



Condensed Consolidated Interim Financial Information

30 June 2009

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 30 June 2009 and the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and the related notes ("condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "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 30 June 2009 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
8 July 2009

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

	Note	30 June 2009 (Reviewed) QR000	30 June 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
ASSETS				
Cash and Deposits with Central Banks		9,214,134	18,050,036	6,269,596
Due from Banks and Other Financial Institutions		25,193,893	29,566,999	27,044,455
Loans and Advances and Financing Activities	3	82,898,186	84,284,995	100,053,490
Investment Securities	4	23,143,570	15,304,302	11,814,912
Investment in Associates		4,370,118	2,917,362	4,596,644
Property and Equipment		603,603	797,050	618,237
Other Assets		1,691,006	1,719,055	1,576,284
Total Assets		147,114,510	152,639,799	151,973,618
LIABILITIES and EQUITY				
LIABILITIES				
Due to Banks and Other Financial Institutions		14,893,726	21,780,105	19,721,259
Repurchase Agreements		1,820,250	2,301,313	2,267,416
Customer Deposits		92,950,395	86,865,917	94,973,407
Other Borrowings		6,721,369	6,717,025	6,719,147
Other Liabilities		3,131,039	4,335,554	2,369,934
		119,516,779	121,999,914	126,051,163
Unrestricted Investment Accounts		9,872,381	11,658,224	9,279,230
Total Liabilities and Unrestricted Investment Accounts		129,389,160	133,658,138	135,330,393
EQUITY				
Issued Capital		3,011,208	2,408,966	2,408,966
Statutory Reserve		7,650,698	6,829,460	6,829,459
Other Reserves		1,766,418	1,763,673	1,789,787
Risk Reserve		1,410,000	783,072	1,410,000
Fair Value Reserve	6	570,617	3,885,908	(274,167)
Proposed Dividend	7	-	-	1,806,724
Proposed Bonus Shares		-	-	602,242
Proposed Transfer to Statutory Reserve		-	-	821,239
Retained Earnings		3,316,409	3,310,582	1,248,975
Total Equity		17,725,350	18,981,661	16,643,225
Total Liabilities and Equity		147,114,510	152,639,799	151,973,618

Yousef Hussain Kamal
Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

The attached notes 1 to 10 form an integral part of this condensed consolidated interim financial information.

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

	Three Months to 30 June 2009 (Reviewed) QR000	Three Months to 30 June 2008 (Reviewed) QR000	Six Months to 30 June 2009 (Reviewed) QR000	Six Months to 30 June 2008 (Reviewed) QR000
Continuing Operations				
Interest Income	1,487,123	1,422,246	2,952,549	2,824,226
Interest Expense	(649,175)	(831,841)	(1,368,406)	(1,725,827)
Net Interest Income	837,948	590,405	1,584,143	1,098,399
Fees and Commission Income	258,909	255,396	509,560	504,536
Fees and Commission Expense	(17,828)	(22,816)	(31,516)	(34,381)
Net Fees and Commission Income	241,081	232,580	478,044	470,155
Dividend Income	76,953	32,102	181,633	135,243
Net Gains from Dealing in Foreign Currencies	70,472	77,780	151,870	157,904
Net Gains from Investment Securities	44,459	126,457	59,522	259,229
Share in Profit of Associates	48,913	52,260	78,298	98,332
Income from Islamic Financing and Investing Activities	209,533	131,420	400,628	251,067
Other Operating Income	(6,329)	3,603	9,790	22,119
Net Operating Income	1,523,030	1,246,607	2,943,928	2,492,448
General and Administrative Expenses	(222,544)	(223,002)	(457,748)	(463,057)
Depreciation	(25,902)	(19,772)	(50,372)	(36,757)
Provisions for Credit Losses on Loans and Advances	(106,952)	(9,682)	(110,329)	(38,755)
Net Impairment (Losses) / Gains on Investment Securities	(16,461)	21,410	(41,264)	39,051
Other Provisions	5,646	(4,733)	(4,699)	(4,733)
Unrestricted Investment Account Holders' Share of Profit	(110,137)	(72,076)	(214,008)	(127,593)
Net Profit Before Taxes	1,046,680	938,752	2,065,508	1,860,604
Taxes	(4,986)	(4,166)	(11,580)	(10,359)
Net Profit for the Period from Continuing Operations	1,041,694	934,586	2,053,928	1,850,245
Net Profit from Discontinued Operations	15,129	5,155	13,506	6,774
Net Profit for the Period	1,056,823	939,741	2,067,434	1,857,019
Earnings Per Share (QR)	3.5	3.2	6.9	6.3
Weighted Average Number of Shares	301,120,792	293,483,238	301,120,792	293,483,238

