



Condensed Consolidated Interim Financial Information

31 March 2011

Independent Auditors' 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 2011 and the condensed consolidated interim income statement, statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and the related notes (together referred to as 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 IAS34 "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 as at 31 March 2011 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
6 April 2011

Qatar National Bank S.A.Q.
Condensed Consolidated Interim Statement of Financial Position
As at 31 March 2011

	Note	31 March 2011 (Reviewed) QR000	31 March 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		17,679,988	11,667,779	33,912,459
Due from Banks and Other Financial Institutions		32,173,615	22,527,329	24,686,826
Loans and Advances and Financing Activities to Customers	3	140,701,468	117,704,729	131,696,000
Investment Securities	4	44,080,541	23,357,941	24,047,736
Investment in Associates		4,687,782	4,524,371	4,648,318
Property and Equipment		970,334	738,000	914,931
Other Assets		2,364,926	2,637,619	3,476,177
Total Assets		242,658,654	183,157,768	223,382,447
LIABILITIES				
Due to Banks and Other Financial Institutions		17,396,104	17,941,825	12,160,273
Repurchase Agreements		2,184,300	2,091,541	2,184,300
Customer Deposits and Unrestricted Investment Accounts		179,872,953	131,903,440	165,470,433
Other Borrowings		12,140,135	6,724,652	12,136,410
Other Liabilities		6,534,595	4,454,801	6,638,343
Total Liabilities		218,128,087	163,116,259	198,589,759
EQUITY				
Issued Capital		5,088,941	3,914,570	3,914,570
Statutory Reserve		9,728,431	8,554,060	8,554,060
Other Reserves		1,686,539	1,793,586	1,732,643
Risk Reserve		1,500,000	1,410,000	1,500,000
Fair Value Reserve	5	627,989	570,417	700,404
Proposed Dividend	6	-	-	1,957,285
Proposed Bonus Shares		-	-	1,174,371
Proposed Transfer to Statutory Reserve		-	-	1,174,371
Retained Earnings		5,236,508	3,609,461	3,529,760
Total Equity Attributable to Equity Holders of the Bank		23,868,408	19,852,094	24,237,464
Non - Controlling Interest		662,159	189,415	555,224
Total Equity		24,530,567	20,041,509	24,792,688
Total Liabilities and Equity		242,658,654	183,157,768	223,382,447

Yousef Hussain Kamal
Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

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 Interim Income Statement
For the Three Months Period Ended 31 March 2011

	Three Months to 31 March 2011 (Reviewed) QR000	Three Months to 31 March 2010 (Reviewed) QR000
Interest Income from Conventional and Profit from Islamic Operations	2,531,864	2,283,806
Interest Expense from Conventional and Share of Profit on Islamic Operations	(824,395)	(1,094,468)
Net Interest Income and Profit	1,707,469	1,189,338
Fees and Commission Income	307,976	298,832
Fees and Commission Expense	(22,803)	(17,243)
Net Fees and Commission Income	285,173	281,589
Dividend Income	34,885	33,656
Net Gains from Foreign Currency Transactions	95,784	86,420
Net Gains from Investment Securities	79,437	4,296
Share of Results of Associates	45,178	58,529
Other Operating Income	7,114	4,715
Net Operating Income	2,255,040	1,658,543
General and Administrative Expenses	(326,897)	(269,938)
Depreciation	(37,354)	(29,341)
Net Impairment Losses on Loans and Advances	(177,259)	(92,292)
Net Impairment Losses on Investment Securities	(531)	(506)
Other Recoveries	117	15
Profit Before Taxes	1,713,116	1,266,481
Taxes	(5,720)	(154)
Profit for the Period	1,707,396	1,266,327
Attributable to:		
Equity Holders of the Bank	1,706,748	1,265,790
Non - Controlling Interest	648	537
	1,707,396	1,266,327
Earnings Per Share (QR)	3.4	2.5
Weighted Average Number of Shares	508,894,137	508,894,137

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 Interim Statement of Comprehensive Income
For the Three Months Period Ended 31 March 2011

