



Condensed Consolidated Interim Financial Information

30 September 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 September 2010 and the condensed consolidated interim income statement, statements of comprehensive income, changes in equity and cash flows for the nine-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 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 September 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 October 2010

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

	Note	30 September 2010 (Reviewed) QR000	30 September 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
ASSETS				
Cash and Deposits with Central Banks		21,759,553	9,930,926	9,880,170
Due from Banks and Other Financial Institutions		17,691,749	19,713,001	30,181,027
Loans and Advances and Financing Activities	3	124,069,053	93,781,686	108,783,261
Investment Securities	4	23,501,603	22,843,297	23,332,759
Investment in Associates		4,599,971	4,460,452	4,443,666
Property and Equipment		926,003	600,576	713,036
Other Assets		2,127,223	1,854,731	1,994,995
Total Assets		194,675,155	153,184,669	179,328,914
LIABILITIES				
Due to Banks and Other Financial Institutions		8,700,484	14,059,829	20,794,043
Repurchase Agreements		2,184,300	2,085,852	2,085,852
Customer Deposits		125,323,204	94,792,158	108,772,496
Other Borrowings		6,726,875	6,722,293	6,723,541
Other Liabilities		5,590,672	3,268,401	3,881,434
Total Liabilities		148,525,535	120,928,533	142,257,366
Unrestricted Investment Accounts		23,333,518	13,461,724	17,099,719
Total Liabilities and Unrestricted Investment Accounts		171,859,053	134,390,257	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		1,752,711	1,771,380	1,769,386
Risk Reserve		1,410,000	1,410,000	1,410,000
Fair Value Reserve	5	502,525	575,262	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		6,497,673	4,375,864	2,343,671
Total Equity Attributable to Equity Holders of Parent		22,631,539	18,794,412	19,781,137
Non - Controlling Interest		184,563	-	190,692
Total Equity		22,816,102	18,794,412	19,971,829
Total Liabilities, Unrestricted Investment Accounts and Equity		194,675,155	153,184,669	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 Nine Months Period Ended 30 September 2010

	Three Months to 30 September 2010 (Reviewed) QR000	Three Months to 30 September 2009 (Reviewed) QR000	Nine Months to 30 September 2010 (Reviewed) QR000	Nine Months to 30 September 2009 (Reviewed) QR000
Continuing Operations				
Interest Income	1,932,216	1,641,791	5,750,905	4,594,340
Interest Expense	(745,452)	(780,872)	(2,468,086)	(2,152,973)
Net Interest Income	1,186,764	860,919	3,282,819	2,441,367
Income from Islamic Financing and Investing Activities	523,802	198,022	1,503,373	598,649
Unrestricted Investment Account Holders' Share of Profit	(250,021)	(121,351)	(762,697)	(331,663)
Net Income from Islamic Financing and Investing Activities	273,781	76,671	740,676	266,986
Net Interest Income and Net Income from Islamic Financing and Investing Activities	1,460,545	937,590	4,023,495	2,708,353
Fees and Commission Income	296,042	230,091	902,191	739,651
Fees and Commission Expense	(14,933)	(15,568)	(53,524)	(47,084)
Net Fees and Commission Income	281,109	214,523	848,667	692,567
Dividend Income	6,537	23,329	41,061	204,962
Net Gains from Foreign Currency Transactions	87,594	73,722	264,239	225,592
Net Gains from Investment Securities	40,522	43,993	94,258	103,515
Share of Results of Associates	43,156	137,352	168,631	215,650
Other Operating Income	3,685	1,593	10,391	11,383
Net Operating Income	1,923,148	1,432,102	5,450,742	4,162,022
General and Administrative Expenses	(292,672)	(238,138)	(838,011)	(695,886)
Depreciation	(33,207)	(27,085)	(93,642)	(77,457)
Provisions for Credit Losses on Loans and Advances	(118,220)	(104,778)	(307,500)	(215,107)
Net Impairment Losses on Investment Securities	(30,235)	3,507	(51,857)	(37,757)
Other Provisions / Recoveries	468	(729)	614	(5,428)
Profit Before Taxes	1,449,282	1,064,879	4,160,346	3,130,387
Taxes	(2,354)	(5,424)	(9,465)	(17,004)
Profit for the Period from Continuing Operations	1,446,928	1,059,455	4,150,881	3,113,383
Profit for the Period from Discontinued Operations	-	-	-	13,506
Profit for the Period	1,446,928	1,059,455	4,150,881	3,126,889
Attributable to:				
Equity Holders of the Parent	1,450,501	1,059,455	4,154,003	3,126,889
Non - Controlling Interest	(3,573)	-	(3,122)	-
	1,446,928	1,059,455	4,150,881	3,126,889
Earnings Per Share (QR)	3.7	2.7	10.6	8.0
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 Nine Months Period Ended 30 September 2010

