



Condensed Consolidated Interim Financial Information

31 March 2010

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information to the Board of Directors of Qatar National Bank S.A.Q.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Qatar National Bank S.A.Q. (the "Bank") and its subsidiaries (together referred to as the "Group") as at 31 March 2010 and the condensed consolidated interim income statement, statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and the related notes ("condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS34 "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2010 is not prepared, in all material respects, in accordance with IAS 34 *"Interim Financial Reporting"* and the applicable provisions of Qatar Central Bank regulations.

Gopal Balasubramaniam
KPMG
Qatar Auditors Registry Number 251

Doha - State of Qatar
6 April 2010

Qatar National Bank S.A.Q.
Condensed Consolidated Interim Statement of Financial Position

| | Note | 31 March 2010 (Reviewed) QR000 | 31 March 2009 (Reviewed) QR000 | 31 December 2009 (Audited) QR000 |
|---|------|---|---|---|
| ASSETS | | | | |
| Cash and Deposits with Central Banks | | 11,667,779 | 9,131,972 | 9,880,170 |
| Due from Banks and Other Financial Institutions | | 22,527,329 | 25,701,971 | 30,181,027 |
| Loans and Advances and Financing Activities | 3 | 117,704,729 | 81,596,352 | 108,783,261 |
| Investment Securities | 4 | 23,357,941 | 17,183,974 | 23,332,759 |
| Investment in Associates | | 4,524,371 | 4,610,621 | 4,443,666 |
| Property and Equipment | | 738,000 | 618,095 | 713,036 |
| Assets Classified as Held for Sale | 5 | - | 569,486 | - |
| Other Assets | | 2,637,619 | 1,205,848 | 1,994,995 |
| Total Assets | | 183,157,768 | 140,618,319 | 179,328,914 |
| LIABILITIES | | | | |
| Due to Banks and Other Financial Institutions | | 17,941,825 | 20,363,850 | 20,794,043 |
| Repurchase Agreements | | 2,091,541 | 1,457,086 | 2,085,852 |
| Customer Deposits | | 111,704,838 | 80,888,394 | 108,772,496 |
| Other Borrowings | | 6,724,652 | 6,720,258 | 6,723,541 |
| Liabilities Classified as Held for Sale | 5 | - | 1,228,335 | - |
| Other Liabilities | | 4,454,801 | 2,323,913 | 3,881,434 |
| Total Liabilities | | 142,917,657 | 112,981,836 | 142,257,366 |
| Unrestricted Investment Accounts | | 20,198,602 | 11,009,937 | 17,099,719 |
| Total Liabilities and Unrestricted Investment Accounts | | 163,116,259 | 123,991,773 | 159,357,085 |
| EQUITY | | | | |
| Issued Capital | | 3,914,570 | 3,011,208 | 3,011,208 |
| Statutory Reserve | | 8,554,060 | 7,650,698 | 7,650,698 |
| Other Reserves | | 1,793,586 | 1,755,451 | 1,769,386 |
| Risk Reserve | | 1,410,000 | 1,410,000 | 1,410,000 |
| Fair Value Reserve | 6 | 570,417 | 539,603 | 489,147 |
| Proposed Dividend | 7 | - | - | 1,204,483 |
| Proposed Bonus Shares | | - | - | 903,362 |
| Proposed Transfer to Statutory Reserve | | - | - | 903,362 |
| Proposed Transfer to Social and Sports Fund | 8 | - | - | 95,820 |
| Retained Earnings | | 3,609,461 | 2,259,586 | 2,343,671 |
| Total Equity Attributable to Equity Holders of Parent | | 19,852,094 | 16,626,546 | 19,781,137 |
| Non - Controlling Interest | | 189,415 | - | 190,692 |
| Total Equity | | 20,041,509 | 16,626,546 | 19,971,829 |
| Total Liabilities, Unrestricted Investment Accounts and Equity | | 183,157,768 | 140,618,319 | 179,328,914 |

Yousef Hussain Kamal
Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

The attached notes 1 to 11 form an integral part of this condensed consolidated interim financial information.

