	2017	2018
60.0	70.0	80.0	90.0	100.0

- the QCB's confirmation of no objection is required for any commercial bills, certificates of deposit, bonds or other financing bills issued by QNB to finance its banking activities;
- total loans and advances should not exceed 90.0 per cent. of QNB's deposits and borrowed funds;
- fixed assets may not exceed 20.0 per cent. of QNB's capital and reserves without the prior approval of QCB;
- QNB must maintain employment of 20.0 per cent. Qatar nationals within QNB, in accordance with the Qatari Council of Ministers Resolution No. (11) of 1997;
- a mandatory cash reserve of 4.75 per cent. of QNB's total deposits must be maintained;
- the QCB must approve investments by QNB in its associates if the investment is greater than 20.0 per cent. of the share capital of that investee company; and
- the Ministry of Finance must approve any grant or renewal of any credit facility by QNB to any governmental entity or companies/corporations in which the government owns, either directly or indirectly, more than 50 per cent. of the share capital including for the issuance of debt instruments.

These and other regulations may limit QNB's ability to increase its loan portfolio or raise capital. Changes in these regulations may also increase QNB's cost of doing business. Increased regulations or changes in laws and regulations and the manner in which they are interpreted or enforced may have a material adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

In response to the global economic crisis, it is also anticipated that there may be an increase in regulations of financial institutions, as evidenced by recent actions around the world. Increased regulations or changes in laws and regulations (such as Basel III) and the manner in which they are interpreted or enforced (such as the Qatari Council of Ministers Resolution No. (11) of 1997) may have a material adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

In January 2014, the QCB issued a circular to all commercial banks in Qatar (No. AR/2/2014) with instructions regarding the implementation of QCB Basel III requirements. The QCB minimum recommended capital adequacy requirements under Basel III were increased to 12.5 per cent. (including a capital conservation buffer of 2.5 per cent.). Commercial banks in Qatar will also be required to maintain a minimum liquidity coverage ratio of 60 per cent. for 2014, to be increased by 10 per cent. each year to reach 100 per cent. in 2018. This is a stricter timeline implemented by the QCB as QCB Basel III requirements for maintaining minimum liquidity coverage ratio are expected to be introduced on 1 January 2015, with implementation to be completed by 1 January 2019. QCB has undertaken extensive groundwork in order to implement QCB Basel III requirements including the initiation of a test phase.

In addition, the Government issued a new Banking Law (13 of 2012) which is aimed at advancing the framework for financial regulation in Qatar and expanding the ambit of regulation to cover areas requiring new and enhanced financial regulation. It also lays the foundation for increased cooperation between the regulatory bodies in Qatar. The Banking Law, amongst other matters, mandates the QCB to act as the competent supreme authority in framing the policies for the regulation and supervision of all financial services and markets in Qatar, including the insurance sector which was previously regulated by the Ministry of Economy and Commerce (formerly known as the Ministry of Business and Trade). The new Banking Law may change the way that current regulations are implemented or enforced. The QCB may not consult with industry participants prior to the introduction of new regulations, and it is not always possible for QNB to anticipate when a new regulation will be introduced. This creates a risk that the profitability of QNB may be adversely affected as a result of QNB being unable to adequately prepare for regulatory changes introduced by the QCB. Furthermore, non-compliance by QNB with regulatory guidelines implemented from time to time by the QCB could expose QNB to potential liabilities and fines.

The QNB Group is also required to comply with applicable risk mitigation, anti-money laundering and anti-terrorism laws and other regulations in Qatar and other jurisdictions where it has operations, including those related to countries subject to sanctions by the United States Office of Foreign Assets Control ("OFAC"), similar regulations of the European Union (the "EU") and other jurisdictions, and the United States Foreign Corrupt Practices Act (the "USFCPA"), the United Kingdom Anti-Bribery Act (the "UK Anti-Bribery Act") and other similar regulations of other jurisdictions such as the United States Foreign Account Tax Compliance Act ("FATCA") and Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories ("EMIR"). To the extent that the QNB Group fails or is perceived to fail to fully comply with applicable laws and regulations, the regulatory agencies having authority over the QNB Group have the power and authority to impose fines and other penalties on the QNB Group. In addition, QNB's business and reputation could suffer if customers use QNB for money laundering or illegal or improper purposes.

A recurrence of rising inflation, or deflation, may adversely affect QNB's profitability.

Inflation in Qatar increased from 2004 to 2008, with a compound annual growth rate ("CAGR") of 12.3 per cent. However, in 2009, Qatar experienced an overall annual deflation rate of 4.9 per cent., in contrast to the inflation rate of 15.2 per cent. in 2008 and 13.6 per cent. in 2007. Such deflation rate in 2009 reflected a decrease in housing and food costs and such conditions continued in 2010, with an annual deflation rate of 2.4 per cent. in that year. Since then, inflation has increased by an annual average of 1.9 per cent. in 2011, 1.9 per cent. in 2012 and 2.9 per cent. in 2013. The latest available data suggests that inflation has increased to

3.6 per cent. as of September 2014, mainly reflecting increases in rental prices (given that housing costs constitute nearly one-third of the overall inflation rate in Qatar).

The increase in inflation prior to 2009 was primarily accounted for by the rapid and sustained increase in real estate prices, as well as an increase in international food and raw materials prices. In order to address the domestic housing shortage and control housing prices, the Government supported several domestic and residential construction projects near completion. As a result, housing costs fell by 12.0 per cent. in 2009, 12.8 per cent. in 2010, 4.8 per cent. in 2011, and 3.3 per cent. in 2012, recovering by 4.6 per cent. in 2013 and 7.1 per cent. as at 31 July 2014 (compared against 31 July 2013). See “*Banking Industry and Regulation—Inflation*”.

High inflation could slow the rate of economic growth and consumer spending in Qatar. A continuing deflationary environment in Qatar could also adversely affect QNB’s profitability by adversely affecting property values, which could have an adverse effect on QNB’s real estate loan portfolio. High rates of inflation or deflation thus could have a material adverse effect on QNB’s business, financial condition, results of operations or prospects and thereby affect QNB’s ability to perform its obligations under the Notes and the Deed of Guarantee. Although the Government and the QCB have announced their intention to continue to take measures to ensure that inflation is stabilised, there can be no assurance that the Government and the QCB will be able to achieve or maintain price stability, in the real estate market or otherwise, and thus control inflation.

QNB is at risk of fraud from both internal and external parties

QNB is exposed to many types of operational risk, including fraud and other criminal activities (both internal and external). Fraudulent activities can have a material adverse effect on QNB’s business, reputation and financial condition, and thereby affect the Issuer’s ability to perform its obligations under the Notes and QNB’s ability to perform its obligations under the Deed of Guarantee.

QNB’s financial condition and results of operations could be affected by market risks.

QNB’s financial condition and results of operations could be affected by market risks that are outside QNB’s control, including, without limitation, volatility in interest rates, prices of securities and currency exchange rates. Fluctuations in interest rates could adversely affect QNB’s financial condition and results of operations in a number of different ways. An increase in interest rates generally may decrease the value of QNB’s fixed-rate loans and raise QNB’s funding costs. Such an increase could also generally decrease the value of fixed-rate debt securities in QNB’s securities portfolio. Volatility in interest rates may also result in a re-pricing gap between QNB’s interest-rate sensitive assets and liabilities. As a result, QNB may incur additional costs. See “*Risk Management and Compliance—Interest Rate Risk*”. Interest rates are sensitive to many factors beyond QNB’s control, including the policies of central banks, such as the QCB and the U.S. Federal Reserve, political factors and domestic and international economic conditions. Furthermore, there is market risk relating to the possible de-pegging of various GCC currencies from the dollar, although the effect of such event would depend on the level of open positions and exposure to the US dollar of the QNB Group. QNB’s operations could be adversely affected if Qatar (or any country where the QNB Group operates and which also pegs its currency to the US dollar) should de-peg their currencies. Ultimately, there can be no assurance that QNB will be able to protect itself from any adverse effects of a currency revaluation or future interest rate fluctuations or the de-pegging from the US dollar which could have a material adverse effect on QNB’s business, financial condition, results of operations or prospects and thereby affect the Issuer’s ability to perform its obligations under the Notes and QNB’s ability to perform its obligations under the Deed of Guarantee.

QNB’s financial condition and results of operations may also be affected by changes in the market value of QNB’s securities portfolio. QNB’s income from securities operations depends on numerous factors beyond its control, such as overall market trading activity, interest rate levels, fluctuations in currency exchange rates and general market volatility. Although QNB has risk management processes that review and monitor the market risk aspects of investment proposals and investment portfolios, including overall structure and investment limits, market price fluctuations may still adversely affect the value of QNB’s securities portfolio. See “*Risk Management and Compliance—Market Risk*”.

QNB also engages in foreign currency transactions and maintains open currency positions in relation to the Qatari riyal and US dollar, which give rise to currency risks. Although QNB’s foreign currency related risks

are controlled by QNB's market risk and structural risk management policies, future changes in currency exchange rates (including de-pegging of currencies to the US dollar) may adversely affect QNB's business, financial condition, results of operations or prospects and thereby affect QNB's ability to perform its obligations under the Notes and the Deed of Guarantee.

Increasing competition may adversely affect QNB's results of operations.

The QNB Group faces high levels of competition for all of its products and services, particularly with respect to retail banking. QNB competes with other domestic banks in Qatar and such competition may increase. In addition, QNB believes that the Qatari banking sector faces increased pressure for consolidation and that its current competition in Qatar may consider acquiring or merging with each other in order to compete with QNB. In addition to domestic banks, international banks are increasing their presence in Qatar, either directly or through strategic investments, and compete with QNB for its wholesale corporate and government clients. As at 30 September 2014, there were a total of 18 banks registered with the QCB in Qatar. In addition to the existing retail banks in Qatar, more international banks are expected to commence business through the QFC, which would allow them to compete for large corporate and government business. See "*Banking Industry and Regulation in Qatar*". The competitive nature of the Qatari banking market and QNB's potential failure to continue to compete successfully may adversely affect QNB's business, financial condition, results of operations or prospects and thereby affect QNB's ability to perform its obligations under the Notes and the Deed of Guarantee. Increased competition in the countries where the QNB Group currently operates could similarly adversely affect the QNB Group's businesses in those countries.

QNB's compliance systems might not be fully effective.

QNB's ability to comply with all applicable legal restrictions and QCB regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. QNB cannot ensure that these systems and procedures are fully effective. The QNB Group is subject to extensive oversight by regulatory authorities, including regular examination activity. In addition, QNB performs regular internal audits and employs an external auditor to monitor and test its compliance systems. In the case of actual or alleged non-compliance with applicable laws and regulations, QNB could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages. Any of these could have a material adverse effect on QNB's business, financial condition, results of operations or prospects. Notwithstanding the foregoing, QNB believes that its risk management and internal control policies and procedures are sufficient to ensure compliance with the requirements of the QCB and the Disclosure and Transparency Rules made by the Financial Conduct Authority in the UK pursuant to section 73A(3) of the FSMA applicable to the Issuer and QNB. Notwithstanding anything discussed in this risk factor, this risk factor should not be taken as implying that any of the Issuer, the Guarantor or the QNB Group will be unable to comply with the obligations of a company with securities admitted to the Official List.

QNB's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks.

In the course of its business activities, the QNB Group is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk and operational risk. See "*Risk Management and Compliance*". Investors should note that any failure to adequately control these risks could result in adverse effects on QNB's business, financial condition, results of operations or prospects, as well as its reputation and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

Qatar, with its 50.0 per cent. ownership interest, exerts significant control over QNB and its interests may, in certain circumstances, conflict with those of Noteholders and/or of QNB itself.

The Government, through the Qatar Investment Authority (the "QIA"), is QNB's most significant shareholder, owning 50.0 per cent. of QNB's outstanding voting shares. As a result of QNB's Articles of Association and Qatar's ownership of 50.0 per cent. of QNB's outstanding voting shares, the Government has the power to appoint five of the ten members of QNB's Board of Directors. A proposal at an extraordinary general assembly of shareholders of QNB requires a vote of two-thirds of the shareholders present at the meeting to be passed, while a simple majority vote is required to pass a proposal at an annual general assembly. As a result, the Government may be able to block certain actions or resolutions proposed at QNB's

annual or extraordinary assembly of shareholders. Consequently, investors should note that the interests of the Government may, in certain circumstances, be different from those of the QNB Group's creditors (including the holders of the Notes). See "*Business Description of the QNB Group—Ownership and Operational Structure of the QNB Group*".

QNB has significant credit-related contingent items and commitments that may lead to potential losses.

As part of its normal banking business, QNB issues loan commitments, guarantees, letters of credit and other financial facilities, all of which are accounted for off QNB's balance sheet until such time as they are actually funded or cancelled. Although these commitments are contingent and therefore off-balance sheet, they nonetheless subject QNB to related credit and liquidity risks. Credit-related commitments are subject to the same credit approval terms and compliance procedures as loans and advances, and commitments to extend credit are contingent on customers maintaining required credit standards. Although QNB anticipates that only a portion of QNB's obligations in respect of these commitments will be triggered, QNB may become obligated to make payments in respect of a greater portion of such commitments, which could have a material adverse effect on QNB's funding needs and credit risks. As at 30 September 2014, QNB had QR105.8 billion (US\$29.1 billion) in such contingent liabilities and other commitments.

A downgrade in QNB's credit ratings could limit its ability to negotiate new loan facilities, access the debt capital markets and may increase its borrowing costs and/or adversely affect its relationship with creditors.

QNB's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining QNB's cost of borrowing funds. The interest rates on QNB's borrowings are partly dependent on its credit ratings. As at the date of this Prospectus, QNB's long-term credit rating was assessed by Fitch Ratings at A+, Moody's Investors Service at Aa3, Standard & Poor's Ratings Services at A+ and Capital Intelligence at AA-. A downgrade of QNB's credit ratings, or QNB being placed on a negative ratings watch, may increase its cost of borrowing and materially adversely affect its business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

A downgrade of QNB's credit ratings (or announcement of a negative ratings watch) may also limit its or its associates' ability to raise capital. Moreover, actual or anticipated changes in QNB's credit ratings or the credit ratings of the Notes generally may affect the market value of the Notes. In addition, ratings assigned to the Notes may not reflect the potential impact of all risks related to the transaction, the market or any additional factors discussed in this Prospectus, and other factors may affect the value of the Notes. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

Fluctuations in foreign exchange rates may adversely affect QNB's profitability.

QNB maintains its accounts, and reports its results, in Qatari riyals. The Qatari riyal has been pegged at a fixed exchange rate of QR3.64 per US dollar since 1981. QNB is exposed to the potential impact of any alteration to, or abolition of, this foreign exchange rate peg. Also, as a financial intermediary, QNB is exposed to foreign exchange rate risk. This risk includes the possibility that the value of a foreign currency asset or liability will change due to changes in currency exchange rates as well as the possibility that QNB may have to close out any long or short open position in a foreign currency at a loss due to an adverse movement in exchange rates. QNB generally employs cross-currency forwards, options and swaps to match the currencies of its assets and liabilities. However, where QNB is not so hedged, QNB is exposed to fluctuations in foreign exchange rates and any such hedging activity may not in all cases protect QNB against such risks.

Adverse movements in foreign exchange rates may also adversely impact the revenues and financial condition of QNB's depositors and borrowers which, in turn, may impact QNB's deposit base and the quality of its exposures to certain borrowers. Any volatility in foreign exchange rates, including the re-fixing of the Qatari riyal-US dollar exchange rate, could have a material adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

QNB is subject to risks relating to its information technology systems.

QNB depends on its information technology (“IT”) systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of QNB’s business and operating data. The proper functioning of QNB’s financial control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its branches and main data processing centres, are critical to QNB’s business and ability to compete effectively. QNB’s business activities would be materially disrupted if there is a partial or complete failure of any of these IT systems or communications networks. Such failures can be caused by a variety of external factors, including natural disasters, extended utility failures and cyber-attacks. The proper functioning of QNB’s IT systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing QNB’s transaction data could subject it to claims for losses and regulatory fines and penalties. QNB has implemented and tested detailed business continuity plans and processes as well as disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any failure may have a material adverse effect on QNB’s business, financial condition, results of operations or prospects and thereby affect the Issuer’s ability to perform its obligations under the Notes and QNB’s ability to perform its obligations under the Deed of Guarantee.

QNB may not receive future support from the Government, or it may not receive future support that is commensurate with the support that it has received in the past.

In light of the global economic crisis and its impact on the Qatari banking sector, the Government initiated several plans to support domestic banks and these banks (including QNB) have benefited from this support. See “*Business Description of the QNB Group—Competitive Strengths—Strong Qatari Government Support*”. Although the Government has supported the domestic banking industry (including QNB) during the recent global economic crisis, there can be no assurance that the Government will provide any additional support to the domestic banking industry (including QNB) in response to the global financial crisis or initiate support if another major economic disruption occurs in the future.

From time to time, QNB may be a defendant in various legal proceedings and may, from time to time, be subject to inspections by tax and other authorities.

QNB may, from time to time, be a defendant in legal proceedings incidental to its business activities. QNB has established a reserve for litigation and other contingent liabilities, which amounted to QR31.7 million (US\$8.7 million) as at 30 September 2014. QNB may also, from time to time, be subject to inspections by tax and other authorities. However, QNB is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing reserves. Adverse outcomes in existing or future proceedings, claims or investigations could have an adverse effect on QNB’s business, financial condition, results of operations or prospects and thereby affect the Issuer’s ability to perform its obligations under the Notes and QNB’s ability to perform its obligations under the Deed of Guarantee.

The proposed unified GCC currency, if adopted, may affect QNB’s operations in Qatar and, in turn, the operations and prospects of the QNB Group.

In 2001, the GCC proposed to establish a common currency by 2010 with a view to deepening economic integration. In May 2009, the GCC announced that Riyadh had been selected as the home of the new GCC monetary council, a precursor to a GCC central bank for the proposed single GCC currency to be adopted across the GCC. This announcement has reinforced the possibility that Bahrain, Kuwait, Saudi Arabia and Qatar may each abandon their respective national currencies within the next few years. If a unified GCC currency is adopted, the necessary convergence of laws, policies, procedures and currency systems may bring significant changes to the economic and political infrastructure in each of the GCC countries that adopts such a unified currency. In October 2009, Kuwait’s Ministry of Finance called for a delay of the GCC monetary union.

In March 2010, however, Qatar, Kuwait, Saudi Arabia and Bahrain unanimously elected Saudi Arabia’s Monetary Agency Governor as the first chairman of the GCC Monetary Council, representing the latest step in launching a single currency and laying the foundation for a GCC central bank. There has been no announcement of an official timetable for the progression of monetary union or whether a GCC monetary union will indeed be implemented. If the single GCC currency is adopted, the resulting changes in policies,

procedures and the currency system in Qatar could have an adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee.

Factors relating to Qatar

Investing in securities involving emerging markets generally involves a higher degree of risk.

Investing in securities involving emerging markets, such as Qatar, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. These higher risks include, but are not limited to, higher volatility, limited liquidity and changes in the political environment. Qatar's economy is susceptible to future adverse effects similar to those suffered by other emerging market countries. In any event, there can be no assurance that the market for securities bearing emerging market risk, such as the Notes, will not be affected negatively by events elsewhere, especially in emerging markets.

Specific risks in Qatar and the MENA region that could have a material adverse effect on QNB's business, financial condition, results of operations or prospects include, without limitation, the following:

- political, economic or social instability;
- external acts of warfare, civil clashes or other hostilities or conflict;
- domestic unrest or violence;
- increases in inflation and the cost of living;
- changing tax regimes and tax laws, including the imposition of taxes in tax-free jurisdictions or the increase of taxes in low-tax jurisdictions;
- a slowing global and regional economic environment;
- government interventions and protectionism;
- potential adverse changes in laws and regulatory practices, including legal structures and tax laws;
- difficulties in staffing and managing operations;
- legal systems which could make it difficult for QNB to enforce its intellectual property and contractual rights;
- restrictions on the right to convert or repatriate currency or export assets;
- greater risk of uncollectible accounts and longer collection cycles;
- currency fluctuations;
- logistical and communications challenges; and
- changes in labour conditions.

Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must determine for themselves whether, in light of those risks, an investment in the Notes is appropriate.

Any further economic downturn may have an impact on the financial condition of Qatar, including the financial sector.

Following the 2008-2009 global financial crisis, financial markets in the United States, Europe and Asia experienced a period of unprecedented turmoil and upheaval characterised by extreme volatility and declines

in security prices, severely diminished liquidity and credit availability, inability to access capital markets, financial instability of various financial institutions and an unprecedented level of intervention from the United States and other governments. These circumstances were further exacerbated by the deteriorating economic situation in certain European countries during such period, such as Greece, Portugal and Spain, among others, political instability, turmoil and conflict in the MENA region and natural disasters or other catastrophic events.

These deteriorating economic conditions resulted in the State's determination to provide financial support to Qatar's banking sector by making equity and other investments in domestic commercial banks. Although macroeconomic indicators have improved since the global financial crisis, and the State's policies have generally resulted in improved economic performance in Qatar, there can be no assurance that such level of performance will be sustained. In addition, should there be a further deterioration in economic conditions in the MENA region, including Qatar, the State may find it necessary to assume responsibility for the financial liabilities of both State-owned and non-State-owned enterprises in Qatar. Any such intervention by the State could materially adversely affect the economy and financial condition of the State, and expose the State to additional liabilities.

Qatar is located in a region that is subject to ongoing political and security concerns.

Although Qatar enjoys domestic political stability and generally healthy international relations, as a country located in the MENA region, there is a risk that regional geopolitical instability could impact the country. The MENA region is currently experiencing an unprecedented level of political instability, and in recent years there has been significant political and social unrest in a number of countries in the MENA region, ranging from public demonstrations, sometimes violent, in countries such as Algeria, Bahrain, Egypt, Lebanon, Tunisia and Yemen, to armed conflict and even civil war, in countries such as Iraq, Libya, Syria and Palestine.

Other potential sources of instability in the region include a worsening of the situation in Iraq, a further deterioration in the current poor relations between the United States and Iran and an escalation in the Israeli-Palestinian conflict. A further deterioration, and possible conflict, between the United States, certain other governments, and Iran and Syria, in particular, has the potential to adversely affect regional security as well as global oil and gas prices. Such a deterioration in relations, should it materialise, could adversely impact Qatar and broader regional security, potentially including the outbreak of a regional conflict.

These recent and continued developments, along with historic regional wars and terrorist acts, acts of maritime piracy and other forms of instability in the MENA region, could have an adverse effect on Qatar's economy and its ability to engage in international trade which, in turn, could have an adverse effect on QNB's business, financial condition, results of operations or prospects and thereby affect the Issuer's ability to perform its obligations under the Notes and QNB's ability to perform its obligations under the Deed of Guarantee. See "*International Banking Overview*".

The statistical data contained in this Prospectus should be treated with caution by prospective investors.

Statistics contained in this Prospectus, including in relation to nominal GDP, balance of payments, revenues and expenditures, and indebtedness of the Government, have been obtained from, among other sources, the Ministry of Finance, the QCB and the MDPS. Such statistics, and the component data on which they are based, may be unreliable and may not have been compiled in the same manner as data provided by similar sources in Western Europe and other regions. Similar statistics may be obtainable from other sources, although the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source.

There may also be material variances between preliminary or estimated statistics set forth in this Prospectus and actual results, and between statistics set forth in this Prospectus and corresponding data previously published by or on behalf of the State. Consequently, the statistical data contained in this Prospectus should be treated with caution by prospective investors.

Qatar has a relatively new insolvency law and there is no certainty as to how Qatari courts will construe or enforce such law in the event of a bankruptcy affecting QNB.

Qatar has adopted a relatively new bankruptcy and insolvency provision (part of new Commercial Code No. 27 of 2006) (the “**Bankruptcy Law**”), which came into effect on 13 May 2007. The Bankruptcy Law provisions are similar to those included in the Egyptian and most other GCC laws and relate largely to the declaration of bankruptcy, its effects and its administration, and include conciliation to prevent bankruptcy. However, because the Bankruptcy Law is relatively new and untested by Qatari courts, there is no certainty as to how Qatari courts would construe or enforce the Bankruptcy Law in the event of a bankruptcy affecting QNB. There can also be no assurance that a Qatari court would compel a bankruptcy administrator to perform any of the Issuer’s or QNB’s obligations under the Notes or the Deed of Guarantee, as applicable, during an administration period. The Bankruptcy Law also enables Qatari courts to defer adjudication of a company’s bankruptcy if the court decides that it is possible to improve that company’s financial position during a period (such period to be specified by the court) or if judged to be in the interest of the national economy. Similarly, given the lack of precedent, there is no certainty as to if and how the QCB might exercise its powers of temporary management and control under the Banking Law (including putting a financial institution into liquidation) in relation to financial institutions experiencing financial difficulties.

The future attitude of Qatari courts and the related interpretation or application of Qatari law regarding the payment of interest cannot be predicted.

Although under the laws of Qatar, contractual provisions for the charging and payment of interest are not prohibited and have been routinely enforced by Qatari courts, a court applying Qatari law may not enforce such a provision either to pay interest on or, to the extent that, on a given date, accrued but unpaid interest exceeded outstanding principal, such amounts. Thus the future attitude of Qatari courts and the related interpretation or application Qatari law regarding the payment of interest cannot be predicted.

There is no principle of binding precedent in the Qatari courts.

There is no doctrine of binding precedent in the Qatari courts and reports of the decisions of the Qatari courts are not always published. As a result, any experience with and knowledge of prior rulings of the Qatari courts may not be a reliable basis on which to predict decisions that Qatari courts may render in the future. Thus the outcome of any legal dispute remains uncertain.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The Notes may be redeemed prior to maturity.

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Qatar or the Cayman Islands or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer’s option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Notes subject to optional redemption by the Issuer.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor.

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer and the Guarantor will discharge their payment obligations under the Notes by making payments to the, where applicable, common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuers and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer or the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

The Issuer's and the Guarantor's obligations under Subordinated Notes are subordinated.

The Issuer's and the Guarantor's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of Senior Creditors (as defined in "Terms and Conditions of the Notes" herein). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer or the Guarantor become insolvent. In such an event, the Issuer or the Guarantor, as applicable, will be required to pay holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer and the Guarantor may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes.

Risks Related to Notes Generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and to obtain Written Resolutions on matters relating to the Notes from Noteholders without calling a meeting. A Written Resolution signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes of the relevant Series who for the time being are

entitled to receive notice of a meeting in accordance with the provisions of the Agency Agreement and whose Notes are outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Notes are held in global form in the clearing systems, the Issuer will be entitled to rely upon:

- (i) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Issuer or given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of the relevant Series for the time being outstanding; and
- (ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Issuer by accountholders in the clearing systems with entitlements to such global note or certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the giving of such consent/instruction and prior to effecting such resolution;

A Written Resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Noteholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Noteholders satisfying the special quorum in accordance with the provisions of the Agency Agreement, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Issuer may, without the consent of Noteholders, agree to the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that prior to the maturity of the Notes the United Kingdom may become a participating Member State and that the Euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in Euro (ii) the law may allow or require such Notes to be re-denominated into Euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the Euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

EU Directive on the taxation of savings income

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

A number of third countries and territories, including Switzerland, have adopted similar measures to the Savings Directive.

The Council of the European Union has adopted a Directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above. The Issuer is required, as provided in Condition 7(e) of the Notes, to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

U.S. Foreign Account Tax Compliance Withholding

Payments made on or with respect to the Notes may be subject to U.S. withholding tax. Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (together, the “**ICSDs**”), in all but the most remote circumstances, it is not expected that FATCA (as defined in “*Taxation*”) will affect the amount of any payment received by the ICSDs (see “*Taxation—Foreign Account Tax Compliance Act*”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Change of tax law

Statements in this Prospectus concerning the taxation of investors are of a general nature and are based upon current law and practice in the jurisdictions stated. Such law and practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors.

In addition, any change in legislation or in practice in a relevant jurisdiction could adversely impact (i) the ability of the Issuer and/or the Guarantor to service the Notes and (ii) the market value of the Notes.

Enforcement of arbitration awards and foreign judgments in Qatar

Under the Conditions of the Notes and the terms of the Guarantee, the parties have agreed that any dispute arising out of or in connection with the Notes and the Guarantee may be referred to and finally resolved by arbitration in accordance with the rules of the LCIA, with a Noteholder having the option to require that the courts of England have exclusive jurisdiction to settle the dispute. In the event that proceedings are brought against the Guarantor in Qatar, the Qatari courts would, in accordance with their normal practice, enforce the contractual terms of the Guarantee and the Notes (including the contractual choice of a governing law other than Qatari law to govern the Guarantee and the Notes, provided that, this would not apply to any provision of that law which Qatari courts held to be contrary to any mandatory provision of Qatari law or to public order or morality in Qatar). Qatari courts have consistently enforced commercial interest obligations computed in accordance with the terms of the relevant agreement. It is, however, uncertain whether the Qatari courts would enforce the payment of interest on interest, or the payment of accrued interest which exceeds the amount of the principal sum. The Court of Cassation in Qatar recently refused to grant a claimant a right to receive default interest and instead awarded damages and such damages were lower than the contractual default interest.

There is currently no treaty or convention for the reciprocal enforcement of judgments between Qatar on the one hand and England on the other. A judgment obtained from a court in England will be enforceable in Qatar subject to the provisions of Articles 379 and 380 of the Civil and Commercial Procedure Law, which provides, (i) in the case of Article 379, that judgments and orders pronounced in a foreign country may be ordered to be executed in Qatar upon the conditions determined in that country for the execution of Qatari judgments and orders; and (ii) in the case of Article 380, that an order for execution of a foreign judgment or order will not be made unless and until the following have been ascertained, that: (a) the judgment or order was delivered by a competent court of the foreign jurisdiction in question; (b) the parties to the action were properly served with notice of proceedings and properly represented; (c) the judgment or order is one that is capable of being executed by the successful party to the proceedings in conformity with the laws of the foreign jurisdiction in question; and (d) the foreign judgment or order does not conflict with a previous judgment or order of a competent Qatari court and is not contrary to public policy or morality in Qatar. The same provisions apply to arbitration awards made in a foreign country.

A Qatari court would be entitled to call for textual evidence on the laws of England concerning the conditions that would be applicable for the execution of the judgment of a Qatari court in England and the Qatari court would then be entitled to execute the judgment of the English court upon those conditions. Accordingly, although a judgment obtained from a court in England would be admissible in evidence in any proceedings brought in Qatar to enforce such judgment it would still be necessary to initiate proceedings in Qatar.

In accordance with their normal practice, Qatari courts would uphold the choice of arbitration as a dispute resolution method. However, this would be subject to the same qualifications as are stated above with regard to choice of law and a Qatari court may not accept that its own jurisdiction had been excluded by any provision providing that the submission to any particular jurisdiction was exclusive.

Qatar is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”), with effect from 30 March 2003. The United Kingdom is also a

party to the New York Convention and therefore an arbitration award made in England should be enforceable in Qatar in accordance with the terms of the New York Convention.

Sovereign immunity

Under the Notes and the Deed of Guarantee, the Issuer and the Guarantor, as the case may be, has each waived its rights in relation to sovereign immunity in respect of such documents. However, there can be no assurance as to whether such waivers of immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings by the Issuer or the Guarantor under the Notes and/or the Guarantee (as applicable) are valid and binding under Qatari law and enforceable in the State of Qatar.

Risks Related to the Market Generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Although applications have been made for the Notes issued under the Programme to be admitted to listing on the Official List of the UK Listing Authority and to trading on the Regulated Market of the London Stock Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Price volatility

The market price of the Notes may be volatile, which could cause the value of a purchaser's investment to decline. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, and corresponding fluctuations in the prices of the Notes, may not be correlated in a predictable way to the performance or operating results of the Guarantor. Events and factors that may cause the prices of the Notes to fluctuate or decrease significantly from the issue price include variations in interest rates; general business, political, social and economic developments, particularly in the Middle East; and variations in actual or anticipated operating results of the Guarantor.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes. A drop in the level of interest rates will have a positive impact on the price of the Fixed Rate Notes, as such Notes pay a fixed annual rate of interest. Conversely, an increase in the interest rate level will have an adverse impact on the price of the Fixed Rate Notes. For investors holding the Fixed Rate Notes until maturity, any changes in the interest rate level during the term will not affect the yield of the Fixed Rate Notes, as the Fixed Rate Notes will be redeemed at par.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks relating to Renminbi-denominated Notes

Notes denominated in RMB (“**RMB Notes**”) may be issued under the Programme. RMB Notes contain particular risks for potential investors.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into or out of the PRC which may adversely affect the liquidity of RMB Notes

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the US dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover the whole nation and to make RMB trade and other current account item settlement available in all countries worldwide. Currently, participating banks in Singapore, Hong Kong, London, Frankfurt, Seoul, Paris, Luxembourg and Taiwan have been permitted to engage in the settlement of current account trade transactions in Renminbi. However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually.

On 7 April 2011, the State Administration of Foreign Exchange of the PRC (“**SAFE**”) promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the “**SAFE Circular**”), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the accounts of non-PRC residents) to make a contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent from the Ministry of Commerce of the PRC (“**MOFCOM**”) to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in RMB shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On 12 October 2011, the MOFCOM promulgated the *Circular on Issues in relation to Cross-border RMB Foreign Direct Investment* (the “**MOFCOM RMB FDI Circular**”). Pursuant to the MOFCOM RMB FDI Circular, the appropriate office of MOFCOM and/or its local counterparts are authorised to approve RMB foreign direct investments (“**RMB FDI**”) in accordance with existing PRC laws and regulations regarding foreign investment, with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM RMB FDI Circular also states that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement.

On 13 October 2011, the People’s Bank of China (the “**PBOC**”) issued the *Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment* (the “**PBOC RMB FDI Measures**”), to commence the PBOC’s detailed RMB FDI administration system, which covers almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as RMB denominated cross-border loans. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC RMB FDI Measures. Under the PBOC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBOC which was previously required by the PBOC Circular is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary.

On 14 June 2012, the PBOC issued the *Notice on Clarifying the Implementation of Settlement of Cross-border Renminbi Direct Investment*, which provides more detailed rules for cross-border Renminbi direct investments and settlements.

On 3 December 2013, MOFCOM promulgated the *Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment* (the “**New MOFCOM RMB FDI Circular**”), which became effective on 1 January 2014, to further facilitate foreign direct investment by simplifying and streamlining the applicable regulatory framework. Pursuant to the New MOFCOM RMD FDI Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each foreign direct investment and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. The New MOFCOM RMD FDI Circular replaced the *Notice on Issues in relation to Cross-border Renminbi Foreign Direct Investment* promulgated by MOFCOM RMD FDI on 12 October 2011 (the “**Old MOFCOM RMD FDI Notice**”). In contrast with the Old MOFCOM RMD FDI Notice, the New MOFCOM RMD FDI Circular no longer contains the requirements for central-level MOFCOM approvals for investments of CNY300 million or more, or in relation to certain industries such as financial guarantee, financial leasing, micro-credit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries regulated by the state. Unlike the Old MOFCOM RMD FDI Notice, the New MOFCOM RMD FDI Circular has also removed the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the New MOFCOM RMD FDI Circular also clearly prohibits the foreign direct investment funds from being used for any direct or indirect investment in securities and financial derivatives (except for strategic investment in the PRC listing companies) or for entrustment loans in the PRC.

As the New MOFCOM RMD FDI Circular and the PBOC RMB FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot schemes will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that QNB is not able to repatriate funds outside the PRC in Renminbi, the Issuer or the Guarantor will need to source Renminbi offshore to finance their respective obligations under Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC. Investors may be required to provide certifications and other information (including RMB account information) in order to be allowed to receive payments in RMB in accordance with the RMB clearing and settlement system for participating banks in Hong Kong, Singapore and Taiwan.

The availability of Renminbi outside the PRC may be limited, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service such RMB Notes

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. Hong Kong residents are permitted to convert limited amounts of foreign currencies, including Hong Kong dollars, into Renminbi at such banks on a per-day basis. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited (the "**RMB Clearing Bank**") to further expand the scope of RMB business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open RMB accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert RMB; and there will no longer be any restriction on the transfer of RMB funds between different accounts in Hong Kong.

Currently, licensed banks in Singapore, Hong Kong and Taiwan may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents, Taiwanese residents and specified business customers. The PBOC has now established a Renminbi clearing and settlement system for participating banks in Singapore, Hong Kong, London, Frankfurt, Paris, Luxembourg, Seoul and Taiwan. Each of Industrial and Commercial Bank of China, Singapore Branch, Bank of China (Hong Kong) Limited, Bank of China, Taipei Branch, China Constructive Bank (London) Limited, Bank of China, Frankfurt Branch, Bank of Communications, Seoul Branch, Bank of China, Paris Branch and Industrial and Commercial Bank of China Limited, Luxembourg Branch (each an "**RMB Clearing Bank**") has entered into settlement agreements with the PBOC to act as the RMB clearing bank in Singapore, Hong Kong, Taiwan, London, Frankfurt, Seoul, Paris and Luxembourg respectively.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. They are only allowed to square their open positions with the RMB Clearing Bank after consolidating the RMB trade position of banks outside Singapore, Hong Kong, Taiwan, Frankfurt, London and Seoul that are in the same bank group of the participating banks concerned with their own trade position and the relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers of up to RMB20,000 per person per day and for the designated business customers relating to the RMB received in providing their services. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

On 14 June 2012, the Hong Kong Monetary Authority (the "**HKMA**") introduced a facility for providing Renminbi liquidity to authorised institutions participating in Renminbi business (the "**Participating AIs**") in Hong Kong. The facility will make use of the currency swap arrangement between the PBOC and the HKMA. With effect from 15 June 2012, the HKMA will, in response to requests from individual Participating AIs, provide Renminbi term funds to the Participating AIs against eligible collateral acceptable to the HKMA. This facility is intended to address short-term Renminbi liquidity tightness which may arise from time to time, for example due to capital market activities or a sudden need for Renminbi liquidity by the Participating AIs' overseas bank customers.

On 28 March 2014, the Deutsche Bundesbank and the PBOC signed an agreement to enable the clearing and settlement of Renminbi-denominated payments in Frankfurt. Within the framework of this agreement, the Deutsche Bundesbank is expected to appoint a branch of one of the Chinese banks in Frankfurt as a clearing bank to facilitate such Renminbi payments. On 31 March 2014, a similar agreement for clearing of the Renminbi transactions was signed in London between the Bank of England and the PBOC.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi

offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Issuer's RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in RMB Notes is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to the RMB Notes in Renminbi unless otherwise specified. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

Payments for the RMB Notes will only be made to investors in the manner specified in the RMB Notes

All payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by a temporary Global Note or a permanent Global Note (as defined in the Conditions) held with the common depositary or common safekeeper, as the case may be, for Clearstream, Luxembourg and Euroclear Bank or any alternative clearing system by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi clearing bank operates, if so specified in the Final Terms, or (iii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi clearing bank operates, if so specified in the Final Terms, in accordance with the prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below.

PART A—CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the prospectus dated 17 November 2014 [and the supplement(s) thereto dated [●]], which [together] constitute[s] a base prospectus (the “**Prospectus**”) for the purposes of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus [and the supplement(s) thereto] [is] [are] available for viewing at the market news section of the London Stock Exchange website (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and during normal business hours at the registered offices of the Issuer at c/o Maples Corporate Services Limited, P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands and copies may be obtained from the registered offices of the Fiscal Agent at One Canada Square, London E14 5AL, United Kingdom.]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the prospectus dated [date of original prospectus] [and the supplement(s) thereto dated [●]] which are incorporated by reference into the prospectus dated 17 November 2014. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and must be read in conjunction with the prospectus dated 17 November 2014 [and the supplement(s) thereto dated [●]], which [together] constitute[s] a base prospectus (the “**Prospectus**”) for the purposes of the Prospectus Directive, save in respect of the Conditions, which are extracted from the prospectus dated [date of original prospectus] [and the supplement(s) thereto dated [●]]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus [and the supplement(s) thereto] [is] [are] available for viewing at the market news section of the London Stock Exchange website (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and during normal business hours at the registered offices of the Issuer at c/o Maples Corporate Services Limited, P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands and copies may be obtained from the registered offices of the Fiscal Agent at One Canada Square, London E14 5AL, United Kingdom.]

- | | | |
|----------|---|---|
| 1 | (a) Issuer: | QNB Finance Ltd |
| | (b) Guarantor: | Qatar National Bank S.A.Q. |
| 2 | [(a)] Series Number: | [●] |
| | [(b)] Tranche Number: | [●] |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount of Notes: | [●] |
| | [(a)] Series: | [●] |
| | [(b)] Tranche: | [●] |
| 5 | Issue Price: | [●] per cent. of the Aggregate Nominal Amount
[plus accrued interest from [●]] |

- 6 [(a)] Specified Denominations: [●]
- (b) Calculation Amount:
- 7 (a) Issue Date: [●]
- (b) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
- 8 **Maturity Date:** [●]
- 9 **Interest Basis:** [[●] per cent. Fixed Rate]
- [[●] +/- [●] per cent. Floating Rate] [Zero Coupon]
- 10 **Redemption/Payment Basis:** [Redemption at par]
- [●]
- 11 **Change of Interest or Redemption/Payment Basis:** [●]
- 12 **Put/Call Options:** [Put Option]
[Call Option]
[Change of Control Put Event]
[(further particulars specified below)]
- 13 (a) Status of the Notes: [Senior/Subordinated]
- (b) Status of the Guarantee: [Senior/Subordinated]
- (c) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [●] [and [●],respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 14 **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
- (a) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly/[●]] in arrear]
- (b) Interest Payment Date(s): [●] in each year [adjusted in accordance with]
- [[●]/not adjusted]
- (c) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (d) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
- (e) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/[●]]
- (f) [Determination Dates: [●] in each year]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/[●]]
- 15 **Floating Rate Note Provisions:** [Applicable/Not Applicable]

- (a) Interest Period(s): [●]
- (b) Specified Interest Payment Dates: [●]
- (c) First Interest Payment Date: [●]
- (d) Interest Period Date: [●] (Not applicable unless different from Interest Payment Date)
- (e) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[●]]
- (f) Business Centre(s): [●]
- (g) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (h) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [[Name] shall be the Calculation Agent]
- (i) Screen Rate Determination:
- Reference Rate: [●]
 - Interest Determination Date(s): [●]
 - Relevant Time: [●]
 - Relevant Screen Page: [●]
 - Relevant Financial Centre: [●]
- (j) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
- (k) Linear Interpolation: [Not applicable/Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using linear interpolation (*specify for each short or long Interest Period*)]
- (l) Margin(s): [+/-][●] per cent. per annum
- (m) Minimum Rate of Interest: [●] per cent. per annum
- (n) Maximum Rate of Interest: [●] per cent. per annum
- (o) Day Count Fraction: [●]
- (p) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of [●]

calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

(q) ISDA Definitions [2000 ISDA Definitions (as amended and updated)/2006 ISDA Definitions (as amended and updated)]

16 Zero Coupon Note Provisions: [Applicable/Not Applicable]

(a) Amortisation Yield: [●] per cent. per annum

(b) Any other formula/basis of determining amount payable: [●]

PROVISIONS RELATING TO REDEMPTION

17 Call Option: [Applicable/Not Applicable]

(a) Optional Redemption Date(s): [●]

(b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount [Condition 6(b) applies]

(c) If redeemable in part:

(i) Minimum Redemption Amount [●] per Calculation Amount

(ii) Maximum Redemption Amount [●] per Calculation Amount

(iii) Notice period: [●]

18 Put Option: [Applicable/Not Applicable]

(a) Optional Redemption Date(s): [●]

(b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount [Condition 6(b) applies]

(c) period: [●]

19 Change of Control Put: [Applicable/Not Applicable]

(a) Change of Control Put Date: [●]

(b) Change of Control Put Period: [●]

20 Final Redemption Amount of each Note: [●] per Calculation Amount

21 Early Redemption Amount: [Applicable/Not Applicable]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if

different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22 Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

Registered Notes:

[Regulation S Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg]]

23 Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/[●]]

24 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes [●]/No]

25 Consolidation provisions:

[Not Applicable/The provisions in Condition 13 (Further Issues) apply]

Signed on behalf of QNB Finance Ltd:

By:
Duly authorised

Signed on behalf of Qatar National Bank S.A.Q.:

By:
Duly authorised

PART B—OTHER INFORMATION

1 Listing

- (a) Listing: [London/([•])] [London/([•])]
- (b) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange’s Regulated Market with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange’s Regulated Market with effect from [•].]
- (c) Estimate of total expenses related to admission to trading: [•]

2 Ratings:

The Notes to be issued have been rated:
[Standard & Poor’s: [•]]
[Moody’s: [•]]
[[Fitch: [•]]

3 [Interests of Natural and Legal Persons Involved in the Issue/Offer]

[“Save as discussed in [“*Subscription and Sale/General Information*”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

4 Reasons for the Offer, Estimated Net Proceeds and Total Expenses

- (a) Reasons for the offer: [•]
- (b)] Estimated net proceeds: [•]
- [(c) Estimated total expenses: [•]

5 [Fixed Rate Notes only—Yield]

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 Operational Information

- ISIN: [•]
- Common Code: [•]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/[•]]
- Names and addresses of initial Paying Agent(s): [•]
- Names and addresses of additional Paying Agent(s) (if any): [•]

7 Distribution

- (a) Method of distribution: [Syndicated/Non-syndicated]

- (b) If syndicated, names of Managers: [Not Applicable/*give names*]
- (c) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (d) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (e) US Selling Restrictions: [Reg. S Compliance Category [1/2/3];
TEFRA C/TEFRA D/TEFRA not applicable]

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Tranche of Instruments issued under the Programme will be substantially in the following form, duly completed to reflect the particular terms of the relevant PD Exempt Instruments and their issue.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC, AS AMENDED (THE “**PROSPECTUS DIRECTIVE**”) FOR THE ISSUE OF THE INSTRUMENTS DESCRIBED BELOW. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED ANY INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT AND ANY INSTRUMENTS ISSUED PURSUANT TO THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE PROSPECTUS DIRECTIVE.

PART A—CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the prospectus dated 17 November 2014 [and the supplementary listing particulars dated [●]], which [together] constitute[s] listing particulars (the “**Listing Particulars**”). This document constitutes the Pricing Supplement of the PD Exempt Instruments described herein and must be read in conjunction with the Listing Particulars. Full information on the Issuer and the offer of the PD Exempt Instruments is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars. The Listing Particulars [and the supplement(s) thereto] [is] [are] available for viewing during normal business hours at the registered offices of the Issuer at c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and copies may be obtained from the registered offices of the Fiscal Agent at One Canada Square, London E14 5AL, United Kingdom.]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) contained in the trust deed dated [date of original trust deed] a copy of which is set forth in the prospectus dated [date of original prospectus] [and the supplement(s) thereto dated [●]] which are incorporated by reference into the prospectus dated 17 November 2014 [and the supplementary listing particulars dated [●]], which [together] constitute[s] listing particulars (the “**Listing Particulars**”), and which are attached hereto. This document constitutes the Pricing Supplement of the PD Exempt Instruments described herein and must be read in conjunction with the Listing Particulars, save in respect of the Conditions, which are extracted from the Listing Particulars dated [date of original prospectus] [and the supplement(s) thereto dated [●]]. Full information on the Issuer and the offer of the PD Exempt Instruments is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars. The Listing Particulars [and the supplement(s) thereto] [is] [are] available for viewing during normal business hours at the registered offices of the Issuer at c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and copies may be obtained from the registered offices of the Fiscal Agent at One Canada Square, London E14 5AL, United Kingdom.]

