



Condensed Consolidated Interim Financial Information

30 June 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 30 June 2010 and the condensed consolidated interim income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the related notes (together referred to as the "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 Engagements2410, "*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 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 Number251

Doha - State of Qatar
6 July 2010

Qatar National Bank S.A.Q.
Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2010

	Note	30 June 2010 (Reviewed) QR000	30 June 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
ASSETS				
Cash and Deposits with Central Banks		20,017,258	9,214,134	9,880,170
Due from Banks and Other Financial Institutions		16,966,185	25,193,893	30,181,027
Loans and Advances and Financing Activities	3	117,610,254	82,898,186	108,783,261
Investment Securities	4	22,956,504	23,143,570	23,332,759
Investment in Associates		4,554,818	4,370,118	4,443,666
Property and Equipment		784,308	603,603	713,036
Other Assets		3,159,245	1,691,006	1,994,995
Total Assets		186,048,572	147,114,510	179,328,914
LIABILITIES				
Due to Banks and Other Financial Institutions		11,904,583	14,893,726	20,794,043
Repurchase Agreements		2,091,541	1,820,250	2,085,852
Customer Deposits		116,849,484	92,950,395	108,772,496
Other Borrowings		6,725,764	6,721,369	6,723,541
Other Liabilities		4,828,028	3,131,039	3,881,434
Total Liabilities		142,399,400	119,516,779	142,257,366
Unrestricted Investment Accounts		22,363,926	9,872,381	17,099,719
Total Liabilities and Unrestricted Investment Accounts		164,763,326	129,389,160	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		1,774,063	1,766,418	1,769,386
Risk Reserve		1,410,000	1,410,000	1,410,000
Fair Value Reserve	5	400,014	570,617	489,147
Proposed Dividend	6	-	-	1,204,483
Proposed Bonus Shares		-	-	903,362
Proposed Transfer to Statutory Reserve		-	-	903,362
Proposed Transfer to Social and Sports Fund	7	-	-	95,820
Retained Earnings		5,047,172	3,316,409	2,343,671
Total Equity Attributable to Equity Holders of Parent		21,099,879	17,725,350	19,781,137
Non - Controlling Interest		185,367	-	190,692
Total Equity		21,285,246	17,725,350	19,971,829
Total Liabilities, Unrestricted Investment Accounts and Equity		186,048,572	147,114,510	179,328,914

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 Income Statement
For the Six Months Period Ended 30 June 2010

	Three Months to 30 June 2010 (Reviewed) QR000	Three Months to 30 June 2009 (Reviewed) QR000	Six Months to 30 June 2010 (Reviewed) QR000	Six Months to 30 June 2009 (Reviewed) QR000
Continuing Operations				
Interest Income	1,812,336	1,487,123	3,818,689	2,952,549
Interest Expense	(682,372)	(649,175)	(1,722,634)	(1,368,406)
Net Interest Income	1,129,964	837,948	2,096,055	1,584,143
Income from Islamic Financing and Investing Activities	510,531	209,533	979,571	400,628
Unrestricted Investment Account Holders' Share of Profit	(266,883)	(110,137)	(512,676)	(214,008)
Net Income from Islamic Financing and Investing Activities	243,648	99,396	466,895	186,620
Net Interest Income and Net Income from Islamic Financing and Investing Activities	1,373,612	937,344	2,562,950	1,770,763
Fees and Commission Income	307,317	258,909	606,149	509,560
Fees and Commission Expense	(21,348)	(17,828)	(38,591)	(31,516)
Net Fees and Commission Income	285,969	241,081	567,558	478,044
Dividend Income	868	76,953	34,524	181,633
Net Gains from Foreign Currency Transactions	90,225	70,472	176,645	151,870
Net Gains from Investment Securities	49,440	44,459	53,736	59,522
Share of Results of Associates	66,946	48,913	125,475	78,298
Other Operating Income	1,991	(6,329)	6,706	9,790
Net Operating Income	1,869,051	1,412,893	3,527,594	2,729,920
General and Administrative Expenses	(275,401)	(222,544)	(545,339)	(457,748)
Depreciation	(31,094)	(25,902)	(60,435)	(50,372)
Provisions for Credit Losses on Loans and Advances	(96,988)	(106,952)	(189,280)	(110,329)
Net Impairment Losses on Investment Securities	(21,116)	(16,461)	(21,622)	(41,264)
Other Provisions / Recoveries	131	5,646	146	(4,699)
Profit Before Taxes	1,444,583	1,046,680	2,711,064	2,065,508
Taxes	(6,957)	(4,986)	(7,111)	(11,580)
Profit for the Period from Continuing Operations	1,437,626	1,041,694	2,703,953	2,053,928
Profit for the Period from Discontinued Operations	-	15,129	-	13,506
Profit for the Period	1,437,626	1,056,823	2,703,953	2,067,434
Attributable to:				
Equity Holders of the Parent	1,437,711	1,056,823	2,703,501	2,067,434
Non - Controlling Interest	(85)	-	452	-
	1,437,626	1,056,823	2,703,953	2,067,434
Earnings Per Share (QR)	3.7	2.7	6.9	5.3
Weighted Average Number of Shares	391,457,029	391,457,029	391,457,029	391,457,029