Qatar National Bank S.A.Q.
Condensed Consolidated Interim Income Statement

| | Note | Three Months to 31 March 2010 (Reviewed) QR000 | Three Months to 31 March 2009 (Reviewed) QR000 |
|---|------|--|--|
| Continuing Operations | | | |
| Interest Income | | 1,890,927 | 1,465,426 |
| Interest Expense | | (924,836) | (719,231) |
| Net Interest Income | | 966,091 | 746,195 |
| Income from Islamic Financing and Investing Activities | | 469,040 | 191,095 |
| Unrestricted Investment Account Holders' Share of Profit | | (245,793) | (103,871) |
| Net Income from Islamic Financing and Investing Activities | | 223,247 | 87,224 |
| Net Interest Income and Income from Islamic Financing and Investing Activities | | 1,189,338 | 833,419 |
| Fees and Commission Income | | 298,832 | 250,651 |
| Fees and Commission Expense | | (17,243) | (13,688) |
| Net Fees and Commission Income | | 281,589 | 236,963 |
| Dividend Income | | 33,656 | 104,680 |
| Net Gains from Foreign Currency Transactions | | 86,420 | 81,398 |
| Net Gains from Investment Securities | | 4,296 | 15,063 |
| Share of Results of Associates | | 58,529 | 29,385 |
| Other Operating Income | | 4,715 | 16,119 |
| Net Operating Income | | 1,658,543 | 1,317,027 |
| General and Administrative Expenses | | (269,938) | (235,204) |
| Depreciation | | (29,341) | (24,470) |
| Provisions for Credit Losses on Loans and Advances | | (92,292) | (3,377) |
| Net Impairment Losses on Investment Securities | | (506) | (24,803) |
| Other Provisions / Recoveries | | 15 | (10,345) |
| Profit Before Taxes | | 1,266,481 | 1,018,828 |
| Taxes | | (154) | (6,594) |
| Profit for the Period from Continuing Operations | | 1,266,327 | 1,012,234 |
| Losses from Assets Held for Sale, net of Tax | 5 | - | (1,623) |
| Profit for the Period | | 1,266,327 | 1,010,611 |
| Attributable to: | | | |
| Equity Holders of the Parent | | 1,265,790 | 1,010,611 |
| Non - Controlling Interest | | 537 | - |
| | | 1,266,327 | 1,010,611 |
| Earnings Per Share (QR) | | 3.2 | 2.6 |
| Weighted Average Number of Shares | | 391,457,029 | 391,457,029 |

The attached notes 1 to 11 form an integral part of this condensed consolidated interim financial information.

Qatar National Bank S.A.Q.

Condensed Consolidated Interim Statement of Comprehensive Income

| | Three Months to 31 March 2010 (Reviewed) QR000 | Three Months to 31 March 2009 (Reviewed) QR000 |
|---|--|--|
| Profit for the Period | 1,266,327 | 1,010,611 |
| Other Comprehensive Income, net of Income Tax | | |
| Foreign Currency Translation Differences for Foreign Operations | 4,186 | (5,121) |
| Share of Other Comprehensive Income of Associates | 20,014 | (29,215) |
| Effective Portion of Changes in Fair Value of Cash Flow Hedges | (25,184) | 28,806 |
| Net Gain on Revaluation of Available for Sale Investment Securities | 106,454 | 784,964 |
| Total Other Comprehensive Income for the Period, net of Tax | 105,470 | 779,434 |
| Total Comprehensive Income for the Period | 1,371,797 | 1,790,045 |
| Attributable to: | | |
| Equity Holders of the Parent | 1,371,260 | 1,790,045 |
| Non - Controlling Interest | 537 | - |
| Total Comprehensive Income for the Period | 1,371,797 | 1,790,045 |

The attached notes 1 to 11 form an integral part of this condensed consolidated interim financial information.

Qatar National Bank S.A.Q.

