



Interim Results

**For the Three Months Ended
31 March 2007**

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

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar National Bank S.A.Q. (the "Bank") as at 31 March 2007 comprising of the interim consolidated balance sheet as at 31 March 2007 and the related interim consolidated statements of income, cash flows and changes in shareholders' equity for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and Qatar Central Bank regulations.

Firas Qoussous
of Ernst & Young
Auditors' Registration No. 236

9th April 2007
Doha, State of Qatar

Qatar National Bank S.A.Q.
Condensed Consolidated Balance Sheet
As at 31 March 2007

	Note	31 March 2007 (Reviewed) QR000	31 March 2006 (Reviewed) QR000	31 December 2006 (Audited) QR000
ASSETS				
Cash and Deposits with Central Banks		2,411,010	2,306,637	2,481,218
Due from Banks and Other Financial Institutions		9,859,124	13,591,267	12,780,711
Loans and Advances and Financing Activities to Customers	3	47,152,082	33,329,171	46,226,610
Financial Investments	4	9,028,187	6,890,496	8,877,702
Investment in Associates		32,810	52,460	32,810
Property and Equipment		591,384	531,388	589,093
Other Assets		885,298	590,464	674,889
Total Assets		69,959,895	57,291,883	71,663,033
LIABILITIES and SHAREHOLDERS' EQUITY				
LIABILITIES				
Due to Banks and Other Financial Institutions		7,888,708	2,996,035	6,254,842
Customer Deposits		46,135,150	40,860,789	51,930,594
Other Liabilities		1,276,116	1,001,075	1,177,176
		55,299,974	44,857,899	59,362,612
Unrestricted Investment Accounts		6,557,904	4,658,340	3,859,469
SHAREHOLDERS' EQUITY				
Issued Capital		1,622,200	1,297,760	1,297,760
Statutory Reserve		1,622,200	1,297,760	1,297,760
Other Reserves		1,758,171	1,775,669	1,760,004
Risk Reserve		421,000	194,422	421,000
Fair Value Reserve		895,385	1,789,270	1,099,895
Proposed Dividend	5	-	-	778,656
Proposed Bonus Shares		-	-	324,440
Proposed Transfer to Statutory Reserve		-	-	324,440
Retained Earnings		1,783,061	1,420,763	1,136,997
Total Shareholders' Equity		8,102,017	7,775,644	8,440,952
Total Liabilities and Shareholders' Equity		69,959,895	57,291,883	71,663,033

Yousef Hussain Kamal
Chairman

Sheikh Hamad Bin Faisal Al-Thani
Vice Chairman

Ali Shareef Al-Emadi
Acting Chief Executive

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

Qatar National Bank S.A.Q.
Condensed Consolidated Statement of Income
For the Three Months Ended 31 March 2007

	Three months to 31 March 2007 (Reviewed) QR000	Three months to 31 March 2006 (Reviewed) QR000
Interest Income	996,762	712,937
Interest Expense	<u>(544,405)</u>	<u>(319,977)</u>
Net Interest Income	452,357	392,960
Fees and Commission Income	204,063	136,601
Fees and Commission Expense	<u>(9,921)</u>	<u>(6,703)</u>
Net Fees and Commission Income	194,142	129,898
Dividend Income	100,147	72,274
Net Gains from Dealing in Foreign Currencies	63,109	31,637
Net Gains from Financial Investments	23,812	34,177
Income from Islamic Financing and Investing Activities	104,411	41,290
Other Operating Income	<u>2,730</u>	<u>14,092</u>
Total Operating Income	940,708	716,328
General and Administrative Expenses	<u>(178,286)</u>	<u>(155,647)</u>
Depreciation	<u>(11,292)</u>	<u>(11,837)</u>
Recoveries of Provision for Impairment of Loans and Advances	43,432	66,416
Net Investment Revaluation (losses) / Gains	<u>(69,873)</u>	7,372
Other Recoveries, Net of Provision	24	14,818
Unrestricted Investment Account Holders' Share of Profit	<u>(65,955)</u>	<u>(24,207)</u>
Net Profit before Taxes	658,758	613,243
Taxes	<u>(6,004)</u>	<u>(1,658)</u>
Net Profit for the Period	<u>652,754</u>	<u>611,585</u>
Basic and Fully Diluted Earnings Per Share (QR)	4.0	3.8
Weighted Average Number of Shares	162,219,956	162,219,956

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

Qatar National Bank S.A.Q.