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
For the Six Months Period Ended 30 June 2010**

	Three Months to 30 June 2010 (Reviewed) QR000	Three Months to 30 June 2009 (Reviewed) QR000	Six Months to 30 June 2010 (Reviewed) QR000	Six Months to 30 June 2009 (Reviewed) QR000
Profit for the Period	1,437,626	1,056,823	2,703,953	2,067,434
Other Comprehensive Income, net of Income Tax				
Foreign Currency Translation Differences for Foreign Operations	(17,718)	(5,121)	(13,532)	1,219
Share of Other Comprehensive Income of Associates	(1,805)	(29,215)	18,209	(24,588)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(92,113)	241,705	(117,297)	81,116
Net Gain on Revaluation of Available-for-Sale Investment Securities	(78,290)	63,476	28,164	763,668
Total Other Comprehensive Income for the Period, net of Tax	(189,926)	270,845	(84,456)	821,415
Total Comprehensive Income for the Period	1,247,700	1,327,668	2,619,497	2,888,849
Attributable to:				
Equity Holders of the Parent	1,247,785	1,327,668	2,619,045	2,888,849
Non - Controlling Interest	(85)	-	452	-
Total Comprehensive Income for the Period	1,247,700	1,327,668	2,619,497	2,888,849

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
For the Six Months Period Ended 30 June 2010

	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 QR000	Non Controlling Interest QR000	Total Equity QR000
Balance at 1 January 2009	2,408,866	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	-	-	-	-	-	-	-	-	-	2,067,434	2,067,434	-	2,067,434
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income, net of Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Movement in Currency Translation Adjustments	-	-	1,219	-	-	-	-	-	-	-	1,219	-	1,219
Share of Changes Recognized Directly in Associates Equity	-	-	(24,588)	-	-	-	-	-	-	-	(24,588)	-	(24,588)
Net Movement in Fair Value Reserve	-	-	-	-	844,784	-	-	-	-	-	844,784	-	844,784
Total Other Comprehensive Income	-	-	(23,369)	-	844,784	-	-	-	-	-	821,415	-	821,415
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)	-	-	-	-	-	-
Transfer to Statutory Reserve for the year 2008	-	821,239	-	-	-	-	-	(821,239)	-	-	-	-	-
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
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	-	-	-	-	-	-	-	-	-	2,703,501	2,703,501	452	2,703,953
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income, net of Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Movement in Currency Translation Adjustments	-	-	(13,532)	-	-	-	-	-	-	-	(13,532)	-	(13,532)
Share of Changes Recognized Directly in Associates Equity	-	-	18,209	-	-	-	-	-	-	-	18,209	-	18,209
Net Movement in Fair Value Reserve	-	-	-	-	(89,133)	-	-	-	-	-	(89,133)	-	(89,133)
Total Other Comprehensive Income	-	-	4,677	-	(89,133)	-	-	-	-	-	(84,456)	-	(84,456)
Total Comprehensive Income for the Period	-	-	4,677	-	(89,133)	-	-	-	-	2,703,501	2,619,045	452	2,619,497
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	-	-	-	-	-	-	-	-	-	-	-	(5,777)	(5,777)
Balance at 30 June 2010	3,914,570	8,554,060	1,774,063	1,410,000	400,014	-	-	-	-	5,047,172	21,099,879	185,367	21,285,246

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 Cash Flows
For the Six Months Period Ended 30 June 2010

