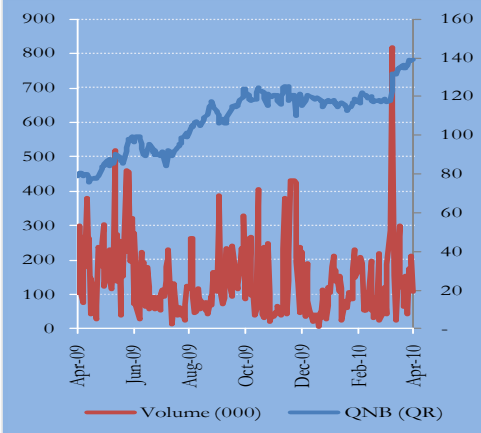
Qatar National Bank – 1Q2010 Review

Market Data	
Bloomberg:	QNBK QD
Reuters:	QNBK.QA
CMP (11 April 2010):	QR139.90
O/S (mn):	391.5
Market Cap (QR mn):	54,765
Market Cap (US$ mn):	15,033
Price/EPS 2010e (x):	11.8
Price/BV 2010e (x):	2.7

Price Performance	1-Yr
High (QR):	139.90
Low (QR):	75.85
Average Volume (000):	143.1

Share Price Performance



*Source: Zawya & **Global** Research*

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- **Qatar National Bank (QNB)** announced 1Q2010 results. The bank recorded a net income of QR1,266mn (EPS: QR3.2) in 1Q2010,exceeding our estimates of QR1,108mn for the period. The actual earnings were up by 25% YoY from 1Q2009 level of QR1,010mn (EPS: QR2.6), and up by 19.3% QoQ.

- Net interest income (excluding net Islamic income) was QR966mn in 1Q2010, up by almost 30% YoY and up by 11% QoQ. Meanwhile, net Islamic income continued its remarkable results by growing by 156% YoY to reach QR223mn.

- On the other hand, non-interest income did not display the same performance. It was slightly down 3% YoY to QR269mn. This was caused mainly by a drop in the dividend income from QR104mn in 1Q2009 to little more than QR33mn in 1Q2010. However, net fees & commissions showed healthy growth (19% YoY) to QR282mn in 1Q2010, as compared to QR237mn in 2009.

- Operating expenses rose by 15% YoY to QR299mn in 1Q2010. Nevertheless, the bank was able to lower cost to income ratio from 19.7% in 1Q2009 to 18.0% in 1Q2010.

QR (mn)	1Q2010	1Q2009	% Change
Net Income	1,266	1,011	25.3%
Net Interest Income	966	746	29.5%
QR (bn)	1Q2010	FY2009	% Change
Assets	183	179	2.1%
Deposits	132	126	4.8%
Net Loans & Advances	118	109	8.2%

Source: Company's Reports

- Total assets grew by 2.1% in the first quarter, recording QR183bn. Net Loans was up by 8.2% YTD to QR118bn. Meanwhile, deposits (including unrestricted investment account) increased to QR132bn, up by 4.8% YTD. Thus, LTD was seen at 89% in 1Q2010, down from 100% a year earlier, but higher from 86% at the end of 4Q2009.

- Total provisions jumped to QR92.8mn in 1Q2010 from QR38.6mn a year earlier. This jump was due to low credit provisioning in 1Q2009 (QR3.4mn). NPLs increased slightly by about 5% QoQ to QR889mn in 1Q2010, but NPL ratio stayed flat at 0.7%. On a positive note QNB witnessed less than a million in financials & other provisions.

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