- | | | |
|----------|---|----------------------------|
| 1 | (a) Issuer: | QNB Finance Ltd |
| | (b) Guarantor: | Qatar National Bank S.A.Q. |
| 2 | [(a)] Series Number: | [●] |
| | [(b)] Tranche Number: | [●] |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount of Notes: | [●] |
| | [(a)] Series: | [●] |

	[(b) Tranche:	[●]]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	[(a)] Specified Denominations:	[●]
	(b) Calculation Amount:	
7	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
8	Maturity Date:	[●]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[●] +/- [●] per cent. Floating Rate] [Zero Coupon]
10	Redemption/Payment Basis:	[Redemption at par] [●]
11	Change of Interest or Redemption/Payment Basis:	[●]
12	Put/Call Options:	[Put Option] [Call Option] [Change of Control Put Event] [(further particulars specified below)]
13	(a) Status of the Notes:	[Senior/Subordinated]
	(b) Status of the Guarantee:	[Senior/Subordinated]
	(c) [Date [Board] approval for issuance of Notes [and Guarantee] obtained:	[●] [and [●],respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions:	[Applicable/Not Applicable]
	(a) Rate(s) of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/[●]] in arrear]
	(b) Interest Payment Date(s):	[●] in each year [adjusted in accordance with] [[●]/not adjusted]
	(c) Fixed Coupon Amount(s):	[●] per Calculation Amount
	(d) Broken Amount(s):	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
	(e) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/[●]]
	(f) [Determination Dates:	[●] in each year]

(g) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/[●]]
15 Floating Rate Note Provisions:	[Applicable/Not Applicable]
(a) Interest Period(s):	[●]
(b) Specified Interest Payment Dates:	[●]
(c) First Interest Payment Date:	[●]
(d) Interest Period Date:	[●] (Not applicable unless different from Interest Payment Date)
(e) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[●]]
(f) Business Centre(s):	[●]
(g) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(h) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]):	[[Name] shall be the Calculation Agent]
(i) Screen Rate Determination:	
— Reference Rate:	[●]
— Interest Determination Date(s):	[●]
— Relevant Time:	[●]
— Relevant Screen Page:	[●]
— Relevant Financial Centre:	[●]
(j) ISDA Determination:	
— Floating Rate Option:	[●]
— Designated Maturity:	[●]
— Reset Date:	[●]
(k) Linear Interpolation:	[Not applicable/Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using linear interpolation (<i>specify for each short or long Interest Period</i>)]
(l) Margin(s):	[+/-][●] per cent. per annum
(m) Minimum Rate of Interest:	[●] per cent. per annum
(n) Maximum Rate of Interest:	[●] per cent. per annum

(o) Day Count Fraction:	[●]
(p) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
(q) ISDA Definitions	[2000 ISDA Definitions (as amended and updated)/2006 ISDA Definitions (as amended and updated)]
16 Zero Coupon Note Provisions:	[Applicable/Not Applicable]
(a) Amortisation Yield:	[●] per cent. per annum
(b) Any other formula/basis of determining amount payable:	[●]
PROVISIONS RELATING TO REDEMPTION	
17 Call Option:	[Applicable/Not Applicable]
(a) Optional Redemption Date(s):	[●]
(b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount [Condition 6(b) applies]
(c) If redeemable in part:	
(i) Minimum Redemption Amount	[●] per Calculation Amount
(ii) Maximum Redemption Amount	[●] per Calculation Amount
(iii) Notice period:	[●]
18 Put Option:	[Applicable/Not Applicable]
(a) Optional Redemption Date(s):	[●]
(b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount [Condition 6(b) applies]
(c) period:	[●]
19 Change of Control Put:	[Applicable/Not Applicable]
(a) Change of Control Put Date:	[●]
(b) Change of Control Put Period:	[●]
20 Final Redemption Amount of each Note:	[●] per Calculation Amount
21 Early Redemption Amount:	[Applicable/Not Applicable]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22 Form of Notes:** Bearer Notes:
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
Registered Notes:
[Regulation S Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg]]
- 23 Financial Centre(s) or other special provisions relating to payment dates:** [Not Applicable/[●]]
- 24 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes [●]/No]
- 25 Consolidation provisions:** [Not Applicable/The provisions in Condition 13 (Further Issues) apply]
- 26 Other terms or special conditions:** [Not Applicable/*give details*]

Signed on behalf of QNB Finance Ltd:

By:
Duly authorised

Signed on behalf of Qatar National Bank S.A.Q.:

By:
Duly authorised

PART B—OTHER INFORMATION

- 1 Listing**
- (a) Listing: /None
- (b) Admission to trading: /Not Applicable
- (c) Estimate of total expenses related to admission to trading:
- 2 Ratings:** The Notes to be issued have been rated:
- Standard & Poor's:
- Moody's:
- Fitch:
- 3 [Interests of Natural and Legal Persons Involved in the Issue/Offer]**
- ["Save as discussed in ["*Subscription and Sale/General Information*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]
- 4 Reasons for the Offer, Estimated Net Proceeds and Total Expenses**
- (a) Reasons for the offer:
- (b) Estimated net proceeds:
- (c) Estimated total expenses:
- 5 [Fixed Rate Notes only—Yield]**
- Indication of yield:
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
- 6 Operational Information**
- ISIN:
- Common Code:
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/
- Names and addresses of initial Paying Agent(s):
- Names and addresses of additional Paying Agent(s) (if any):
- 7 Distribution**
- (a) Method of distribution: Syndicated/Non-syndicated]

- (b) If syndicated, names of Managers: [Not Applicable/*give names*]
- (c) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (d) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (e) US Selling Restrictions: [Reg. S Compliance Category [1/2/3];
TEFRA C/TEFRA D/TEFRA not applicable]
- (f) Additional selling restrictions: [Not Applicable/*give details*]

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “**Notes**” are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Notes to be issued may be senior Notes (“**Senior Notes**”) or subordinated Notes (“**Subordinated Notes**”). In the case of PD Exempt Instruments issued under the Programme, references to the Final Terms in these Conditions shall be construed as references to the Pricing Supplement.

The Notes are issued pursuant to an agency agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 17 November 2014 between QNB Finance Ltd (the “**Issuer**”), Qatar National Bank S.A.Q., (the “**Guarantor**”), The Bank of New York Mellon, acting through its London Branch as fiscal agent and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 17 November 2014 executed by the Issuer and the Guarantor in relation to the Notes and a deed of guarantee (as amended or supplemented as at the Issue Date, the “**Deed of Guarantee**”) dated 17 November 2014 executed by the Guarantor in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the “**Conditions**”), “**Tranche**” means Notes which are identical in all respects.

Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

This Note may also be a Senior Note, or a Subordinated Note, as indicated in the applicable Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the

Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfer Free of Charge**

Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3. Guarantee and Status

(a) **Senior Guarantee**

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Senior Notes and the Coupons. Its obligations in that respect (the “**Senior Guarantee**”) are contained in the Deed of Guarantee.

(b) **Status of Senior Notes and Senior Guarantee**

The Senior Notes (being those Notes that specify their status as Senior) and the Coupons relating to them constitute direct, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Coupons relating to them and of the Guarantor under the Senior Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other outstanding, present and future, unsecured and unsubordinated obligations of the Issuer and the Guarantor respectively.

(c) **Subordinated Guarantee**

The Guarantor has irrevocably and (subject as provided in the Subordinated Guarantee referred to below) unconditionally guaranteed the due payment of all sums expressed to be payable by the Issuer under the Subordinated Notes and Coupons on a subordinated basis. Its obligations in that respect (the “**Subordinated Guarantee**”) are contained in the Deed of Guarantee.

The payment obligations of the Guarantor under the Subordinated Guarantee will be subordinated to all unsubordinated payment obligations of the Guarantor in the manner described below but will rank *pari passu* with all other subordinated payment obligations of the Guarantor which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Guarantee and in priority to all claims of

shareholders of the Guarantor. The rights of the holders of Subordinated Notes against the Guarantor are subordinated in right of payment to the claims of all Senior Creditors of the Guarantor and accordingly payments under the Subordinated Guarantee by the Guarantor are conditional upon the Guarantor being solvent at the time of such payment and no payment shall be payable by the Guarantor in respect of the Subordinated Guarantee except to the extent that the Guarantor could make such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank pari passu with, or senior to, the Subordinated Guarantee and still be solvent immediately thereafter. For this purpose the Guarantor shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its assets exceed its liabilities, and the term “**Senior Creditors of the Guarantor**” shall mean creditors of the Guarantor (including depositors) other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank pari passu with, or junior to, the claims of the holders of the Subordinated Notes and the Coupons relating to them.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of the Subordinated Guarantee. No collateral is or will be given for the payment obligations under the Subordinated Guarantee and any collateral that may have been or may in the future be given in connection with other indebtedness of the Guarantor shall not secure the payment obligations under the Subordinated Guarantee.

(d) **Status of Subordinated Notes**

The Subordinated Notes (being those Notes that specify their status as Subordinated) and the Coupons relating to them constitute direct, conditional and as described below, unsecured obligations of the Issuer and rank pari passu and without any preference among themselves. The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank pari passu with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Notes and in priority to all claims of shareholders of the Issuer. The rights of the holders of Subordinated Notes against the Issuer are subordinated in right of payment to the claims of all Senior Creditors of the Issuer and accordingly payments in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) by the Issuer are conditional upon the Issuer being solvent at the time of such payment and no payment shall be payable by the Issuer in respect of the Subordinated Notes except to the extent that the Issuer could make such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank pari passu with the Subordinated Notes and still be solvent immediately thereafter. For this purpose the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its assets exceed its liabilities, and the term “**Senior Creditors**” shall mean creditors of the Issuer (including depositors) other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank pari passu with, or junior to, the claims of the holders of the Subordinated Notes and the Coupons relating to them.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Note. No collateral is or will be given for the payment obligations under the Subordinated Notes and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations under the Subordinated Notes.

4. Negative Pledge

This Condition 4 only applies to Senior Notes.

So long as any Senior Note or Coupon remains outstanding (as defined in the Agency Agreement) neither the Issuer nor the Guarantor will and the Issuer and the Guarantor will procure that none of their respective Principal Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest other than a Permitted Security Interest (each, a “**Security Interest**”) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure (i) any Relevant Indebtedness (as defined below) or Relevant Sukuk Obligation (as defined below), or (ii) any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, unless the Issuer or the Guarantor, as the case may be, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes and/or the Deed of Guarantee, as the case may be, are secured by the Security Interest equally and rateably with the Relevant Indebtedness, Relevant Sukuk Obligation, guarantee or indemnity, as the case may be; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of these Conditions:

“**Excluded Subsidiary**” means at any time a Subsidiary of the Issuer or the Guarantor, as the case may be, which is a special purpose entity whose principal assets are constituted by a project or projects and none of whose Indebtedness or Sukuk Obligations are directly or indirectly the subject of security or a guarantee, indemnity or any other form of assurance, undertaking or support from the Issuer or the Guarantor or any of their respective Principal Subsidiaries;

“**Group**” means the Guarantor together with its Subsidiaries;

“**Indebtedness**” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing,

and for the avoidance of doubt “**Indebtedness**” shall be deemed to include any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of Shariah, whether entered into directly or indirectly by the Issuer or the Guarantor or a member of the Group, as the case may be

“**Permitted Security Interest**” means any Security Interest (i) in respect of any Relevant Indebtedness or Relevant Sukuk Obligation of any member of the Group incurred (a) to finance the ownership, acquisition, development, redevelopment or operation of any asset or (b) to finance or facilitate the receipt of any specified revenues or receivables in respect of which the Person or Persons to whom any such Relevant Indebtedness or Relevant Sukuk Obligation is or may be owed (for the purpose of this definition, the “**Lender**”) by such member of the Group (for the purposes of this definition, the “**Borrower**”) has or have no recourse whatsoever to any other member of the Group for the repayment thereof other than (1) recourse to the relevant Borrower for amounts

limited to the cash flow or the net cash flow from such asset, revenues or receivables, as the case may be, and/or (2) recourse to the proceeds of enforcement of any Security Interest (x) given by such Borrower over such asset, revenues or receivables or the income, cash flow or other proceeds deriving therefrom and/or (y) given by any owner of a voting equity interest in a Borrower over such equity interest to secure such Relevant Indebtedness or Relevant Sukuk Obligation; provided, that the extent of such recourse to such Borrower is limited solely to the amount of any recoveries made in respect of such enforcement; or (ii) securing Relevant Indebtedness or Relevant Sukuk Obligations of any Person existing at the time that such Person is acquired by or merged into or consolidated with any member of the Group; provided, however, that such Security Interest was not created in contemplation of such acquisition, merger or consolidation and does not extend to any assets or property of any member of the Group other than that of such Person prior to such acquisition, merger or consolidation, as the case may be.

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

“Principal Subsidiary” means, in relation to the Issuer or the Guarantor, any Subsidiary not being an Excluded Subsidiary (i) whose total assets represent not less than 10.0 per cent. of the consolidated total assets of the Issuer or the Guarantor (as the case may be) and its Subsidiaries taken as a whole, (ii) whose external revenues are not less than 10.0 per cent. of the consolidated revenues of the Issuer or the Guarantor (as the case may be) and its Subsidiaries taken as a whole, in each case in respect of the immediately preceding sub- paragraphs (i) and (ii), as calculated by reference to the most recent audited consolidated financial statements of the Issuer or the Guarantor (as the case may be) or (iii) to which is transferred all or substantially all of the business, undertaking or assets of a Subsidiary that immediately prior to such transfer is a Principal Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary and the transferee Subsidiary shall immediately become a Principal Subsidiary, but shall cease to be a Principal Subsidiary under this sub-paragraph (iii) (but without prejudice to the provisions of sub-paragraph (i) or (ii) above) upon publication of its next audited consolidated financial statements. If (i) the Issuer or any other Subsidiary of the Guarantor or the Issuer (as the case may be) shall not in respect of any relevant financial period for whatever reason produce audited accounts or (ii) the Issuer or any other Subsidiary of the Guarantor or the Issuer (as the case may be) shall not have produced at the relevant time for the calculations required pursuant to this definition audited accounts for the same period as the period to which the latest audited consolidated accounts of the Issuer or the Guarantor (as the case may be) and its Subsidiaries relate, then there shall be substituted for the purposes of this definition the management accounts of the Issuer or such Subsidiary (as the case may be) for such period.

A report by the Chief Executive Officer and the Chief Financial Officer (or any person who at any time carries out the equivalent functions of such person (regardless of such person’s title)) of the Issuer or the Guarantor, as applicable, that in their opinion a Subsidiary is or was or was not at any particular time or throughout a specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

“Relevant Indebtedness” means any present or future Indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which for the time being are, or are intended to be, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market.

“Relevant Sukuk Obligation” means any undertaking or other obligation to pay any money given in connection with the issue of Islamic compliant certificates, whether or not in return for consideration of any kind, which for the time being are, or are intended to be, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over- the-counter or other securities market

“Subsidiary” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer or the Guarantor, as applicable.

“Sukuk Obligation” means any undertaking or other obligation to pay money given in connection with the issue of certificates whether or not in return for consideration of any kind.

5. Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date provided that if the Specified Currency is Renminbi and any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates: Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this subparagraph (A), **“ISDA Rate”** for an Interest Accrual Period means a rate

equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- a. the Floating Rate Option is as specified hereon;
- b. the Designated Maturity is a period specified hereon; and
- c. the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- a. Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or

- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page at the Relevant Time on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- b. if the Relevant Screen Page is not available or, if sub-paragraph a.(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph a.(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the Relevant Time, subject as provided below, the Calculation Agent shall request the principal Relevant Financial Centre office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- c. if paragraph b. above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of

Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Relevant Financial Centre interbank market or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Relevant Financial Centre interbank market provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) **Linear Interpolation**

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period; provided, however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(d) **Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(e) **Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(f) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that, if the eighth significant figure is a five or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country of such currency.

(g) **Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the

Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (1) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (2) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**);
- (3) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
- (4) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (1) if **“Actual/Actual”** or **“Actual/Actual – ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (2) if **“Actual/365 (Fixed)”** is specified hereon, the actual number of days in the Calculation Period divided by 365
- (3) if **“Actual/360”** is specified hereon, the actual number of days in the Calculation Period divided by 360

- (4) if “**Actual 365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.
- (5) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and
- “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30
- (6) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and
- “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

- (7) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30

- (8) if “**Actual/Actual-ICMA**” is specified hereon,

(i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

“**Euro-zone**” means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended

“Interest Accrual Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date

“Interest Amount” means:

- (1) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part provided that if the Specified Currency is Renminbi, the Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01 (CNY0.005 being rounded upwards); and
- (2) in respect of any other period, the amount of interest payable per Calculation Amount for that period **“Interest Commencement Date”** means the Issue Date or such other date as may be specified hereon

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon

“Reference Banks” means four major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Reference Rate

“Reference Rate” means one of the following benchmark rates (as specified in the relevant Final Terms) in respect of the currency and period specified in the relevant Final Terms:

- (i) LIBOR;
- (ii) EURIBOR;
- (iii) KIBOR;
- (iv) SHIBOR;

- (v) HIBOR ;
- (vi) CNH HIBOR;
- (vii) KLIBOR;
- (viii) TRLIBOR or TRYLIBOR;
- (ix) SIBOR;
- (x) EIBOR;
- (xi) TIBOR;
- (xii) SAIBOR;
- (xiii) BBSW;
- (xiv) CHF LIBOR;
- (xv) GBP LIBOR;
- (xvi) CAD LIBOR;
- (xvii) NZD LIBOR;
- (xviii) DKK LIBOR;
- (xix) SEK LIBOR;
- (xx) AUD LIBOR;
- (xxi) JPY LIBOR;
- (xxii) MIBOR;
- (xxiii) PRIBOR;
- (xxiv) LIBID; or
- (xxv) LIMEAN.

“Relevant Financial Centre” means the financial centre specified as such hereon

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service)

“Relevant Time” means the time specified as such hereon

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (j) **Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount). In the case of Fixed Rate Notes where the Specified Currency is Renminbi, if the Maturity Date falls on a day which is not a Business Day, the Maturity Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Maturity Date shall be brought forward to the immediately preceding Business Day.

(b) Early Redemption

Zero Coupon Notes:

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note shall be the Amortised Face Amount (calculated as provided below) of such Note upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to consent, in the case of Subordinated Notes, having been obtained from the Central Bank of the State of Qatar (the “**Regulator**”, which expression shall include any successor thereto as the relevant regulator of banks in the State of Qatar) where required) on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time, (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Senior Guarantee in the case of Senior Notes, or the Subordinated Guarantee, in the case of Subordinated Notes, were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands (in the case of payment by the Issuer) or the State of Qatar (in the case of payment by the Guarantor) or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes (save in each case where such additional amounts are payable under the Income Tax Law No. (21) of 2009 of the State of Qatar and/or The Executive Regulations issued in September 2011 thereunder, in each case as originally enacted), and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or either Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) **Redemption at the Option of the Issuer**

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the

nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders**

- (A) If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (B) If Change of Control Put Event is specified hereon and a Change of Control Put Event occurs, the holder of any such Note will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Conditions 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Change of Control Put Date.

A "**Change of Control Put Event**" will be deemed to occur if at any time the Government of the State of Qatar ceases to own, directly or indirectly, through the Qatar Investment Authority or otherwise 50.0 per cent. of the issued share capital of the Guarantor.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 14 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Change of Control Put Period**") of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Change of Control Put Notice**"). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven Business Days after the expiration of the Change of Control Put Period (the "**Change of Control Put Date**"), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefore issued pursuant to Condition 12) at any time after such

payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 6(e) shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Change of Control Put Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

(f) **Purchases**

Each of the Issuer, the Guarantor and their Subsidiaries as defined in the Agency Agreement (with the consent of the Regulator in the case of Subordinated Notes) may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price and such Notes may be held, resold or, at the option of the Issuer or the Guarantor or any of their respective Subsidiaries, as the case may be, surrendered to the Paying Agent for cancellation.

(g) **Cancellation**

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged. Notes so purchased, if not surrendered for cancellation, may also be held to maturity or resold in the open market or otherwise.

7. Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition

7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(v)), as the case may be:

- (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank.
- (ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

In this Condition 7(a), “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes**

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifth (in the case of Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made:

(x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(y) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b)(ii), “**registered account**” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(c) **Payments in the United States**

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Fiscal Laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, in the place of payment or other laws to which the Issuer or the Guarantor or their agents agree to be subject, but without prejudice to the provisions of Condition 8. No

commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) such other agents as may be required by any other stock exchange on which the Notes may be listed and (vi) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and unexchanged Talons**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:

- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes and the Coupons or under the Senior Guarantee and the Subordinated Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Cayman Islands or the State of Qatar or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) Other connection: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Cayman Islands or, in the case of payments by the Guarantor, the State of Qatar other than the mere holding of the Note or Coupon; or
- (b) Presentation more than 30 days after the Relevant Date: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or

- (c) Payment to individuals: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) Payment by another Paying Agent: (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

- (a) **Events of Default for Subordinated Notes:** This Condition 10(a) only applies to Subordinated Notes:
 - (i) If default is made in the payment of any principal or interest due under the Notes or any of them and the default continues for a period of seven days or more in the case of principal and 14 days or more in the case of interest, or
 - (ii) If default is made in any payment due under the Deed of Guarantee and the default continues for a period of 14 days, then any Noteholder may give written notice to the Issuer and the Guarantor at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, that such Note is due and payable, whereupon the same shall, subject to Condition 3, become forthwith due and payable at its principal amount, together with accrued interest (if any) to the date of repayment without presentation, demand, protest or other notice of any kind and the Noteholder shall be entitled to the remedy set out in Condition 10(a)(iv),
 - (iii) If any one or more of the following events shall occur and be continuing:
 - (A) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or the Guarantor save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution of Noteholders; or

- (B) any event which under the laws of the Cayman Islands or the State of Qatar or any other jurisdiction has an analogous effect to any of the events referred to in paragraph (A) above,

the rights and claims of the Subordinated Noteholders against (A) the Issuer in respect of or arising under the Subordinated Notes, or (B) the Guarantor in respect of or arising under the Subordinated Guarantee will, in each case, be subordinated in the manner provided in Condition 3(d) in the case of the Subordinated Notes and Condition 3(c) in the case of the Subordinated Guarantee.

- (iv) No remedy against the Issuer or the Guarantor other than petitioning for the winding up or liquidation of the Issuer and/or the Guarantor, as the case may be, and the proving or claiming in any dissolution and liquidation of the Issuer or the Guarantor shall be available to the Noteholders whether for the recovering of amounts owing in respect of the Notes or in respect of any breach by the Issuer or the Guarantor of any other obligation, condition or provision binding on it under the Notes or the Deed of Guarantee.

(b) **Events of Default for Senior Notes**

This Condition 10(b) only applies to Senior Notes.

If any of the following events (“**Events of Default**”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

- (i) if default is made in the payment of any principal or interest due under the Notes or any of them and the default continues for a period of seven days or more in the case of principal or 14 days or more in the case of interest; or
- (ii) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Conditions or the Deed of Guarantee and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer or the Guarantor, as the case may be, of written notice requiring the same to be remedied; or
- (iii) (i) any Indebtedness or Sukuk Obligation of the Issuer, the Guarantor or any of their respective Principal Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Indebtedness or Sukuk Obligation becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of default (however described) or (iii) the Issuer, the Guarantor or any of their respective Principal Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any Guarantee of any Indebtedness or Sukuk Obligation, provided that each such event shall not constitute an Event of Default unless the aggregate amount of all such Indebtedness or Sukuk Obligation, either alone or when aggregated with all other Indebtedness or Sukuk Obligations in respect of which such an event shall have occurred and be continuing, shall be more than US\$15,000,000 (or its equivalent in any other currency or currencies); or
- (iv) one or more judgments or orders for the payment of any sum in excess of US\$15,000,000 is rendered against the Issuer, the Guarantor or any of their respective Subsidiaries and continues unsatisfied, unstayed and unappealed (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days) for a period of 60 days after the date thereof; or

- (v) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, save in connection with a Permitted Reorganisation; or
- (vi) the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save in connection with a Permitted Reorganisation, or the Issuer, the Guarantor or any of their respective Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (vii) (i) court or other formal proceedings are initiated against the Issuer, the Guarantor or any of their respective Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of their respective Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days unless such proceedings are being actively pursued in good faith; or
- (viii) the Issuer, the Guarantor or any of their respective Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save in connection with a Permitted Reorganisation; or
- (ix) any event occurs which under the laws of the Cayman Islands or the State of Qatar or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (v) to (viii) above; or
- (x) at any time it is or becomes unlawful for the Issuer or the Guarantor to perform or comply with any or all of its obligations under or in respect of the Notes, the Deed of Guarantee or any of the obligations of the Issuer or of the Guarantor thereunder are not or cease to be legal, valid, binding or enforceable; or
- (xi) by or under the authority of any government, (i) the management of the Issuer, the Guarantor or any of their respective Principal Subsidiaries is wholly or substantially displaced or the authority of the Issuer, the Guarantor or any of their respective Principal Subsidiaries in the conduct of its business is wholly or substantially curtailed or (ii) all or a majority of the issued share capital of the Issuer, the Guarantor or any of their respective Principal Subsidiaries or the whole or a substantial part of its revenues or assets are seized, nationalised, expropriated or compulsorily acquired; or
- (xii) if the Deed of Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect; or

- (xiii) if the Issuer ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Guarantor.

For the purposes of these Conditions:

“Guarantee of any Indebtedness” means, in relation to any Indebtedness or Sukuk Obligation of any Person, any obligation of another Person to pay such Indebtedness or Sukuk Obligation including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness or Sukuk Obligation;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness or Sukuk Obligation; and
- (d) any other agreement to be responsible for such Indebtedness or Sukuk Obligation.

“Permitted Reorganisation” means:

- (a) any disposal by a Principal Subsidiary of the whole or a substantial part of its business, undertaking or assets to the Issuer or the Guarantor or any other wholly-owned Subsidiary of the Issuer or the Guarantor;
- (b) any amalgamation, consolidation or merger of a Principal Subsidiary with any other Principal Subsidiary or any other wholly-owned Subsidiary of the Issuer or the Guarantor; or
- (c) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by an Extraordinary Resolution of Noteholders.

11. Meeting of Noteholders and Modifications

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10.0 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Senior Guarantee or the Subordinated Guarantee, in which case the necessary quorum shall be two

or more persons holding or representing not less than two thirds or at any adjourned meeting not less than one third in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75.0 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) **Modification of Agency Agreement**

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) **Substitution**

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Coupons and the Talons, any company (the “**Substitute**”) that is the Guarantor, or a Subsidiary of the Guarantor, provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if:

- (i) a deed poll and such other documents (if any) shall be executed by the Issuer, the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor as may be necessary to give full effect to the substitution (together, the “**Documents**”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by the Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, the Coupons and the Talons and the Agency Agreement as the principal debtor in respect of the Notes, the Coupons and the Talons in place of the Issuer (or any previous substitute) and (if the Substituted Debtor is not the Guarantor) pursuant to which the Guarantor shall unconditionally and irrevocably guarantee (the “**New Deed of Guarantee**”) in favour of each Noteholder and Couponholder the payment of all sums payable by the Substituted Debtor as such principal debtor on the same terms *mutatis mutandis* as the Deed of Guarantee;
- (ii) without prejudice to the generality of Condition 11(c)(i) above, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Cayman Islands, the Documents shall contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder and Couponholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to the Cayman Islands of references to the territory or territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor to indemnify and hold harmless each Noteholder and Couponholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being

in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such Noteholder or Couponholder by any political sub-division or taxing authority of any country in which such Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Documents shall contain a representation and warranty by the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor (i) that the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor have obtained all necessary governmental and regulatory approvals and consents for such substitution and (if the Substituted Debtor is not the Guarantor) for the giving by the Guarantor of the New Deed of Guarantee in respect of the obligations of the Substituted Debtor on the same terms *mutatis mutandis* as the Deed of Guarantee and for the performance by each of the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (ii) that the obligations assumed by the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor under the Documents are all legal, valid and binding in accordance with their respective terms;
- (iv) each stock exchange on which the Notes are listed shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes will continue to be listed on such stock exchange;
- (v) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of lawyers in the country of incorporation of the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor and that there are no circumstances which, upon the substitution becoming effective, would give rise to any of the events described in Condition 6(c) in respect of the Substituted Debtor, such opinion to be dated not more than seven days prior to the date of the substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders or Couponholders at the specified office of the Fiscal Agent;
- (vi) the Guarantor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of Qatari lawyers acting for the Guarantor to the effect that, in the case where the Substituted Debtor is not the Guarantor, the Documents (including the New Deed of Guarantee given by the Guarantor in respect of the obligations of the Substituted Debtor) constitute legal, valid and binding obligations of the Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders or Couponholders at the specified office of the Fiscal Agent;
- (vii) the Guarantor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of English lawyers to the effect that the Documents (including, if the Substituted Debtor is not the Guarantor, the New Deed of Guarantee given by the Guarantor in respect of the obligations of the Substituted Debtor) constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders or Couponholders at the specified office of the Fiscal Agent;

- (viii) the Substituted Debtor shall have appointed the process agent appointed by the Issuer in Condition 17(c) or another person with an office in England as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents;
- (ix) there being no outstanding Event of Default in respect of the Notes; and
- (x) any credit rating assigned to the Notes will remain the same or be improved when the Substituted Debtor replaces and substitutes the Issuer in respect of the Notes.

(d) **Assumption by Substitute Debtor**

Upon execution of the Documents as referred to in Condition 11(c) above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes.

(e) **Deposit of Documents**

The Documents shall be deposited with and held by the Fiscal Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or (if the Substituted Debtor is not the Guarantor) the Guarantor by any Noteholder or Couponholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor shall acknowledge in the Documents the right of every Noteholder or Couponholder to production of the Documents for the enforcement of any of the Notes, the Coupons, the Talons or the Documents.

(f) **Notice of Substitution**

Not less than 15 business days after execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 14. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

12. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of any Fiscal Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to “**Issue Date**” shall be to the first issue date of the Notes)

and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

14. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. The Issuer shall also ensure that notices are duly published in a manner that complies with any relevant rules of any stock exchange or other relevant authority on which Notes are for the time being, or by which they have for the time being been, admitted to trading.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer’s and the Guarantor’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

16. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

17. Governing Law and Jurisdiction

(a) Governing Law

The Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law save that the provisions of Conditions 3(c) and 3(d) (and related provisions of the Agency Agreement) relating to Subordination and waiver of set off of the Subordinated Notes are governed by, and shall be construed in accordance with, Qatari law.

(b) Agreement to Arbitrate

Subject to Condition 17(c), any dispute arising out of, relating to or having any connection with the Notes and/or the Coupons (including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a “**Dispute**”) shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the London Court of International Arbitration (“**LCIA**”) (the “**Rules**”), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

- (i) the seat of arbitration shall be London;
- (ii) there shall be three arbitrators, each of whom shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and
- (iii) the language of the arbitration shall be English.

(c) **Option to litigate**

Notwithstanding Condition 17(b), any Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer and the Guarantor:

- (i) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (ii) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If a Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 17(d) and any arbitration commenced under Condition 17(b) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration will bear its own costs in relation thereto.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Noteholder must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (ii) his entitlement to be paid his proper fees and disbursements; and
- (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(d) **Effect of exercise of option to litigate**

In the event that a notice pursuant to Condition 17(c) is issued, the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of Issuer and the Guarantor submits to the exclusive jurisdiction of such courts;
- (ii) each of Issuer and the Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (iii) this Condition 17(d) is for the benefit of the Noteholders only. As a result, and notwithstanding paragraph (i) above, a Noteholder may take proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, a Noteholder may take concurrent Proceedings in any number of jurisdictions.

(e) **Joinder**

The following shall apply to any Dispute arising out of or in connection with the Notes in respect of which a request for arbitration has been served. In relation to any such disputes if, in the absolute discretion of the first arbitral tribunal to be appointed in any of the disputes, they are so closely connected that it is expedient for them to be resolved in the same proceedings, that arbitral tribunal shall have the power to order that the proceedings to resolve that dispute shall be consolidated with those to resolve any of the other disputes, provided that no date for the final hearing of the first arbitration has been fixed. If that arbitral tribunal so orders, the parties to each dispute which is a subject of its order shall be treated as having consented to that dispute being finally decided:

- (i) by the arbitral tribunal that ordered the consolidation unless the LCIA decides that arbitral tribunal would not be suitable or impartial; and
- (ii) in accordance with the procedure, at the seat and in the language specified in the relevant agreement under which the arbitral tribunal that ordered the consolidation was appointed, save as otherwise agreed by all parties to the consolidated proceedings or, in the absence of any such agreement, ordered by the arbitral tribunal in the consolidated proceedings.

Any dispute which is subject to a contractual option to litigate shall only be capable of consolidation pursuant to this Condition 17(e) if:

- (A) the time limit for exercise of the option to which the dispute is subject has expired and the option has not been exercised; or
- (B) the right of the option-holder to exercise the option has otherwise been validly waived.

(a) **Service of Process**

Each of the Issuer and the Guarantor hereby irrevocably and unconditionally appoints Qatar National Bank S.A.Q. (London Branch), at its registered office for the time being, as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

(b) **Waiver of immunity**

To the extent that the Issuer or the Guarantor, respectively, may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, the Issuer and the Guarantor agrees not to claim and irrevocably and unconditionally waives such immunity in relation to any Proceedings or Disputes. Further, the Issuer and the Guarantor, respectively, irrevocably and unconditionally consents to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any Proceedings or Disputes.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. Initial Issue of Notes

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for its share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3. Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Overview of the Programme—Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal and Principal Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes (as defined below), such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the applicable Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

3.5 Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal and Principal Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if

appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal and Principal Paying Agent is located and in the city in which the relevant clearing system is located.

4. Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal and Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vi) and Condition 8(d) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “**business day**” set out in Condition 7(h) (Non- Business Days).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting

of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal and Principal Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent or Transfer Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

4.8 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 (*Events of Default*) by stating in the notice to the Fiscal and Principal Paying Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer and the Guarantor under the terms of an Amended and Restated Deed of Covenant executed as a deed by the Issuer and the Guarantor on 18 November 2013 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the

holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

4.9 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note. The Issuer shall also ensure that notices are duly published in a manner that complies with any relevant rules of any stock exchange or other relevant authority on which the Notes are for the time being, or by which they have for the time being been, admitted to trading.

5. Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (i) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75.0 per cent. in nominal amount of the Notes outstanding (an “Electronic Consent” as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consents or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche will be loaned by the Issuer to QNB under a Notes Loan Agreement and applied by QNB for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms. See “*Business Description of the Issuer—Material Contracts*”.

None of the proceeds from the issuance of any Tranche of Notes will be used to fund, finance or facilitate any activities, business or transaction of the QNB Group’s operations in Libya, Sudan, Iran, Syria and/or Yemen, or transactions with any individual or entity or in any country that is the subject of any sanctions administered or enforced by the U.S. Department of Treasury’s OFAC, the UN Security Council, the European Union, the United States, the United Kingdom or other relevant sanctions authorities.

SELECTED FINANCIAL INFORMATION OF QNB

QNB's selected historical consolidated financial data as at and for the financial years ended 31 December 2013 and 2012, respectively, set forth below has been derived from the 2013 Financial Statements (including the comparative information as at and for the financial year ended 31 December 2012 contained therein and including the related notes thereto) and QNB's selected historical consolidated financial data as at and for the financial year ended 31 December 2011 set forth below has been derived from the comparative information as at and for the financial year ended 31 December 2011 contained in the 2012 Financial Statements (including the related notes thereto). For the financial year ended 31 December 2012, the QCB prescribed the format of QNB's financial statement data, as a result of which, comparative information for the financial year ended 31 December 2011 has been rearranged to conform to the QCB's prescribed format. QNB's selected historical consolidated financial data as at and for the nine month periods ended 30 September 2014 and 2013, respectively, set forth below has been derived from the 2014 Interim Financial Statements (including the comparative information as at and for the nine month period ended 30 September 2013 contained therein and including the related notes thereto). The 2013 Financial Statements, the 2012 Financial Statements and the 2014 Interim Financial Statements (including the related notes thereto) (collectively, the "**Consolidated Financial Statements**"), have been incorporated by reference into this Prospectus. The selected historical consolidated financial data set forth below should be read in conjunction with, and is qualified by reference to, the Consolidated Financial Statements. The Consolidated Financial Statements are available as described under "*General Information*". The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

	As at 31 December				As at 30 September		
	2011 ⁽¹⁾	2012	2013	2013 ⁽²⁾	2013	2014	2014 ⁽²⁾
	(QR)	(QR)	(QR)	(US\$) (in thousands)	(QR)	(QR)	(US\$)
						(unaudited)	
ASSETS							
Cash and Balances with							
Central Banks	10,279,130	19,829,576	22,909,453	6,293,806	22,368,444	31,162,802	8,561,209
Due from Banks	38,565,554	37,021,743	13,602,258	3,736,884	16,973,551	22,243,910	6,110,964
Loans and Advances to							
Customers	193,943,227	249,936,341	310,712,046	85,360,452	304,030,993	328,769,270	90,321,228
Investment Securities	50,382,609	50,047,924	78,302,635	21,511,713	75,705,991	72,800,786	20,000,216
Investments in Associates	4,703,260	5,795,307	5,840,008	1,604,398	5,757,004	8,021,733	2,203,773
Property and Equipment	979,059	957,056	1,390,966	382,134	1,406,704	1,797,019	493,687
Intangible Assets	141,955	261,216	5,549,805	1,524,672	5,507,233	5,469,474	1,502,603
Other Assets	2,960,537	3,004,669	5,178,937	1,422,784	5,279,811	5,018,737	1,378,774
Total Assets	<u>301,955,331</u>	<u>366,853,832</u>	<u>443,486,108</u>	<u>121,836,843</u>	<u>437,029,731</u>	<u>475,283,731</u>	<u>130,572,454</u>
LIABILITIES							
Due to Banks	39,482,435	22,201,770	11,568,043	3,178,034	15,904,387	20,328,477	5,584,746
Customer Deposits	200,122,837	270,039,961	335,539,171	92,181,091	331,105,158	352,138,202	96,741,264
Debt Securities	5,419,160	12,674,706	21,754,224	5,976,435	16,302,084	21,773,186	5,981,645
Other Borrowings	6,732,483	6,836,376	12,408,154	3,408,834	11,979,039	13,191,418	3,624,016
Other Liabilities	7,563,112	7,112,327	8,489,232	2,332,206	10,677,126	11,665,013	3,204,674
Total Liabilities	<u>259,320,027</u>	<u>318,865,140</u>	<u>389,758,824</u>	<u>107,076,600</u>	<u>385,967,794</u>	<u>419,096,296</u>	<u>115,136,345</u>
EQUITY							
Issued Capital	6,361,177	6,997,294	6,997,294	1,922,334	6,997,294	6,997,294	1,922,334
Legal Reserve	21,178,549	23,086,902	23,086,902	6,342,555	23,086,902	23,086,902	6,342,555
Risk Reserve	1,600,000	1,750,000	2,750,000	755,495	1,750,000	2,750,000	755,495
Fair Value Reserve	496,958	411,403	1,401,954	385,152	1,108,892	759,837	208,746
Foreign Currency							
Translation Reserve	(189,282)	(640,463)	(957,107)	(262,941)	(1,017,449)	(1,078,459)	(296,280)
Other Reserves	1,786,634	1,751,174	1,719,114	472,284	1,734,540	1,748,633	480,394
Retained Earnings	10,786,714	13,721,522	17,830,304	4,898,435	16,628,758	20,935,633	5,751,548
Total Equity Attributable to Equity Holders of the Bank	<u>42,020,750</u>	<u>47,077,832</u>	<u>52,828,461</u>	<u>14,513,314</u>	<u>50,288,937</u>	<u>55,199,840</u>	<u>15,164,792</u>
Non-Controlling Interests	614,554	910,860	898,823	246,929	773,000	987,595	271,317
Total Equity	<u>42,635,304</u>	<u>47,988,692</u>	<u>53,727,284</u>	<u>14,760,243</u>	<u>51,061,937</u>	<u>56,187,435</u>	<u>15,436,109</u>
Total Liabilities and Equity	<u>301,955,331</u>	<u>366,853,832</u>	<u>443,486,108</u>	<u>121,836,843</u>	<u>437,029,731</u>	<u>475,283,731</u>	<u>130,572,454</u>

Notes:

- (1) For the year ended 31 December 2012, the QCB prescribed the format of the Statement of Financial Position, as a result of which, comparatives for the year ended 31 December 2011 have been rearranged to conform to the QCB's prescribed format.
- (2) This column reflects a translation of Qatari Riyal amounts into US\$ at an exchange rate of QR3.64 per US dollar.

CONSOLIDATED INCOME STATEMENT DATA

	Year ended 31 December				Nine month period ended 30 September		
	2011	2012	2013	2013 ⁽³⁾	2013	2014	2014 ⁽³⁾
	(QR)	(QR)	(QR)	(US\$)	(QR)	(QR)	(US\$)
		(in thousands)				(in thousands)	
		(unaudited)					
Interest Income	10,694,573	12,342,468	16,770,879	4,607,384	12,310,996	13,819,448	3,796,552
Interest Expense	(2,895,745)	(3,192,737)	(5,211,139)	(1,431,632)	(3,771,725)	(4,733,713)	(1,300,471)
Net Interest Income.....	7,798,828	9,149,731	11,559,740	3,175,752	8,539,271	9,085,735	2,496,081
Fee and Commission							
Income	1,393,044	1,429,197	2,096,103	575,852	1,568,734	1,707,236	469,021
Fee and Commission							
Expense	(96,042)	(124,394)	(167,801)	(46,099)	(121,895)	(153,452)	(42,157)
Net Fee and Commission							
Income	1,297,002	1,304,803	1,928,302	529,753	1,446,839	1,553,784	426,864
Foreign Exchange Gain.....	515,104	598,441	761,623	209,237	597,263	615,759	169,165
Income from Investment							
Securities	370,935	175,852	183,728	50,475	140,264	125,391	34,448
Other Operating Income.....	36,066	9,455	13,918	3,824	11,684	87,912	24,151
Operating Income	10,017,935	11,238,282	14,447,311	3,969,041	10,735,321	11,468,581	3,150,709
Staff Expenses.....	(834,127)	(1,078,756)	(1,670,590)	(458,953)	(1,249,437)	(1,363,941)	(374,709)
Depreciation.....	(189,972)	(185,665)	(255,362)	(70,154)	(201,048)	(188,785)	(51,864)
Net Impairment							
(Losses)/Gains on							
Investment Securities	32,344	(22,981)	(61,892)	(17,003)	(53,304)	(21,039)	(5,780)
Net impairment Losses on							
Loans and Advances to							
Customers.....	(1,034,767)	(1,055,956)	(1,515,912)	(416,459)	(1,055,430)	(621,808)	(170,826)
Other Expenses ⁽⁴⁾	(579,967)	(667,942)	(1,214,111)	(333,548)	(879,268)	(980,086)	(269,255)
	(2,606,489)	(3,011,300)	(4,717,867)	(1,296,117)	(3,438,487)	(3,175,659)	(872,434)
Share of Results of							
Associates.....	166,157	252,978	269,848	74,134	200,718	213,958	58,780
Profit Before Income Taxes	7,577,603	8,479,960	9,999,292	2,747,058	7,497,552	8,506,880	2,337,055
Income Tax Expense.....	(23,606)	(56,920)	(462,032)	(126,932)	(350,341)	(461,813)	(126,872)
Profit for the Year/Period	7,553,997	8,423,040	9,537,260	2,620,126	7,147,211	8,045,067	2,210,183
Attributable to:							
Equity Holders of the Bank.....	7,508,970	8,338,822	9,478,637	2,604,021	7,105,613	8,002,384	2,198,457
Non-Controlling Interests	45,027	84,218	58,623	16,105	41,598	42,683	11,726
Profit for the Year/Period	7,553,997	8,423,040	9,537,260	2,620,126	7,147,211	8,045,067	2,210,183
Basic and Diluted Earnings							
Per Share (QR)	11.3 ⁽¹⁾	11.9	13.5	3.7	10.2	11.4	3.1

Notes:

- (1) QNB's audited consolidated financial statements as at and for the year ended 31 December 2011 shows the figure as 12.5. The difference is due to a subsequent restatement of Earnings Per Share.
- (2) For the year ended 31 December 2012, the QCB prescribed the format of the Income Statement, as a result of which, comparatives for the year ended 31 December 2011 have been rearranged to conform to the QCB's prescribed format.
- (3) This column reflects a translation of Qatari Riyal amounts into US\$ at an exchange rate of QR3.64 per US dollar.
- (4) This figure also includes amortisation of intangible assets and other provisions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME DATA

	Year ended 31 December				Nine month period ended 30 September		
	2011	2012	2013	2013 ⁽²⁾	2013	2014	2014 ⁽²⁾
	(QR)	(QR)	(QR)	(US\$)	(QR)	(QR)	(US\$)
		(in thousands)				(in thousands)	
						(unaudited)	
Profit for the Year/Period	7,553,997	8,423,040	9,537,260	2,620,126	7,147,211	8,045,067	2,210,183
Other Comprehensive							
Income to be Reclassified							
to Income Statement in							
Subsequent Periods							
Foreign Currency Translation							
Differences for Foreign							
Operations	(124,370)	(451,181)	(316,644)	(86,990)	(376,986)	(121,352)	(33,338)
Share of Other							
Comprehensive Income of							
Associates.....	(10,921)	(35,460)	(32,060)	(8,808)	(16,634)	30,570	8,398
Effective Portion of Changes							
in Fair Value of Cash							
Flow Hedges.....	(1,965)	(4,903)	661,272	181,668	520,956	(678,268)	(186,337)
Available-for-Sale							
Investment Securities							
Net Change in Fair Value.....	104,522	25,448	437,270	120,129	234,228	60,516	16,625
Net Amount Transferred to							
Income Statement	(306,003)	(106,100)	(107,991)	(29,667)	(57,695)	(24,365)	(6,694)
Total Other Comprehensive							
Income for the							
Year/Period, net of							
Income Tax	(338,737)	(572,196)	641,847	176,332	303,869	(732,899)	(201,346)
Total Comprehensive Income							
for the Year/Period.....	7,215,260	7,850,844	10,179,107	2,796,458	7,451,080	7,312,168	2,008,837
Attributable to:							
Equity Holders of the Bank.....	7,170,233	7,766,626	10,120,484	2,780,353	7,409,482	7,269,485	1,997,111
Non-Controlling Interests	45,027	84,218	58,623	16,105	41,598	42,683	11,726
Total Comprehensive Income							
for the Year/Period.....	7,215,260	7,850,844	10,179,107	2,796,458	7,451,080	7,312,168	2,008,837

Notes:

- (1) For the year ended 31 December 2012, the QCB prescribed the format of the Statement of Comprehensive Income, as a result of which, comparatives for the year ended 31 December 2011 have been rearranged to conform to the QCB's prescribed format.
- (2) This column reflects a translation of Qatari Riyal amounts into US\$ at an exchange rate of QR3.64 per US dollar.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY DATA

	Issued Capital	Legal Reserve	Risk Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders of Parent	Non- Controlling Interests	Total
	(QR) (in thousands)									
Balance at 1 January 2013	6,997,294	23,086,902	1,750,000	411,403	(640,463)	1,751,174	13,721,522	47,077,832	910,860	47,988,692
Total Comprehensive Income for the Year										
Profit for the Year	—	—	—	—	—	—	9,478,637	9,478,637	58,623	9,537,260
Total Other Comprehensive Income	—	—	—	990,551	(316,644)	(32,060)	—	641,847	—	641,847
Total Comprehensive Income for the Year	—	—	—	990,551	(316,644)	(32,060)	9,478,637	10,120,484	58,623	10,179,107
Transfer to Risk Reserve	—	—	1,000,000	—	—	—	(1,000,000)	—	—	—
Transfer to Social and Sports Fund	—	—	—	—	—	—	(171,478)	(171,478)	—	(171,478)
Transactions with Equity Holders, Recognised										
Directly in Equity										
Dividend for the year 2012	—	—	—	—	—	—	(4,198,377)	(4,198,377)	—	(4,198,377)
Net Movement in Non-controlling Interests	—	—	—	—	—	—	—	—	(70,660)	(70,660)
Total Transactions with Equity Holders, Recognised Directly in Equity	—	—	—	—	—	—	(4,198,377)	(4,198,337)	(70,660)	(4,269,037)
Balance at 31 December 2013	6,997,294	23,086,902	2,750,000	1,401,954	(957,107)	1,719,114	17,830,304	52,828,461	898,823	53,727,284
Balance at 1 January 2012	6,361,177	21,178,549	1,600,000	496,958	(189,282)	1,786,634	10,786,714	42,020,750	614,554	42,635,304
Total Comprehensive Income for the Year										
Profit for the Year	—	—	—	—	—	—	8,338,822	8,338,822	84,218	8,423,040
Total Other Comprehensive Income	—	—	—	(85,555)	(451,181)	(35,460)	—	(572,196)	—	(572,196)
Total Comprehensive Income for the Year	—	—	—	(85,555)	(451,181)	(35,460)	8,338,822	7,766,626	84,218	7,850,844
Transfer to Legal Reserve for the Year 2011	—	1,908,353	—	—	—	—	(1,908,353)	—	—	—
Transfer to Risk Reserve	—	—	150,000	—	—	—	(150,000)	—	—	—
Transfer to Social and Sports Fund	—	—	—	—	—	—	(165,071)	(165,071)	—	(165,071)
Transactions with Equity Holders, Recognised										
Directly in Equity										
Dividend for the year 2011	—	—	—	—	—	—	(2,544,473)	(2,544,473)	—	(2,544,473)
Bonus Shares for the Year 2011	636,117	—	—	—	—	—	(636,117)	—	—	—
Net Movement in Non-controlling Interests	—	—	—	—	—	—	—	—	212,088	212,088
Total Transactions with Equity Holders, Recognised Directly in Equity	636,117	—	—	—	—	—	(3,180,590)	(2,544,473)	212,088	(2,332,385)
Balance at 31 December 2012	6,997,294	23,086,902	1,750,000	411,403	(640,463)	1,751,174	13,721,522	47,077,832	910,860	47,988,692
Balance at 1 January 2011	3,914,570	8,554,060	1,500,000	700,404	(64,912)	1,797,555	7,835,787	24,237,464	555,224	24,792,688
Total Comprehensive Income for the Year										
Profit for the Year	—	—	—	—	—	—	7,508,970	7,508,970	45,027	7,553,997
Total Other Comprehensive Income	—	—	—	(203,446)	(124,370)	(10,921)	—	(338,737)	—	(338,737)
Total Comprehensive Income for the Year	—	—	—	(203,446)	(124,370)	(10,921)	7,508,970	7,170,233	45,027	7,215,260
Transfer to Legal Reserve for the Year 2010	—	1,174,371	—	—	—	—	(1,174,371)	—	—	—
Transfer to Risk Reserve	—	—	100,000	—	—	—	(100,000)	—	—	—
Transfer to Social and Sports Fund	—	—	—	—	—	—	(152,016)	(152,016)	—	(152,016)
Transactions with Equity Holders, Recognised										
Directly in Equity										
Dividend for the Year 2010	—	—	—	—	—	—	(1,957,285)	(1,957,285)	—	(1,957,285)

Bonus Shares for the Year 2010.....	1,174,371	—	—	—	—	—	(1,174,371)	—	—	—
Rights Issue	1,272,236	—	—	—	—	—	—	1,272,236	—	1,272,236
Premium on Rights Issue	—	11,450,118	—	—	—	—	—	11,450,118	—	11,450,118
Net Movement in Non-controlling Interests	—	—	—	—	—	—	—	—	14,303	14,303
Total Transactions with Equity Holders, Recognised Directly in Equity.....	2,446,607	11,450,118	—	—	—	—	(3,131,656)	10,765,069	14,303	10,779,372
Balance at 31 December 2011.....	6,361,177	21,178,549	1,600,000	496,958	(189,282)	1,786,634	10,786,714	42,020,750	614,554	42,635,304

Note:

- (1) For the year ended 31 December 2012, the QCB prescribed the format of the Statement of Changes in Equity, as a result of which, comparatives for the year ended 31 December 2011 have been rearranged to conform to the QCB's prescribed format.