	Three Months to 31 March 2011 (Reviewed) QR000	Three Months to 31 March 2010 (Reviewed) QR000
Profit for the Period	1,707,396	1,266,327
Other Comprehensive Income, net of Income Tax		
Foreign Currency Translation Differences for Foreign Operations	(42,455)	4,186
Share of Other Comprehensive Income of Associates	(3,649)	20,014
Effective Portion of Changes in Fair Value of Cash Flow Hedges	37,744	(25,184)
Net (Loss) / Gain on Revaluation of Available-for-Sale Investment Securities	(110,159)	106,454
Total Other Comprehensive Income for the Period, net of Tax	(118,519)	105,470
Total Comprehensive Income for the Period	1,588,877	1,371,797
Attributable to:		
Equity Holders of the Bank	1,588,229	1,371,260
Non - Controlling Interest	648	537
Total Comprehensive Income for the Period	1,588,877	1,371,797

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 Interim Statement of Changes in Equity
For the Three Months Period Ended 31 March 2011

	Share Capital QR000	Statutory Reserve QR000	Other Reserves QR000	Risk Reserve QR000	Fair Value Reserve QR000	Proposed Dividend QR000	Proposed Bonus Shares QR000	Proposed Statutory Reserve QR000	Retained Earnings QR000	Total	Non Controlling Interest QR000	Total Equity QR000
Balance at 1 January 2010	3,011,208	7,650,698	1,769,386	1,410,000	489,147	1,204,483	903,362	903,362	2,343,671	19,685,317	190,692	19,876,009
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	-	1,265,790	1,265,790	537	1,266,327
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income, net of Income Tax	-	-	4,186	-	-	-	-	-	-	4,186	-	4,186
Net Movement in Currency Translation Adjustments	-	-	4,186	-	-	-	-	-	-	-	-	-
Share of Changes Recognized Directly in Associates Equity	-	-	20,014	-	-	-	-	-	-	20,014	-	20,014
Net Movement in Fair Value Reserve	-	-	-	-	81,270	-	-	-	-	81,270	-	81,270
Total Other Comprehensive Income	-	-	24,200	-	81,270	-	-	-	-	105,470	-	105,470
Total Comprehensive Income for the Period	-	-	24,200	-	81,270	-	-	-	1,265,790	1,371,260	537	1,371,797
Dividend Paid for the Year 2009	-	-	-	-	-	(1,204,483)	-	-	-	(1,204,483)	-	(1,204,483)
Bonus Shares for the year 2009	903,362	-	-	-	-	-	(903,362)	-	-	-	-	-
Transfer to Statutory Reserve for the year 2009	-	903,362	-	-	-	-	-	(903,362)	-	-	-	-
Net Movement in Non-controlling Interest	-	-	-	-	-	-	-	-	-	-	(1,814)	(1,814)
Balance at 31 March 2010	3,914,570	8,554,060	1,793,586	1,410,000	570,417	-	-	-	3,609,461	19,852,094	189,415	20,041,509
Balance at 1st January 2011	3,914,570	8,554,060	1,732,643	1,500,000	700,404	1,957,285	1,174,371	1,174,371	3,529,760	24,237,464	555,224	24,792,688
Total Comprehensive Income for the Period	-	-	(42,455)	-	-	-	-	-	-	(42,455)	-	(42,455)
Profit for the Period	-	-	(42,455)	-	-	-	-	-	-	-	-	-
Other Comprehensive Income, net of Income Tax	-	-	(3,649)	-	-	-	-	-	-	(3,649)	-	(3,649)
Net Movement in Currency Translation Adjustments	-	-	(3,649)	-	-	-	-	-	-	-	-	-
Share of Changes Recognized Directly in Associates Equity	-	-	-	-	(72,415)	-	-	-	-	(72,415)	-	(72,415)
Net Movement in Fair Value Reserve	-	-	(46,104)	-	(72,415)	-	-	-	-	(118,519)	-	(118,519)
Total Other Comprehensive Income	-	-	(46,104)	-	(72,415)	-	-	-	-	(118,519)	-	(118,519)
Total Comprehensive Income for the Period	-	-	(46,104)	-	(72,415)	-	-	-	1,706,748	1,588,229	648	1,588,877
Dividend Paid for the Year 2010	-	-	-	-	-	(1,957,285)	-	-	-	(1,957,285)	-	(1,957,285)
Bonus Shares for the year 2010	1,174,371	-	-	-	-	-	(1,174,371)	-	-	-	-	-
Transfer to Statutory Reserve for the year 2010	-	1,174,371	-	-	-	-	-	(1,174,371)	-	-	-	-
Net Movement in Non-controlling Interest	-	-	-	-	-	-	-	-	-	-	106,287	106,287
Balance at 31 March 2011	5,088,941	9,728,431	1,686,539	1,500,000	627,989	-	-	-	5,236,508	23,868,408	662,159	24,530,567

