ANNUAL REPORT 2008

QNB
Together Forward

His Highness
Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar

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BOARD OF DIRECTORS

H.E. Yousef Hussain Kamal
Chairman of the Board of Directors
Member since 1988

H.E. Sheikh Hamad Bin Abdullah Bin Khalifa Al-Thani
Member since 2007

Mr. Rashid Misfer Al-Hajri
Chairman of the Audit Committee
Member since 1998

Mr. Ali Hussain Ali Al-Sada
Member of the Executive Committee
Member since 1998

H.E. Sheikh Hamad Bin Faisal Al-Thani
Vice Chairman of the Board of Directors
Chairman of the Executive Committee
Member since 1990

Mr. Bader Abdullah Darwish Fakhroo
Member of the Executive Committee
Member since 2001

H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani
Member of the Executive and the Group Policies, Governance and Development Committees
Member since 2004

Mr. Fahad Mohammed Fahad Buzwair
Chairman of the Group Policies, Governance and Development Committee
Member of the Audit Committee
Member since 2001

H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al-Thani
Member of the Executive Committee
Member since 2004

Mr. Mansoor Ebrahim Al-Mahmoud
Member of the Audit Committee
Member since 2004

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present highlights of QNB's major achievements in 2008, a year that witnessed an outstanding performance by the Bank, despite severe economic and financial conditions affecting a large number of countries around the world.

During 2008, the widening global financial crisis caused a significant weakening in worldwide economic conditions, with major industrial countries falling into recession, along with lower growth estimates for 2009 for developing countries. This has led to a substantial decline in oil prices that are the main source of income and export revenues for oil exporting countries. However, the Qatari economy is expected to record a positive growth due to the vast expansion in the production and export of liquefied natural gas and the continuing implementation of ambitious developmental projects.

In line with QNB's strategic plans, several achievements were made during 2008. Through the careful implementation of the international expansion program for the Middle East and North Africa Region, QNB acquired a 24% stake in the UAE-based Commercial Bank International and a 50% stake in the Tunisian-Qatari Bank. Further, our stake in the Jordan's Housing Bank for Trade and Finance was increased to 33%. On the domestic front, dedicated services have been introduced across the range of activities including retail and corporate banking, along with the offering of financial advisory services. QNB Al Islami continued recording exceptional successes in both local and regional domains including the opening of its first branch in Sudan.

While QNB continues to expand in the region and other selected markets, the Bank adopts a cautious approach, carefully evaluating risks and opportunities prior to the implementation of any strategic move.

Due to the Bank's sustained growth in profitability while at the same time maintaining a high level of quality assets, the credit rating agency Capital Intelligence raised in June 2008 QNB's long term credit rating to AA- from A+, and its short term credit rating to A1+ from A1. These ratings are amongst the highest in the region. Though the raising of the credit rating is in itself a significant achievement, this development, under the current financial crisis being experienced by capital markets around the world, reflects the strength and soundness of the financial position and performance of QNB, a success we hold pride on.

As far as the financial performance during 2008 is concerned, I am pleased to report another year of strong growth with Net Profit increasing by 45.7% to QR3,653 million, compared to QR2,508 million delivered in 2007. As a result, QNB achieved a strong Return on Shareholders' Equity of 28.4%, with earnings per share increasing to QR15.4 from QR11.0 in 2007. Given the increase in business activities across all business lines, Total Assets increased by 32.9% to reach QR152.0 billion.

The excellent financial performance reflects the Bank's successful strategy in increasing and diversifying sources of income while at the same time effectively managing associated risks, especially under the turbulent financial market conditions prevalent in 2008.

Regarding the profit distribution for 2008, the Board recommends to the General Assembly the distribution of a cash dividend of 75% of the nominal value of share capital, representing QR7.5 for each share held, being the highest ever. Also, the Board recommends a bonus share distribution of 25% of share capital, representing one share for every four shares held, thereby increasing share capital to QR3,011 million.

On behalf of the Board of Directors, I express our sincere gratitude to His Highness the Emir, Sheikh Hamad Bin Khalifa Al-Thani and to His Highness the Heir Apparent, Sheikh Tamim Bin Hamad Al-Thani for their continued support and guidance.

We also express our appreciation to Qatar Central Bank's Governor, His Excellency Sheikh Abdullah Bin Saud Al-Thani, for his efforts in promoting Qatar's banking sector.

Finally, we are indebted to QNB's senior management and staff for their dedicated efforts in further promoting the Bank's leading position on the domestic and international front.

Yousef Hussain Kamal
Chairman

GROUP CHIEF EXECUTIVE REPORT

I am pleased to provide an overview of the major accomplishments during 2008, a year that witnessed a substantial growth in business activities and the achievement of strong financial results.

2008 represented the first year in the implementation of QNB's five-year strategic plan, in which a number of important objectives were achieved. In this regard, as part of the regional expansion plans, QNB acquired a 24% stake in the UAE-based Commercial Bank International, a move that will further strengthen QNB's ability to serve its customers in the GCC Region, given the already existing branches in Kuwait and Oman. Additionally, QNB entered the Tunisian market by acquiring a 50% stake in the Tunisian-Qatari Bank. Further, QNB Al Islami opened its first international branch in Sudan, and QNB's representative office in Singapore was converted into a full service branch. During the second half of 2009, the Bank's expansion plans include the opening of a new branch in Geneva dedicated to private banking services along with the establishment of a bank in Syria in which QNB will have a 49% stake.

During the year, QNB continued to support the small and medium sector enterprises that are considered a major sector among non-oil sectors, along with the financing of key development projects. QNB Capital, the financial advisory arm of QNB also began its operations at the Qatar Financial Centre. QNB Capital is advising Vodafone Qatar on its upcoming Initial Public Offering (IPO).

Given QNB's extensive experience in managing IPOs, it launched a new service in 2008 whereby customers are able to subscribe electronically in the capital increase of several listed companies in Qatar via the Bank's **EAZY**internet service and ATM network.

In Retail Banking, QNB's premium retail offering - QNB First was well received by customers who are provided an exclusive range of products and services by a highly qualified team at five locations. Further enhancing customer convenience, QNB's network of branches and offices was expanded to cover 53 locations including 10 dedicated for QNB Al Islami. The ATM network was also expanded to reach 150 with the addition of 21 ATMs during 2008.

QNB Al Islami was the first to launch the "Ijara Vehicle Lease" and "Tawlia" products, as part of its continued efforts in providing customers with a broad range of products and services. QNB Al Islami's exceptional performance since inception allowed it to achieve a high market share amongst Islamic financial institutions in Qatar, with assets reaching QR13.0 billion, up by 81.3% from 2007. Financing activities reached QR6.8 billion, compared to QR4.5 billion in 2007, with net profit for the year increasing to QR331.3 million as compared to QR148.3 million in 2007.

QNB firmly believes that its human resources are a key element of the Bank's success, and towards that end it is committed to attracting and retaining qualified talent. At the same time, providing the appropriate training and development opportunities for the Qatari work force in order to further enhance their skills is a priority. A dedicated training and development center was set up for this purpose.

Although 2009 is expected to be a challenging year, we are confident in our ability to maintain our leading position across business lines through the offering of products and services that exceed our customers' expectations, and are confident in our resolve to continue to record an outstanding financial performance.

Finally, I would like to express my gratitude and appreciation to our shareholders and customers for their continued trust and confidence, stressing on the Bank's strong commitment to assist them in fulfilling their goals and aspirations.

Ali Shareef Al-Emadi
Group Chief Executive Officer


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CORPORATE GOVERNANCE

The Board of Directors set the standard for sound governance for the entire QNB Group. Corporate governance is a matter of vital importance and a fundamental part of the culture and business practices of the Bank.

The Board's leadership role was particularly evident in 2008 as it ensured the Bank was well-positioned to embrace new international challenges while continuing to lead in the domestic market.

CORPORATE GOVERNANCE FRAMEWORK

During the year, QNB continued the implementation of a global best-practices corporate governance program to improve transparency, enhance the management and oversight of risk management, as well as promoting the highest standards of audit and compliance accountability. Key activities included the development of group-wide audit and compliance policies, the development of intra-group reporting structures, and a comprehensive review of the regulatory reporting framework.

At QNB, a balance between the roles and responsibilities of the Board and management is achieved with the Board providing overall oversight and strategic direction through the approval of major strategic initiatives, policies and objectives. Day-to-day management of QNB is entrusted to the Group Chief Executive Officer.

COMPOSITION OF THE BOARD OF DIRECTORS

Since the establishment of QNB in 1964, its ownership structure has been stable, with 50% ownership by the Government of the State of Qatar through its investment arm – Qatar Investment Authority (QIA) while the remaining 50% is held by the public. The Board composition reflects this ownership structure with five members out of the total ten members including the Chairman, being representatives of QIA. The Vice Chairman is elected by Board Members through a secret ballot. The five members from the private sector are elected by shareholders' at the General Assembly.

Members of the Board of Directors are appointed or elected, as the case may be, for renewable terms of three years. The term of the current Board of Directors covers the period 2007-09, with the election of new private sector members to take place at the General Assembly meeting in early 2010.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

The Board provides overall oversight and strategic direction through the approval of major strategic initiatives, policies and objectives. The Board's Terms of Reference calls upon it to review and approve, directly or though authorities delegated to related Board level committees, the credit and investment policies through the setting of particular parameterized risk appetite limits.

Sub-committees of the Board of Directors include the Group Executive Committee, the Group Audit Committee, and the Group Policies, Governance and Development Committee.

It is also the Board's responsibility to ensure the implementation of a system of internal control framework across the group including Internal Audit, Compliance, Risk Management, and Financial Control.

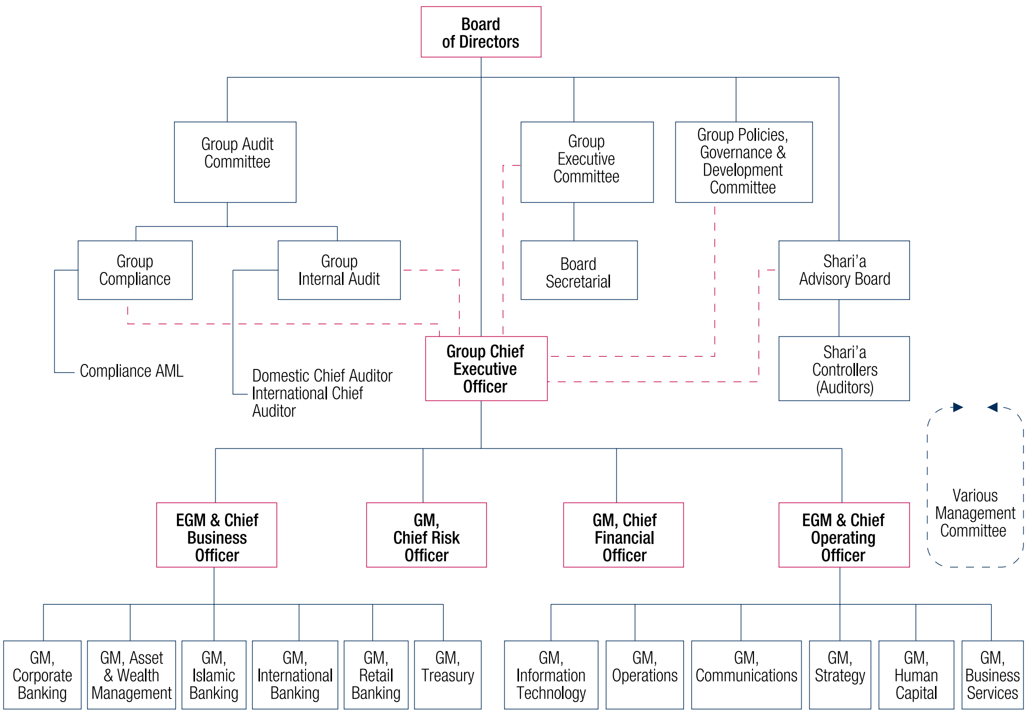
In addition, the Board of Directors reviews and approves the yearly budget and business plans, and capital expenditures. On a regular basis, the Board reviews the Bank's progress towards the achievement of its strategy, goals and objectives, making modifications as required.

BOARD MEETINGS

The Board meets for a minimum six times during the year. During 2008, the Board held seven meetings, with all meetings being attended by the Chairman.

DATES AND ATTENDANCE OF BOARD MEETINGS

Dates of Board of Directors Meetings during 2008	Attendance
January 14	9 Members including the Chairman
March 19	8 Members including the Chairman
May 11	All Members including the Chairman
June 29	6 Members including the Chairman
September 20	6 Members including the Chairman
October 26	7 Members including the Chairman
November 26	7 Members including the Chairman



TERMS OF REFERENCE OF THE GROUP EXECUTIVE COMMITTEE

The Executive Committee is composed of five Board members, with the Vice Chairman of the Board of Directors acting as Chairman of this committee. The Group Chief Executive attends all meetings, without voting powers. During 2008, the committee met five times. The committee reviews overall credit and investment exposures, and approves credit facilities above the authorized limit set for management up to the committee's limit as delegated by the Board. The committee reviews, on a quarterly basis, the status of pending litigation matters and recommends action to be taken on impaired loans. The committee also oversees and approves corporate social responsibility expenditures.

TERMS OF REFERENCE OF THE GROUP AUDIT COMMITTEE

The Audit Committee consists of three Board members. During 2008, the committee held eight meetings.

The main responsibilities of the committee involves the review of Financial Statements, the effectiveness of Control, and the performance of Internal Audit, Compliance, and External Audit.

TERMS OF REFERENCE OF THE GROUP POLICIES, GOVERNANCE AND DEVELOPMENT COMMITTEE

The committee is composed of two Board members and the Group Chief Executive. During 2008, the committee met four times.

The committee develops the long-term strategy for the QNB Group. It ensures the annual business plans and budget are in line with the long-term strategy, while at the same time monitoring quarterly performance. The committee is entrusted with the development of QNB's Corporate Social Responsibility Strategy, along with marketing and communication plans.

On periodic basis, the committee reviews and assesses changes in the local and international corporate governance practices and makes recommendations for improvement to the Board. The committee also reviews group-wide policies and provides initial approval prior to final approval by the Board.

SENIOR MANAGEMENT TEAM

Day-to-day management of QNB is entrusted to the Group Chief Executive Officer, who is aided by a seasoned and experienced executive management team. Reporting directly to the Group Chief Executive are four senior executives: the Executive General Manager – Chief Business Officer, Executive General Manager – Chief Operating Officer, General Manager – Chief Risk Officer, and General Manager – Chief Financial Officer.

MANAGEMENT COMMITTEES

As part of the Bank's new corporate governance program, nine committees were formed, each having its own Terms of Reference.

Group Strategy Committee
Group Asset and Liability Committee
Group Risk Committee
Group Information Technology Committee
Group Credit Committee
Group Business Development Committee
Group Operations Committee
Group Human Capital Committee
Group Crisis Management Committee

COMMUNICATION WITH STAKEHOLDERS AND INVESTORS

QNB is a firm believer in transparency and disclosure. The Board ensures that all reporting including the annual report and the interim financial results are clear, comprehensive, and timely. Financial results and disclosures comply with international accounting standards and regulatory requirements.

Management presentations to analysts and investors provide comprehensive coverage on recent developments, updates on strategic initiatives and detailed reports on financial performance. The same is communicated by the Chairman of the Board of Directors to Shareholders during General Assembly meetings.

All important decisions that may impact QNB's share price are communicated to Qatar Financial Market Authority and Doha Securities Market.

COMMUNITY SUPPORT

QNB is committed to supporting the communities in which we operate. As part of the Bank Corporate Social Responsibility framework, QNB provides generous financial support positively affecting the community in several key areas in Health & Environment, Arts & Culture, Sports, Social & Humanitarian, Youth Welfare & Education, and Economic & International Affairs. Complementing the financial support, QNB staff actively participates at various events and functions that are sponsored by the Bank.

QNB's community involvement is detailed in the 2008 Corporate Social Responsibility Report, our second consecutive report following the inaugural report in 2007.

RISK MANAGEMENT

QNB continues to refine and enhance its risk management framework, as we build up capabilities to invest in different markets and different products and asset classes. QNB routinely assesses and undertakes proactive, precautionary measures to minimize risk exposure.

Risk management is exercised at several levels of the Bank, including the Board of Directors, the Board's sub-committees, the senior executive team, and members of the various management committees including the Group Asset and Liabilities Committee and the Group Risk Management Committee.

This approach to oversight, combined with improvements to our Risk Management Information System has proved to be essential, given current market volatility.

With more than 50 dedicated staff committed to managing risk, QNB's commitment to prudent risk management cannot be overestimated. Recognizing that every QNB employee has a role to play in managing risk, all team leaders, including senior management and all international branch managers, participated in a two-day Crisis Management Training workshop held in November 2008. The workshop introduced employees to the Bank's protocols and emergency response mechanisms in the event of an unforeseen crisis.