	Note	Six Months to 30 June 2010 (Reviewed) QR000	Six Months to 30 June 2009 (Reviewed) QR000	Year to 31 December 2009 (Audited) QR000
Cash Flows from Operating Activities		(2,694,236)	14,998,478	6,755,368
Cash Flows from Investing Activities				
Purchase of Investment Securities		(847,627)	(18,578,272)	(4,968,959)
Proceeds from Sale of Investment Securities		1,276,052	7,968,185	7,381,867
Investment in Associates		(65,435)	(82,163)	(100,688)
Proceeds from Sale of Associates		-	475,662	-
Purchase of Property and Equipment		(155,082)	(69,917)	(240,237)
Proceeds from Sale of Property and Equipment		356	52,143	50,750
Proceeds from Sale of Discontinued Operations		-	117,178	117,178
Net Cash from / (used in) Investing Activities		208,264	(10,117,184)	2,239,911
Cash Flows from Financing Activities				
Dividend Paid		(1,197,134)	(1,800,551)	(1,820,206)
Net Cash used in Financing Activities		(1,197,134)	(1,800,551)	(1,820,206)
Net Increase in Cash and Cash Equivalents		(3,683,106)	3,080,743	7,175,073
Effects of Exchange Rate Changes on Cash and Cash Equivalents		28,821	(51,052)	(46,361)
Cash and Cash Equivalents at 1 January		35,097,896	27,968,488	27,969,184
Cash and Cash Equivalents at 30 June / 31 December	10	31,443,611	30,998,179	35,097,896

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
For the Six Months Period Ended 30 June 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 six month period ended 30 June 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 30 June 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 is effective for annual periods beginning on or after 1 January 2013, however, 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 Six Months Period Ended 30 June 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	159,878,931	29,165,864	1,195,829	(4,192,052)	186,048,572
Net Interest Income	2,080,087	-	15,968	-	2,096,055
Net Income from Islamic Activities	-	466,895	-	-	466,895
Net Fees and Commission Income	503,819	55,710	8,029	-	567,558
Net Operating Income	2,958,533	540,597	30,447	(1,983)	3,527,594
General and Administrative Expenses	(451,996)	(56,203)	(39,123)	1,983	(545,339)
Net Profit / (Loss)	2,279,789	443,166	(19,454)	-	2,703,501

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES

	30 June 2010 (Reviewed) QR000	30 June 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Total Conventional Banking Loans and Advances	95,140,934	75,813,663	95,156,492
Total Islamic Financing Activities	31,989,203	9,082,968	18,580,451
Specific Provision for Impairment of Loans	(1,159,550)	(708,930)	(923,606)
Islamic Financing Activities Deferred Profit	(8,360,333)	(1,289,515)	(4,030,076)
Net Loans and Advances and Financing Activities	117,610,254	82,898,186	108,783,261

The aggregate amount of non performing loans and advances amounted to QR943.9 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

	30 June 2010 (Reviewed) QR000	30 June 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Available-for-Sale Investments	5,965,841	5,493,009	5,843,087
Held to Maturity Investments	16,990,663	17,650,561	17,489,672
Total	22,956,504	23,143,570	23,332,759

5. FAIR VALUE RESERVE

	30 June 2010 (Reviewed) QR000	30 June 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Cash Flow Hedges	(257,232)	(108,279)	(139,935)
Available-for-Sale Investment Securities	657,246	678,896	629,082
Total	400,014	570,617	489,147

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Six Months Period Ended 30 June 2010

6. 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 was paid during the period and a bonus shares representing 30% of the share capital amounting to QR903.4 million, were approved on 7 February 2010.

7. 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".

8. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 June 2010 (Reviewed) QR000	30 June 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Contingent Liabilities	38,064,729	42,189,674	41,744,781
Other Commitments	58,573,033	47,230,852	57,193,687

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 reporting date, such significant balances included:

	30 June 2010 (Reviewed) QR000	30 June 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Statement of Financial Position Items			
Loans and advances	2,253,909	2,588,580	2,670,374
Deposits	927,896	913,000	965,734
Contingent Liabilities and Other Commitments	77,426	77,090	82,883
Income Statement Items			
Interest and Commission Income	75,941	81,568	161,489
Interest and Commission Expense	18,485	20,383	42,984
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	18,857	13,687	17,871
End of Service Indemnity	163	246	369

The Group also has significant commercial transactions with the Government of Qatar amounting to QR34,442 million included in loans and advances and financing activities (31 December 2009: QR28,425 million) and QR20,322 million included in customer deposits (31 December 2009: QR8,964 million).

10. CASH AND CASH EQUIVALENTS

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

	30 June 2010 (Reviewed) QR000	30 June 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Cash and Deposits with Central Banks	14,743,939	5,922,905	5,072,159
Due from Banks Maturing within 3 months	16,699,672	25,075,274	30,025,737
Total	31,443,611	30,998,179	35,097,896

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