



Condensed Consolidated Interim Financial Information

31 March 2013

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

Introduction

We have reviewed the accompanying interim condensed consolidated 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 2013, the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended, and the related explanatory notes (the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 - "*Interim Financial Reporting*" and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on this 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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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.

Other matter

The condensed consolidated financial information as at 31 March 2012 was reviewed and the consolidated financial statements as at and for the year ended 31 December 2012, were audited by another auditor, whose reports dated 4 April 2012 and 13 January 2013 respectively, expressed an unmodified review conclusion and an unmodified audit opinion on those statements.

Firas Qoussous
of Ernst & Young
Qatar Auditors Registry Number 236

Doha - State of Qatar
7 April 2013

Qatar National Bank S.A.Q.
Condensed Consolidated Statement of Financial Position
As at 31 March 2013

	Notes	31 March 2013 (Reviewed) QR000	31 March 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		15,982,422	10,957,904	19,829,576
Due from Banks		37,047,055	46,305,930	37,021,743
Loans and Advances to Customers	3	258,941,126	201,210,133	249,936,341
Investment Securities	4	49,045,940	44,080,230	50,047,924
Investment in Associates		5,754,100	4,737,965	5,795,307
Property and Equipment		945,131	970,377	957,056
Intangible Assets		389,671	141,028	261,216
Other Assets		11,931,356	2,702,448	3,004,669
Total Assets		380,036,801	311,106,015	366,853,832
LIABILITIES				
Due to Banks		24,114,402	28,050,069	22,201,770
Customer Deposits		280,037,215	218,393,346	270,039,961
Debt Securities		12,679,223	9,049,190	12,674,706
Other Borrowings		8,053,405	6,731,744	6,836,376
Other Liabilities		9,227,971	6,862,216	7,112,327
Total Liabilities		334,112,216	269,086,565	318,865,140
EQUITY				
Issued Capital		6,997,294	6,997,294	6,997,294
Legal Reserve		23,086,902	23,086,902	23,086,902
Risk Reserve		1,750,000	1,600,000	1,750,000
Fair Value Reserve	5	448,161	617,840	411,403
Foreign Currency Translation Reserve		(659,834)	(319,679)	(640,463)
Other Reserves		1,752,017	1,776,678	1,751,174
Retained Earnings		11,661,358	7,702,215	13,721,522
Total Equity Attributable to Equity Holders of the Bank		45,035,898	41,461,250	47,077,832
Non - Controlling Interests		888,687	558,200	910,860
Total Equity		45,924,585	42,019,450	47,988,692
Total Liabilities and Equity		380,036,801	311,106,015	366,853,832

This condensed consolidated interim financial information was approved by the Board of Directors on 7 April 2013 and was signed on its behalf by:

Yousef Hussain Kamal
Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

Qatar National Bank S.A.Q.
Condensed Consolidated Statement of Income
For the Three Months Period Ended 31 March 2013

	Three Months to 31 March 2013 (Reviewed) QR000	Three Months to 31 March 2012 (Reviewed) QR000
Interest Income	3,111,999	2,997,481
Interest Expense	(760,250)	(750,937)
Net Interest Income	2,351,749	2,246,544
Fees and Commission Income	390,865	369,443
Fees and Commission Expense	(40,642)	(32,219)
Net Fees and Commission Income	350,223	337,224
Foreign Exchange Gain	172,396	163,274
Income from Investment Securities	15,684	19,851
Other Operating Income	3,033	1,758
Operating Income	2,893,085	2,768,651
Staff Expenses	(294,987)	(255,856)
Depreciation	(49,185)	(43,754)
Net Impairment (Losses) / Gains on Investment Securities	(3,955)	1,343
Net Impairment Losses on Loans and Advances to Customers	(242,461)	(266,685)
Other Expenses	(182,170)	(150,784)
	(772,758)	(715,736)
Share of Results of Associates	67,547	36,906
Profit Before Income Tax	2,187,874	2,089,821
Income Tax Expense	(20,032)	(13,274)
Profit for the Period	2,167,842	2,076,547
Attributable to:		
Equity Holders of the Bank	2,138,213	2,004,444
Non - Controlling Interests	29,629	72,103
Profit for the Period	2,167,842	2,076,547
Earnings Per Share (QR)	3.1	2.9
Weighted Average Number of Shares	699,729,438	699,729,438

The attached notes 1 to 11 form an integral part of this condensed consolidated interim financial information.