Condensed Consolidated Interim Statement of Changes in Equity

| | Share Capital QR000 | Statutory Reserve QR000 | Other Reserves QR000 | Risk Reserve QR000 | Fair Value Reserve QR000 | Proposed Dividend QR000 | Proposed Bonus Shares QR000 | Proposed Transfer to Statutory Reserve QR000 | Proposed Transfer to Social and Sports Fund QR000 | Retained Earnings QR000 | Total | Non Controlling Interest QR000 | Total Equity QR000 |
|--|---------------------------|-------------------------------|----------------------------|--------------------------|--------------------------------|-------------------------------|--------------------------------------|--|---|-------------------------------|-------------------|---|--------------------------|
| Balance at 1 January 2009 | 2,408,966 | 6,829,459 | 1,789,787 | 1,410,000 | (274,167) | 1,806,724 | 602,242 | 821,239 | - | 1,248,975 | 16,643,225 | - | 16,643,225 |
| Total Comprehensive Income for the Period | - | - | - | - | - | - | - | - | - | 1,010,611 | 1,010,611 | - | 1,010,611 |
| Profit for the Period | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Comprehensive Income, net of Income Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Movement in Risk Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Movement in Currency Translation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments | - | - | (5,121) | - | - | - | - | - | - | - | (5,121) | - | (5,121) |
| Share of Changes Recognized Directly in | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Associates Equity | - | - | (29,215) | - | - | - | - | - | - | - | (29,215) | - | (29,215) |
| Net Movement in Fair Value Reserve | - | - | - | - | 813,770 | - | - | - | - | - | 813,770 | - | 813,770 |
| Total Other Comprehensive Income | - | - | (34,336) | - | 813,770 | - | - | - | - | - | 779,434 | - | 779,434 |
| Total Comprehensive Income for the Period | - | - | (34,336) | - | 813,770 | - | - | - | - | 1,010,611 | 1,790,045 | - | 1,790,045 |
| Dividend Paid for the Year 2008 | - | - | - | - | - | (1,806,724) | - | - | - | - | (1,806,724) | - | (1,806,724) |
| Bonus Shares for the year 2008 | 602,242 | - | - | - | - | - | (602,242) | - | - | - | - | - | - |
| Rights Issue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Premium on Rights Issue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to Statutory Reserve for the year 2008 | - | 821,239 | - | - | - | - | - | (821,239) | - | - | - | - | - |
| Net Movement in Non controlling Interest | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance at 31 March 2009 | 3,011,208 | 7,650,698 | 1,755,451 | 1,410,000 | 539,603 | - | - | - | - | 2,259,586 | 16,626,546 | - | 16,626,546 |
| Balance at 1st January 2010 | 3,011,208 | 7,650,698 | 1,769,386 | 1,410,000 | 489,147 | 1,204,483 | 903,362 | 903,362 | 95,820 | 2,343,671 | 19,781,137 | 190,692 | 19,971,829 |
| Total Comprehensive Income for the Period | - | - | - | - | - | - | - | - | - | 1,265,790 | 1,265,790 | 537 | 1,266,327 |
| Profit for the Period | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Comprehensive Income, net of Income Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Movement in Currency Translation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments | - | - | 4,186 | - | - | - | - | - | - | - | 4,186 | - | 4,186 |
| Share of Changes Recognized Directly in | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Associates Equity | - | - | 20,014 | - | - | - | - | - | - | - | 20,014 | - | 20,014 |
| Net Movement in Fair Value Reserve | - | - | - | - | 81,270 | - | - | - | - | - | 81,270 | - | 81,270 |
| Total Other Comprehensive Income | - | - | 24,200 | - | 81,270 | - | - | - | - | - | 105,470 | - | 105,470 |
| Total Comprehensive Income for the Period | - | - | 24,200 | - | 81,270 | - | - | - | - | 1,265,790 | 1,371,260 | 537 | 1,371,797 |
| Dividend Paid for the Year 2009 | - | - | - | - | - | (1,204,483) | - | - | - | - | (1,204,483) | - | (1,204,483) |
| Bonus Shares for the year 2009 | 903,362 | - | - | - | - | - | (903,362) | - | - | - | - | - | - |
| Transfer to Statutory Reserve for the year 2009 | - | 903,362 | - | - | - | - | - | (903,362) | - | - | - | - | - |
| Transfer to Social and Sports Fund for the year 2009 | - | - | - | - | - | - | - | - | (95,820) | - | (95,820) | - | (95,820) |
| Net Movement in Non controlling Interest | - | - | - | - | - | - | - | - | - | - | - | (1,814) | (1,814) |
| Balance at 31 March 2010 | 3,914,570 | 8,554,060 | 1,793,586 | 1,410,000 | 570,417 | - | - | - | - | 3,609,461 | 19,852,094 | 189,415 | 20,041,509 |

The attached notes 1 to 11 form an integral part of this condensed consolidated interim financial information

Qatar National Bank S.A.Q.