CONSOLIDATED STATEMENT OF CASH FLOWS DATA

	Year ended 31 December			
	2011	2012	2013	2013 ⁽²⁾
	(QR)	(QR)	(QR)	(US\$)
Cash Flows from Operating Activities				
Profit for the Year Before Taxes	7,577,603	8,479,960	9,999,292	2,747,058
Adjustments for:				
Interest Income	(10,694,573)	(12,342,468)	(16,770,879)	(4,607,384)
Interest Expense.....	2,895,745	3,192,737	5,211,139	1,431,632
Depreciation	189,972	185,665	255,362	70,154
Net Impairment Losses on Loans and Advances.....	1,034,767	1,055,956	1,515,912	416,459
Net Impairment Losses on Investment Securities	(32,344)	22,981	61,892	17,003
Other Provisions	9,730	11,311	30,584	8,402
Dividend Income	(59,289)	(64,096)	(75,737)	(20,807)
Net Gain on Sale of Available-for-Sale Securities	(311,646)	(111,756)	(107,991)	(29,668)
Amortisation of Intangible Assets	3,455	3,730	76,207	20,936
Net Amortisation of Premium or Discount on Financial Investments	(27,717)	(179,788)	(96,487)	(26,507)
Net Share of Results of Associates	(55,623)	(135,778)	(150,810)	(41,431)
	530,080	118,454	(51,516)	(14,153)
Changes in:				
Due from Banks.....	(1,014,137)	(1,313,606)	(6,646,294)	(1,825,905)
Loans and Advances to Customers.....	(62,493,304)	(56,830,870)	(40,192,238)	(11,041,824)
Other Assets.....	544,208	172,223	(775,826)	(213,139)
Due to Banks	25,131,850	(17,280,665)	(11,608,356)	(3,189,109)
Customer Deposits.....	33,597,428	69,623,941	32,901,823	9,038,962
Other Liabilities	620,012	663,834	188,415	51,762
Cash used in Operations	(3,083,863)	(4,846,689)	(26,183,992)	(7,193,406)
Interest Received	10,441,539	11,812,334	16,045,288	4,408,046
Interest Paid	(2,744,187)	(4,798,084)	(5,659,368)	(1,554,771)
Dividends Received.....	59,289	64,096	75,737	20,807
Income Tax Paid.....	(14,706)	(32,244)	(214,692)	(58,981)
Other Provisions Paid	(3,379)	(6,452)	(2,390)	(657)
Net Cash from (used in) Operating Activities	4,654,693	2,192,961	(15,939,417)	(4,378,962)
Cash Flows from Investing Activities.....				
Acquisition of Investment Securities	(32,683,315)	(30,368,008)	(33,963,109)	(9,330,523)
Proceeds from Sale/Redemption of Investment Securities	6,560,487	31,215,848	17,713,698	4,866,401
Investments in Associates.....	(17,873)	(1,070,217)	(103)	(28)
Acquisition of Subsidiary, Net of Cash Acquired.....	140,195	(76,177)	(4,718,558)	(1,296,307)
Acquisition of Property and Equipment	(261,844)	(221,731)	(272,449)	(74,849)
Proceeds from Sale of Property and Equipment	1,385	2,420	32,098	8,818
Net Cash used in Investing Activities	(26,260,965)	(517,865)	(21,208,423)	(5,826,488)
Cash Flows from Financing Activities				
Proceeds from Rights Issue	12,722,354	—	—	
Proceeds from Issue of Debt Securities	—	7,241,828	9,057,937	2,488,444
Proceeds from Other Borrowings	—	85,088	5,169,535	1,420,202
Dividends Paid.....	(1,955,014)	(2,541,713)	(4,197,226)	(1,153,084)
Net Cash from Financing Activities	10,767,340	4,785,203	10,030,246	2,755,562

	Year ended 31 December			
	2011	2012	2013	2013⁽²⁾
	(QR)	(QR)	(QR)	(US\$)
Net (Decrease)/Increase in Cash and Cash Equivalents	(10,838,932)	6,460,299	(27,117,594)	(7,449,888)
Effect of Exchange Rate Fluctuations on Cash Held	70,194	232,730	114,351	31,415
Cash and Cash Equivalents at 1 January	52,172,432	41,403,694	48,096,723	13,213,385
Cash and Cash Equivalents at 31 December	41,403,694	48,096,723	21,093,480	5,794,912

Notes:

- (1) For the year ended 31 December 2012, the QCB prescribed the format of the Statement of Cash Flows, as a result of which, comparatives for the year ended 31 December 2011 have been rearranged to conform to the QCB's prescribed format.
- (2) This column reflects a translation of Qatari Riyal amounts into US\$ at an exchange rate of QR3.64 per US dollar.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS DATA

	Nine month period ended 30 September (Unaudited)		
	2013	2014	2014 ⁽¹⁾
	(QR)	(QR)	(US\$)
	(in thousands)		
Cash Flows from Operating Activities	(8,045,622)	16,900,108	4,642,887
Cash Flows from Investing Activities			
Acquisition of Investment Securities.....	(25,552,222)	(26,034,955)	(7,152,460)
Proceeds from Sale/Redemption of Investment Securities.....	13,365,951	31,328,870	8,606,832
Investments in Associates.....	-	(2,101,929)	(577,453)
Acquisition of Subsidiary, Net of Cash Acquired	(4,718,558)	-	-
Acquisition of Property and Equipment	(187,957)	(629,549)	(172,953)
Proceeds from Sale of Property and Equipment.....	32,354	43,847	12,046
Net Cash from/(used in) Investing Activities	(17,060,432)	2,606,284	716,012
Cash Flows from Financing Activities			
Proceeds from Issue of Debt Securities.....	3,611,959	-	-
Proceeds from Other Borrowings	4,805,485	1,340,234	368,196
Dividends Paid	(4,196,062)	(4,887,864)	(1,342,820)
Net Cash (used in)/from Financing Activities	4,221,382	(3,547,630)	(974,624)
Net (Decrease)/Increase in Cash and Cash Equivalents	(20,884,672)	15,958,762	4,384,275
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents.....	200,620	530,413	145,718
Cash and Cash Equivalents at 1 January	48,096,723	21,093,480	5,794,912
Cash and Cash Equivalents at 30 September	27,412,671	37,582,655	10,324,905

SELECTED RATIOS

	As at and for the year ended 31 December			As at and for the nine month period ended 30 September
	2011	2012	2013	2014
Selected Ratios				
Cost to Income Ratio ⁽²⁾	15.7%	16.8%	21.3%	21.7%
Non-Performing Loans Ratio ⁽³⁾	1.1%	1.3%	1.6%	1.6%
Loan Loss Coverage Ratio ⁽⁴⁾	118.9%	114.8%	123.2%	123.9%
Loans to Deposits Ratio ⁽⁵⁾	96.9%	92.6%	92.6%	93.4%
Capital Adequacy Ratio ⁽⁶⁾⁽⁷⁾	22.0%	21.0%	15.6%	15.0%

Notes:

- (1) This column reflects a translation of Qatari Riyal amounts into US\$ at an exchange rate of QR3.64 per US dollar.
- (2) This represents staff expenses, depreciation and other expenses divided by the operating income plus share of results of associates.
- (3) This represents Non-performing loans divided by gross loans and advances to customers.
- (4) This represents Allowance for Impairment of Loans and Advances to Customers divided by non-performing loans and advances.
- (5) This represents Net Loans and Advances to Customers divided by customer deposits.
- (6) This represents total eligible capital divided by risk weighted assets.
- (7) Until 31 December 2013, Capital Adequacy Ratio was computed as per QCB Basel II requirements. With effect from 1 January 2014, Capital Adequacy Ratio has been computed in accordance with QCB Basel III requirements.

BUSINESS DESCRIPTION OF THE ISSUER

General

The Issuer was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on 18 October 2010 under the name QNB Finance Ltd (with registered number 246643). The registered office of the Issuer is at c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The issued share capital of the Issuer comprises 100 ordinary shares of par value US\$1.00 each. The Issuer is a wholly-owned subsidiary of QNB.

Business/Principal Activities

The Issuer was established to raise capital through the issue of its US\$1.5 billion 2015 Notes issued on 16 November 2010, or any other financing instruments in accordance with its Memorandum of Association and Articles of Association, including the Notes.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to: (i) its registration as an exempted company; (ii) the authorisation and issue of the 2015 Notes and the 2017 Notes (as defined below) and the authorisation for any future issue from time to time of the Notes and the execution and completion of other documents and matters related thereto; (iii) the ownership of such interests and other assets in relation to the 2015 Notes, the 2017 Notes and the Notes; (iv) the other matters contemplated in this Prospectus; (v) the authorisation and execution of the other documents referred to in this Prospectus to which it is or will be a party; and (vi) other matters which are incidental or ancillary to those activities.

The Issuer's ongoing activities will principally comprise: (i) the issue of the Notes (or any other financing instruments in accordance with its Memorandum of Association and Articles of Association); (ii) the entering into of any documents related to the issue of the Notes; and (iii) the exercise of related rights and powers and other activities referred to in this Prospectus or reasonably incidental to those activities.

Organisational Structure

The Issuer has no subsidiaries, employees or non-executive directors.

Management/Directors

The Directors of the Issuer and their respective business addresses and principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Mr. Ali Al-Kuwari	c/o Qatar National Bank S.A.Q., P.O. Box 1000, Doha, Qatar	Qatar National Bank S.A.Q., Acting Chief Executive Officer
Ms. Noor Mohamed Al-Naimi	c/o Qatar National Bank S.A.Q., P.O. Box 1000, Doha, Qatar	Qatar National Bank S.A.Q., Acting General Manager, Treasury Department

The Company Secretary of the Issuer is Maples Secretaries (Cayman) Limited ("MSL"), whose business address is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The directors of MSL are Alasdair Robertson, David Brooks and Scott Somerville.

There are no potential conflicts of interest between the private interests or other duties of the Directors or the Company Secretary of the Issuer listed above and their duties to the Issuer.

Material Contracts

The Issuer and QNB entered into the 2015 Notes Loan Agreement on or around 16 November 2010, pursuant to which the Issuer provided the net proceeds received from the issue of the 2015 Notes to QNB. Under the 2015 Notes Loan Agreement, QNB has agreed to repay the proceeds of the loan made thereunder to the

Issuer on the maturity date of the 2015 Notes (subject to other relevant terms of the 2015 Notes Loan Agreement).

The Issuer will, on or subsequent to the issue of any Series of Notes under the Programme, enter into a Notes Loan Agreement with QNB, pursuant to which the Issuer will provide the net proceeds received from the issue of the Notes to QNB. Under each Notes Loan Agreement, QNB will agree to repay the proceeds of the loan made thereunder to the Issuer on the relevant maturity date of the Notes (subject to other relevant terms of that Notes Loan Agreement).

On 16 November 2010, the Issuer issued the 2015 Notes. On 22 February 2012, the Issuer issued the 2017 Notes. On 14 November 2012, the Issuer issued the 2018 Notes. On 13 December 2012, the Issuer issued HKD 184 million 2.0 per cent. notes due 20 December 2017. On 17 January 2013, the Issuer issued CHF 300 million floating rate notes due on 12 January 2015. On 22 January 2013, the Issuer issued HKD 155 million 2.0 per cent. notes due on 29 January 2018. On 17 April 2013, the Issuer issued CHF 200 million floating rate notes due on 13 May 2016. On 29 April 2013, the Issuer issued the 2020 Notes. On 28 May 2013, the Issuer issued CHF 200 million 0.5 per cent. notes due on 27 June 2016. On 12 June 2013, the Issuer issued EUR 58.5 million floating rate notes due on 19 December 2014. On 9 July 2013, the Issuer issued US\$50 million floating rate notes due on 16 July 2015. On 9 September 2013, the Issuer issued US\$50 million floating rate notes due on 16 September 2015. On 16 September 2013, the Issuer issued US\$100 million floating rate notes due on 23 January 2015. On 31 October 2013, the Issuer issued the October 2018 Notes and the 2016 Notes. On 31 October 2013, the Issuer issued US\$100 million floating rate notes due 30 April 2015. On 23 January 2014, the Issuer issued EUR 100 million floating rate notes due on 24 January 2015. On 20 February 2014, the Issuer issued EUR 150 million floating rate notes due on 20 February 2015. On 21 February 2014, the Issuer issued US\$35 million floating rate notes due on 21 February 2017. On 24 February 2014, the Issuer issued US\$60 million floating rate notes due on 24 February 2016. On 19 August 2014, the Issuer issued US\$43 million floating rate notes due on 26 August 2016. On 27 August 2014, the Issuer issued US\$50 million floating rate notes due on 27 February 2016. On 18 September 2014, the Issuer issued HKD 400 million 0.54 per cent. notes due on 18 September 2015. On 27 October 2014, the Issuer issued EUR 100 million floating rate notes due on 27 October 2016. In the case of each issuance listed above, the notes are guaranteed by QNB and the proceeds of each issuance made available to QNB pursuant to one or more Notes Loan Agreements, whereby QNB will be obligated to make payments to the Issuer that match the payment obligations of the Issuer under the Notes.

Financial Information

The Issuer's selected historical financial data as at and for the nine month period ended 30 September 2014 and as at and for the year ended 31 December 2013 has been derived from the unaudited interim financial information as at and for the nine month period ended 30 September 2014 and the audited financial statements as at and for the year ended 31 December 2013, in each case, of the Issuer (including the related notes thereto), respectively, incorporated by reference in this Prospectus (collectively, the "**Issuer Financial Statements**"). The selected historical financial data set forth below should be read in conjunction with, and are qualified by reference to, the Issuer Financial Statements. The Issuer Financial Statements are available as described under "*General Information*". The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

INTERIM STATEMENT OF FINANCIAL POSITION DATA

	As at 30 September 2014 (Unaudited)	As at 31 December 2013
	(US\$ in thousands)	
Assets		
Due from Parent Company	7,811,008	7,576,835
Total Assets	7,811,008	7,576,835
Liabilities		
Debt Securities.....	5,980,823	5,975,614
Other Borrowings	1,778,124	1,560,241
Other Liabilities.....	52,061	40,980
Total Liabilities	7,811,008	7,576,835
Equity		
Share Capital ⁽¹⁾	—	—
Retained Earnings.....	—	—
Total Equity	—	—
Total Liabilities and Equity	7,811,008	7,576,835

INTERIM STATEMENT OF COMPREHENSIVE INCOME DATA

	Nine months to 30 September 2014 (Unaudited)	Nine months to 30 September 2013 (Unaudited)
	(US\$ in thousands)	
Income		
Interest Income	137,675	97,510
Expenses		
Interest Expense.....	(137,675)	(97,510)
Profit for the Period	—	—
Total Comprehensive Income for the Period	—	—

INTERIM STATEMENT OF CASH FLOW DATA

	Nine months to 30 September 2014 (Unaudited)	Nine months to 30 September 2013 (Unaudited)
	(US\$ in thousands)	
Net Cash used in Operating Activities.....	(317,382)	(2,312,284)
Net Cash from Investing Activities	120,243	75,088
Net Cash from Financing Activities	197,139	2,237,196
Cash and cash equivalents	—	—

Note:

(1) The share capital of the Issuer is US\$100.

BUSINESS DESCRIPTION OF THE QNB GROUP

Overview

QNB was established in 1964 as the country's first Qatari-owned commercial bank and is now the largest commercial bank in Qatar for which financial statements are published, and the largest bank in the MENA region, with a strong focus on the GCC. QNB is 50.0 per cent. owned by the Government, through the QIA, with the other 50.0 per cent. being publicly listed on the QE. As at 30 September 2014, QNB had a market capitalisation of QR141.9 billion (US\$38.9 billion), making QNB the largest bank overall listed on the QE. Moreover, as at 30 June 2014 (the most recent date for which financial figures are publicly available for QE listed banks), QNB held the largest market share of total assets by value at 48.4 per cent., loans and advances by value at 37.5 per cent. and customer deposits at 47.8 per cent. as compared to all other banks operating in Qatar (excluding the International Bank of Qatar (“**IBQ**”) for which published interim financial statements are not available).

QNB is one of the fastest growing banks in the MENA region, particularly in the GCC, having achieved compound annual growth rates in both net profit and total assets of 25.6 per cent. and 31.3 per cent., respectively, from the year ended and as at 31 December 2005 to the year ended and as at 31 December 2013. For the six month period ended 30 June 2014 and the year ended 31 December 2013, QNB had the highest net profit of any bank in Qatar, amounting to QR5.1 billion (US\$1.4 billion) and QR9.5 billion (US\$2.6 billion), respectively. In addition, based on published financial statements of financial institutions in the GCC that publish such financial statements, QNB had the highest profits for the six month period ended 30 June 2014 of any financial institution in the GCC that publishes financial statements.

QNB offers a broad suite of financial products and services to its customers, with business divisions focused on corporate banking, retail banking, international banking, asset and wealth management services, and treasury. Through these business divisions, QNB caters to the needs of individual (including high-net-worth), corporates, institutional, government and government-related clients, both domestically and internationally. QNB also has the largest distribution network in Qatar, comprising 1,241 branches and service centres and 2,500 automatic teller machine (“**ATM**”) locations as at 30 September 2014.

Through a combination of QNB's own branches, representative offices, subsidiaries and associates, QNB is present in more than 26 countries around the world (including Qatar), primarily in the MENA region, having expanded its international network since 2005. QNB has achieved its extended regional coverage through a combination of organic growth and acquisitions. For example, in 2009, QNB established a new bank in Syria, QNB-Syria, in which QNB has a 50.8 per cent. equity ownership stake as at the date of this Prospectus. QNB also launched a new private bank in Switzerland in 2009. In 2011, QNB established branches in Lebanon and South Sudan. In addition, since 2005, QNB has acquired strategic ownership interests in banks throughout the MENA region, including a 34.5 per cent. stake in the Housing Bank (Jordan), a 50.8 per cent. stake in Mansour Bank (Iraq), a 40.0 per cent. stake in CBI (UAE) and a 99.96 per cent. stake in QNB Tunisia (Tunisia). In early 2011, QNB also acquired a 69.6 per cent. stake in QNB Kesawan in Indonesia and in August 2012, it acquired a 49.0 per cent. stake in Bank of Commerce and Development (Libya), one of the country's leading private sector banks. On 31 March 2013, QNB acquired 97.12 per cent. of Société Générale's Egyptian unit, National Société Générale Bank (“**NSGB**”). On 4 July 2013, QNB commenced operations in India with a wholly-owned subsidiary and on 30 July 2013, QNB established a representative office in Shanghai. On 2 June 2014, QNB increased its stake in QNB Kesawan to 78.59 per cent. and on 7 November 2014, QNB further increased its stake in QNB Kesawan to 82.59 per cent. On 4 September 2014, QNB acquired 12.5 per cent. (taking into account the convertible preference shares acquired by QNB) of Ecobank, a leading pan-African bank, and later acquired an additional 11.0 per cent. on 15 September 2014, increasing the total stake held by QNB to 23.5 per cent. (taking into account the convertible preference shares acquired by QNB). Subsequently, in October 2014, Nedbank exercised its right to increase its stake in Ecobank to 20 per cent., reducing QNB's stake to 19.4 per cent. (taking into account the convertible preference shares held by QNB). See also “*Competitive Strengths—Leading Regional Presence and Growing International Network*”.

QNB has launched a wide range of initiatives in Qatar, where the Qatar operations of QNB's corporate banking services accounted for 68.9 per cent. of total segment profit for the year ended 31 December 2013 and 70.1 per cent. of total segment profit for the nine month period ended 30 September 2014. In 2008, for example, QNB established QNB Capital LLC (“**QNB Capital**”), a QFC-registered entity, to provide investment banking services to corporate, institutional, government and government-related clients within

Qatar and the wider MENA region. Since its establishment, QNB Capital has advised on most of the largest debt and equity transactions involving Qatar, including acting as a joint lead manager in connection with a number of sovereign and corporate bond offerings totalling over US\$22 billion over the last three years. QNB Capital was the lead financial advisor for the US\$885 million initial public offering of Mesaieed Petrochemical Holding Company that was listed on the QE in February 2014. QNB Capital has also provided financial advice in connection with the merger of a number of Qatar based entities, including the sale of QP's Amwaj operation to Gulf International Services in 2012. In addition, QNB Capital advised on the merger between Qatar Navigation and Qatar Shipping in 2009 and 2010, one of the largest public company mergers ever undertaken in Qatar and advised Vodafone Qatar in April 2009 on a US\$1.0 billion initial public offering, which was one of the largest equity raisings in the region. In the first half of 2013, QNB Capital advised the QNB Group on its acquisition of NSGB (now QNB ALAHLI), and in September 2014, QNB Capital advised the QNB Group in its acquisition of a minority stake in Ecobank.

QNB's conservative credit policy and effective utilisation of risk management tools has enabled the QNB Group to maintain a high quality loan portfolio. QNB had a non-performing loan ratio (the ratio of non-performing loans to gross loans) of 1.6 per cent. as at 31 December 2013 and 1.6 per cent. as at 30 September 2014, with a corresponding loan loss coverage ratio (the ratio of allowance for impairment of loans and advances to non-performing loans) of 123.2 per cent. as at 31 December 2013 and 123.9 per cent. as at 30 September 2014. Moreover, as at 31 December 2013 and 30 September 2014, QNB's total capital adequacy ratio stood at 15.6 per cent. and 15.0 per cent., respectively, which is above the 10 per cent. minimum threshold set by the QCB and the 8 per cent. minimum threshold set by the QCB Basel II requirements for the year ended 31 December 2013. From 1 January 2014, the QCB has implemented a minimum threshold of 12.5 per cent. (including a capital conservation buffer of 2.5 per cent.) under QCB Basel III requirements. In addition, QNB's total assets increased by QR31.8 billion (US\$8.7 billion), or 7.2 per cent., from QR443.5 billion (US\$121.8 billion) as at 31 December 2013 to QR475.3 billion (US\$130.6 billion) as at 30 September 2014.

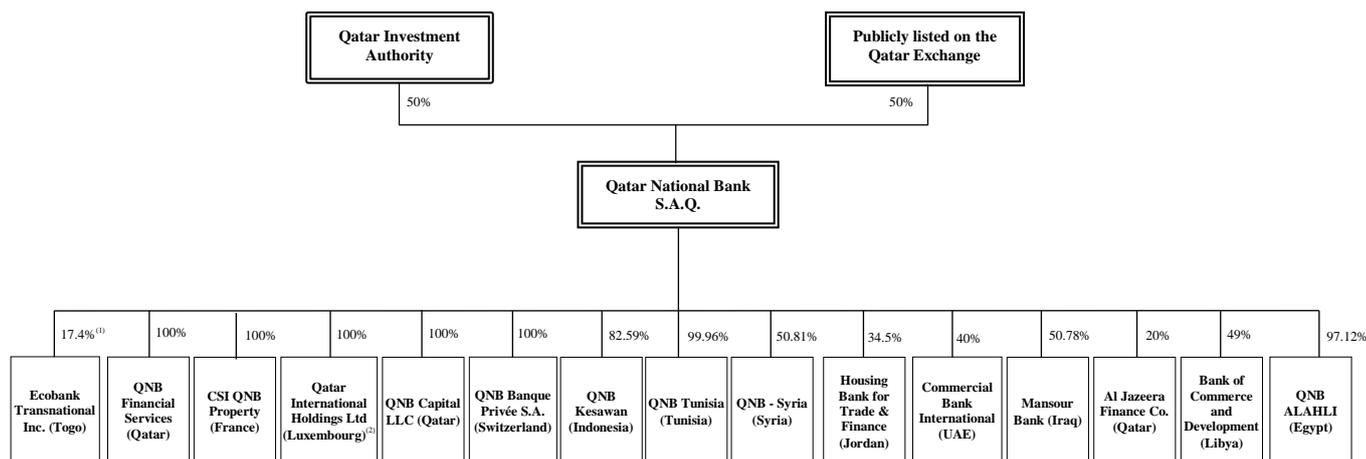
As a result of QNB's historically strong operating performance and financial condition, QNB has the highest credit rating among banks operating in Qatar and is among the highest rated banks in the GCC and MENA region with current long-term ratings of Aa3 (Moody's Investors Service), A+ (Standard & Poor's Ratings Services), A+ (Fitch Ratings) and AA- (Capital Intelligence). In addition, QNB has demonstrated its ability to raise additional capital through its May 2011 US\$3.5 billion rights offer (which was fully subscribed), and its ability to issue debt instruments through its November 2010 US\$1.5 billion bond offering, its February 2012 US\$1.0 billion debt issuance under the Programme, its November 2012 US\$1.0 billion debt issuance under the Programme, its April 2013 US\$1.0 billion debt issuance under the Programme and its October 2013 US\$1.5 billion debt issuance under the Programme. In May 2013, QNB was ranked as one of the world's strongest banks by Bloomberg Markets.

Management believes that QNB is well positioned to leverage its strengths and capitalise on the opportunities to continue its growth in an effort to achieve its objective to be recognised as the leading banking institution within the MENA region as measured by both net profit and total assets.

Ownership and Operational Structure of the QNB Group

QNB's shareholding structure has remained stable since its incorporation, when it was established by Emiri Decree No. (7) of 1964. QNB, which is structured as a holding company, is currently 50.0 per cent. owned by the State of Qatar, through the QIA, with the remaining 50.0 per cent. being publicly listed on the QE. See "*Management—Directors' and Senior Managers' Interests*". Moreover, the QIA has demonstrated its support of QNB by keeping its equity ownership unchanged, having participated in rights issues in 2008 and 2011.

The organisational structure chart below sets forth the shareholding structure of the QNB Group as at the date of this Prospectus:



Notes:

- (1) Taking into account the convertible preference shares held by QNB, QNB's shareholding in Ecobank is 19.4 per cent. Excluding the convertible preference shares held by QNB, QNB's shareholding in Ecobank is 17.4 per cent.
- (2) Ansbacher Group Holdings Limited (Luxembourg) is held indirectly through QNB International Holdings Ltd (Luxembourg).

Competitive Strengths

QNB believes that its business is characterised by the competitive strengths discussed below, and that these competitive strengths position QNB to successfully implement its strategy and to continue its growth plans.

Leading Domestic Presence

QNB is the largest commercial bank in Qatar and, as at 30 June 2014 (the most recent date for which figures are publicly available for QE listed banks), held the largest market share of total assets by value (48.4 per cent.), loans and advances by value (37.5 per cent.) and customer deposits (47.8 per cent.) as compared to all other Qatari banks (based on the published financial statements of all banks in Qatar, excluding IBQ for which published interim financial statements are not available). QNB believes that its substantial market share lead over its competitors, as well as its long history, extensive distribution network, broad suite of innovative financial products and services, and positive brand recognition are some of its key strengths. These strengths, coupled with QNB's strong operating performance and financial position, are expected to assist QNB in its customer retention and acquisition efforts and to help QNB to achieve further growth as Qatar's economy continues to grow.

Leading Regional Presence and Growing International Network

Through a combination of QNB's own branches, representative offices, subsidiaries and associates, QNB is present in more than 26 countries, including Qatar, Algeria, Bahrain, China, Egypt, France, Jordan, India, Kuwait, Lebanon, Libya, Luxembourg, Indonesia, Iran, Iraq, Mauritania, Oman, Palestine (West Bank), Singapore, Sudan, South Sudan, Switzerland, Syria, Tunisia, the UAE, the United Kingdom and Yemen. QNB's regional presence and international network exceeds the international coverage of any other Qatari bank. Furthermore, the QNB Group maintains and adheres to its risk management, compliance and internal control policies and procedures in its international operations. QNB's head office directly oversees and supervises risk management, compliance and internal control policies and procedures of the QNB Group's international operations in certain high risk countries such as Sudan and Syria. Given QNB's successful international expansion undertaken through a combination of organic growth and acquisitions, QNB believes that it is well positioned to enhance further its international presence. QNB also believes that its continued international growth and expansion will diversify QNB's business activities and geographical coverage and, in turn, reduce its reliance on the Qatari market. For example, on 31 March 2013, QNB completed the acquisition of a controlling stake in NSGB representing 97.12 per cent. of its total share capital, which included Société Générale's entire stake of 77.17 per cent. and a further 19.95 per cent. stake acquired by way of a mandatory tender offer at a total cost of QR8.7 billion. The NSGB transaction is QNB's largest acquisition since its establishment. NSGB (now QNB ALAHLI), an Egypt-based bank, was founded in 1978

and is the second largest private bank in Egypt with 178 branches across the country and more than 4,800 employees and has assets of US\$13.7 billion as at 30 September 2014.

On 22 January 2013, QNB acquired an additional 49.96 per cent. stake in QNB-Tunisia at a cost of US\$64.5 million, bringing its total shareholding to 99.96 per cent. It had previously purchased a 50 per cent. stake in 2008.

On 4 July 2013, QNB commenced operations in India having received all regulatory approvals required to establish a fully-owned subsidiary under the name of “QNB India Private Limited”, which offers consultancy and advisory services in investment and finance for Middle Eastern companies looking to establish business and/or invest in India. In addition, as part of its international expansion strategy, QNB plans to expand in selected countries in the MENA region such as Turkey and Morocco.

On 30 July 2013, QNB commenced operations of its Qatar National Bank S.A.Q. Shanghai Representative Office after receiving all of the required regulatory approvals. The main activity of QNB’s Shanghai representative office will be extending intermediary services in the field of investment and trade with Middle Eastern companies that are looking to establish their business or invest money in China. QNB’s Shanghai representative office will also act as a liaison with Chinese companies that are looking to expand into the ever growing Middle Eastern market and facilitate investments by Chinese companies in the Middle East.

On 4 September 2014, QNB acquired 12.5 per cent. (taking into account the convertible preference shares acquired by QNB) of Ecobank, a leading pan-African bank. QNB later acquired an additional 11.0 per cent. on 15 September 2014, increasing the total stake held by QNB to 23.5 per cent. (taking into account the convertible preference shares acquired by QNB). Subsequently, in October 2014, Nedbank exercised its right to increase its stake in Ecobank to 20 per cent., reducing QNB’s stake to 19.4 per cent. (taking into account the convertible preference shares held by QNB). The acquisitions have enabled the QNB Group to become a significant shareholder of Ecobank, whilst strengthening the partnership with the bank. The QNB Group believes the acquisition is a fundamental step towards achieving QNB’s long term strategic vision (See “Strategy”).

Strong Operating Performance, Financial Position and Credit Ratings

QNB has historically been one of the best performing banks in Qatar and the MENA region. For the six months ended 30 June 2014 and the year ended 31 December 2013, QNB had the highest net profit of any bank in Qatar (based on the published financial statements of all commercial banks in Qatar, excluding IBQ, for which published interim financial statements are not available), amounting to QR5.1 billion (US\$1.4 billion) and QR9.5 billion (US\$2.6 billion), respectively. Moreover, QNB’s total assets increased by QR31.8 billion (US\$8.7 billion), or 7.2 per cent., from QR443.5 billion (US\$121.8 billion) as at 31 December 2013 to QR475.3 billion (US\$130.6 billion) as at 30 September 2014. QNB’s conservative credit policy and effective utilisation of risk management tools has enabled the QNB Group to maintain a high quality loan portfolio. For example, QNB had a non-performing loan ratio (the ratio of non-performing loans to total loans) of 1.6 per cent. as at 30 September 2014, with the corresponding coverage ratio (the ratio of allowance for impairment of loans and advances to non-performing loans) of 123.9 per cent., as compared to a non-performing loan ratio of 1.6 per cent. as at 31 December 2013, with the corresponding coverage ratio of 123.2 per cent. In addition, as at 30 September 2014, QNB’s total capital adequacy ratio was 15.0 per cent., which is significantly above the 12.5 per cent. minimum threshold (including a capital conservation buffer of 2.5 per cent.) set by the QCB Basel III requirements. QNB has the highest credit rating among banks operating in Qatar and is among the highest rated banks in the MENA region. QNB’s current long-term ratings are Aa3 (Moody’s Investors Service), A+ (Standard & Poor’s Ratings Services), A+ (Fitch Ratings) and AA- (Capital Intelligence). QNB believes that its strong operating performance and financial condition, together with its investment grade credit ratings, will enable QNB to take advantage of new opportunities in the MENA region and internationally thus enabling QNB to continue its international growth and expansion strategy.

Strong Qatari Government Support

QNB’s shareholding structure has remained stable since its incorporation in 1964, when it was established by Emiri Decree No. (7) of 1964. QNB is currently, and has always been, 50.0 per cent. owned by the Government. The Government’s stake is currently held through the QIA with the remaining 50.0 per cent. listed on the QE and held publicly. The QIA has demonstrated its support of QNB by maintaining a constant equity ownership through participating in rights issues in 2008 and 2011. Furthermore, the Government’s

recent financial support initiatives extended to domestic banks listed on the QE (including QNB) during the global financial crisis demonstrated the Government's willingness to maintain investor confidence in the Qatari economy as well as the Qatari banking sector. As part of the initiatives taken by the Government to support domestic banks listed on the QE, QNB sold a portion of its portfolio of Qatari equity securities to the Government in March 2009, receiving a proportion of the support in such programme offered by the Government to seven of the nine domestic banks listed on the QE by reference to its market share of bank exposure to listed equities in Qatar. In June 2009, the Government purchased certain loans, advances and other exposures relating to the real estate sector from QNB and a number of other Qatari domestic banks for an aggregate amount of QR15.5 billion (US\$4.3 billion), with QNB receiving a portion of the amount by reference to its market share of bank exposure to real estate in Qatar. Overall, QNB believes that this financial support ensured that the Qatari banking sector as a whole remained liquid and also that it fostered investor confidence. QNB also believes that it will continue to benefit, both directly and indirectly, from its strong ties to the Government.

Exposure to High-Value Transactions

QNB Capital continues to be mandated on high profile transactions involving Qatar, supporting QNB's market-leading position in the area of corporate finance, financial and strategic advisory services. Since its establishment, QNB Capital has advised on most of the largest debt and equity transactions involving Qatar, including acting as a joint lead manager in connection with a number of sovereign and corporate bond offerings totalling over US\$22 billion over the last three years. QNB Capital was the lead financial advisor for the US\$885 million initial public offering of Mesaieed Petrochemical Holding Company that was listed on the QE in February 2014. QNB Capital has also provided financial advice in connection with the merger of a number of Qatar based entities, including the sale of QP's Amwaj operation to Gulf International Services in 2012. In addition, QNB Capital advised on the merger between Qatar Navigation and Qatar Shipping in 2009 and 2010, one of the largest public company mergers ever undertaken in Qatar. QNB Capital also advised Vodafone Qatar on a US\$1.0 billion initial public offering in April 2009, which was one of the largest equity raisings in the region. In the first half of 2013, QNB Capital advised the QNB Group on its acquisition of NSGB (now QNB ALAHLI), and in September 2014, QNB Capital advised the QNB Group in its acquisition of a minority stake in Ecobank. QNB believes that the increasingly important role that Qatar plays internationally, coupled with global appetite for investing in the GCC (and Qatar in particular) and the MENA region, will provide increased opportunities for QNB Capital to create new revenue streams.

Experienced Management Team and Commitment to Corporate Governance

QNB Group believes in the value of its people and particularly the value of its experienced management team. The QNB Group Chairman, H.E. Mr. Ali Shareef Al-Emadi, has over 20 years of experience in the banking sector, including eight years serving as Group Chief Executive Officer of the QNB Group, until his appointment as Minister of Finance in June 2013. The previous QNB Group Chairman, H.E. Mr. Yousef Hussain Kamal, oversaw unprecedented growth in QNB's operations, both in Qatar and internationally, combined with year-on-year increases in net profit and total assets. H.E. Mr. Yousef Hussain Kamal has led QNB to innovate in a number of areas, including the establishment of QNB Capital.

Day-to-day management of the QNB Group is entrusted to its Acting Chief Executive Officer, Mr. Ali Ahmed Al-Kuwari, who has almost 25 years of experience in the banking sector, including seven years serving as Chief Business Officer of the QNB Group. Mr. Al-Kuwari is aided by an experienced executive management team. All of the senior members of QNB's Board of Directors and executive management team have extensive knowledge of the banking sector in Qatar and the MENA region and bring with them a wealth of experience in leading financial institutions with an international presence.

QNB's Board of Directors sets the standard for a robust and effective corporate governance framework for the entire QNB Group. Management believes that corporate governance is a matter of vital importance and a fundamental part of the business practices of the QNB Group and that the combination of an existing team of highly experienced professionals, coupled with best practice corporate governance standards, positions the QNB Group well for future growth.

Commitment to Training and Development of Personnel

QNB is committed to the training and development of its employees, having created and implemented a number of training and development programmes for both domestic and international staff. QNB has also

introduced a Management Development Programme, an Executive Development Programme in conjunction with Duke University and a Graduate Development Programme, which has replaced QNB's "Qatari Top Talent" programme, all in an effort to reinforce QNB's commitment to the development of its staff. In 2014, QNB also introduced the "QNB Leadership Development Programme", a specialised development programme for senior management in Qatar. Management believes that QNB is unique in this approach to training and development and that, with the current policies in place, a new generation of business leaders will continue to drive QNB's historical success.

Strategy

Over the last few years, QNB has achieved significant growth and profitability in its business. As a result the QNB Group is now the largest bank in the GCC and MENA region. A significant proportion of this growth has been achieved within Qatar organically as a result of the rapidly developing Qatari economy, together with QNB's historical ability to leverage its strong relationships with various government and corporate entities within the Qatari market. Today, QNB's geographical footprint outside Qatar is mainly concentrated within emerging banking markets, many of which remain at an early stage of development. QNB's management believes that QNB's growth strategy is aligned with Qatar's economic objectives and that, going forward, it is imperative for QNB to establish a significant presence in other markets and to maximise the strengths of its business.

QNB has defined its 2017 vision to be a "Middle East and Africa Icon". To realise this vision, QNB has developed a five year strategy focused on organic and inorganic growth with an implementation roadmap. QNB regularly engages leading international management consulting firms to assist in developing its corporate or country strategies. QNB's corporate level strategy comprises the following key elements:

Consolidation and Strengthening of the Corporate Banking Line

QNB intends to further strengthen its market position by consolidating its corporate banking line, which has proven to be its strongest performing business line. The total segment revenue (operating income including share of results of associates) generated by QNB's corporate banking division (Qatar operations) amounted to 55.5 per cent., 55.1 per cent., 55.6 per cent. and 68.4 per cent. of the QNB Group's total segment revenue (operating income including share of results of associates) for the nine month period ended 30 September 2014 and 2013 and for the years ended 31 December 2013 and 31 December 2012, respectively. QNB believes that its corporate banking line has the potential for further growth in parallel with the rapid development of Qatar's economy. As part of this on-going strategy, the QNB Group has established QNB Capital, through which QNB has participated in key Government and quasi-government financial mandates. Reflecting Qatar's economy, management of QNB believes that these key opportunities in the corporate banking line are primarily within the oil and gas, utilities, telecommunications, aviation, health and education sectors. Accordingly, QNB Capital is targeting these sectors, particularly transactions involving private corporate clients and major governmental contracts, as well as leveraging its experience in arranging Qatari riyal denominated facilities. QNB also believes that it is well placed to further strengthen its corporate banking line and to continue to develop strong commercial relationships with private and public corporate clients.

Geographic Expansion and Diversification

In 2005, QNB announced its commitment to expand internationally and in 2011 stated its Vision 2017: "To be a Middle East and Africa Icon". To realise this vision, a corporate level strategy was developed in 2011 for the period 2012 to 2017, which defined the roadmap for future international expansion by carefully screening and selecting key target markets in the GCC and MENA regions as well as in Southeast Asia. See also "*Competitive Strengths—Leading Regional Presence and Growing International Network*" and "*Recent Developments*". QNB believes that its investments in established banking sectors, such as Switzerland, coupled with its investments in emerging markets, will allow QNB to diversify its geographical sources of revenues. The QNB Group seeks to benefit from such diversification by obtaining stable returns from mature markets whilst gaining higher returns and growth rates from higher risk emerging markets. Although international expansion continues to be an integral part of QNB's growth strategy, in response to global economic realities over the past several years, QNB has adopted a cautious approach to its international expansion activities.

QNB intends to further its international expansion into markets in which some of its existing clients are particularly active through a combination of organic growth and carefully planned acquisitions. QNB believes that a wider geographical presence gained through such expansion will reduce the QNB Group's exposure to certain economic risks in the event of any economic downturn and, in turn, provide stability to its financial position. See *“Overview of the Business—International Banking”*. QNB also intends to focus on cross-selling its existing products and services, leveraging its dominant market position in Qatar, to markets in the GCC, MENA and wider regions, and will focus on both conventional and Islamic banking in international markets, as QNB deems appropriate. QNB will continue to consider and review potential acquisition targets as well as other investment opportunities, if and when they present themselves. QNB evaluates and, in certain cases, engages in discussions and negotiations regarding these types of opportunities on a continual basis, some of which, if acted upon, could have a material impact on the business, financial condition, results of operations and prospects of the QNB Group. See *“Risk Factors—Factors that may affect QNB's ability to fulfil its obligations under the Deed of Guarantee—QNB began its international expansion plans in 2005 and does not have a long track record of operating its recently established and acquired international businesses, which are located in emerging markets and are thus subject to various risks relating to emerging markets generally”*.

Diversified Product Offerings

QNB intends to diversify the QNB Group's product offerings, both conventional and Islamic, in order to increase and solidify its client base and fee generating business. For example, the QNB Group has already established “QNB First”, a retail banking service targeted at high-income individuals. Furthermore, QNB began offering new brokerage services in May 2011 through QNB's wholly owned subsidiary, QNB Financial Services (“QNB FS”). In September 2014, QNB also announced seven new product offerings, to meet the growing market and customer demands within the SME sector in Qatar. Through its new branches and investments, the QNB Group will offer a mixture of conventional corporate and retail banking products and services to address the needs of local customers of certain selected markets. By creating new income streams in selected markets through the conventional banking operating segment, the QNB Group seeks to reduce its exposure to the risks inherent in banking business through diversification of its product offerings, revenue stream, as well as customers.

Operational Performance throughout the QNB Group

One of the QNB Group's main strategic initiatives is to maximise its operational performance in order to further increase its market share by (i) developing products that address the customers' needs, (ii) realising operational and financial synergies across the QNB Group and (iii) utilising the experience of the QNB Group's management to oversee the operational performance across its regional and international network. QNB seeks to increase its operational performance by improving its asset quality through risk management and investing in strong IT infrastructure to centralise data processing and operations. QNB has invested in sophisticated risk management software to support QNB's comprehensive operational risk management policy. Through QNB's software system and risk management policy, QNB monitors key risk areas and effectively manages liquidity and funding requirements.

Maintaining a High Quality Debt Portfolio through its Risk Management Programme

The QNB Group is focused on minimising its exposure to credit risks through the maintenance and improvement of a thorough risk management programme and organised control system. The QNB Group has in place a conservative credit and risk assessment programme that has supported its strong and stable growth across the MENA region in recent years. The QNB Group continues to seek profitable opportunities in lending whilst employing a conservative approach towards risk management. See *“Risk Management”*.

Operating Performance and Financial Position

Operating Segments of Business

The QNB Group is primarily organised into four operating segments of business: (i) corporate banking, (ii) consumer banking, (iii) asset and wealth management, and (iv) international banking. The table below shows the contribution that each of these operating segments made to consolidated net profit and consolidated total assets for the nine month period ended and as at 30 September 2014, respectively, as compared to the prior respective periods:

Qatar Operations						
Corporate Banking	Consumer Banking	Asset and Wealth Management	International Banking⁽¹⁾	Unallocated and Intra- group Transactions	Total	
(Unaudited)						
(QR in thousands)						
As at and for the nine month period ended 30 September 2014						
Total Segment Revenue (Operating Income including Share of Results of Associates).....						
6,481,519	559,110	635,582	3,887,731	118,597	11,682,539	
Segment Profit ⁽²⁾						
5,610,845	62,713	322,878	2,124,400	(118,452)	8,002,384	
Segment Loans and Advances.....						
238,121,505	8,241,616	13,054,937	69,351,212	-	328,769,270	
Segment Customer Deposits.....						
172,619,209	18,974,848	42,131,021	118,413,124	-	352,138,202	
Segment Assets.....						
316,150,348	19,615,180	43,682,818	200,840,013	(105,004,628)	475,283,731	
As at and for the nine month period ended 30 September 2013						
Total Segment Revenue (Operating Income including Share of Results of Associates).....						
6,029,074	483,121	554,957	3,760,576	108,311	10,936,039	
Segment Profit ⁽²⁾						
4,857,739	87,991	288,573	1,999,658	(128,348)	7,105,613	
Segment Loans and Advances.....						
222,185,276	7,511,491	13,563,833	60,770,393	—	304,030,993	
Segment Customer Deposits.....						
166,942,239	16,146,986	31,135,473	116,880,460	—	331,105,158	
Segment Assets.....						
310,915,738	16,724,101	32,008,016	179,480,105	(102,098,229)	437,029,731	

Notes:

(1) Includes QNB ALAHLI.

