



**Condensed Consolidated Interim Financial Information**

**31 March 2009**

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

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Qatar National Bank S.A.Q. (the "Bank") and its subsidiaries (together referred to as the "Group") as at 31 March 2009 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and the related explanatory notes ("condensed consolidated interim financial information"). Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with International Financial Reporting Standards (IAS 34) Interim Financial Reporting and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on the condensed consolidated interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated 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 Standard on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank regulations.

Gopal Balasubramaniam  
KPMG  
Qatar Auditors Registry Number 251

Doha - State of Qatar  
8 April 2009

**Qatar National Bank S.A.Q.**  
**Condensed Consolidated Interim Statement of Financial Position**

	Note	31 March 2009 (Reviewed) QR000	31 March 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
<b>ASSETS</b>				
Cash and Deposits with Central Banks		9,131,972	14,371,919	6,269,596
Due from Banks and Other Financial Institutions		25,701,971	18,155,363	27,044,455
Loans and Advances and Financing Activities	3	81,596,352	77,390,974	100,053,490
Investment Securities	4	17,183,974	13,696,578	11,814,912
Investment in Associates and Joint Venture		4,610,621	2,818,131	4,596,644
Property and Equipment		618,095	750,244	618,237
Assets Classified as Held for Sale	5	569,486	-	-
Other Assets		1,205,848	2,822,144	1,576,284
<b>Total Assets</b>		<b>140,618,319</b>	<b>130,005,353</b>	<b>151,973,618</b>
<b>LIABILITIES and EQUITY</b>				
<b>LIABILITIES</b>				
Due to Banks and Other Financial Institutions		20,363,850	24,682,580	19,721,259
Repurchase Agreements		1,457,086	2,438,442	2,267,416
Customer Deposits		80,888,394	72,743,375	94,973,407
Other Borrowings		6,720,258	6,715,931	6,719,147
Liabilities Classified as Held for Sale	5	1,228,335	-	-
Other Liabilities		2,323,913	2,887,941	2,369,934
		<b>112,981,836</b>	<b>109,468,269</b>	<b>126,051,163</b>
Unrestricted Investment Accounts		11,009,937	6,760,494	9,279,230
<b>Total Liabilities and Unrestricted Investment Accounts</b>		<b>123,991,773</b>	<b>116,228,763</b>	<b>135,330,393</b>
<b>EQUITY</b>				
Issued Capital		3,011,208	2,189,970	2,408,966
Statutory Reserve		7,650,698	4,420,493	6,829,459
Other Reserves		1,755,451	1,755,702	1,789,787
Risk Reserve		1,410,000	783,072	1,410,000
Fair Value Reserve	6	539,603	2,256,512	(274,167)
Proposed Dividend	7	-	-	1,806,724
Proposed Bonus Shares		-	-	602,242
Proposed Transfer to Statutory Reserve		-	-	821,239
Retained Earnings		2,259,586	2,370,841	1,248,975
<b>Total Equity</b>		<b>16,626,546</b>	<b>13,776,590</b>	<b>16,643,225</b>
<b>Total Liabilities and Equity</b>		<b>140,618,319</b>	<b>130,005,353</b>	<b>151,973,618</b>

**Yousef Hussain Kamal**  
Chairman

**Ali Shareef Al-Emadi**  
Group Chief Executive Officer

The attached explanatory notes 1 to 10 form an integral part of this condensed consolidated interim financial information.

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

	<b>Three Months to 31 March 2009 (Reviewed) QR000</b>	<b>Three Months to 31 March 2008 (Reviewed) QR000</b>
<b>Continuing Operations</b>		
Interest Income	1,465,426	1,416,248
Interest Expense	(719,231)	(903,315)
<b>Net Interest Income</b>	<b>746,195</b>	<b>512,933</b>
Fees and Commission Income	250,651	266,349
Fees and Commission Expense	(13,688)	(11,565)
<b>Net Fees and Commission Income</b>	<b>236,963</b>	<b>254,784</b>
Dividend Income	104,680	103,141
Net Gains from Dealing in Foreign Currencies	81,398	80,398
Net Gains from Investment Securities	15,063	132,772
Share in Profit of Associates	29,385	46,072
Income from Islamic Financing and Investing Activities	191,095	119,647
Other Operating Income	16,119	18,530
<b>Net Operating Income</b>	<b>1,420,898</b>	<b>1,268,277</b>
General and Administrative Expenses	(235,204)	(260,299)
Depreciation	(24,470)	(17,414)
Provisions for Credit Losses of Loans and Advances	(3,377)	(29,073)
Net Impairment (Losses) / Gains of Investment Securities	(24,803)	17,641
Other Provisions	(10,345)	(144)
Unrestricted Investment Account Holders' Share of Profit	(103,871)	(55,517)
<b>Net Profit Before Taxes</b>	<b>1,018,828</b>	<b>923,471</b>
Taxes	(6,594)	(6,193)
<b>Net Profit for the Period from Continuing Operations</b>	<b>1,012,234</b>	<b>917,278</b>
Losses from Assets Held for Sale, net of Tax	(1,623)	-
<b>Net Profit for the Period</b>	<b>1,010,611</b>	<b>917,278</b>
Earnings Per Share (QR)	3.4	3.4
Weighted Average Number of Shares	301,120,792	273,746,175