The attached notes 1 to 10 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 30 June 2009 (Reviewed) QR000	Three Months to 30 June 2008 (Reviewed) QR000	Six Months to 30 June 2009 (Reviewed) QR000	Six Months to 30 June 2008 (Reviewed) QR000
Net Profit for the Period	1,056,823	939,741	2,067,434	1,857,019
Other Comprehensive Income				
Foreign Currency Translation Differences for Foreign Operations	(5,121)	1,046	1,219	712
Share of Other Comprehensive Income of Associates	(29,215)	3,040	(24,588)	11,345
Effective Portion of Changes in Fair Value of Cash Flow Hedges	241,705	106,778	81,116	11,700
Net Gain / (Loss) on Revaluation of Available for Sale Investment Securities	63,476	(824,040)	763,668	1,527,550
Total Other Comprehensive Income	<u>270,845</u>	<u>(713,176)</u>	<u>821,415</u>	<u>1,551,307</u>
Total Comprehensive Income	<u>1,327,668</u>	<u>226,565</u>	<u>2,888,849</u>	<u>3,408,326</u>

The attached notes 1 to 10 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	Retained Earnings QR000	Total QR000	Non Controlling Interest QR000	Total Equity QR000
Balance at 1 January 2008	1,824,975	3,852,723	1,751,616	783,072	2,346,658	912,487	364,995	567,770	1,453,563	13,857,859	505	13,858,364
Total Comprehensive Income for the Period	-	-	12,057	-	1,539,250	-	-	-	1,857,019	3,408,326	-	3,408,326
Dividend Paid for the Year 2007	-	-	-	-	-	(912,487)	-	-	-	(912,487)	-	(912,487)
Bonus Shares for the year 2007	364,995	-	-	-	-	-	(364,995)	-	-	-	-	-
Rights Issue	218,996	-	-	-	-	-	-	-	-	218,996	-	218,996
Premium on Rights Issue	-	2,408,967	-	-	-	-	-	-	-	2,408,967	-	2,408,967
Transfer to Statutory Reserve for the year 2007	-	567,770	-	-	-	-	-	(567,770)	-	-	-	-
Net Movement in Minority Interest	-	-	-	-	-	-	-	-	-	-	(505)	(505)
Balance at 30 June 2008	2,408,966	6,829,460	1,763,673	783,072	3,885,908	-	-	-	3,310,582	18,981,661	-	18,981,661
										-		
Balance at 1st 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	-	-	(23,369)	-	844,784	-	-	-	2,067,434	2,888,849	-	2,888,849
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 Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2009	3,011,208	7,650,698	1,766,418	1,410,000	570,617	-	-	-	3,316,409	17,725,350	-	17,725,350

Qatar National Bank S.A.Q.
Condensed Consolidated Interim Statement of Cash Flows

	Note	Six Months to 30 June 2009 (Reviewed) QR000	Six Months to 30 June 2008 (Reviewed) QR000	Year to 31 December 2008 (Audited) QR000
Net Cash Inflow from Operating Activities		14,998,478	15,383,820	3,022,445
Cash Flow from Investing Activities				
Purchase of Investment Securities		(18,578,272)	(5,865,695)	(7,299,111)
Proceeds from Sale of Investment Securities		7,968,185	3,672,640	4,550,260
Investment in Associates		(82,163)	(100,668)	(1,676,913)
Proceeds from Sale of Associates		475,662	-	-
Purchase of Property and Equipment		(69,917)	(186,654)	(344,372)
Proceeds from Sale of Property and Equipment		52,143	14,022	262,396
Proceeds from Sale of Discontinued Operations		117,178	-	-
Net Cash (Used in) Investing Activities		(10,117,184)	(2,466,355)	(4,507,740)
Cash Flow from Financing Activities				
Dividend Paid		(1,800,551)	(895,377)	(903,227)
Proceeds from Rights Issue		-	2,627,963	2,627,962
Net Cash (Used in) / from Financing Activities		(1,800,551)	1,732,586	1,724,735
Net Increase in Cash and Cash Equivalents		3,080,743	14,650,051	239,440
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(51,052)	9,698	281,802
Cash and Cash Equivalents at 1 January		27,968,488	28,296,764	27,447,246
Cash and Cash Equivalents at 30 June / 31 December	10	30,998,179	42,956,513	27,968,488

The attached notes 1 to 10 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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying condensed consolidated interim financial information is prepared in accordance with IAS 34 - "*Interim Financial Reporting*". This condensed consolidated interim financial information should be read in conjunction with the 2008 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 and six month periods ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008, except for the following:

- IAS 1 (revised), "Presentation of financial statements"

During the period the Group adopted Revised IAS 1 as issued by International Accounting Standards Board ("IASB") revised in May 2008, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. Revised IAS 1 introduced the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The Group has decided to adopt a two statement approach for presenting total comprehensive income.