(2) Attributable to the equity holders of QNB.

The table below shows the contribution that QNB's five principal business divisions made to the QNB Group (see "Description of The QNB Group—Overview of the Business") as at and for the years ended 31 December 2013, 2012 and 2011. The QNB Group does not, for reporting purposes, treat Treasury as a separate reporting segment and it is reported as part of corporate banking.

Qatar Operations						
Corporate Banking	Consumer Banking	Asset and Wealth Management	International Banking	QNB ALAHLI	Unallocated and Intra- group Transactions	Total
(QR in thousands)						
As at and for the year ended 31 December 2013						
Total Segment Revenue (Operating Income including Share of Results of Associates).....						
8,176,428	643,273	775,663	2,621,776	2,390,525	109,494	14,717,159
Segment Profit ⁽²⁾						
6,526,747	87,298	434,515	1,778,186	841,332	(189,441)	9,478,637
Segment Assets.....						
318,124,784	17,088,527	41,859,006	141,840,022	43,056,856	(118,483,087)	443,486,108
As at and for the year ended 31 December 2012						
Total Segment Revenue (Operating Income including Share of Results of Associates).....						
7,864,211	573,755	636,836	2,306,337	—	110,121	11,491,260
Segment Profit ⁽²⁾						
6,219,215	13,054	498,482	1,735,967	—	(127,896)	8,338,822
Segment Assets.....						
292,924,292	13,962,829	22,584,284	128,696,791	—	(91,314,364)	366,853,832
As at and for the year ended 31 December 2011						
Total Segment Revenue (Operating Income including Share of Results of Associates).....						
6,993,495	809,726	528,659	1,762,103	—	90,109	10,184,092
Segment Profit ⁽²⁾						
5,351,368	199,918	505,288	1,428,340	—	24,056	7,508,970
Segment Assets.....						
232,310,735	13,727,502	16,618,714	113,348,551	—	(74,050,171)	301,955,331

Notes:

(1) Treasury contributes income to Corporate Banking for accounting purposes.

(2) Attributable to the equity holders of QNB.

Set forth below is a brief discussion of QNB's consolidated operating performance and financial position as at and for the nine month period ended 30 September 2014, as compared to the corresponding nine-month period for the prior year, QNB's consolidated operating performance and financial position as at and for the year ended 31 December 2013, as compared to the year ended 31 December 2012, and QNB's consolidated operating performance and financial position as at and for the year ended 31 December 2012, as compared to the year ended 31 December 2011.

Nine Month Period Ended and as at 30 September 2014 as Compared to Nine Month Period Ended and as at 30 September 2013

Operating Income

Operating income increased by QR0.7 billion (US\$0.2 billion), or 6.8 per cent., to QR11.5 billion (US\$3.2 billion) for the nine month period ended 30 September 2014 from QR10.7 billion (US\$2.9 billion) for the nine month period ended 30 September 2013. This increase was primarily due to the increase in net interest income, which increased by QR0.5 billion (US\$0.2 billion), or 6.4 per cent., to QR9.1 billion (US\$2.5 billion) for the nine month period ended 30 September 2014 from QR8.5 billion (US\$2.3 billion) for the nine month period ended 30 September 2013. Net fees and commission income increased by QR0.11 billion (US\$0.03 billion), or 7.4 per cent., to QR1.6 billion (US\$0.4 billion) for the nine month period ended 30 September 2014 from QR1.4 billion (US\$0.4 billion) for the nine month period ended 30 September 2013. The primary drivers for the foregoing increases in the various components of net operating income were the increase in net interest income and improved management of costs.

Net Profit

The foregoing increase in operating income resulted in increasing net profit by QR0.9 billion (US\$0.2 billion), or 12.6 per cent., to QR8 billion (US\$2.2 billion) for the nine month period ended 30 September 2014 from QR7.1 billion (US\$2.0 billion) for the nine month period ended 30 September 2013.

Financial Position

Total assets increased by QR38.3 billion (US\$10.5 billion), or 8.8 per cent., to QR475.3 billion (US\$130.6 billion) as at 30 September 2014 from QR437.0 billion (US\$120.1 billion) as at 30 September 2013. Contributing to this increase in total assets were loans and advances to customers, which increased by QR24.7 billion (US\$6.8 billion), or 8.1 per cent., to QR328.8 billion (US\$90.3 billion) as at 30 September 2014 from QR304.0 billion (US\$83.5 billion) as at 30 September 2013. In addition, total liabilities increased by QR33.1 billion (US\$9.1 billion), or 8.6 per cent., to QR419.1 billion (US\$115.1 billion) as at 30 September 2014 from QR386.0 billion (US\$106.0 billion) as at 30 September 2013. The foregoing increases in total assets and total liabilities resulted in total equity attributable to equity holders of QNB increasing by QR4.9 billion (US\$1.3 billion), or 9.8 per cent., to QR55.2 billion (US\$15.2 billion) as at 30 September 2014 from QR50.3 billion (US\$13.8 billion) as at 30 September 2013.

Year ended and as at 31 December 2013 compared to year ended and as at 31 December 2012

Net Operating Income

Net operating income increased by QR3.2 billion (US\$881.6 million), or 28.6 per cent., to QR14.4 billion (US\$4.0 billion) for the year ended 31 December 2013 from QR11.2 billion (US\$3.1 billion) for the year ended 31 December 2012. This increase was primarily due to the increase in net interest income, which increased by QR2.4 billion (US\$662.1 million), or 26.3 per cent., to QR11.6 billion (US\$3.2 billion) for the year ended 31 December 2013 from QR9.1 billion (US\$2.5 billion) for the year ended 31 December 2012. Net fees and commission income increased by QR623.5 million (US\$171.3 million), or 47.8 per cent., to QR1.9 billion (US\$529.7 million) for the year ended 31 December 2013 from QR1.3 billion (US\$358.5 million) for the year ended 31 December 2012. The primary drivers for the foregoing increases in the various components of net operating income were the increases in net interest income and improved management of costs.

Net Profit

The foregoing increase in net operating income resulted in increasing net profit by QR1.1 billion (US\$306.1 million), or 13.2 per cent., to QR9.5 billion (US\$2.6 billion) for the year ended 31 December 2013 from QR8.4 billion (US\$2.3 billion) for the year ended 31 December 2012.

Financial Position

Total assets increased by QR76.6 billion (US\$21.1 billion), or 20.9 per cent., to QR443.5 billion (US\$121.8 billion) as at 31 December 2013 from QR366.9 billion (US\$100.8 billion) as at 31 December 2012. Contributing to this increase in total assets were loans and advances to customers, which increased by QR60.8 billion (US\$16.7 billion), or 24.3 per cent., to QR310.7 billion (US\$85.4 billion) as at 31 December 2013 from QR249.9 billion (US\$68.7 billion) as at 31 December 2012.

In addition, total liabilities increased by QR70.9 billion (US\$19.5 billion), or 22.2 per cent., to QR389.8 billion (US\$107.1 billion) as at 31 December 2013 from QR318.9 billion (US\$87.6 billion) as at 31 December 2012. The foregoing increases in total assets and total liabilities resulted in total equity attributable to the equity holders of QNB increasing by QR5.7 billion (US\$1.6 billion), or 12.2 per cent., to QR52.8 billion (US\$14.5 billion) as at 31 December 2013 from QR47.1 billion (US\$12.9 billion) as at 31 December 2012.

Year ended and as at 31 December 2012 compared to year ended and as at 31 December 2011

Net Operating Income

Net operating income increased by QR1.2 billion (US\$335.3 million), or 12.2 per cent., to QR11.2 billion (US\$3.1 billion) for the year ended 31 December 2012 from QR10.0 billion (US\$2.8 billion) for the year ended 31 December 2011. This increase was primarily due to the increase in net interest income, which increased by QR1.4 billion (US\$371.1 million), or 17.3 per cent., to QR9.1 billion (US\$2.5 billion) for the year ended 31 December 2012 from QR7.8 billion (US\$2.1 billion) for the year ended 31 December 2011. Net fees and commission income increased by QR7.8 million (US\$2.1 million), or 0.6 per cent., to QR1.3 billion (US\$358.5 million) for the year ended 31 December 2012 from QR1.29 billion (US\$356.3 million) for the year ended 31 December 2011. The primary drivers for the foregoing increases in the various components of net operating income were the increases in net interest income and improved management of costs.

Net Profit

The foregoing increase in net operating income resulted in increasing net profit by QR869.0 million (US\$238.7 million), or 11.5 per cent., to QR8.4 billion (US\$2.3 billion) for the year ended 31 December 2012 from QR7.6 billion (US\$2.1 billion) for the year ended 31 December 2011.

Financial Position

Total assets increased by QR64.9 billion (US\$17.8 billion), or 21.5 per cent., to QR366.9 billion (US\$100.8 billion) as at 31 December 2012 from QR302.0 billion (US\$83.0 billion) as at 31 December 2011. Contributing to this increase in total assets were loans and advances to customers, which increased by QR56.0 billion (US\$15.4 billion), or 28.9 per cent., to QR249.9 billion (US\$68.7 billion) as at 31 December 2012 from QR193.9 billion (US\$53.3 billion) as at 31 December 2011.

In addition, total liabilities increased by QR59.5 billion (US\$16.4 billion), or 23.0 per cent., to QR318.9 billion (US\$87.6 billion) as at 31 December 2012 from QR259.3 billion (US\$71.2 billion) as at 31 December 2011. The foregoing increases in total assets and total liabilities resulted in total equity attributable to the equity holders of QNB increasing by QR5.1 billion (US\$1.4 billion), or 12.0 per cent., to QR47.1 billion (US\$12.9 billion) as at 31 December 2012 from QR42.0 billion (US\$11.5 billion) as at 31 December 2011.

Overview of the Business

Within the main operating segment of conventional banking, QNB has five principal divisions, as follows:

- **Corporate and Institutional Banking:** QNB's corporate and institutional banking division offers a full spectrum of products and services catering to the needs of diverse customers across sectors ranging from large corporates, contractors finance, commercial banking (traders and manufacturers), small and medium sized enterprises ("SMEs"), government and semi-government sector agencies, and financial institutions domestically, as well as providing support to international corporate and financial institutions. The products and services offered by the corporate banking division include structured and project finance, syndication, cash management and trade finance, as well as other commercial banking products and services through Treasury and Asset Management functions. Revenues of the corporate banking division are derived mainly from products and services provided to large corporates, medium-sized companies, contracting sectors, and government and semi-government organisations. QNB's corporate banking products and services are tailored to suit the particular needs of each client.
- **Retail Banking:** QNB's retail banking division offers a wide range of products and services to individuals in Qatar, where the retail banking sector is highly competitive. High-income/affluent individuals are served through QNB First. QNB's retail banking product and service offering includes current accounts, savings accounts, deposit accounts, credit and debit cards, travel insurance, personal loans, vehicle loans, mortgages, and safety deposit boxes. QNB also provides tailored accounts for expatriate Indians and Jordanians through arrangements with HDFC Bank and the Housing Bank, respectively. QNB has the largest distribution network in Qatar, comprising 77 branches and service centres and 355 ATM locations as at 30 September 2014.
- **International Banking:** QNB operates internationally, either directly or through its branches, representative offices, subsidiaries or associates, in more than 26 countries (including Qatar).
- **Asset and Wealth Management:** QNB commenced asset and wealth management services in 2005. QNB is the largest provider of asset management services in Qatar and has assets under management of QR18.4 billion (US\$5.1 billion) as at 30 September 2014. QNB's asset management suite of products consists of equities, local, regional and emerging markets, capital guaranteed products and fixed income products. This division also caters to the needs of high net worth investors through its private banking unit, QNB Private. QNB Private offers a broad array of onshore and offshore products as well as services tailored to the needs of the target segment. QNB FS, the first independently regulated, licensed brokerage unit launched by a bank in Qatar, is also a part of QNB's asset and wealth management services division. It commenced trading activities on the QE in May 2011 and offers a multi-market, multi-currency trading platform with access to several GCC markets, including Qatar, the UAE and Oman. It also provides a trading solution for buying and selling securities in the US and European markets.
- **Treasury:** QNB's treasury operations are primarily split into trading and sales activities. Trading activities consist of asset and liability management, foreign exchange, fixed income and derivatives trading. Sales activities are focused on corporate and retail customers, including high-net-worth individuals.

In addition to the five principal divisions mentioned above, the QNB Group also includes QNB Capital, which is an investment banking arm within the conventional banking segment of the QNB Group.

The table below shows the contribution that QNB's five principal business divisions (i.e., those discussed above along with QNB Al Islami) made to the QNB Group as at and for the years ended 31 December 2013, 2012 and 2011. The QNB Group does not, for reporting purposes, treat Treasury as a separate reporting segment and it is reported as part of corporate banking.

	Qatar Operations					Unallocated and Intra- group Transactions	Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management	International Banking	QNB ALAHLI		
(QR in thousands)							
As at and for the year ended 31 December 2013							
Total Segment Revenue							
(Operating Income including Share of Results of Associates).....	8,176,428	643,273	775,663	2,621,776	2,390,525	109,494	14,717,159
Segment Profit ⁽²⁾	6,526,747	87,298	434,515	1,778,186	841,332	(189,441)	9,478,637
Segment Assets	318,124,784	17,088,527	41,859,006	141,840,022	43,056,856	(118,483,087)	443,486,108
As at and for the year ended 31 December 2012							
Total Segment Revenue							
(Operating Income including Share of Results of Associates).....	7,864,211	573,755	636,836	2,306,337	—	110,121	11,491,260
Segment Profit ⁽²⁾	6,219,215	13,054	498,482	1,735,967	—	(127,896)	8,338,822
Segment Assets	292,924,292	13,962,829	22,584,284	128,696,791	—	(91,314,364)	366,853,832
As at and for the year ended 31 December 2011							
Total Segment Revenue							
(Operating Income including Share of Results of Associates).....	6,993,495	809,726	528,659	1,762,103	—	90,109	10,184,092
Segment Profit ⁽²⁾	5,351,368	199,918	505,288	1,428,340	—	24,056	7,508,970
Segment Assets	232,310,735	13,727,502	16,618,714	113,348,551	—	(74,050,171)	301,955,331

Notes:

- (1) Treasury contributes income to Corporate Banking for accounting purposes.
- (2) Attributable to the equity holders of QNB.

Corporate and Institutional Banking

The corporate and institutional banking division constitutes a significant part of the QNB Group's business, contributing 55.6 per cent., 68.4 per cent. and 68.7 per cent. to the QNB Group's total segment revenue (operating income including share of results of associates) for the years ended 31 December 2013, 2012 and 2011, respectively, and 55.5 per cent. and 55.1 per cent. for the nine month period ended 30 September 2014 and 2013, respectively. QNB's corporate and institutional banking division is further divided into client relationship business units and support units (that support the operations of the client relationship business units). These client relationship business units are further divided into (i) Corporate and Government Clients and (ii) Financial Institutions and Correspondent Banking Clients. These are more fully described below:

Client Relationship Business Units: Corporate, Government, Financial Institutions and Correspondent Banking Clients

The corporate and institutional banking unit comprises the following:

- **Large Corporates:** This business unit provides a comprehensive suite of sophisticated banking products and services to both large local corporates and multi-national companies doing business in Qatar and globally. Its customers include large State-owned entities and quasi-Governmental entities such as QP, Ooredoo, Qatar Airways and Qatar Foundation. Other customers include large local business conglomerates as well as prominent multi-nationals operating in Qatar and those countries in which QNB Group either has a footprint or an interest.
- **Commercial Banking:** QNB offers a full range of depositary and credit-related banking services to medium-sized business customers in Qatar as well as across QNB's international network. The focus of the business unit is on financing the trade cycle as well as certain manufacturing activities. Industries and sectors predominantly include import and export of commodities; components, spare parts and tools; transport, vehicles and heavy equipment; "white goods", appliances and furnishings;

foodstuffs, agricultural products and consumables; telecommunications equipment; foreign exchange; insurance services; brokers; and general commercial banking services.

- *SMEs*: QNB also has banking relationships with, and provides a wide range of corporate banking products and services to, its customers who are classified as SMEs and who have active operations within Qatar. These SME clients range from small and medium sized companies and family businesses to local Qatari entities who require specialist corporate banking services.
- *Government and Semi-Government Sector*: QNB provides services to various Governmental ministries and semi-Government agencies and is responsible for supervising the execution of orders and requests as well as advising the concerned authorities on the management and distribution of their capital and resources, as appropriate for each client.
- *Construction and Contracting Clients*: Various reputable, local and international construction and contracting clients use QNB's services for contractor finance as well as other products and services related to engineering and procurement contracts in both the public and private sectors. QNB's clients include top tier contractors operating in Qatar as well as across QNB's international network. The client base has grown recently along with the rapid expansion of the construction industry in Qatar and some other key markets in the GCC.
- *International Corporate Clients*: QNB provides the international network with support in offering a full range of banking services, including short-term and long-term banking facilities and services in meeting the needs of clients spread across QNB branches.
- *Financial Institutions and Correspondent Banking Clients*: QNB services financial institutions globally and has correspondent banking arrangements with more than 700 banks worldwide. This department is also responsible for QNB's banking relationships and financial services relationships with other banks, and is responsible for maintaining existing banking and financial services relationships and fostering new ones. In addition, this department coordinates with other internal departments, overseas branches and offices to expand QNB's market share position of direct trade and investment into Qatar.

Support Units

The various business units described above are supported by four dedicated units within QNB which employ product experts and work with the client relationship business units to deliver the appropriate product or service to the relevant client:

- *Syndication*: QNB often enters into syndications with other financial institutions on corporate loans and actively sources primary and selected secondary syndicated loan participation opportunities from financial institutions and large corporates, with a focus on taking large participations in and/or underwriting strategic transactions, or more modest transactions in non-relationship corporate syndications on a case-by-case basis.
- *Structured and Project Finance*: This support unit focuses on the financing of major infrastructure projects and large corporate loans, an area where QNB has become an active and important player in Qatar and the MENA region, with a historic focus on the GCC. This support unit has been involved at various levels in structured and project finance transactions covering several industry sectors, including power and water, oil and gas, petrochemicals, infrastructure and telecommunications. This unit also utilises other structured financing techniques such as project finance and asset-based finance (including aircraft and ship financing) to achieve its customers' objectives.
- *Corporate Products and Cash Management*: QNB provides products and services with the aim of enhancing corporate clients' access to, and management of, their capital. Products provided by this support unit include: (i) internet corporate banking, allowing for the management of corporate accounts over the internet; (ii) corporate credit cards; (iii) e- statement services; (iv) QNB Express, a secure cash and document collection service; (v) Swift transfer services; and (vi) an electronic cheque clearance service.

- *Trade Finance:* QNB offers tailored solutions to the trade financing requirements of the QNB Group's diverse client base. Concurrently, products are also constantly being developed to meet the needs of the changing global economy to ensure that clients have access to effective solutions which are in accordance with international standards and practices.

Retail Banking Overview

The Qatar operations of QNB's retail banking division are an important part of the QNB Group's business and contributed 4.8 per cent., 4.4 per cent., 4.4 per cent., 5.0 per cent. and 8.0 per cent. to the QNB Group's total segment revenue (operating income including share of results of associates) for the nine month period ended 30 September 2014 and 2013 and the years ended 31 December 2013, 2012 and 2011, respectively.

QNB's retail business operates out of 77 branches and service centres and 351 ATM locations throughout key locations in Qatar as at 30 September 2014. A 24/7/365 call centre is available to cater to all customer inquiries and requests. QNB's retail banking division offers a wide range of personal banking products and services including current accounts, savings accounts, deposit accounts, credit and debit cards, travel insurance, personal loans, vehicle loans, mortgages, safety deposit boxes, and any other products or services customised specifically to QNB's customers' requirements.

In 2013, QNB's retail division increased its international presence through operations in Oman, Kuwait, Lebanon, Sudan, Egypt, Libya and Tunisia, as part of the QNB Group's international acquisition strategy. The process of fully integrating the international functions with those in Qatar is currently underway to make a wider portfolio of product services available for customers. QNB's retail division further plans to follow the QNB Group's global footprint by expanding its retail operations in several other markets in Middle East, West Asia, South Asia and Europe in the coming years. The QNB Group also provides specialised upscale retail banking services through its QNB First products.

QNB First

Since its launch in 2008, QNB First has grown to over 18,000 clients in Qatar with a presence in most major branches including a new flagship branch for the QNB Group's affluent customers, which opened in December 2012. To enjoy the benefits of QNB First, the minimum criteria for membership of QNB First is having a monthly salary of QR35,000 or a deposit of QR350,000. The QNB First team consists of highly experienced professionals. In June 2014, QNB launched its "Global Recognition Programme", to further differentiate itself as the premium banking package for affluent customers.

In line with QNB's vision to grow internationally, QNB First is also expanding globally. As at 30 September 2014, QNB First had been rolled out in Lebanon, Oman, and Kuwait with further plans to expand internationally in the coming year.

Electronic Services

QNB offers a wide range of electronic banking services to its corporate, asset management and retail banking clients. In 2010, QNB launched the first mobile banking application in the Qatari market, followed by its launch of "QNB Mobile Payment", a mobile payment programme that offers both point of sale payment as well as cash transfer options to customers.

QNB also made significant technological updates to its electronic banking portfolio with the introduction of a new internet banking solution. As a result, QNB's internet platforms, as well as its mobile banking service, recently received the prestigious ISO/IEC 27001 certification from the international standards authority bureau, Veritas.

QNB became the first bank in the MENA region to partner with Paypal, the leading e-commerce service provider, to offer QNB customers the convenience of operating Paypal accounts through internet banking for making e-payments. QNB has also entered into a strategic partnership to further support remittances through Western Union.

Customer Service

Customer satisfaction and service excellence were among the top priorities for QNB's retail banking division throughout 2014. In line with this, several initiatives have been carried out by QNB's retail banking division which includes an annual customer satisfaction survey, frequent "Mystery Shopper" audits and regular branch visits by members of the management and service teams to assess current service performance, resource shortages and staff training and system enhancements that are required to be addressed as a high priority.

International Banking Overview

The international banking division's contribution to the QNB Group's operations is comparatively smaller than that of operations in Qatar, contributing 33.3 per cent., 34.4 per cent., 34.1 per cent. (including QNB ALAHLI), 20.1 per cent. and 17.3 per cent. to the QNB Group's total segment revenue (operating income including share of results of associates) for the nine month periods ended 30 September 2014 and 2013 and the years ended 31 December 2013, 2012 and 2011, respectively. QNB operates internationally, either directly or through its branches, representative offices, subsidiaries or associates, in more than 26 countries, including the following: Qatar, Algeria, Bahrain, China, Egypt, France, India, Jordan, Kuwait, Lebanon, Libya, Luxembourg, Indonesia, Iran, Iraq, Mauritania, Oman, Palestine (West Bank), Singapore, Sudan, South Sudan, Switzerland, Syria, Tunisia, the UAE, the United Kingdom and Yemen.

The QNB Group maintains and adheres to its risk management, compliance and internal controls policies and procedures in its international operations. See "*Risk Management and Compliance—Group Compliance*". In particular, the QNB Group has policies, procedures and processes designed to ensure compliance with OFAC regulations which are in line with international practices and guidelines. QNB maintains electronic systems and a database to monitor various international referral lists, such as those released by OFAC, the United Nations Security Council (the "**UN Security Council**") and the European Union and ensure that none of QNB's existing and new customers are included in such lists. The electronic systems and database are updated automatically on a daily basis to reflect the current referral lists. QNB's head office in Qatar also directly oversees and monitors those aspects of the operations in certain high risk countries such as Syria and Sudan. Given the current situation on the ground in Syria, QNB's level of activity in Syria has diminished substantially. The QNB Group has a representative office in Iran which has been dormant since 2007 and remains so at the date of this Prospectus. As at the date of this Prospectus, the QNB Group has a 49.0 per cent. stake in Bank of Commerce and Development (BCD), a Benghazi-based institution that is considered to be the leading private sector bank in the country. The QNB Group has six branches in Sudan which provide corporate banking activities and transactional services, mainly to Qatari entities with business interests in Sudan, and has established a branch in South Sudan.

The table below sets forth a list of markets in which QNB operates as at the date of this Prospectus, along with the type of operation therein operated by the QNB Group:

<u>Type of Interest</u>	<u>Territory</u>
Branches	France, Kuwait, Mauritania, Oman, Qatar, Singapore, Sudan, South Sudan, the United Kingdom, Lebanon and Yemen
Representative Offices.....	Iran (dormant), China
34.5% Shareholding in Housing Bank.....	Jordan, with operations in Algeria, Bahrain, Palestine (West Bank) and Syria
99.96% Shareholding in QNB Tunisia	Tunisia
50.8% Shareholding in Mansour Bank	Iraq
40.0% Shareholding in CBI.....	UAE
100.0% Shareholding in QNB Capital.....	Qatar Financial Centre
100.0% Shareholding in QNB Financial Services	Qatar
100.0% Shareholding in QIHL	Luxembourg
100.0% Shareholding in QNB India Private Ltd	India
20.0% Shareholding in Al Jazeera Finance Co.....	Qatar
50.8% Shareholding in QNB-Syria	Syria
100.0% Shareholding in QNB Banque Privée S.A.....	Switzerland
82.59% Shareholding in QNB Kesawan.....	Indonesia

49.0% Shareholding in Bank of Commerce and Development.....	Libya
97.12% Shareholding in QNB ALAHLI	Egypt
19.4% Shareholding in Ecobank ⁽¹⁾	Togo

Note:

- (1) Taking into account the convertible preference shares held by QNB, QNB's shareholding in Ecobank is 19.4 per cent. Excluding the convertible preference shares held by QNB, QNB's shareholding in Ecobank is 17.4 per cent.

QNB's international banking operations are comprised primarily of managing all of the QNB Group's international banking services, including those provided by QNB's branches overseas, representative offices, subsidiaries and associates. These services primarily comprise trade finance, corporate banking, asset and wealth management, retail and treasury. Although international expansion continues to be an integral part of QNB's growth strategy, in response to global economic realities over the past several years, QNB has adopted a cautious but opportunistic approach to its international expansion activities.

With respect to international expansion, QNB's objectives are to: (i) maximise shareholder value; (ii) create access to markets outside Qatar; (iii) diversify its sources of revenue; (iv) diversify its risk profile; and (v) generally support Qatar's economic and trade flows. In determining markets for international expansion, QNB follows the following selection criteria: (a) ability to follow QNB's existing customers; (b) ability to pursue opportunities in markets associated with high growth potential; and (c) balancing QNB's risk appetite, from both an economic and a political perspective. See "*Strategy—Geographic Expansion and Diversification*".

QNB views countries targeted for international expansion in terms of the following three categories: (i) home markets – each country currently representing, or which has the potential to represent, at least 20.0 per cent. of the international banking profits for the QNB Group and in which the QNB Group provides universal banking services; (ii) network markets – each country currently representing, or which has the potential to represent, at least 5.0 per cent. of the international banking profits for the QNB Group and in which the QNB Group provides predominantly wholesale operations with certain limited retail services; and (iii) extended network markets – those countries that collectively represent, and are unlikely to represent, more than 10.0 per cent. of the international banking profits for the QNB Group and in which the QNB Group provides wholesale operations and geographic coverage to complement the QNB Group's network. Home market countries include Egypt, Indonesia, Jordan and the UAE and a home market target is Turkey. Network countries include France, Kuwait, Libya, Oman, Sudan, South Sudan, Syria and the United Kingdom and network targets are potentially China, India and Saudi Arabia. Extended network countries include Lebanon, Malaysia, Mauritania, Singapore, Switzerland, Togo, Tunisia and Yemen. From time to time, QNB cautiously evaluates and considers opportunities for international expansion in emerging markets, including Saudi Arabia and Turkey, based upon well-defined criteria, including the following: (i) whether the State of Qatar and/or Qatari companies have economic and business relationships in such markets; (ii) the size of the population in such markets; (iii) legal, regulatory and compliance issues of doing business in such markets; and (iv) the penetration in such markets for the types of banking products and services offered by QNB.

QNB's business model is differentiated based upon individual country strategies and comprises: (i) developing full-scale commercial banking products and services in home market target countries; (ii) focusing on public sector business with an emphasis on gathering customer deposits; (iii) focusing on transactional banking by serving as an intermediary for trade and capital flows between Qatar and countries in the MENA region and Southeast Asia; (iv) offering select retail banking products and services with a regional focus; (v) focusing on private banking services between Qatar and certain countries in the EU; and (vi) offering a wide array of investment banking services through QNB Capital.

MENA Region

QNB established its international expansion plan in 2005 and has continued its international expansion activities in the MENA region, which have, historically, focused on the GCC. QNB has increased its branch network in a number of countries in the region in an effort to enhance the ability of the QNB Group to meet increased levels of activity in these markets.

The Housing Bank (Jordan) had 173 branches and 280 ATMs in Jordan as at 30 June 2014, and offers a range of retail, investment, treasury and corporate banking services. QNB's second most significant investment in

the MENA region, by value of investment, has been in the Housing Bank (Jordan), in which QNB has a 34.5 per cent. equity ownership interest as at the date of this Prospectus. The table below sets forth certain overall financial information with respect to the Housing Bank:

	As at and for the year ended 31 December 2013	As at and for the six month period ended 30 June 2014
	(US\$ in millions)	
Total Assets	10,203	10,684
Customer Deposits ⁽¹⁾	7,512	7,768
Loans	3,759	3,953
Net Profit ⁽²⁾	141	80

Notes:

- (1) Including margins.
(2) Attributable to Housing Bank shareholders.

Source: *Housing Bank*

QNB-Syria had a total of 15 branches and 16 ATMs in various locations across Syria as at 30 September 2014, providing primarily corporate banking products and services to large corporates who have a strong link with Qatari-based entities and conduct business activities within Syria. QNB-Syria also offers a retail banking service limited to high-net-worth individuals in Syria. Given the on-going situation in Syria, new business activities have been curtailed.

In early 2011, the QNB Group opened a branch in Lebanon, which has further enhanced the presence of the QNB Group in the Arab Levant region given its existing presence in Syria, Jordan and Palestine (West Bank).

The QNB Group also has six branches in Oman, through which it provides corporate banking activities and transactional services and retail services to high net worth individuals. The QNB Group also has six branches in Sudan and one branch in South Sudan. In addition, in 2010, a QNB branch was established in Nouakchott, the capital of Mauritania, in line with QNB's international expansion activities, and QNB became the first bank from the MENA region to establish a presence in Mauritania. On 31 March 2013, QNB completed the acquisition of a controlling stake of 97.12 per cent. in the former NSGB (now QNB ALAHLI) for a total cost of QR8.7 billion. The results for QNB ALAHLI are fully consolidated into the QNB Group's Interim Financial Statements. QNB acquired 99.96 per cent. of Tunisia Qatari Bank, now renamed QNB Tunisia in 2013; therefore the presence of the QNB Group in North Africa, through QNB's own branches, representative offices and its subsidiaries and associates, now amounts to six countries including Algeria, Egypt, Libya, Mauritania, and Sudan.

Europe

In November 2009, QNB-Banque Privée S.A. was launched in Geneva. QNB-Banque Privée S.A., a wholly owned subsidiary of QNB, complements QNB's existing private banking franchise by offering private banking services in Switzerland to customers in Qatar and throughout the QNB Group's international network. QNB-Banque Privée S.A. is located in central Geneva and is managed as part of QNB's European operations.

Asia and Southeast Asia

In 2013, as part of QNB's international expansion plans, QNB established a representative office in Shanghai, China, and a non-banking financial institution in India.

In early 2011, QNB acquired a controlling stake of 69.6 per cent. in QNB Kesawan in Indonesia. On 2 June 2014, QNB increased its stake in QNB Kesawan to 78.59 per cent. and on 7 November 2014, QNB further increased its stake in QNB Kesawan to 82.59 per cent.

QNB Kesawan, a private bank, was founded in 1913 and is headquartered in Jakarta, Indonesia. It operates a network of 45 branches and 45 ATMs and had 825 employees as at 30 September 2014. Currently, QNB has worked closely with QNB Kesawan on harmonising policies and procedures and has developed a five-year

strategy to position it as one of Indonesia's leading full-service wholesale banks, with additional focus on selected retail segment customers.

Africa

On 4 September 2014, QNB acquired 12.5 per cent. (taking into account the convertible preference shares acquired by QNB) of Ecobank, a leading pan-African bank. QNB later acquired an additional 11.0 per cent. on 15 September 2014, increasing the total stake held by QNB to 23.5 per cent. (taking into account the convertible preference shares acquired by QNB). Subsequently, in October 2014, Nedbank exercised its right to increase its stake in Ecobank to 20 per cent., reducing QNB's stake to 19.4 per cent. (taking into account the convertible preference shares held by QNB).

Future Expansion

QNB cautiously evaluates and considers opportunities for international expansion in emerging markets, including Saudi Arabia and Turkey, based upon well-defined criteria, including the following: (i) whether the State of Qatar and/or Qatari companies have economic and business relationships in such markets; (ii) the size of the population in such markets; (iii) legal, regulatory and compliance issues of doing business in such markets; and (iv) the penetration in such markets for the types of banking products and services offered by QNB.

Treasury

QNB's treasury operations are primarily split into trading and sales activities. Trading activities encompass areas of asset and liability management, foreign exchange, fixed income and derivatives. The asset and liability business is divided into three distinct "desks": (i) a local currency money markets desk; (ii) a major international currencies money markets desk; and (iii) an international treasury desk, which provides comprehensive coverage across the full offering of conventional and Islamic treasury products to the overseas QNB network. Sales activities are focused on corporate and retail customers, including high-net-worth individuals, by providing bespoke, client-driven solutions in connection with hedging and investment products across multiple asset classes.

QNB's treasury division actively manages its interest rate and foreign exchange risks using various reports and risk controls, with the QNB Group's Board of Directors setting risk limits that cover products, issuers, geographies, maturities, currency and interest rate sensitivities. Treasury Control and Market Risk provide autonomous monitoring of all transactions to ensure that they are in compliance with all of QNB's risk limits, and asset and liability reports are prepared on a daily basis by QNB's risk department for review by executive management. QNB's treasury division also monitors and reports on positions and profitability to the QNB Group Asset Liability Committee (the "**Group ALCO**") on a monthly basis.

With respect to its investment portfolio, although liquidity has remained strong, due to the recent global financial crisis, QNB's treasury division is focused on high quality Qatari, GCC and MENA region debt, with selective investment in high quality emerging markets debt on a case by case basis. All investments are categorised as available for sale or held to maturity and are accounted for in accordance with International Accounting Standards ("**IAS**"). Before any investment is made, approval is sought from the QNB Group Credit Committee, assuming such investment is within pre-approved limits; any potential investment beyond these risk limits requires the approval of the QNB Group's Board of Directors. Additionally, QNB's treasury division is not seeking to diversify its portfolio into new asset classes at present whilst market uncertainty persists. QNB has no exposure to alternative asset classes and has only minimal legacy investments in private equity funds with MENA region exposure.

Asset and Wealth Management

QNB's Asset and Wealth Management Division offers an extensive range of private banking products and services which are particularly suited to high-net-worth and ultra-high net-worth individuals. QNB's Asset and Wealth Management Division operates from offices and branches located in Doha, London, Paris and Geneva. Supported by an extensive private banking network, QNB's Asset and Wealth Management Division is able to provide its clients with 'tailored' banking, investment, concierge, international mortgage lending, and trust/fiduciary services. Further services include tax advisory and management, specialised lending for extraordinary purchases, the issuance of exclusive, by-invitation-only, credit cards and the use of safety

deposit boxes. Additionally, QNB's Asset and Wealth Management Division offers a range of investment opportunities via its Asset Management department. These opportunities can be tailored to match an individual client's appetite for risk, and strategic investment preferences. It should be noted that they are available, variously, to all types of investors whether they be Qatari or non-Qatari, resident or non-resident, domestic or international.

In October 2013, QNB was named the "Best Asset Manager in Qatar" and the "Best Broker in Qatar", for the third consecutive year, by 'Global Investor' Magazine. In February 2012, QNB's Asset Management department launched the Cayman-regulated 'BRICQ Fund'. The BRICQ Fund invests in the Brazilian, Russian, Indian and Chinese equity markets, as well as in equities listed on the QE. In January 2013, QNB's Asset Management department launched a GCC Debt fund, the central aim of which was to generate a return in excess of the prevailing domestic deposit rates. In 2014, QNB has launched two investment products: QNB's 'Note 2' in February the Commodity Fund in May. QNB Note 2 is a 3-year, 100 per cent. capital-protected structured product with a basket of eight major international companies' equities as the underlying assets. The QNB Commodity Fund is a mutual fund, the primary aim of which is to generate competitive returns from selected commodities on an 'absolute return' basis.

QNB's Asset Management department is the principal fund/portfolio manager in Qatar. Assets under management of QR18.4 billion (US\$5.1 billion) were reported as at 30 September 2014.

QNB's Asset and Wealth Management Division contributed 5.4 per cent., 5.1 per cent., 5.3 per cent., 5.5 per cent. and 5.2 per cent. to the QNB Group's consolidated total segment revenue (operating income including share of results of associates) for the nine-month periods ending 30 September 2014 and 2013 and the years ended 31 December 2013, 2012 and 2011, respectively.

QNB's Asset and Wealth Management Division is licensed and regulated by the QCB.

Brokerage Services

QNB FS is the first independently regulated, licensed brokerage unit launched by a bank in Qatar. It commenced trading on the QE in May 2011. QNB FS brokerage offers a trading platform that allows investors to trade on the QE. In addition, the dealing desk provides access to the US, European and GCC markets. QNB FS's services are strengthened by its in house research team who provide fundamental research and analysis, sector reviews and daily commentary on QE listed equities. Its sales and trading teams are structured to service institutional investors, mutual funds, high-net worth individuals and corporate clients locally, regionally and globally. In a period of two years since commencement of commercial operations, QNB FS has become the preferred broker for foreign institutional investors and has been recognised as the "best broker" in Qatar by Global ISF.

Custody Services

In July 2012, QNB was licensed by the Qatar Financial Market Authority to provide custody services. In 2013, QNB implemented its new custody system which facilitates the provision of SWIFT corporate action processing, safe-keeping and settlement services. QNB's Custody department utilizes a developing network of sub-custodians, thereby providing comprehensive Custody services to a diverse client base which includes ultra-high-net-worth individuals, regional custodians, financial institutions and government institutions.

Investment Banking and Advisory Services

QNB Capital, a wholly owned subsidiary of QNB registered with the QFC, was established in 2008 in response to growing customer demand for high quality investment banking and advisory services in Qatar and the MENA region. QNB Capital is split primarily into six business divisions focusing on: (i) mergers and acquisitions; (ii) equity capital markets; (iii) debt capital markets; (iv) strategic advisory; (v) project finance and infrastructure; and (vi) asset management.

Since its inception, QNB Capital has been mandated on a number of high profile transactions, supporting QNB's market-leading position in the area of corporate finance and advisory services in Qatar. Specifically, QNB Capital has acted as a joint lead manager on a number of sovereign and corporate bond offerings totalling over US\$22 billion over the last three years. In addition, QNB Capital was the lead financial advisor for the US\$885 million initial public offering of Mesaieed Petrochemical Holding Company that was listed

on the QE in February 2014. QNB Capital has also provided financial advice in connection with the merger of a number of Qatar based entities, including the sale of QP's Amwaj operation to Gulf International Services in 2012 and QNB Group on its acquisition of NSGB (now QNB ALAHLI) in the first half of 2013 and its acquisition of a minority stake in Ecobank in September 2014. QNB Capital has also provided strategic financial advice to numerous local and regional clients across various industries and sectors. In addition, QNB Capital advises on and undertakes the asset management of a large real estate portfolio predominantly based in Europe that include properties such as the Shard in London.

QNB believes that its direct involvement in many of the largest transactions involving Qatar locally and internationally, provides QNB Capital with a competitive advantage in this area.

Competition

The Qatari banking sector is highly competitive, particularly with respect to retail banking activities, and currently comprises 18 banks (10 of which are Qatari domestic banks), including six conventional banks, four Islamic banks, seven local branches of foreign banks and one specialised development bank owned by the State of Qatar. The table below sets forth QNB's competitors in Qatar, along with QNB's operations in Qatar:

Conventional Banks	Islamic Banks	Foreign Banks	Development Banks
Ahlibank ⁽¹⁾	Masraf Al Rayan	Arab Bank	Qatar Development Bank
Al Khaliji Commercial Bank	Barwa Bank	Bank Saderat Iran	
Commercial Bank of Qatar	Qatar International	BNP Paribas	
Doha Bank	Islamic Bank	HSBC	
International Bank of Qatar ⁽¹⁾	Qatar Islamic Bank	Mashreq Bank	
Qatar National Bank		Standard Chartered Bank	
		United Bank	

Note:

(1) Partially-owned by other GCC institutions.

The focus of foreign banks in Qatar is primarily related to trade finance, foreign currency operations and government-related business, although several of these foreign banks also provide personal accounts and related services to individuals resident in Qatar. QNB's principal competitors in Qatar for non-Islamic banking services include Commercial Bank of Qatar and Doha Bank. As at 30 September 2014, QNB had a market capitalisation of QR141.9 billion (US\$38.9 billion), making QNB the largest bank overall listed on the QE.

The Qatari banking sector is highly competitive, particularly with respect to retail banking activities, given the comparative size of Qatar's economy, demography, and the number of financial institutions already established in the market. Foreign banks in Qatar compete for the same business as QNB and other domestic banks, but operate under certain restrictions imposed by the QCB. The lending limits of foreign banks are based on their local capital base; however, foreign banks have historically been permitted to obtain guarantees from their head offices when credits exceed their legal lending limits. Notably, some foreign banks in Qatar have begun increasing their "on-the-ground" presence in order to take advantage of Qatar's growing economy.

The QFC seeks to attract new banks given the low-tax environment, with a 10.0 per cent. tax on profits, 100.0 per cent. foreign ownership and profit repatriation. These new banks include investment banking firms which advise regional clients from offices in Dubai and London. The QFC is targeting global institutions relevant to the energy and other key sectors of the Qatari economy and which have expertise in banking, insurance, reinsurance, asset management, financial advisory services, and securities and derivatives dealing, as well as Islamic finance. Institutions registered with the QFC fall into two categories: (i) "regulated" activities (essentially financial services); and (ii) "non-regulated" activities (essentially activities in support of financial services). QFC registered banks are currently subject to explicit restrictions on their local banking activities and, as a result, they cannot transact with retail customers in Qatar.

In markets outside of Qatar, QNB competes with local incumbents, regional and international banks operating in the respective markets.

Information Technology

QNB is committed to, and invests in, the latest IT available for use in the QNB Group's business. QNB became one of the first banks in the MENA region, to have a global banking offering that services QNB's customers both in Qatar and overseas. QNB has implemented the latest version of the "Bank Fusion" system (Misys Equation 4.0) for its banking operations both in Qatar and overseas.

In 2013, QNB upgraded its core banking, trade finance and ATM switch systems, making it one of the few banks in the world to have the latest versions of these systems. In addition, QNB continued to roll out its updated internet banking, cash management and mobile banking solutions to all of its branches internationally. Various new features have been added to these systems such as PayPal and Western Union payments through internet banking systems, online merchant services and SWIFT payments for corporates through cash management systems. QNB recently launched the global branch automation system, streamlining the teller interface and improving customer experience. In addition QNB is working on a new mobile banking solution which it intends to launch by the end of this year.

Also in 2013, QNB implemented a number of new services which were among the first to be rolled out in the MENA region. QNB launched China Union Pay acceptance on its ATMs and point of sale card purchases, Priority Pass Services for its QNB First customers and prepaid cards. In addition, QNB has implemented a fully automated corporate credit work-flow system, which automates and streamlines the corporate credit approval process, as well as launching a new custody system to further support its custody business. In compliance with international standards, QNB has implemented anti-money laundering systems in all domestic and international branches.

QNB also upgraded its intranet portal and active directory to the latest versions available in 2013, providing new functionalities, a new bank-wide asset management system, data warehouse, virtualisation of its servers through cloud computing and upgrading of the second disaster recovery centre located in Switzerland. Special systems and software also being implemented as part of QNB's "Enterprise Risk Management System", include Moody's Risk Analyst and Moody's Risk Frontier. The implementation of these systems is made under the supervision of QNB's risk management team.

QNB has also initiated various IT security projects, including protection from distributed denial of service attacks, enterprise fraud detection and data leakage prevention solutions. QNB is also currently working on several projects to secure QNB's compliance with the latest payment card industry standards. In addition, QNB has successfully completed the surveillance audit for ISO 27001:2005 for data centre operations and its disaster recovery site showed no non-conformities with the required standards. In addition, QNB has received ISO 27001 certification for its internet banking, cash management and mobile banking services. QNB has received the ISO 22301 for Societal Security and the British Business Continuity Management certification, BS 2599-2:2007.

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

A key component of the QNB Group's international expansion strategy is to leverage its investment in IT across borders. Centralisation of data processing and operations, where appropriate, is another goal and initiative of the QNB Group. To date, with the cooperation of various regulators, the QNB Group has successfully centralised data processing functions for all its new ventures. As of the date of this Prospectus, all of QNB's customer data in Qatar and overseas is stored at a central location and replicated online to QNB's disaster recovery sites. Moreover, customer data for all critical applications is also stored in one of QNB's international branches.

Properties

QNB has interests in a number of properties, primarily in Qatar, but also outside of Qatar, including in Egypt, France, Indonesia, Iraq, Lebanon, Oman, Sudan, Switzerland, Syria, Tunisia and the United Kingdom.

Employees and Related Matters

As at 30 September 2014, the QNB Group had approximately 13,900 employees, of which 2,055 are located in Qatar. This represents an increase of approximately 1.7 per cent. per cent. in employee head count during 2014.

The effective management of employees is a top priority and a key business objective for QNB. The QNB Group continues to address the challenge of sourcing, attracting and retaining talent to support continued global expansion in diverse geographic locations and cultures.

As part of the ongoing expansion plans and in order to meet internal and external growth objectives, the Board of Directors approved changes to the QNB Group's organisation structure, recognising that the structure of the organisation plays an integral role in the global expansion of the QNB Group as well as the development of its financial and banking services in Qatar and overseas. During 2012 the QNB Group's organisational structure has been revised and changes have been implemented in line with the QNB Group's expansion strategy.

During 2014, the QNB Group expanded its programme initiatives related to its 'Global Leadership and Talent Management Programme' for its international locations. One of the key objectives of the talent management programme is to identify top employees and offer fast-track career development opportunities. As a result, 232 employees have been assessed and recommended to participate in career development opportunities through courses, certifications, training and leadership and management development programmes. QNB continues to offer employees short and long-term learning and development opportunities linked to specific career and succession paths. In 2014, QNB also continued the "QNB Leadership Development Programme", a specialised development programme previously introduced for senior management in Qatar, in collaboration with Franklin Covey. The programme specialises in modern leadership theories and techniques to develop the leadership skills within the framework of QNB's long-term talent management strategy.

To ensure that the QNB Group has a strong and competent leadership pipeline ready to address current and future business growth, a succession planning exercise was conducted in 2013 and again in 2014. The scope of the exercise was to identify the key leadership positions for which primary and secondary successors are required and offering such identified successors career progression opportunities. A short and long-term development plan is established for the successors to enable ongoing development to enhance and build their leadership skills.