	Three Months to 30 September 2010 (Reviewed) QR000	Three Months to 30 September 2009 (Reviewed) QR000	Nine Months to 30 September 2010 (Reviewed) QR000	Nine Months to 30 September 2009 (Reviewed) QR000
Profit for the Period	1,446,928	1,059,455	4,150,881	3,126,889
Other Comprehensive Income, net of Income Tax				
Foreign Currency Translation Differences for Foreign Operations	(15,622)	(19,780)	(29,154)	(18,561)
Share of Other Comprehensive Income of Associates	(5,730)	24,742	12,479	154
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(28,881)	(41,430)	(146,178)	39,686
Net Gain on Revaluation of Available-for-Sale Investment Securities	131,392	46,075	159,556	809,743
Total Other Comprehensive Income for the Period, net of Tax	81,159	9,607	(3,297)	831,022
Total Comprehensive Income for the Period	1,528,087	1,069,062	4,147,584	3,957,911
Attributable to:				
Equity Holders of the Parent	1,531,660	1,069,062	4,150,706	3,957,911
Non - Controlling Interest	(3,573)	-	(3,122)	-
Total Comprehensive Income for the Period	1,528,087	1,069,062	4,147,584	3,957,911

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 Nine Months Period Ended 30 September 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	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	-	-	-	-	-	-	-	-	-	3,126,889	3,126,889	-	3,126,889
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income, net of Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Movement in Currency Translation	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	(18,561)	-	-	-	-	-	-	-	(18,561)	-	(18,561)
Share of Changes Recognized Directly in Associates Equity	-	-	154	-	-	-	-	-	-	-	154	-	154
Net Movement in Fair Value Reserve	-	-	-	-	849,429	-	-	-	-	-	849,429	-	849,429
Total Other Comprehensive Income	-	-	(18,407)	-	849,429	-	-	-	-	-	831,022	-	831,022
Total Comprehensive Income for the Period	-	-	(18,407)	-	849,429	-	-	-	-	3,126,889	3,957,911	-	3,957,911
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 September 2009	3,011,208	7,650,698	1,771,380	1,410,000	575,262	-	-	-	-	4,375,864	18,794,412	-	18,794,412
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	-	-	-	-	-	-	-	-	-	4,154,003	4,154,003	(3,122)	4,150,881
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income, net of Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Movement in Currency Translation	-	-	(29,154)	-	-	-	-	-	-	-	(29,154)	-	(29,154)
Adjustments	-	-	12,479	-	-	-	-	-	-	-	12,479	-	12,479
Share of Changes Recognized Directly in Associates Equity	-	-	-	-	13,378	-	-	-	-	-	13,378	-	13,378
Net Movement in Fair Value Reserve	-	-	(16,675)	-	13,378	-	-	-	-	-	(3,297)	-	(3,297)
Total Other Comprehensive Income	-	-	(16,675)	-	13,378	-	-	-	-	4,154,003	4,150,706	(3,122)	4,147,584
Total Comprehensive Income for the Period	-	-	(16,675)	-	13,378	-	-	-	-	4,154,003	4,150,706	(3,122)	4,147,584
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	-	-	-	-	-	-	-	-	-	-	-	(3,008)	(3,008)
Balance at 30 September 2010	3,914,570	8,554,060	1,752,711	1,410,000	502,525	-	-	-	-	6,497,674	22,631,540	184,563	22,816,102

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 Nine Months Period Ended 30 September 2010