FORTIFYING OPERATIONAL SYSTEMS

From an operational perspective, since January 2006, QNB continues to fulfill its commitments in relation to the first pillar of Basel II. It is now also fulfilling all relevant compliance requirements under Basel II's second pillar (ICAAP).

Over the past year the Bank also upgraded its Treasury systems to embrace the latest technology in this realm and further enhanced security measures. It also upgraded its computer room operations to meet ISO 27001 certification standards.

SAFEGUARDING TECHNICAL ASSETS

QNB has a full functioning disaster recovery center located in Doha and will be adding a new back-up data center, in Europe, to ensure vigilance and uninterrupted responsiveness to our customers. Implementation is now underway using the services of a world-class leader in IT consultancy.

GROUP INTERNAL AUDIT

Group Internal Audit, which reports to the Board's Audit Committee, uses a risk-based approach to conduct independent audits of QNB activities in all jurisdictions. All new overseas branches are subject to a comprehensive review within six months of business start-up. This approach enables the Bank to proactively assess operations and identify potential vulnerabilities while providing international staff with a sound understanding of expectations.

QNB maintains the highest standards of professional and international best practices and ethical conduct, to ensure its activities consistently meet, or exceed, requirements in new operating jurisdictions. Ensuring a versatile and robust audit function with a solid understanding of both domestic and international business was critical to its successful foray into new markets and achievement of set goals this past year.

INTEGRATED PLANNING AND COLLABORATIVE PRIORITY-SETTING

In its quest to implement and respect best practices and international standards throughout all its operations, QNB continued to align its internal audit functions more closely with the Bank's risk management activities. Furthermore, in March 2008 the comprehensive Audit Management System (AMS) was fully implemented to achieve excellence and maximize efficiencies.

PURSUING THE HIGHEST PROFESSIONAL STANDARDS

As QNB asserts its lead in the regional domain, it is committed to maximizing its professional capacity in all areas. Identifying valuable learning and training opportunities for its staff is a key component of that activity.

In 2008 all members of the audit team participated in a five-day audit risk management training session. The Bank also continued to promote skill acquisition in Islamic banking operations, risk management and corporate governance among its auditors.

The Bank has always focused on hiring professionally qualified auditors who hold certifitations awarded by leading international professional institutions. During 2008, it recruited an International Chief Auditor with extensive global experience.

The audit team is also committed to enriching and empowering Qatari nationals in the profession. In 2008, three Qatari trainees were part of the audit team and one became a full-fledged auditor.

GROUP COMPLIANCE

Group Compliance reports to the Board Audit Committee. Group Compliance provides QNB senior management with advice and consultation expertise to ensure its procedures meet statutory requirements. It also monitors and reports on activities to ensure the Bank is in compliance with Qatar Central Bank's regulations and laws and standards relevant to the jurisdiction in which the Bank is operating.

RAISING AWARENESS OF COMPLIANCE ISSUES

While effectively responding to more inquiries seeking clarification on applicable regulations and standards, the compliance team also worked in close collaboration with the Training Department to recommend appropriate training activities that heightened awareness of duties and responsibilities in relation to applicable laws and regulations.

During 2008, Group Compliance conducted 15 training programs on compliance awareness, in both English and Arabic, which reached 360 employees. It also coordinated a proactive information campaign to raise awareness and understanding of anti-money laundering activities and relevant legislative responsibilities and procedures to be undertaken by Bank staff to minimise risks.

In addition, the compliance team worked diligently throughout 2008 to build strong, enduring relationships with QNB's overseas branches and subsidiaries, structuring clear reporting relationships that support compliance with all applicable jurisdictional requirements.

PROACTIVELY COMBATING MONEY LAUNDERING ACTIVITIES

QNB implements daily and monthly monitoring of all financial transactions in compliance with Qatar Central Bank's instructions and the Financial Action Task Force (FATF) recommendations.

In 2008, the Bank upgraded its monitoring processes to classify transactions more effectively according to risk potential. A new, automated system was implemented to improve efficiencies and reduce the risk of dealing with suspicious customers. In addition, the Bank implemented the M Q Series – Safe Watch in November 2008 that links front-end data files with back-office systems, further enhancing the Bank's ability to identify suspicious customers and transactions. This, along with the implementation of a global on-line service that routinely provides international referral lists, ensures a robust, proactive intervention process that safeguards the Bank's interests.

NEW WHISTLE-BLOWING POLICY STRENGTHENS INTERNAL ACCOUNTABILITIES

While QNB continues to implement the most effective monitoring systems available to ensure the integrity of transaction activities conducted externally, it also took steps in 2008 to tighten controls internally by implementing a new whistle-blowing policy.

Implementation of the whistle-blowing policy safeguards the QNB Group from internal wrong doings. The Bank is committed to the highest possible standards of openness, integrity and accountability and the policy preserves the rights of employees who are encouraged to disclose misconduct without fear of reprisal.

As the Bank's activities are expanding with a presence in new locations, Group Internal Audit and Group Compliance are committed to selecting and retaining professional staff members with the highest level of integrity, with a superior knowledge of applicable laws, regulations, and standards.

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SINGAPORE

ENGLAND

KUWAIT

SINGAPORE

YEMEN

IRAQ

CORPORATE BANKING

QNB continues to be Qatar's undisputed market leader in all facets of corporate banking. To maintain its competitive edge domestically and gain ground in the MENA Region it focused on enhancing the breadth, and quality of its global transaction banking services and capitalising on its syndication brand power.

During 2008, the Bank provided financial advice and support to numerous large corporations, multi-national, small and medium enterprises and government as well as semi-government institutions, in a wide array of industry segments including oil & gas, infrastructure, real estate, transportation, commercial and retail services, and contracting.

With full-service QNB branches now operating in Yemen, Oman, Singapore and Kuwait and its first Islamic international branch in Sudan, it is well-positioned to expand its role as a leading corporate banking provider beyond Qatar's borders.

DEBUT OF DEDICATED CORPORATE BANKING BRANCHES

Following the outcome of a comprehensive survey of corporate customers undertaken in 2007, QNB embarked on an ambitious plan in 2008, to re-align its corporate activities to ensure quality service and customer satisfaction at all levels.

Committed to offering consistently superior services to its valued corporate customers, QNB opened two Corporate Branches wholly dedicated to addressing their specialized needs. It subsequently transferred responsibility for day-to-day corporate banking support for Small and Medium Enterprises (SMEs) from its Retail Division to the Corporate Branches, enabling these customers to also benefit from the more focused approach.

QNB's Main Branch now serves as the headquarters for its Corporate Banking service activities, with a second dedicated Corporate Branch in Ein Khalid on Salwa Road. This change, coupled with an extensive overhaul of QNB's corporate e-banking services caused satisfaction rates to soar and enabled QNB to retain a dominant corporate market share despite increased competition.

DIRECT SWIFT ACCESS IMPROVES EFFICIENCIES FOR CORPORATE CUSTOMERS

Throughout 2008, QNB implemented the latest technological solutions to improve the services and products delivered to corporate banking customers. It was the first bank in Qatar to offer its corporate banking customers dedicated SWIFT access. Through MA-CUG, customers now have a single channel to communicate with QNB to facilitate large international transactions, and straight-through transactions on the domestic front for salary transfers that further improved efficiency.

EXTENSIVE E-SERVICES' IMPROVEMENTS

The introduction of Electronic Cheque Clearing directly at the customers' premises was another ground-breaking service rolled out in 2008, resulting in faster, quicker and more efficient services, with improved liquidity.

Other enhanced electronic services introduced to corporate customers in 2008 included the introduction of cash deposit cards enabling customers to use ATMs to deposit funds on a 24/7 basis.

The introduction of a Cash Deposit Centre in early 2008 facilitated the introduction of a convenient cash pick-up service that improved efficiencies and enhanced security, while the capacity to accept third-party payments also contributed to improved cash management and enhanced customer relationship.

The year 2008 also witnessed the successful migration of corporate credit cards from PrimeBiz to Prime 3, which resulted in enhanced e-Statements and business reports for corporate customers. Corporate customers also benefited from the development and implementation of a new system for a major bill issuer in the country that gives end-users real-time access to their service accounts. The new system created a faster and more efficient service mechanism that benefited all parties.

PROMOTING CORPORATE SERVICES

The Bank published and distributed its first-ever targeted sales brochure directed at corporate customers. This activity was further supplemented with an updated corporate website design that responded to the needs identified by customers in the 2007 survey and the launch of an e-newsletter in May 2008.

To complement the updated corporate website, 2008 witnessed a concerted effort to enhance customer service on the frontlines. Improvements to frontline services and the enhanced suite of e-services will also support international branches keen to maximize corporate service earning potential.

INTRODUCTION OF ON-LINE TRADE PORTAL

QNB's Foreign Trade Department launched in November on-line services to provide corporate customers with convenient and direct access to a range of trade finance transactions. The system, which is accessed through QNB's Internet Banking infrastructure, features the newest Trade Finance technology and provides quick, easy access to import/export letters of credit, bank guarantees and bills for collection services reducing processing time to 24 hours.

By integrating these transactions directly with the Bank's foreign trade processing system, customers can now easily review documentation from the convenience of their office, saving time and efforts.

LEADING THE WAY ON STRUCTURED FINANCING

QNB's ability to support diverse and complex customer needs, from global transaction banking, cash management, trade finance, structured and project finance to syndication deals continued to serve it well in 2008.

QNB's corporate customers continued to benefit from the Bank's solid financing consultancy services with several customers engaging QNB to structure financial terms of their business contracts. In addition, the Bank continued to play a key role in numerous syndications.

During 2008, QNB participated in the financing of a number of projects acting in various capacities as Mandated Lead Arranger, Underwriter, Documentation Bank and Security and Facility Agent.

In this regard, serving as Mandated Lead Arranger, QNB was one of 20 international banks, and the only Qatari bank, that committed to the commercial bank tranche of the $3.3 billion Ras Laffan C Project that will provide 2,730 MW of power and 63 million gallons of desalinated water per day.

In addition, QNB provided Qatar National Cement Company with a bilateral Letter of Credit facility to support its continued expansion. A new plant, to be established in Umm Bab will include two mills, each with a 2,750 tonne capacity.

QNB BUSINESS BANKING - YOUR PARTNER TO PROSPERITY

The QNB Business Banking Department was launched two years ago as part of the Bank's strategy to be a market leader in the Small and Medium Enterprises of Qatar. Our goal was and remains to provide small and medium companies with the opportunity to obtain funding in order to operate as they constitute a crucial part of the country's growth.

Over the past two years, our customer base has doubled, while loans have increased by 700%. In order to service this dramatic increase in our customer base, the Small and Medium Enterprise Team has tripled in size.

BUSINESS BANKING HAS NEVER BEEN EASIER

Possessing an excellent knowledge of the market, our Account Relationship Officers are fully dedicated to their customers offering a wide range of facilities including Overdrafts, Commercial Loans, Vehicle Loans, Letters of Credit and Letters of Guarantee.

Newly released products include the Cash Deposit Card, which is the latest in the market enabling customers to deposit cash at over 40 designated ATMs, 24/7 over 365 days a year. Additionally, our award winning **EAZY***Life* internet banking service enables customers to transfer funds over the internet and thus from the comfort of their offices.

CORPORATE ADVISORY

The launch of QNB Capital, which was licensed in the last quarter of 2008, will enable QNB to strengthen its investment banking arm. Located in the Qatar Financial Centre, the team, which includes international investment bankers from Qatar, Australia, Singapore and England, advises customers on mergers and acquisitions, equity raisings, debt issues and project advice.

During 2008, the team played a key role in funding the Shard project, a signature 72-level tower in London which will, when completed in 2012, be the tallest building in Western Europe. The Shard, designed by world-renowned architect Renzo Piano, will offer more than one million square feet of commercial space, a five-star hotel, luxury residential apartments and a viewing gallery.

Despite difficult market conditions, QNB was able to assist a number of customers in raising funds on capital markets in 2008.

Successes included raising QR1.7 billion for Gulf International Services (a holding company that includes Gulf Helicopter Co., Gulf Drilling Co. and Al-Koot Insurance and Reinsurance Co.), which managed to attract subscriptions totaling QR8.9 billion from 166,000 investors making the issue oversubscribed five times. Utilizing electronic refunding to accounts for the first-time ever, the initial public offering closed in a record-breaking ten days.

In addition to a number of debt advisory transactions and mergers and acquisitions, in a significant deal, QNB Capital is advising Vodafone Qatar on its upcoming IPO.

The consortium of Vodafone Group plc. and Qatar Foundation has been awarded the second mobile telecommunications license in the State of Qatar.

Besides Vodafone Qatar and Qatar Foundation, government institutions will hold 15% of the share capital of Vodafone Qatar and 40% will be allocated to Qatari nationals. This transaction represents the first listing by an international company on the Doha Securities Market.


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IRAQ

RETAIL BANKING

In 2008, QNB continued to focus on further enhancing overall customer relationships by introducing more innovative products and services that inspired increased customer satisfaction, allowing QNB to retain its market lead in retail banking.

The introduction of a centralized customer feedback and resolution process generated a shift in the Bank's approach to servicing – enabling it to integrate a proactive approach to customer demands which has proved highly effective.

IMPROVED CARD SERVICE MANAGEMENT

In 2008, the Bank's new centralized feedback system inspired the implementation of a centralized Card Services Centre. The new centre has improved card management on a number of fronts, from the introduction of immediate Debit Card replacements at all branches, to a more efficient card inquiry response and the ability to replace lost or stolen credit cards more efficiently through a centralized card production facility.

Enhancements to credit card delivery services were also instituted in 2008, with all new and replacement cards now delivered directly to customers' residences or offices via QPost, a move that further safeguards customer interests, boosts efficiencies and promotes quicker turnarounds.

CARD SECURITY ENHANCEMENTS IMPLEMENTED

Enhanced card security remained at the forefront in 2008, with the Bank completing its Debit Card migration to CHIP that was initiated last year and commencing Credit Card migration to CHIP in Q3 of 2008. This coupled with QNB's new CHIP card issuance capability improved efficiencies significantly.

In addition, recognizing the vulnerabilities associated with credit card fraud, the Bank implemented a state-of-the-art proactive risk management system to detect fraudulent behavior.

EXTENDING THE QNB NETWORK

Qatar's mobile phone banking debuted at QNB in mid-2008. The Bank was the first in the market to introduce the service, which extends a similar suite of services currently available via QNB's internet banking facility.

Improved accessibility was further complemented by an expanded branch network, with the launch of two new branches in 2008, one housed on C-Ring Road, the headquarters for QNB's retail activities, and another on Salwa Road to bring QNB's domestic network to a total of 39 branches and three mobile branches. Meanwhile, QNB's ATM network expanded from 129 in 2007 to 150 strategic locations in 2008.

INTRODUCTION OF 24/7 CHEQUE BOOK ISSUANCE FACILITIES

Network enhancements were also achieved with the introduction of a Cheque Book production machine at selected locations, enabling accountholders to access personalized cheques within 15 minutes.

STRATEGIC EXPANSION OF PRIORITY BANKING SERVICES

During 2008, QNB First continued to gain traction. The program, which gives high net-worth customers access to superior banking options, was complemented in 2008 by VIP Fast Track, a suite of service enhancements that improves turnaround times for processing of loans and credit cards.

Strategic expansion of key priority banking services was also integrated into the growth plans over the past year, with the Bank extending its dedicated service offerings to QNB First customers from one location at the end of 2007 to five, improving accessibility and expanding its reach. The locations were subjected to significant premise upgrades.

Meanwhile the Bank's new branch design roll-out, initiated in 2007, continued to move forward, improving traffic flow and reinforcing a consistent and superior 'look and feel'.

ROLL-OUT OF ACCOUNT@SPEED ACROSS ENTIRE NETWORK

The one-stop, one-visit facility concept gained momentum in 2008 as the Account@speed service introduced in 2007 was extended across the entire QNB network, ensuring that all branches have the capacity to open an operational account, including debit card issuance, within 15 minutes.

REINFORCING FRONTLINE SALES

Significant efforts were undertaken in 2008 to augment QNB's frontline retail sales as the Bank increased its Direct Sales Agent force significantly.

The strategy utilized was refined to promote full customer service through enhanced cooperation with corporate banking staff to capitalise more effectively on new market entries. The approach has enabled QNB to maintain its market share, remain competitive and service customers to higher standards with a focus on long-term sustainability.

In alignment with improved access to QNB First and to complement the Bank's new sales incentive program, QNB offered comprehensive, specialized training to its team of Customer Relation Officers and select branch representatives to support improved customer service and generate increased understanding of cross-sell options, including Treasury products.

IMPLEMENTING NEW TECHNOLOGY TO SERVE CUSTOMERS BETTER

The implementation of a Branch Automation System (BAS) that automates cash processing duties and gives tellers more time to focus on providing quality customer service, was piloted in three branches in late 2008 and will be extended to all branches in 2009.