During 2014, 277 employees undertook one of the QNB Group's range of intensive Management and Leadership Development Programmes in order to strengthen their leadership capabilities. Further, 41 employees across the QNB Group network have successfully undertaken a challenging credit skills development programme, accredited by the Chartered Bankers Institute, providing colleagues with new skills in identifying and assessing credit risk. QNB also continued the "Ambassador Programme" since its launch in 2012, designed to provide Qataris in mid-management careers with opportunities to undertake work assignments in overseas locations within the QNB Group. The programme provides international learning opportunities and prepares Qataris for global leadership roles.

During 2013, QNB enhanced its scholarship programme, expanding it to accommodate up to 50 sponsored participants annually. Additionally, QNB continues to support its one-month summer internship programme, offering training placements to over 70 participants representing various Qatari high schools and universities.

QNB has a fully equipped and dedicated Learning and Development centre and deploys a team of expert trainers. In addition to the internal learning resources and expertise, strategic partnerships have been established with a number of specialised external training vendors and as a result of these partnerships a range of externally accredited, certified programmes are available to QNB employees.

QNB has maintained its position as "Employer of Choice" in Qatar through its systematic annual review of compensation and rewards strategy. QNB participates in banking sector salary benchmarking studies to ensure competitive and market leadership position in compensation practices and benefits.

Insurance

QNB maintains insurance coverage for all of its operations in Qatar and internationally that QNB deems adequate and appropriate.

RISK MANAGEMENT AND COMPLIANCE

Overview

The QNB Group faces various financial and non-financial risks in its business and operations, including: capital, credit, liquidity, market (trading and banking book), compliance, legal and operational risks. In order to manage these risks, QNB has developed procedures (the “**Risk Policies and Procedures**”) designed to ensure appropriate risk governance is exercised at several levels of the QNB Group, including the Board of Directors, the Group Executive Committees, the Senior Management team and through various management committees.

The QNB Group’s Risk Policies and Procedures are designed to document the framework for the identification and measurement of a much wider array of risk types as set out above, prescribe appropriate risk limitations, monitor and record the incidence of such risks on an ongoing basis and to prescribe appropriate remedial action. The QNB Group has established a risk management framework for the QNB Group, which is reviewed on an annual basis. At the same time, the QNB Group maintains its compliance with Basel II and other regulatory guidelines within its risk management framework. In relation to the requirements of QCB Basel III requirements, the QNB Group has put in place a revised liquidity policy and has acquired a Group-wide portfolio risk management software system to assist the QNB Group to prepare for the implementation of the necessary changes arising from various regulatory reform initiatives. See “*Capital Management*”. A comprehensive, centralised and proactive risk management approach is exercised at all levels of the QNB Group.

The risk management framework and procedures implemented by the QNB Group have allowed it to maintain a low non-performing loan ratio (the ratio of non-performing loans to total loans) of 1.6 per cent. as of 31 December 2013 and 1.6 per cent. as of 30 September 2014. The QNB Group also maintained its loan loss coverage ratio (the ratio of allowance for impairment of loans to non-performing loans) of 123.2 per cent. as at 31 December 2013 and 123.9 per cent. as at 30 September 2014. The QNB Group has also improved its overall liquidity ratios by diversifying its liquidity sources through its international expansion plans. As at 31 December 2013 and 30 September 2014, the QNB Group’s international operations (including QNB ALAHLI contributed 36.5 per cent. and 33.6 per cent. of total deposits of the QNB Group, respectively. The QNB Group also aims to continuously enhance its cross-border risk monitoring by fully utilising its regional and international resources for reports of early signs of weakness from any correspondent bank.

Risk Management Framework

Risk is inherent in the QNB Group’s activities but it is managed through a process of established mechanisms that identify, assess, monitor and control those risks. The success of the QNB Group’s risk management framework is focused largely on encouraging pre-determined roles and responsibilities from the Board of Directors and Group Risk Committee level, down to the various executive managers, senior managers and individual employees. This process of risk management is critical to the QNB Group’s continuing profitability and each individual within the QNB Group is accountable for the risk exposures relating to his or her responsibilities.

Several new systems have been enhanced, such as the new risk adjusted return on capital (“**RAROC**”) methodology (based on the Basel foundation internal rating based approach) and the new Corporate Rating and Portfolio Management and Moody’s Risk rating systems. These rating systems provide an improved ability to assess corporate credit and are evolving into sophisticated risk budgeting processes providing the Risk Committee and the Board of Directors with greater ability to control risk appetite, capital allocations and active monitoring of strategic targets.

In addition, delegation authorities and other parts of the credit and risk policies were upgraded, and the regulatory risk management approach was reviewed, particularly in the context of Basel III “Liquidity Risk Ratios”.

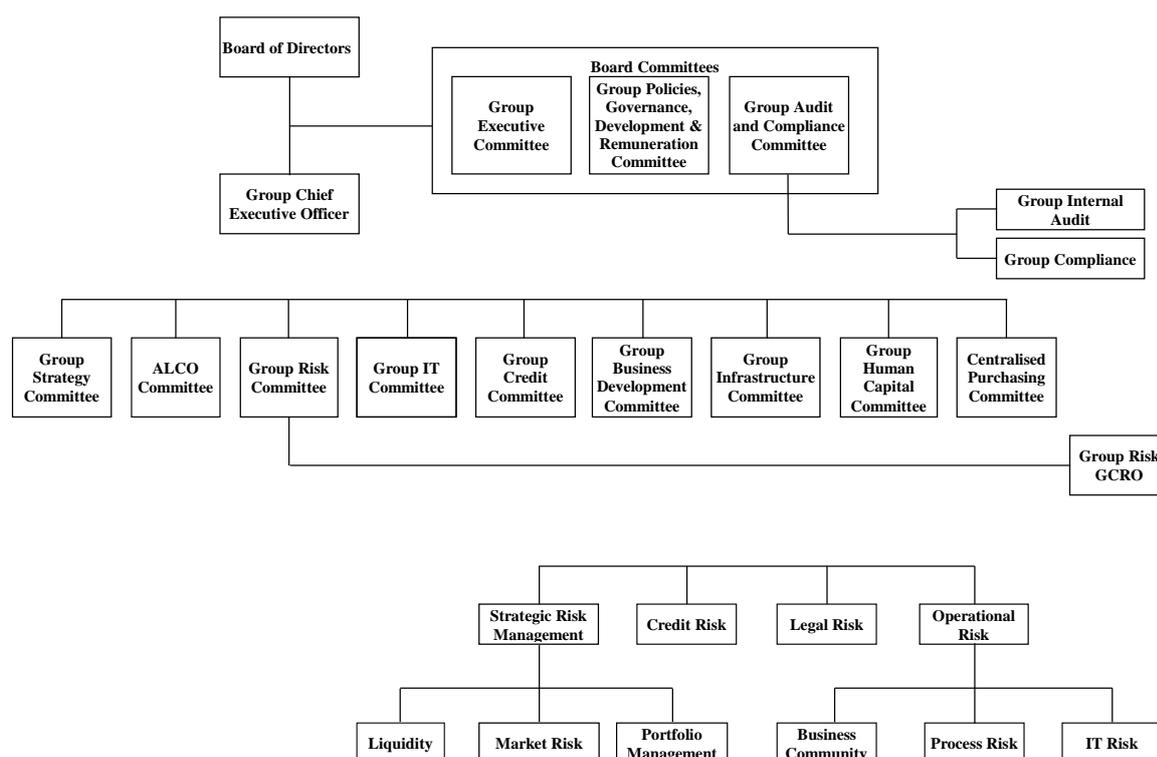
Operational risk has been enhanced with further implementation of data security systems, improved business continuity infrastructure and disaster recovery sites. The same risk governance impetus is scheduled to continue in line with the continued implementation of the QNB Group’s business strategy until 2017.

The risk management framework was further enhanced through the establishment of the QNB Group strategic risk management function. This department has group-wide responsibility for portfolio management, group risk policy development and governance, asset/liability risk management, liquidity and market risk management, risk systems, projects, Basel III implementations, international capital adequacy assessment process (“ICAAP”) and regulatory relationships.

Board Committees for Risk Management

An overview of the QNB Group’s risk management committee structure is set out below showing that the QNB Group has 12 specially formed committees focusing on managing the day-to-day risks associated with the business of the QNB Group together with specific risks associated with certain areas of the QNB Group’s business.

The 12 committees are further organised into committees at the Board of Directors level and at the management level.



Risk Measurement and Reporting Systems

The QNB Group monitors and controls the risks inherent in its businesses primarily by performing certain tests and controls based on risk sensitive thresholds and limits. Such thresholds and limits are established in line with the QNB Group’s business strategy, the market environments in which it operates and the level of risk acceptable to it, with additional focus on certain selected industries with recognised risks. Group Risk compiles and examines the information gathered from such tests and controls in order to analyse and identify risks at an early stage. This information is presented and explained to the Board of Directors, the Group Risk Committee, and the head of each business division.

Board of Directors

The Board of Directors of QNB heads the QNB Group’s governance structure by evaluating and overseeing the QNB Group’s risk profile in coordination with the Group Chief Executive Officer, the Risk Committee and the Credit Committee. See “*Management*”. The Board of Directors, in its entirety, takes responsibility for

all aspects of the QNB Group's risk management, including the management of credit, market and operational risks.

The Board of Directors has set forth the policy objectives and framework for the QNB Group on all risk-related issues and maintains the day-to-day oversight of all risks through various committees. These committees are responsible for formulating the QNB Group's risk management policies, in line with the overall guideline and objectives set by the Board of Directors. The Group Risk Division, headed by the GM-Chief Risk Officer, carries out the implementation of such policies.

Group Audit and Compliance Committee

The Group Audit and Compliance Committee sets the QNB Group's policy on all audit and compliance issues and maintains an oversight of both external and internal audit processes. The committee consists of three elected board members. Certain other members of the executive management may also participate in committee meetings when required including the Group Chief Executive Officer, Group Chief Audit Executive, Group Chief Compliance Officer, Group Chief Financial Officer, Group Chief Risk Officer and External Auditors of the QNB Group.

The Group Audit and Compliance Committee carries out responsibilities relating to financial statements, internal controls, internal and external audits and compliance matters. These responsibilities include reviewing significant accounting and reporting issues (including complex or unusual transactions) in light of regulatory directives and professional pronouncements and conducting an analysis of the impact on the QNB Group's financials. The committee also directly oversees the Group Audit and Group Compliance. See "*Risk Management Programmes—Group Audit*" and "*Group Compliance*". The committee reviews the QNB Group's annual report, notes thereto, related regulatory filings, and considers the accuracy and completeness of the information prior to release. See "*Management—Corporate Governance—Group Audit and Compliance Committee*".

The QNB Group's risk management processes are audited by the internal audit function which examines the adequacy of, and the QNB Group's compliance with, the procedures. The internal audit team discusses the results of all assessments with management and reports its findings and recommendations to the Group Audit and Compliance Committee.

Group Credit Committee

The Group Credit Committee is the highest management authority in the QNB Group for all matters relating to counterparty risk exposures, strategic investments and underwriting exposures on syndication and on securities transactions. The Group Credit Committee, amongst other matters: (i) reviews and implements, as applicable, credit policies and procedures relating to all corporate institutions, financial institutions and retail assets across the QNB Group; (ii) reviews and recommends the QNB Group's investment strategy, policies and procedures across the QNB Group; (iii) reviews credit facility applications and approves or declines such applications, as the case may be, in line with the QNB Group's business strategy; (iv) monitors and reviews the performance of the QNB Group's investment portfolio and activities; and (v) monitors and reviews country risk exposures across the QNB Group and recommends amendments to the country limits as appropriate. The Group Chief Executive Officer serves as the Chairman of the Group Credit Committee and the Group Chief Credit Risk Officer serves as the Vice Chairman. See "*Management—Corporate Governance*".

Group Risk Committee

The Group Risk Committee is the highest management authority in the QNB Group for various risk related issues. The Group Risk Committee, amongst other matters: (i) creates and reviews the risk management strategy for the QNB Group and defines the risk policies; (ii) reviews the risk management processes and control framework; (iii) reviews and identifies the QNB Group's operational, credit, market, strategic, legal and reputational risks and ensures implementation of action plans to monitor and manage such risks; (iv) reviews and monitors fraud and other operational losses across the QNB Group; and (v) oversees litigation and fraud matters for the QNB Group. The Group Chief Executive Officer serves as the Chairman of the Group Risk Committee and the Group Chief Risk Officer serves as the Vice Chairman. See "*Management—Corporate Governance*".

Group Asset and Liability Committee

The Group ALCO is the decision making body in the QNB Group for developing policies related to all asset and liability management matters, including balance sheet structure, funding, pricing, hedging and investment limits. Under the overall risk management framework, the Group ALCO is a key component of risk management within the QNB Group. The Group ALCO, amongst other matters: (i) reviews and recommends strategy, policies and procedures relating to asset and liability management across the QNB Group to the Executive Committee and the Board of Directors; (ii) monitors and reviews the performance of all treasury activities across the QNB Group including the grouping and trading book portfolios in terms of profitability, credit performance, other risks, volatility and volumes; (iii) monitors and reviews the management of interest rate risk across the QNB Group, particularly the interest rate gap reports, projected net interest income reports and current hedging strategy; (iv) monitors and reviews the management of liquidity and foreign exchange risks across the QNB Group; (v) oversees the inter-group transfer pricing policy for cost of funds allocation within the management information system; (vi) establishes and amends the base rates applicable to each entity in the QNB Group and related changes in deposits and risk asset interest rate structures; and (vii) monitors monthly financial performance and budget targets.

The Group Chief Executive Officer serves as the Chairman of the Group ALCO and the Group Chief Financial Officer serves as the Vice Chairman. See “*Management—Corporate Governance*”.

Risk Appetite

Risk appetite is the aggregate amount of risk that the QNB Group is willing to accept in pursuit of its mission, vision, business objectives and strategic goals, that is commensurate with its risk capacity as well as its culture, desired level of risk, risk management capability and business strategy. The QNB Group’s risk appetite statement serves to articulate the risk culture, boundaries and governance of the QNB Group and provides a framework for the QNB Group’s attitudes towards risk-taking. QNB’s risk appetite is reviewed, reassessed and agreed alongside QNB’s strategy, business and financial planning and budgeting processes.

The Board of Directors also expresses its preferred risk appetite through a set of metrics key among them being RAROC. Apart from its use for competitive and risk-based pricing, RAROC is used for communicating and cascading risk appetite as a performance metric throughout QNB.

Credit Risk

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

The QNB Group, acting through the Group Credit Committee, has implemented corporate credit approval processes governing all lending by the QNB Group. Management believes that the QNB Group’s success in achieving low levels of non-performing loans has been due to the QNB Group’s strict adherence to this approval process. Before any lending may be made by the QNB Group’s business, the specific relationship manager that manages the QNB Group’s relationship with the proposed borrower must provide a “credit presentation” to the Group Credit Committee. The credit presentation must include the financial spread, benchmarking and pricing based on models derived from best practice guidelines. Credit presentations are prepared with credit risk management software that monitors the QNB Group’s credit exposure by customer, group, economic sector and geographical location. The Group Credit Risk team reviews and comments on each credit presentation and confirms the risk ratings.

The Group Credit Committee meets to review the credit presentation once it receives the presentation. Any credit approval for an amount over QR20.0 million (US\$5.5 million) must be submitted to and approved by the Group Credit Committee. If the credit application is within the Group Credit Committee limits, being less than 5.0 per cent. of the QNB Group’s capital base, the committee may approve the loan without further reviews. Otherwise, the credit presentation is further submitted to the Executive Committee based on the Group Credit Committee’s recommendation.

Any credit approval request recommended by a division for an amount below QR20.0 million (US\$5.5 million) may be approved by “Group Credit”, which has been delegated approval authority by the Group Credit Committee. Group Credit also has the authority to approve renewal of previously approved credit facilities, provided there has been no adverse change in the business and financial condition of the borrower, nor deterioration of terms and conditions of the credit facility including security and collateral.

For any credit approval in an amount over 5.0 per cent. of the QNB Group’s capital base, the Group Executive Committee must approve the credit application following the review and recommendation made by the Group Credit Committee. The Executive Committee consists of five members of the Board of Directors and is chaired by the vice chairman of the QNB Group. Any approval by the Executive Committee is then reported to the Board of Directors for their information.

In addition to the credit approval threshold levels described above, the QNB Group has established four elements of “approval philosophy” to govern the entire credit approval process. In order for each credit to be approved:

- the borrower must have a clear repayment plan with two sources of repayment identified at the time of lending;
- the borrower’s primary source of repayment must be from business cash flows and not from proceeds of the sale of any collateral or insurance policy (which are considered secondary sources of repayment);
- the borrower must provide complete, accurate and current financial information, and where appropriate, satisfactory collateral or security; and
- the transaction must not fall within the scope of activities that are against the QNB Group’s policies.

The table below shows the QNB Group’s maximum exposure to credit risk for on balance sheet and certain off balance sheet items as at 31 December 2013, 2012 and 2011. The maximum exposure set forth below is the gross amount, before taking into account the effect of mitigation through the use of master netting and collateral agreements.

	Gross Maximum Exposure		
	As at 31 December		
	2013	2012	2011
	(QR in thousands)		
Cash and Balances with Central Banks (Excluding Cash on Hand).....	19,628,794	17,680,852	8,594,213
Due from.....	13,602,258	37,021,743	38,565,554
Loans and Advances to Customers	310,712,046	249,936,341	193,943,227
Investment Securities.....	76,726,819	48,727,991	50,382,609
Other Assets.....	3,834,003	2,623,355	2,960,537
	424,503,920	355,990,282	294,446,140
Contingent Liabilities	72,156,724	47,155,042	50,071,384
Total.....	496,660,644	403,145,324	344,517,524

Internal Risk Ratings and Related Credit Exposure

It is the QNB Group’s policy to maintain accurate and consistent risk ratings across its 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 QNB Group’s rating policy. The attributable risk ratings are assessed and updated regularly and the system consists of a nine-scale credit rating system (compared to QCB’s five-scale credit rating system) as follows:

QNB Classification	QNB Rating	QCB Rating
Highest quality	A1	1/1
Very low credit risk	A2	1/1
Low credit risk	A3	1/1
Standard credit risk	B1	1/1
Satisfactory credit risk	B2	1/2
Vulnerable, has speculative elements	B3	1/2
Substandard, higher credit risk	C	2/1
Doubtful, very near default	D	2/2
Bad Debt, in default.....	E	2/3

QNB classifies problem loans as “Substandard” (C), “Doubtful” (D) and “Bad Debt” (E). The overall management of problem loans is the responsibility of the “Remedial Department”, which reports to the Group Risk Committee. Interest payments in respect of problem loans are suspended automatically when the underlying loans have not been serviced for 92 days and, consequently, such loans are downgraded. If a borrower has more than one credit facility with the QNB Group, a downgrade of any single facility will lead to a full assessment of all outstanding credit with that borrower and will require the Remedial Department to recommend a plan of recovery.

Credit Risk Mitigation

The credit risk exposure in respect of a debtor, counterparty or other obligor is mitigated or reduced by taking various types of collateral (see “Credit Risk” above). Every effort is made to ensure that any collateral provided by a potential client is perfected in accordance with local legal requirements before credit is provided against that collateral. Such collateral is also maintained in a secure format and valuations are undertaken as required during the lifetime of the credit exposure.

The QNB Group has historically implemented a conservative credit policy. The QNB Group believes that its conservative approach to lending ensures that there is an adequate spread of the risk through a diverse product range and customer base (by both geography and industry). The QNB Group also believes that its conservative credit policy promotes the application of effective credit risk limits in its business whilst providing adequate returns on the risk that is on par with the management’s expectations. The QNB Group’s effective monitoring of its risk, together with a conservative internal risk rating system and a timely recovery strategy, further strengthens QNB Group’s belief that it adequately meets and exceeds all regulatory limits and guidelines that its business is subject to.

Risk Concentration for Maximum Exposure to Credit Risk by Industry Sector

The table below shows the QNB Group’s financial assets and contingent liabilities in terms of industry sector for each of the years 2013, 2012 and 2011. The gross maximum exposure amounts and net maximum exposure amounts show such figures before and after, respectively, taking into account collateral held or other credit enhancements.

	Gross Maximum Exposure 2013	Net Maximum Exposure 2013	Gross Maximum Exposure 2012	Net Maximum Exposure 2012	Gross Maximum Exposure 2011	Net Maximum Exposure 2011
	(QR in thousands)					
Government	109,557,873	—	81,890,669	—	77,017,847	—
Government Agencies.....	162,665,091	24,192,410	152,162,925	23,755,547	84,471,203	9,546,399
Industry	17,525,455	15,582,352	4,643,660	4,333,551	2,909,527	2,573,544
Commercial	8,002,510	6,015,585	4,699,923	3,664,959	4,753,909	3,382,270
Services	59,043,170	27,430,872	57,049,255	38,940,330	70,085,066	50,491,112
Contracting	3,626,766	2,033,728	2,247,983	997,276	3,383,609	1,490,525
Real Estate	32,969,890	6,390,124	26,338,603	3,350,785	25,273,426	4,709,150
Personal	26,112,059	10,297,513	18,800,006	4,639,299	20,874,681	4,101,109
Others	5,001,106	4,872,357	8,157,258	6,665,184	5,676,872	5,348,479
Contingent Liabilities	72,156,724	72,156,724	47,155,042	47,155,042	50,071,384	50,071,384
Total	496,660,644	168,971,665	403,145,324	133,501,973	344,517,524	131,713,972

Credit Risk Reporting

The QNB Group has monitoring procedures put in place for all of its loans. These procedures include an annual credit review by the Credit Department and periodic credit portfolio reviews, at least twice a year. Any required change to a credit rating is performed immediately when deemed necessary. As part of the monitoring process a reporting system is also in place that includes monthly Management Information Service (“MIS”) reports sent to the responsible heads of business sections along with monthly reporting to senior management at the QNB Group and periodic reporting to the QCB.

Loss provisions are made by the QNB Group, following an automatic suspension of interest after non-servicing of the debt after a period of 91 days to reflect the potential loss from the borrowing relationship as follows: for credit rated “C” a provision of 20.0 per cent. loss is applied; for credit rated “D” a provision of 50.0 per cent. loss is applied; and for credit rated “E” a provision of 100.0 per cent. loss is applied.

The table below shows the value of the credit portfolio held by the QNB Group in terms of various credit rating ranges for each of the years 2013, 2012 and 2011.

	Total 2013	Total 2012	Total 2011
		(QR in thousands)	
Equivalent Grades			
AAA to AA.....	117,434,294	102,018,531	96,778,208
A+ to A.....	177,015,269	151,661,646	116,205,873
BBB+ to BBB-.....	900,761	713,622	268,139
BB+ to B- and below.....	34,902,846	1,091,055	1,328,318
Unrated ⁽¹⁾	166,407,474	147,660,470	129,936,986
Total.....	496,660,644	403,145,324	344,517,524

Note:

(1) Unrated exposures represent credit facilities granted to those corporations and individuals without external credit ratings.

The ratings used by the QNB 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 QR310.7 billion (US\$85.4 billion) for 2013, QR249.7 billion (US\$68.6 billion) for 2012 and QR193.8 billion (US\$53.2 billion) for 2011.

The table below shows the amount of loans and advances that were past due, but not impaired in terms of the type of loans and advances made and the length of the delinquency as at 31 December 2013, 2012 and 2011.

	Less than 30 Days	31-60 Days	61-90 Days	Total
		(QR in thousands)		
As at 31 December 2013				
Corporate Lending.....	243,865	323,341	138,193	705,399
Small Business Lending.....	15,818	82,001	4,533	102,352
Consumer Lending.....	179,981	131,370	25,798	337,149
Residential Mortgages.....	19,639	34,696	1,800	56,135
Total.....	459,303	571,408	170,324	1,201,035
As at 31 December 2012				
Corporate Lending.....	202,378	196,564	—	398,942
Small Business Lending.....	12,129	20,974	5,021	38,124
Consumer Lending.....	82,866	92,336	83,786	258,988
Residential Mortgages.....	—	26,377	13,159	39,536
Total.....	297,373	336,251	101,966	735,590
As at 31 December 2011				
Corporate Lending.....	102,666	54,024	699	157,389
Small Business Lending.....	23,890	13,958	195	38,043
Consumer Lending.....	285,007	59,603	970	345,580

	Less than 30 Days	31-60 Days	61-90 Days	Total
	(QR in thousands)			
Residential Mortgages	32,301	5,581	—	37,882
Total	443,864	133,166	1,864	578,894

The table below shows the amount of loans and advances that have been renegotiated in terms of the type of loans and advances made for each of the years ended 2013, 2012 and 2011.

	Year ended 31 December		
	2013	2012	2011
	(QR in thousands)		
Corporate Lending	1,255,897	107,233	156,429
Small Business Lending	151,972	21,500	40,508
Consumer Lending	172,326	995,793	749,328
Residential Mortgages	15,927	38,228	37,747
Total	1,596,122	1,162,754	984,012

The table below sets forth certain information in respect of loans and related information as at 30 September 2014 and 2013.

	As at 30 September	
	2014	2013
	(US\$ in millions, except for percentages)	
	(unaudited)	(unaudited)
Non-performing Loans (NPL)	1,478.6	1,370.6
NPL Ratio ⁽¹⁾ (%)	1.6%	1.6%
Allowance for Impairment of Loans and Advances	1,831.8	1,628.2
Coverage Ratio ⁽²⁾ (%)	123.9%	118.8%
Net Loans and Advances	90,321.2	83,525.0

Notes:

- (1) NPL Ratio means non-performing loans divided by total loans and advances.
- (2) Coverage Ratio means allowance for impairment of loans and advances divided by non-performing loans.

QNB, in accordance with its plans to implement an internal ratings-based (“**IRB**”) approach and Basel II, has implemented a ratings system to enhance the accuracy in both obligor and facility ratings, in line with Basel II recommendations. With this ratings system and the portfolio management system under implementation, QNB believes that it will be able to accurately calculate the Probabilities of Default (“**PD**”) and Loss Given Default (“**LGD**”), which would enable better calculations of the adequate reserve provisions as well as the Risk Adjusted Return On Capital (“**RAROC**”) calculations on obligor and portfolio levels.

Market Risk

Market risk is the risk to the QNB Group’s earnings or capital due to changes in interest rates, foreign exchange rates, equity and bond security prices. The QNB Group’s exposure to market risk arises due to positions held in both trading and banking books. Almost all trading book transactions are “back-to-back”, reflecting QNB’s risk averse approach to trading risk.

The QNB Group applies standard and internal methodologies to quantify the trading market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The QNB Group has defined limits on the value of risk that may be accepted (including the basis point value of interest rate positions, the currency open positions, value at risk and daily and monthly stop loss limits). The limits are monitored on a daily basis. Regular stress testing results and scenario analysis and periodic reports are provided to the Board of Directors, Group ALCO and Risk Committees on a regular basis to manage the risk.

Market risk to the QNB Group is managed through a conservative set of policies covering both trading and banking book risks.

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. The QNB Group's exposure to trading interest rate risk is minimal. The QNB Group's exposure to interest rate risk is managed by the QNB 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 repricing profile of the QNB 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
(QR in thousands)							
At 31 December 2013:							
Cash and Balances with							
Central Banks.....	4,784,482	—	—	—	18,124,971	22,909,453	
Due from Banks	7,651,287	2,809,537	1,839,555	—	1,301,879	13,602,258	1.41%
Loans and Advances	122,422,538	33,680,434	125,200,370	27,644,447	1,764,257	310,712,046	4.47%
Investments	29,098,027	17,327,319	16,626,662	13,674,811	7,415,824	84,142,643	6.03%
Other Assets	—	—	—	—	12,119,708	12,119,708	
Total Assets.....	163,956,334	53,817,290	143,666,587	41,319,258	40,726,639	443,486,108	
Due to Banks.....	8,625,297	2,456,836	—	—	485,910	11,568,043	1.31%
Customer Deposits	233,649,179	56,375,797	7,756,512	80,204	37,677,479	335,539,171	1.54%
Debt Securities	2,730,376	—	15,409,133	3,614,715	—	21,754,224	
Other Borrowings.....	10,940,686	406,924	1,054,333	6,211	—	12,408,154	
Other Liabilities	—	—	—	—	8,489,232	8,489,232	
Total Equity	—	—	—	—	53,727,284	53,727,284	
Total Liabilities and Equity	255,945,538	59,239,557	24,219,978	3,701,130	100,379,905	443,486,108	
Balance Sheet Items	(91,989,204)	(5,422,267)	119,446,609	37,618,128	(59,653,266)	—	
Off-Balance Sheet Items	13,123,800	15,986,132	(18,086,142)	(11,023,790)	—	—	
Interest Rate Sensitivity Gap.....	(78,865,404)	10,563,865	101,360,467	26,594,338	(59,653,266)	—	
Cumulative Interest Rate Sensitivity Gap.....	(78,865,404)	(68,301,539)	33,058,928	59,653,266	—	—	
At 31 December 2012:							
Cash and Balances with							
Central Banks.....	7,281,482	—	—	—	12,548,094	19,829,576	
Due from Banks	36,250,618	143,375	—	—	627,750	37,021,743	0.47%
Loans and Advances	162,046,669	77,259,705	8,799,840	727,200	1,102,927	249,936,341	4.43%
Investments	5,683,017	6,354,615	24,846,876	11,843,483	7,115,240	55,843,231	4.87%
Other Assets	—	—	—	—	4,222,941	4,222,941	
Total Assets.....	211,261,786	83,757,695	33,646,716	12,570,683	25,616,952	366,853,832	
Due to Banks.....	18,712,321	3,163,953	—	—	325,496	22,201,770	0.74%
Customer Deposits	205,799,699	40,648,286	223,390	—	23,368,586	270,039,961	1.25%
Debt Securities	—	—	9,059,300	3,615,406	—	12,674,706	
Other Borrowings.....	6,749,951	—	86,425	—	—	6,836,376	
Other Liabilities	—	—	—	—	7,112,327	7,112,327	
Total Equity	—	—	—	—	47,988,692	47,988,692	
Total Liabilities and Equity	231,261,971	43,812,239	9,369,115	3,615,406	78,795,101	366,853,832	
Balance Sheet Items	(20,000,185)	39,945,456	24,277,601	8,955,277	(53,178,149)	—	
Off-Balance Sheet Items	3,523,751	1,248,358	(3,014,853)	(1,757,256)	—	—	
Interest Rate Sensitivity Gap.....	(16,476,434)	41,193,814	21,262,748	7,198,021	(53,178,149)	—	
Cumulative Interest Rate Sensitivity Gap.....	(16,476,434)	24,717,380	45,980,128	53,178,149	—	—	
At 31 December 2011:							
Cash and Balances with							
Central Banks.....	720,565	—	—	—	9,558,565	10,279,130	
Due from Banks	37,573,577	79,843	32,144	—	879,990	38,565,554	0.39%
Loans and Advances	128,739,170	50,267,992	13,467,863	—	1,468,202	193,943,227	5.03%
Investments	10,947,245	3,239,435	23,664,269	11,042,203	6,192,717	55,085,869	4.92%

	Within 3 Months	3-12 Months	1-5 Years	More than 5 years	Non-interest sensitive	Total	Effective Interest Rate
	(QR in thousands)						
Other Assets	—	—	—	—	4,081,551	4,081,551	
Total Assets	177,980,557	53,587,270	37,164,276	11,042,203	22,181,025	301,955,331	
Due to Banks	26,763,371	11,848,421	485,375	—	385,268	39,482,435	0.65%
Customer Deposits	151,748,854	25,927,122	168,927	—	22,277,934	200,122,834	1.65%
Debt Securities	—	—	5,419,160	—	—	5,419,160	
Other Borrowings	—	6,732,483	—	—	—	6,732,483	
Other Liabilities	—	—	—	—	7,563,112	7,563,112	
Total Equity	—	—	—	—	42,635,304	42,635,304	
Total Liabilities and Equity	178,512,225	44,508,026	6,073,462	—	72,861,618	301,955,331	
Balance Sheet Items	(531,668)	9,079,244	31,090,814	11,042,203	(50,680,593)	—	
Off-Balance Sheet Items	7,433,836	(6,751,225)	(192,912)	(489,699)	—	—	
Interest Rate Sensitivity Gap	6,902,168	2,328,019	30,897,902	10,552,504	(50,680,593)	—	
Cumulative Interest Rate Sensitivity Gap	6,902,168	9,230,187	40,128,089	50,680,593	—	—	

Liquidity Risk

Liquidity risk is the risk that an institution is unable to meet its planned and unplanned funding obligations, leading to an inability to support normal business activity or to incur unacceptable costs. Liquidity risk can materialise as a result of firm-specific, industry-wide and market-wide liquidity events which may lead to cash outflows and may disrupt the availability of existing sources of funding.

To mitigate liquidity risk, the QNB Group maintains a portfolio of liquid assets and readily marketable securities and considers itself to be well placed in terms of available liquidity, compliance, internal stress tests and regulatory standards (including Basel III) and day-to-day management of liquidity requirements and respective controls.

The QNB Group also maintains a Contingency Funding Plan that details the measurement and definition of internal and external liquidity stress as well as a plan of action in emergency and stress situations.

As part of the liquidity risk framework the QNB Group has diversified its funding sources across markets, products and counterparties and ensures sufficient stable sources of funding on the balance sheet. In addition, careful consideration is given to maintain liabilities of appropriate tenor relative to QNB's asset base.

The table below summarises the maturity profile of the QNB 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 QNB 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
	(QR in thousands)					
At 31 December 2013:						
Cash and Balances with Central Banks	8,815,538	—	—	—	14,093,915	22,909,453
Due from Bank	7,728,031	1,225,135	2,809,537	1,839,555	—	13,602,258
Loans and Advances	19,042,734	7,218,700	33,449,880	172,000,360	79,000,372	310,712,046
Investments	24,086,418	6,365,598	17,363,724	16,812,084	19,514,819	84,142,643
Other Assets	4,775,406	221,797	13,961	2,054,874	5,053,670	12,119,708
Total Assets	64,448,127	15,031,230	53,637,102	192,706,873	117,662,776	443,486,108
Due to Banks	9,054,421	56,786	2,456,836	—	—	11,568,043
Customer Deposits	205,758,678	68,671,962	51,692,118	9,316,043	100,370	335,539,171
Debt Securities	—	—	—	18,139,509	3,614,715	21,754,224
Other Borrowings	53,739	17,466	1,615,222	10,715,516	6,211	12,408,154
Other Liabilities and Equity	3,164,986	3,689,174	496,310	1,131,153	53,734,893	62,216,516
Total Liabilities and Equity	218,031,824	72,435,388	56,260,486	39,302,221	57,456,189	443,486,108
Difference	(153,583,697)	(57,404,158)	(2,623,384)	153,404,652	60,206,587	—

	Within 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 Years	Total
	(QR in thousands)					
At 31 December 2012:						
Cash and Balances with						
Central Banks.....	10,324,262	—	—	—	9,505,314	19,829,576
Due from Bank.....	36,095,456	782,912	143,375	—	—	37,021,743
Loans and Advances	8,513,267	3,332,256	25,585,421	197,887,564	14,617,833	249,936,341
Investments	1,896,740	4,768,724	6,354,615	25,083,424	17,739,728	55,843,231
Other Assets.....	2,967,210	38,289	2,490	970,519	244,433	4,222,941
Total Assets.....	59,796,935	8,922,181	32,085,901	223,941,507	42,107,308	366,853,832
Due to Banks.....	15,851,771	3,186,046	3,163,953	—	—	22,201,770
Customer Deposits	194,311,259	34,649,607	40,814,086	265,009	—	270,039,961
Debt Securities.....	—	—	—	9,059,300	3,615,406	12,674,706
Other Borrowings.....	—	—	239,917	6,596,459	—	6,836,376
Other Liabilities and Equity.....	2,104,947	3,620,908	392,862	993,610	47,988,692	55,101,019
Total Liabilities and Equity	212,267,977	41,456,561	44,610,818	16,914,378	51,604,098	366,853,832
Difference.....	(152,471,042)	(32,534,380)	(12,524,917)	207,027,129	(9,496,790)	—

At 31 December 2011:						
Cash and Balances with						
Central Banks.....	3,542,446	249,432	—	—	6,487,252	10,279,130
Due from Bank.....	37,370,177	240,317	198,936	756,124	—	38,565,554
Loans and Advances	15,460,485	5,743,164	32,388,122	135,790,559	4,560,897	193,943,227
Investment Securities	2,392,532	9,968,036	3,125,889	23,811,784	15,787,628	55,085,869
Other Assets.....	2,926,090	35,378	2,789	993,935	123,359	4,081,551
Total Assets.....	61,691,730	16,236,327	35,715,736	161,352,402	26,959,136	301,955,331
Due to Banks.....	21,108,118	5,951,731	12,057,053	365,533	—	39,482,435
Customer Deposits	142,080,491	31,964,031	25,909,388	168,927	—	200,122,837
Debt Securities.....	—	—	—	5,419,160	—	5,419,160
Other Borrowings.....	—	—	6,732,483	—	—	6,732,483
Other Liabilities and Equity.....	5,759,451	3,799,524	545,054	3,554	40,090,833	50,198,416
Total Liabilities and Equity	168,948,060	41,715,286	45,243,978	5,957,174	40,090,833	301,955,331
Difference.....	(107,256,330)	(25,478,959)	(9,528,242)	155,395,228	(13,131,697)	—

The table below summarises the maturity profile of the QNB 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 QNB Group expects that customers will not request repayment before the contractual repayment date.

The QNB Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption to cash flow. The QNB Group maintains statutory reserves with the QCB and other Central Banks. Liquidity is assessed and managed using a variety of stressed scenarios applicable to the QNB Group.

	Within 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 Years	Total
	(QR in thousands)					
At 31 December 2013:						
Due to Banks.....	9,059,250	56,876	2,464,699	—	—	11,580,825
Derivative Financial Instruments — Contractual Amounts Payable — Forward Contracts.....	6,538,222	1,831,287	6,005,394	37,835	—	14,412,738
— Contractual Amounts Receivable – Forward Contracts — Contractual Amounts Payable/(Receivable) – Others	(6,544,967)	(1,866,454)	(6,041,215)	(37,835)	—	(14,490,471)
Customer Deposits	19,481	32,085	110,542	(35,540)	(310,371)	(183,803)
Debt Securities.....	205,962,556	68,980,986	52,157,347	9,651,421	111,210	336,863,520
Other Borrowings.....	18,400	49,008	295,654	19,866,780	3,772,758	24,002,600
Total Liabilities.....	54,832	28,903	1,703,345	10,818,066	6,584	12,611,730
Total Liabilities.....	215,107,774	69,112,691	56,695,766	40,300,727	3,580,181	384,797,139

	<u>Within 1 Month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>1-5 Years</u>	<u>More than 5 Years</u>	<u>Total</u>
	(QR in thousands)					
At 31 December 2012:						
Due to Banks.....	15,860,489	3,191,303	3,174,394	—	—	22,226,186
Derivative Financial Instruments				—	—	
— Contractual Amounts Payable						
– Forward Contracts.....	3,260,443	1,158,746	2,323,101			6,742,290
— Contractual Amounts						
Receivable – Forward Contracts	(3,260,925)	(1,158,917)	(2,323,445)	—	—	(6,743,287)
— Contractual Amounts						
Payable/(Receivable) – Others	4,718	1,852	48,978	182,883	94,915	333,346
Customer Deposits	194,459,462	34,762,218	41,079,378	271,899	—	270,572,957
Debt Securities	—	27,203	249,905	10,231,579	3,630,878	14,139,565
Other Borrowings.....	—	9,703	282,440	6,768,565	—	7,060,708
Total Liabilities.....	210,324,187	37,992,108	44,834,751	17,454,926	3,725,793	314,331,765
At 31 December 2011:						
Due to Banks.....	21,108,118	5,951,731	12,057,053	365,533	—	39,482,435
Derivative Financial Instruments						
— Contractual Amounts Payable						
– Forward Contracts.....	3,056,687	4,170,706	1,315,139	—	—	8,542,532
— Contractual Amounts						
Receivable – Forward Contracts	(3,056,807)	(4,170,870)	(1,315,191)	—	—	(8,542,868)
Customer Deposits	142,080,491	31,964,031	25,909,388	168,927	—	200,122,837
Debt Securities	—	—	—	5,419,160	—	5,419,160
Other Borrowings.....	—	—	6,732,483	—	—	6,732,483
Total Liabilities.....	163,188,489	37,915,598	44,698,872	5,953,620	—	251,756,579

The table below shows a breakdown of QNB's deposits by sector as at 30 September 2014:

<u>Source of Funding</u>	<u>Percentage of total deposits</u>
	(unaudited)
Corporate Clients	39.5%
Government Agencies	38.8%
Individuals	8.7%
Government	13.0%

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

	<u>Contingent Liabilities</u>					
	<u>On Demand</u>	<u>1-3 months</u>	<u>3-12 months</u>	<u>1-5 years</u>	<u>More than 5 years</u>	<u>Total</u>
	(QR in thousands)					
As at 31 December 2013	10,148,509	18,481,973	36,280,292	9,988,371	8,773,803	83,672,948
As at 31 December 2012	2,225,549	13,736,742	24,080,723	15,719,917	3,522,399	59,285,330
As at 31 December 2011	1,726,835	14,895,438	16,197,233	13,515,198	3,736,680	50,071,384

Foreign Exchange Risk

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

	<u>QR</u>	<u>US\$</u>	<u>Euro</u>	<u>Pounds Sterling</u>	<u>Other Currencies</u>	<u>Total</u>
	(QR in thousands)					
At 31 December 2013:						
Assets	266,810,508	88,866,935	20,019,148	9,513,215	58,276,302	443,486,108
Liabilities and Equity	178,314,754	190,956,798	20,784,642	9,638,513	43,791,401	443,486,108
Net Balance						
Sheet Position	88,495,754	(102,089,863)	(765,494)	(125,298)	14,484,901	—

	QR	US\$	Euro	Pounds Sterling	Other Currencies	Total
	(QR in thousands)					
At 31 December 2012:						
Assets.....	128,348,631	203,849,560	11,250,845	10,704,876	12,699,920	366,853,832
Liabilities and Equity.....	160,536,251	176,412,093	11,267,203	10,728,005	7,910,280	366,853,832
Net Balance Sheet Position	(32,187,620)	27,437,467	(16,358)	(23,129)	4,789,640	—
At 31 December 2011:						
Assets.....	115,355,666	154,280,064	10,755,047	9,788,641	11,775,913	301,955,331
Liabilities and Equity.....	146,823,021	127,579,802	10,760,286	9,798,121	6,994,101	301,955,331
Net Balance Sheet Position	(31,467,355)	26,700,262	(5,239)	(9,480)	4,781,812	—

Currency Risk—Effect of Change in Fair Value of Currency

The table below indicates the effect of a reasonably likely 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 As at 31 December		
		2013	2012	2011
		(QR in thousands)		
Currency				
US\$.....	+2	(2,041,797)	548,749	534,005
Euro.....	+3	(22,965)	(491)	(157)
Pounds Sterling.....	+2	(2,506)	(463)	(190)
Other Currencies.....	+3	434,547	143,689	143,454
US\$.....	-2	2,041,797	(548,749)	(534,005)
Euro.....	-3	22,965	491	157
Pounds Sterling.....	-2	2,506	463	190
Other Currencies.....	-3	(434,547)	(143,689)	(143,454)

QNB has made significant progress in its implementation of the asset-liability management (“ALM”) and market risk system, which was completed in 2011. This ALM and market risk system, involves a dynamic liquidity module, which supports a better management of ALM and market risks.

Equity Price Risk

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 Price %	Effect on Other Comprehensive Income 2013 (QR) (in thousands)	Change in Equity Price %	Effect on Other Comprehensive Income 2012 (QR) (in thousands)	Change in Equity Price %	Effect on Other Comprehensive Income 2011 (QR) (in thousands)
Market Indices						
Qatar Exchange.....	±10	76,621	±10	108,226	±10	141,608

Risk Mitigation

As part of its management of market risk, the QNB Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks and exposures arising from forecast transactions.

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 as at 31 December 2013, 2012 and 2011. The notional amounts, which provide an indication of the volumes of the transactions outstanding as at the year-end, do

not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the QNB 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
(QR in thousands)							
As at 31 December 2013							
Derivatives Held for Trading:							
Forward Foreign Exchange							
Contracts	149,264	140,483	14,490,471	8,411,421	6,041,215	37,835	—
Caps and Floors	30,159	30,159	2,400,676	—	—	2,400,676	—
Interest Rate Swaps	16,763	1,573	7,654,962	—	453,640	2,737,274	4,464,048
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	571,759	104,392	31,663,378	—	2,736,836	17,902,752	11,023,790
Derivatives Held as Fair Value Hedges:							
Interest Rate Swaps	5,226	4,468	216,251	11,814	21,047	183,390	—
Total	773,171	281,075	56,425,738	8,423,235	9,252,738	23,261,927	15,487,838
As at 31 December 2012							
Derivatives Held for Trading:							
Forward Foreign Exchange							
Contracts	19,403	18,427	6,743,287	4,419,842	2,323,445	—	—
Options	974	934	408,820	408,820	—	—	—
Caps and Floors	38,427	38,429	767,736	—	—	—	767,736
Interest Rate Swaps	3,620	—	5,013,819	—	804,710	3,107,947	1,101,162
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	2,305	200,932	5,041,151	—	269,042	3,014,853	1,757,256
Total	64,729	258,722	17,974,813	4,828,662	3,397,197	6,122,800	3,626,154
As at 31 December 2011							
Derivatives Held for Trading:							
Forward Foreign Exchange							
Contracts	122,120	121,644	8,542,868	7,227,677	1,315,191	—	—
Options	1,111	1,081	437,411	382,804	54,607	—	—
Credit Default Swaps	—	291	72,810	—	72,810	—	—
Caps and Floors	23,819	23,820	750,264	—	—	—	750,264
Interest Rate Swaps	19,644	—	9,798,305	262,116	4,004,550	2,202,442	3,329,197
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	366	194,090	7,435,131	1,295	6,751,225	192,912	489,699
Total	167,060	340,926	27,036,789	7,873,892	12,198,383	2,395,354	4,569,160

Capital Management

The QNB Group maintains an actively managed capital base to cover risks inherent in the business. QNB has recently introduced risk infrastructure that allows the allocation of regulatory as well as economic capital for credit and investment decisions. The adequacy of the QNB Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the QCB in supervising the QNB Group.

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

With the additional risk management systems being implemented as described above, QNB believes it will be able to make better calculations of various factors (including economic capital, obligor and investment or

business unit) relating to its transactions, which, in turn, will enhance QNB's capital planning and management.

The table below shows the capital adequacy of the QNB Group by tiers and for each of the years 2013, 2012 and 2011 as per QCB Basel II requirements:

	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
		(QR in thousands)	
Tier 1 Capital ⁽¹⁾	35,769,467	36,487,414	34,357,737
Tier 2 Capital ⁽²⁾	—	—	—
Total Capital	35,769,467	36,487,414	34,357,737
Risk Weighted Assets	228,869,675	173,425,801	156,382,113
Tier 1 Capital ratio.....	15.6%	21.0%	22.0%
Total Capital ratio.....	15.6%	21.0%	22.0%

Notes:

- (1) Tier 1 capital includes issued capital, statutory reserve, other reserves and retained earnings including current year profit and excluding proposed dividend.
- (2) Tier 2 capital includes risk reserve (up to 2.5 per cent. of risk weighted assets) and 45.0 per cent. of the fair value reserve and currency translation adjustment if the balance is positive and 100.0 per cent. if negative.

The table below shows the QNB Group's capital adequacy ratio for the last four financial quarters.