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 Interim Statement of Cash Flows
For the Three Months Period Ended 31 March 2011

	Note	Three Months to 31 March 2011 (Reviewed) QR000	Three Months to 31 March 2010 (Reviewed) QR000	Year to 31 December 2010 (Audited) QR000
Cash Flows from Operating Activities		12,084,567	(5,917,617)	13,629,052
Cash Flows from Investing Activities				
Purchase of Investment Securities		(20,413,207)	(348,238)	(3,576,449)
Proceeds from Sale of Investment Securities		427,726	419,710	3,218,229
Investment in Associates		-	-	(71,882)
Acquisition of Subsidiary, Net of Cash Acquired		137,767	-	-
Purchase of Property and Equipment		(74,919)	(66,428)	(358,846)
Proceeds from Sale of Property and Equipment		172	165	10,179
Net Cash (used in) / from Investing Activities		(19,922,461)	5,209	(778,769)
Cash Flows from Financing Activities				
Dividends Paid		(1,901,794)	(1,183,255)	(1,208,629)
Proceeds from Eurobond Issue		-	-	5,408,424
Net Cash (used in) / from Financing Activities		(1,901,794)	(1,183,255)	4,199,795
Net (Decrease) / Increase in Cash and Cash Equivalents		(9,739,688)	(7,095,663)	17,050,078
Effects of Exchange Rate Changes on Cash and Cash Equivalents		10,923	21,219	24,458
Cash and Cash Equivalents at 1 January		52,172,432	35,097,896	35,097,896
Cash and Cash Equivalents at 31 March / 31 Dec	11	42,443,667	28,023,452	52,172,432

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 2011

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 2010 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 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

During the period, the Group has adopted revised IAS 24 - Related Party Transactions, which clarifies and simplifies the definition of a related party and removes the requirement for Government related entities to disclose details of all the transactions with the Government and other Government related entities.

In addition, a number of new standards, amendments to standards and interpretations have been issued that are not yet effective for the period ended 31 March 2011 and have not been applied in preparing this condensed consolidated interim financial information:

- '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 2013, however, the standard can be adopted early prospectively, and prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. The Group is currently assessing the impact of this standard for future periods.

**Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2011**

2. SEGMENT INFORMATION

The Group is organised into five main operating segments as described below. The results of each of the operating segments which are being reviewed regularly by the Chief Operating Decision Maker are stated below:

	Qatar Operation					Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management	QIHL (Subsidiary)	International Banking	
At 31 March 2011:						
Operating Income	1,419,495	221,690	106,043	4,684	379,959	2,255,040
General and Administrative Expenses	(104,626)	(145,029)	(4,557)	(11,116)	(43,650)	(326,897)
Profit / (Loss)	1,216,544	53,701	104,995	(7,531)	317,105	1,706,748
Loans and Advances and Financing Activities	102,702,851	7,638,295	3,484,497	229,132	26,646,693	140,701,468
Customer Deposits and Unrestricted Investment Accounts	83,536,792	15,138,665	10,932,750	55,896	70,208,850	179,872,953
Total Assets	165,107,574	15,407,143	11,278,582	586,406	107,115,746	242,658,654
At 31 March 2010:						
Operating Income	969,042	226,809	91,016	15,724	239,034	1,658,543
General and Administrative Expenses	(77,212)	(118,862)	(4,279)	(19,782)	(38,913)	(269,938)
Profit / (Loss)	929,143	47,620	81,834	(8,080)	191,388	1,266,790
Loans and Advances and Financing Activities	83,913,997	9,163,174	5,072,590	1,087,850	18,467,118	117,704,729
Customer Deposits and Unrestricted Investment Accounts	82,416,636	14,982,893	7,448,375	67,373	26,988,163	131,903,440
Total Assets	133,415,574	15,261,642	7,632,375	1,300,887	50,980,756	183,157,768