Condensed Consolidated Interim Statement of Cash Flows

| | Note | Three Months to 31 March 2010 (Reviewed) QR000 | Three Months to 31 March 2009 (Reviewed) QR000 | Year to 31 December 2009 (Audited) QR000 |
|---|------|--|--|--|
| Cash Flow from Operating Activities | | (5,917,617) | 8,752,819 | 6,755,368 |
| Cash Flow from Investing Activities | | | | |
| Purchase of Investment Securities | | (348,238) | (9,838,775) | (4,968,959) |
| Proceeds from Sale of Investment Securities | | 419,710 | 5,231,365 | 7,381,867 |
| Investment in Associates | | - | (20,240) | (100,688) |
| Purchase of Property and Equipment | | (66,428) | (33,913) | (240,237) |
| Proceeds from Sale of Property and Equipment | | 165 | 121 | 50,750 |
| Proceeds from Sale of Discontinued Operations | | - | - | 117,178 |
| Net Cash from / (used in) Investing Activities | | 5,209 | (4,661,442) | 2,239,911 |
| Cash Flow from Financing Activities | | | | |
| Dividend Paid | | (1,183,255) | (1,769,839) | (1,820,206) |
| Proceeds from Rights Issue | | - | - | - |
| Net Cash used in Financing Activities | | (1,183,255) | (1,769,839) | (1,820,206) |
| Net Increase in Cash and Cash Equivalents | | (7,095,663) | 2,321,538 | 7,175,073 |
| Effects of Exchange Rate Changes on Cash and Cash Equivalents | | 21,219 | 23,636 | (46,361) |
| Cash and Cash Equivalents at 1 January | | 35,097,896 | 28,818,006 | 27,969,184 |
| Cash and Cash Equivalents at 31 March / 31 December | 11 | 28,023,452 | 31,163,180 | 35,097,896 |

The attached notes 1 to 11 form an integral part of this condensed consolidated interim financial information.

Qatar National Bank S.A.Q.

**Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2010**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying condensed consolidated interim financial information is prepared in accordance with IAS34 - "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank Regulations. This condensed consolidated interim financial information should be read in conjunction with the 2009 annual consolidated financial statements of the Group.

The condensed consolidated interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the three month period ended 31 March 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

A number of new standards, amendments to standards and interpretations have been issued that are not yet effective for the period ended 31 March 2010 and have not been applied in preparing these condensed consolidated interim financial information:

- IFRS 9, Financial Instruments is the first standard issued as part of a wider project to replace IAS39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard can be adopted early prospectively, and prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.

Qatar National Bank S.A.Q.

**Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2010**

2. SEGMENT INFORMATION

The Group is organised into three main operating segments which comprise conventional commercial banking, Islamic banking and wealth management activities. The results of each of the operating segments which are being reviewed regularly by the Chief Operating Decision Maker are stated below:

| | Conventional Banking | Islamic Banking | Wealth Management | Intra-group Transactions | Total |
|-------------------------------------|---------------------------------|----------------------------|------------------------------|-------------------------------------|--------------|
| Total Assets | 159,666,567 | 28,042,111 | 1,374,783 | (5,925,693) | 183,157,768 |
| Net Interest Income | 956,684 | - | 9,407 | - | 966,091 |
| Net Income from Islamic Activities | - | 223,247 | - | - | 223,247 |
| Net Fees and Commission Income | 250,843 | 26,263 | 4,483 | - | 281,589 |
| Net Operating Income | 1,387,107 | 253,555 | 18,724 | (843) | 1,658,543 |
| General and Administrative Expenses | (222,664) | (26,614) | (21,503) | 843 | (269,938) |
| Net Profit / (Loss) | 1,068,494 | 204,286 | (6,990) | - | 1,265,790 |

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES

| | 31 March 2010 (Reviewed) QR000 | 31 March 2009 (Reviewed) QR000 | 31 December 2009 (Audited) QR000 |
|--|---|---|---|
| Total Conventional Banking Loans and Advances | 96,063,445 | 74,277,522 | 95,156,492 |
| Total Islamic Financing Activities | 30,518,828 | 9,268,391 | 18,580,451 |
| Specific Provision for Impairment of Loans | (1,036,172) | (640,341) | (923,606) |
| Islamic Financing Activities Deferred Profit | (7,841,372) | (1,309,220) | (4,030,076) |
| Net Loans and Advances and Financing Activities | 117,704,729 | 81,596,352 | 108,783,261 |

The aggregate amount of non performing loans and advances amounted to QR888.7 million, 0.7% of total loans and advances and financing activities (31 December 2009: QR849.0 million, 0.7% of total loans and advances and financing activities).