This was complemented by the development of a centralized data centre in November 2008 which consolidates all customer data, enabling frontline staff to better serve retail customers of both QNB and QNB Al Islami.

The centralized system creates a comprehensive QNB knowledge database that promotes more accurate and consistent responses to customer inquiries and a proactive cross-marketing approach that enables customers to capitalise on the full range of products and services QNB offers.

Meanwhile, the integration of a new front-office IPO system at all branches permitted additional streamlined and single-window electronic remittance transactions, enabling customers to subscribe to IPOs within ten minutes from any QNB branch.

The implementation of E-IPOs in early 2008 enabled Qatari nationals to participate in IPOs through two channels, via SMS banking, or ATMs, and through a third channel, internet banking while inside or outside Qatar. In addition, the new system enables customers to apply online for up to 30% instant financing to facilitate their IPO participation.

INTRODUCTION OF SERVICES TARGETING NON-RESIDENT INDIANS

Sales employees were buoyed by innovative new products in 2008, including the launch of services targeting non-resident Indians (NRI). In mid-year, QNB launched a joint initiative with HDFC Bank in India, which extends dual account and quick remittance services to India.

QNB can now offer a range of HDFC services, including housing and mortgage facilities to non-resident Indians in their country of residence.

The new product, which targets the Indian expatriate community, is a front-runner model which complements QNB's accelerated international expansion aspirations.

LOAN ENHANCEMENTS

On the loan product front, QNB continued to offer competitive options for both personal and vehicle loans and expanded its mortgage proposition to coincide with the Government's release of 18 new areas open to 99-year leases for expatriate communities.

WINNING PROMOTIONAL CAMPAIGNS

To round-out its assertive push on the retail front, QNB continued to market an array of attractive promotional campaigns including a VISA Olympic program which awarded six lucky customers a trip for two to attend the Beijing Olympic Games.

One of 2008's most successful campaigns was the Qmiles redemption promotion launched in April that featured a 50% redemption value to inspire customers to use their co-branded credit card and cash-in rewards.

In addition, in a move to encourage migration to more convenient banking channels, QNB initiated the **EAZY***Life* sign-up and usage campaign which enabled it to more than double its Internet subscribers and attain a 40% increase in SMS banking usage as compared to 2007.

QNB's concerted focus on improving consumer service levels reaped rewards throughout 2008 with The Asian Banker awarding QNB the title of Best Retail Bank in Qatar.

More importantly, the long-term benefits of the proactive, consumer-centric force will enhance its ability to maintain and expand its market share and leading position both at home and outside its borders as it moves forward to embrace exciting new global opportunities and challenges.


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INTERNATIONAL BANKING

QNB's accelerated expansion into international markets that have strong links to Qatar's trade and investment flows continued at a steady pace in 2008.

Building on its strong corporate relationships in the Gulf region, the Bank continued to diversify its revenue base and assets in the GCC while further strengthening its presence in the Middle East and North Africa Region through the opening of new international branches and strategic affiliations.

QNB's presence in the MENA Region further expanded by two key acquisitions during 2008 that included a 50% stake in the Tunisian-Qatari Bank in March, followed by a 24% stake in the United Arab Emirates' Commercial Bank International in September. In addition, our stake in Jordan's Housing Bank for Trade and Finance was increased during the year to reach 33%.

The affiliation with strategically-located, strong-performing banks was complemented by new international branch openings in countries that have strong trade and investment flows with Qatar and offer tangible growth potential.

In September, the Bank converted its Singapore representative office into a fully operational branch. As Qatar's third largest trading partner, Singapore is ideally situated to serve as the hub for QNB's South Asia operations similar to the way the Bank's London Branch oversees its European interests.

Our stake in Commercial Bank International coupled with the existing branches in Oman and Kuwait will further enhance the Bank's capacity to serve its GCC customers.

In March 2008, the Bank's European operations were restructured with the London Branch having overall responsibilities. London and Paris Branches continued to respond effectively to trade and investment needs and are actively supporting Qatari and GCC customers in financing their investments in the UK and Europe. It is expected that these activities will continue as investors are attracted by adjusting asset values.

Building on its success it has achieved in its domestic operations, QNB Al Islami expanded its reach by the opening of its first international branch in the Sudanese Capital, Khartoum.

Looking ahead, the Bank will continue to focus its expansion in the MENA Region through the formation of a new private bank in Syria in which the Bank has a 49% stake.

Further, QNB's European operations will also be strengthened through the opening a new branch in Geneva, Switzerland wholly dedicated to private banking. With the opening of the Geneva Branch, QNB's international network of branches and representative offices will increase to 11. Through Associate Companies, QNB Group is currently represented in 23 countries around the world.

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ASSET & WEALTH MANAGEMENT

QNB implemented a strategic restructuring of its private banking services in June 2008. The move enabled the Bank to enhance its asset management services while initiating a more focused private banking and wealth management service, to meet evolving regional demands.

Leveraging on the strength of the QNB brand name and its solid customer relations with high net-worth customers throughout the MENA Region, the Bank is now poised to further develop exclusive, premium private banking and wealth management services.

The Bank's newly established Asset and Wealth Management structure builds on intrinsic synergies and will enable QNB to effectively maximize growth potential across the MENA Region, as it mirrors its success in asset management in the wealth management domain.

Working collaboratively, the 20-member Asset and Wealth Management team will focus on continuing to dominate the fund management realm domestically, while strengthening its presence regionally. Simultaneously, QNB's Private Bankers and Wealth Managers will focus on developing exclusive products that proactively respond to customers' needs, enabling the Bank to make strategic inroads on these fronts in regional markets.

QNB opened an exclusive lounge for its private banking customers at its Head Office building to provide an array of products and services, with facilities providing an atmosphere of ease and privacy. The Bank also moved to enhance its suite of private banking services in 2008 through the launch of the Bank's first VVIP MasterCard World Card, a top-tier service providing select customers with unlimited credit access.

Meanwhile, the Bank's London operations experienced increased commercial and investment banking activity, supporting numerous residential property transactions in the UK and Europe.

The increased demand for international investment support experienced by the London Branch of QNB in 2008 reinforced the need for a European presence; which will be met through the opening of a QNB Geneva Branch, focused wholly on private banking in the second half of 2009.

The Bank continues to be the dominant player in funds management, having a multiple of funds for retail and institutional investors. In addition, QNB in 2008 became the first bank in Qatar to offer custodian services for Global Depository Receipts for Doha Securities Market listed companies.

Looking ahead, QNB will focus on building its private banking and wealth management presence domestically, to fuel regional dominance.


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QNB AL ISLAMI

RAPID EXPANSION

QNB Al Islami continues to grow from strength to strength, marking its third year in operation. It relocated its offices to a prime location on C-Ring Road in July, and made its debut in the MENA Region in November 2008 with the opening of its first international operation in Sudan.

These strategic moves, coupled with its growing presence in Doha evidenced in its expanded domestic network, which included ten operational branches and offices by year-end, including its first dedicated Corporate Branch housed at the C-Ring Road complex, are solid evidence of its determination to ensure QNB Al Islami offerings complementing the leading position of QNB's conventional banking services.

INNOVATIVE PRODUCTS CONTRIBUTE TO EXPANDED PRESENCE

QNB Al Islami's domestic market share continues to expand at a rapid pace, owing largely to its innovative product line and capacity to proactively anticipate the needs of its customerele. Supporting the increase in market share is a dedicated Direct Sales Force to promote QNB Al Islami offerings.

In May 2008, QNB Al Islami became the first Islamic Bank in Qatar to issue an interest-free credit card, followed four months later, with the Qatar market's first-ever co-branded credit card. Working in collaboration with Qatar Airways, the Bank successfully mirrored values offered in its non-Islamic operations through a modified approach that attracted significant interest.

MORE 'FIRSTS' TO ATTRACT AND RETAIN CUSTOMERS

September 2008 marked the launch of the domestic market's first-ever Tawlia product, which met with resounding success. The Tawlia product supports customers who require modest financial support to facilitate travel needs, tuition fees or similar expenditures of up to QR50,000.

In 2008, QNB Al Islami also became the first Islamic bank in Qatar to launch a Vehicle Ijara Lease product and to structure a Forward Ijara product.

While innovative retail products continue to help it secure a larger market share at home, its focus on expanding its Shari'a-compliant corporate services, is evidenced by the opening of a new dedicated corporate branch at its C-Ring Road location. This is expected to further enhance its attractiveness, both in Qatar and beyond its borders.

QNB Al Islami continued for the third successive year to be the Strategic Partner for the Annual World Islamic Infrastructure Finance Conference held in Doha in October 2008. The Conference brought together from around the world leading bankers and experts from the Islamic financial sector and covered key topics of interest including Islamic Project Finance amongst others. QNB Al Islami actively participates and supports such events and various other community development activities in Qatar.


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OUR PEOPLE

QNB's Human Resources team played an integral role in the success of the Group's international expansion, which gained significant ground in 2008. Ensuring new employees understand the Bank's culture and mission is critical to promoting a cohesive business model in all geographic operations. Key HR foundations were laid covering talent market review, organizational design, compensation and benefits structures and country specific HR policies while ensuring consistency and alignment with core corporate reward principles.

As QNB expands its international presence, it is proactively addressing challenges associated to aligning the staff to one vision, bonding them through QNB values, making them a part of 'one group thinking' while appreciating and acknowledging the diversity and local traditions. In this regard, the hosting of a two-day team-building session in November 2008 with all international managers attending, which proved to be beneficial.

Attracting and retaining the best talents has always been QNB's fundamental approach towards managing its human resources need. By offering competitive remuneration packages and supporting individual learning and development aspirations, QNB has always been regarded as a preferred employer at home and it intends to capitalise on that strength in the international realm.

In order to align QNB's structure, policies and processes with business strategy, a comprehensive Corporate Governance project was undertaken by the Bank in which a new personnel policy manual was developed during 2008.

While fostering the philosophy of attracting and retaining best talents, QNB revamped its global compensation packages and restructured both short-term and long-term incentives. This resulted in very competitive and performance driven compensation packages aligned with the markets where QNB operates, ensuring the selection and retention of talented staff.

QATARISATION EFFORTS INTENSIFIED

As always, Qatarisation remained a top priority for the Bank. During 2008, QNB focused on the recruitment of nationals resulting in 86% of total recruitment being Qataris. This focus increased Qatarisation of the bank to 50.6%, which is the highest amongst the financial services industry in Qatar,

In order to retain talented Qatari staff, the Bank invested significantly in the Qatari development program. The Qatari Top Talent program marked its first anniversary in November 2008 with 45 participants.

QNB's 'Lighting the Torch' module, which attracts entry-level Qatari graduates, delivered two programs during 2008. In addition, the Bank sponsored 15 students during 2008 to attend the College of North Atlantic-Qatar (CNA-Q) graduation program.

PROMOTING CUSTOMER-CENTRIC CULTURE

Fostering customer-centric culture in the Bank is another important initiative undertaken by the management during 2008. To this effect, role specific competency based curriculums are being developed and offered to frontline staff. This coupled with a monthly incentive program for the front end staff ensures effective sales and service culture in the branches

ENCOURAGING CONTINUOUS LEARNING AT ALL LEVELS

Continuous learning remained a top priority for QNB, with 75% of staff participating in training activities during 2008, while achieving a higher level of man-day average training per employee as compared to previous years.

QNB also focused on ensuring all staff participated in anti-money laundering and safety related training. In order to support continuous learning for all employees, the Bank established a well equipped training centre in April 2008 with a goal of creating a global learning hub for the group with core banking, leadership and management development programs for critical positions.


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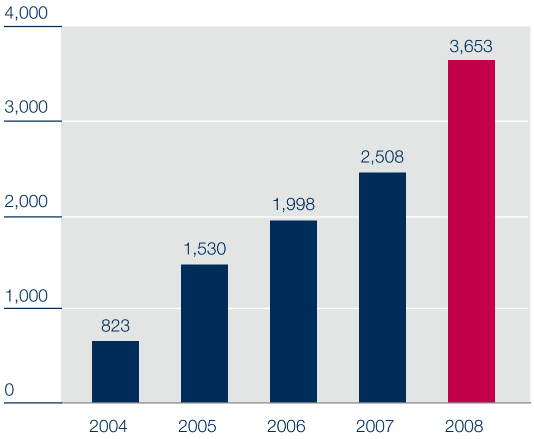
FINANCIALS

FINANCIAL HIGHLIGHTS

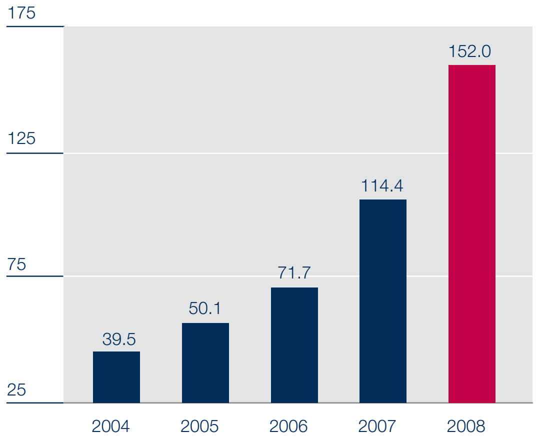
- Net profit surpassed the $1.0 billion mark for the first time, increasing by 45.7% in 2008 to reach QR3,653 million
- Total assets up by QR37.6 billion (32.9%), to QR152.0 billion
- Total loans and advances and financing activities were up by QR34.0 billion (51.4%) to reach QR100.1 billion
- Total customer deposits and unrestricted investment accounts rose by QR24.9 billion (31.4%) to QR104.3 billion
- Earnings per share increased to QR15.4 from QR11.0

Net Profit (QR Million)



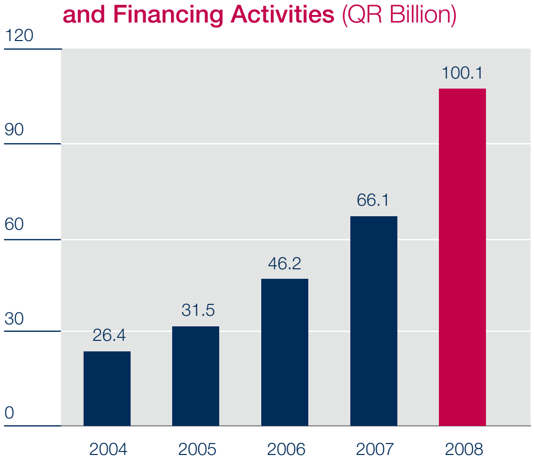
Net profit increased to QR3,653 million up by 45.7% from last year

Total Assets (QR Billion)



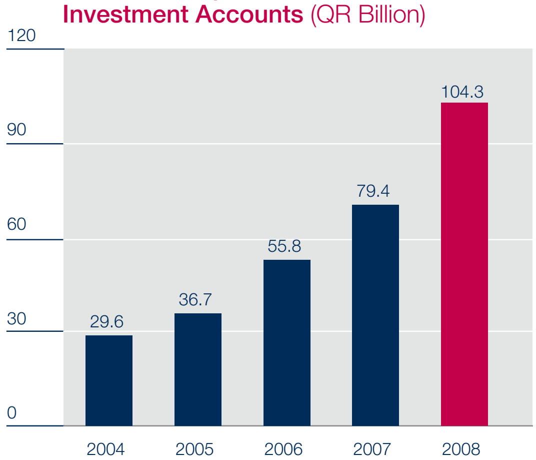
Total assets increased to QR152.0 billion up by 32.9% from last year

Loans and Advances and Financing Activities (QR Billion)



Loans and advances and financing activities increased to QR100.1 billion up by 51.4% from last year

Customer Deposits and Unrestricted Investment Accounts (QR Billion)



Customer deposits and unrestricted investment accounts increased to QR104.3 billion up by 31.4% from last year

FINANCIAL REVIEW

For the first time in its history, QNB was able to exceed the $1.0 billion profit level thanks to its success in diversifying its income sources and the maintenance of a strong efficiency ratio (total costs to total income).

Net profit rose by 45.7% to QR3,653 million, compared with the net profit of QR2,508 million delivered in 2007. The Bank saw a substantial growth in all of its income components. As a result, total income grew by QR1,708 million (49.2%) to QR5,177 million.

Net interest income and income from Islamic financing activities increased by QR923.4 million (47.8%) to QR2,856 million, mainly due to the Bank's success in maintaining its interest margins with a strong growth in loans and advances and financing activities.

Other operating income continued its strong growth reaching QR2,321 million, representing an increase of QR784.3 million (51.0%), with net fees and commissions growing by QR249.6 million (34.4%) to QR975.9 million and foreign exchange income growing by QR155.2 million (88.6%) to QR330.4 million.

At the same time, other income from investment related activities showed strong growth with dividend income growing by QR15.5 million (12.7%) to QR137.5 million, reflecting high dividend distribution of the Bank's equity portfolio. Realised profit from sales of equity securities generated a gain of QR569.3 million, and the Bank's share in profit of associates amounted to QR200.3 million.

