



Interim Condensed Consolidated Financial Statements
For the Six Months Ended
30 June 2008

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar National Bank S.A.Q (the "Bank") and its subsidiaries (referred to as the "Group") as of 30 June 2008 comprising of the interim consolidated balance sheet as at 30 June 2008 and the related interim condensed consolidated statements of income, changes in shareholder's equity and cash flows for the three month and six month periods then ended ("interim financial information") and explanatory notes. The accompanying consolidated financial statements of the Group, as at and for the period/year ended 30 June 2007 / 31 December 2007 were reviewed/audited by another auditor, whose review/audit report dated 09 July 2007 / 14 January 2008 thereon expressed an unqualified opinion on those financial statements respectively.

Management is responsible for the preparation and fair presentation of these interim financial information in accordance with International Financial Reporting Standard (IAS 34) Interim Financial Reporting and Qatar Central Bank regulations. Our responsibility is to express a conclusion on this 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 interim condensed consolidated financial statements does not present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2008 and of its consolidated financial performance and its consolidated cash flows for the three month and six month periods then ended in accordance with IAS 34 Interim Financial Reporting and Qatar Central Bank regulations.

Qatar National Bank S.A.Q.
Condensed Consolidated Balance Sheet
As at 30 June 2008

	Note	30 June 2008 (Reviewed) QR000	30 June 2007 (Reviewed) QR000	31 December 2007 (Audited) QR000
ASSETS				
Cash and Deposits with Central Banks		18,050,036	1,970,184	10,948,569
Due from Banks and Other Financial Institutions		29,566,999	9,097,701	21,302,608
Loans and Advances and Financing Activities	3	84,284,995	52,662,630	66,064,137
Financial Investments	4	15,304,302	10,323,243	11,308,925
Investment in Associates		2,917,362	32,810	2,703,546
Property and Equipment		797,050	599,713	651,496
Other Assets		1,719,055	965,411	1,381,387
Total Assets		152,639,799	75,651,692	114,360,668
LIABILITIES and EQUITY				
LIABILITIES				
Due to Banks and Other Financial Institutions		21,780,105	11,730,471	9,928,352
Repurchase Agreements		2,301,313	-	2,495,142
Customer Deposits		86,865,917	48,216,095	74,180,689
Other Borrowings		6,717,025	-	6,714,819
Other Liabilities		4,335,554	1,781,290	2,000,110
		121,999,914	61,727,856	95,319,112
Unrestricted Investment Accounts		11,658,224	4,786,353	5,183,192
Total Liabilities and Unrestricted Investment Accounts		133,658,138	66,514,209	100,502,304
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT				
Issued Capital		2,408,966	1,622,200	1,824,975
Statutory Reserve		6,829,460	1,622,200	3,852,723
Other Reserves		1,763,673	1,754,629	1,751,616
Risk Reserve		783,072	421,000	783,072
Fair Value Reserve		3,885,908	1,380,738	2,346,658
Proposed Dividend	5	-	-	912,487
Proposed Bonus Shares		-	-	364,995
Proposed Transfer to Statutory Reserve		-	-	567,770
Retained Earnings		3,310,582	2,335,673	1,453,563
Total Equity Attributable to Equity Holders of Parent		18,981,661	9,136,440	13,857,859
Minority Interest		-	1,043	505
Total Equity		18,981,661	9,137,483	13,858,364
Total Liabilities and Equity		152,639,799	75,651,692	114,360,668

Yousef Hussain Kamal
Chairman

Hamad Bin Faisal Al-Thani
Vice Chairman

Ali Shareef Al-Emadi
Group Chief Executive Officer

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 Six Months Ended 30 June 2008

	Three months to 30 June 2008 (Reviewed) QR000	Three months to 30 June 2007 (Reviewed) QR000	Six Months to 30 June 2008 (Reviewed) QR000	Six Months to 30 June 2007 (Reviewed) QR000
Interest Income	1,433,803	1,043,209	2,850,051	2,039,971
Interest Expense	(838,570)	(597,537)	(1,741,885)	(1,141,942)
Net Interest Income	595,233	445,672	1,108,166	898,029
Fees and Commission Income	273,083	178,025	539,432	382,088
Fees and Commission Expense	(22,816)	(14,330)	(34,381)	(24,251)
Net Fees and Commission Income	250,267	163,695	505,051	357,837
Dividend Income	32,102	16,865	135,243	117,012
Net Gains from Dealing in Foreign Currencies	78,207	41,943	158,605	105,052
Net Gains from Financial Investments	126,457	61,451	259,229	85,263
Share in Profit of Associates	52,260	-	98,332	-
Income from Islamic Financing and Investing Activities	131,420	114,198	251,067	218,609
Other Operating Income	6,883	(1,144)	25,413	1,586
Net Operating Income	1,272,829	842,680	2,541,106	1,783,388
General and Administrative Expenses	(243,654)	(210,889)	(503,953)	(389,175)
Depreciation	(20,214)	(13,801)	(37,628)	(25,093)
(Provisions) / Recoveries of Provisions for Credit Losses of Loans	(9,569)	(1,693)	(38,642)	41,739
Net Impairment Gains / (Losses) of Financial Investments	21,410	4,215	39,051	(65,658)
Other Provisions	(4,819)	(219)	(4,963)	(195)
Unrestricted Investment Account Holders' Share of Profit	(72,076)	(64,210)	(127,593)	(130,165)
Net Profit Before Taxes	943,907	556,083	1,867,378	1,214,841
Taxes	(4,166)	(4,322)	(10,359)	(10,326)
Net Profit for the Period	939,741	551,761	1,857,019	1,204,515
Attributable to:				
The Bank's Shareholders	939,741	552,612	1,857,019	1,205,366
Minority Interest	-	(851)	-	(851)
	939,741	551,761	1,857,019	1,204,515
Earnings Per Share (QR)	4.0	2.8	8.0	6.2
Weighted Average Number of Shares	233,259,076	194,663,947	233,259,076	194,663,947

