QNB

Together Forward

Consolidated Financial Statements

31 December 2008

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 flow 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Group's 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 Sharia 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 Sharia Control Board has issued Fatwas (Sharia opinion) on the matters presented to it, provided Sharia solutions for the difficulties encountered during implementation and oversaw compliance with the Sharia principles and rules set by it for the branch.

As well, through its Executive Committee and Internal Sharia 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 Sharia Control Board confirms that the application of Sharia rules and controls is the management responsibility, and its role is limited to issuing Fatwa and overseeing transactions through the Internal Sharia Control within the limits of resources available to it.

In the opinion of the Sharia Board: -The branch has complied with the Sharia principles and rules set for Islamic branches. -The matters presented to it, including contracts and forms, and the transactions reviewed by the Sharia Control were in compliance with the Sharia 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 Sharia.

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 Sharia 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
S.C.B. Chairman

His Eminence, Dr. Ali Alqurah Dagi
S.C.B. Vice Chairman

Dr. Sultan Al Hashemi
S.C.B. Member

Qatar National Bank S.A.Q.
Consolidated Balance Sheet
As at 31 December 2008

	Note	2008 QR000	2007 QR000
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
Investments 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 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.

Qatar National Bank S.A.Q.
Consolidated Statement of Income
For the Year Ended 31 December 2008

	Note	2008 QR000	2007 QR000
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)
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	(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.

Qatar National Bank S.A.Q.
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2008

	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
	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000
Balance at 1 January 2008	1,824,975	3,852,723	1,751,616	783,072	2,346,658	912,487	364,995	567,770	1,453,563	13,857,859	505	13,858,364
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)	-	-	-	-	0
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.

Qatar National Bank S.A.Q.
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2008

	Note	2008 QR000	2007 QR000
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 to Customers		(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 (Outflow) / 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 Ventures		(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 Rights 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.

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 and 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, United Arab Emirates and the 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 each segment’s performance 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 as the Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

- 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.

a) New Standards and Interpretations not yet Adopted (Continued)

- 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.

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 QR000	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 Sharia, as determined by the Sharia 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.

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.

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 ventures 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.

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.

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, then 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 Sharia 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 in provision for credit losses. The premium received is recognised in the statement of income in 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.

(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 asset and non-financial liabilities.

Financial Assets	**Carrying amount 2008**	**Fair value 2008**	**Carrying amount 2007**	**Fair value 2007**
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

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.

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (Continued)

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.

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 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**

(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.

Equivalent Grades	**Total 2008**	**Total 2007**
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. Also, 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).

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

As at 31 December 2008	**Less than 30 Days**	**31 - 60 Days**	**61 - 90 Days**	**Total**
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
Residential Mortgages	-	-	-	-
Total	**152,523**	**31,376**	**9,129**	**193,028**
As 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**

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (Continued)

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:

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

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.

(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**	**-**	**-**	

(All amounts are shown in thousands of Qatari Riyals)

3. FINANCIAL RISK MANAGEMENT (Continued)

l) Interest Rate Sensitivity

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

			Sensitivity of Equity				
	Increase in Basis Points	Sensitivity of Net Interest Income	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
Currency		2008	2008	2008	2008	2008	2008
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 Sterlin	10	2,464	2,691	(83)	37	-	2,645
Other Currenc	10	(127)	(73)	11	112	69	119

			Sensitivity of Equity				
	Decrease in Basis Points	Sensitivity of Net Interest Income	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
Currency		2008	2008	2008	2008	2008	2008
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 Sterlin	10	(1,326)	(2,940)	74	997	-	(1,869)
Other Currenc	10	303	47	(12)	21	(77)	(21)

			Sensitivity of Equity				
	Increase in Basis Points	Sensitivity of Net Interest Income	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
Currency		2007	2007	2007	2007	2007	2007
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 Sterlin	10	2,055	2,554	19	2	-	2,575
Other Currenc	10	(44)	(34)	81	37	-	84

			Sensitivity of Equity				
	Decrease in Basis Points	Sensitivity of Net Interest Income	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
Currency		2007	2007	2007	2007	2007	2007
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 Sterlin	10	(2,633)	(2,749)	(22)	788	-	(1,983)
Other Currenc	10	(3)	24	(88)	31	-	(33)

(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	More than 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 liability:

	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

(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 Balance Sheet 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 Balance Sheet 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 in	Effect on Statement of Income	
Currency	**%**	**2008**	**2007**
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)

(All amounts are shown in thousands of Qatari Riyals)

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 the Qatar Central Bank in supervising the Group.