- IFRS 8, "Operating Segments"

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

- IFRS 5, "Non-current assets held for sale and discontinued operations"

During the period, the Group applied IFRS 5, "*Non-current assets held for sale and discontinued operations*". A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Further, the Group's financial risk management objectives and procedures are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

Qatar National Bank S.A.Q.

Notes to the Condensed Consolidated Interim Financial Information

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	136,071,726	14,187,931	3,145,468	(6,290,615)	147,114,510
Net Interest Income	1,556,982	-	27,161	-	1,584,143
Net Income from Islamic Activities	-	186,620	-	-	186,620
Net Fees and Commission Income	428,055	34,427	15,562	-	478,044
Net Operating Income	2,440,920	455,174	49,210	(1,376)	2,943,928
General and Administrative Expenses	(371,414)	(32,789)	(56,378)	2,833	(457,748)
Net Profit / (Loss)	1,890,248	184,811	(7,625)	-	2,067,434

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES

	30 June 2009 (Reviewed) QR000	30 June 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
Total Conventional Banking Loans and Advances	75,813,663	78,757,449	93,875,356
Total Islamic Financing Activities	9,082,968	6,686,406	8,056,345
Specific Provision for Impairment of Loans	(708,930)	(414,358)	(624,961)
Financing Activities Deferred Profit	(1,289,515)	(744,502)	(1,253,250)
Net Loans and Advances and Financing Activities	82,898,186	84,284,995	100,053,490

The aggregate amount of non performing loans and advances amounted to QR725.8 million, 0.9% of total loans and advances and financing activities (31 December 2008: QR731.5 million, 0.7% of total loans and advances and financing activities).

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

4. INVESTMENT SECURITIES

	30 June 2009 (Reviewed) QR000	30 June 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
Available for Sale Investments	5,493,009	10,561,956	7,186,082
Held to Maturity Investments	17,650,561	4,742,346	4,628,830
Total	23,143,570	15,304,302	11,814,912

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

5. DISCONTINUED OPERATIONS

During the period, the Group disposed of one of its subsidiaries' lines of business, included within the wealth management operating segment, namely the Bahamas business of the QNB International Holdings Limited subsidiary. The comparative statement of income has been re-presented to show the discontinued operations separately from continuing operations. Total revenue for the period till the date of disposal from the operations amounted to QR31.4 million (June 2008: QR48.6 million) and total expenses amounted to QR17.9 million (June 2008: 41.8 million). At the date of disposal, the Bahamas operations comprised assets of QR587 million and liabilities of QR1,335 million, held at the lower of carrying value and fair value less costs to sell in accordance with IFRS 5 - "Non current assets held for sale and discontinued operations".

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information

6. FAIR VALUE RESERVE

	30 June 2009 (Reviewed) QR000	30 June 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
Cash Flow Hedges	(108,279)	(36,579)	(189,395)
Available for Sale Investment Securities	678,896	3,922,487	(84,772)
Total	570,617	3,885,908	(274,167)

7. DIVIDEND

The cash dividend in respect of the year ended 31 December 2008 of QR7.5 per share, amounting to a total of QR1,807 million and a bonus share of 25% of the share capital amounting to QR602.2 million, were approved on 8 February 2009.

8. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 June 2009 (Reviewed) QR000	30 June 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
Contingent Liabilities	42,189,674	49,943,505	51,043,517
Other Commitments	47,230,852	41,992,202	37,801,491

9. 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 balance sheet date, such significant balances included:

	30 June 2009 (Reviewed) QR000	30 June 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
Balance Sheet Items			
Loans and advances	2,588,580	2,483,977	2,512,673
Deposits	913,000	873,274	724,877
Contingent Liabilities and Other Commitments	77,090	247,545	155,272
Statement of Income Items			
Interest and Commission Income	81,568	69,309	152,267
Interest and Commission Expense	20,383	16,756	32,085
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	13,687	10,473	17,624
End of Service Indemnity	246	202	534

The Group also has significant commercial transactions with the Government of Qatar amounting to QR11,801 million included in loans and advances (31 December 2008: QR5,836 million) and QR22,376 million included in deposits (31 December 2008: QR19,134 million).

10. CASH AND CASH EQUIVALENTS

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

	30 June 2009 (Reviewed) QR000	30 June 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
Cash and Deposits with Central Banks	5,922,905	14,435,633	2,711,622
Due from Banks Maturing within 3 months	25,075,274	28,520,880	25,256,866
Total	30,998,179	42,956,513	27,968,488

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