Qatar National Bank S.A.Q.
Condensed Consolidated Statement of Comprehensive Income
For the Three Months Period Ended 31 March 2013

	Three Months to 31 March 2013 (Reviewed) QR000	Three Months to 31 March 2012 (Reviewed) QR000
Profit for the Period	2,167,842	2,076,547
Other Comprehensive Income, net of Income Tax		
Foreign Currency Translation Differences for Foreign Operations	(19,371)	(130,397)
Share of Other Comprehensive Income of Associates	843	(9,956)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	32,470	25,693
Available-for-Sale Investment Securities		
Net Change in Fair Value	5,400	97,354
Net Amount Transferred to Income Statement	(1,112)	(2,165)
Total Other Comprehensive Income for the Period, net of Income Tax	18,230	(19,471)
Total Comprehensive Income for the Period	2,186,072	2,057,076
Attributable to:		
Equity Holders of the Bank	2,156,443	1,984,973
Non - Controlling Interests	29,629	72,103
Total Comprehensive Income for the Period	2,186,072	2,057,076

The attached notes 1 to 11 form an integral part of this condensed consolidated interim financial information.

Qatar National Bank S.A.Q.
Condensed Consolidated Statement of Changes in Equity
For the Three Months Period Ended 31 March 2013

	Issued Capital QR000	Legal Reserve QR000	Risk Reserve QR000	Fair Value Reserve QR000	Foreign Currency Translation Reserve QR000	Other Reserves QR000	Retained Earnings QR000	Equity Attributable to Equity Holders of the Bank QR000	Non Controlling Interests QR000	Total QR000
Balance at 1 January 2012	6,361,177	21,178,549	1,600,000	496,958	(189,282)	1,786,634	10,786,714	42,020,750	614,554	42,635,304
Total Comprehensive Income for the Period										
Profit for the Period	-	-	-	-	-	-	2,004,444	2,004,444	72,103	2,076,547
Total Other Comprehensive Income	-	-	-	120,882	(130,397)	(9,956)	-	(19,471)	-	(19,471)
Total Comprehensive Income for the Period	-	-	-	120,882	(130,397)	(9,956)	2,004,444	1,984,973	72,103	2,057,076
Transfer to Legal Reserve for the Year 2011		1,908,353					(1,908,353)			
Transactions with Equity Holders,										
Recognised Directly in Equity										
Dividend for the Year 2011	-	-	-	-	-	-	(2,544,473)	(2,544,473)	-	(2,544,473)
Bonus Shares for the Year 2011	636,117	-	-	-	-	-	(636,117)	-	-	-
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	(128,457)	(128,457)
Total Transactions with Equity Holders,										
Recognised Directly in Equity	636,117	-	-	-	-	-	(3,180,590)	(2,544,473)	(128,457)	(2,672,930)
Balance at 31 March 2012	6,997,294	23,086,902	1,600,000	617,840	(319,679)	1,776,678	7,702,215	41,461,250	558,200	42,019,450
Balance at 1 January 2013	6,997,294	23,086,902	1,750,000	411,403	(640,463)	1,751,174	13,721,522	47,077,832	910,860	47,988,692
Total Comprehensive Income for the Period										
Profit for the Period	-	-	-	-	-	-	2,138,213	2,138,213	29,629	2,167,842
Total Other Comprehensive Income	-	-	-	36,758	(19,371)	843	-	18,230	-	18,230
Total Comprehensive Income for the Period	-	-	-	36,758	(19,371)	843	2,138,213	2,156,443	29,629	2,186,072
Transactions with Equity Holders,										
Recognised Directly in Equity										
Dividend for the Year 2012	-	-	-	-	-	-	(4,198,377)	(4,198,377)	-	(4,198,377)
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	(51,802)	(51,802)
Total Transactions with Equity Holders,										
Recognised Directly in Equity	-	-	-	-	-	-	(4,198,377)	(4,198,377)	(51,802)	(4,250,179)
Balance at 31 March 2013	6,997,294	23,086,902	1,750,000	448,161	(659,834)	1,752,017	11,661,358	45,035,898	888,687	45,924,585

The attached notes 1 to 11 form an integral part of this condensed consolidated interim financial information.