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.

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**

(All amounts are shown in thousands of Qatari Riyals)

6. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

	2008	2007
a) By Type		
(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).

b) By Industry

At 31 December 2008:	**Loans & Advances**	**Overdrafts**	**Bills Discounted**	**Financing Activities**	**Total**
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:	**Loans & Advances**	**Overdrafts**	**Bills Discounted**	**Financing Activities**	**Total**
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	0	-	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 include both conventional banking and Islamic banking gross figures before subtracting specific provision for credit losses and deferred profits.

(All amounts are shown in thousands of Qatari Riyals)

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**

(All amounts are shown in thousands of Qatari Riyals)

6. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS (Continued)

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**

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**	
- By Issuer	**Quoted**	**Unquoted**	**Quoted**	**Unquoted**
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

8. INVESTMENTS 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
Less: 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	Iraqi	23.1	23.1
Housing Bank for Trade and Finance	Jordanian	33.2	30.5
Aljazeera Islamic Company	Qatari	20.0	20.0
Commercial Bank International	UAE	23.8	-
Tunisian Qatari Bank	Tunisian	50.0	-
Shard Funding Limited	Jersey	25.0	-
Kuwait Qatar Real Estate	Kuwaiti	28.0	-

The published price quotations for Housing Bank for Trade and Finance and Commercial Bank International are QR41.9 and QR1.64 respectively. (2007: 35.0 QR for Housing Bank for Trade and Finance). All other investments are not listed.

(All amounts are shown in thousands of Qatari Riyals)

9. PROPERTY AND EQUIPMENT

At 31 December 2008	Land & Buildings	Leasehold Improvements	Equipment & Furniture	Motor Vehicles	Total
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	Land & Buildings	Leasehold Improvements	Equipment & Furniture	Motor Vehicles	Total
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**

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**

(All amounts are shown in thousands of Qatari Riyals)

12. CUSTOMER DEPOSITS

	2008	2007
a) By Type		
(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).

b) By Sector		
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 (QR6,715 million). This is an unsecured bullet repayment loan facility due on 24th 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**

(All amounts are shown in thousands of Qatari Riyals)

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		
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). The Government of Qatar 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 at the beginning and end of the year:

	2008	**2007**
Number of shares outstanding at the beginning of the year	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 the end of the year	240,896,634	182,497,450

(All amounts are shown in thousands of Qatari Riyals)

b) Statutory Reserve

In accordance with Qatar Central Bank Law, at least 20% 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 the 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.

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 from 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 2% of the total direct facilities after excluding provisions for credit losses, deferred profits, exposures granted to or guaranteed by Government and exposures against cash collaterals.

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.

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**

(All amounts are shown in thousands of Qatari Riyals)

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	508,290	403,130
Off Balance Sheet Items	106,370	70,187
Bank Services	231,067	159,520
Investment Activities for 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**

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 the 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**

(All amounts are shown in thousands of Qatari Riyals)

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**

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.

(All amounts are shown in thousands of Qatari Riyals)

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:

As at 31 December 2008:	**Conventional Banking**	**Islamic Banking**	**Wealth Management (Subsidiary)**	**Intra-group Transactions**	**Total**
Total Assets	142,959,761	12,995,986	3,551,357	(7,533,486)	151,973,618
Total Liabilities and Unrestricted Investment Accour	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	(392,428)	(8,164)	2,581	-	(398,011)
Net Profit / (Loss)	3,302,999	331,322	18,224	-	3,652,545
As 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 Accour	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%).

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	0	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**

(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.

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.

(All amounts are shown in thousands of Qatari Riyals)

31. DERIVATIVES (Continued)

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 such cases, 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.

(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 over which they have significant influence and control. The key management 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 the transactions with the 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

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.

Qatar National Bank S.A.Q.
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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 QR000	2007 QR000
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**

Qatar National Bank S.A.Q.
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(ii) Statement of Income for the Year Ended 31 December 2008:

	2008 QR000	2007 QR000
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**

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B) ISLAMIC BANKING

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

Islamic branches accounts are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and Qatar Central Bank regulations.

(i) Balance Sheet as at 31 December 2008:

	2008 QR000	2007 QR000
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
Properties 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**

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

	2008 QR000	2007 QR000
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**