

# Consolidated Interim Financial Statements for the Six Months Ended 30 June 2008



## 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 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 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.

Ahmed Hussain  
KPMG  
Qatar Auditors Registry Number 197

9 July 2008  
Doha - State of Qatar

### Condensed Consolidated Balance Sheet

	30 June 2008 (Reviewed) QR000	30 June 2007 (Reviewed) QR000	31 December 2007 (Audited) QR000
<b>ASSETS</b>			
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	84,284,995	52,662,630	66,064,137
Financial Investments	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
<b>Total Assets</b>	<b>152,639,799</b>	<b>75,651,692</b>	<b>114,360,668</b>
<b>LIABILITIES and EQUITY</b>			
<b>LIABILITIES</b>			
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
	<b>121,999,914</b>	<b>61,727,856</b>	<b>95,319,112</b>
Unrestricted Investment Accounts	11,658,224	4,786,353	5,183,192
<b>Total Liabilities and Unrestricted Investment Accounts</b>	<b>133,658,138</b>	<b>66,514,209</b>	<b>100,502,304</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT</b>			
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	-	-	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
<b>Total Equity Attributable to Equity Holders of Parent</b>	<b>18,981,661</b>	<b>9,136,440</b>	<b>13,857,859</b>
Minority Interest	-	1,043	505
<b>Total Equity</b>	<b>18,981,661</b>	<b>9,137,483</b>	<b>13,858,364</b>
<b>Total Liabilities and Equity</b>	<b>152,639,799</b>	<b>75,651,692</b>	<b>114,360,668</b>

Yousef Hussain Kamal  
Chairman

Hamad Bin Faisal Al Thani  
Vice Chairman

Ali Shareef Al-Emadi  
Group Chief Executive Officer

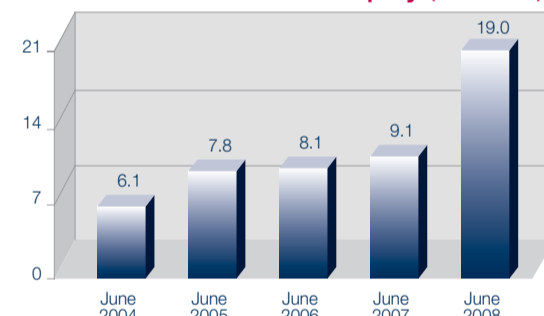
### Condensed Consolidated Statement of Income

	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)
<b>Net Interest Income</b>	<b>595,233</b>	<b>445,672</b>	<b>1,108,166</b>	<b>898,029</b>
Fees and Commission Income	273,083	178,025	539,432	382,088
Fees and Commission Expense	(22,816)	(14,330)	(34,381)	(24,251)
<b>Net Fees and Commission Income</b>	<b>250,267</b>	<b>163,695</b>	<b>505,051</b>	<b>357,837</b>
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
<b>Net Operating Income</b>	<b>1,272,829</b>	<b>842,680</b>	<b>2,541,106</b>	<b>1,783,388</b>
General and Administrative Expenses	(243,654)	(210,889)	(503,953)	(389,175)
Depreciation	(20,214)	(13,801)	(37,628)	(25,093)
(Provisions) / Recoveries of Provision for Credit Losses of Loans and Advances	(9,569)	(1,693)	(38,642)	41,739
Net Impairment Recoveries / (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)
<b>Net Profit Before Taxes</b>	<b>943,907</b>	<b>556,083</b>	<b>1,867,378</b>	<b>1,214,841</b>
Taxes	(4,166)	(4,322)	(10,359)	(10,326)
<b>Net Profit for the Period</b>	<b>939,741</b>	<b>551,761</b>	<b>1,857,019</b>	<b>1,204,515</b>
Attributable to:				
<b>The Bank's Shareholders</b>	<b>939,741</b>	<b>552,612</b>	<b>1,857,019</b>	<b>1,205,366</b>
Minority Interest	-	(851)	-	(851)
	<b>939,741</b>	<b>551,761</b>	<b>1,857,019</b>	<b>1,204,515</b>
Earnings Per Share (QR)	4.0	2.8	8.0	6.2

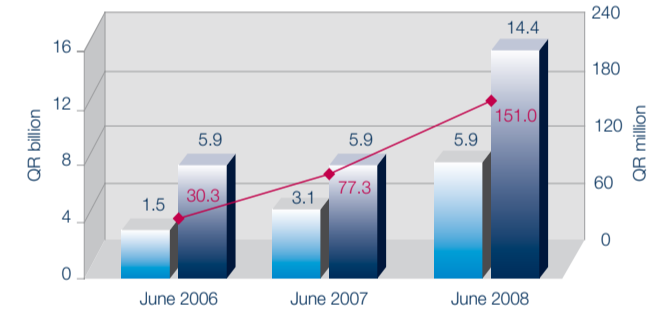
### Financial Highlights

- Net profit for the six months ended 30 June 2008 increased by QR651.7 million (54.1%) to QR1,857 million
- Total assets increased to QR152.6 billion, up QR77.0 billion (102%) since June 2007
- Loans and advances and financing activities increased to QR84.3 billion, up QR31.6 billion (60.0%) since June 2007
- Customer deposits and unrestricted investment accounts increased to QR98.5 billion, up QR45.5 billion (85.9%) since June 2007
- Net operating income for the six months ended 30 June 2008 increased by QR760.3 million (46.0%) to QR2,413 million
- Earnings per share for the six months ended 30 June 2008 up to QR8.0 from QR6.2 for the same period in 2007, representing an increase of 29%
- Shareholders' equity increased to QR19.0 billion, up QR9.8 billion (108%) since June 2007
- Islamic branches net profit increased to QR151.0 million, up QR73.7 million (95.3%) since June 2007

#### Total Shareholders' Equity (QR billion)



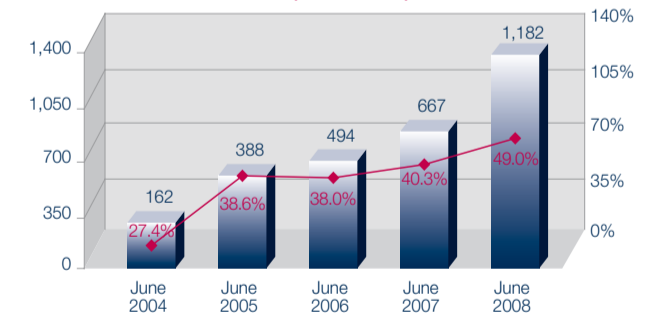
#### QNB AI Islami Activities



#### Net Operating Income (QR million)



#### Other Income (QR million)



## QNB Group and Associates International Presence

QNB Group and Associate Companies are Currently Represented in 22 Countries Around the World



• Algeria • Bahamas • Bahrain • France • Guernsey • Iran • Iraq • Jersey • Jordan • Kuwait • Luxembourg • Libya • Oman • Palestine • Qatar • Singapore • Switzerland • Syria • Tunisia • UAE • UK • Yemen

#### Associates and Subsidiaries

- The Housing Bank for Trade & Finance - Jordan
- Mansour Bank- Iraq
- Al Jazeera Islamic Company - Qatar
- Kuwaiti-Qatari Company for Ijara and Investment - Kuwait
- QNB International Holdings Limited - Luxembourg
- Tunisian Qatari Bank - Tunisia