General and administrative expenses increased by QR226.8 million (25.2%) to QR1,126 million. The increase is mainly attributed to an increase in staff costs, marketing expenses and IT systems development aiming to diversify and improve customer services. The Bank's success in improving efficiency and increasing productivity was reflected in its efficiency ratio, being total costs as a percentage of total income, which improved from 25.9% in 2007 to 21.8% in 2008. The Bank's success in improving its collection process and the effectiveness of its credit risk management policies is clearly reflected in its ratio of non-performing loans to gross loans which was maintained at 0.7%.

BALANCE SHEET GROWTH

At year-end 2008, the Bank's total assets stood at QR152.0 billion reflecting an increase of QR37.6 billion (32.9%) compared with QR114.4 billion in 2007. The growth in total assets was mainly attributable to the growth in loans and advances and financing activities which grew to QR100.1 billion, representing an increase of QR34.0 billion, or 51.4%. Customer deposits and unrestricted investment accounts also grew by QR24.9 billion (31.4%) during the year to reach QR104.3 billion, mainly due to the increase in retail and corporate banking business.

ISLAMIC BANKING

During 2008, QNB Al Islami succeeded in achieving excellent results, with total assets reaching QR13.0 billion, up by QR5.8 billion (81.3%) since 31 December 2007. Financing activities up by QR2.3 billion (50.3%) to reach QR6.8 billion, and net profit rose by QR183.0 million (123%) to reach QR331.3 million.

CAPITAL STRENGTH

Total shareholders' equity as at 31 December 2008 reached QR16.6 billion (US$4.6 billion). The Bank's risk assets ratio stood at 13.9%, comfortably in excess of the 10% minimum level set by Qatar Central Bank and the 8% minimum stipulated in the Basle capital adequacy directives.

EARNINGS PER SHARE

Earnings per share improved to QR15.4 from QR11.0 in 2007.

OUTLOOK

QNB enjoyed an excellent year in terms of new products and services, along with the level of profitability achieved for shareholders. QNB is committed to continue building upon its achievements by introducing innovative products, providing the highest level of customer service, and ensuring optimal return for shareholders.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR NATIONAL BANK S.A.Q.

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qatar National Bank S.A.Q. (the Bank) and its subsidiaries (together referred to as the "Group") which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes 1 to 36. The consolidated financial statements of the Group as at and for the year ended 31 December 2007 were audited by another auditor whose report dated 14 January 2008 expressed an unqualified audit opinion.

Responsibility of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2008, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and Qatar Central Bank regulations.

Report on Other Legal and Regulatory Requirements

In addition, in our opinion, the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We have reviewed the accompanying report of the board of directors and confirm that the financial information contained thereon is in agreement with the books and records of the Group. We are not aware of any violations of the provisions of Qatar Central Bank Law No. 33 of 2006 and the amendments thereto or Qatar Commercial Law No. 5 of 2002 and the terms of Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its consolidated financial position as of 31 December 2008. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

Ahmed Hussain
KPMG
Qatar Auditor's Registry No. 197

13 January 2009
Doha - State of Qatar

STATEMENT OF THE SHARI'A CONTROL BOARD

Praise be to Allah and peace be upon his prophet. Subject to the Articles of Association of QNB Al Islami, a branch of Qatar National Bank S.A.Q, the Fatwa and Shari'a Control Board has issued Fatwas (Shari'a opinion) on the matters presented to it, provided Shari'a solutions for the difficulties encountered during implementation and oversaw compliance with the Shari'a principles and rules set by it for the branch.

As well, through its Executive Committee and Internal Shari'a Control, the Board continuously carried out its duties, reviewed the contracts and forms, oversaw the correctness of implementation of its decisions, ensured the soundness of execution of banking operations and reviewed the balance sheet, statement of income and the method of calculation adopted for the distribution of profits between the depositors and shareholders for the financial year ended 31 December 2008. The Fatwa and Shari'a Control Board confirms that the application of Shari'a rules and controls is the management responsibility, and its role is limited to issuing Fatwa and overseeing transactions through the Internal Shari'a Control within the limits of resources available to it.

In the Opinion of the Shari'a Control Board:

- The branch has complied with the Shari'a principles and rules set for Islamic branches.
- The matters presented to it, including contracts and forms, and the transactions reviewed by the Shari'a Control were in compliance with the Shari'a rules and controls, and the discrepancies discovered were either corrected, revised or the appropriate decision were taken in their respect.
- The distribution of profit was carried out in compliance with the guidance established by the Board in accordance with the principles of Islamic Shari'a.

Finally, we thank, and pray to Allah to bless, the dedicated efforts which contributed to the initiation and success of this business. In particular, our thanks are due to the board and senior management of QNB and the staff of QNB Al Islami for their sincere cooperation with the Shari'a Control Board. May Allah Al Mighty guide all to the prosperity of this country, and praise be to Allah.

His Eminence, Dr. Yousof Al Qaradawi	**His Eminence, Dr. Ali Alqurah Dagi**	**Dr. Sultan Al Hashemi**
S.C.B. Chairman	S.C.B. Vice Chairman	S.C.B. Member

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

	Note	2008	2007
ASSETS			
Cash and Balances with Central Banks	4	6,269,596	10,948,569
Due from Banks and Other Financial Institutions	5	27,044,455	21,302,608
Loans and Advances and Financing Activities to Customers	6	100,053,490	66,064,137
Financial Investments	7	11,814,912	11,308,925
Investment in Associates and Joint Venture	8	4,596,644	2,703,546
Property and Equipment	9	618,237	651,496
Other Assets	10	1,576,284	1,381,387
Total Assets		**151,973,618**	**114,360,668**
LIABILITIES and SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to Banks and Other Financial Institutions	11	19,721,259	9,928,352
Repurchase Agreements		2,267,416	2,495,142
Customer Deposits	12	94,973,407	74,180,689
Other Borrowings	13	6,719,147	6,714,819
Other Liabilities	14	2,369,934	2,000,110
		126,051,163	**95,319,112**
Unrestricted Investment Accounts	16	9,279,230	5,183,192
Total Liabilities and Unrestricted Investment Accounts		**135,330,393**	**100,502,304**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT			
Issued Capital	17	2,408,966	1,824,975
Statutory Reserve	17	6,829,459	3,852,723
Other Reserves	17	1,789,787	1,751,616
Risk Reserve	17	1,410,000	783,072
Fair Value Reserve	17	(274,167)	2,346,658
Proposed Dividend	17	1,806,724	912,487
Proposed Bonus Shares	17	602,242	364,995
Proposed Transfer to Statutory Reserve		821,239	567,770
Retained Earnings		1,248,975	1,453,563
Total Equity Attributable to Equity Holders of Parent		**16,643,225**	**13,857,859**
Minority Interest	18	-	505
Total Equity		**16,643,225**	**13,858,364**
Total Liabilities and Equity		**151,973,618**	**114,360,668**

These consolidated financial statements were approved by the Board of Directors on 13 January 2009 and were signed on their behalf by:

Yousef Hussain Kamal
Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

The attached notes 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

	Note	2008	2007
Interest Income	19	6,167,748	4,622,719
Interest Expense	20	(3,634,747)	(2,855,168)
Net Interest Income		**2,533,001**	**1,767,551**
Fees and Commission Income	21	1,051,964	778,241
Fees and Commission Expense		(76,057)	(51,941)
Net Fees and Commission Income		**975,907**	**726,300**
Dividend Income	22	137,524	122,048
Net Gains from Foreign Currency Transactions	23	330,361	175,173
Net Gains from Financial Investments	24	569,286	374,470
Share in Profit of Associates	8	200,299	122,895
Income from Islamic Financing and Investing Activities		685,294	417,586
Other Operating Income	25	108,028	16,233
Net Operating Income		**5,539,700**	**3,722,256**
General and Administrative Expenses	26	(1,023,644)	(842,295)
Depreciation	9	(102,727)	(57,293)
Provision / (Recoveries) for Credit Losses on Loans and Advances	6	(247,612)	19,709
Net Impairment Losses on Financial Investments		(130,336)	(61,957)
Other Provisions	15	(301)	(93)
Goodwill Impairment		-	(1,860)
Unrestricted Investment Account Holders' Share of Profit		(362,773)	(253,009)
Net Profit Before Taxes		**3,672,307**	**2,525,458**
Income Tax Expense		(19,762)	(19,339)
Net Profit for the Year		**3,652,545**	**2,506,119**
Attributable to:			
Equity Holders of the Parent		3,652,545	2,507,508
Minority Interest		-	(1,389)
		3,652,545	**2,506,119**
Basic Earnings Per Share (QR)	27	15.4	11.0
Diluted Earnings Per Share (QR)	27	15.4	11.0

The attached notes 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

	Issued Capital	Statutory Reserve	Other Reserves	Risk Reserve	Fair Value Reserve	Proposed Dividend	Proposed Bonus Shares	Proposed Transfer to Statutory Reserve	Retained Earnings	Equity Attributable to Equity Holders of Parent	Minority Interest	Total
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
Net Movement in Risk Reserve	-	-	-	626,928	-	-	-	-	(626,928)	-	-	-
Net Movement in Currency Translation Adjustments	-	-	20,109	-	-	-	-	-	-	20,109	-	20,109
Share of Changes Recognised Directly in Associates Equity	-	-	18,062	-	-	-	-	-	-	18,062	-	18,062
Net Movement in Fair Value Reserve	-	-	-	-	(2,620,825)	-	-	-	-	(2,620,825)	-	(2,620,825)
Total Changes in Reserves Recognised Directly in Equity	-	-	38,171	626,928	(2,620,825)	-	-	-	(626,928)	(2,582,654)	-	(2,582,654)
Net Profit for the Year	-	-	-	-	-	-	-	-	3,652,545	3,652,545	-	3,652,545
Total Income and Expense for the Year	-	-	38,171	626,928	(2,620,825)	-	-	-	3,025,617	1,069,891	-	1,069,891
Dividend Declared 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	-	2,408,966	-	-	-	-	-	-	-	2,408,966	-	2,408,966
Transfer to Statutory Reserve for the Year 2007	-	567,770	-	-	-	-	-	(567,770)	-	-	-	-
Proposed Dividend	-	-	-	-	-	1,806,724	-	-	(1,806,724)	-	-	-
Proposed Bonus Shares	-	-	-	-	-	-	602,242	-	(602,242)	-	-	-
Proposed Transfer to Statutory Reserve	-	-	-	-	-	-	-	821,239	(821,239)	-	-	-
Net Movement in Minority Interest	-	-	-	-	-	-	-	-	-	-	(505)	(505)
Balance at 31 December 2008	**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**
Balance at 1 January 2007	1,297,760	1,297,760	1,760,004	444,072	1,099,895	778,656	324,440	324,440	1,130,307	8,457,334	-	8,457,334
Net Movement in Risk Reserve	-	-	-	339,000	-	-	-	-	(339,000)	-	-	-
Net Movement in Currency Translation Adjustments	-	-	(3,438)	-	-	-	-	-	-	(3,438)	-	(3,438)
Share of Changes Recognised Directly in Associates Equity	-	-	(4,950)	-	-	-	-	-	-	(4,950)	-	(4,950)
Net Movement in Fair Value Reserve	-	-	-	-	1,246,763	-	-	-	-	1,246,763	-	1,246,763
Total Changes in Reserves Recognised Directly in Equity	-	-	(8,388)	339,000	1,246,763	-	-	-	(339,000)	1,238,375	-	1,238,375
Net Profit for the Year	-	-	-	-	-	-	-	-	2,507,508	2,507,508	(1,389)	2,506,119
Total Income and Expense for the Year	-	-	(8,388)	339,000	1,246,763	-	-	-	2,168,508	3,745,883	(1,389)	3,744,494
Dividend Declared for the Year 2006	-	-	-	-	-	(778,656)	-	-	-	(778,656)	-	(778,656)
Bonus Shares for the Year 2006	324,440	-	-	-	-	-	(324,440)	-	-	-	-	-
Rights Issue	202,775	-	-	-	-	-	-	-	-	202,775	-	202,775
Premium on Rights Issue	-	2,230,523	-	-	-	-	-	-	-	2,230,523	-	2,230,523
Transfer to Statutory Reserve for the Year 2006	-	324,440	-	-	-	-	-	(324,440)	-	-	-	-
Proposed Dividend	-	-	-	-	-	912,487	-	-	(912,487)	-	-	-
Proposed Bonus Shares	-	-	-	-	-	-	364,995	-	(364,995)	-	-	-
Proposed Transfer to Statutory Reserve	-	-	-	-	-	-	-	567,770	(567,770)	-	-	-
Net Movement in Minority Interest	-	-	-	-	-	-	-	-	-	-	1,894	1,894
Balance at 31 December 2007	**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**

The attached notes 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

	Note	2008	2007
Cash flows from Operating Activities			
Net Profit for the Year Before Taxes		3,672,307	2,525,458
Reconciliation of Net Profit to Net Cash Flow from Operating Activities			
Depreciation	9	102,727	57,293
Provisions / (Recoveries) for Credit Losses on Loans and Advances	6	247,612	(19,709)
Net Impairment losses on Financial Investments		130,336	61,957
Other Provisions	15	9,315	3,954
Staff Indemnity Paid	15	(3,856)	(4,478)
Profit on Sale of Property and Equipment		(89,576)	(170)
Profit on Sale of Financial Investments		(569,286)	(374,470)
Goodwill Impairment		-	1,860
Income Tax Paid		(16,800)	(10,585)
Amortisation of Premium or Discount on Financial Investments		22,979	4,242
Gains from Investments in Associates	8	(200,299)	(122,895)
		3,305,459	**2,122,457**
Net (Increase) / Decrease in Assets			
Due from Banks and Other Financial Institutions		(541,632)	(1,053,061)
Loans and Advances and Financing Activities		(34,236,965)	(19,817,818)
Other Assets		(196,269)	(719,368)
Net Increase / (Decrease) in Liabilities			
Due to Banks and Other Financial Institutions		9,792,907	3,673,510
Repurchase Agreements		(227,726)	2,495,142
Customer Deposits and Unrestricted Investment Accounts		24,888,756	23,596,890
Other Borrowings		4,328	6,714,819
Other Liabilities		233,587	800,774
Net Cash Inflow from Operating Activities		**3,022,445**	**17,813,345**
Cash flows from Investing Activities			
Purchase of Financial Investments		(7,299,111)	(6,583,801)
Sale / Redemption of Financial Investments		4,550,260	5,745,028
Investments in Associates and Joint Venture		(1,676,913)	(2,554,797)
Purchase of Property and Equipment	9	(344,372)	(114,190)
Sale of Property and Equipment		262,396	1,149
Net Cash Outflow from Investing Activities		**(4,507,740)**	**(3,506,611)**
Cash flows from Financing Activities			
Dividend Paid		(903,227)	(779,888)
Proceeds from Right Issue		2,627,962	2,433,298
Net Cash Inflow from Financing Activities		**1,724,735**	**1,653,410**
Net Cash Inflow during the Year		**239,440**	**15,960,144**
Effect of Exchange Rate Fluctuations on Cash Held		281,802	(23,957)
Balance at 1 January		28,296,764	12,360,577
Balance at 31 December	34	**28,818,006**	**28,296,764**

The attached notes 1 to 36 form an integral part of these consolidated financial statements.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

1. Corporate Information

Qatar National Bank S.A.Q. ("QNB" or "the Bank") was incorporated in the State of Qatar on 6 June 1964 as a Joint Stock Company under Emiri Decree No. 7 issued in 1964. The registered office of the Bank is in Doha, State of Qatar. The Bank together with its subsidiaries (together referred to as the "Group") is engaged in commercial and Islamic banking activities and operates through its head office in Doha and a total of 52 branches and offices in Qatar, branches in the United Kingdom, France, Singapore, Yemen, Kuwait, Sultanate of Oman, Sudan, and Representative Offices in Iran and Libya. In addition, QNB owns 100% of the issued share capital of Ansbacher Group Holdings Limited, a wealth management financial institution with operations in the UK, Switzerland, Bahamas, Channel Islands and Qatar Financial Center. QNB owns Ansbacher Group Holdings Limited through a Luxembourg based holding company, QNB International Holdings Limited.

The annual consolidated financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 13 January 2009.

2. Significant Accounting Policies

a) New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements:

- IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13 becomes mandatory for the Group’s 2009 consolidated financial statements and will be applicable retrospectively. The Group is currently in the process of evaluating the potential effect of this interpretation.

- Revised IFRS 3 Business Combinations incorporates certain changes that are likely to be relevant to the Group’s operations. Revised IFRS 3, which becomes mandatory for the Group’s 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group’s 2010 consolidated financial statements.