The attached explanatory notes 1 to 10 form an integral part of this condensed consolidated interim financial information.

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

	<b>Three Months to 31 March 2009 (Reviewed) QR000</b>	<b>Three Months to 31 March 2008 (Reviewed) QR000</b>
<b>Net Profit for the Period</b>	<b>1,010,611</b>	<b>917,278</b>
<b>Other Comprehensive Income</b>		
Foreign Currency Translation Differences for Foreign Operations	(5,121)	1,046
Share of Other Comprehensive Income of Associates	(29,215)	3,040
Net Gain / (Loss) on Revaluation of Cash Flow Hedges	28,806	(46,799)
Net Gain / (Loss) on Revaluation of Available for Sale Investment Securities	784,964	(43,347)
<b>Total Other Comprehensive Income</b>	<b>779,434</b>	<b>(86,060)</b>
<b>Total Comprehensive Income</b>	<b>1,790,045</b>	<b>831,218</b>

The attached explanatory notes 1 to 10 form an integral part of this condensed consolidated interim financial information.

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

**Condensed Consolidated Interim Statement of Changes in Equity**

	Share Capital QR000	Statutory Reserve QR000	Other Reserves* QR000	Risk Reserve QR000	Fair Value Reserve QR000	Proposed Dividend QR000	Proposed Bonus Shares QR000	Proposed Transfer to Statutory Reserve QR000	Retained Earnings QR000	Equity Attributable to Equity Holders of Parent QR000	Minority Interest QR000	Total QR000
Balance at 1 January 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
Total Comprehensive Income for the Period	-	-	4,086	-	(90,146)	-	-	-	917,278	831,218	-	831,218
Dividend Paid for the Year 2007	-	-	-	-	-	(912,487)	-	-	-	(912,487)	-	(912,487)
Bonus Shares for the year 2007	364,995	-	-	-	-	-	(364,995)	-	-	-	-	-
Transfer to Statutory Reserve for the year 2007	-	567,770	-	-	-	-	-	(567,770)	-	-	-	-
Net Movement in Minority Interest	-	-	-	-	-	-	-	-	-	-	(505)	(505)
<b>Balance at 31 March 2008</b>	<b>2,189,970</b>	<b>4,420,493</b>	<b>1,755,702</b>	<b>783,072</b>	<b>2,256,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,370,841</b>	<b>13,776,590</b>	<b>-</b>	<b>13,776,590</b>
Balance at 1st January 2009	2,408,966	6,829,459	1,789,787	1,410,000	(274,167)	1,806,724	602,242	821,239	1,248,975	16,643,225	-	16,643,225
Total Comprehensive Income for the Period	-	-	(34,336)	-	813,770	-	-	-	1,010,611	1,790,045	-	1,790,045
Dividend Paid for the Year 2008	-	-	-	-	-	(1,806,724)	-	-	-	(1,806,724)	-	(1,806,724)
Bonus Shares for the year 2008	602,242	-	-	-	-	-	(602,242)	-	-	-	-	-
Transfer to Statutory Reserve for the year 2008	-	821,239	-	-	-	-	-	(821,239)	-	-	-	-
<b>Balance at 31 March 2009</b>	<b>3,011,208</b>	<b>7,650,698</b>	<b>1,755,451</b>	<b>1,410,000</b>	<b>539,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,259,586</b>	<b>16,626,546</b>	<b>-</b>	<b>16,626,546</b>

The attached explanatory notes 1 to 10 form an integral part of this condensed consolidated interim financial information.

