



Interim Condensed Consolidated Financial Information
30 September 2008

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

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Qatar National Bank S.A.Q (the "Bank") and its subsidiary (together referred to as the "Group") as at 30 September 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the three-month and nine month periods then ended and the related notes ("interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standard (IAS 34)-Interim Financial Reporting and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information of the Group as at and for the period ended 30 September 2007 were reviewed and the consolidated financial statements of the Group as at and for the year ended 31 December 2007 were audited by another auditor, whose reports dated 10 October 2007 and 14 January 2008 respectively expressed an unqualified review conclusion and audit opinion.

Scope of review

We conducted our review in accordance with the 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of Qatar Central Bank regulations.

Ahmed Hussain
KPMG
Qatar Auditors Registry Number 197

Doha - State of Qatar
10 October 2008

Qatar National Bank S.A.Q.
Interim Condensed Consolidated Balance Sheet

	Note	30 September 2008 (Reviewed) QR000	30 September 2007 (Reviewed) QR000	31 December 2007 (Audited) QR000
ASSETS				
Cash and Deposits with Central Banks		4,410,140	1,877,109	10,948,569
Due from Banks and Other Financial Institutions		30,865,679	14,750,776	21,302,608
Loans and Advances and Financing Activities	3	91,045,840	63,911,385	66,064,137
Financial Investments	4	12,536,432	10,455,651	11,308,925
Investment in Associates and Joint Ventures		4,552,037	2,479,356	2,703,546
Property and Equipment		754,550	617,403	651,496
Other Assets		1,474,008	1,325,199	1,381,387
Total Assets		145,638,686	95,416,879	114,360,668
LIABILITIES and EQUITY				
LIABILITIES				
Due to Banks and Other Financial Institutions		23,162,728	16,915,578	9,928,352
Repurchase Agreements		2,267,416	-	2,495,142
Customer Deposits		82,009,237	54,460,492	74,180,689
Other Borrowings		6,718,153	6,713,809	6,714,819
Other Liabilities		2,871,459	1,435,268	2,000,110
		117,028,993	79,525,147	95,319,112
Unrestricted Investment Accounts		10,906,042	5,559,345	5,183,192
Total Liabilities and Unrestricted Investment Accounts		127,935,035	85,084,492	100,502,304
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT				
Issued Capital		2,408,966	1,622,200	1,824,975
Statutory Reserve		6,829,460	1,622,200	3,852,723
Other Reserves		1,786,580	1,753,951	1,751,616
Risk Reserve		783,072	421,000	783,072
Fair Value Reserve		1,439,248	1,927,446	2,346,658
Proposed Dividend	5	-	-	912,487
Proposed Bonus Shares		-	-	364,995
Proposed Transfer to Statutory Reserve		-	-	567,770
Retained Earnings		4,456,325	2,984,897	1,453,563
Total Equity Attributable to Equity Holders of Parent		17,703,651	10,331,694	13,857,859
Minority Interest		-	693	505
Total Equity		17,703,651	10,332,387	13,858,364
Total Liabilities and Equity		145,638,686	95,416,879	114,360,668

Yousef Hussain Kamal
Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

The attached explanatory notes 1 to 8 form an integral part of these financial statements.

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

	Three months to 30 September 2008 (Reviewed) QR000	Three months to 30 September 2007 (Reviewed) QR000	Nine Months to 30 September 2008 (Reviewed) QR000	Nine Months to 30 September 2007 (Reviewed) QR000
Interest Income	1,643,910	1,197,128	4,493,961	3,237,099
Interest Expense	(932,974)	(761,223)	(2,674,859)	(1,903,165)
Net Interest Income	710,936	435,905	1,819,102	1,333,934
Fees and Commission Income	292,346	215,240	831,778	597,328
Fees and Commission Expense	(17,669)	(10,710)	(52,050)	(34,961)
Net Fees and Commission Income	274,677	204,530	779,728	562,367
Dividend Income	1,439	4,540	136,682	121,552
Net Gains from Dealing in Foreign Currencies	91,271	31,829	249,876	136,881
Net Gains from Financial Investments	191,001	105,306	450,230	190,569
Share in Profit of Associates	63,663	79,096	161,995	79,096
Income from Islamic Financing and Investing Activities	216,025	87,555	467,092	306,164
Other Operating Income	3,150	2,500	28,563	4,086
Net Operating Income	1,552,162	951,261	4,093,268	2,734,649
General and Administrative Expenses	(272,067)	(221,429)	(776,020)	(610,604)
Depreciation	(25,398)	(14,843)	(63,026)	(39,936)
(Provisions) / Recoveries of Provisions for Credit Losses of Loan	(10,852)	(3,745)	(49,494)	37,994
Net Impairment Gains / (Losses) of Financial Investments	1,015	1,489	40,066	(64,169)
Other Provisions	5	(367)	(4,958)	(562)
Unrestricted Investment Account Holders' Share of Profit	(104,542)	(59,940)	(232,135)	(190,105)
Net Profit Before Taxes	1,140,323	652,426	3,007,701	1,867,267
Taxes	5,420	(3,552)	(4,939)	(13,878)
Net Profit for the Period	1,145,743	648,874	3,002,762	1,853,389
Attributable to:				
The Bank's Shareholders	1,145,743	649,224	3,002,762	1,854,590
Minority Interest	-	(350)	-	(1,201)
	1,145,743	648,874	3,002,762	1,853,389
Earnings Per Share (QR)	4.9	3.3	12.7	9.5
Weighted Average Number of Shares	235,823,512	194,663,947	235,823,512	194,663,947

The attached explanatory notes 1 to 8 form an integral part of these financial statements.