- IFRS 8 Operating Segments introduces the “management approach” to segment reporting. IFRS 8, which becomes mandatory for the Group’s 2009 consolidated financial statements, will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Group’s “chief operating decision maker” in order to assess the performance of each segment and to allocate resources to them. Currently the Group presents segment information in respect of its business segments (note 29) and geographical distribution (note 30). This standard will have no effect on the Group’s reported total profit or loss or equity. The Group is currently in the process of determining the potential effect of this standard on the Group’s segment reporting.

- Revised IAS 1 Presentation of Financial Statements introduces 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. Revised IAS 1, which becomes mandatory for the Group’s 2009 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

2. Significant Accounting Policies (Continued)

- Amended IAS 27 Consolidated and Separate Financial Statements requires accounting for changes in ownership interests in a subsidiary that occur without loss of control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- Amendments to IAS 32 and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation, require puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group's 2009 consolidated financial statements with retrospective application required, are not expected to have any significant impact on the consolidated financial statements.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application required. The Group is currently in the process of evaluating the potential effect of this amendment.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation clarifies that:
  - Net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation.
  - The hedging instrument may be held by any entity within the Group except the foreign operation that is being hedged.
  - On disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to the statement of income. IFRIC 16, which becomes mandatory for the Group's 2009 consolidated financial statements, applies prospectively to the Group's existing hedge relationships and net investments. The Group is currently in the process of evaluating the potential effect of this Interpretation.

- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Group's 2009 consolidated financial statements. The Group does not expect these amendments to have any significant impact on the consolidated financial statements.

b) Basis of Presentation and Consolidation

The consolidated financial statements have been prepared on a historical cost basis except for the measurement at fair value of derivatives and available for sale financial investments. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Qatar Central Bank regulations.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

2. Significant Accounting Policies (Continued)

The consolidated financial statements are presented in Qatari Riyals (QR), and all values are rounded to the nearest QR thousand except when otherwise indicated.

The consolidated financial statements comprise the financial statements of Qatar National Bank S.A.Q. and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as Qatar National Bank S.A.Q, using consistent accounting policies.

All intergroup balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Share Capital	Year of Acquisition	Ownership
QNB International Holdings Limited	Luxembourg	371,318	2004	100%
QNB Capital LLC	Qatar	54,607	2008	100%

Minority interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the fair value of the share of the net assets acquired is recognised as goodwill.

c) Islamic Banking

Islamic branches carry out Islamic banking services through various Islamic modes of financing. The activities of the Islamic branches are conducted in accordance with the Islamic Shari'a, as determined by the Shari'a Control Board.

d) Foreign Currencies

The consolidated financial statements are denominated in Qatari Riyals (functional currency of the Parent). Transactions in foreign currencies are translated into Qatari Riyals at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Qatari Riyals at the rates ruling at the balance sheet date. Exchange gains and losses resulting therefrom appear in the statement of income under net gains from dealing in foreign currencies. Assets and liabilities of subsidiaries and overseas branches are translated into Qatari Riyals (presentation currency) at the rates ruling at the balance sheet date, and their statements of income are translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to other reserves within shareholders' equity.

e) Derivatives

After initial recognition at transaction prices, being the best evidence of fair value upon initial recognition, derivatives are subsequently measured at fair value. Fair value represents quoted market prices or internal pricing models as appropriate. Derivatives with positive fair value are included in other assets and derivatives with negative fair value are included in other liabilities. The resultant gains and losses from derivatives held for trading purposes are included in the statement of income.

For the purpose of hedge accounting, hedges are classified as either fair value or cash flow hedges. Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability. Cash flow hedges hedge exposure to the variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

2. Significant Accounting Policies (Continued)

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised immediately in the statement of income. The related aspect of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the statement of income.

In relation to cash flow hedges which meet the conditions for hedge accounting, any gain or loss on the hedging instrument that is determined to be an effective hedge is recognised initially in shareholders' equity. Gains or losses on cash flow hedges initially recognised in equity are transferred to the statement of income in the period in which the hedged transaction impacts the statement of income. Where the hedged transaction results in the recognition of an asset or a liability, the associated gains or losses that had initially been recognised in shareholders' equity are included in the initial measurement of the cost of the related asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the statement of income for the period.

Hedge accounting is discontinued when the hedging instrument expires, is terminated or exercised, or no longer qualifies for hedge accounting. For effective fair value hedges of financial instruments with fixed maturities, any adjustment arising from hedge accounting is amortised over the remaining term to maturity. For effective cash flow hedges, any cumulative gain or loss on the hedging instrument recognised in equity is held therein until the forecasted transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' equity is transferred to the statement of income.

f) Revenue Recognition

Revenues are recognised on an accrual basis. Interest income and expense are recognised using the effective interest rate method. Revenues on Islamic financing transactions are recognised on accrual basis using the reducing installment method.

Loan management fees and commission income are amortised over the period of the transaction using the effective interest method, if applicable. Fees and commission income on other services are recognised as the related services are performed.

Dividend income is recognised when the right to receive dividend is established.

g) Financial Investments

Available for Sale Financial Investments

After initial recognition at transaction prices, being the best evidence of fair value upon initial recognition, available for sale investments are subsequently measured at fair value. Unrealised gains or losses arising from a change in the fair value are recognised directly in the fair value reserve under equity until the investment is sold, at which time the cumulative gain or loss previously recognised in equity is included in the statement of income.

In cases where objective evidence exists that a specific investment is impaired, the recoverable amount of that investment is determined and any impairment loss is recognised in the statement of income as a provision for impairment of investments. Reversals in respect of equity investments classified as available for sale are treated as increase in fair value through statement of changes in equity. For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is an objective evidence of impairment. Reversal of impairment losses on debt instruments are reversed through the statement of income, when the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in the statement of income.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

2. Significant Accounting Policies (Continued)

Held to Maturity Financial Investments
After initial measurement at cost, held to maturity investments are measured at amortised cost using the effective interest rate method, less any provision for impairment. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate. In cases where objective evidence exists that a specific investment is impaired, the recoverable amount of that investment is determined and any impairment loss is recognised in the statement of income as a provision for impairment of investments.

h) Investment in Associates and Joint Venture
The Group's investments in associates and joint venture are accounted for using the equity method of accounting.

i) Fair Value
The fair value of financial assets traded in organised financial markets is determined by reference to quoted market bid prices on a regulated exchange at the close of business on the balance sheet date. For financial assets where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same. Where it is not possible to arrive at a reliable estimate of the fair value, the financial assets are carried at cost until sometime reliable measure of the fair value is available.

j) Date of Recognition of Financial Instruments
All financial assets are recognised using the settlement date.

Financial assets are derecognised when the contractual right to receive cash flows from the assets have expired, or when the Group has transferred the contractual right to receive cash flows of the financial assets. Financial liabilities are derecognised when they are extinguished, that is when the contractual obligation is discharged, cancelled or expired.

k) Due from Banks, Loans and Advances and Financing Activities
After initial recognition at fair value, due from banks and loans and advances are stated at amortised cost less any provisions for their credit losses.

Islamic financing activities such as Murabaha and Musawama which is a sale of goods with an agreed upon profit mark up, Musharaka which is a form of partnership between the Bank and its clients, Mudaraba which is a partnership in profit between capital and work and Ijara which is the transfer of ownership of services or leased assets for an agreed upon consideration, are stated at their gross principal amounts less any amount received, provision for credit loss and deferred profit. Financing activities are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted, and recoveries from previously written off financing activities are written back to the specific provision.

l) Properties Acquired Against Settlement of Debts
Properties acquired against settlement of debts appear under other assets at their net acquired values.

Unrealised losses due to the diminution in the fair value of these assets appear in the statement of income. Future unrealised gains on these properties are recognised in the statement of income to the extent of unrealised losses previously recognised.

In accordance with Qatar Central Bank regulations, all properties acquired against settlement of debts must be sold within three years. Any extension or transfer to property and equipment must be with Qatar Central Bank approval.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

2. Significant Accounting Policies (Continued)

m) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment in value. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

	Years
Buildings	20
Equipment and Furniture	3 to 7
Motor Vehicles	5
Leasehold improvements	4

Freehold land is stated at cost.

n) Impairment of Financial Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised in the statement of income.

Specific provisions for the credit losses are calculated based on the difference between the book value of the loans and advances and their recoverable amount, being the net present value of the expected future cash flows, discounted at the original effective interest rates. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Loans and advances are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted. The Group also assess a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry as well as identified structural weaknesses.

o) Employees' Termination Benefits and Pension Fund

The Group makes a provision for all termination indemnity payable to employees in accordance with its regulations, calculated on the basis of the individual's final salary and period of service at the balance sheet date. The expected costs of these benefits are accrued over the period of employment. The provision for employees' termination benefits is included in other provisions within other liabilities.

With respect to Qatari employees, the Group makes contribution to the Qatari Pension Fund calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions. The cost is considered as part of general and administrative expenses and is disclosed in note 26.

p) Other Provisions

The Group makes provisions for any expected legal or financial liabilities as a charge to the statement of income based on the likelihood and expected amount of such liabilities at the balance sheet date. Other provisions are disclosed in note 15.

q) Repurchase Agreements

Securities sold under agreements to repurchase at a specified future date (repos) are not derecognised from the balance sheet. The corresponding cash received, including accrued interest, is recognised on balance sheet as Repurchase agreement, reflecting economic substance as a loan to the Group. The difference between sale and repurchase price is treated as interest expense and is accrued over the tenor of the agreement using the effective interest method.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

2. Significant Accounting Policies (Continued)

r) Contingent Liabilities and Other Commitments

At the balance sheet date, contingent liabilities and other commitments do not represent actual assets or liabilities.

s) Other Borrowings

Other borrowings represent loan secured by the Group through a syndicated loan facility which is subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

t) Unrestricted Investment Accounts' Share of Profit

Islamic branches profit for the year is distributed among unrestricted account holders and shareholders in accordance with Qatar Central Bank regulations. The share of profit of the unrestricted account holders is calculated on the basis of their daily deposit balances over the year, after reducing the agreed and declared Mudaraba fee. In case of any expense or loss, which arise out of misconduct on the part of the Group due to non-compliance with Qatar Central Bank regulations, such expenses or losses are not to be borne by the unrestricted investment account holders. Such matter is subject to Qatar Central Bank decision. Where the Islamic branches results at the end of a financial year is a net loss, the unrestricted investment account holders are not charged with any share of such loss, except as approved by Qatar Central Bank in its capacity as the regulator having responsibility of assessing the Bank's management of such losses and compliance with Islamic Shari'a rules and principles.

The unrestricted investment accounts carry preferential rights over others in respect of utilisation of funds towards financing and investment activities.

u) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash, balances with central banks and balances with banks and other financial institutions with an original maturity of three months or less as disclosed in note 34.

v) Taxes

Taxes are calculated based on tax laws and regulations in other countries in which the Group operates. A tax provision is made based on an evaluation of the expected tax liability. The Group operations inside Qatar are not subject to income tax.

w) Financial Guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the amortised premium.

Any increase in the liability relating to financial guarantees is taken to the statement of income under provision for credit losses. The premium received is recognised in the statement of income under fees and commission income on a straight line basis over the life of the guarantee.

x) Fiduciary Assets

Assets held in a fiduciary capacity are not treated as assets of the Group in the balance sheet.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management

I. Financial Instruments

a) Definition and Classification

Financial instruments cover all financial assets and liabilities of the Group. Financial assets include cash balances, on demand balances and placements with banks and other financial institutions, financial investments and loans and advances to customers and banks. Financial liabilities include customer deposits and due to banks. Financial instruments also include contingent liabilities and commitments included in off-balance sheet items.

Note 2 explains the accounting policies used to recognise and measure the major financial instruments and their related income and expense.

b) Fair Value of Financial Instruments

The following table provides a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying Amount 2008	Fair Value 2008	Carrying Amount 2007	Fair Value 2007
Financial Assets				
Cash and Balances with Central Banks	6,269,596	6,269,596	10,948,569	10,948,569
Due from Banks and Other Financial Institutions	27,044,455	27,044,455	21,302,608	21,302,608
Loans and Advances and Financing Activities	100,053,490	100,053,490	66,064,137	66,064,137
Available for Sale Financial Investments	7,186,082	7,186,082	7,013,960	7,013,960
Held to Maturity Financial Investments	4,628,830	4,668,015	4,294,965	4,536,644
Derivatives Held for Trading	61,361	61,361	73,106	73,106
Derivatives Held as Cash Flow Hedges	57	57	4,055	4,055
Financial Liabilities				
Due to Banks and Other Financial Institutions	19,721,259	19,721,259	9,928,352	9,928,352
Repurchase Agreements	2,267,416	2,267,416	2,495,142	2,497,506
Customer Deposits	104,252,637	104,252,637	79,363,881	79,363,881
Other Borrowings	6,719,147	6,719,147	6,714,819	6,714,819
Derivatives Held for Trading	165,703	165,703	44,961	44,961
Derivatives Held as Cash Flow Hedges	189,451	189,451	52,335	52,335

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(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management (Continued)

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the consolidated financial statements.

Financial Instruments for which Fair Value Approximates Carrying Value
For financial assets and financial liabilities that are liquid or having a term maturity less than three months, the carrying amounts approximate to their fair value.

Fixed Rate Financial Instruments
The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing cash flows discounted using market interest rates when they were first recognised with current market rates offered for similar financial instruments.

II. Risk Management

a) Risk Management Framework
Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, operational risk and market risk, which include trading and non-trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk management structure
The Board of Directors is ultimately responsible for identifying and controlling risks. However, there are separate independent bodies responsible for managing and monitoring risks.

Risk Committee
The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

Risk Measurement and Reporting Systems
Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. Information compiled from all businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, the Risk Committee, and the head of each business division.

Internal Audit
Risk management processes throughout the Group are audited annually by the internal audit function, that examines both the adequacy and compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

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3. Financial Risk Management (Continued)

Risk Mitigation

As part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks and exposures arising from forecast transactions. The risk profile is assessed before entering into hedge transactions, which are authorised by the appropriate level of seniority within the Group. The effectiveness of all hedge relationships is monitored by the Risk Management Division on a monthly basis. In situation of ineffectiveness, the Group will enter into a new hedge relationship to mitigate risk on a continuous basis.

b) Credit Risk

The Group manages its credit risk exposure through diversification of its investments, capital markets and lending and financing activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains collaterals when appropriate. The types of collaterals obtained include cash, treasury bills and bonds, mortgages over real estate properties and pledge over shares.

The Group uses the same credit risk procedures when entering into derivative transactions as it does for traditional lending products.

Note 6 discloses the distribution of loans and advances and financing activities by industrial sector. Note 30 discloses the geographical distribution of the Group's assets and liabilities.

The table below shows the maximum exposure to credit risk for on balance sheet and certain off balance sheet items. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross Maximum Exposure	
	2008	**2007**
Cash and Balances with Central Banks (Excluding Cash on Hand)	5,870,065	10,648,130
Due from Banks and Other Financial Institutions	27,044,455	21,302,608
Loans and Advances and Financing Activities	100,053,490	66,064,137
Financial Investments	11,814,912	11,308,925
Other Assets	1,576,284	1,381,387
	146,359,206	**110,705,187**
Contingent Liabilities	51,043,517	39,330,050
Total	**197,402,723**	**150,035,237**

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management (Continued)

c) Risk Concentration for Maximum Exposure to Credit Risk by Industry Sector

An industry sector analysis of the Group's financial assets and contingent liabilities, before and after taking into account collateral held or other credit enhancements is as follows:

	Gross Maximum Exposure 2008	Net Maximum Exposure 2008	Gross Maximum Exposure 2007	Net Maximum Exposure 2007
Government	8,160,228	-	8,621,441	-
Government Agencies	38,491,015	14,650,326	20,023,896	5,716,527
Industry	4,339,218	3,308,318	4,027,159	3,624,137
General Trade	4,554,129	1,974,388	2,664,587	1,190,435
Services	52,140,848	42,973,051	45,804,079	44,140,234
Contractors	1,769,027	1,166,737	667,203	471,647
Real Estate	12,858,084	1,932,065	10,905,013	646,099
Consumption	20,457,681	8,327,072	16,211,784	9,742,049
Others	3,588,976	2,031,770	1,780,025	1,780,025
Contingent Liabilities	51,043,517	50,148,452	39,330,050	38,920,920
Total	**197,402,723**	**126,512,179**	**150,035,237**	**106,232,073**

d) Credit Risk Exposure for each Internal Risk Rating

It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

	2008	2007
Equivalent Grades		
AAA to AA-	33,121,927	25,767,764
A+ to A-	72,221,677	53,631,668
BBB+ to BBB-	5,034,519	9,545,595
BB+ to B-	5,317,480	4,030,773
Below B-	128,617	5,601
Unrated	81,578,503	57,053,836
Total	**197,402,723**	**150,035,237**

Unrated exposures represent credit facilities granted to corporations and individuals which do not have external credit ratings. The ratings used by the Group are in line with the ratings and definitions published by international rating agencies. The above exposures include loans and advances which are neither past due nor impaired amounting to QR99,754 million (2007: QR65,807 million).