**Qatar National Bank S.A.Q.**  
**Condensed Consolidated Interim Statement of Cash Flows**

	Note	Three Months to 31 March 2009 (Reviewed) QR000	Three Months to 31 March 2008 (Reviewed) QR000	Year to 31 December 2008 (Audited) QR000
<b>Net Cash Inflow from Operating Activities</b>		<b>8,752,819</b>	<b>4,285,252</b>	<b>3,022,445</b>
<b>Cash Flow from Investing Activities</b>				
Purchase of Investment Securities		(9,838,775)	(3,684,018)	(7,299,111)
Proceeds from Sale of Investment Securities		5,231,365	1,396,007	4,550,260
Investment in Associates		(20,240)	(64,032)	(1,676,913)
Purchase of Property and Equipment		(33,913)	(119,276)	(344,372)
Proceeds from Sale of Property and Equipment		121	13,853	262,396
<b>Net Cash Used in Investing Activities</b>		<b>(4,661,442)</b>	<b>(2,457,466)</b>	<b>(4,507,740)</b>
<b>Cash Flow from Financing Activities</b>				
Dividend Paid		(1,769,839)	(882,644)	(903,227)
Proceeds from Rights Issue		-	-	2,627,962
<b>Net Cash (Used in) / from Financing Activities</b>		<b>(1,769,839)</b>	<b>(882,644)</b>	<b>1,724,735</b>
Net Increase in Cash and Cash Equivalents		2,321,538	945,142	239,440
Effects of Exchange Rate Changes on Cash and Cash Equivalents		23,636	7,724	281,802
Cash and Cash Equivalents at 1 January		28,818,006	28,296,764	28,296,764
<b>Cash and Cash Equivalents at 31 March / 31 December</b>	10	<b>31,163,180</b>	<b>29,249,630</b>	<b>28,818,006</b>

The attached explanatory notes 1 to 10 form an integral part of this condensed consolidated interim financial information.

## **Qatar National Bank S.A.Q.**

### **Notes to the Condensed Consolidated Interim Financial Information**

#### **1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The accompanying condensed consolidated interim financial information is prepared in accordance with IAS 34 - "*Interim Financial Reporting*". This condensed consolidated interim financial information should be read in conjunction with the 2008 annual consolidated financial statements of the Group.

The condensed consolidated interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the three month period ended 31 March 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008, except for the following:

##### **- IAS 1 (revised), "Presentation of financial statements"**

During the period the Group adopted Revised IAS 1 as issued by International Accounting Standards Board ("IASB") revised in May 2008, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. Revised IAS 1 introduced 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. The Group has decided to adopt a two statement approach for presenting total comprehensive income.

##### **- IFRS 8, "Operating Segments"**

During the period the Group adopted IFRS 8 as issued by International Accounting Standards Board ("IASB") issued in November 2006, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. IFRS 8 introduces the "management approach" to segment reporting i.e. based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.

During the period, the Group applied IFRS 5, "*Non-current assets held for sale and discontinued operations*". Disposal Groups held for sale comprising of assets and liabilities that are expected to recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with Group's accounting policy. Thereafter these are measured at the lower of their carrying amounts and fair values less cost to sell.



## Qatar National Bank S.A.Q.

### Notes to the Condensed Consolidated Interim Financial Information

#### 2. SEGMENT INFORMATION

The Group is organised into three main operating segments which comprise conventional commercial banking, Islamic banking and wealth management activities. Results of each of the operating segments which are being reviewed regularly by Chief Operating Decision Maker are stated below:

	Conventional Banking	Islamic Banking	Wealth Management	Intra-group Transactions	Total
Total Assets	129,606,381	15,043,779	3,490,702	(7,522,543)	140,618,319
Net Interest Income	731,058	-	15,137	-	746,195
Net Income from Islamic Activities	-	87,224	-	-	87,224
Net Fees and Commission Income	208,054	17,240	11,669	-	236,963
Net Operating Income	1,162,665	219,973	38,685	(425)	1,420,898
General and Administrative Expenses	(186,131)	(17,812)	(32,400)	1,139	(235,204)
Net Profit / (Loss)	924,347	93,198	(6,934)	-	1,010,611

#### 3. LOANS AND ADVANCES AND FINANCING ACTIVITIES

	31 March 2009 (Reviewed) QR000	31 March 2008 (Reviewed) QR000	31 December 2008 (Audited) QR000
Total Conventional Banking Loans and Advances	74,277,522	72,205,926	93,875,356
Total Islamic Financing Activities	9,268,391	6,253,601	8,056,345
Specific Provision for Impairment of Loans	(640,341)	(414,078)	(624,961)
Financing Activities Deferred Profit	(1,309,220)	(654,475)	(1,253,250)
<b>Net Loans and Advances and Financing Activities</b>	<b>81,596,352</b>	<b>77,390,974</b>	<b>100,053,490</b>

The aggregate amount of non performing loans and advances amounted to QR701.2 million, 0.8% of total loans and advances and financing activities (31 December 2008: QR731.5 million, 0.7% of total loans and advances and financing activities).