Qatar National Bank S.A.Q.
Condensed Consolidated Statement of Cash Flows
For the Three Months Period Ended 31 March 2013

	Note	Three Months to 31 March 2013 (Reviewed) QR000	Three Months to 31 March 2012 (Reviewed) QR000	Year to 31 December 2012 (Audited) QR000
Cash Flows from Operating Activities		(2,585,416)	5,173,116	2,192,961
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(4,022,558)	(6,013,800)	(30,368,008)
Proceeds from Sale of Investment Securities		4,981,514	12,431,577	31,215,848
Investments in Associates		-	-	(1,070,217)
Acquisition of Subsidiary, net of Cash Acquired		1,098	-	(76,177)
Purchase of Property and Equipment		(50,235)	(59,810)	(221,731)
Proceeds from Sale of Property and Equipment		31,532	621	2,420
Net Cash from / (used in) Investing Activities		941,351	6,358,588	(517,865)
Cash Flows from Financing Activities				
Proceeds from Issue of Debt Securities		-	-	7,241,828
Proceeds from Other Borrowings		1,263,276	-	85,088
Dividends Paid		(4,166,850)	(2,524,677)	(2,541,713)
Net Cash (used in) / from Financing Activities		(2,903,574)	(2,524,677)	4,785,203
Net (Decrease) / Increase in Cash and Cash Equivalents		(4,547,639)	9,007,027	6,460,299
Effects of Exchange Rate Changes on Cash and Cash Equivalents		44,338	43,607	232,730
Cash and Cash Equivalents as at 1 January		48,096,723	41,403,694	41,403,694
Cash and Cash Equivalents at 31 March / 31 December	10	43,593,422	50,454,328	48,096,723

The attached notes 1 to 11 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
For the Three Months Period Ended 31 March 2013

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying condensed consolidated interim financial information is prepared in accordance with IAS 34 - "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank Regulations. This condensed consolidated interim financial information should be read in conjunction with the 2012 annual consolidated financial statements of the Group.

The condensed consolidated interim financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the three months period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2012.

The following new and amended standards have been adopted by the Group in preparation of this condensed consolidated interim financial information. The new standards do not have any material impact to the Group, but they will result in extensive additional disclosures:

IAS 1 (amendment) 'Presentation of items of other comprehensive income.

IAS 28 (2011) 'Investment in Associates and Joint Ventures'.

IFRS 10 Consolidated Financial Statements.

IFRS 11 Joint Arrangements.

IFRS 12 Disclosure of Interest in Other Entities.

IFRS 13 Fair Value Measurement.

IFRS 9, Financial Instruments' is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2015.

The Group is currently assessing the impact of this standard on future periods.

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2013

2. SEGMENT INFORMATION

The Group is organised into four main operating segments. The results of each of the operating segments which are being monitored regularly by the Chief Operating Decision Maker, are stated below:

	Qatar Operations			International Banking	Unallocated and Intra-group Transactions	Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management			
At 31 March 2013:						
Net Interest Income	1,740,400	103,708	53,287	446,643	7,711	2,351,749
Net Fees and Commission Income	157,757	36,302	71,931	72,736	11,497	350,223
Foreign Exchange Gain	82,557	16,751	14,779	41,518	16,791	172,396
Income from Investment Securities	15,684	-	-	-	-	15,684
Other Operating Income	232	1	62	2,738	-	3,033
Share of Results of Associates	-	-	-	67,547	-	67,547
Total Segment Revenue	1,996,630	156,762	140,059	631,182	35,999	2,960,632
Reportable Segment Profit	1,606,910	21,692	91,699	449,154	(31,242)	2,138,213
Reportable Segment Loans and Advances	206,756,525	7,038,011	12,021,707	33,124,883		258,941,126
Reportable Segment Customer Deposits	150,005,593	15,561,842	26,422,335	88,047,445		280,037,215
Reportable Segment Assets	301,306,835	15,960,546	28,605,602	134,438,530	(100,274,712)	380,036,801
At 31 March 2012:						
Net Interest Income	1,625,981	134,177	92,844	380,614	12,928	2,246,544
Net Fees and Commission Income	207,198	30,269	52,903	41,036	5,818	337,224
Foreign Exchange Gain	132,198	9,743	4,553	4,590	12,190	163,274
Income from Investment Securities	19,851	-	-	-	-	19,851
Other Operating Income	41	2	-	1,707	8	1,758
Share of Results of Associates	-	-	-	36,906	-	36,906
Total Segment Revenue	1,985,269	174,191	150,300	464,853	30,944	2,805,557
Reportable Segment Profit	1,510,882	45,583	129,504	365,605	(47,130)	2,004,444
Reportable Segment Loans and Advances	161,864,416	6,269,881	10,528,769	22,547,067		201,210,133
Reportable Segment Customer Deposits	85,415,864	13,879,036	17,575,575	101,522,871		218,393,346
Reportable Segment Assets	247,170,196	14,106,982	18,839,599	135,853,318	(104,864,080)	311,106,015