	As at 30 September 2014⁽²⁾	As at 30 June 2014⁽²⁾	As at 31 March 2014⁽²⁾	As at 31 December 2013⁽¹⁾
		(QCB Basel III)		(QCB Basel II)
Total Eligible Capital (US\$ in millions).....	10,632	11,239	11,169	9,827
Total Risk Weighted Assets (US\$ in millions) ⁽³⁾	70,926	70,683	68,717	62,876
Capital Adequacy Ratio ⁽⁴⁾ (%).....	15.0%	15.9%	16.3%	15.6%

Notes:

- (1) Total eligible capital means Tier 1, Tier 2 and Tier 3 capital after required adjustments under QCB Basel II requirements.
- (2) As per QCB Basel III requirements, total eligible capital means Tier 1 capital (composed of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT1)) and Tier 2 capital after required adjustments.
- (3) Total Risk weighted assets means total on and off balance sheet items being multiplied by the associated risk factors relating to credit risk and amounts allocated for market risk and operational risk.
- (4) Capital adequacy ratio means total eligible capital divided by total risk weighted assets.
- (5) Under QCB Basel III requirements, Tier 1 capital (CET1 and AT1) includes eligible Tier 1 instruments, retained earnings, disclosed reserves and eligible portion of non-controlling interests. Tier 2 capital includes eligible Tier 2 instruments, amounts allocated towards allowances for loan loss and eligible portion of non-controlling interests.

The required capital adequacy ratio (i.e., minimum threshold including capital conservation buffer) is 12.5 per cent. under QCB Basel III requirements and 10.5 per cent. under Basel Committee on Banking Supervision Basel III requirements. QNB exceeds both thresholds with a capital adequacy ratio of 15.0 per cent. as at 30 September 2014.

QNB has already implemented internal procedures to comply with the QCB Basel III requirements. QNB's current capital adequacy ratios are above the minimum requirements outlined under the QCB Basel III requirements. The table below highlights QNB's current capital adequacy ratio against the requirements as set out by QCB:

	QNB Ratios	QCB Basel III Required Ratios⁽³⁾					
	30 September 2014	2014⁽¹⁾	2015	2016⁽²⁾	2017	2018	2019
		(per cent.)					
Common Equity Tier 1 Capital/ Risk Weighted Assets	14.9	8.5	8.5	9.0	9.5	10.0	10.5
Tier 1 Capital/ Risk Weighted Assets	15.0	10.5	10.5	11.0	11.5	12.0	12.5
Total Capital/ Risk Weighted Assets	15.0	12.5	12.5	13.0	13.5	14.0	14.5
Leverage Ratio (Tier 1 Capital/ Exposure Measure)	7.65	3.0	3.0	3.0	3.0	3.0	3.0

Notes:

- (1) Minimum thresholds implemented by the QCB, including a “capital conservation buffer” of 2.5 per cent. to be met by Common Equity Tier 1 capital.
- (2) QNB, having been identified as a DSIB by the QCB, is expected to be subject to an additional “DSIB buffer” of 2 per cent. to be met by Common Equity Tier 1 capital. The DSIB buffer will be phased in from 2016 to 2019 at 0.5 per cent. per year. The QCB may, at its discretion, increase this DSIB buffer to up to 3.5 per cent.
- (3) Under the QCB Basel III requirements, the QCB has the discretion to implement an additional “countercyclical buffer” during periods of excessive credit growth that would increase capital adequacy ratio requirements by up to 2.5 per cent.

The table below shows cash and other balances of the QNB Group held by the QCB and the central banks of certain other countries.

	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
	(QR in thousands)		
Cash	3,280,659	2,148,724	1,684,917
Cash Reserve with QCB	10,769,139	8,611,221	6,485,930
Other Balances with QCB	140,004	6,556,422	358,324
Balances with other Central Banks	8,719,651	2,513,209	1,749,959
Total	22,909,453	19,829,576	10,279,130

The QNB Group’s cash reserve held with the QCB is a mandatory reserve and cannot be used to fund the QNB Group’s day-to-day operations.

The table below shows the amounts due to the QNB Group from other banks and financial institutions.

	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
	(QR in thousands)		
Current Accounts	1,315,408	2,738,385	4,505,951
Placements	11,238,063	33,482,348	33,054,013
Loans	1,048,787	801,010	1,005,590
Total	13,602,258	37,021,743	38,565,554

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 QNB Group seeks to minimise actual or potential losses from operational risk failure through implementing a framework of policies and procedures to identify, assess, control, manage and report those risks. Controls include, but are not limited to, segregation of duties, system controls, authorisation and reconciliation procedures, staff education and assessment processes.

From an operational perspective, the QNB Group has continued, since January 2006, to fulfil its commitments in relation to the first pillar of Basel II and it is now also fulfilling the relevant compliance requirements under its second pillar ICAAP.

The QNB Group uses a well-known operational risk management software, Chase Cooper's aCCelerate, to conduct and manage key risk indicators and risk and loss events in the database. The QNB Group has also contracted two intellectual property security firms to implement its Payment Card International Standards and monitor its website to prevent potential internet fraud.

In 2011, QNB became the first bank in Qatar to receive the "ISO 27001:2005" standard relating to documenting information security management systems. On 7 July 2011, QNB obtained a certification, BS 25999-2:2007, from the British Standards Institute (or BSI Group) relating to business continuity management, which covers retail, corporate, investment, treasury, and wealth management divisions. QNB retains both certifications and successfully upgraded from BS25999 to ISO22301 for Business Continuity in August 2012.

Other Risks

Other risks to which the QNB Group is exposed are regulatory risk, legal risk and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. With recent developments in the context of Basel III, the QNB Group has been proactive in participating in workshops held by QCB and other financial organisations such as the Institute of International Finance ("IIF"). The QNB Group is also becoming more active in developing and strengthening its relationships with all host regulators where the QNB Group operates, especially the FCA, the Central Bank of Oman and the Singapore Monetary Authority. 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 QNB Group, with guidelines and policies being issued as appropriate. The QNB Group also has a detailed crisis management plan to handle emergency situations, which relate to reputational risk.

Risk of Managing Customer Investments

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

Risk Management Programmes

Group Risk Division

QNB has established the Group Risk Division ("GRD") to monitor and report on the QNB Group's risk management. GRD advises the Board of Directors (through the Group Risk Committee and the Group Chief Executive Officer) of the major risks which QNB faces and other related issues at least on a quarterly basis. GRD discusses with the Board of Directors certain regular topics, including those items that the Risk Committee rates as most critical, and a list of all risk or loss events (if any). In addition, GRD provides the Board of Directors with updates regarding key credit risk indicators, business continuity challenges, intellectual property security issues, capital adequacy and legal cases raised by QNB. GRD reports directly to the Group Chief Executive Officer.

Group Internal Audit Division

QNB's Group Internal Audit Division ("GIAD") reports to the Group Audit and Compliance Committee of the Board of Directors. GIAD is headed by the Group Chief Audit Executive and it comprises both domestic and international audit teams as described below.

The domestic audit department covers all areas of the bank's business in Qatar. It is equipped with staff members specialised in the relevant areas of the business such as Operations and Retail, Corporate Banking and Credit, Treasury, Investments and Financial Control, and Information Technology. All centralised services located in Qatar supporting the QNB Group's business across all jurisdictions are also audited as part

of the domestic audit activity by functional specialists in the respective areas. Wholly owned subsidiaries of the QNB Group, such as QNB Capital and QNB FS are also covered by domestic audit.

The international audit team covers overseas branches, subsidiaries, representative offices or associates of the QNB Group in all jurisdictions outside Qatar.

GIAD's audit implementation is in conformity with professional standards and guidelines issued by the relevant professional bodies such as the IIA-USA, IIA-UK & Ireland, ISACA-USA, etc. In conformity with governance standards, a formal Internal Audit Charter, Terms of Reference of the Group Audit and Compliance Committee and related formal Policy and Procedures are in place.

As required by the Internal Audit Charter, GIAD also participates in major projects in QNB supporting technology, systems development and implementation thus providing added value to the QNB Group.

GIAD continuously monitors the changes in the control infrastructure resulting from the organic and acquisitive growth of the QNB Group. For example, within six months of every new acquisition the QNB Group's Chief Audit Executive conducts a visit to brief local management and staff on GIAD, audit approach and the control expectations of the QNB Group. These visits also enable GIAD to perform a preliminary review of the controls and processes in the new business, examine and evaluate corporate governance compliance and review the main regulatory requirements.

GIAD classifies each issue as either a high, medium or low risk priority in order to facilitate prioritisation of appropriate action by management. Action plans with target dates for implementation of the recommendation by management are also included in the report. Implementation of action plans and closure of issues is monitored by GIAD regularly, and periodically an update is provided to the GRD on the status of implementation. GIAD also holds bi-annual meetings with the Group Chief Executive Officer and executive management to discuss the status of implementation of audit recommendations across the QNB Group.

Group Compliance

QNB's compliance team supports and provides advice on the QNB Group's governance structure and reports directly to the Group Audit and Compliance Committee. One of the goals of Group Compliance is to ensure that all aspects of QNB's domestic and international operations are fully compliant with the applicable local and international jurisdictional statutory requirements and standards. These statutory requirements include the Organisation for Economic Cooperation and Development's ("OECD") corporate governance principles, the Basel Committee's compliance requirements and Financial Action Task Force ("FATF") recommendations on Anti-Money Laundering and Counter-Terrorism Financing ("AML/CTF"). In line with the expansion of QNB's international operations, QNB has continued to introduce new approaches and policies to better monitor and assess compliance.

Corporate Governance

The QNB Group considers that good corporate governance is a key factor in enhancing the image of the QNB Group, both locally and internationally, through a commitment to corporate culture that motivates directors, managers and employees to maximise operational efficiency and comply with principles of conduct, to ensure returns on investment and long term productivity growth.

To ensure the proper application of the principles of good corporate governance, as stipulated in the guidelines issued by QCB and the Corporate Governance Code issued by the QFMA, the Board of Directors has approved the application of a comprehensive set of corporate governance policies and procedures within the QNB Group. Such governance policies and procedures also comply with all necessary legal and regulatory requirements and reflect the QNB Group's commitment to adhere to international standards developed by the OECD, recommendations of the Basel Commission, the International Network for Corporate Governance, and other international institutions.

Anti-Money Laundering

QNB's compliance division continuously evaluates the QNB Group's processes, operations and structures, and assesses environments in which it operates to improve controls and monitor compliance risks, in line with QCB directives and FATF recommendations.

In January 2011, QNB produced its first anti-money laundering report, in compliance with a 2010 QCB directive. In addition, in 2011 the QNB Group implemented an internal country matrix tool, enabling the QNB Group to easily classify countries according to risk and support a risk-based approach. This approach helped facilitate appropriate transaction oversight, in accordance with the designated risk category.

Furthermore, QNB's compliance division contracted an international company to adapt an internationally reputable AML/CTF application to QNB's systems, thereby improving customer risk profiling and monitoring exercises. The application was launched during the third quarter of 2012.

Monitoring compliance with respect to QNB's overseas operations

The compliance team provides support with respect to QNB's overseas operations by identifying the key regulatory requirements of the jurisdictions within which it operates and developing relationships with the relevant regulators. In addition, QNB has sought to establish an effective reporting structure which clearly defines the roles and responsibilities of each of its overseas operations with regard to compliance matters. The compliance team has also begun providing quarterly compliance studies and analyses that categorise risk levels for a wide range of banking sector components in respect of the countries in which the QNB Group is operating.

Transparency

The QNB Group is committed to implementing high transparency and accountability standards through diligent monitoring of compliance-related issues and maintenance of an effective whistle-blowing and reporting policy.

Stress Testing

Following the principles set out in the Basel II Accord by the Basel Committee on Banking Supervision, QNB has in place an advanced framework for stress testing, which is wholly integrated with QNB's decision making process based on the Basel II principles. The key components of the QNB stress testing framework emphasise the use of stress testing and integration within QNB's risk governance, the methodologies being applied at each level of testing, the scenarios being used at each level of testing and stress testing of specific risks and products of QNB.

QNB's stress tests take into account a range of scenarios across QNB's business and its written policies and procedures for the stress tests are sufficiently granular for the purposes of Basel II. The stress testing framework at QNB covers all of the risks under Pillars I and II of Basel II, with special emphasis on risk materiality. Reverse stress testing is already being utilised within QNB to identify and to update QNB's risk profile and risk strategy. On a monthly basis, the mitigation framework is reviewed by the risk team and considered for further improvement.

The table below shows the results of the QNB Group's stress tests as at 31 December 2013, 2012 and 2011 in relation to foreign exchange, equities and liquidity stress tests:

	Results of the QNB Stress Tests		
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
	(QR in millions, except for percentages)		
Foreign Exchange (without US\$)			
5% change in price	(0.15)	0.52	(0.58)
10% change in price	(0.31)	1.04	(1.16)
15% change in price	(0.46)	1.56	(1.74)
20% change in price	(0.62)	2.08	(2.3)
Foreign Exchange (including US\$)			
5% change in price	(5,110)	1,387	(1,054)
10% change in price	(10,220)	2,773	(2,109)
15% change in price	(15,330)	4,160	(3,163)
20% change in price	(20,440)	5,546	(4,218)

	Results of the QNB Stress Tests		
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
	(QR in millions, except for percentages)		
Equities			
5% price decline	(13.5)	(15.5)	(34)
10% price decline	(27)	(31)	(68)
15% price decline	(41)	(46.5)	(102)
20% price decline	(52)	(62)	(135)
Liquidity			
Base Situation (Liquidity ratio)	43.76%	106.66%	152.16%
Not able to dispose 5% of liquid assets	40.38%	104.08%	151.49%
Not able to dispose 10% of liquid assets	36.96%	101.01%	149.47%
Not able to dispose 15% of liquid assets	33.55%	97.94%	147.45%
QR10 billion new loan draw	41.78%	101.22%	147.14%

The table below shows the results of the QNB Group's stress tests as at 31 December 2013, 2012 and 2011 in relation to interest rate stress testing:

	Earnings/Market Value at Risk		
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
	(QR in millions, except for percentages)		
Earnings at Risk for 100 bp ⁽¹⁾	739 (7.7% of NII)	172 (1.9% of NII)	147 (2.4% of NII)
Market Value of Equity at Risk for 100 bp ⁽¹⁾ NP ⁽²⁾	3,142 (5.85% of Equity)	860 (1.82% of Equity)	1,038 (2.46% of Equity)
Market Value of Equity at Risk for 100 bp ⁽¹⁾ P ⁽³⁾	4,490 (8.36% of Equity)	1,120 (2.37% of Equity)	1,410 (3.34% of Equity)
Market Value of Equity at Risk for 200 bp ⁽¹⁾ P ⁽³⁾	8,981 (16.72% of Equity)	2,240 (4.74% of Equity)	2,822 (6.68% of Equity)

Notes:

- (1) Basis point value.
- (2) Non-parallel shift of the yield curve.
- (3) Parallel shift of the yield curve.

Related Party Transactions

QNB adheres to, and is fully compliant with, strict guidelines set by the QCB with respect to related party transactions. Under the QCB guidelines, any loan or advance made by QNB to a member of the Board of Directors (or to certain related persons/entities, his direct family members and any organisation where he is a partner or is able to exert management control or has given a guarantee ("**Connected Persons**")) must not exceed 7.0 per cent. of QNB's capital and reserves. The aggregate total for loans and advances made to the Board of Directors as a whole and their Connected Persons must not exceed 35.0 per cent. of QNB's capital and reserves. QNB has strict internal guidelines when dealing with related parties. Collateral is always required for any loan or advance to a related party and, moreover, the borrowing member of the Board of Directors cannot be part of any decision process as to whether or not to extend credit. QNB strictly prohibits any preferential treatment to members of the Board of Directors or their Connected Persons.

QNB's level of dealings with related parties is significantly lower than QCB's required thresholds. The table below shows QNB's aggregate related party dealings for the year ended 31 December 2013, 2012 and 2011 quantified:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
	(QR in thousands)		
Statement of Financial Position Items			
Loans and Advances	1,122,243	2,308,420	2,160,607
Deposits	1,279,106	838,488	1,540,042
Contingent Liabilities and Other Commitments ⁽¹⁾	608,267	68,472	29,918
Income Statement Items			
Interest and Commission Income	98,457	68,446	79,798
Interest and Commission Expense	21,928	17,023	23,576

Note:

- (1) The Group has transactions in the ordinary course of business with directors, officers of the QNB 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.

MANAGEMENT

QNB's principal decision making forum is the Board of Directors, which has overall responsibility for the management and strategy of QNB and is accountable for creating and delivering sustainable shareholder value through its guidance of QNB's business. It has unrestricted management powers, except to the extent provided by law, the Articles of Association or a resolution of the shareholders in General Assembly. The Board of Directors has delegated responsibility for the day-to-day management of QNB to the Group Chief Executive Officer and the Executive Management Team. QNB is committed to implementing high standards of corporate governance in order to enhance transparency and public confidence. In this regard, QNB has a number of Board and Management Committees to oversee this function.

Board of Directors

The Board of Directors is responsible for the overall strategic direction, supervision and control of QNB, through the review and approval of major strategic initiatives, policies and objectives. The Board of Directors sets the standard for a sound corporate governance framework for the entire QNB Group. The Board of Directors has delegated responsibility for overall executive management to QNB's experienced Executive Management team under the leadership of the Group Chief Executive Officer.

The Board of Directors reviews and approves all of QNB's credit and investment policies through agreed upon limits and risk parameters. The Board of Directors meets regularly, at least six times a year, and reviews and approves the Annual Budget, Business Plans, and all capital expenditure. It is also the Board's responsibility to ensure the implementation of a framework of control covering Internal Audit, Compliance, Risk Management (credit risk, liquidity risk, market risk and operational risk) and Financial Control. See "*Risk Management and Compliance*".

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

As set out in the Articles of Association, the Board of Directors has 10 members. The composition of QNB's Board of Directors reflects the ownership structure of QNB, with five members of the Board of Directors, including the Chairman, being representatives of the QIA, with the remaining five members from the private sector being elected by shareholders at the General Assembly meeting. Members of the Board of Directors are appointed or elected for a period of three years. The majority of the Directors are required to attend for there to be a quorate Board of Directors meeting. A Director may appoint another Director to represent and vote for him in his absence. Decisions of the Board of Directors are made by majority votes of those present (in person or by proxy) at the meeting. In the event of a split decision, the Chairman holds the casting vote.

Members of the Board of Directors (with the exception of those appointed by the QIA) are required to own at least 40,000 shares, which are used as a collateral guarantee against the relevant Board of Directors' members' liability to QNB, the other shareholders, debtors and third parties.

General Assembly

The General Assembly represents all of the shareholders of QNB and all of its meetings are to be held in Doha, Qatar. Every shareholder has the right to attend the General Assembly, either in person or by way of proxy, and has a number of votes equivalent to the number of shares held. The Board of Directors is required to be represented in the General Assembly by not less than the quorum required for meetings of the Board of Directors, which must include the Chairman or the Vice Chairman.

An Ordinary General Assembly must be convened at least once a year, within the first four months following the end of QNB's financial year. The Board of Directors can call a meeting of the General Assembly or one can be called at the request of the auditor of QNB or the request of a number of shareholders representing not less than 10.0 per cent. of the share capital of QNB. A meeting of the Ordinary General Assembly is not valid unless it is attended by a number of shareholders representing at least 50.0 per cent. of QNB's share capital. If a quorum is not achieved, another meeting may be called and is valid, irrespective of the number of attendees. Resolutions of the Ordinary General Assembly are passed by majority of votes cast.

An Extraordinary General Assembly may be called by the Board of Directors or by a written request addressed to the Board of Directors from a number of shareholders holding not less than 25.0 per cent. of QNB's share capital. A meeting of the Extraordinary General Assembly is not valid unless it is attended by a number of shareholders representing at least 75.0 per cent. of QNB's share capital. If a quorum is not achieved, another meeting may be called and is valid if shareholders representing at least 50.0 per cent. of QNB's share capital attend. If a quorum is not secured at this second meeting, a third meeting may be called, which will be valid regardless of the number of attendees. Resolutions of the Extraordinary General Assembly are passed by a two-thirds majority of the shares represented at the meeting.

Members of the Board of Directors

As at the date of this Prospectus, the Board of Directors comprises the 10 members listed below:

Name	Position(s)	Date of Appointment⁽¹⁾
H.E. Ali Shareef Al-Emadi	Chairman	2013
H.E. Sheikh Jassim Bin Abdulaziz Bin Jassim Bin Hamad Al Thani	Vice Chairman	2004
H.E. Sheikh Hamad Bin Jaber Bin Jassim Al-Thani	Member	2004
H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al-Thani.....	Member	2013
H.E. Ahmad Mohammed Ahmad Al Sayed.....	Member	2010
Mr. Bader Abdullah Darwish Fakhroo	Member	2001
Mr. Rashid Misfer Al-Hajri ⁽²⁾	Member	1998
Mr. Ali Hussain Ali Al-Sada	Member	1998
Mr. Fahed Mohammed Fahad Buzwair ⁽²⁾	Member	2001
Mr. Mansoor Ebrahim Al-Mahmoud ⁽²⁾	Member	2004

Notes:

- (1) Appointment expires upon the QNB general assembly meeting scheduled to be held in the first quarter of 2015 when the Board of Directors for the upcoming year will be appointed.
- (2) Denotes membership of the Group Audit and Compliance Committee.

The business address of each of the directors is P.O. Box 1000, Doha, State of Qatar.

There are no potential conflicts of interest between the private interests or other duties of the Directors of QNB listed above and their duties to QNB, the Issuer or the Guarantor. However, the QNB Group does enter into transactions in the ordinary course of business with certain Directors. In the previous five years, no member of the Board of Directors of QNB has been convicted of any fraudulent offence, served as a director, partner, founder or senior manager of any organisation at the time of any bankruptcy, receivership, any official public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies, or has been disqualified by a court from acting as a director of an issuer or from acting in the management or conduct of affairs of any issuer.

Biographies

H.E. Ali Shareef Al-Emadi, Chairman

H.E. Ali Shareef Al-Emadi has been the Chairman of the Board of Directors since 7 July 2013 and previously served as Group Chief Executive Officer for QNB for the period 2005 to 2013. His Excellency is also currently the Minister of Finance of Qatar, the Secretary General to the Supreme Council for Economic Affairs & Investment and Chairman of the boards of Qatari Diar Company and Qatar Airways. His Excellency is also a Governor at the International Monetary Fund, the International Bank for Reconstruction and Development, the Islamic Development Bank, the OPEC Fund for International Development and the Arab Monetary Fund and Vice Chairman of Ooredoo and a board member of Lycée Voltaire and the QIA and Chairman of its Investment Committee. His Excellency has a Bachelor's of Science degree in Finance from the University of Arizona in the United States.

H.E. Sheikh Jassim Bin Abdulaziz Bin Jassim Bin Hamad Al-Thani, Vice Chairman

H.E. Sheikh Jassim Bin Abdulaziz Bin Jassim Bin Hamad Al-Thani has been a member of the Board of Directors since 2004. He was appointed as Vice Chairman in January 2011. He is currently the Deputy Chairman of the Higher Council for Communications & Information Technology and a member of the

Supervisory Committee of Porsche, as well as being a member of the Qatar Foundation Fund. Sheikh Jassim has a Master's degree in International Relations from Columbia University in the United States.

H.E. Sheikh Hamad Bin Jaber Bin Jassim Al-Thani, Member

H.E. Sheikh Hamad Bin Jaber Bin Jassim Al-Thani is the Chairman of the Group Executive Committee and a member of the Group Policies, Governance, Development and Remuneration Committee. He has been a member of the Board of Directors since 2004. He is also currently a Chairman of the permanent Population Committee and a member of the boards of Qatar University, Hamad Medical Corporation and Qatar Water & Electricity Company. Sheikh Hamad has a Bachelor's degree in Business Administration from the Metropolitan State College in the United States.

H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al-Thani, Member

H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al-Thani was elected to represent Broog Trading Company as a member of the Board of Directors at the start of 2013, and is a member of the Group Policies, Governance, Development, and Remuneration Committees. Sheikh Khalid has a Bachelor's degree in Political Science from European University, London, United Kingdom.

H.E. Ahmad Mohammed Ahmed Al Sayed, Member

H.E. Mr. Ahmed Mohammed Ahmed Al Sayed is a Minister of State and has been a member of the Board of Directors since 2010. He is a member of the Group Executive Committee. He is also currently the CEO of QIA, the Managing Director and CEO of Qatar Holding LLC, as well as being the Vice Chairman of the Qatar Exchange, board member of Canary Wharf Group (UK) and supervisory board member of Volkswagen AG. Mr. Al Sayed has a Master's degree in Law from Boston University in the United States and an Executive MBA – Trium Global (NYU Stern, LSE, HEC).

Mr. Bader Abdullah Darwish Fakhroo, Member

Mr. Bader Abdullah Darwish Fakhroo is a member of the Group Executive Committee and has been a member of the Board of Directors since 2001. He is also currently the Chairman of Darwish Holdings.

Mr. Rashid Misfer Al-Hajri, Member

Mr. Rashid Misfer Al-Hajri is the Chairman of the Group Audit and Compliance Committee and has been a member of the Board of Directors since 1998. He is a member of the Association of Accounting Technicians and has a Bachelor's degree in Accounting from the University of Huddersfield in the United Kingdom.

Mr. Ali-Hussain Ali Al-Sada, Member

Mr. Ali-Hussain Ali Al-Sada is a member of the Group Executive Committee and has been a member of the Board of Directors since 1998. He is also currently the Chairman of Qatar Syrian Company for Investment and Development, as well as being a member of the boards of Qatar Navigation, Safwah Financial Services, Tharawat Investment House and Dalala Holding Company.

Mr. Fahed Mohammed Fahad Buzwair, Member

Mr. Fahed Mohammed Fahad Buzwair is the Chairman of the Group Policies, Development, Governance and Remuneration Committee, also a member of the Group Audit and Compliance Committee and has been a member of the Board of Directors since 2001. He is also currently the Chairman of Buzwair Group. Mr. Buzwair has a Bachelor's degree in Management Information Systems from George Washington University in the United States.

Mr. Mansoor Ebrahim Al-Mahmoud, Member

Mr. Mansoor Ebrahim Al-Mahmoud is a member of the Group Audit and Compliance Committee and has been a member of the Board of Directors since 2004. Mr. Al-Mahmoud is a member of the board of directors

of Qatari Diar, Hassad Food Company, Enterprise Qatar and Doha Film Institute. Mr. Al-Mahmoud has a Bachelor's degree in Business Administration from George Washington University in the United States.

Senior Management

In addition to the executive management appointed to the Board of Directors, the day-to-day management of QNB's business is conducted by the following senior managers (the "**Senior Managers**") who are considered relevant to establishing that QNB has the appropriate expertise and experience for the management of its business.

<u>Name</u>	<u>Position(s)</u>
Mr. Ali Ahmed Al-Kuwari	Acting Group Chief Executive Officer
Mr. Ali Rashid Al-Mohannadi.....	Executive General Manager, Chief Operating Officer
Mr. Abdullah Al-Khalifa	Executive General Manager, Chief Business Officer
Mr. Ramzi Mari	General Manager, Chief Financial Officer
Mr. Grant Eric Lowen	General Manager, Chief Risk Officer
Mr. Khaled Gamal Eldin	Group Chief Audit Executive
Mr. Saleh Nofal	Group Compliance Officer
Mr. Yousef Mahmoud Al-Neama.....	General Manager, Corporate Banking
Ms. Heba Ali Ghaith Al-Tamimi.....	General Manager, Retail Banking
Ms. Noor Mohd Al-Naimi	Acting General Manager, Treasury
Mr. Patrick MacKay	Acting General Manager, International Banking
Mr. Christian Eichner	General Manager, Strategy

The business address of each of the Senior Managers is P.O. Box 1000, Doha, State of Qatar.

There are no potential conflicts of interest between the private interests or other duties of the Senior Managers listed above and their duties to QNB. However, the QNB Group does enter into transactions in the ordinary course of business with certain Senior Managers.

Biographies

Mr. Ali Ahmed Al-Kuwari, Acting Group Chief Executive Officer

Mr. Ali Ahmed Al-Kuwari joined QNB as a Systems Engineer in 1988. During his 25 years at QNB, he has held progressively more senior roles across the range of operational and business functions including General Manager, Technology and Operations and General Manager, Retail Banking. From May 2007 until July 2013, Mr. Al-Kuwari was Executive General Manager, Chief Business Officer. In 2013, Mr. Al-Kuwari was appointed as the Acting Group Chief Executive Officer. Prior to joining QNB, Mr. Al-Kuwari was with QP. Mr. Al-Kuwari is the Chairman of QNB Capital in Qatar and QNB Kesawan in Indonesia, Vice Chairman of QNB ALAHLI in Egypt and CBI in the UAE, Chairman of MasterCard Advisory Board for the Middle East and Africa and a board member at Milaha and the Qatar Exchange. Mr. Al-Kuwari has a Master Degree of Science in Management Information System from the University of Seattle Pacific and a Bachelor's degree in Math and Computer Science from Eastern Washington University in the United States.

Mr. Ali Rashid Al-Mohannadi, Executive General Manager, Chief Operating Officer

Mr. Ali Rashid Al-Mohannadi joined QNB in 1996 and currently serves as the Executive General Manager and Chief Operating Officer and was previously General Manager, Retail Banking and General Manager, Information Technology. Mr. Al-Mohannadi is a member of the Board of the Housing Bank in Jordan, QNB ALAHLI in Egypt and QNB Syria in Syria. Mr. Al-Mohannadi has almost 20 years of experience and has a Bachelor's degree in Computer Science from Qatar University.

Mr. Abdullah Al-Khalifa, Executive General Manager, Chief Business Officer

Mr. Abdullah Al-Khalifa joined QNB in 1996 and currently serves as the Executive General Manager, Chief Business Officer and was previously General Manager, Corporate Banking. Mr. Al-Khalifa has almost 20 years of banking experience and is a member of the Board of Directors of the Housing Bank in Jordan, QNB ALAHLI in Egypt and QNB Capital in Qatar. Mr. Al-Khalifa holds a Bachelor's degree in Business Administration from Eastern Washington University in the United States.

Mr. Ramzi Mari, General Manager, Chief Financial Officer

Mr. Ramzi Mari joined QNB in 1997, from the Bank of Jordan and currently serves as the General Manager, Chief Financial Officer. Mr. Mari has almost 24 years of experience in the banking sector and passed the certified public accountant exam in the State of California in 1989. Mr. Mari holds a Master's degree in Accounting from California State University in the United States. Mr. Mari is a member of the Board of the Housing Bank in Jordan and QNB ALAHLI in Egypt.

Mr. Grant Eric Lowen, General Manager, Chief Risk Officer

Mr. Grant Eric Lowen joined QNB in 2012 and currently serves as the General Manager, Chief Risk Officer. Prior to joining QNB, Mr. Lowen was with the Commonwealth Bank of Australia and worked in Risk and Finance roles within Westpac Banking Corporation and KPMG. Mr. Lowen has over 30 years of experience in the financial sector and is a Chartered Accountant and member of Chartered Accountants Australia and New Zealand. Mr. Lowen is a member of the Board of QNB ALAHLI in Egypt and QNB Kesawan in Indonesia.

Mr. Khaled Ghamel Eldin, Group Chief Audit Executive

Mr. Khaled Ghamel Eldin joined QNB in March 2014 as the Group Chief Audit Executive with 28 years of Banking experience in leading banks in the region. Prior to joining QNB, Mr. Eldin worked as GM – Chief Internal Auditor for Al Rajhi Bank in Saudi Arabia and as GM – Chief Internal Auditor for Gulf Bank in Kuwait. In addition, Mr. Eldin was previously working with QNB for 11 years in different roles in Internal Audit and as the Head of the Compliance Department. Mr. Eldin is a Certified Public Accountant (CPA) from the State of Colorado, a Certified Fraud Examiner (CFE), Certified Anti-Money Laundering Specialist (CAMS) and has an MBA in International Finance and a Diploma in Risk Management.

Mr. Saleh Nofal, Group Compliance Officer

Mr. Saleh Nofal joined QNB in June 2003 and currently serves as the Group Compliance Officer. Prior to joining QNB, Mr. Nofal was with Arab Bank, Jordan National Bank, the Arab World Auditing Bureau and a Jordanian public accountancy firm. Mr. Nofal has more than 20 years of experience in the banking sector and is a Certified Internal Auditor, a Certified Fraud Examiner and a Certified Compliance Officer.

Mr. Yousef Mahmoud Al-Neama, General Manager, Corporate Banking

Mr. Yousef Mahmoud Al-Neama joined QNB in 2005 and currently serves as the General Manager, Corporate Banking. Prior to joining QNB, Mr. Al-Neama held a variety of roles in financial institutions and corporations within Qatar and has over 15 years of experience in financial institutions. Mr. Al-Neama holds a BS in Aviation Management from Florida Tech. in the United States, and a Diploma in Business Administration from Glamorgan University in Wales.

Ms. Heba Ali Ghaith Al-Tamimi, General Manager, Retail Banking

Ms. Heba Ali Ghaith Al-Tamimi started her career at QNB in 1998, having previously worked at Qatar National Navigation & Transport Co. Ltd. She has extensive experience in all aspects of corporate and treasury business streams through various senior management roles representing over 15 years of experience in financial institutions. Ms. Al-Tamimi graduated with a Bachelors of Commerce degree from Qatar University in 1995.

Ms. Noor Mohd Al-Naimi, Acting General Manager, Treasury

Ms. Noor Mohd Al-Naimi has 14 years of banking experience, joining QNB in April 2000. She has held various positions in the Treasury Operations and Control Division with her last position being Assistant General Manager Treasury Operations Trading & Investment before she was appointed this year as Acting General Manager Group Treasury. Ms. Al-Naimi has a Bachelor's degree in Business Administration from Qatar University.

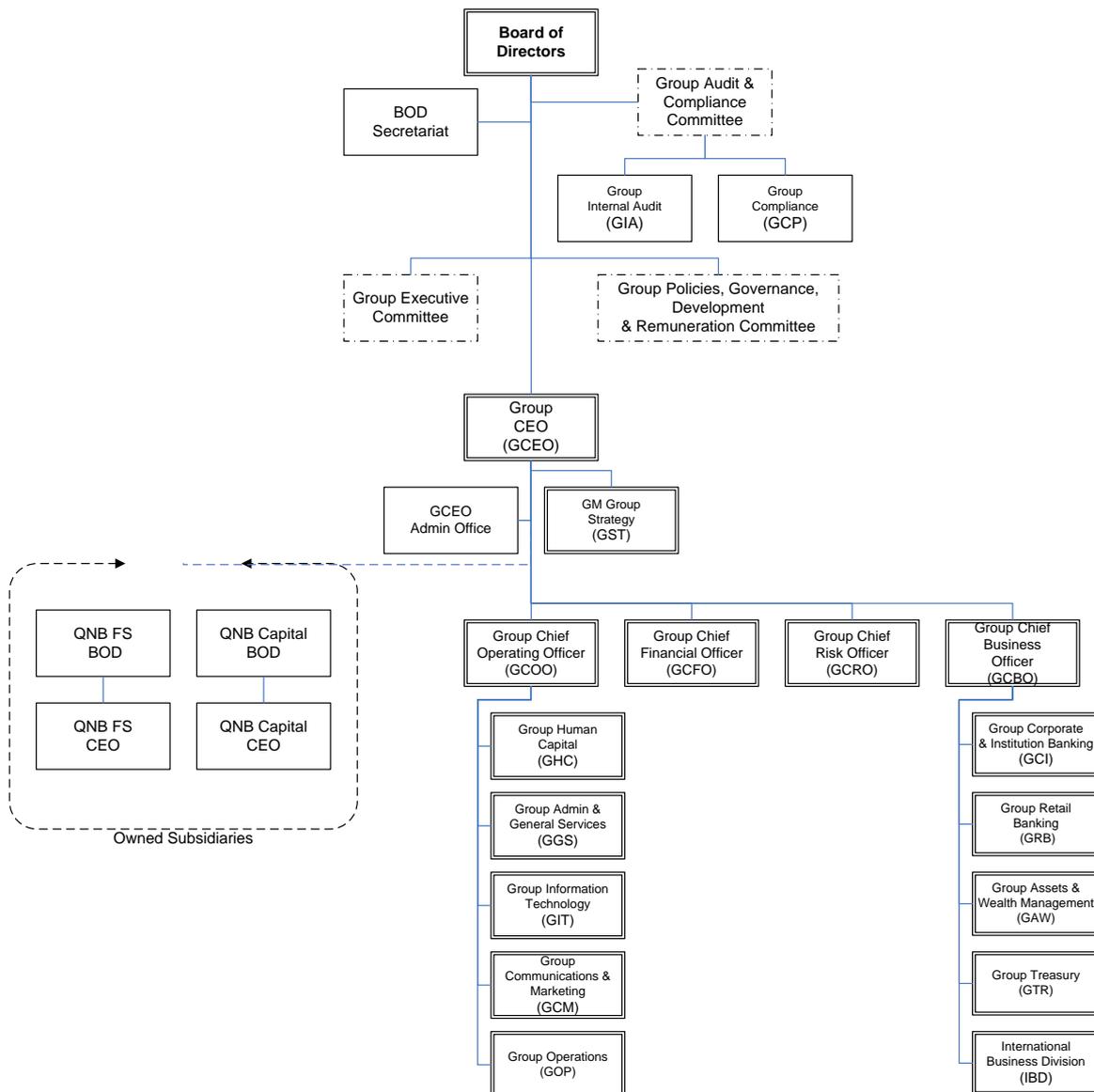
Mr. Patrick Mackay, Acting General Manager, International Banking

Mr. Patrick Mackay joined QNB in 2008 and currently serves as the Acting General Manager of the International Business Banking Department. Prior to joining QNB, Mr. Mackay held a variety of roles in financial institutions in Europe, the Middle East and Africa and has over 38 years of experience in financial institutions. Mr. Mackay holds an MA in History from Edinburgh University in Scotland.

Mr. Christian Eichner, General Manager, Strategy

Mr. Christian Eichner joined QNB in 2009 and currently serves as the General Manager, Strategy. Prior to joining QNB, he worked in the financial services practice of a leading global consulting firm in Dubai since 2006. Before moving to the region, Mr. Eichner worked for a specialised consulting firm where he advised financial services providers in Germany. Mr. Eichner is a German national and holds a Master's degree in Business Administration from the University of Cologne in Germany.

The table below sets out the reporting lines within the Executive Management Team.



Compensation

For the year ended 31 December 2013, the aggregate total remuneration paid by QNB to the Senior Managers was QR36.6 million (US\$10.1 million). In addition, QR11.4 million (US\$3.1 million) was spent on Directors' fees.

The total amount set aside or accrued by QNB for fringe benefits (which include pension, retirement or other benefits) to the Directors, Senior Managers and certain other managers as at 31 December 2013 was QR1.1 million (US\$313 thousand).

None of the Directors is under a service contract with QNB with respect to their role as a director and QNB does not have contractual obligations to provide benefits to the Directors upon termination of their directorships.

Directors' and Senior Managers' Interests

QNB's Articles of Association require each of the members of the Board of Directors to own a minimum of 40,000 shares in QNB (except for those members appointed by QIA) while prohibiting any single person or a private entity from owning more than 2.0 per cent. of the shares in QNB. In compliance with both requirements, each member of the Board of Directors holds at least 40,000 shares in QNB, not to exceed 1.0 per cent. of the total outstanding shares as of the date of this Prospectus. In the second half of 2011, some members of the Senior Management team, both Qatari national and expatriate, became eligible to be part of a long-term incentive scheme whereby each was provided certain phantom shares that will be vested after four years, at which time a cash equivalent will be paid at maturity.

Other Directorships

In addition to their directorships of QNB and certain subsidiaries of QNB, the Directors hold or have held the following directorships, and are or were members of the following partnerships, within the past five years:

<u>Name</u>	<u>Directorships/Partnerships</u>
H.E Ali Shareef Al-Emadi	Qatar Diar Company, Qatar Airways, Ooredoo, QIA, Lycée Voltaire, International Monetary Fund, International Bank for Reconstruction and Development, Islamic Development Bank, OPEC Fund for International Development, the Arab Monetary Fund and Supreme Council for Economic Affairs and Investment.
H.E. Sheikh Jassim Bin Abdulaziz Bin Jassim Bin Hamad Al-Thani	Higher Council for Communications & Information Technology, Supervisory Committee of Porsche, and Qatar Foundation Fund.
H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani	Qatar University, Hamad Medical Corporation, Qatar Water & Electricity Company and Former President Qatar Statistics Authority.
H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al-Thani....	None.
Mr. Ahmad Mohammed Al Sayed.....	QIA, Qatar Holding, Canary Wharf Group (UK), Qatar Exchange, Volkswagen AG and Supreme Council for Economic Affairs and Investment.
Mr. Bader Abdullah Darwish Fakhro	Darwish Holdings.
Mr. Rashid Misfer Al-Hajri	None.
Mr. Ali Hussain Ali Al-Sada	Qatar Syrian Company for Investment and Development, Qatar Navigation, Tharawat Investment House, Safwah Financial Services and Dalala Holding Company.

Mr. Fahad Mohammed Fahad Buzwair Buzwair Group.

Mr. Mansoor Ebrahim Al-Mahmoud..... Qatari Diar, Hassad Food Company, Enterprise Qatar and Doha Film Institute.

Corporate Governance

QNB is committed to maintaining standards of corporate governance in order to enhance transparency and public confidence in QNB and its practices.

QNB's governance structure benefits extensively from the expert advice and support of Group Compliance, which reports directly to the Group Audit and Compliance Committee. Group Compliance continually monitors and assesses all policies and procedures related to the QNB Group's operations exerting additional efforts to ensure compliance with local and international jurisdictional statutory requirements and QCB regulations, laws and standards. See "*Risk Management and Compliance—Risk Management Programmes—Group Compliance*".

Group Compliance also ensures that employees are aware of QNB's anti-money laundering and whistleblowing policies.

In compliance with the QCB's guidelines, QNB has established a Group Executive Committee, a Group Audit and Compliance Committee and a Group Policies, Governance, Development and Remuneration Committee with formally delegated duties and responsibilities and written terms of reference. The terms of reference of the Board of Directors include, but are not limited to:

- providing entrepreneurial leadership to the QNB Group within a framework of prudent and effective controls which enable risks to be assessed and managed;
- ensuring the establishment of a sound and robust risk management framework;
- approving the annual Corporate Governance Report in accordance with regulatory requirements;
- ensuring the independence, competence and balance of related entities' Boards of Directors either directly through the Group Board of Directors or through representatives thereto; and
- ensuring compliance with the Articles of Association and to recommend to the General Assembly any changes to be made therein.

Group Audit and Compliance Committee

The Group Audit and Compliance Committee consists of three Board members. The Group Chief Executive Officer, Group Chief Audit Executive, Group Compliance Officer, Chief Financial Officer and Chief Risk Officer, together with the QNB Group's External Auditors may also attend as invitees, whenever required. During 2013, the committee held eight meetings and during 2014 (until the date of this Prospectus) held seven 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 required by the Board of Directors. The committee reviews significant accounting and reporting issues, including complex or unusual transactions, in the light of regulatory directives and professional pronouncements and correlates their impact on the financial statements of the QNB Group. The committee reviews the QNB Group's annual report, the notes thereto and related regulatory filings and considers the accuracy and completeness of the information before release. See "*Risk Management and Compliance—Group Audit and Compliance Committee ("GACC")*".

Group Policies, Governance, Development and Remuneration Committee

The Group Policies, Governance, Development and Remuneration Committee is composed of three Board members and the Group Chief Executive Officer. During 2013, the committee met four times and during 2014 (until the date of this Prospectus) the committee has met three times.

The committee develops the long-term strategy of the QNB Group. It ensures the Annual Business Plans and the 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 the QNB Group's Corporate Social Responsibility Strategy, along with marketing and communication plans.

On a periodic basis, the committee reviews and assesses changes in local and international corporate governance practices and makes recommendations to the Board of Directors. The committee reviews Group-wide policies and provides initial approval prior to final approval by the Board of Directors. The committee also forms the QNB Group's remuneration guidelines and develops a policy on remuneration of the Board of Directors and Executive Management.

Group Executive Committee

The Group Executive Committee is composed of four Board members, with H.E. Ali Shareef Al-Emadi as the Chairman. The Group Chief Executive Officer attends all meetings, without voting powers. During 2013, the committee met six times and during 2014 (until the date of this Prospectus) the committee has met three times.

The Group 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 of Directors. The committee reviews, on a quarterly basis, the status of litigation matters and recommends action to be taken on impaired loans. The Group Executive Committee also oversees and approves corporate social responsibility expenditures.

Management Committees

The Board of Directors has established a number of Management Committees and criteria for management supervision through policy statements addressing both the major business activities of the QNB Group and the performance of Management. Such criteria include, but are not limited to:

- setting and developing strategies, plans, objectives and main policies for the QNB Group;
- ensuring adequate corporate governance policies and mechanisms are adopted and implemented across the QNB Group; and
- approving directly or through authorities delegated to the related Board level committees, the credit and investment policies of the QNB Group through setting particular parameterised risk appetite limits, including amongst others the following: country limits; industry and sector limits; counterparty limits; and transaction limits.

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 committees is by majority with the Chairman having a casting vote in the case of a tie, except for the Group Credit Committee where unanimous consensus is required. See "*Risk Management and Compliance*".

Day-to-day risk management is overseen by the Group Credit, Group Risk and Group Asset and Liability Committees who report directly to the Group Chief Executive Officer. These three Committees are the highest management level authorities on counterparty risk exposure and strategic investments (in the case of the Group Credit Committee) and asset and liability management (in the case of the Group Asset and Liability Committee). The Group Chief Risk Officer sits on all three Committees, whose other members are made up from various members of Senior Management. See "*Risk Management and Compliance—Risk Management Framework*".

Litigation Statement about Directors and Senior Management

Within the period of five years preceding the date of this Prospectus, none of the Directors or Senior Managers:

- has any convictions in relation to fraudulent offences;
- has been a director or senior manager of any company at the time of any bankruptcy, receivership or liquidation of such company; or

has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

OVERVIEW OF QATAR

Introduction

Qatar is one of the fastest growing economies in the world, with a real GDP CAGR of 10.8 per cent. from 2008 to 2013. In 2013, Qatar's real GDP grew by 6.5 per cent. This has led to Qatar becoming one of the most prosperous countries in the world, with a nominal GDP per capita of QR367,758.6 (US\$101,032.3) in 2013. Much of Qatar's wealth is derived from its hydrocarbon resources. As at year-end 2013, Qatar's proven reserves of oil amounted to approximately 25.1 million barrels, while its proven reserves of natural gas amounted to 871.5 tcf, according to BP's "Statistical Review of World Energy" published in June 2014. According to the same report, Qatar's natural gas reserves are the third largest in the world and translated into 13.3 per cent. of overall global reserves in 2013. In December 2010, Qatar made world headlines when it was awarded the right to host the *Fédération Internationale de Football Association* (FIFA) 2022 World Cup. The World Cup provides opportunities for Qatar to invest in further developing its infrastructure and diversifying its economy.

In recent years, Qatar has focused on diversifying its economy in an effort to reduce its historical dependence on oil and gas revenues. The construction and real estate sectors have recently made substantial contributions to Qatar's economic growth and significant investments have been made to increase economic returns from, in particular, petrochemicals, financial services, infrastructure development and tourism. As a result, nominal GDP for the non-oil and gas sector grew at a CAGR of 22.6 per cent. between 2004 and 2013. Nominal GDP for the non-oil and gas sector reached QR335.7 billion (US\$92.2 billion), or 45.6 per cent. of Qatar's total nominal GDP, in 2013.

Qatar, which gained independence from the United Kingdom on 3 September 1971, was ruled by His Highness Sheikh Hamad Bin Khalifa Al-Thani from 27 June 1995 until 25 June 2013, on which date he handed power over to his fourth son, and the current Emir of Qatar, His Highness Sheikh Tamim bin Hamad bin Khalifa Al-Thani. During his reign, H.H. Sheikh Hamad implemented various initiatives designed to exploit the State's oil and gas resources in a responsible manner, thereby making rapid economic development and the construction of modern infrastructure possible in Qatar. During a period of rapid economic and social progress, Qatar has maintained its cultural and traditional values as an Arab and Islamic nation.