Qatar National Bank S.A.Q.

Interim Condensed Consolidated 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	Equity Attributable to Equity Holders of Parent QR000	Minority Interest QR000	Total QR000
Balance at 1 January 2007	1,297,760	1,297,760	1,760,004	421,000	1,099,895	778,656	324,440	324,440	1,130,307	8,434,262	-	8,434,262
Net Movement in Currency Translation Adjustments	-	-	(6,342)	-	-	-	-	-	-	(6,342)	-	(6,342)
Share of Changes Recognized Directly in Associates Equity	-	-	289	-	-	-	-	-	-	289	-	289
Net Movement in Fair Value Reserve	-	-	-	-	827,551	-	-	-	-	827,551	-	827,551
Total Changes in Reserves												
Recognised Directly in Equity	-	-	(6,053)	-	827,551	-	-	-	-	821,498	-	821,498
Net Profit for the Nine Months	-	-	-	-	-	-	-	-	1,854,590	1,854,590	(1,201)	1,853,389
Total Income and Expenses for the Period	-	-	(6,053)	-	827,551	-	-	-	1,854,590	2,676,088	(1,201)	2,674,887
Dividend Paid for the Year 2006	-	-	-	-	-	(778,656)	-	-	-	(778,656)	-	(778,656)
Bonus Shares for the year 2006	324,440	-	-	-	-	-	(324,440)	-	-	-	-	-
Transfer to Statutory Reserve for the year 2006	-	324,440	-	-	-	-	-	(324,440)	-	-	-	-
Net Movement in Minority Interest	-	-	-	-	-	-	-	-	-	-	1,894	1,894
Balance at 30 September 2007	1,622,200	1,622,200	1,753,951	421,000	1,927,446	-	-	-	2,984,897	10,331,694	693	10,332,387
Balance at 1st 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
Net Movement in Currency Translation Adjustments	-	-	14,573	-	-	-	-	-	-	14,573	-	14,573
Share of Changes Recognized Directly in Associates Equity	-	-	20,391	-	-	-	-	-	-	20,391	-	20,391
Net Movement in Fair Value Reserve	-	-	-	-	(907,410)	-	-	-	-	(907,410)	-	(907,410)
Total Changes in Reserves												
Recognised Directly in Equity	-	-	34,964	-	(907,410)	-	-	-	-	(872,446)	-	(872,446)
Net Profit for the Nine Months	-	-	-	-	-	-	-	-	3,002,762	3,002,762	-	3,002,762
Total Income and Expenses for the Period	-	-	34,964	-	(907,410)	-	-	-	3,002,762	2,130,316	-	2,130,316
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 September 2008	2,408,966	6,829,460	1,786,580	783,072	1,439,248	-	-	-	4,456,325	17,703,651	-	17,703,651

* Other reserves as at 30 September 2008 include a credit balance of QR1.1 million (September 2007: a debit balance of QR16.4 million) in respect of currency translation adjustments.

* During the period, the Bank issued 21,899,694 rights shares at a premium of QR110 per share.

The attached explanatory notes 1 to 8 form an integral part of these financial statements.

Qatar National Bank S.A.Q.

Interim Condensed Consolidated Statement of Cash Flows

	Note	Nine Months to 30 September 2008 (Reviewed) QR000	Nine Months to 30 September 2007 (Reviewed) QR000	Year to 31 December 2007 (Audited) QR000
Net Cash Inflow from Operating Activities		4,634,993	5,027,114	17,813,345
Cash Flow from Investing Activities				
Purchase of Financial Investments		(6,107,606)	(5,077,735)	(6,583,801)
Sale of Financial Investments		4,377,460	4,460,086	5,745,028
Purchase of Associates and Joint Ventures		(1,666,019)	(2,367,900)	(2,554,797)
Purchase of Property and Equipment		(206,614)	(57,880)	(114,190)
Sale of Property and Equipment		14,280	841	1,149
Net Cash Outflow from Investing Activities		(3,588,499)	(3,042,588)	(3,506,611)
Cash Flow from Financing Activities				
Dividend Paid		(896,489)	(773,125)	(779,888)
Proceeds from Rights Issue		2,627,963	-	2,433,298
Net Cash Inflow / (Outflow) from Financing Activities		1,731,474	(773,125)	1,653,410
Net Cash Inflow		2,777,968	1,211,401	15,960,144
Changes in Foreign Exchange Rates		105,345	(30,874)	(23,957)
Balance at 1st January		28,296,764	12,360,577	12,360,577
Balance at 30 September / 31 December	8	31,180,077	13,541,104	28,296,764

The attached explanatory notes 1 to 8 form an integral part of these financial statements.