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the Three Months Ended 31 March 2007

	Share Capital QR000	Statutory Reserve QR000	Other Reserves* QR000	Risk Reserve QR000	Fair Value Reserve QR000	Proposed Dividend QR000	Proposed Bonus Shares QR000	Proposed Transfer to Statutory Reserve QR000	Retained Earnings QR000	Total QR000
Balance at 1 January 2006	1,038,208	1,038,208	1,775,457	169,422	2,549,232	778,656	259,552	259,552	840,628	8,708,915
Directors' Fees Paid	-	-	-	-	-	-	-	-	(6,450)	(6,450)
Net Movement in Risk Reserve	-	-	-	25,000	-	-	-	-	(25,000)	-
Net Movement in Currency Translation Adjustments	-	-	212	-	-	-	-	-	-	212
Net Movement in Fair Value Reserve	-	-	-	-	(759,962)	-	-	-	-	(759,962)
Total Changes in Reserves										
Recognised Directly in Equity	-	-	212	25,000	(759,962)	-	-	-	(31,450)	(766,200)
Net Profit for the Three Months	-	-	-	-	-	-	-	-	611,585	611,585
Total Income and Expenses for the Period	-	-	212	25,000	(759,962)	-	-	-	580,135	(154,615)
Dividend Paid for the Year 2005	-	-	-	-	-	(778,656)	-	-	-	(778,656)
Bonus Shares for the year 2005	259,552	-	-	-	-	-	(259,552)	-	-	-
Transfer to Statutory Reserve for the year 2005	-	259,552	-	-	-	-	-	(259,552)	-	-
Balance at 31 March 2006	1,297,760	1,297,760	1,775,669	194,422	1,789,270	-	-	-	1,420,763	7,775,644
Balance at 1st January 2007	1,297,760	1,297,760	1,760,004	421,000	1,099,895	778,656	324,440	324,440	1,136,997	8,440,952
Directors' Fees Paid	-	-	-	-	-	-	-	-	(6,690)	(6,690)
Net Movement in Risk Reserve	-	-	-	-	-	-	-	-	0	-
Net Movement in Currency Translation Adjustments	-	-	(1,833)	-	-	-	-	-	-	(1,833)
Net Movement in Fair Value Reserve	-	-	-	-	(204,510)	-	-	-	-	(204,510)
Total Changes in Reserves										
Recognised Directly in Equity	-	-	(1,833)	-	(204,510)	-	-	-	(6,690)	(213,033)
Net Profit for the Three Months	-	-	-	-	-	-	-	-	652,754	652,754
Total Income and Expenses for the Period	-	-	(1,833)	-	(204,510)	-	-	-	646,064	439,721
Dividend Paid for the Year 2006	-	-	-	-	-	(778,656)	-	-	-	(778,656)
Bonus Shares for the year 2006	324,440	-	-	-	-	-	(324,440)	-	-	-
Transfer to Statutory Reserve for the year 2006	-	324,440	-	-	-	-	-	(324,440)	-	-
Balance at 31 March 2007	1,622,200	1,622,200	1,758,171	421,000	895,385	-	-	-	1,783,061	8,102,017

* Other reserves as at 31st March 2007 include a debit balance of QR11.9 million (March 2006: a credit balance of QR5.6 million) in respect of currency translation adjustments.

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

Qatar National Bank S.A.Q.
Condensed Consolidated Statement of Cash Flows
For the Three Months Ended 31 March 2007

	Note	Three months to 31 March 2007 (Reviewed) QR000	Three months to 31 March 2006 (Reviewed) QR000	Year to 31st December 2006 (Audited) QR000
Net Cash (Outflow) / Inflow from Operating Activities		(2,154,770)	6,385,492	7,098,582
Cash Flow from Investing Activities				
Purchase of Investments		(1,459,680)	(430,991)	(5,573,810)
Sale / Redemption of Financial Investments		1,058,489	401,664	3,243,860
Purchase of Property and Equipment		(16,379)	(72,833)	(123,643)
Sale of Property and Equipment		243	31,331	32,689
Net Cash Outflow from Investing Activities		(417,327)	(70,829)	(2,420,904)
Cash Flow from Financing Activities				
Dividend Paid		(778,417)	(748,827)	(771,976)
Net Cash Outflow from Financing Activities		(778,417)	(748,827)	(771,976)
Net Cash (Outflow) / Inflow		(3,350,514)	5,565,836	3,905,702
Changes in Foreign Exchange Rates		(3,031)	(13,305)	(144,719)
Balance at 1st January		12,360,577	8,599,594	8,599,594
Balance at 31 March / 31 December	8	<u>9,007,032</u>	<u>14,152,125</u>	<u>12,360,577</u>

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

Qatar National Bank S.A.Q.