H.H. Sheikh Hamad also instituted a number of governmental reforms, including establishing a constitution that formally separates power among the executive, legislative and judicial branches. Qatar has also reformed its legal system to bring it in line with international laws, standards and practices. There is an organised set of institutions within Qatar that support growth in trade and commerce, both internally and externally, including the QFC, the QE, and regulators, namely the QCB and the Qatar Financial Centre Regulatory Authority ("QFCRA"). Qatar has good relations with other members of the GCC and the wider Middle East in general. Qatar also has strong ties with the West, notably the United States, which maintains a significant military presence in the country. Qatar is a member of, among other international organisations, the United Nations ("UN"), the World Trade Organisation ("WTO") and the Organisation of Petroleum Exporting Countries ("OPEC"). Qatar has low levels of corruption and has established the National Committee for Integrity and Transparency and the Administrative Control and Transparency Authority, which are each responsible for implementing its obligations as a member of the UN. Qatar is also a signatory to the General Agreement on Tariffs and Trade ("GATT") and a number of other conventions and protocols. In addition to its memberships in international organisations, Qatar has hosted numerous economic, political and financial summits and conferences and, over the past several years, has become an important mediator in regional conflicts.

Geography

Qatar, which shares a land border as well as maritime boundaries with the Kingdom of Saudi Arabia, and maritime boundaries with Bahrain, the UAE and Iran, extends over a relatively flat, barren peninsula covered with sand that is approximately 160 kilometres long, covering a total area of approximately 11,493 square kilometres. Doha, which is located on the east coast of the Qatar peninsula, is Qatar's capital city as well as its commercial, financial and cultural centre. Doha is also the location of Qatar's international airport and main port facility. Qatar's most important industrial cities are Ras Laffan Industrial City (located to the north of Doha) and Mesaieed Industrial City (located to the south of Doha).

Population

The Ministry of Development Planning and Statistics (**MDPS**) estimated the total number of people in Qatar was 2,077,357 as of August 2014. The 2010 census conducted by the MDPS showed that the population in Qatar in April 2010 was 1,699,435, a 128.4 per cent. increase from the 2004 census population figure of 744,029. The 2010 census indicated that 46.9 per cent. of the total population resided in the capital city of Doha, with a further 26.8 per cent. residing in Al Rayyan. Non-Qatari nationals, primarily expatriate workers, make up a significant portion of the population in Qatar. Over 74.7 per cent. of the total population is economically active according to 2010 census data.

The official language of Qatar is Arabic, although English is widely spoken.

National Vision

In October 2008, the State's General Secretariat for Development Planning developed and published the Qatar National Vision 2030 (the "**National Vision**"). The National Vision defines broad future trends and long-term objectives for Qatar, providing the framework within which national strategies and implementation plans can be developed. Besides establishing the foundation for developing Qatar's future strategies and policies, the National Vision has also helped to strengthen the coordination among governmental agencies and integrate planning efforts for the Government, the private sector and civic organisations. The four cornerstones of the National Vision are human, social, economic and environmental development, in the context of which the State aims to balance: (i) modernisation and the preservation of traditions; (ii) the needs of the current generation and the needs of future generations; (iii) managed growth and uncontrolled expansion; (iv) the size and quality of the expatriate labour force; and (v) economic growth, social development, and environmental management. The Qatar National Vision is to be achieved through a series of medium term plans. The first such six-year plan, referred to as the National Development Strategy (NDS 2011-16), was released in March 2011.

Foreign Relations

Qatar has been a member of the WTO since 1996. In line with its commitment to the WTO, Qatar's policies are focused on the liberalisation of the economy and trade, the reduction of tariffs as well as increasing and diversifying exports. In 2001, Qatar hosted the Fourth WTO Ministerial Conference, which launched the current round of trade negotiations known as the Doha Development Agenda. There are currently no disputes at the WTO involving Qatar.

Qatar is also a member of OPEC and numerous other international and multilateral organisations, including, among others, the UN (where Qatar was a non-permanent member of the UN Security Council for the 2006-2007 term, and has served as the president of the 66th session of the UN General Assembly), the League of Arab States, the Organisation of The Islamic Conference, UNESCO, the Multinational Investment Guarantee Agency ("**MIGA**"), the IMF and the International Bank for Reconstruction and Development ("**IBRD**").

On 23 December 2008, representatives of 11 gas producing nations, including Qatar, Russia and Iran, signed an intergovernmental memorandum and charter formally establishing the Gas Exporter Countries Forum ("**GECF**"), which chose Doha as the future headquarters for its permanent secretariat. The GECF Secretary General commenced his duties in Doha in February 2010 and the GECF Liaison Office, which facilitates the affairs of the GECF, is also based in Doha. Apart from the regular Ministerial meetings, the first GECF gas summit was held in Doha in December 2011. The GECF's objectives include exchanging information on a broad range of issues such as new technologies, investment programmes, relations with natural gas consuming countries and environmental protection.

GCC Membership

Qatar is an advocate for regional integration and is a member of the GCC, whose other members are Bahrain, Kuwait, the UAE, Oman and Saudi Arabia. In 2003, the GCC established a customs union under which Qatar applies a common customs tariff of 5.0 per cent. to most products, with a limited number of exceptions. In 2005, as part of the GCC, Qatar joined the Istanbul Cooperation Initiative, which is a North Atlantic Treaty Organisation ("**NATO**") initiative to enhance regional security in the broader Middle East.

In 2001, the GCC proposed the establishment of a common currency with a view to deepening economic integration. The GCC monetary union is expected to improve the efficiency of financial services, lower transaction costs and increase transparency in the prices of goods and services. In December 2008, finance ministers of the GCC member states (other than Oman) signed an agreement establishing the framework of the monetary union. The agreement also provides for the establishment of a monetary council, which will finalise the details of the monetary union and is expected to be converted eventually into a GCC central bank. The agreement must be ratified by each member state in order for it to take effect. Currently, four of the six GCC members have signed the accord to join the monetary union – Qatar, Kuwait, Saudi Arabia and Bahrain – while the UAE and Oman have opted out. In May 2009, those GCC members who intend to join the monetary union decided that Riyadh would be home to the new GCC monetary council (the “**GCC Monetary Council**”), a precursor to a GCC central bank. In March 2010, Qatar, Kuwait, Saudi Arabia and Bahrain unanimously elected Saudi Arabia’s Monetary Agency Governor as the first chairman of the GCC Monetary Council, representing the latest step in launching a single currency and laying the foundation for a GCC central bank. As yet, there has been no announcement of an official timetable for the progression of the GCC Monetary Union.

Economic Policy

Qatar’s primary economic objective has been to create a thriving investment climate that both encourages domestic investment and identifies positive opportunities for outward investment. Qatar has increased its liquefied natural gas (“**LNG**”) production to 77 million tonnes per year, making investments across the LNG value chain. It has also worked to diversify its economy, resulting in strong growth in the non-oil and gas sectors.

Historically, Qatar’s economy has been dependent on crude oil production. In the early 1990s, however, the State developed a multi-directional and fast-track strategy to accelerate the commercialisation of Qatar’s substantial natural gas reserves as a means to diversify and ultimately modernise the economy. This strategy was implemented pursuant to a three-pronged approach, namely by developing LNG and gas-to-liquids (“**GTL**”) for global export, pipeline gas for regional export markets, and by utilising gas for domestic petrochemical production and industrial consumption. In line with this strategy, Qatar has made large-scale investments across the entire value chain of LNG trains, tankers, and storage and receiving facilities, becoming the leading LNG producing and exporting country in the world, according to the USEIA.

Although Qatar is focused on ensuring optimal and sustainable development and commercialisation of the oil and gas sector, which continues to be the backbone of the economy, one of the cornerstones of Qatar’s current economic policy is a commitment to diversify the overall economy so that Government revenues from the oil and gas sector are supplemented by an increased percentage of Government revenues from non-oil and gas-related activities. As set forth in the National Vision, Qatar’s long-term economic objectives include developing its infrastructure and strengthening its private sector. In pursuit of these objectives, and consistent with increased revenues and surpluses, the State has increased total expenditure from QR121.6 billion (US\$33.4 billion) for fiscal year ended 31 March 2010 to QR231.7 billion (US\$63.6 billion) for the fiscal year ended 31 March 2014 (with total budgeted expenditure of QR218.4 billion (US\$60.0 billion) for the fiscal year ended 31 March 2015), funnelling much of this expenditure into major construction projects such as railway, the Lusail real estate development (including Energy City), the New Doha International Airport, ports, roads, healthcare and education.

Qatar is also strengthening the private sector by undertaking regulatory reforms aimed at improving Qatar’s business climate and creating an environment that will support enterprise creation, private competition and foreign direct investment, including through taking steps such as liberalising the telecommunications sector and creating special economic zones. In addition, Qatar has sought to increase the country’s attractiveness to foreign direct investment by implementing laws that allow more foreign participation in the domestic economy. For example, the Government has established the QFC, which enables global financial firms to operate in Qatar, although there are restrictions on such financial institutions dealing with retail customers.

In addition, on 1 January 2010, Law No. (21) of 2009 on Income Tax (the “**Income Tax Law**”) came into effect. Under the new Income Tax Law (which is applicable outside the QFC), taxable income in any taxable year is now taxed at a flat tax rate of 10.0 per cent., except for certain oil and gas companies that will continue to be taxed at the previous rate of 35.0 per cent. This is part of a broad plan to diversify the Qatari economy to reduce reliance on the oil and gas sector, which accounted for approximately 54.4 per cent. of

total nominal GDP in 2013. However, Qatari companies 100 per cent. owned by Qataris do not pay income tax.

In July 2014, a law was issued amending Law No. (13) of 2000 relating to foreign investment in Qatar, whereby the ceiling for non-Qatari ownership in companies listed on the QE was increased from 25 per cent. to 49 per cent., subject to approval from the Ministry of Economy and Commerce. This replaced the requirement to obtain an exemption from the Council of Ministers in connection with any increase above the previous 25 per cent. ownership threshold. Citizens of the other GCC countries would be treated equally to Qatari citizens in connection with ownership of shares in companies listed on the QE.

In June 2014, in its Annual Market Classification Review, MSCI Inc. upgraded Qatar from a “frontier market” to an “emerging market”. This classification is among the criteria used by a large number of institutional investors and private equity funds to identify markets in which they can invest. This upgrade is expected to increase investment in Qatari securities with the entry of foreign institutional investors and passive or index-tracking investors.

Gross Domestic Product

Qatar’s nominal GDP has grown at a CAGR of 19.9 per cent. from 2009 to 2013, driven by the production and export of oil, condensates, LNG, pipeline gas, metals, petrochemicals and related products, coupled with rising hydrocarbon prices. Annual nominal GDP growth amounted to 44.6 per cent. in 2008, a decline of 15.2 per cent. in 2009, growth of 27.9 per cent. in 2010, growth of 35.7 per cent. in 2011, growth of 11.9 per cent. in 2012, and growth of 6.6 per cent. in 2013, as commodity prices remained relatively high. Qatar’s total nominal GDP for the first half of 2014 increased by 5.0 per cent. as compared to the first half of 2013 based on preliminary MDPS data for 2014.

The following table sets forth certain information about Qatar’s nominal GDP by economic sector and by percentage contribution to total nominal GDP for each of the five years ended 31 December 2013.

	Year end December									
	2009		2010		2011		2012		2013	
	Value	%	Value	%	Value	%	Value	%	Value	%
	(QR in millions, except for percentages)									
Oil and gas sector	159,467	44.8	239,745	52.6	359,153	58.1	392,716	56.8	401,217	54.4
Non-oil and gas by sectors:										
Finance, business services, insurance and real estate	58,099	16.3	60,291	13.2	70,267	11.4	74,710	10.8	88,316	12.0
Manufacturing ⁽²⁾	33,570	9.4	40,832	9.0	57,810	9.4	70,220	10.2	72,078	9.8
Building and construction	25,522	7.2	27,500	6.0	28,329	4.6	31,214	4.5	35,932	4.9
Trade, restaurants and hotels	29,839	8.4	31,500	6.9	35,601	5.8	39,092	5.7	45,509	6.2
Transport and communications	16,212	4.6	18,069	4.0	21,229	3.4	23,468	3.4	25,868	3.5
Electricity and water	1,794	0.5	2,113	0.5	2,932	0.5	3,383	0.5	3,807	0.5
Agriculture and fisheries	439	0.1	537	0.1	590	0.1	641	0.1	695	0.1
Other services ⁽³⁾	31,044	8.7	34,858	7.7	42,179	6.8	55,954	8.1	63,497	8.6
Total non-oil and gas sector	196,519	55.2	215,700	47.4	258,936	41.9	298,682	43.2	335,702	45.6
Total nominal GDP	355,986	100	455,445	100	618,089	100	691,398	100	736,918	100

Notes:

- (1) The GDP figures are based on the latest available data from the MDPS.
- (2) For purposes of calculating GDP, certain downstream activities generally associated with Qatar’s oil and gas industry, such as the production and export of gas to liquids, petrochemicals, fertilisers, steel, aluminium, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.
- (3) Includes social services, imputed bank service charges, government services, household services and import duties.

Source: MDPS

The following table sets forth certain information about Qatar’s nominal GDP by economic sector and by percentage contribution to total nominal GDP for the first six months of 2013 and 2014, including the percentage change between these periods.

	Six months ended 30 June				Percentage change %
	2013		2014		
	Value	%	Value	%	
Oil and gas sector	203,458	55.7	199,898	52.1	-1.7
Non-oil and gas by sectors:					
Finance, business services,	42,773	11.7	53,681	14.0	25.5

insurance and real estate					
Manufacturing ⁽¹⁾	36,129	9.9	38,046	9.9	5.3
Building and construction.....	17,643	4.8	21,409	5.6	21.3
Trade, restaurants and hotels	19,958	5.5	23,155	6.0	16.0
Transport and communications.....	12,067	3.3	13,261	3.5	9.9
Electricity and water	1,692	0.5	1,833	0.5	8.3
Agriculture and fisheries.....	345	0.1	377	0.1	9.3
Other services ⁽²⁾	31,224	8.6	31,874	8.3	2.1
Total non-oil and gas sector	161,831	44.3	183,636	47.9	13.5
Total nominal GDP	365,289	100.0	383,534	100.0	5.0

Notes:

- (1) For purposes of calculating GDP, certain downstream activities generally associated with Qatar's oil and gas industry, such as the production and export of gas to liquids, petrochemicals, fertilisers, steel, aluminium, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.
- (2) Includes social services, imputed bank service charges, government services, household services and import duties.

Source: MDPS

The Economy of Qatar

Qatar is one of the fastest growing economies in the world, with a real GDP CAGR of 10.8 per cent. from 2008 to 2013. In 2013, Qatar's economic growth reached 6.5 per cent. This has led to Qatar becoming one of the most prosperous countries in the world, with a nominal GDP per capita of QR367,758.6 (US\$101,032.3) in 2013. Much of Qatar's wealth is derived from its hydrocarbon resources. As at year-end 2013, Qatar's proven reserves of oil amounted to approximately 25.1 million barrels, while its proven reserves of natural gas amounted to 871.5 tcf, according to BP's "Statistical Review of World Energy" published in June 2014. According to the same report, Qatar's natural gas reserves are the third largest in the world and translated into 13.3 per cent. of overall global reserves in 2013. Virtually all of Qatar's proven reserves of natural gas and condensate are located in the North Field, which is estimated by the International Energy Agency (IEA) to be the largest non-associated gas field in the world. Qatar's natural gas reserves represented approximately 13.3 per cent. of the world's natural gas reserves in 2013, according to BP's "Statistical Review of World Energy" published in June 2014. Qatar has approximately 155 years of proven gas reserves at current production levels, according to the same report.

Qatar's carefully planned exploitation of its hydrocarbon reserves resulted in a nominal GDP CAGR of 11.9 per cent. from 2008 to 2013. Qatar's total nominal GDP increased by 6.6 per cent. in 2013 reaching QR736.9 billion (US\$202.5 billion), as commodity prices remained relatively high. Total nominal GDP in the first half of 2014 increased by 5.0 per cent. to reach QR383.5 billion (US\$105.4 billion), from QR365.3 billion (US\$100.4 billion) in the first half of 2013.

In the early 1990s, Qatar developed a multi-directional and fast-track strategy to accelerate the commercialisation of its substantial natural gas reserves as a means to diversify and ultimately modernise Qatar's economy. In line with this strategy, Qatar has made large-scale investments across the entire value chain of LNG, including liquefaction trains, tankers, and storage and regasification facilities abroad. Qatar has been the world's leading LNG exporter since 2006. Qatar's LNG exports reached 77.7 million tonnes in 2013, accounting for 23.6 per cent. of overall global LNG trade during that year, according to BP. Qatar continues to be the leading global LNG exporter with production capacity reaching 77.1 million tonnes in 2013. Through its flagship Qatargas and RasGas LNG projects, Qatar has developed its LNG business through strategic partnerships with a number of the world's leading oil and gas companies, including ExxonMobil, Shell, Total and ConocoPhillips. By investing across the entire LNG value chain, Qatar now enjoys meaningful cost advantages in the gas sector due to significant economies of scale and a low cost structure. Qatar also has a good central geographic location for global shipping to all major gas consuming regions of the world and, based on contractual commitments, Qatari LNG is expected to be sold globally to customers in various regions, including Central and South America (Mexico and Argentina), Northwest Europe (the United Kingdom and Belgium), Western Europe (Italy, France and Spain), South Asia (India) and East Asia (China, South Korea, Japan and Taiwan). Most of the LNG produced by Qatar's upstream ventures is sold under long-term take-or-pay agreements that provide certainty of volume offtake.

Qatar has also focused on developing and exploiting its natural gas resource base prudently beyond the LNG industry, implementing a downstream strategy driven by opportunities to add value to existing oil and gas

production as well as the requirements of the domestic economy. QP has developed pipeline gas both for regional export markets and for domestic petrochemicals and industrial consumption. In addition, QP is the majority shareholder in a number of industrial companies located primarily at Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value-added products, such as petrochemicals and fertiliser, steel, iron, aluminium and metal coating, both for domestic consumption and for export.

In recent years, Qatar has used its budget surpluses to diversify the economy through increased spending on infrastructure, social programmes, healthcare and education, which have modernised Qatar's economy. Qatar's economic growth has also enabled it to diversify its economy through domestic and international investment into different classes of assets. In 2005, the State of Qatar established the QIA to propose and implement investments for Qatar's growing financial reserves, both domestically and abroad. The aim of the QIA is to strengthen the nation's economy through the diversification of asset classes across a wide range of geographies. Through the QIA, Qatar has made investments in private equity, the banking sector, real estate, publicly traded securities and alternative assets. With its growing portfolio of international and domestic long-term strategic investments, the QIA has continued to develop Qatar's economic diversification strategy while contributing to the nation's significant economic expansion.

As a response to the 2008-2009 global financial crisis and as a supportive measure to preserve the general stability in Qatar's banking sector, Qatar has provided financial support to its financial sector. During the first quarter of 2009 and in 2010 and 2011, the QIA began making direct capital injections into Qatar's commercial banking sector through the planned purchase in equity of ownership interests of up to 20.0 per cent. in all domestic banks listed on the QE, excluding QNB. In addition, on 9 March 2009, the Government declared that in order to further support Qatar's banking sector, the State would purchase a portion of the investment portfolios of seven of the nine domestic banks listed on the QE. These purchases were completed on 22 March 2009 at a total purchase price of approximately QR6.5 billion (US\$1.8 billion). A significant portion of this investment portfolio purchase programme has been used by the Government to purchase QNB's investment portfolio by reference to QNB's market share of bank exposure to listed equities in Qatar. In an effort to further boost liquidity and encourage lending, in early September 2009, the State of Qatar offered to buy a portion of the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QR15.5 billion (US\$4.3 billion). QNB took part in this real estate portfolio purchase programme offered by the Government, receiving a portion of that amount by reference to its market share of bank exposure to real estate in Qatar.

Oil and Gas Sector

The following table sets forth Qatar's total proven reserves of crude oil, natural gas and field condensate, as of June 2014.

	As of June 2014⁽¹⁾
	Proven
Natural gas (in tcf).....	871.5
Crude oil (in billions of barrels)	25.1
Condensate (in billions of barrels) ⁽²⁾	21.6
Total BOE (in billions)⁽³⁾	209.5

Notes:

- (1) For a description of how Qatar classifies proven reserves, see "*Presentation of Certain Reserves Information*".
- (2) Data for condensates is as of June 2013
- (3) Proven reserves of natural gas have been converted to BOE using the methodology in BP's "Statistical Review of World Energy", which converts gas to BOE on a calorific basis according to a conversion factor of 1 bcf of gas to 0.19 million BOE. See "*Presentation of Hydrocarbon Data*".

Source: BP and QP

QP, which is wholly owned by the State of Qatar and the State's primary source of revenues, is responsible for all phases of the oil and gas industry in Qatar. The principal activities of QP and its subsidiaries and joint ventures cover exploration, drilling and production, storage and transport, and the marketing and sale of crude oil, condensates, pipeline gas, LNG, petrochemicals, GTL, steel, fertilisers and other products and

services. QP conducts its operations and activities at various onshore and offshore locations, while certain hydrocarbon exploration activities and new projects are conducted under Production Sharing Agreements (“PSA”) with international oil and gas companies. QP’s downstream strategy is driven by opportunities to add value to existing oil and gas production as well as the requirements of the domestic economy. QP is also the majority shareholder in a number of industrial companies located primarily at Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value-added products, such as petrochemicals, fertilisers and steel, both for domestic consumption and export. Although oil-related activities currently account for a significant portion of QP’s revenues and net cash flows, the State expects that the contribution of non-oil revenues to QP’s net cash flow will steadily increase relative to other sources of income, with the State of Qatar deriving a majority of its oil and gas revenue from the sale of LNG and other natural gas in 2011 as a result of its investment in the commercialisation of Qatar’s substantial natural gas reserves. Crude oil and refined products sales, however, continue to remain significant.

QP’s strategy is to continue to contribute to the diversification of Qatar’s economy and the State’s assets by leveraging QP’s experience along with the State’s vast hydrocarbon wealth to generate long-term returns on investment in the international oil and gas industry. In line with this strategy, QP has begun to invest outside Qatar in the oil and gas industry in foreign markets through its wholly owned subsidiary, Qatar Petroleum International (“QPI”). QPI has also begun to explore and evaluate various investment and acquisition opportunities that would further optimise the operations of QP as well as maximise the value of Qatar’s hydrocarbon resources, including by expanding into downstream activities in the natural gas sector so that the State has greater involvement and ownership in the entire LNG value chain.

Non-Oil and Gas Sector

In recent years, Qatar has invested heavily in diversifying its economy to reduce its historically high dependence on oil and gas revenues. The non-oil and gas sector of Qatar now contributes significantly to the overall economy of the State, contributing 45.6 per cent. of total nominal GDP in 2013, as compared to 46.6 per cent. in 2004. During the first half of 2014, the non-oil and gas sector share accounted for 47.9 per cent. of total GDP as growth in the non-oil and gas sector accelerated. In the coming years, the absolute value of the non-oil and gas sector is expected to continue to grow along with the overall economy of Qatar. The relative contribution of the non-oil and gas sector to total nominal GDP as compared to the oil and gas sector has fluctuated in recent years largely due to increases in production and commodity prices. Within the non-oil and gas sector, the finance, business services, insurance and real estate sectors made the largest contribution to total nominal GDP in 2013, as has been the case since 2006.

The following table sets forth the nominal and percentage contribution of the non-oil and gas sector to Qatar’s total nominal GDP for each of the last five years.

	Year end 31 December									
	2009		2010		2011		2012		2013	
	Value	%	Value	%	Value	%	Value	%	Value	%
	(QR in millions, except for percentages)									
Non-oil and gas sector	196,519	55.2	215,700	47.4	258,936	41.9	298,682	43.2	335,702	45.6

Source: MDPS

Qatar’s Public Finance

General

Qatar has experienced significant revenue growth and large budget surpluses since 2001 (with the last recorded budget deficit taking place in 1999), driven primarily by the rapid development of its hydrocarbon sector. The Government revenues of QR346.6 billion (US\$95.2 billion) for the fiscal year ended 31 March 2014 was more than eleven times greater than revenues in the fiscal year ended 31 March 2004. For the fiscal year ended 31 March 2014, there was an overall surplus of QR115.0 billion (US\$31.6 billion), or 15.6 per cent. of total 2013 nominal GDP, which is above the average surplus of 10.2 per cent. of GDP over the previous five fiscal years. The surplus for the fiscal year ended 31 March 2014 is largely attributable to higher revenues and a smaller increase in expenditure. The budget for the fiscal year ending 31 March 2015 provides for an estimated surplus of approximately QR7.3 billion (US\$2.0 billion) and is based on an assumed oil price of US\$65 per barrel.

The Government's primary sources of budget revenues are oil and gas related revenues generated by QP's activities, accounting for approximately 56.3 per cent. of the total revenues for the fiscal year ended 31 March 2014 and approximately 62.4 per cent. of the total revenues for the fiscal year ended 31 March 2013. The Government's budget is formulated using a conservative estimate of oil prices per barrel for the relevant fiscal year: US\$55 for the budget for the fiscal year ended 31 March 2009; US\$40 for the budget for the fiscal year ended 31 March 2010; US\$55 for the budget for the fiscal year ended 31 March 2011; US\$55 for the budget for the fiscal year ended 31 March 2012; US\$65 for the budget for each of the fiscal years ended 31 March 2013, 2014 and 2015. The Ministry of Finance receives royalties and tax revenue on export sales of crude oil, refined products and gas products, including LNG and downstream products from QP and its joint venture partners. In addition to such export sale receipts, the Government receives a significant portion of QP's net income as "investment income." Investment income accounted for 29.7 per cent. of total revenue in the fiscal year ended 31 March 2014 and has grown by more than twenty-four times since the fiscal year ended 31 March 2002 (based on both QP and non-QP related investment income earned by the Government for the fiscal year ended 31 March 2014). The Government has other revenue sources including customs duties, taxes on the operations of foreign owned businesses and charges for certain services provided by the Government.

The principal items of Government expenditure are the development of Qatar's infrastructure, the wages and salaries of Government employees and principal and interest payments in respect of Government indebtedness (both internal and external). Other items of Government expenditure include the provision of social services such as healthcare, education and the pensions of former Government employees as well as utilities, such as water, electricity and telephone services. In recent years, the Government has increased aggregate expenditures substantially as the Government has invested in the development of Qatar's physical infrastructure to meet the needs of its growing population and to develop Qatar into a trade centre and leading LNG exporter. Expenditure growth has been characterised by gradual year-on-year growth at a CAGR of 10.2 per cent. between the fiscal year ended 31 March 2001 and the fiscal year ended 31 March 2004 and more significant year-on-year growth at a CAGR of 33.5 per cent. between the fiscal year ended 31 March 2004 and the fiscal year ended 31 March 2008 as Qatar's larger infrastructure projects have moved from the planning phase to the development and construction phases. Qatar's expenditure continued to grow at a CAGR of 28.0 per cent. from the fiscal year ended 31 March 2008 to 31 March 2014 as the total expenditure increased to QR231.7 billion (US\$63.6 billion) from QR86.2 billion (US\$23.7 billion) in the fiscal year ended 31 March 2008.

In recent years, the Government has used the budget surplus for the purpose of investment both in Qatar and abroad. Investment of the surplus in Qatar has been focused on capital projects, particularly related to real estate development and transportation and social infrastructure. Investment outside Qatar has been focused primarily on securities and other capital market instruments, with Qatar acquiring stakes in leading international financial institutions and real estate holdings. These investments are administered by the QIA on the Government's behalf. A portion of the budget surplus has also been placed into stabilisation funds administered by the QIA. Education and health services are expected to be funded in future years by the interest derived from revenues of designated LNG trains currently being placed into dedicated stabilisation funds. The Government does not publish figures relating to the size, scope or performance of the portfolio of investments administered by the QIA.

Budget Policy and Process

The State budget plays a central role in Qatar's economy and is a key tool in achieving the Government's economic development goals. Fiscal policy is considered to be the core of the State's general economic policy, which aims to utilise fully Qatar's economic resources to raise the standard of living in Qatar and to achieve sustainable development through cooperation between the private and public sectors. Governmental expenditure is considered by the Government to be a primary stimulant of economic activity, and consequently a facilitator of economic growth in Qatar.

Each year, the Budget Department of the Ministry of Finance supervises the preparation of ministerial and agency budgets for the following fiscal year. After approval by the Minister of Finance, the consolidated budget is submitted to the Council of Ministers for its approval (normally by 1 March in advance of the fiscal year, which commences on 1 April). The budget for capital projects is sent to the Advisory Council for discussion, and the Advisory Council submits its recommendations to the Council of Ministers for approval. Thereafter, the budget is submitted to the Emir for his approval and, if approved, a decree implementing the budget is issued.

Along with the release of the budget, the Ministry of Finance publishes a circular regarding the preparation of the State's budget. The circular provides that the financial policy of the State focuses on achieving the highest value for money possible for the State's budgetary resources, ensuring appropriate allocation of resources to enable timely execution of projects, including infrastructure and public services projects, improving efficiency and cost savings in connection with government-related services, and stimulating private sector economic activity to increase growth and expand employment opportunities for Qatari nationals.

The following table sets forth the actual revenues, expenditure and overall surplus of the Government for each of the five fiscal years prior to 31 March 2014 and also sets forth the budgeted figures for the fiscal year ending 31 March 2015.

	Fiscal year ended 31 March, Actuals					Budget
	2009/10	2010/11	2011/12	2012/13	2013/2014	2014/2015
Revenue:						
Oil and gas revenues.....	82,807	96,888	155,274	177,552	195,202	99,465
Investment income.....	53,893	36,092	25,768	41,815	102,941	58,148
Other revenue	32,558	23,032	41,507	64,956	48,498	68,049
Total revenue	169,258	156,012	222,549	284,323	346,641	225,662
Expenditure:						
Current expenditure:						
Salaries and Wages.....	21,595	23,101	29,711	34,840	41,707	47,500
Interest Paid on Debt	3,998	5,762	9,905	9,891	7,471	—
Supplies	8,082	15,072	17,001	17,288	14,063	—
Other current expenditure.....	48,700	55,617	67,196	91,975	99,986	71,169
Total current expenditure..	82,375	99,552	123,813	153,994	163,227	118,669
Total capital expenditure ...	39,256	44,243	50,574	51,558	68,436	99,744
Total expenditure	121,631	143,795	174,387	205,552	231,663	218,413
Overall surplus/(deficit)	47,627	12,217	48,162	78,771	114,978	7,249

Note:

(1) Preliminary data from the Ministry of Finance.

Source: Ministry of Finance and QCB citing the Ministry of Finance

Qatar's Indebtedness

The Government's total outstanding indebtedness as of 31 March 2014 was QR220.6 billion (US\$60.6 billion), with internal indebtedness of QR146.3 billion (US\$40.2 billion) or 33.7 per cent. of total indebtedness, and external indebtedness of QR74.3 billion (US\$20.4 billion), or 66.3 per cent. of total indebtedness. Total indebtedness as of 31 March 2014 constituted 29.9 per cent. of Qatar's total nominal GDP in 2013.

A decision of the Council of Ministers, No. (17) of 2008 (as amended) established the State Finance Policy Committee, which comprises senior government officials, including the Minister of Finance as chairman, a representative of QCB as deputy chairman, and representatives of the QIA and QP. Under its mandate, the State Finance Policy Committee (a) provides guidance to all government related entities that seek to access the international capital markets and (b) coordinates debt offerings by Qatari issuers in order to increase liquidity and optimise borrowing costs for Qatari borrowers.

The following table sets forth the Government's direct indebtedness as of 31 March 2009 to 31 March 2014.

	As of 31 March					
	2009	2010	2011	2012	2013	2014
	(US\$ in millions, except for percentages)					
Total internal indebtedness⁽¹⁾	2,411.4	16,705.6⁽⁵⁾	34,100.7⁽⁵⁾	32,771.4⁽⁵⁾	51,448.8⁽⁶⁾	40,187.27
% of nominal GDP ⁽²⁾	2.1%	17.1%	26.8%	19.1%	26.7%	19.9%
Total external indebtedness⁽³⁾⁽⁴⁾	7,798.5	17,944.6⁽⁷⁾	19,304.6⁽⁸⁾	24,120.0⁽⁸⁾	23,900.0⁽⁸⁾	20,412.1
% of nominal GDP ⁽²⁾	6.8%	18.3%	15.4%	14.2%	12.6%	10.1%

Total indebtedness⁽⁴⁾	10,209.9	34,650.2	53,413.9	57,029.6	77,712.5	60,599.37
Total nominal GDP⁽²⁾	115,269.8	97,798.4	125,122.3	169,804.7	189,944.5	202,450.0
% of nominal GDP⁽²⁾	8.9%	35.4%	41.9%	32.9%	40.4%	29.9%

Notes:

- (1) Internal indebtedness means direct indebtedness of the Government incurred inside Qatar (excluding guarantees by the Government), regardless of the currency of denomination.
- (2) Indebtedness as a percentage of nominal GDP is calculated using nominal GDP figures on a calendar year basis and indebtedness for the fiscal year ending on 31 March of the following year. For example, indebtedness as of 31 March 2012 is compared to nominal GDP for 2011.
- (3) External indebtedness means direct indebtedness of the Government incurred by the Government outside Qatar (excluding guarantees by the Government), regardless of the currency of denomination.
- (4) Does not include any indebtedness guaranteed by the State.
- (5) The increase in the level of internal indebtedness in 2010-12 is mainly due to the support given by the Government to the commercial banking sector in Qatar. See "*Monetary and Financial System of Qatar*", "*Banking Industry and Regulation in Qatar*" and "*The Financial Stability Review, 2009*".
- (6) The increase in internal indebtedness in 2012-13 is mainly attributable to a sharp increase in the issuance of Treasury Bills as part of a QCB policy to actively manage structural liquidity in the banking system. See "*Financial Stability Review, 2012*".
- (7) The increase in external indebtedness between 31 March 2009 and 31 March 2010 was due to the issuance of bonds in the aggregate principal amount of QR36.4 billion (US\$10 billion) along with the entering into of a commercial bank loan in the aggregate principal amount of QR5.5 billion (US\$1.5 billion).
- (8) Preliminary.

Source: Ministry of Finance as sourced by IMF, QCB

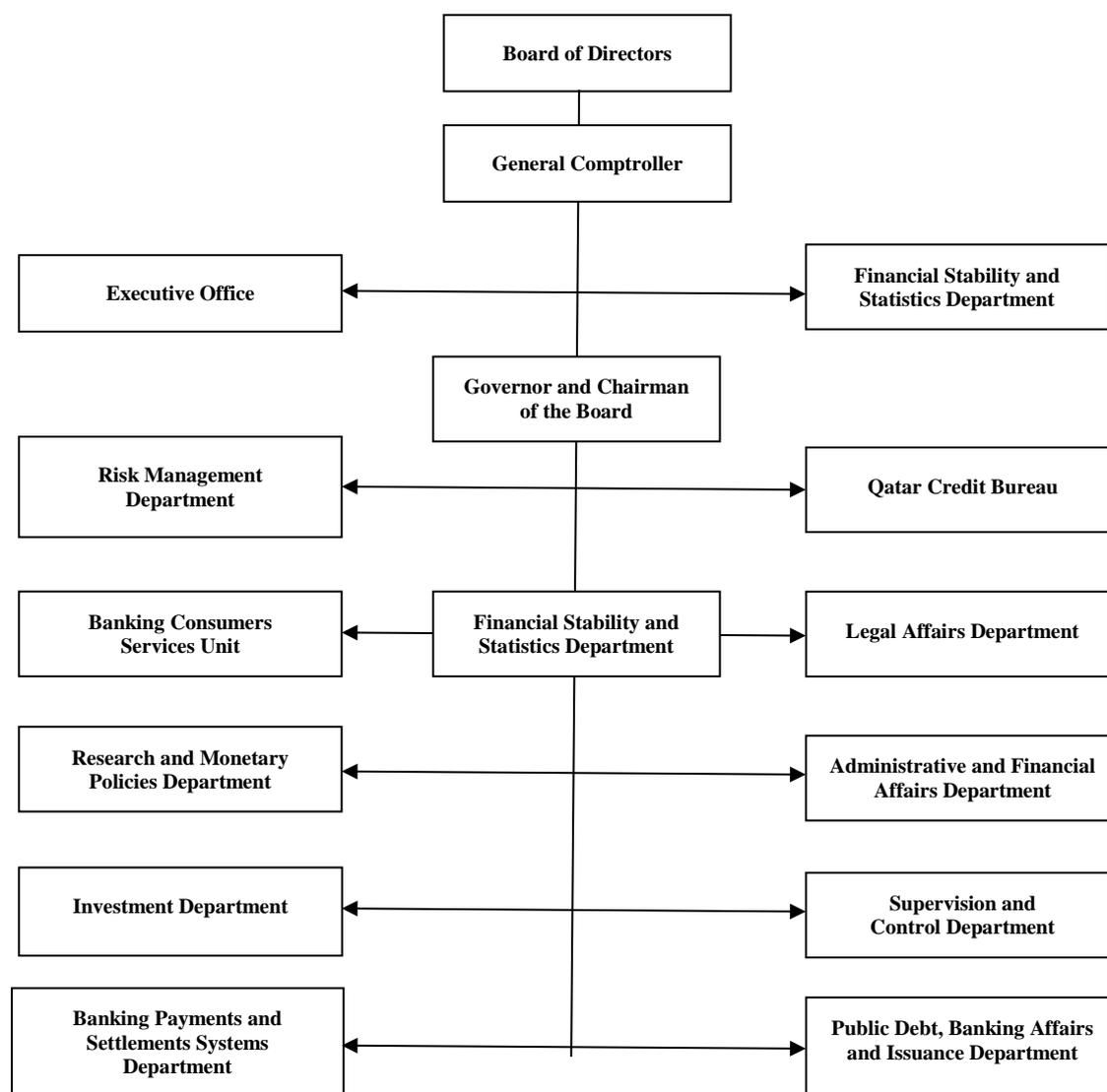
Qatar has never defaulted on any payment of principal, or premium or interest on, any of its internal or external indebtedness. Overall, Qatar's stable economic situation has improved its credit ratings over the past decade. Through a series of increases, Qatar's long-term credit rating by Standard & Poor's Ratings Services has improved from BBB as of February 1996 to AA as of July 2010, with a stable outlook. Similarly, Qatar's foreign and local currency bond ratings by Moody's Investors Service have improved from Baa2 as of September 1999 to Aa1 as of December 2008, which have been confirmed, with a stable outlook.

Monetary and Financial System of Qatar

The QCB, the QFCRA and the QFMA are the three regulatory authorities tasked with regulating and supervising the monetary, banking and financial system, and the capital markets in Qatar. The Government has issued a new Banking Law (Law No. (13) of 2012) which is aimed at advancing the framework for financial regulation in Qatar and expanding the ambit of regulation to cover areas requiring new and enhanced financial regulation. It also lays the foundation for increased cooperation between the regulatory bodies in Qatar. The Banking Law, amongst other matters, mandates the QCB to act as the competent supreme authority in framing the policies for the regulation and supervision of all financial services and markets in Qatar including the insurance sector which was previously regulated by the Ministry of Economy and Commerce (formerly known as the Ministry of Business and Trade).

The QCB formulates and implements monetary and exchange rate policies and is entrusted with the supervision of the banking system and non-bank financial institutions (including insurance companies). Its objectives include maintaining the stability of the riyal and its free convertibility to other currencies, the stability of commodity and service prices and the stability of the financial and banking system in Qatar. The QCB also acts as the primary supervisory authority and regulator for Qatar's commercial banks, and issues licenses and consents to banking and financial services companies operating in Qatar. The QFCRA is an independent statutory body of the QFC that licenses and supervises banking, financial and insurance related businesses that provide financial and advisory services in or from the QFC. The QFMA is the independent regulatory authority for Qatar's capital markets that regulates and supervises the QE along with the securities industry and associated activities.

Qatar Central Bank



Source: QCB

The QCB was established as an independent organisation in 1993 and operates in coordination with the Ministry of Finance, which currently has one of five seats on the board of directors. The QCB is tasked with maintaining both monetary and financial stability. Monetary stability refers to stable prices and currency, while financial stability refers mainly to supervision, support and development of the financial sector. The QCB is managed by a board of directors, which is chaired by its Governor. The board of directors includes the Deputy Governor of the QCB and at least three other members, including a representative from the Ministry of Finance, and a representative from the Ministry of Business and Trade. See “*Banking Industry and Regulation in Qatar*”. The diagram above outlines the organisational structure of the QCB.

Qatar Financial Centre

The QFC is a financial and business centre established by the Government in 2005 with a view to attracting international financial services institutions and multinational corporations to Doha in order to grow and develop the market for financial services in the region. Unlike other financial centres in the region, the QFC is an onshore financial and business environment.

The QFC comprises four primary bodies: the QFC Authority (“**QFCA**”), the QFCRA, the QFC Civil and Commercial Court and the QFC Tribunal. The QFCA determines the commercial strategy of the QFC, while the QFCRA regulates, authorises, supervises and, when necessary, disciplines banking, securities, insurance

and other financial businesses carried on in or from the QFC. The QFCRA also registers and supervises the directors and other designated officers of the businesses authorised by it. The QFCRA regulatory approach is modelled closely on that of the UK's Financial Conduct Authority. The QFC Civil and Commercial Court has jurisdiction over disputes arising within the QFC, and the QFC Tribunal hears appeals against decisions of the QFCRA. The QFCRA, the Court and the Tribunal are all statutory independent bodies reporting to the Council of Ministers.

Firms operating under the QFC umbrella fall into two categories: those providing financial services, which are regulated activities, and those engaged in non-regulated activities in support of financial services.

Approximately 48.4 per cent. of the firms operating under the QFC umbrella are regulated financial institutions, including global financial institutions. The QFCRA has imposed tax at a rate of 10.0 per cent. on local source business profits to be applied retroactively from 1 January 2010. Firms licensed in the QFC are exempt from Qatarisation laws, are permitted full foreign ownership and are not bound by any restrictions on the remittance of profits outside Qatar.

Firms licensed by the QFCRA as "Category-1" financial institutions are currently not allowed to provide retail deposit taking and credit services. Financial institutions authorised by the QFCRA as "Category-2," "Category-3" or "Category-4" are permitted to undertake certain more limited activities, and "Category-5" institutions may undertake Islamic finance activities. As at 31 December 2013, the QFC included 65 regulated and 80 non-regulated firms. As of the same date, of the regulated firms, there were 29 banking institutions, 26 insurance, reinsurance and insurance mediation firms and 10 asset management and investment firms. From the non-regulated firms, permitted activities include, amongst others, professional services such as legal, audit, tax, advisory and consultancy services.

Monetary Policy

Currently, Qatar's monetary policy is formulated by the QCB to, among other things, regulate interest rates, maintain the stability of the riyal, and control inflation. See "*Banking Industry and Regulation in Qatar—Interest Rates*" and "*Inflation*". While the QCB operates in coordination with the Ministry of Finance, it is independent from political interference in its management of monetary policy.

BANKING INDUSTRY AND REGULATION IN QATAR

Qatar Central Bank

In its supervisory capacity, the QCB oversees the activities of Qatar's commercial banks and non-bank financial institutions (including insurance companies) with a view to minimising banking and financial risk in Qatar's financial sector. The QCB conducts regular inspections of commercial banks and reviews reports and other mandatory data submitted by commercial banks, including monthly capital adequacy compliance reports.

The QCB has implemented regulations regarding non-performing loans, large exposures, country risk, money market and foreign exchange accounts, credit ratios, fixed assets for banks' use, reserve requirements and banks' investments. The QCB has the authority to impose penalties in the event that banks fail to comply with these regulations. The QCB requires commercial banks to maintain a minimum reserve requirement of 4.75 per cent. and a capital adequacy requirement of 10.0 per cent. in line with the "well-capitalised" level in the Basel II guidelines and above the guidelines minimum recommended level of 8.0 per cent. The QCB also requires each commercial bank to maintain a risk reserve balance of not less than 2.5 per cent. of the total amount of direct credit facilities provided by the bank and its subsidiaries as determined at the end of each year. Certain provisions and credit provided to the Ministry of Finance and credit secured by cash collateral are excluded from the calculation of the total amount of direct credit facilities for the purposes of determining the minimum risk reserve balance. A bank may not use any portion of its risk reserve amount without the prior approval of the QCB. Commercial banks are also required to have their annual accounts audited by the QCB's approved independent auditors and to obtain prior approval from the QCB to appoint senior management.

In January 2014, the QCB issued a circular to all commercial banks in Qatar (No. AR/2/2014) with instructions regarding the implementation of QCB Basel III requirements. The QCB minimum recommended capital adequacy requirements under Basel III were increased to 12.5 per cent. (including a capital conservation buffer of 2.5 per cent.). Commercial banks in Qatar will also be required to maintain a minimum liquidity coverage ratio of 60 per cent. for 2014, to be increased by 10 per cent. each year to reach 100 per cent. in 2018. This is a stricter timeline implemented by the QCB as QCB Basel III requirements for maintaining minimum liquidity coverage ratio are expected to be introduced on 1 January 2015, with implementation to be completed by 1 January 2019. QCB has undertaken extensive groundwork in order to implement QCB Basel III requirements including the initiation of a test phase.

The QCB also imposes certain exposure limits and credit controls on commercial banks. No more than 20.0 per cent. of any bank's capital and reserves may be extended to a single customer in the form of credit facilities and no more than 25.0 per cent. of any commercial bank's capital and reserves may be extended to a single customer in the form of credit or investment facilities. Additionally, no customer may borrow more than QR3.0 billion (US\$824.1 million) in aggregate from Qatar's commercial banks. Credit facilities extended to a single major shareholder in any bank cannot exceed 10.0 per cent. of that bank's capital and reserves. Credit facilities granted to a single country in the form of loans to customers or the government must not exceed 50.0 to 250.0 per cent. of banks' capital and reserves depending on the category of country. The maximum real estate finance that can be granted to all customers should not exceed 150.0 per cent. of the bank's capital and reserves. In April 2011, the QCB introduced maximum limits for individual consumer loans secured against salaries. Qatari nationals are not permitted to borrow more than QR2.0 million (US\$549,450) with a maximum repayment period of six years. Expatriates are not permitted to borrow more than QR0.4 million (US\$109,890) with a maximum repayment period of four years. In relation to real estate finance made available to individuals against their salary, the total real estate finance must not exceed 70.0 per cent. of the value of the mortgaged property. In relation to financing provided to other types of borrowers, the finance must not exceed 60.0 per cent. of the value of the mortgaged property. In 2010, the QCB also began the process of establishing the Qatar Credit Bureau in order to collect and make available consumer credit information to commercial banks. The Qatar Credit Bureau began operations in March 2011.

In its May 2014 Country Report, the IMF noted the following: (i) Qatar's macroeconomic performance has remained strong with growth of 6.5 per cent. in 2013, driven by strong expansion in the non-hydrocarbon sector; (ii) the baseline macroeconomic outlook is positive and GDP growth could stay around 6 per cent. in 2014, with public investments keeping growth around 6 to 7 per cent. over the medium-term; (iii) inflation is projected to stay stable at 3 to 4 per cent., partly owing to the anticipated decline in commodity prices, including for food, and the fixed exchange rate; (iv) potential challenges include the risk of over-heating in

the near term and over-capacity in the medium term as a result of the public investment program; and (v) the possibility of a sharp decline in oil and gas prices remains the main medium-term risk; however, the authorities have ample fiscal and external buffers to deal with contingencies.

The QCB initiated single factor stress testing of the portfolios of commercial banks in Qatar in 2010. The testing covers the four broad areas of liquidity risk, credit risk, interest rate risk, foreign exchange risk and equity market risk. The results of these stress tests illustrate the possible impact of adverse financial conditions on a commercial banks' capital adequacy ratio or return on assets. Stress testing of commercial banks, on an aggregate basis, conducted by the QCB based on data for March 2010, suggested that neither the capital adequacy ratio nor the returns on assets of Qatar's commercial banks were significantly impaired. The IMF May 2014 Country Report stated that stress tests indicate the banking system is well-capitalised, liquid and profitable. It also noted that the banking system has adequate liquidity and capital buffers (from large fiscal and external surpluses) to withstand substantial shocks and market risks and welcomed the QCB commitment to pursue stress testing of banks on an ongoing basis.