Qatar National Bank S.A.Q.

Notes to the Interim Condensed Consolidated Financial Information

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial information are prepared in accordance with IAS 34 - Interim Financial Reporting. These interim condensed consolidated financial information should be read in conjunction with the 2007 annual financial statements.

The interim condensed consolidated financial information do 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 months ended 30 September 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2008 but are not currently relevant to the Group:

- 1- IFRIC 11, IFRS 2- Group and treasury shares transactions.
- 2- IFRIC 12, Service concession arrangements.

The following new standards, amendments to standards or interpretations which are applicable to the Group have been issued but are effective from the financial year beginning 1 January 2009 and have not been early adopted:

- 1- IFRS 8, "Operating Segments". The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.
- 2- IAS 1 (amendment), "Presentation of financial statements" . Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.

2. SEGMENT INFORMATION

The Group is organised into three main business segments which comprise conventional commercial banking, Islamic banking and wealth management activities. Details of each of the segments are stated below:

	Conventional Banking	Islamic Banking	Wealth Management	Intra-group Transactions	Total
Total Assets	134,552,454	13,847,835	4,347,659	(7,109,262)	145,638,686
Total Liabilities	116,999,919	12,594,015	3,991,520	(5,650,419)	127,935,035
Net Operating Income	3,394,996	532,958	166,405	(1,091)	4,093,268
Net Profit / (Loss)	2,758,424	253,277	(8,939)	-	3,002,762

Geographically, the Group operates in Qatar and through its branches and subsidiary abroad. Qatar operations contribute 94% in terms of profit (31 December 2007: 94%) and hold 86% of the Group's assets (31 December 2007: 81%).

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES

	30 September 2008 (Reviewed) QR000	30 September 2007 (Reviewed) QR000	31 December 2007 (Audited) QR000
Total Conventional Banking Loans and Advances	85,354,236	60,935,645	61,949,195
Total Islamic Financing Activities	7,110,393	3,826,192	5,219,465
Specific Provision for Impairment of Loans	(408,800)	(387,492)	(408,318)
Financing Activities Deferred Profit	(1,009,989)	(462,960)	(696,205)
Net Loans and Advances and Financing Activities	91,045,840	63,911,385	66,064,137

The aggregate amount of non performing loans and advances amounted to QR464.0 million, 0.5% of total loans and advances and financing activities (31 December 2007: QR451.1 million, 0.7% of total loans and advances and financing activities).

Interest in suspense of QR123.0 million (31 December 2007: QR156.6 million) is included within specific provision for impairment of loans for the purpose of Qatar Central Bank requirements.

4. FINANCIAL INVESTMENTS

	30 September 2008 (Reviewed) QR000	30 September 2007 (Reviewed) QR000	31st December 2007 (Audited) QR000
Available for Sale Investments	7,676,534	6,252,692	7,013,960
Held to Maturity Investments	4,859,898	4,202,959	4,294,965
Total	12,536,432	10,455,651	11,308,925

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

5. DIVIDEND

The cash dividend in respect of the year ended 31 December 2007 of QR5.0 per share, amounting to a total of QR912.5 million and a bonus share of 20% of the share capital, were approved on 10 February 2008.

6. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 September 2008 (Reviewed) QR000	30 September 2007 (Reviewed) QR000	31st December 2007 (Audited) QR000
Contingent Liabilities	51,419,893	35,384,467	39,330,050
Other Commitments	39,940,144	26,331,689	25,283,507

7. 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 September 2008 (Reviewed) QR000	30 September 2007 (Reviewed) QR000	31st December 2007 (Audited) QR000
Balance Sheet Items			
Loans and advances	2,475,349	1,675,249	1,876,031
Deposits	817,334	761,431	629,496
Contingent Liabilities and Other Commitments	176,184	210,310	247,405
Statement of Income Items			
Interest and Commission Income	102,824	58,423	95,824
Interest and Commission Expense	24,079	25,280	33,113
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	13,929	7,867	13,216
End of Service Indemnity	355	471	741

The Bank also has significant commercial transactions with the Government of Qatar amounting to QR9,109 million included in loans and advances (31 December 2007: QR7,060 million) and QR7,334 million included in deposits (31 December 2007: QR12,554 million).

8. CASH AND CASH EQUIVALENTS

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

	30 September 2008 (Reviewed) QR000	30 September 2007 (Reviewed) QR000	31st December 2007 (Audited) QR000
Cash and Deposits with Central Banks	783,078	514,088	9,107,250
Due from Banks Maturing in 3 months	30,396,999	13,027,016	19,189,514
Total	31,180,077	13,541,104	28,296,764

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