

Consolidated Interim Financial Statements for the six months ending 30th June 2006

Auditors' Review Report to the Board of Directors of Qatar National Bank S.A.Q.

We have reviewed the accompanying interim condensed consolidated balance sheet of Qatar National Bank S.A.Q. "the Bank" and its subsidiary as at 30th June 2006 and the related condensed consolidated statements of income for the three month and six month periods then ended and the statement of changes in shareholders' equity and cash flows for the six month period then ended. These interim condensed consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical review procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with international Accounting Standard (IAS) 34 – Interim Financial Reporting and Qatar Central Bank regulations.

T.F. Sexton – Ernst & Young
 Qatar Auditors' Registry No. 114 9th July 2006 – Doha, State of Qatar

Condensed Consolidated Balance Sheet

(All amounts are shown in thousands of Qatari Riyals)	30th June 2006 (Reviewed)	30th June 2005 (Reviewed)	31st December 2005 (Audited)
ASSETS			
Cash and Deposits with Central Banks	3,419,899	2,158,804	2,406,327
Due from Banks and Other Financial Institutions	8,292,423	4,755,110	7,499,202
Loans and Advances and Financing Activities to Customers	36,512,272	28,630,090	31,477,500
Investments	8,453,079	7,503,588	7,585,486
Investment in Associates	52,087	49,010	52,460
Properties, Furniture and Equipment	560,872	486,678	467,419
Other Assets	895,790	594,936	571,762
Total Assets	58,186,422	44,178,216	50,060,156
LIABILITIES and SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to Banks and Other Financial Institutions	2,699,952	3,993,228	2,598,708
Customer Deposits	41,480,552	31,479,906	36,457,014
Other Liabilities	1,276,692	810,891	2,046,368
	45,457,196	36,284,025	41,102,090
Unrestricted Investment Accounts	4,658,597	51,858	249,151
SHAREHOLDERS' EQUITY			
Fully Paid Share Capital	1,297,760	1,038,208	1,038,208
Statutory Reserve	1,297,760	1,038,208	1,038,208
Other Reserves	1,768,790	1,771,325	1,775,457
Risk Reserve	238,000	169,422	169,422
Fair Value Reserve	1,597,560	2,518,126	2,549,232
Proposed Dividend	-	-	778,656
Proposed Bonus Shares	-	-	259,552
Proposed Transfer to Statutory Reserve	-	-	259,552
Retained Earnings	1,870,759	1,307,044	840,628
Total Shareholders' Equity	8,070,629	7,842,333	8,708,915
Total Liabilities and Shareholders' Equity	58,186,422	44,178,216	50,060,156

Condensed Consolidated Statement of Income

(All amounts are shown in thousands of Qatari Riyals)	Three months to 30th June 2006 (Reviewed)	Three months to 30th June 2005 (Reviewed)	Six months to 30th June 2006 (Reviewed)	Six months to 30th June 2005 (Reviewed)
Interest Income	823,112	574,301	1,536,049	1,125,506
Interest Expense	(456,009)	(253,926)	(765,601)	(509,812)
Net Interest Income	367,103	320,375	770,448	615,694
Fees and Commissions Income	120,064	86,828	256,665	208,890
Fees and Commissions Expense	(8,884)	(5,441)	(15,587)	(10,871)
Net Fees and Commissions	111,180	81,387	241,078	198,019
Dividend Income	334	359	72,608	48,279
Net Gains from Dealing in Foreign Currencies	26,781	14,622	58,418	28,076
Gains from Investments	71,519	-	105,696	105,132
Gain from Investment in Associates	433	-	433	-
Income from Islamic Financing and Investing Activities	87,837	1,783	118,742	1,783
Other Operating Income	1,799	2,918	15,891	8,665
Total Operating Income	666,986	421,444	1,383,314	1,005,648
General and Administrative Expenses	(187,459)	(143,538)	(343,106)	(315,963)
Depreciation	(12,233)	(12,288)	(24,070)	(30,345)
Recoveries for Impairment of Loans	91,168	56,924	157,584	54,846
Investment Revaluation Gains / (Losses)	(1,421)	(1,514)	5,951	(2,068)
Other Recoveries, Net of Provision	(660)	-	14,158	-
Unrestricted Investment Account Holders' Share of Profit	(60,215)	(85)	(84,422)	(85)
Net Profit Before Taxes	496,166	320,943	1,109,409	712,033
Taxes	(2,592)	(4,416)	(4,250)	(7,017)
Net Profit for the Period	493,574	316,527	1,105,159	705,016
Basic Earnings Per Share (QR)	3.8	2.4	8.5	5.4
Fully Diluted Earnings Per Share (QR)	3.8	2.4	8.5	5.4