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 Equity

For the Six Months Ended 30 June 2008

	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 2007	1,297,760	1,297,760	1,760,004	421,000	1,099,895	778,656	324,440	324,440	1,130,307	8,434,262	-	8,434,262
Net Movement in Risk Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Net Movement in Currency Translation Adjustments	-	-	(5,375)	-	-	-	-	-	-	(5,375)	-	(5,375)
Net Movement in Fair Value Reserve	-	-	-	-	280,843	-	-	-	-	280,843	-	280,843
Total Changes in Reserves												
Recognised Directly in Equity	-	-	(5,375)	-	280,843	-	-	-	-	275,468	-	275,468
Net Profit for the Six Months	-	-	-	-	-	-	-	-	1,205,366	1,205,366	(851)	1,204,515
Total Income and Expenses for the Period	-	-	(5,375)	-	280,843	-	-	-	1,205,366	1,480,834	(851)	1,479,983
Dividend Paid for the Year 2006	-	-	-	-	-	(778,656)	-	-	-	(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)	-	-	-	-
Net Movement in Minority Interest	-	-	-	-	-	-	-	-	-	-	1,894	1,894
Balance at 30 June 2007	1,622,200	1,622,200	1,754,629	421,000	1,380,738	-	-	-	2,335,673	9,136,440	1,043	9,137,483
Balance at 1st 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	-	-	-	-	-	-	-	-	-	-	-	-
Net Movement in Currency Translation Adjustments	-	-	712	-	-	-	-	-	-	712	-	712
Share of Changes Recognized Directly in Associates Equity	-	-	11,345	-	-	-	-	-	-	11,345	-	11,345
Net Movement in Fair Value Reserve	-	-	-	-	1,539,250	-	-	-	-	1,539,250	-	1,539,250
Total Changes in Reserves												
Recognised Directly in Equity	-	-	12,057	-	1,539,250	-	-	-	-	1,551,307	-	1,551,307
Net Profit for the Six Months	-	-	-	-	-	-	-	-	1,857,019	1,857,019	-	1,857,019
Total Income and Expenses for the Period	-	-	12,057	-	1,539,250	-	-	-	1,857,019	3,408,326	-	3,408,326
Dividend Paid for the Year 2007	-	-	-	-	-	(912,487)	-	-	-	(912,487)	-	(912,487)
Bonus Shares for the year 2007	364,995	-	-	-	-	-	(364,995)	-	-	-	-	-
Rights Issue	218,996	-	-	-	-	-	-	-	-	218,996	-	218,996
Premium on Rights Issue	-	2,408,967	-	-	-	-	-	-	-	2,408,967	-	2,408,967
Transfer to Statutory Reserve for the year 2007	-	567,770	-	-	-	-	-	(567,770)	-	-	-	-
Net Movement in Minority Interest	-	-	-	-	-	-	-	-	-	-	(505)	(505)
Balance at 30 June 2008	2,408,966	6,829,460	1,763,673	783,072	3,885,908	-	-	-	3,310,582	18,981,661	-	18,981,661

* Other reserves as at 30 June 2008 include a debit balance of QR12.8 million (June 2007: a debit balance of QR15.4 million) in respect of currency translation adjustments.

* During the period, the Bank issued 21,899,694 rights shares at a premium of QR110 per share.