4. INVESTMENT SECURITIES

| | 31 March 2010 (Reviewed) QR000 | 31 March 2009 (Reviewed) QR000 | 31 December 2009 (Audited) QR000 |
|--------------------------------|---|---|---|
| Available-for-Sale Investments | 6,012,668 | 5,974,961 | 5,843,087 |
| Held to Maturity Investments | 17,345,273 | 11,209,013 | 17,489,672 |
| Total | 23,357,941 | 17,183,974 | 23,332,759 |

5. ASSETS / LIABILITIES CLASSIFIED AS HELD FOR SALE

During the first quarter of 2009, the Group decided to dispose of a subsidiary's line of business, included within the wealth management operating segment (the Bahamas business within the QNB International Holdings Limited subsidiary). The sale was completed in the second quarter of 2009. As at 31 March 2009, the disposal group comprised assets of QR569 million and liabilities of QR1,228 million, held at the lower of carrying value and fair value less costs to sell in accordance with IFRS5 - "Non current assets held for sale and discontinued operations".

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2010

6. FAIR VALUE RESERVE

| | 31 March 2010 (Reviewed) QR000 | 31 March 2009 (Reviewed) QR000 | 31 December 2009 (Audited) QR000 |
|--|---|---|---|
| Cash Flow Hedges | (165,119) | (160,589) | (139,935) |
| Available-for-Sale Investment Securities | 735,536 | 700,192 | 629,082 |
| Total | 570,417 | 539,603 | 489,147 |

7. DIVIDEND

The cash dividend in respect of the year ended 31 December 2009 of QR4.0 per share, amounting to a total of QR1,204 million and a bonus share issue of 30% of the share capital amounting to QR903.4 million, were approved on 7 February 2010.

8. SOCIAL AND SPORTS FUND

During the period, the Group made an appropriation of QR95.8 million representing 2.5% of the net profit generated from Qatar operations for the year ended 31 December 2009, pursuant to the Law No. 13 for the year 2008 and further clarifications for the Law issued in 2010. This appropriation has been considered as a restatement of the 2009 retained earnings in accordance with IAS8 "Accounting policies, changes in accounting estimates and errors".

9. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

| | 31 March 2010 (Reviewed) QR000 | 31 March 2009 (Reviewed) QR000 | 31 December 2009 (Audited) QR000 |
|------------------------|---|---|---|
| Contingent Liabilities | 37,223,013 | 45,072,479 | 41,744,781 |
| Other Commitments | 55,756,941 | 34,828,387 | 57,193,687 |

10. RELATED PARTIES

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities of which they are principal owners. At the reporting date, such significant balances included:

| | 31 March 2010 (Reviewed) QR000 | 31 March 2009 (Reviewed) QR000 | 31 December 2009 (Audited) QR000 |
|--|---|---|---|
| Statement of Financial Position Items | | | |
| Loans and advances | 2,601,015 | 2,463,851 | 2,670,374 |
| Deposits | 924,459 | 766,741 | 965,734 |
| Contingent Liabilities and Other Commitments | 69,621 | 75,761 | 82,883 |
| Statement of Income Items | | | |
| Interest and Commission Income | 39,022 | 41,610 | 161,489 |
| Interest and Commission Expense | 9,871 | 9,192 | 42,984 |
| Compensation of key management personnel is as follows: | | | |
| Salaries and Other Benefits | 16,299 | 15,658 | 17,871 |
| End of Service Indemnity | 81 | 188 | 369 |

The Group also has significant commercial transactions with the Government of Qatar amounting to QR27,305 million included in loans and advances and financing activities (31 December 2009: QR28,425 million) and QR9,501 million included in customer deposits (31 December 2009: QR8,964 million).

11. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances:

| | 31 March 2010 (Reviewed) QR000 | 31 March 2009 (Reviewed) QR000 | 31 December 2009 (Audited) QR000 |
|---|---|---|---|
| Cash and Deposits with Central Banks | 6,509,186 | 5,760,027 | 5,072,159 |
| Due from Banks Maturing within 3 months | 21,514,266 | 25,403,153 | 30,025,737 |
| Total | 28,023,452 | 31,163,180 | 35,097,896 |

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