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management (Continued)

e) Aging Analysis of Past Dues not Impaired per Category of Loans and Advances

	Less than 30 Days	31 - 60 Days	61 - 90 Days	Total
At 31 December 2008:				
Corporate Lending	75,005	8,255	2,658	85,918
Small Business Lending	5,881	2,361	1,736	9,978
Consumer Lending	71,637	20,760	4,735	97,132
Total	**152,523**	**31,376**	**9,129**	**193,028**
At 31 December 2007:				
Corporate Lending	149,369	5,986	6,043	161,398
Small Business Lending	601	-	-	601
Consumer Lending	31,530	6,800	11,154	49,484
Residential Mortgages	1,975	115	58	2,148
Total	**183,475**	**12,901**	**17,255**	**213,631**

f) Renegotiated Loans and Advances and Financing Activities

	2008	2007
Corporate Lending	10,762	14,814
Consumer Lending	523,113	867,175
Residential Mortgages	120,011	92,358
Total	**653,886**	**974,347**

g) Market Risk

The Group takes on exposure to market risks from interest rates, foreign exchange rates and equity prices due to general and specific market movements. The Group applies an internal methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Group has a set of limits on the value of risk that may be accepted, which is monitored on a daily basis.

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in Equity Indices %	Effect on Equity 2008	Change in Equity Indices %	Effect on Equity 2007
Market Indices				
Doha Securities Market	±10%	404,046	±10%	631,096

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management (Continued)

h) Operational Risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risks failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

i) Other Risks

Other risks to which the Group is exposed are regulatory risk, legal risk and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate.

j) Risk of Managing Customer Investments

The Group provides custody and corporate administration to third parties in relation to mutual funds marketed or managed by the Group. These services give rise to legal and operational risk. Such risks are mitigated through detailed daily procedures and internal audits to assure compliance. Note 32 lists mutual funds marketed by the Group.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management (Continued)

k) Interest Rate Risk

Interest rate risk reflects the risk of a change in interest rates which might affect future earnings or the fair value of financial instruments. Exposure to interest rate risk is managed by the Group using, where appropriate, various off-balance sheet instruments, primarily interest rate swaps. Maturities of assets and liabilities have been determined on the basis of contractual pricing. The following table summarises the reprising profile of the Group's assets, liabilities and off-balance sheet exposures:

	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Non-Interest Sensitive	Total	Effective Interest Rate
At 31 December 2008:							
Cash and Balances with Central Banks	1,900,000	-	-	-	4,369,596	6,269,596	
Due from Banks	24,923,261	660,571	-	-	1,460,623	27,044,455	3.10%
Loans and Advances	86,949,136	5,915,622	162,640	-	7,026,092	100,053,490	6.66%
Financial Investments	1,081,727	1,186,275	2,846,070	1,209,751	10,087,733	16,411,556	5.24%
Other Assets	-	-	-	-	2,194,521	2,194,521	
Total Assets	**114,854,124**	**7,762,468**	**3,008,710**	**1,209,751**	**25,138,565**	**151,973,618**	
Due to Banks	17,558,490	1,418,043	-	-	744,726	19,721,259	2.78%
Repurchase Agreements	2,267,416	-	-	-	-	2,267,416	
Customer Deposits	78,076,060	6,031,191	340,553	-	10,525,603	94,973,407	3.51%
Other Borrowings	6,719,147	-	-	-	-	6,719,147	
Unrestricted Investment Accounts	-	-	-	-	9,279,230	9,279,230	
Other Liabilities	-	-	-	-	2,369,934	2,369,934	
Shareholders' Equity	-	-	-	-	16,643,225	16,643,225	
Total Liabilities and Equity	**104,621,113**	**7,449,234**	**340,553**	**-**	**39,562,718**	**151,973,618**	
Balance Sheet Items	10,233,011	313,234	2,668,157	1,209,751	(14,424,153)	-	
Off-Balance Sheet Items	762,713	997,069	(1,162,628)	(597,154)	-	-	
Interest Rate Sensitivity Gap	**10,995,724**	**1,310,303**	**1,505,529**	**612,597**	**(14,424,153)**	**-**	
Cumulative Interest Rate Sensitivity Gap	**10,995,724**	**12,306,027**	**13,811,556**	**14,424,153**	**-**	**-**	
At 31 December 2007:							
Cash and Balances with Central Banks	1,532,518	-	-	-	9,416,051	10,948,569	
Due from Banks	20,009,400	480,127	156,542	-	656,539	21,302,608	4.87%
Loans and Advances	55,786,463	5,674,346	65,256	-	4,538,072	66,064,137	7.16%
Financial Investments	1,689,107	462,174	1,609,650	1,716,626	8,534,914	14,012,471	6.05%
Other Assets	-	-	-	-	2,032,883	2,032,883	
Total Assets	**79,017,488**	**6,616,647**	**1,831,448**	**1,716,626**	**25,178,459**	**114,360,668**	
Due to Banks	8,853,291	660,558	-	-	414,503	9,928,352	5.05%
Repurchase Agreements	2,495,142	-	-	-	-	2,495,142	
Customer Deposits	63,653,844	2,586,077	185,759	-	7,755,009	74,180,689	4.36%
Other Borrowings	6,714,819	-	-	-	-	6,714,819	
Unrestricted Investment Accounts	-	-	-	-	5,183,192	5,183,192	
Other Liabilities	-	-	-	-	2,000,110	2,000,110	
Shareholders' Equity	-	-	-	-	13,858,364	13,858,364	
Total Liabilities and Equity	**81,717,096**	**3,246,635**	**185,759**	**-**	**29,211,178**	**114,360,668**	
Balance Sheet Items	(2,699,608)	3,370,012	1,645,689	1,716,626	(4,032,719)	-	
Off-Balance Sheet Items	1,060,620	1,136,545	(1,869,222)	(327,943)	-	-	
Interest Rate Sensitivity Gap	**(1,638,988)**	**4,506,557**	**(223,533)**	**1,388,683**	**(4,032,719)**	**-**	
Cumulative Interest Rate Sensitivity Gap	**(1,638,988)**	**2,867,569**	**2,644,036**	**4,032,719**	**-**	**-**	

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management (Continued)

l) Interest Rate Sensitivity

The following table demonstrates the sensitivity of the Group's statement of income to a reasonable possible change in interest rates, with all other variables held constant.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of non-trading financial assets and financial liabilities including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing fixed rate available for sale financial assets, including the effect of any associated hedges and swaps designated as cash flow hedges.

The sensitivity of equity is analysed by maturity of the asset or swap. Total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

	Increase in Basis Points	Sensitivity of Net Interest Income 2008	Sensitivity of Equity: Within 3 Months 2008	3 - 12 Months 2008	1 - 5 Years 2008	More than 5 Years 2008	Total 2008
Currency							
Qatari Riyal	10	14,856	18,333	(1,392)	500	-	17,441
US$	10	(5,619)	(5,040)	(1,572)	3,907	1,295	(1,410)
Euro	10	1,161	1,817	(211)	93	-	1,699
Pounds Sterling	10	2,464	2,691	(83)	37	-	2,645
Other Currencies	10	(127)	(73)	11	112	69	119

	Decrease in Basis Points	Sensitivity of Net Interest Income 2008	Sensitivity of Equity: Within 3 Months 2008	3 - 12 Months 2008	1 - 5 Years 2008	More than 5 Years 2008	Total 2008
Currency							
Qatari Riyal	10	(6,929)	(19,856)	1,235	6,254	-	(12,367)
US$	10	11,213	4,203	1,336	865	(1,424)	4,980
Euro	10	(373)	(1,938)	187	484	-	(1,267)
Pounds Sterling	10	(1,326)	(2,940)	74	997	-	(1,869)
Other Currencies	10	303	47	(12)	21	(77)	(21)

	Increase in Basis Points	Sensitivity of Net Interest Income 2007	Sensitivity of Equity: Within 3 Months 2007	3 - 12 Months 2007	1 - 5 Years 2007	More than 5 Years 2007	Total 2007
Currency							
Qatari Riyal	10	2,780	5,198	(509)	348	-	5,037
US$	10	(2,509)	(900)	3,641	1,863	558	5,162
Euro	10	1,070	1,172	192	-	-	1,364
Pounds Sterling	10	2,055	2,554	19	2	-	2,575
Other Currencies	10	(44)	(34)	81	37	-	84

	Decrease in Basis Points	Sensitivity of Net Interest Income 2007	Sensitivity of Equity: Within 3 Months 2007	3 - 12 Months 2007	1 - 5 Years 2007	More than 5 Years 2007	Total 2007
Currency							
Qatari Riyal	10	(3,649)	(5,523)	453	1,205	-	(3,865)
US$	10	501	425	(3,995)	1,641	(611)	(2,540)
Euro	10	(1,358)	(1,256)	(210)	407	-	(1,059)
Pounds Sterling	10	(2,633)	(2,749)	(22)	788	-	(1,983)
Other Currencies	10	(3)	24	(88)	31	-	(33)

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management (Continued)

m) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that customers will not request repayment before the contractual repayment date.

The Group maintains a portfolio of highly marketable and diverse assets readily liquefiable in the event of an unforeseen interruption to cash flow. The Group maintains statutory reserves with Qatar Central Bank and other Central Banks. Liquidity is assessed and managed using a variety of stressed scenarios applicable to the Group.

	One Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Total
At 31 December 2008:					
Due to Banks	17,037,206	1,355,627	1,430,197	67,254	19,890,284
Repurchase Agreements	-	2,289,386	-	-	2,289,386
Derivative Financial Instruments					
- Contractual Amounts Payable	6,728,219	1,140,253	92,048	4,889,126	12,849,646
- Contractual Amounts Receivable	(6,730,334)	(1,140,612)	(92,077)	(4,890,663)	(12,853,686)
Customer Deposits	85,686,310	12,450,265	6,177,584	423,379	104,737,538
Other Borrowings	-	-	-	6,789,219	6,789,219
Total Liabilities	**102,721,401**	**16,094,919**	**7,607,752**	**7,278,315**	**133,702,387**
At 31 December 2007:					
Due to Banks	7,822,892	1,121,013	1,241,448	20,668	10,206,021
Repurchase Agreements	-	2,502,625	-	-	2,502,625
Derivative Financial Instruments					
- Contractual Amounts Payable	4,286,085	1,276,581	173,039	7,053	5,742,758
- Contractual Amounts Receivable	(4,285,097)	(1,297,316)	(172,984)	(6,797)	(5,762,194)
Customer Deposits	65,605,501	11,187,086	2,648,747	186,377	79,627,711
Other Borrowings	-	-	-	6,809,681	6,809,681
Total Liabilities	**73,429,381**	**14,789,989**	**3,890,250**	**7,016,982**	**99,126,602**

n) Liquidity Risk And Funding Management

The table below summarises the contractual expiry dates by maturity of contingent liabilities:

	On Demand	Less than 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
At 31 December 2008:						
Contingent Liabilities	129,554	14,195,545	23,115,059	12,649,432	953,927	51,043,517
At 31 December 2007:						
Contingent Liabilities	253,577	10,818,077	14,895,610	12,555,863	806,923	39,330,050

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(All amounts are shown in thousands of Qatari Riyals)

3. Financial Risk Management (Continued)

o) Currency Risk

The Group takes on exposure to the effect of fluctuations in prevailing foreign currency exchange rates on its financial position. The Group has a set of limits on the level of currency exposure, which are monitored daily. The Group has the following significant net exposures denominated in foreign currencies:

	QR	US$	Euro	Pounds Sterling	Other Currencies	Total
At 31 December 2008:						
Assets	70,495,439	58,843,751	9,163,028	5,518,918	7,952,482	151,973,618
Liabilities and Equity	67,760,188	66,095,617	8,796,328	5,897,062	3,424,423	151,973,618
Net Position	**2,735,251**	**(7,251,866)**	**366,700**	**(378,144)**	**4,528,059**	**-**
At 31 December 2007:						
Assets	44,088,343	51,948,141	4,222,169	10,601,168	3,500,847	114,360,668
Liabilities and Equity	50,315,823	48,639,327	3,776,999	10,954,954	673,565	114,360,668
Net Position	**(6,227,480)**	**3,308,814**	**445,170**	**(353,786)**	**2,827,282**	**-**

p) Currency Risk - Effect of Change In Fair Value of Currency

The table below indicates the effect of a reasonably possible movement of the currency rate against the Qatari Riyal on the statement of income, with all other variables held constant:

	Change in Currency Rate %	Effect on Statement of Income	
		2008	2007
Currency			
US$	+2	(145,037)	66,176
Euro	+3	11,001	13,355
Pounds Sterling	+2	(7,563)	(7,076)
Other Currencies	+3	135,842	84,818
US$	-2	145,037	(66,176)
Euro	-3	(11,001)	(13,355)
Pounds Sterling	-2	7,563	7,076
Other Currencies	-3	(135,842)	(84,818)

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3. Financial Risk Management (Continued)

q) Capital Management

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by Qatar Central Bank.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

r) Capital Adequacy

	2008	2007
Tier 1 Capital	13,170,148	9,834,060
Tier 2 Capital	215,354	1,820,650
Total Capital	**13,385,502**	**11,654,710**
Risk Weighted Assets	**96,056,020**	**71,742,177**
Tier 1 Capital ratio	13.7%	13.7%
Total Capital ratio	13.9%	16.2%

Tier 1 capital includes issued capital, statutory reserve, other reserves and retained earnings including current year profit and excluding proposed dividend.

Tier 2 capital includes risk reserve (up to 1.25% of risk weighted assets) and 45% of the fair value reserve and currency translation adjustment if the balance is positive and 100% if negative.

The minimum accepted capital adequacy ratio is 10% under Qatar Central Bank requirements and 8% under Basel Committee on Banking Supervision requirements.

4. Cash and Balances with Central Banks

	2008	2007
Cash	399,531	300,439
Cash Reserve with Qatar Central Bank	3,557,278	1,841,319
Other Balances with Qatar Central Bank	2,312,091	8,806,093
Balances with Other Central Banks	696	718
Total	**6,269,596**	**10,948,569**

The Group does not have any cash and cash equivalent that are not available for use.

The cash reserve with Qatar Central Bank is a mandatory reserve and cannot be used to fund the Group’s day-to-day operations.

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(All amounts are shown in thousands of Qatari Riyals)

5. Due from Banks and Other Financial Institutions

	2008	2007
Current Accounts	2,868,605	400,710
Placements	22,406,573	18,604,005
Loans	1,769,277	2,297,893
Total	**27,044,455**	**21,302,608**

6. Loans and Advances and Financing Activities to Customers

a) By Type

	2008	2007
(i) Conventional Banking Loans and Advances		
Loans	91,109,436	59,073,990
Overdrafts	2,763,216	2,810,190
Bills Discounted	2,704	65,015
	93,875,356	**61,949,195**
Specific Provision for Credit Losses of Loans and Advances	(613,533)	(405,183)
Net Conventional Banking Loans and Advances	**93,261,823**	**61,544,012**
(ii) Financing Activities		
Murabaha and Musawama	4,833,687	3,391,001
Musharaka	682,862	650,000
Mudaraba	39,299	61,611
Istisna	6,541	16,678
Ijara	2,485,271	1,030,341
Others	8,685	69,834
	8,056,345	**5,219,465**
Specific Provision for Credit Losses of Financing Activities	(11,428)	(3,135)
Financing Activities Deferred Profit	(1,253,250)	(696,205)
Net Financing Activities	**6,791,667**	**4,520,125**
Net Loans and Advances and Financing Activities	**100,053,490**	**66,064,137**

The aggregate amount of non-performing loans and advances and financing activities amounted to QR731.5 million, which represents 0.7% of total loans and advances and financing activities (2007: QR451.1 million, 0.7% of total loans and advances and financing activities).

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6. Loans and Advances and Financing Activities to Customers (Continued)

b) By Industry

	Loans & Advances	Overdrafts	Bills Discounted	Financing Activities	Total
At 31 December 2008:					
Government	5,811,612	24,433	-	-	5,836,045
Government Agencies	36,721,492	693,716	-	251,334	37,666,542
Industry	3,346,531	19,046	-	182,541	3,548,118
Commercial	4,054,854	149,157	2,488	180,508	4,387,007
Services	11,912,129	597,342	-	744,720	13,254,191
Contracting	1,187,887	235,626	-	174,776	1,598,289
Real Estate	8,856,660	-	-	3,402,680	12,259,340
Personal	17,762,860	584,292	216	2,551,525	20,898,893
Others	1,455,411	459,604	-	568,261	2,483,276
Total	**91,109,436**	**2,763,216**	**2,704**	**8,056,345**	**101,931,701**
At 31 December 2007:					
Government	5,585,551	1,474,761	-	-	7,060,312
Government Agencies	19,636,510	118,923	-	176,953	19,932,386
Industry	3,666,112	38,623	-	184,789	3,889,524
Commercial	1,989,595	177,804	64,799	65,343	2,297,541
Services	8,110,672	14,890	-	84,121	8,209,683
Contracting	396,875	96,381	-	175,875	669,131
Real Estate	5,950,176	-	-	2,420,853	8,371,029
Personal	13,531,124	832,375	216	1,763,998	16,127,713
Others	207,375	56,433	-	347,533	611,341
Total	**59,073,990**	**2,810,190**	**65,015**	**5,219,465**	**67,168,660**

The amounts above includes both conventional banking and Islamic banking gross figures before subtracting specific provision for credit losses and deferred profits.