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 Six Months Ended 30 June 2008

	Note	Six Months to 30 June 2008 (Reviewed) QR000	Six Months to 30 June 2007 (Reviewed) QR000	Year to 31 December 2007 (Audited) QR000
Net Cash Inflow / (Outflow) from Operating Activities		15,383,820	(2,615,264)	17,813,345
Cash Flow from Investing Activities				
Purchase of Financial Investments		(5,865,695)	(3,651,107)	(6,583,801)
Sale / Redemption of Financial Investments		3,672,640	2,477,155	5,745,028
Purchase of Associates		(100,668)	-	(2,554,797)
Purchase of Property and Equipment		(186,654)	(30,255)	(114,190)
Sale of Property and Equipment		14,022	583	1,149
Net Cash Outflow from Investing Activities		(2,466,355)	(1,203,624)	(3,506,611)
Cash Flow from Financing Activities				
Dividend Paid		(895,377)	(765,562)	(779,888)
Proceeds from Rights Issue		2,627,963	-	2,433,298
Net Cash Inflow / (Outflow) from Financing Activities		1,732,586	(765,562)	1,653,410
Net Cash Inflow / (Outflow)		14,650,051	(4,584,450)	15,960,144
Changes in Foreign Exchange Rates		9,698	(21,996)	(23,957)
Balance at 1st January		28,296,764	12,360,577	12,360,577
Balance at 30 June / 31 December	8	42,956,513	7,754,131	28,296,764

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 Six Months Ended 30 June 2008

1. ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements are prepared in accordance with IAS 34 - Interim Financial Reporting. These interim condensed consolidated financial statements should be read in conjunction with the 2007 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 six months ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 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	Intra-group Transactions	Total
Total Assets	141,968,585	14,352,684	4,880,824	(8,562,294)	152,639,799
Total Liabilities	123,018,246	13,205,105	4,489,548	(7,054,761)	133,658,138
Net Operating Income	2,130,755	298,488	111,863	-	2,541,106
Net Profit / (Loss)	1,711,524	150,990	(5,495)	-	1,857,019

Geographically, the Group operates in Qatar and through its branches and subsidiary in Europe. Qatar operations contribute 94% in terms of profit (31 December 2007: 94%) and hold 86% of the Group's assets (31 December 2007: 81%).

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

	30 June 2008 (Reviewed) QR000	30 June 2007 (Reviewed) QR000	31 December 2007 (Audited) QR000
Total Conventional Banking Loans and Advances	78,757,449	49,920,232	61,949,195
Total Islamic Financing Activities	6,686,406	3,602,991	5,219,465
Specific Provision for Impairment of Loans	(280,845)	(245,594)	(251,694)
Interest in Suspense	(133,513)	(152,554)	(156,624)
Financing Activities Deferred Profit	(744,502)	(462,445)	(696,205)
Net Loans and Advances and Financing Activities	84,284,995	52,662,630	66,064,137

The aggregate amount of non performing loans and advances amounted to QR 389.8 million, 0.5% of total loans and advances and financing activities (31 December 2007: QR451.1 million, 0.7% of total loans and advances and financing activities).

4. FINANCIAL INVESTMENTS

	30 June 2008 (Reviewed) QR000	30 June 2007 (Reviewed) QR000	31st December 2007 (Audited) QR000
Available for Sale Investments	10,561,956	6,045,500	7,013,960
Held to Maturity Investments	4,742,346	4,277,743	4,294,965
Total	15,304,302	10,323,243	11,308,925

Qatar National Bank S.A.Q.**Notes to the Interim Condensed Consolidated Financial Statements
For the Six Months Ended 30 June 2008****5. DIVIDEND**

The cash dividend in respect of the year ended 31 December 2007 of QR5.0 per share, amounting to a total of QR912.5 million and a bonus share of 20% of the share capital, was approved on 10 February 2008. The cash dividend in respect of the year ended 31 December 2006 was QR6.0 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

	30 June 2008 (Reviewed) QR000	30 June 2007 (Reviewed) QR000	31st December 2007 (Audited) QR000
Contingent Liabilities	49,943,505	28,112,884	39,330,050
Other Commitments	41,992,202	25,722,036	25,283,507

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:

	30 June 2008 (Reviewed) QR000	30 June 2007 (Reviewed) QR000	31st December 2007 (Audited) QR000
Balance Sheet Items			
Loans and advances	2,483,977	1,825,875	1,876,031
Deposits	873,274	745,181	629,496
Contingent Liabilities and Other Commitments	247,545	270,025	247,405
Statement of Income Items			
Interest and Commission Income	69,309	28,702	95,824
Interest and Commission Expense	16,756	15,466	33,113
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	10,473	5,056	13,216
End of Service Indemnity	202	316	741

The Bank also has significant commercial transactions with the Government of Qatar amounting to QR10,340 million included in loans and advances (31 December 2007: QR7,060 million) and QR6,625 million included in deposits (31 December 2007: QR12,554 million).

8. CASH AND CASH EQUIVALENTS

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

	30 June 2008 (Reviewed) QR000	30 June 2007 (Reviewed) QR000	31st December 2007 (Audited) QR000
Cash and Deposits with Central Banks	14,435,633	699,462	9,107,250
Due from Banks Maturing in 3 months	28,520,880	7,054,669	19,189,514
Total	42,956,513	7,754,131	28,296,764

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