	Note	Nine Months to 30 September 2010 (Reviewed) QR000	Nine Months to 30 September 2009 (Reviewed) QR000	Year to 31 December 2009 (Audited) QR000
Cash Flows from Operating Activities		200,741	8,872,663	6,755,368
Cash Flows from Investing Activities				
Purchase of Investment Securities		(2,505,242)	(15,660,301)	(4,968,959)
Proceeds from Sale of Investment Securities		2,529,221	6,219,071	7,381,867
Investment in Associates		(72,874)	(100,688)	(100,688)
Proceeds from Sale of Associates		-	-	-
Purchase of Property and Equipment		(312,750)	(93,003)	(240,237)
Proceeds from Sale of Property and Equipment		388	52,143	50,750
Proceeds from Sale of Discontinued Operations		-	117,178	117,178
Net Cash (used in) / from Investing Activities		(361,257)	(9,465,600)	2,239,911
Cash Flows from Financing Activities				
Dividend Paid		(1,204,473)	(1,815,273)	(1,820,206)
Net Cash used in Financing Activities		(1,204,473)	(1,815,273)	(1,820,206)
Net (Decrease) / Increase in Cash and Cash Equivalents		(1,364,989)	(2,408,210)	7,175,073
Effects of Exchange Rate Changes on Cash and Cash Equivalents		11,577	(52,065)	(46,361)
Cash and Cash Equivalents at 1 January		35,097,896	27,968,488	27,969,184
Cash and Cash Equivalents at 30 September / 31 December	10	33,744,484	25,508,213	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 Nine Months Period Ended 30 September 2010**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying condensed consolidated interim financial information is prepared in accordance with IAS 34 - "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 nine month period ended 30 September 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 September 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 IAS 39. 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 Nine Months Period Ended 30 September 2010

2. SEGMENT INFORMATION

The Group is organised into three main operating segments which comprise conventional 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	168,661,926	29,546,076	1,270,472	(4,803,319)	194,675,155
Net Interest Income	3,260,158	-	22,661	-	3,282,819
Net Income from Islamic Activities	-	740,676	-	-	740,676
Net Fees and Commission Income	751,635	82,657	14,375	-	848,667
Net Operating Income	4,561,192	845,574	46,869	(2,893)	5,450,742
General and Administrative Expenses	(679,656)	(90,206)	(71,042)	2,893	(838,011)
Net Profit / (Loss) Attributable to the Equity Holders of the Parent	3,486,720	703,968	(36,685)	-	4,154,003

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES

	30 September 2010 (Reviewed) QR000	30 September 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Total Conventional Banking Loans and Advances	101,365,732	86,005,971	95,156,492
Total Islamic Financing Activities	32,117,273	10,346,676	18,580,451
Specific Provision for Impairment of Loans	(1,311,569)	(833,423)	(923,606)
Islamic Financing Activities Deferred Profit	(8,102,383)	(1,737,538)	(4,030,076)
Net Loans and Advances and Financing Activities	124,069,053	93,781,686	108,783,261

The aggregate amount of non performing loans and advances amounted to QR1,047 million or 0.8% of total loans and advances and financing activities (31 December 2009: QR849.0 million or 0.7% of total loans and advances and financing activities).

4. INVESTMENT SECURITIES

	30 September 2010 (Reviewed) QR000	30 September 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Available-for-Sale Investments	6,006,913	5,135,188	5,843,087
Held to Maturity Investments	17,494,690	17,708,109	17,489,672
Total	23,501,603	22,843,297	23,332,759

5. FAIR VALUE RESERVE

	30 September 2010 (Reviewed) QR000	30 September 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Cash Flow Hedges	(286,113)	(149,709)	(139,935)
Available-for-Sale Investment Securities	788,638	724,971	629,082
Total	502,525	575,262	489,147

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Nine Months Period Ended 30 September 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 September 2010 (Reviewed) QR000	30 September 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Contingent Liabilities	38,825,833	41,155,396	41,744,781
Other Commitments	40,059,001	54,581,687	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 September 2010 (Reviewed) QR000	30 September 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Statement of Financial Position Items			
Loans and advances	2,274,520	2,444,722	2,670,374
Deposits	966,847	867,054	965,734
Contingent Liabilities and Other Commitments	80,477	89,018	82,883
Income Statement Items			
Interest and Commission Income	94,169	121,834	161,489
Interest and Commission Expense	27,429	31,714	42,984
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	18,751	15,778	17,871
End of Service Indemnity	185	308	369

The Group also has significant commercial transactions with the Government of Qatar amounting to QR37,225 million included in loans and advances and financing activities (31 December 2009: QR28,425 million) and QR18,739 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 September 2010 (Reviewed) QR000	30 September 2009 (Reviewed) QR000	31 December 2009 (Audited) QR000
Cash and Deposits with Central Banks	16,314,719	5,924,860	5,072,159
Due from Banks Maturing within 3 months	17,429,765	19,583,353	30,025,737
Total	33,744,484	25,508,213	35,097,896

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