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6. Loans and Advances and Financing Activities to Customers (Continued)

c) Movement in Provisions for Credit Losses of Loans and Advances and Financing Activities

	2008	2007
Balance at 1 January	408,318	475,036
Foreign Currency Translation	(6,519)	2,224
Net Provisions / (Recoveries) during the Year	252,950	(27,393)
Provisions Made during the Year	463,039	128,197
Recoveries during the Year	(210,089)	(155,590)
Written off during the Year	(29,788)	(41,549)
Balance at 31 December	**624,961**	**408,318**

d) Provisions for Credit Losses of Loans and Advances and Financing Activities

	Corporate Lending	Small Business Lending	Consumer Lending	Residential Mortgages	Total
Balance at 1 January 2008	142,401	740	241,218	23,959	408,318
Foreign Currency Translation	(111)	-	57	(6,465)	(6,519)
Provisions Made during the Year	77,651	9,673	314,672	61,043	463,039
Recoveries during the Year	(85,862)	(107)	(123,802)	(318)	(210,089)
Written off during the Year	(21,717)	(184)	(7,887)	-	(29,788)
Balance at 31 December 2008	**112,362**	**10,122**	**424,258**	**78,219**	**624,961**
Balance at 1 January 2007	228,162	323	223,418	23,133	475,036
Foreign Currency Translation	421	-	977	826	2,224
Provisions Made during the Year	12,132	767	115,298	-	128,197
Recoveries during the Year	(58,257)	(350)	(96,983)	-	(155,590)
Written off during the Year	(40,057)	-	(1,492)	-	(41,549)
Balance at 31 December 2007	**142,401**	**740**	**241,218**	**23,959**	**408,318**

e) Net (Provisions) / Recoveries of Credit Losses during the Year

	2008	2007
Corporate Lending	(19,894)	27,328
Small Business Lending	(8,115)	(333)
Consumer Lending	(159,394)	(7,286)
Residential Mortgages	(60,209)	-
Total	**(247,612)**	**19,709**

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7. Financial Investments

Investments as at 31 December 2008 totaled QR11,815 million (2007: QR11,309 million). The analysis of financial investments is detailed below:

a) Available for Sale Financial Investments

	2008		2007	
	Quoted	Unquoted	Quoted	Unquoted
Equities	3,398,016	370,720	4,136,532	251,681
State of Qatar Debt Securities	204,359	1,001,502	213,288	-
Other Debt Securities	416,066	73,066	289,443	638,467
Mutual Funds	71,102	1,651,251	92,904	1,391,645
Total	**4,089,543**	**3,096,539**	**4,732,167**	**2,281,793**

Fixed rate securities and floating rate securities amounted to QR1,420 million and QR274.7 million respectively (2007: QR932.7 million and QR208.5 million).

b) Held to Maturity Financial Investments

	2008		2007	
	Quoted	Unquoted	Quoted	Unquoted
- By Issuer				
State of Qatar Debt Securities	920,537	419,604	928,237	419,604
Other Debt Securities	2,372,425	916,264	2,134,839	812,285
Total	**3,292,962**	**1,335,868**	**3,063,076**	**1,231,889**
- By Interest Rate				
Fixed Rate Securities	2,411,875	1,236,080	2,193,273	1,147,704
Floating Rate Securities	881,087	99,788	869,803	84,185
Total	**3,292,962**	**1,335,868**	**3,063,076**	**1,231,889**

The fair value of securities pledged under repurchase agreements amounted to QR2,187 million (2007: QR2,465 million).

Impairment losses on financial investments amounted to QR184.1 million while recoveries amounted to QR53.8 million

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8. Investment in Associates and Joint Venture

	2008	2007
Balance at 1 January	2,703,546	32,810
Foreign Currency Translation	(102)	-
Investments Acquired during the Year	1,798,512	2,554,797
Share in Profit	200,299	122,895
Cash Dividend	(121,599)	-
Associates Sold / Transferred	(269)	-
Other Movements	16,257	(6,956)
Balance at 31 December	**4,596,644**	**2,703,546**

Name of Associate	Country	Ownership %	
Mansoor Bank	Iraq	23.1	23.1
Housing Bank for Trade and Finance	Jordan	33.2	30.5
Aljazeera Islamic Company	Qatar	20.0	20.0
Commercial Bank International	UAE	23.8	-
Tunisian Qatari Bank	Tunisia	50.0	-
Shard Funding Limited	Jersey	25.0	-
Kuwait Qatar Real Estate	Kuwait	28.0	-

The published price quotations for Housing Bank for Trade and Finance and Commercial Bank International are equivalent to QR41.9 and QR1.64 respectively. (2007: QR35.0 for Housing Bank for Trade and Finance). All other investments are not listed.

9. Property and Equipment

	Land & Buildings	Leasehold Improvements	Equipment & Furniture	Motor Vehicles	Total
At 31 December 2008:					
Cost:					
Balance at 1 January	613,962	96,817	455,960	840	1,167,579
Additions / Transfers	148,665	110,214	84,787	706	344,372
Disposals	(178,774)	(4,574)	(55,443)	(572)	(239,363)
Foreign Currency Translation	(117,993)	(3,255)	(35,166)	-	(156,414)
	465,860	**199,202**	**450,138**	**974**	**1,116,174**
Accumulated Depreciation:					
Balance at 1 January	101,041	63,386	350,939	717	516,083
Charged during the Year	26,815	19,584	56,170	158	102,727
Disposals	(7,823)	(3,914)	(54,443)	(572)	(66,752)
Foreign Currency Translation	(20,385)	(1,137)	(32,598)	(1)	(54,121)
	99,648	**77,919**	**320,068**	**302**	**497,937**
Net Carrying Amount	**366,212**	**121,283**	**130,070**	**672**	**618,237**
At 31 December 2007:					
Cost:					
Balance at 1 January	578,300	76,913	386,769	840	1,042,822
Additions / Transfers	26,444	18,782	68,964	-	114,190
Disposals	(9)	-	(3,423)	-	(3,432)
Foreign Currency Translation	9,227	1,122	3,650	-	13,999
	613,962	**96,817**	**455,960**	**840**	**1,167,579**
Accumulated Depreciation:					
Balance at 1 January	88,392	54,114	310,557	666	453,729
Charged during the Year	12,078	8,645	36,519	51	57,293
Disposals	(450)	-	697	-	247
Foreign Currency Translation	1,021	627	3,166	-	4,814
	101,041	**63,386**	**350,939**	**717**	**516,083**
Net Carrying Amount	**512,921**	**33,431**	**105,021**	**123**	**651,496**

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10. Other Assets

	2008	2007
Interest Receivable	537,726	750,954
Prepaid Expenses	30,842	27,644
Capital Expenditure in Progress	136,168	37,854
Properties Acquired Against Settlement of Debts	360	360
Positive Fair Value of Derivatives (Note 31)	61,418	77,161
Sundry Debtors	63,559	47,988
Others	746,211	439,426
Total	**1,576,284**	**1,381,387**

Properties acquired against settlement of debts are disclosed net of revaluation provision amounting to QR0.1 million (2007: QR0.1 million).

11. Due to Banks and Other Financial Institutions

	2008	2007
Balances Due to Central Banks	1,353,441	1,047,521
Current Accounts	1,167,537	837,424
Deposits	17,200,281	8,043,407
Total	**19,721,259**	**9,928,352**

12. Customer Deposits

a) By Type

	2008	2007
(i) Conventional Banking Customer Deposits		
Current and Call Accounts	46,603,915	23,859,604
Saving Accounts	882,200	809,598
Time Deposits	46,415,068	48,766,134
	93,901,183	**73,435,336**
(ii) Islamic Banking Current Accounts	**1,072,224**	**745,353**
Total	**94,973,407**	**74,180,689**

Customer deposits include QR262.2 million of margins held for direct and indirect facilities (2007: QR51.3 million).

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12. Customer Deposits (Continued)

b) By Sector

	2008	2007
Government	19,133,647	12,554,209
Government Agencies	32,590,765	30,184,861
Individuals	16,127,418	14,587,252
Corporate	27,121,577	16,854,367
Total	**94,973,407**	**74,180,689**

13. Other Borrowings

Other borrowings represent a syndicated term loan amounting to USD1.85 billion (QR6.72 billion). This is an unsecured bullet repayment loan facility on 24 July 2012. Interest rate on the loan is 19.5 bp above LIBOR.

14. Other Liabilities

	2008	2007
Interest Payable	745,968	660,263
Expense Payable	218,358	193,052
Other Provisions (Note 15)	39,505	34,667
Tax Payable	11,086	12,920
Negative Fair Value of Derivatives (Note 31)	355,154	97,296
Others	999,863	1,001,912
Total	**2,369,934**	**2,000,110**

15. Other Provisions

	Staff Indemnity	Legal Provision	Total 2008	Total 2007
Balance at 1 January	31,706	2,961	34,667	35,994
Foreign Currency Translation	-	(621)	(621)	28
Provisions Made during the Year	9,014	301	9,315	4,610
	40,720	**2,641**	**43,361**	**40,632**
Provisions Recovered during the Year	-	-	-	(656)
Provisions Paid and Written off during the Year	(3,856)	-	(3,856)	(5,309)
Balance at 31 December	**36,864**	**2,641**	**39,505**	**34,667**

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16. Unrestricted Investment Accounts

a) By Type

	2008	2007
Call Accounts	2,225,262	1,844,543
Saving Accounts	329,005	143,064
Time Deposits	6,724,963	3,195,585
Total	**9,279,230**	**5,183,192**

b) By Sector

	2008	2007
Customers	7,610,058	4,964,654
Banks and Other Financial Institutions	1,669,172	218,538
Total	**9,279,230**	**5,183,192**

Following are the profit distribution rates for unrestricted investment accounts:

	2008 %	2007 %
One Year Term	5.35	5.27
Nine Months Term	5.35	5.27
Six Months Term	5.03	4.96
Three Months Term	4.72	4.65
Saving Accounts	3.15	3.10
Call Accounts	3.15	3.10

17. Shareholders' Equity

a) Issued Capital

The authorised, issued and fully paid up share capital of the Bank totaling QR2,409 million consists of 240,896,634 ordinary shares of QR10 each (2007: 182,497,450 shares of QR10 each). Qatar Investment Authority holds 50% of the ordinary shares of the Group with the remaining 50% held by members of the public. The table below shows the number of shares outstanding:

	2008	2007
Number of shares outstanding at 1 January	182,497,450	129,775,964
Bonus Shares	40,149,439	36,499,490
Rights Issue	18,249,745	16,221,996
Number of shares outstanding at 31 December	**240,896,634**	**182,497,450**

b) Statutory Reserve

In accordance with Qatar Central Bank Law, at least 10% of net profit for the year is required to be transferred to the statutory reserve until the reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 5 of 2002 and after Qatar Central Bank approval.

The proceeds received from the rights issue, net of any directly attributable transaction costs, are directly credited to share capital (nominal value of shares) and statutory reserve (share premium on rights issue) when shares have been issued higher than their nominal value as per Qatar Commercial Companies Law No. 5 of 2002.

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17. Shareholders' Equity (Continued)

c) Other Reserves

Other reserves represent mainly a general reserve which, in accordance with the Bank's Articles of Association, shall be employed according to a resolution of the General Assembly upon the recommendation of the Board of Directors and after Qatar Central Bank approval. Currency translation adjustments and share of changes recognised directly in associates' equity are not available for distribution. Details of other reserves are as follows:

	2008	2007
General Reserve	1,770,034	1,770,034
Currency Translation Adjustments	6,641	(13,468)
Share of Changes Recognised Directly in Associates' Equity	13,112	(4,950)
Total	**1,789,787**	**1,751,616**

d) Risk Reserve

In accordance with Qatar Central Bank regulations, a risk reserve is made to cover contingencies on loans and advances and financing activities, with a minimum requirement of 1.5% of the total direct facilities after excluding provisions for credit losses, deferred profits, exposure granted to or guaranteed by Government and exposure against cash collateral.

e) Fair Value Reserve

	Cash Flow Hedges	Available for Sale Investments	Total 2008	Total 2007
Balance at 1 January	(48,279)	2,394,937	2,346,658	1,099,895
Net Changes in Fair Value	(141,116)	(1,922,059)	(2,063,175)	1,541,643
Transfer to Statement of Income	-	(557,650)	(557,650)	(294,880)
Net Movement during the Year	**(141,116)**	**(2,479,709)**	**(2,620,825)**	**1,246,763**
Balance at 31 December	**(189,395)**	**(84,772)**	**(274,167)**	**2,346,658**

Fair value reserve for available for sale financial investments as at 31 December 2008 includes a negative fair value amounting to QR488.6 million (2007: QR0.8 million).

f) Dividend Paid and Proposed

The Board of Directors has proposed a cash dividend of 75% of the nominal share value (QR7.5 per share) and a bonus share of 25% of the share capital for the year ended 31 December 2008 (2007: cash dividend 50% of the nominal share value (QR5.0 per share) and a bonus share of 20% of the share capital). The amounts are subject to the approval of the general assembly.

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18. Minority Interest

During the year, the Group liquidated its subsidiary Qatar Capital Partners in which it had 60% ownership.

19. Interest Income

	2008	2007
Due from Central Banks	27,890	35,341
Due from Banks and Other Financial Institutions	696,092	591,785
Debt Securities	320,789	345,969
Loans and Advances	5,122,977	3,649,624
Total	**6,167,748**	**4,622,719**

20. Interest Expense

	2008	2007
Due to Banks and Other Financial Institutions	1,122,314	837,407
Customer Deposits	2,425,205	2,013,878
Others	87,228	3,883
Total	**3,634,747**	**2,855,168**

21. Fees and Commission Income

	2008	2007
Loans and Advances and Financing Activities	508,290	403,130
Off Balance Sheet Items	106,370	70,187
Bank Services	231,067	159,520
Investment Activities to Customers	157,631	117,596
Others	48,606	27,808
Total	**1,051,964**	**778,241**

22. Dividend Income

	2008	2007
Available for Sale Securities	136,199	120,684
Mutual Funds	1,325	1,364
Total	**137,524**	**122,048**

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23. Net Gains from Foreign Currency Transactions

	2008	2007
Dealing in Foreign Currencies	148,859	98,240
Revaluation of Assets and Liabilities	179,553	76,518
Revaluation of Derivatives	1,949	415
Total	**330,361**	**175,173**

24. Net Gains from Financial Investments

	2008	2007
Net Gains from Sale of Available for Sale Financial Investments	569,286	374,470
Total	**569,286**	**374,470**

25. Other Operating Income

Included in other operating income is the net profit on a sale and operating leaseback transaction amounting to QR76.2 million, related to Ansbacher Holdings' Head Office.

26. General and Administrative Expenses

	2008	2007
Staff Costs	607,203	519,885
Staff Pension Fund Costs	10,497	5,712
Staff Indemnity Costs	9,014	3,861
Training	14,100	11,286
Advertising	96,285	71,479
Professional Fees	53,424	42,394
Communication and Insurance	46,785	47,200
Occupancy and Maintenance	79,531	59,708
Computer and IT Costs	40,754	34,357
Printing and Stationary	6,910	4,666
Directors' Fees	11,500	11,740
Others	47,641	30,007
Total	**1,023,644**	**842,295**

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27. Earnings Per Share

Earnings per share for the Group are calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the year.

	2008	2007
Net Profit for the Year	3,652,545	2,507,508
Weighted Average Number of Shares	237,098,723	228,025,932
Earnings Per Share (QR)	**15.4**	**11.0**

The weighted average number of shares have been calculated as follows:

	2008	2007
Qualifying Shares at the Beginning of the Year	182,497,451	162,219,956
Effect of Bonus Share Issue	36,499,490	56,776,984
Effect of Rights Issue	18,101,782	9,028,992
Total	**237,098,723**	**228,025,932**

There were no potentially dilutive shares outstanding at any time during the year, therefore, the diluted earnings per share are equal to the basic earnings per share.