Notes to the Interim Condensed Consolidated Financial Statements For the Three Months Ended 31 March 2007

1. ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements are prepared in accordance with IAS 34 - Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006. These interim condensed consolidated financial statements should be read in conjunction with the 2006 annual financial statements.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the three months ended 31 March 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

2. SEGMENT INFORMATION

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

	Conventional Banking	Islamic Banking	Wealth Management (Subsidiary)	Intra-group Transactions	Total
Total Assets	61,578,384	7,583,670	5,043,031	(4,245,190)	69,959,895
Total Liabilities	53,404,601	7,450,744	4,648,464	(3,645,931)	61,857,878
Total Operating Income	776,809	107,961	55,938	-	940,708
Net Profit	626,463	32,926	(6,635)	-	652,754

Geographically, the Group operates in Qatar and through its branches and subsidiary in Europe. Qatar operations contribute 99% in terms of profit (31 December 2006: 99%) and hold 80% of the Group's assets (31 December 2006: 80%).

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

	31 March 2007 QR000	31 March 2006 QR000	31st December 2006 QR000
Total Conventional Banking Loans and Advances	44,774,710	32,844,490	44,701,642
Total Islamic Financing Activities	2,781,950	1,023,152	2,000,004
Specific Provision for Impairment of Loans	(244,958)	(381,102)	(298,991)
Interest in Suspense	(159,620)	(157,369)	(176,045)
Net Loans and Advances and Financing Activities	47,152,082	33,329,171	46,226,610

The aggregate amount of non performing loans and advances amounted to QR521.8 million, 1.1% of total loans and advances (31 December 2006: QR553 million, 1.2% of total loans and advances).

4. FINANCIAL INVESTMENTS

	31 March 2007 QR000	31 March 2006 QR000	31st December 2006 QR000
Available for Sale Investments	4,663,420	3,919,352	4,630,140
Held to Maturity Investments	4,364,767	2,971,144	4,247,562
Total	9,028,187	6,890,496	8,877,702

Qatar National Bank S.A.Q.
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Months Ended 31 March 2007

5. DIVIDEND

The cash dividend in respect of the year ended 31 December 2006 of QR6.0 per share, amounting to a total of QR778.7 million and a bonus share of 25% of the share capital, was approved on 11th February 2007. The cash dividend in respect of the year ended 31 December 2005 was QR7.5 per share, amounting to a total of QR778.7 million and a bonus share of 25% of the share capital.

6. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	31 March 2007 QR000	31 March 2006 QR000	31st December 2006 QR000
Contingent Liabilities	28,933,857	16,731,305	21,471,364
Other Commitments	24,643,749	14,025,593	25,253,266

7. RELATED PARTIES

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities of which they are principal owners. At the balance sheet date, such significant balances included:

	31 March 2007 QR000	31 March 2006 QR000	31st December 2006 QR000
Balance Sheet Items			
Loans and advances	1,392,453	430,880	920,933
Deposits	658,466	559,560	707,134
Contingent Liabilities and Other Commitments	184,891	118,099	279,772
Statement of Income Items			
Interest and Commission Income	14,250	5,955	41,249
Interest and Commission Expense	6,943	6,450	25,045
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	2,633	4,775	14,586
End of Service Indemnity	164	62	369

The Bank also has significant commercial transactions with the Government of Qatar amounting to QR6,945 million included in loans and advances (31 December 2006: QR9,119 million) and QR5,219 million included in deposits (31 December 2006: QR7,299 million). 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.

8. CASH AND CASH EQUIVALENTS

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

	31 March 2007 QR000	31 March 2006 QR000	31st December 2006 QR000
Cash and Deposits with Central Banks	1,233,054	1,334,454	1,207,053
Due from Banks Maturing in 3 months	7,773,978	12,817,671	11,153,524
Total	9,007,032	14,152,125	12,360,577

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