Qatar National Bank S.A.Q.

Notes to the Condensed Consolidated Interim Financial Information

For the Three Months Period Ended 31 March 2011

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES	31 March 2011 (Reviewed) QR000	31 March 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Loans and Advances and Financing Activities	142,495,549	118,740,901	133,268,481
Specific Provision for Impairment of Loans	(1,794,081)	(1,036,172)	(1,572,481)
Net Loans and Advances and Financing Activities	140,701,468	117,704,729	131,696,000

The aggregate amount of non performing loans and advances amounted to QR1,479 million or 1.0% of total loans and advances and financing activities (31 December 2010: QR1,336 million or 0.9% of total loans and advances and financing activities).

4. INVESTMENT SECURITIES	31 March 2011 (Reviewed) QR000	31 March 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Available-for-Sale Investments	6,169,955	6,012,668	6,209,861
Held to Maturity Investments	37,910,586	17,345,273	17,837,875
Total	44,080,541	23,357,941	24,047,736

5. FAIR VALUE RESERVE	31 March 2011 (Reviewed) QR000	31 March 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Cash Flow Hedges	(154,016)	(165,119)	(191,760)
Available-for-Sale Investment Securities	782,005	735,536	892,164
Total	627,989	570,417	700,404

6. DIVIDEND

The cash dividend in respect of the year ended 31 December 2010 of QR5.0 per share, amounting to a total of QR1,957 million was paid during the period and a bonus shares representing 30% of the share capital amounting to QR1,174 million, were approved on 30 January 2011.

7. BUSINESS COMBINATION

During the period, the Group obtained control of PT Bank Kesawan Tbk, a commercial bank incorporated in Indonesia, by acquiring 69.6% of its shares against cash consideration of QR394.3 million. Goodwill of QR138.4 has been determined on this acquisition on a provisional basis.

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Three Months Period Ended 31 March 2011

8. ISLAMIC OPERATIONS

During the period, the Qatar Central Bank has directed all conventional banks to stop entering into new Islamic business. The Group's management is currently considering available options for the future of its Islamic operations. The Group has not separately disclosed its Islamic operations throughout this condensed consolidated interim financial information.

9. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	31 March 2011 (Reviewed) QR000	31 March 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Contingent Liabilities	41,533,406	37,223,013	38,371,455
Other Commitments	47,183,023	55,756,941	39,158,231

10. 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 reporting date, such significant balances included:

	31 March 2011 (Reviewed) QR000	31 March 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Statement of Financial Position Items			
Loans and advances	2,153,171	2,601,015	2,370,642
Deposits	999,197	924,459	857,468
Contingent Liabilities and Other Commitments	71,431	69,621	101,378
Income Statement Items			
Interest and Commission Income	22,604	39,022	152,736
Interest and Commission Expense	7,421	9,871	38,366
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	18,191	16,299	20,868
End of Service Indemnity	152	81	494

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 QR27,885 million included in loans and advances and financing activities (31 December 2010: QR32,128 million) and QR40,455 million included in customer deposits (31 December 2010: QR26,209 million).

11. CASH AND CASH EQUIVALENTS

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

	31 March 2011 (Reviewed) QR000	31 March 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Cash and Balances with Central Banks	10,862,977	6,509,186	27,898,477
Due from Banks Maturing within 3 months	31,580,690	21,514,266	24,273,955
Total	42,443,667	28,023,452	52,172,432

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