28. Contingent Liabilities and Other Commitments

	2008	2007
a) Contingent Liabilities		
Unused Facilities	13,512,538	16,568,154
Acceptances	1,107,848	977,189
Guarantees	19,598,413	11,354,019
Letters of Credit	8,071,390	6,851,002
Others	8,753,328	3,579,686
Total	**51,043,517**	**39,330,050**
b) Other Commitments		
Forward Foreign Exchange Contracts	12,853,686	5,762,194
Interest Rate Swaps	13,167,063	10,364,634
Options, Caps and Floors	1,141,551	1,850,346
Mutual Funds	10,639,191	7,306,333
Total	**37,801,491**	**25,283,507**

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28. Contingent Liabilities and Other Commitments (Continued)

Unused Facilities

Commitments to extend credit represent contractual commitments to make loans and revolving credits. The majority of these expire in the next year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Acceptances, Guarantees and Letters of Credit

Acceptances, guarantees and letters of credit commits the Group to make payments on behalf of customers in the event of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

29. Segment Information

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

	Conventional Banking	Islamic Banking	Wealth Management (Subsidiary)	Intra-group Transactions	Total
At 31 December 2008:					
Total Assets	142,959,761	12,995,986	3,551,357	(7,533,486)	151,973,618
Total Liabilities and Unrestricted Investment Accounts	121,935,934	10,670,151	3,229,951	(505,643)	135,330,393
Net Interest Income	2,439,046	-	93,955	-	2,533,001
Net Income from Financing Activities	-	322,521	-	-	322,521
Total Other Income	2,045,662	79,747	195,996	-	2,321,405
Net Operating Income	4,484,708	765,041	289,951	-	5,539,700
General and Administrative Expenses	(717,010)	(61,309)	(245,325)	-	(1,023,644)
Net Impairment Losses of Financial Investments	(130,311)	-	(25)	-	(130,336)
Depreciation	(72,271)	(1,473)	(28,983)	-	(102,727)
(Provisions) / Recoveries and Others	(262,117)	(8,164)	2,606	-	(267,675)
Net Profit	3,302,999	331,322	18,224	-	3,652,545
At 31 December 2007:					
Total Assets	105,958,414	7,167,949	4,801,313	(3,567,008)	114,360,668
Total Liabilities and Unrestricted Investment Accounts	90,543,015	6,019,605	4,402,922	(463,238)	100,502,304
Net Profit / (Loss)	2,370,880	148,344	(11,716)	-	2,507,508

Geographically, the Group operates in Qatar and through its branches and subsidiary abroad. Qatar operations contribute 93% in terms of net profit (2007: 94%) and hold 80% of the Group’s assets (2007: 81%).

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30. Geographical Distribution

	Qatar	Other GCC Countries	Europe	North America	Others	Total
At 31 December 2008:						
Cash and Balances with Central Banks	5,856,430	331,080	9,170	-	72,916	6,269,596
Due from Banks	7,716,632	6,531,076	7,302,892	4,410,719	1,083,136	27,044,455
Loans and Advances	83,259,934	6,136,221	6,949,167	2,106,921	1,601,247	100,053,490
Financial Investments	9,447,649	2,515,481	397,677	186,136	3,864,613	16,411,556
	106,280,645	**15,513,858**	**14,658,906**	**6,703,776**	**6,621,912**	**149,779,097**
Other Assets						2,194,521
Total Assets						**151,973,618**
Due to Banks	8,104,487	5,051,579	9,571,218	3,119	5,977,419	28,707,822
Customer Deposits	77,644,918	633,170	3,669,263	349,813	12,676,243	94,973,407
Unrestricted Investment Accounts	8,718,899	364,100	189,855	2	6,374	9,279,230
	94,468,304	**6,048,849**	**13,430,336**	**352,934**	**18,660,036**	**132,960,459**
Other Liabilities						2,369,934
Shareholders' Equity						16,643,225
Total Liabilities and Equity						**151,973,618**
At 31 December 2007:						
Cash and Balances with Central Banks	10,938,202	20	9,557	-	790	10,948,569
Due from Banks	1,599,886	5,649,390	13,020,664	563,212	469,456	21,302,608
Loans and Advances	53,981,086	2,952,237	5,510,784	203,580	3,416,450	66,064,137
Financial Investments	8,854,524	969,165	771,015	146,338	3,271,429	14,012,471
	75,373,698	**9,570,812**	**19,312,020**	**913,130**	**7,158,125**	**112,327,785**
Other Assets						2,032,883
Total Assets						**114,360,668**
Due to Banks	1,373,046	1,147,889	9,697,726	1,081	6,918,571	19,138,313
Customer Deposits	65,650,322	1,147,442	4,162,353	484,761	2,735,811	74,180,689
Unrestricted Investment Accounts	5,182,921	38	62	-	171	5,183,192
	72,206,289	**2,295,369**	**13,860,141**	**485,842**	**9,654,553**	**98,502,194**
Other Liabilities						2,000,110
Shareholders' Equity						13,858,364
Total Liabilities and Equity						**114,360,668**

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FOR THE YEAR ENDED 31 DECEMBER **2008**

(All amounts are shown in thousands of Qatari Riyals)

31. Derivatives

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, or market risk.

				Notional amount by term to maturity			
	Positive Fair Value	Negative Fair Value	Notional Amount	Within 3 Months	3 - 12 Months	1-5 Years	More than 5 Years
At 31 December 2008:							
Derivatives Held for Trading:							
Forward Foreign Exchange Contracts	47,180	162,640	12,853,686	7,870,946	92,077	4,890,663	-
Options	1,253	1,253	264,869	57,397	71,649	135,823	-
Credit Default Swaps	597	182	145,620	-	72,810	72,810	-
Caps and Floors	1,628	1,628	731,062	-	100,325	630,737	-
Interest Rate Swaps	10,703	-	11,208,971	-	7,281	6,416,573	4,785,117
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	57	189,451	1,958,092	-	384,073	976,866	597,153
Total	**61,418**	**355,154**	**27,162,300**	**7,928,343**	**728,215**	**13,123,472**	**5,382,270**
At 31 December 2007:							
Derivatives Held for Trading:							
Forward Foreign Exchange Contracts	58,235	39,260	5,762,194	5,283,193	471,948	7,053	-
Options	3,324	3,324	346,363	346,363	-	-	-
Credit Default Swaps	1,245	1,245	145,600	-	-	145,600	-
Caps and Floors	1,132	1,132	1,358,383	145,304	435,937	777,142	-
Interest Rate Swaps	9,170	-	7,693,677	-	44,246	2,450,836	5,198,595
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	4,055	52,335	2,670,957	91,013	610,680	1,641,321	327,943
Total	**77,161**	**97,296**	**17,977,174**	**5,865,873**	**1,562,811**	**5,021,952**	**5,526,538**

Swaps
Swaps are commitments to exchange one set of cash flows for another. In the case of interest rate swaps, counterparties generally exchange fixed and floating interest payments in a single currency without exchanging principal. In the case of currency swaps, fixed interest payments and principal are exchanged in different currencies. In the case of cross-currency interest rate swaps, principal, fixed and floating interest payments are exchanged in different currencies. In the case of Credit Default Swaps, the counterparties agree to make payments with respect to defined credit events based on specified notional amounts.

Forwards and futures
Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and interest rate futures are transacted in standardised amounts on regulated exchanges and changes in future contract values are settled daily.

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(All amounts are shown in thousands of Qatari Riyals)

Forward rate agreements

Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement for the difference between a contracted interest rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Caps and floors

An interest rate cap or floor is a contractual arrangement under which the buyer receives money at the end of each specific period in which the agreed interest rates exceeds or is below the agreed strike price of the cap or floor.

Derivatives Held for Hedging Purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves reducing the Group's exposure to fluctuations in foreign exchange rates and interest rates to acceptable levels within the guidelines issued by Qatar Central Bank. The Group has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Group has established a level of interest rate risk by setting limits on interest rate gaps for stipulated periods. Asset and liability interest rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce interest rate gaps to within the established limits.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to adjust its own exposure to currency and interest rate risks. This is generally achieved by hedging specific transactions in the balance sheet.

The Group uses interest rate swaps to hedge against the cash flow risk arising on certain floating rate liabilities. In this case, the hedging relationship and objective, including details of the hedged items and hedging instruments, are formally documented and the transactions are accounted for as cash flow hedges.

Derivatives Held for Trading Purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers in order to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates or indices. Arbitrage involves identifying and profiting from price differentials between markets or products. The Group also uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All amounts are shown in thousands of Qatari Riyals)

32. Mutual Funds

As part of the Group's investment activities, the following mutual funds were marketed by the Group:

	2008	2007
Al Watani Amana - Notes 1	146	146
Al Watani Amana - Notes 2	15,155	16,976
Total	**15,301**	**17,122**

The Group's investment activities also include management of certain investment funds. As at 31 December 2008, third party funds under management amounted to QR10,624 million (2007: QR7,289 million). The financial statements of these funds are not consolidated with the financial statements of the Group. However, the Group's share of these funds is included in the financial investments of the Group.

33. Related Parties

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities of which they have significant influence and control. The key managment personnel are those persons having authority and responsibility in making financial and operating decisions. At the balance sheet date, such significant balances included:

	2008	2007
Balance Sheet Items		
Loans and Advances	2,512,673	1,876,031
Deposits	724,877	629,496
Contingent Liabilities and Other Commitments	155,272	247,405
Statement of Income Items		
Interest and Commission Income	152,267	95,824
Interest and Commission Expense	32,085	33,113

The Group also has significant commercial transactions with the Government of Qatar which are disclosed in notes 6 and 12. All transactions with related parties are substantially on the same terms, including interest rates and collateral, as those prevailing in comparable transactions with unrelated parties.

Compensation of key management personnel is as follows:

	2008	2007
Salaries and Other Benefits	17,624	13,216
End of Service Indemnity Benefits	534	741

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All amounts are shown in thousands of Qatari Riyals)

34. Cash and Cash Equivalents

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

	2008	2007
Cash and Balances with Central Banks	2,712,318	9,107,250
Due from Banks Maturing in Three Months	26,105,688	19,189,514
Total	**28,818,006**	**28,296,764**

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

35. Significant Accounting Judgments and Key Sources of Estimating Uncertainty

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. In addition to the below mentioned factors, the Group considers "significant" as 20% or more and "prolonged" as greater than 9 months.

Furthermore the Group considers, on a case by case basis, certain qualititative and other quantitative factors in determining whether objective evidence of impairment exists for available for sale equity investments where the decline in fair value below cost is between 20% and 40%.

The Group reviews its non performing loans and advances on a half yearly basis to assess whether a provision for credit losses should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions of several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

36. Comparative Figures

Certain of the prior year amounts have been reclassified in order to conform with the current year presentation.

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

A) Parent Company

The balance sheet and statement of income of the parent company are presented below:

(i) Balance Sheet as at 31 December 2008:

	2008	2007
ASSETS		
Cash and Balances with Central Banks	6,268,898	10,948,048
Due from Banks and Other Financial Institutions	26,573,475	20,584,886
Loans and Advances and Financing Activities to Customers	97,641,267	63,523,049
Financial Investments	11,610,955	10,546,723
Investments in Subsidiaries, Associates and Joint Venture	5,022,660	3,215,081
Property and Equipment	544,340	297,258
Other Assets	1,490,810	1,322,203
Total Assets	**149,152,405**	**110,437,248**
LIABILITIES and SHAREHOLDERS' EQUITY		
LIABILITIES		
Due to Banks and Other Financial Institutions	19,931,336	9,925,612
Repurchase Agreements	2,267,416	2,495,142
Customer Deposits	92,347,598	70,352,915
Other Borrowings	6,719,147	6,714,819
Other Liabilities	2,113,951	1,916,805
	123,379,448	**91,405,293**
Unrestricted Investment Accounts	9,279,230	5,183,192
Total Liabilities and Unrestricted Investment Accounts	**132,658,678**	**96,588,485**
SHAREHOLDERS' EQUITY		
Issued Capital	2,408,966	1,824,975
Statutory Reserve	6,829,459	3,852,723
Other Reserves	1,759,800	1,766,687
Risk Reserve	1,410,000	783,072
Fair Value Reserve	(273,815)	2,346,566
Proposed Dividend	1,806,724	912,487
Proposed Bonus Shares	602,242	364,995
Proposed Transfer to Statutory Reserve	821,239	567,770
Retained Earnings	1,129,112	1,429,488
Total Shareholders' Equity	**16,493,727**	**13,848,763**
Total Liabilities and Shareholders' Equity	**149,152,405**	**110,437,248**

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

(ii) Statement of Income for the Year Ended 31 December 2008:

	2008	2007
Interest Income	5,965,143	4,353,763
Interest Expense	(3,526,097)	(2,684,433)
Net Interest Income	**2,439,046**	**1,669,330**
Fees and Commission Income	955,339	664,986
Fees and Commission Expense	(74,091)	(49,952)
Net Fees and Commission Income	**881,248**	**615,034**
Dividend Income	137,524	122,048
Net Gains from Foreign Currency Transactions	320,795	166,126
Net Gains from Financial Investments	569,289	374,470
Income from Islamic Financing and Investing Activities	685,294	417,586
Other Operating Income	16,254	373
Net Operating Income	**5,049,450**	**3,364,967**
General and Administrative Expenses	(777,466)	(605,851)
Depreciation	(73,708)	(43,577)
Provisions / (Recoveries) for Credit Losses on Loans and Advances	(246,585)	13,825
Net Impairment Losses on Financial Investments	(130,311)	(61,957)
Goodwill Impairment	-	(945)
Unrestricted Investment Account Holders' Share of Profit	(362,773)	(253,009)
Net Profit Before Taxes	**3,458,607**	**2,413,453**
Taxes	(23,696)	(16,075)
Net Profit for the Year	**3,434,911**	**2,397,378**

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

B) Islamic Banking

The balance sheet and statement of income of QNB Al Islami are presented below:

(i) Balance Sheet as at 31 December 2008:

	2008	2007
ASSETS		
Cash and Balances with Central Banks	452,595	207,074
Due from and Investments with Banks and Financial Institutions	4,717,193	2,213,909
Due from Financing Activities	6,791,667	4,520,125
Financial Investments	779,514	32,365
Property and Equipment	7,138	2,823
Other Assets	247,879	191,653
Total Assets	**12,995,986**	**7,167,949**
LIABILITIES and SHAREHOLDERS' EQUITY		
LIABILITIES		
Due to Banks and Other Financial Institutions	203,925	14,453
Customer Current Accounts	1,072,224	745,353
Other Liabilities	114,772	76,607
	1,390,921	**836,413**
Unrestricted Investment Accounts	9,279,230	5,183,192
Total Liabilities and Unrestricted Investment Accounts	**10,670,151**	**6,019,605**
SHAREHOLDERS' EQUITY		
Issued Capital	2,000,000	1,000,000
Other Reserves	59	-
Fair Value Reserve	(5,546)	-
Retained Earnings	331,322	148,344
Total Shareholders' Equity	**2,325,835**	**1,148,344**
Total Liabilities and Shareholders' Equity	**12,995,986**	**7,167,949**

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts are shown in thousands of Qatari Riyals)

(ii) Statement of Income for the Year Ended 31 December 2008:

	2008	2007
Income from Financing and Investing Activities	705,500	417,586
Total Income from Financing and Investing Activities	**705,500**	**417,586**
Fees and Commission Income	53,724	17,618
Fees and Commission Expense	(1,110)	(737)
Net Fees and Commission Income	**52,614**	**16,881**
Net Gains from Foreign Currency Transactions	6,896	3,724
Other Operating Income	31	-
Net Operating Income	**765,041**	**438,191**
General and Administrative Expenses	(61,309)	(31,824)
Depreciation	(1,473)	(1,083)
Net Impairment Losses on Financing Activities	(8,164)	(3,112)
Net Impairment Losses on Financial Investments	-	(819)
Net Profit for the Year	**694,095**	**401,353**
Less:		
Unrestricted Investment Account Holders' Share of Profits	(362,773)	(253,009)
Net Profit for the Year Attributable to Shareholders	**331,322**	**148,344**

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- Al Rayyan
- Al Sadd
- Al Sadd-Ladies
- Shahaniya
- Al Shamal
- Al Gharrafa
- Air Force Base
- Industrial Area
- The Mall
- Al Wakra
- Qatar Foundation
- Qatar University Men's Campus
- Ras Laffan Industrial City
- City Center-Doha
- Grand Hamad
- The Ritz-Carlton Doha
- Sheraton Doha Hotel & Resort
- Doha Marriot Gulf Hotel
- Hamad Hospital
- Mesaieed
- Exhibition Centre
- Qatar University Ladies Campus
- Musheireb
- West Bay
- Salwa Road
- C-Ring Road

QNB Al Islami

- Salwa Road
- Grand Hamad St.
- Al Wakra
- Al Rayyan
- Al Gharrafa
- Al Khor
- QNOC
- Ras Laffan Industrial City
- Hamad Hospital
- Mesaieed
- C-Ring Road - Corporate Branch

Offices

- RasGas
- Qatargas
- Qatar Petroleum - Head Office
- Qatar Petroleum - Al Sadd
- Airport Departures Terminal
- Ministry of Education
- Q-Post
- Urban planing
- Qtel
- Dlala
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