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2013

3. LOANS AND ADVANCES TO CUSTOMERS

	31 March 2013 (Reviewed) QR000	31 March 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Loans and Advances to Customers	263,557,080	205,133,770	254,518,739
Deferred Profit	(302,793)	(963,837)	(702,529)
Specific Impairment of Loans and Advances to Customers	(4,313,161)	(2,959,800)	(3,879,869)
Net Loans and Advances	<u>258,941,126</u>	<u>201,210,133</u>	<u>249,936,341</u>

The aggregate amount of non performing loans and advances amounted to QR3,627 million or 1.4% of total loans and advances (31 December 2012: QR3,380 million or 1.3% of total loans and advances).

4. INVESTMENT SECURITIES

	31 March 2013 (Reviewed) QR000	31 March 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Available-for-Sale Investment Securities	12,673,624	8,890,854	15,447,842
Held to Maturity Investment Securities	36,372,316	35,189,376	34,600,082
Total	<u>49,045,940</u>	<u>44,080,230</u>	<u>50,047,924</u>

5. FAIR VALUE RESERVE

	31 March 2013 (Reviewed) QR000	31 March 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Cash Flow Hedges	(166,158)	(168,032)	(198,628)
Available-for-Sale Investment Securities	614,319	785,872	610,031
Total	<u>448,161</u>	<u>617,840</u>	<u>411,403</u>

6. DIVIDEND

The cash dividend in respect of the year ended 31 December 2012 of QR6.0 per share, amounting to a total of QR4,198 million was approved by the shareholders at the annual general assembly meeting on 30 January 2013.

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2013

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	31 March 2013 (Reviewed) QR000	31 March 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Contingent Liabilities	65,884,188	51,163,560	59,285,330
Other Commitments	35,730,021	34,623,162	28,419,646

8. RELATED PARTIES

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities of which they have significant influence and control. As at the reporting date, such significant items included:

	31 March 2013 (Reviewed) QR000	31 March 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances	1,899,769	2,145,642	2,308,420
Deposits	973,204	833,196	838,488
Contingent Liabilities and Other Commitments	68,326	36,623	68,472
Statement of Income Items			
Interest and Commission Income	26,251	16,846	68,446
Interest and Commission Expense	4,402	4,650	17,023
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	25,074	23,300	31,275
End of Service Indemnity	291	267	861

The Group also has significant commercial transactions with the State of Qatar, which owns 50% of the Bank's outstanding shares through Qatar Investment Authority, amounting to QR37,078 million included in loans and advances (31 December 2012: QR37,616 million) and QR18,173 million included in customer deposits (31 December 2012: QR24,350 million).

9) CAPITAL ADEQUACY

	31 March 2013 (Reviewed) QR000	31 March 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Total Eligible Tier 1 Capital	36,507,426	34,231,358	36,487,414
Total Eligible Tier 2 Capital	-	-	-
Total Eligible Capital	36,507,426	34,231,358	36,487,414
Risk Weighted Assets	178,503,238	157,137,549	173,425,801
Tier 1 Capital ratio	20.5%	21.8%	21.0%
Total Capital ratio	20.5%	21.8%	21.0%

Tier 1 capital includes issued capital, statutory reserve, other reserves and retained earnings.

Tier 2 capital includes risk reserve (up to 1.25% of risk weighted assets) and 45% of the fair value reserve and foreign currency translation reserve 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.

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2013

10. CASH AND CASH EQUIVALENTS

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

	31 March 2013 (Reviewed) QR000	31 March 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Cash and Balances with Central Banks	6,161,351	4,615,245	11,218,355
Due from Banks Maturing in Three months	37,432,071	45,839,083	36,878,368
Total	43,593,422	50,454,328	48,096,723

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

11. BUSINESS COMBINATIONS

On 31 March 2013, the Group has concluded the acquisition of a controlling stake of 97.12% in National Societe Generale Bank (NSGB) in Egypt for QR9.0 billion, which is currently included under Other Assets in the interim condensed consolidated statement of financial position. The Group anticipates that the incorporation of the financial position and results of NSGB will be completed and reported in the six months period ending 30 June 2013.