The QCB also issues domestic currency and conducts bank clearing operations and settlements. The investment department of the QCB manages the investments of the QCB's financial reserves that are primarily in the form of securities issued or guaranteed by other governments with maturities of up to 10 years. These investments are maintained at a level at least equal to 100.0 per cent. of the riyals issued by the QCB at any time.

The QCB directive to close the Islamic branches of conventional banks was made with the aim of bringing in enhanced supervision, more financial stability, and also enhancing monetary policy tools for Islamic banks.

The following table sets forth the QCB's balance sheet data as at 31 December 2009 to 31 July 2014.

	As at 31 December					31 July
	2009	2010	2011	2012	2013	2014
Assets:						
Foreign assets:						
Gold	1,587.1	2,062.0	2,279.0	2,432.5	2,189.5	2,329.1
Foreign securities	54,568.6	87,155.0	27,168.7	82,967.5	85,154.3	96,787.3
Balances with foreign banks.....	10,474.2	22,451.1	29,765.5	33,354.3	64,166.3	55,712.8
IMF reserve position	87.4	85.9	85.6	85.7	85.9	85.4
SDR holdings	1,534.5	1,508.3	1,505.8	1,508.1	1,524.1	1,515.8
Total foreign assets.....	68,251.8	113,262.3	60,804.6	120,348.1	153,120.1	156,430.4
Claims on commercial banks.....	2,528.0	3,239.6	5,050.3	40,297.3	59,204.8	55,609.2
Unclassified assets.....	499.7	535.8	616.3	591.5	670	1150.7
Total assets.....	71,279.5	117,037.7	66,471.2	161,236.9	212,994.4	213,190.3
Liabilities:						
Reserve money: ⁽¹⁾						
Currency issued.....	7,191.4	7,974.3	9,092.3	10,975.7	12,340.4	15,362.4
Deposits of local banks.....	26,920.0	69,223.3	5,660.4	13,518.7	6,234.0	14,371.7
Total reserve money ⁽¹⁾	34,111.4	77,197.6	31,185.7	45,555.1	44,038.7	57,740.6
Foreign liabilities	1,451.9	1,441.2	1,455.1	1,431.1	1,452.3	1,429.7
Government deposits.....	468.1	668.4	13,914.0	16,983.3	52,805.0	39,331.6
Capital accounts	11,063.8	12,092.9	12,167.1	12,295.7	12,444.5	18,444.5
Reserve revaluation	2,593.4	3,220.9	3,296.1	4,033.3	3,382.0	3,276.8
Unclassified liabilities	21,590.9	22,416.7	4,453.2	80,938.40	98,871.9	92,965.3
Total liabilities.....	71,279.5	117,037.7	66,471.2	161,236.9	231,568.8	242,922.6

Note:

- (1) Reserve requirements were QR11.8 billion (US\$3.2 billion), QR14.6 billion (US\$4.0 billion), QR16.4 billion (US\$4.5 billion), QR21.1 billion (US\$5.8 billion), QR25.4 billion (US\$7.0 billion) and QR28.0 billion (US\$7.7 billion) as of 31 December 2009, 2010, 2011, 2012, 2013 and 31 July 2014 respectively.

Source: QCB

Interest Rates

Prior to 2000, the QCB imposed certain ceilings on the credit and deposit interest rates offered by commercial banks. The QCB removed these restrictions in order to further liberalise the financial sector. However, in April 2011 the QCB introduced a cap on interest rates that can be charged on personal loans of

1.5 per cent. over its benchmark lending rate and 1.0 per cent. per month for credit cards. Otherwise, Qatar's banking system is free from any form of interest rate ceilings.

The QCB utilises three different interest rates: a lending rate, a deposit rate and a reverse repo rate. The lending rate is used for the lending facility through which commercial banks can obtain liquidity from the QCB. The deposit rate is used for the deposit facility through which commercial banks can place deposits with the QCB. Both of these facilities may be rolled over to the next day, when transactions are executed electronically. The reverse repo rate is a pre-determined interest rate set by the QCB for reverse repo transactions entered into between the QCB and commercial banks. The overnight liquidity facility rate is used for overnight lending by the QCB to commercial banks.

Prior to July 2007, the QCB closely tracked the interest rates of the US Federal Reserve as the Qatari riyal is pegged to the US dollar. However, the QCB has not deemed it necessary to reduce interest rates to the same extent, or as quickly, as the US Federal Reserve on the last several occasions that the latter has reduced its interest rates. As of the date of this Prospectus, the QCB deposit rate is 0.75 per cent. (down from 4.0 per cent. in early 2008) and its lending rate is 4.5 per cent., most recently lowered from 5.0 per cent. on 11 August 2011.

Currency

The Qatari riyal has been fixed to the US dollar at a rate of QR3.64 per US dollar since 1980. It is one of the QCB's objectives to keep the riyal stable against the US dollar. As the riyal is pegged to the US dollar, the exchange rate of the riyal against other major currencies fluctuates in line with the movements of the exchange rate of the US dollar against such currencies. Certain countries in the GCC, including Qatar, are considering a unified GCC currency. See "*Overview of Qatar—GCC membership*".

Inflation

Consumer Price Index (the "CPI") inflation in Qatar increased every year from 0.2 per cent. in 2002 to 15.2 per cent. in 2008 with a CAGR of 9.7 per cent. over the period. Qatar witnessed deflation of 4.9 per cent. in 2009 and 2.4 per cent. in 2010, reflecting mainly a decrease in housing costs. Inflation was 1.9 per cent. in 2011, 1.9 per cent. in 2012 and 3.1 per cent. in 2013. The latest available data suggests that inflation has increased to 3.8 per cent. for August 2014 (as compared to August 2013), mainly reflecting increases in rental prices (given that housing costs constitute 32.2 per cent. of the overall inflation rate in Qatar).

The increase in inflation prior to 2009 was primarily accounted for by the rapid and sustained increase in rental prices, as well as an increase in international food and raw material prices. Prior to 2009, the rental component of the CPI was increasing sharply by 19.7 per cent. in 2008 on average, 29.2 per cent. in 2007 and 25.9 per cent. in 2006. In order to address the domestic housing shortage and control housing prices, the Government supported several domestic and residential construction projects. As a result, cost pressure was abated and rental prices stabilised. The housing cost component of CPI fell by 12.0 per cent. in 2009 on average, 12.7 per cent. in 2010, 4.9 per cent. in 2011, and 3.2 per cent. in 2012. The housing cost component of CPI is now recovering and stood at 5.8 per cent. in 2013 and 7.9 per cent. for August 2014 (as compared to August 2013).

The QCB uses various monetary instruments to address price stability. The required reserve ratio for commercial banks was increased by two percentage points to 4.75 per cent. in 2008 in an effort to absorb excess liquidity from the domestic markets. Certificates of deposit for terms of one, three, six and nine months were increased from zero at the end of 2007 to a total of QR8.0 billion (US\$2.2 billion) as at March 2010 and were subsequently reduced to zero in 2011. They have remained at zero until the date of this Prospectus. In addition, the QCB maintained its lending interest rate at 5.5 per cent. from 2007 until April 2011 and its deposit interest rate at 2.0 per cent. from May 2008 until August 2010. The most recent cuts took place in August 2011, wherein rates went down on lending from 5.0 per cent. to 4.5 per cent. and for deposits from 1.0 per cent. to 0.75 per cent. The United States Federal Reserve Bank reduced its benchmark deposit rate on several occasions from 5.25 per cent. in September 2007 to 0.00–0.25 per cent. in December 2008.

The following table sets forth the CPI and annual average percentage change for each of the years indicated, as well as the share represented by each item in the general index.

	Annual Averages												As at August 2014 ⁽¹⁾	
	2009		2010		2011		2012		2013		As at August 2014 ⁽¹⁾			
	% share in index	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%	
Housing	32.2	105.3	(12.0)	91.9	(12.7)	87.4	(4.9)	84.6	(3.2)	89.5	5.8	96.6	7.9	
Food, beverages and tobacco	13.2	121.4	1.2	123.9	2.1	129.4	4.4	134.2	3.7	137.3	2.3	138.3	1.2	
Clothing and Footwear	5.8	106.8	(4.5)	105.2	(1.5)	113.3	7.7	116.5	2.8	116.7	0.2	120.5	2.2	
Furniture, textiles and home appliances.....	8.2	105.6	(1.9)	109.9	4.1	113.1	2.9	118.6	4.9	122.4	3.2	128.9	5.1	
Medical care and services	2.0	106.0	1.7	109.7	3.5	112.6	2.6	114.2	1.4	116.9	2.4	117.1	0.7	
Transport and communications	20.5	104.6	(4.3)	107.2	2.5	114.1	6.4	116.7	2.3	118.3	1.4	122.2	2.5	
Entertainment, recreation and culture	10.9	108.6	(1.2)	111.6	2.8	113.9	2.1	120.7	6.0	129.5	7.3	132.3	1.2	
Miscellaneous goods and services	7.2	120.6	7.3	126.1	4.6	133.4	5.8	139.8	4.8	136.4	(2.4)	136.6	1.6	
General Index.....	100	109.5	(4.9)	106.9	(2.4)	108.9	1.9	111.0	1.9	114.4	3.1	118.9	3.8	

Note:

(1) The percentage change to August 2014 is the year on year change for the period August 2013 to August 2014.

Source: MDPS

Money Supply and Liquidity

Money Supply

Since 2006, the money supply in Qatar has grown steadily, primarily as a result of significant increases in Government spending and an expansion of private sector credit, which has increased more than five times within the period from 2006 to 2014. The expansion in private sector credit occurred despite the Government's implementation of a credit ratio and an increase in reserve requirements designed to moderate such credit expansion.

As of July 2014, the narrow measure of money ("M1"), which comprises currency held by the public and deposits denominated in riyals of the private sector, government and semi-government institutions, increased to QR125.6 billion (US\$34.5 billion), a 16.4 per cent. increase from July 2013. This led to an increase of M1 domestic share in liquidity of 1.7 per cent. in July 2014 compared to July 2013. As of July 2014, currency in circulation increased to QR11.5 billion (US\$3.2 billion) from QR9.4 billion (US\$2.6 billion) in July 2013 and demand deposits increased to QR114.1 billion (US\$31.3 billion) from QR98.5 billion (US\$27.1 billion) from July 2013. As of July 2014, the broad measure of money ("M2"), which comprises M1 plus savings and time deposits denominated in riyals and foreign currency deposits of the private sector, government and semi-government institutions, increased to QR477.6 billion (US\$131.2 billion), an increase of 8.8 per cent. from the end of July 2013. Savings and time deposits increased by 10.1 per cent. from the end of July 2013 to QR214.3 billion (US\$58.9 billion) in July 2014. Foreign currency deposits increased by 1.0 per cent. from QR136.3 billion (US\$37.4 billion) in July 2013 to QR137.7 billion (US\$37.8 billion) in July 2014. Total quasi money represented by savings and time deposits and foreign currency deposits increased to QR351.9 billion (US\$96.7 billion) as of July 2014, a 6.3 per cent. increase from the end of July 2013.

The following table provides an overview of the money supply and sets forth certain liquidity indicators for Qatar as at 31 December 2008 to 31 July 2014.

	Foreign assets: QCB: As at 31 December							31 July 2014
	2008	2009	2010	2011	2012	2013		
	(QR in millions, except as otherwise noted)							
Assets ⁽¹⁾	35,808.1	68,570.1	113,611.4	61,152.8	120,696.6	153,482.5	156,741.4	
Liabilities	(18.4)	(1,451.9)	(1,441.2)	(1,455.1)	(1,431.1)	(1,452.3)	(1,429.7)	
QCB foreign assets (net)	35,789.7	67,118.2	112,170.2	59,697.7	119,265.5	152,030.2	155,311.7	
Commercial banks:								

**Foreign assets:
QCB:
As at 31 December**

	2008	2009	2010	2011	2012	2013	31 July 2014
Assets.....	99,168.5	88,494.7	91,124.8	119,439.4	128,484.6	163,312.4	182,498.5
Liabilities.....	(86,089.2)	(108,459.9)	(139,309.3)	(161,532.0)	(224,547.4)	(208,689.9)	(205,710.3)
Commercial bank foreign assets (net).....	13,079.3	(19,965.2)	(48,184.5)	(42,092.6)	(96,062.8)	(45,377.5)	(23,211.8)
Foreign assets (net).....	48,869.0	47,153.0	63,985.7	17,605.1	23,202.7	106,652.7	132,099.9
Domestic assets:							
Claims on Government:							
Claims ⁽²⁾	18,169.2	62,738.2	75,003.6	145,785.8	164,291.2	181,784.8	159,423.3
Deposits ⁽³⁾	(20,428.6)	(15,879.6)	(19,154.2)	(54,738.6)	(61,428.0)	(121,099.0)	(116,661.5)
Claims on Government (net).....	(2,259.4)	46,858.6	55,849.4	91,047.2	102,863.2	60,685.8	42,761.8
Domestic credit: Claims on public enterprises ⁽⁴⁾							
Claims on private sector ⁽⁵⁾	47,383.5	39,734.8	66,754.9	108,212.2	166,807.5	183,195.5	174,130.4
Total domestic credit.....	219,822.9	224,304.7	270,956.5	352,330.2	441,581.6	492,630.1	507,884.8
Other items (net).....	(82,427.4)	(103,234.5)	(126,075.8)	(151,016.7)	(186,594.3)	(204,253.7)	(205,185.2)
Domestic assets (net).....	135,136.1	167,928.8	200,730.1	292,360.7	357,850.5	349,062.2	345,461.5
Broad money:							
Money (M1):							
Currency in circulation.....	5,368.2	5,653.0	6,094.9	7,013.2	8,161.4	9,204.6	11,527.8
Demand deposits.....	45,501.3	47,463.3	62,241.9	74,833.7	82,777.8	96,726.7	114,089.0
Total money.....	50,869.5	53,116.3	68,336.8	81,847.0	90,939.2	105,931.3	125,616.8
Quasi-money:							
Savings and time deposits.....	85,676.2	133,192.6	166,994.8	168,866.4	180,693.8	208,225.5	214,261.7
Foreign currency deposits.....	47,459.4	28,772.9	29,384.2	59,252.4	109,402.2	141,558.1	137,682.9
Total quasi-money.....	133,135.6	161,965.5	196,379.0	228,118.8	290,114.0	349,783.6	351,944.6
Total broad money (M2).....	184,005.1	215,081.8	264,715.8	309,965.8	381,053.2	455,714.9	477,561.4
Change (%) ⁽⁶⁾ :							
Foreign assets (net).....	(20.5)	(3.5)	35.7	(72.5)	31.8	359.7	144.9
Domestic assets (net).....	46.4	24.3	19.5	45.6	25.3	(2.5)	(10.2)
Total broad money.....	19.7	16.9	23.1	17.1	22.9	19.6	8.8
Velocity of broad money							
(to total nominal GDP).....	2.3	1.7	1.7	2.0	1.8	1.6	—
Velocity of broad money (to non-oil and gas nominal GDP).....	1.0	0.9	0.8	0.8	0.8	0.7	—

Notes:

- (1) Excludes the QCB's foreign currency deposits with local commercial banks.
- (2) Includes Government borrowing on behalf of public enterprises in 2001.
- (3) Includes foreign and local currency deposits.
- (4) Non-financial sector enterprises with some Government ownership.
- (5) Includes financial securities.
- (6) The percentage change in July 2014 is the year on year change for the period July 2013 to July 2014.

Source: QCB and MDPS

Liquidity

The QCB, on behalf of the Government, issues bonds, sukuk and T-bills to absorb domestic liquidity. The QCB has issued a number of domestic bonds since 1999. The Government had a total of QR155.4 billion (US\$42.7 billion) of domestic bonds, sukuk and T-bills outstanding as at 30 September 2014, according to Bloomberg. As at 30 September 2014, Government domestic issuance included: T-bills denominated in local currency each month, with QR21.0 billion (US\$5.8 billion) outstanding; QR34.6 billion (US\$9.5 billion) in sukuk; and QR47.4 billion (US\$13.0 billion) in Government long-term bonds, according to Bloomberg. Additionally, the Government has also issued QR52.4 billion (US\$14.4 billion) in US\$-denominated long-term bonds as at 30 September 2014, according to Bloomberg.

Banking System

Commercial Banks (Outside the QFC)

Commercial banks in Qatar consist of six locally owned conventional banks (including QNB, which is 50.0 per cent. Government owned), four Islamic banks that operate according to Islamic Shari'a principles (including the prohibition on the charging of interest on loans), seven branches of foreign banks and one specialised bank.

The conventional local banks in Qatar are QNB, Commercialbank, Doha Bank, IBQ, Al Khaliji and Ahli Bank. The conventional banks accounted for 69.6 per cent. of total banking sector assets as at 31 July 2014.

The Islamic banks in Qatar are Qatar Islamic Bank, International Islamic (“**QIIB**”), Masraf Al Rayan, and Barwa Bank. The Islamic banks account for 25.1 per cent. of market share by total assets as at 31 July 2014.

The seven foreign banks present in Qatar had a total of QR44.2 billion (US\$12.1 billion) in total assets as at 31 July 2013, equivalent to 4.7 per cent. of the total banking sector. The foreign banks in Qatar are Arab Bank, Bank Saderat Iran, BNP Paribas, HSBC, Mashreq Bank, Standard Chartered, United Bank Limited. HSBC is the largest among the foreign banks in Qatar, accounting for 2.6 per cent. of total banking sector assets at the end of 2012, which equated to 54.4 per cent. of foreign bank total assets at the time.

One state-owned specialised bank, Qatar Development Bank, accounts for the remaining 0.6 per cent. of the total banking sector.

Commercial banks are the primary financial institutions in Qatar, receiving deposits and providing credit and investment services, as well as foreign exchange and clearance services. The deposits made in Qatar’s commercial banks are not insured as there is no deposit insurance scheme in Qatar.

In June 2014, ratings agency Moody’s Investors Service issued a review report of the commercial banks in Qatar and gave the banking sector a “Stable” outlook, which has remained unchanged since 2010. The Moody’s Investors Service report highlights Qatar’s ability to “sustain banks’ robust financial metrics – primarily strong earnings, sound capital buffers and low levels of non-performing loans (NPLs)”, through its strong economic environment. It says it expects Qatar’s real GDP to expand by 6.0 per cent. in 2014, as “elevated public spending will boost the non-hydrocarbon sector (up to 11 per cent.) and offset flat liquefied natural gas output. It is expected that vast Government spending will boost banks’ business opportunities and lead to lending growth of between 15 per cent. to 20 per cent”. That said, it acknowledges that “banks’ asset quality will remain exposed to event risk over the outlook period because of (1) high borrower concentrations; (2) limited transparency surrounding local conglomerates; (3) the challenge of upholding prudent underwriting and risk management processes and procedures amidst rapid credit expansion; and (4) moral hazard created by past government interventions.”

Moody’s Investors Service expects non-performing loan levels to remain relatively stable at around 1.5 to 2.0 per cent. of gross loans over the next 12 to 18 months, supported by Qatar’s strong operating environment, evolving prudential regulation and the sizeable proportion of government-related loans (accounting for 42 per cent. of the total loan book).

The QCB requires commercial banks to maintain a total minimum capital adequacy ratio (“**CAR**”) of 12.5 per cent. in accordance with the new QCB Basel III requirements (previously 10.0 per cent. under Basel II). QCB issued a circular in January 2014 introducing new requirements in accordance with Basel III recommendations. Historically, commercial banks have complied with QCB capital adequacy requirements and, at the end of 2013, the average CAR of the sector was 16.0 per cent. compared with 18.9 in 2012, 20.6 per cent. in 2011, 16.1 per cent. in 2010, 16.1 per cent. in 2009 and, 15.5 per cent. in 2008. At the end of 2013, Tier 1 average CAR for all banks was 15.3 compared to 18.2 per cent. in 2012, 19.9 per cent. in 2011, 15.0 per cent. in 2010, 15.0 per cent. in 2009 and 15.1 per cent. in 2008. As a result of challenging economic conditions, in May 2009, the QCB amended its methods for calculating its capital adequacy ratio. See “*Risk Factors—QNB may be subject to increased capital requirements or standards due to new governmental or regulatory requirements and changes in perceived levels of adequate capitalisation, and may also need additional capital in the future due to worsening economic conditions*”. Currently, Qatar’s commercial banks are compliant with Basel II pillar I and as of January 2014, the QCB instructed all commercial banks in Qatar to comply with QCB Basel III requirements.

The State has provided financial support to Qatar’s financial sector as a response to the recent global economic downturn and as a preventative measure to preserve the general stability into Qatar’s banking sector. In late 2008 and early 2009, the QIA began making direct capital injections in Qatar’s commercial banking sector through a plan to purchase equity ownership interests of up to 20.0 per cent. in all domestic banks listed on the QE but excluding QNB. In January 2009, the QIA acquired 5.0 per cent. of the shares of Qatar Islamic Bank for QR956 million (US\$263 million), 5.0 per cent. of the shares of Commercial Bank of Qatar for approximately QR807 million (US\$221.7 million), 5.0 per cent. of the shares of Qatar International Islamic Bank for QR464 million (US\$127.5 million), 5.0 per cent. of the shares of Ahli Bank for QR161 million (US\$44.2 million), and 5.0 per cent. of the shares of Doha Bank for QR369 million (US\$101.4

million). In February 2009, the QIA acquired 20.0 per cent. of the shares of First Finance Company for QR257 million (US\$70.6 million). No shares in QNB were issued to the QIA. These capital injections were based on the share price of the relevant bank as of 12 October 2008. In addition, the shareholders of Masraf Al Rayan have approved a share capital increase to be issued to the QIA, and the shareholders of Al Khaliji Bank have approved a share capital increase of up to 20.0 per cent. to be issued to the QIA. The QIA implemented procedures to acquire an additional 5.0 per cent. stake in the capital of Qatari banks consistent with the above-mentioned plan to purchase equity ownership interests of up to 20.0 per cent. in domestic commercial banks. In late 2009 and early 2010, the QIA purchased approximately QR2.7 billion (US\$741.7 million) worth of shares in local banks, representing the fourth support package extended by the Government in line with the 2008/2009 plan referenced above. In December 2009, the QIA acquired shares of Commercial Bank of Qatar for QR807 million (US\$221.7 million), increasing its shareholding to 9.1 per cent.

In addition, on 9 March 2009, the Government declared that, in order to further support Qatar's banking sector, the Government would purchase a portion of the investment portfolios of seven of the nine domestic banks listed on the QE (including QNB). These purchases were completed on 22 March 2009 at a total purchase price of approximately QR6.5 billion (US\$1.8 billion) paid through a combination of cash and domestic Government bonds. This purchase price was equal to the net book value of such investment portfolios as registered in the records of each bank as of 28 February 2009. QNB benefited from this Government intervention, receiving a significant proportion of the support by reference to its market share of bank exposure to listed equities in Qatar by selling its investment portfolio of QE-listed equity securities to the Government.

In an effort to further boost liquidity and encourage lending, in early June 2009, the State offered to buy a portion of the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QR15.5 billion (US\$4.3 billion). QNB participated in the real estate portfolio purchase programme offered by the Government and sold a portion of its real estate portfolio to the Government by reference to its market share of bank exposure to real estate in Qatar. See *"Business Description of the QNB Group—Competitive Strengths—Strong Qatari Government Support"*.

The amount of credit extended by commercial banks to the private sector grew at a CAGR of 13.4 per cent. from QR177.5 billion (US\$48.8 billion) at the end of 2009 to QR293.3 billion (US\$80.6 billion) at the end of 2013. As at 31 July 2014, consumer credit accounted for 28.4 per cent. of total private sector credit extended by commercial banks, while credit extended to other sectors amounted to: real estate, 27.1 per cent.; general trade, 12.3 per cent.; services, 18.3 per cent.; and other sectors, 13.9 per cent. In the year to July 2014, the amount of consumer credit increased by 15.6 per cent., credit extended to the real estate sector increased by 6.4 per cent., credit for general trade increased by 15.5 per cent. and credit to the services sector increased by 19.5 per cent.

The level of "non-performing" loans of all commercial banks in Qatar decreased from 1.5 per cent. in 2007 to 1.2 per cent. in 2008. The level of "non-performing" loans of all commercial banks increased slightly in 2009 and 2010, to 1.7 per cent. and 2.0 per cent. respectively and then fell to 1.7 per cent. in 2011 and 2012, and then increased to 1.9 per cent. in 2013. Under QCB regulations, non-performing loans are defined as those loans that meet one of the following conditions for at least three months: (i) the borrower is not able to meet its loan repayments and the loan is past due; (ii) other credit facilities of that borrower are past due; (iii) the existing credit limits granted to that borrower for its other credit facilities are not renewed; or (iv) a borrower exceeds its agreed credit limit by 10.0 per cent. or more without prior authorisation. Commercial banks in Qatar categorise non-performing loans into three groups: sub-standard, doubtful and bad. Sub-standard loans are those that have not performed for three or more months, doubtful loans are those that have not performed for six or more months, and bad loans are those that have not performed for nine or more months.

The following table summarises the capital adequacy ratio and the ratio of non-performing loans to total loans for the banking system as at 31 December 2009 to 31 December 2013.

	As at 31 December				
	2009	2010	2011	2012	2013
Capital Adequacy ratio (%)	16.1	16.1	20.6	18.9	16.0
Non-performing loans/total loans (%).....	1.7	2.0	1.7	1.7	1.9

Source: QCB

The following table sets out the distribution of commercial bank credit facilities as at 31 December 2009 to 31 July 2014.

	As at 31 December					31 July
	2009	2010	2011	2012	2013	2014
	(QR in millions)					
Public Sector:						
Government	34,722.4	36,303.1	40,801.2	51,745.9	56,549.4	55,506.5
Government institution	26,265.9	50,452.2	90,618.9	139,585.1	152,516.4	138,757.9
Semi government institutions. ...	13,468.9	16,302.7	17,750.3	27,222.4	30,679.1	35,372.5
Total public sector loans	74,457.2	103,058.0	149,170.4	218,553.4	239,744.9	229,636.9
Private sector:						
General trade	24,685.8	24,875.2	26,855.3	33,238.2	35,951.5	39,027.6
Industry.....	5,525.7	6,648.2	6,534.0	8,664.7	9,768.9	10,126.7
Contractors	12,987.9	18,410.6	16,219.9	16,546.4	23,331.4	26,738.5
Real estate.....	40,430.9	51,041.8	76,220.4	85,561.5	85,388.2	85,832.4
Consumption.....	53,235.6	56,735.1	67,975.3	71,046.4	80,239.5	89,942.5
Services.....	31,171.7	29,541.1	29,709.0	35,734.4	51,869.9	58,180.6
Other.....	9,421.1	3,610.0	4,010.9	7,540.7	6,780.8	7,214.0
Total private sector loans.....	177,458.7	190,862.0	227,524.8	258,332.3	293,330.2	317,062.3
Total domestic loans	251,915.9	293,920.0	376,695.2	476,885.7	533,075.1	546,699.3
Loans outside Qatar	18,561.6	20,560.5	26,867.3	31,742.6	42,319.2	57,469.1
Total loans	270,477.5	314,480.5	403,562.5	508,628.3	575,394.3	604,168.3

Source: QCB

Total commercial bank deposits grew at a CAGR of 22.1 per cent. from QR246.9 billion (US\$67.8 billion) at the end of 2009 to QR548.4 billion (US\$150.7 billion) at the end of 2013. As at July 2014 deposits had increased to QR575.4 billion (US\$158.1 billion), accounting for 61.2 per cent. of total commercial bank liabilities. Private sector deposits grew at a CAGR of 16.1 per cent. from 2009 to 2013 compared with 39.7 per cent. for public sector deposits. As at 31 July 2014, demand deposits accounted for 27.4 per cent. of total deposits, and time and savings deposits for 67.1 per cent. (the remaining 5.6 per cent. are the deposits of non-residents and are not classified according to their term). A total of 62.4 per cent. of deposits are local currency deposits and 32.0 per cent. are foreign currency (the remaining 5.6 per cent. are the deposits of non-residents and are not classified according to their currency).

The following table sets out the breakdown of commercial bank deposits as at 31 December 2009 to 31 July 2014.

	As at 31 December					31 July
	2009	2010	2011	2012	2013	2014
	(QR in millions)					
Public Sector:						
By term and currency:						
In Qatari Riyal						
Demand deposits.....	10,331.4	13,877.7	19,274.6	19,366.2	17,649.0	22,902.6
Time deposits.....	38,340.5	41,875.4	47,655.1	53,060.3	68,630.7	68,018.3
In foreign currencies						
Demand deposits.....	12,005.7	10,086.2	25,101.1	18,522.3	18,538.0	22,281.9
Time deposits.....	7,500.1	6,231.9	33,844.8	89,780.3	125,313.2	119,926.6

	As at 31 December					31 July
	2009	2010	2011	2012	2013	2014
By sector:						
Government	15,411.5	18,485.8	40,824.6	44,444.7	68,294.0	77,329.9
Government institutions.....	32,917.7	32,276.5	57,350.9	104,378.1	124,389.7	127,155.2
Semi government institutions	19,848.5	21,308.9	27,700.1	31,906.3	37,447.2	28,644.3
Total public sector deposits	68,177.7	72,071.2	125,875.6	180,729.1	230,130.9	233,129.4
Private sector:						
By term and currency:						
In Qatari Riyal						
Demand deposits.....	39,220.5	51,793.1	61,926.2	69,010.7	83,303.1	96,228.6
Time deposits.....	103,078.9	137,392.9	131,942.2	142,011.2	161,526.9	171,866.9
In foreign currencies						
Demand deposits.....	7,213.6	10,024.3	11,823.2	10,561.2	14,386.9	16,070.9
Time deposits.....	7,149.6	5,825.2	12,210.0	15,024.3	25,456.5	26,067.7
By sector:						
Personal	70,231.3	90,828.1	103,093.1	116,257.2	145,840.6	159,919.7
Companies and institutions.....	86,431.3	114,207.4	114,808.5	120,350.2	138,832.8	150,314.4
Total private sector deposits	156,662.6	205,035.5	217,901.6	236,607.4	284,673.4	310,234.1
Total deposits:						
By currency:						
In Qatari Riyal	190,971.3	244,939.1	260,798.1	283,448.4	331,109.7	359,016.4
In foreign currencies	33,869.0	32,167.6	82,979.1	133,888.1	183,694.6	184,347.1
By term:						
Total demand deposits	68,771.2	85,781.3	118,125.1	117,460.4	133,877.0	157,484.0
Total time deposits.....	156,069.1	191,325.4	225,652.1	299,876.1	380,927.3	385,879.5
Non-resident deposits	22,021.5	29,680.8	19,835.2	40,729.1	33,579.5	32,081.0
Total deposits	246,861.8	306,787.5	363,612.4	458,065.6	548,383.8	575,444.5

Source: QCB

The total assets of commercial banks grew at a CAGR of 18.1 per cent. from 2009 to 2013. Domestic credit is the largest component of total assets and grew at a CAGR of 20.6 per cent. from 2009 to 2013. This strong credit growth spanned the private and public sectors and was driven by rapid economic growth, increasing private consumption and large allocations in government spending for major development projects.

From 2008 to 2010, there was a near fivefold increase in the commercial bank reserves held with the QCB (Balances with QCB). This was one result of an increase in the reserve requirement with QCB from 2.75 per cent. to 4.75 per cent. in April 2008. The increase was designed to absorb the excess liquidity in the banking system. The increase in the domestic investments of commercial banks has grown at a CAGR of 36.9 per cent. from the end of 2009 to the end of 2013. Domestic investments have decreased by 7.2 per cent. in the twelve months to July 2014, to QR130.6 billion (US\$35.9 billion) in July 2014. Correspondingly, their share of total assets decreased from 16.1 per cent. at the end of 2013 to 13.9 per cent. at the end of July 2014.

The following table sets forth the consolidated balance sheets of Qatari commercial banks as at 31 December 2009 to 31 July 2014.

	As at 31 December					As at
	2009	2010	2011	2012	2013	31 July
						2014
	(QR in millions)					
Assets: Reserves Cash	1,538.4	1,879.4	2,079.1	2,814.3	3,135.8	3,834.6
Balances with QCB	38,361.3	83,578.5	21,802.1	34,264.0	31,388.1	41,848.7
Foreign assets: Cash	262.5	403.4	1,212.0	1,140.4	1,244.4	2,568.4
Claims on foreign banks	43,712.7	41,781.8	59,836.3	68,814.1	68,552.9	67,286.7
Foreign credit.....	18,561.6	20,560.5	26,867.3	31,742.6	42,319.2	57,469.1
Foreign investments	25,957.9	28,379.1	31,523.8	26,748.5	50,918.1	55,015.1
Foreign Fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Assets:						
Due from Banks in Qatar .	35,323.4	27,999.1	38,656.4	27,433.9	16,777.6	18,172.9

	As at 31 December					As at
	2009	2010	2011	2012	2013	31 July 2014
Domestic Credit.....	251,915.9	293,920.0	376,695.2	476,885.7	533,075.1	546,699.3
Domestic Investments	41,844.4	56,174.7	121,567.2	133,936.1	146,892.2	130,617.1
Domestic Fixed Assets	3,372.3	4,082.3	4,196.6	3,885.9	3,913.9	4,464.8
Other Assets.....	7,048.7	8,723.4	9,864.5	8,928.8	11,576.4	12,552.7
Total assets	467,899.1	567,482.2	694,300.5	816,633.3	866,614.7	940,688.5
Liabilities:						
Foreign Liabilities:						
Non-resident deposits	22,021.5	29,680.8	19,835.2	40,729.1	33,579.5	32,081.0
Due to foreign banks	79,208.1	97,103.4	133,276.7	144,770.7	120,701.1	123,011.7
Debt securities	7,230.3	12,525.1	8,420.1	31,754.7	45,603.6	43,206.1
Domestic Liabilities: Resident						
deposits.....	224,840.3	277,106.7	343,777.2	417,336.5	514,804.3	543,363.5
Due to domestic banks.....	32,606.4	23,419.9	32,246.4	22,926.0	15,471.0	18,284.5
Due to QCB	2,719.1	3,413.2	4,910.3	2,170.4	4,600.4	418.3
Debt securities	300.0	115.0	7,541.3	1,113.9	1,289.6	1,300.2
Margins.....	1,881.6	1,047.8	1,096.2	914.7	1,337.8	1,387.0
Capital accounts.....	53,801.7	62,793.1	87,744.6	102,458.1	110,931.2	118,955.4
Provisions	5,864.6	7,315.8	8,162.0	8,038.1	9,929.4	10,702.0
Unclassified liabilities	37,425.5	52,961.4	47,290.5	37,128.2	43,017.9	40,567.2
Total liabilities	467,899.1	567,482.2	694,300.5	816,633.3	910,071.5	940,688.5

Source: QCB

TAXATION

The following is a general description of certain Cayman Islands, Qatari and EU tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

The Cayman Islands

Under existing Cayman Islands laws, payments on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

There are no income, corporation, capital gains or other taxes in effect in the Cayman Islands on the basis of present legislation. The Issuer has obtained an undertaking from the Governor-in-Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, that for a period of 20 years from 2 November 2010 no law which is enacted in the Cayman Islands imposing any tax to be levied on profit, income, gains or appreciation shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which would include the Notes) of the Issuer or by way of the withholding in whole or in part of any relevant payment (as defined in the Tax Concessions Law (1999 Revision)). No capital, or stamp duties are levied in the Cayman Islands on the issue or redemption of Notes. Notes issued in bearer form are themselves stampable if executed in or brought into the Cayman Islands. An instrument of transfer in respect of a Note may be stampable if executed in or brought to the Cayman Islands. An annual registration fee is payable by the Issuer to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately US\$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

Qatar

The following is a summary of the principal Qatari tax consequences of ownership of the Notes by beneficial owners who or which are not incorporated in or residents of Qatar for Qatari tax purposes and do not conduct business activities in Qatar (“Non-Qatari Holders”). This summary of taxation in Qatar is based upon (i) the tax law of Qatar, (ii) the Executive Regulations thereunder and (iii) the practice that has been adopted and is applied by the Income Tax Department of the Ministry of Finance, each as in effect on the date of this Prospectus. The views expressed in this summary are subject to any subsequent change in Qatari law, regulations and practice that may come into effect as of such date.

Under current Qatari law, taxes are levied on a taxpayer's income arising from activities in Qatar. However, payments made by the Issuer or the Guarantor to Non-Qatari Holders will not be subject to Qatari income taxes because such income tax does not apply to payments under the Notes and the Agency Agreement made to Non-Qatari Holders.

The Income Tax Law and the Executive Regulations of the Income Tax Law issued in June 2011 provide that any payment of interest and fees made in relation to bonds issued by a Qatari corporate entity will be subject to withholding tax, which will include the Issuer as an entity managed from Qatar and therefore considered as tax resident in Qatar. However, the Executive Regulations provide for certain exemptions to such application of withholding tax. Paragraph 2 of Article 21.4 of the Executive Regulations provides that: “interest on bonds and securities issued by the State and public authorities, establishments and corporations owned wholly or partly by the State” shall not be subject to withholding tax. As the Issuer and the Guarantor are presently partly owned by the State of Qatar, they will be exempt from the requirement to withhold tax. If the Issuer and/or the Guarantor cease to be partly owned by the State of Qatar the exemption at Paragraph 2 of Article 21.4 of the Executive Regulations will cease to apply. However, in such event the Issuer has agreed, and to the extent that the Guarantor may be called upon to perform its obligations under the Deed of Guarantee, the Guarantor has agreed, that all payments of principal and interest in respect of the Notes and/or the Deed of

Guarantee will be made free and clear of withholding taxes payable in Qatar and the Issuer or QNB, as the case may be, will be required to pay additional amounts in respect of any such withholding or deduction imposed by or on behalf of Qatar in certain circumstances. See “*Terms and Conditions of the Notes—Taxation*”.

Non-Qatari Holders will not be subject to tax in Qatar on any capital gains derived from a sale of Notes. Under current Qatari law, no Qatari stamp duty will be imposed on Non-Qatari Holders either upon the issuance of the Notes or upon a subsequent transfer of Notes.

PRC

According to the PRC Enterprise Income Tax Law and the relevant implementation rules, PRC income tax is not applicable to or payable in respect of interest income borne and paid by an enterprise, organisation or establishment located outside the PRC (a “**non-PRC resident enterprise**”). However, pursuant to the PRC Individual Income Tax Law and the relevant implementation rules, it remains uncertain as to whether non-PRC resident individuals are subject to the PRC income tax in respect of the interest income earned in relation to the Notes (“**Note-related Interest Income**”). If the PRC tax authority deems the Note-related Interest Income of the non-PRC resident individuals as income sourced within the PRC referred to in Regulations on the Implementation of the PRC Individual Income Tax Law, such Noteholders may be subject to a 20 per cent. individual income tax, unless otherwise provided in preferential taxation policies under special taxation arrangements.

According to the arrangement for avoidance of double taxation between the PRC and Hong Kong, both Hong Kong resident enterprises and Hong Kong resident individuals will not be subject to PRC income tax in respect of revenues earned from the sale or exchange of the Notes (“**Note-related Revenues**”). However, pursuant to the PRC Enterprise Income Tax Law and the PRC Individual Income Tax Law and the relevant implementation rules, it remains uncertain as to whether other non-PRC resident Noteholders shall be subject to PRC income tax in respect of Note-related Revenues. If the PRC tax authority deems the Note-related Revenues of the non-PRC residents as income sourced within the PRC, the non-PRC resident Noteholders (other than Hong Kong residents) may be subject to a 10 per cent. enterprise income tax (for non-PRC resident enterprises), or a 20 per cent. individual income tax (for non-PRC resident individuals), respectively, unless otherwise provided in other preferential taxation policies under special taxation arrangements.

Hong Kong

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “Inland Revenue Ordinance”) as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) interest on the Notes is derived from Hong Kong and is received by or accrues to a company (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or

- (c) interest on the Notes is derived from Hong Kong and is received by or accrues to a person (other than a company) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong or from the sale, disposal and redemption of the Notes will be subject to Hong Kong profits tax.

Stamp duty

No stamp duty is payable on the issue or transfer of the Notes.

EU Directive on the Taxation of Savings Income

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

A number of third countries and territories including Switzerland have adopted similar measures to the Savings Directive.

The Council of the European Union has adopted a Directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State

or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Notwithstanding the Commission's Proposal, a joint statement issued in May 2014 by the participating Member States (other than Slovenia) indicated an intention to implement the FTT progressively, such that it would initially apply to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available. The FTT, as initially implemented on this basis, may not apply to dealings in Notes.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime began 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have announced their intention to negotiate and has recently concluded several intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The U.S. Treasury has entered into an intergovernmental agreement with the Cayman Islands (as discussed below).

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from profit, principal or other payments made in respect of the Notes, neither the Issuer, the Guarantor, any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any paying agent and the Common Depository, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes.

The documentation in respect of the Notes expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances.

The Cayman Islands have entered into a Model 1 intergovernmental agreement (the “**US IGA**”) with the United States and have entered into a similar intergovernmental agreement (the “**UK IGA**”) with the United Kingdom (together with the US IGA, the “**IGAs**”). The Issuer will be required to comply with the Cayman Islands Tax Information Authority Law (2013 Revision)(as amended) together with regulations and guidance notes made pursuant to such Law (the “**Cayman FATCA Legislation**”) that give effect to the IGAs. To the extent the Issuer cannot be treated as a Non-Reporting Cayman Islands Financial Institution (as defined in the IGAs) by taking advantage of one of the categories set out in Annex II to the IGAs (for example by being a Sponsored Investment Entity (as defined in the IGAs)), the Issuer will be a “Reporting Cayman Islands Financial Institution” (as defined in the IGAs). As such, the Issuer is required to register with the IRS to obtain a Global Intermediary Identification Number (for the purposes of the US IGA only) and to report to the Cayman Islands Tax Information Authority any payments made to (i) Specified US Persons with respect to US Reportable Accounts and (ii) Specified UK Persons with respect to UK Reportable Accounts (each such term as defined in the relevant IGA). The Cayman Islands Tax Information Authority will exchange such information with the IRS or HMRC as the case may be under the terms of the relevant IGA. Under the terms of the US IGA, withholding will not be imposed on payments made to the Issuer unless the IRS has specifically listed the Issuer as a non-participating financial institution, or on payments made by the Issuer to the Noteholders unless the Issuer has otherwise assumed responsibility for withholding under United States tax law.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 17 November 2014 (the “**Dealer Agreement**”) between the Issuer, the Guarantor, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for their expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Fiscal and Principal Paying Agent or the Issuer by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal and Principal Paying Agent or the Issuer shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the

public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make any offer or invitation to the public in the Cayman Islands to subscribe for any Notes.

Qatar

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Notes in Qatar (including the Qatar Financial Centre), except:

- (i) in compliance with all applicable laws and regulations of Qatar (including the Qatar Financial Centre); and
- (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (i) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (“**DFSA**”); and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

UAE (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes, except on a private placement basis to persons in Bahrain who are “accredited investors”.

For this purpose, an “accredited investor” means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of US\$1,000,000 or more;
- (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than US\$1,000,000; or
- (iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the “**Offer of Securities Regulations**” as issued by the Board of the Saudi Arabian Capital Market Authority (“**CMA**”) resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the CMA resolution number 1-28-2008 dated 18 August 2008 (the “**KSA Regulations**”), through a person authorised by the CMA to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The offer of Notes shall not therefore constitute a “**public offer**” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Notes are offered or sold to a “sophisticated investor” (as

defined in Article 10 of the KSA Regulations); (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

PRC

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

General

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed (and each further Dealer appointed will be required to agree) that it shall comply, to the best of its knowledge, with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms therefore in all cases at its own expense and neither the Issuer, the Guarantor nor any other Dealer shall have responsibility therefor.

Other persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Guarantor and its subsidiaries in the ordinary course of business for which they have and/or will receive fees and expenses.

GENERAL INFORMATION

- (1) The listing of the Notes (other than PD Exempt Instruments) on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes (other than PD Exempt Instruments) which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or around 20 November 2014. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the Market will normally be effected for delivery on the third working day after the day of the transaction. The total expenses related to the admission to trading of the Notes (other than PD Exempt Instruments) are estimated to be approximately £2,975.
- (2) In the case of PD Exempt Instruments, the relevant Notes will not be listed and/or admitted to trading on the Market or any other Regulated Market, and the applicable Pricing Supplement will state whether or not the relevant Notes will be listed and/or admitted to trading on an unregulated market.
- (3) Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the update of the Programme and the Guarantee. The update of the Programme was authorised by a resolution of the board of directors of the Issuer and passed on 5 November 2014. The giving of the Guarantee by the Guarantor was authorised by a resolution of the board of directors of the Guarantor and passed on 22 August 2011 and the update of the Programme was authorised by a resolution of the board of directors of the Guarantor and passed on 14 July 2014.
- (4) There has been no significant change in the financial or trading position of the Issuer since 30 September 2014 and there has been no significant change in the financial or trading position of the Guarantor or of the QNB Group since 30 September 2014. There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2013 and there has been no material adverse change in the financial position or prospects of the Guarantor or of the QNB Group since 31 December 2013.
- (5) There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Guarantor or the QNB Group.
- (6) Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (7) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (8) There are no material contracts entered into other than in the ordinary course of the Issuer's or the Guarantor's business, which could result in any member of the QNB Group being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its obligations to Noteholders in respect of the Notes being issued.

- (9) Where information in this Prospectus has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (10) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (11) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Issuer and at the specified office of the Fiscal and Principal Paying Agent:
- (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
 - (ii) the Deed of Covenant;
 - (iii) the Deed of Guarantee;
 - (iv) the Articles of Association of the Issuer and the Guarantor (with an English translation thereof);
 - (v) the audited consolidated financial statements of the Guarantor and the Issuer for the years ended 31 December 2013 and 31 December 2012 (with an English translation thereof), in each case, together with the audit reports prepared in connection therewith, and the unaudited condensed consolidated interim financial information of the Guarantor and the Issuer as at and for the nine month period ended 30 September 2014, together with the auditor's review report prepared in connection therewith;
 - (vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal and Principal Paying Agent as to its holding of Notes and identity);
 - (vii) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus; and
 - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

- (12) Copies of the latest audited consolidated financial statements of the Guarantor and the Issuer and the latest interim consolidated financial statements of the Guarantor and the Issuer may be obtained, and copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (13) The auditors of the Issuer and the Guarantor are Ernst & Young.

Ernst & Young of Al Gassar Tower, 24th Floor, Majlis Al Taawon Street, P.O. Box 164, West Bay, Doha, Qatar and registered under Ministry of Business and Trade licence number 4 appearing in the

public register of approved auditing firms held by the Accounts Auditors section at the Ministry of Business and Trade, were appointed as auditors of the Issuer and the Guarantor on 30 January 2013.

Registered Office of the Issuer
QNB Finance Ltd

c/o Maples Corporate Services Limited
P.O. Box 309, Uglund House
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Cayman Islands

Registered Office of the Guarantor
Qatar National Bank S.A.Q.

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Arrangers

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United Kingdom

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State of Qatar

Dealers

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QNB Capital LLC

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Doha
State of Qatar

Standard Chartered Bank

P.O. Box 999
Dubai
United Arab Emirates

The Royal Bank of Scotland plc

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Fiscal Agent, Principal Paying Agent, Transfer Agent and Calculation Agent

The Bank of New York Mellon, acting through its London Branch

One Canada Square
London E14 5AL
United Kingdom

Registrar

The Bank of New York Mellon (Luxembourg) S.A.

Vertigo Building
Polaris
2-4 rue Eugène Ruppert
L-2453
Luxembourg

Auditors

Ernst & Young
Al Gassar Tower, 24th Floor
Majlis Al Taawon Street
P.O. Box 164
West Bay, Doha
State of Qatar

Legal Advisers

To the Issuer

in respect of Cayman Island law

Maples and Calder
The Exchange Building, Level 5
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Dubai
United Arab Emirates

To the Guarantors

in respect of English law

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P.O. Box 506698
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United Arab Emirates

To the Dealers

in respect of English law

Linklaters LLP
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in respect of Qatari law

Simmons & Simmons Middle East LLP
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