#### 4. INVESTMENT SECURITIES

	31 March 2009 (Reviewed) QR000	31 March 2008 (Reviewed) QR000	31st December 2008 (Audited) QR000
Available for Sale Investments	5,974,961	9,075,375	7,186,082
Held to Maturity Investments	11,209,013	4,621,203	4,628,830
<b>Total</b>	<b>17,183,974</b>	<b>13,696,578</b>	<b>11,814,912</b>

During the period, the Group disposed off certain available for sale equity securities listed on the Doha Securities Market to the Government of Qatar at a sales price of QR4,013 million, comprising of cash of QR1,788 million and a five year term bond of QR2,225 million at an interest yield of 5.5% per annum. This sales price was equal to cost less impairment booked for these securities, hence there is no impact on the statement of income for the period. The available for sale reserve amount transferred from equity in relation to this sale was QR917 million.

#### 5. ASSETS / LIABILITIES CLASSIFIED AS HELD FOR SALE

During the period, the Group decided to dispose of one of its subsidiary's lines of business, included within the wealth management operating segment, following the commitment from the Group's management to sell this disposal group (the Bahamas business within the QNB International Holdings Limited subsidiary). The sale is expected to be completed in the second quarter of 2009. At 31 March 2009, the disposal group comprises assets of QR569 million and liabilities of QR1,228 million, held at the lower of carrying value and fair value less costs to sell in accordance with IFRS 5 - "Non current assets held for sale and discontinued operations".

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

**6. FAIR VALUE RESERVE**

	<b>31 March 2009 (Reviewed) QR000</b>	<b>31 March 2008 (Reviewed) QR000</b>	<b>31st December 2008 (Audited) QR000</b>
Cash Flow Hedges	(160,589)	(95,078)	(189,395)
Available for Sale Investment Securities	700,192	2,351,590	(84,772)
<b>Total</b>	<b>539,603</b>	<b>2,256,512</b>	<b>(274,167)</b>

**7. DIVIDEND**

The cash dividend in respect of the year ended 31 December 2008 of QR7.5 per share, amounting to a total of QR1,807 million and a bonus share of 25% of the share capital amounting to QR602.2 million, were approved on 8 February 2009.

**8. CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

	<b>31 March 2009 (Reviewed) QR000</b>	<b>31 March 2008 (Reviewed) QR000</b>	<b>31st December 2008 (Audited) QR000</b>
Contingent Liabilities	45,072,479	47,717,167	51,043,517
Other Commitments	34,828,387	34,878,010	37,801,491

**9. RELATED PARTIES**

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

	<b>31 March 2009 (Reviewed) QR000</b>	<b>31 March 2008 (Reviewed) QR000</b>	<b>31st December 2008 (Audited) QR000</b>
<b>Balance Sheet Items</b>			
Loans and advances	2,463,851	1,900,158	2,512,673
Deposits	766,741	700,417	724,877
Contingent Liabilities and Other Commitments	75,761	189,527	155,272
<b>Statement of Income Items</b>			
Interest and Commission Income	41,610	24,993	152,267
Interest and Commission Expense	9,192	8,829	32,085
<b>Compensation of key management personnel is as follows:</b>			
Salaries and Other Benefits	15,658	8,610	17,624
End of Service Indemnity	188	101	534

The Group also has significant commercial transactions with the Government of Qatar amounting to QR5,799 million included in loans and advances (31 December 2008: QR5,836 million) and QR15,605 million included in deposits (31 December 2008: QR19,134 million).

**10. CASH AND CASH EQUIVALENTS**

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

	<b>31 March 2009 (Reviewed) QR000</b>	<b>31 March 2008 (Reviewed) QR000</b>	<b>31st December 2008 (Audited) QR000</b>
Cash and Deposits with Central Banks	5,760,027	11,951,539	2,712,318
Due from Banks Maturing within 3 months	25,403,153	17,298,091	26,105,688
<b>Total</b>	<b>31,163,180</b>	<b>29,249,630</b>	<b>28,818,006</b>

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