



Condensed Consolidated Interim Financial Information

30 September 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 30 September 2011 and the condensed consolidated interim statement of income, comprehensive income, changes in equity and cash flows for the nine-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 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 as at 30 September 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
5 October 2011

Qatar National Bank S.A.Q.
Condensed Consolidated Interim Statement of Financial Position
As at 30 September 2011

	Note	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		18,639,278	21,759,553	33,912,459
Due from Banks and Other Financial Institutions		38,558,497	17,691,749	24,686,826
Loans and Advances and Financing Activities to Customers	3	168,121,067	124,069,053	131,696,000
Investment Securities	4	46,565,190	23,501,603	24,047,736
Investment in Associates		4,699,100	4,599,971	4,648,318
Property and Equipment		1,021,696	926,003	914,931
Intangible Assets	7	142,893	-	-
Other Assets		2,324,030	2,127,223	3,476,177
Total Assets		280,071,751	194,675,155	223,382,447
LIABILITIES				
Due to Banks and Other Financial Institutions		23,075,966	8,700,484	12,160,273
Repurchase Agreements		1,820,273	2,184,300	2,184,300
Customer Deposits and Unrestricted Investment Accounts		195,343,247	148,656,722	165,470,433
Other Borrowings		12,147,724	6,726,875	12,136,410
Other Liabilities		6,841,785	5,590,672	6,638,343
Total Liabilities		239,228,995	171,859,053	198,589,759
EQUITY				
Issued Capital		6,361,177	3,914,570	3,914,570
Statutory Reserve		21,178,549	8,554,060	8,554,060
Other Reserves		1,703,933	1,752,711	1,732,643
Risk Reserve		1,500,000	1,410,000	1,500,000
Fair Value Reserve	5	505,859	502,525	700,404
Proposed Dividend	6	-	-	1,957,285
Proposed Bonus Shares		-	-	1,174,371
Proposed Transfer to Statutory Reserve		-	-	1,174,371
Retained Earnings		8,946,479	6,497,673	3,529,760
Total Equity Attributable to Equity Holders of the Bank		40,195,997	22,631,539	24,237,464
Non - Controlling Interest		646,759	184,563	555,224
Total Equity		40,842,756	22,816,102	24,792,688
Total Liabilities and Equity		280,071,751	194,675,155	223,382,447

Yousef Hussain Kamal
Chairman

Ali Sharif Al-Emadi
Group Chief Executive Officer

The attached notes 1 to 12 form an integral part of this condensed consolidated interim financial information.

Qatar National Bank S.A.Q.
Condensed Consolidated Interim Statement of Income
For the Nine Months Period Ended 30 September 2011

	Three Months to 30 September 2011 (Reviewed) QR000	Three Months to 30 September 2010 (Reviewed) QR000	Nine Months to 30 September 2011 (Reviewed) QR000	Nine Months to 30 September 2010 (Reviewed) QR000
Interest Income from Conventional and Profit from Islamic Operations	2,593,563	2,456,018	7,548,185	7,254,278
Interest Expense from Conventional and Share of Profit on Islamic Operations	(658,727)	(995,473)	(2,154,747)	(3,230,783)
Net Interest Income and Profit from Islamic Operations	1,934,836	1,460,545	5,393,438	4,023,495
Fees and Commission Income	352,574	296,042	1,000,226	902,191
Fees and Commission Expense	(23,107)	(14,933)	(69,975)	(53,524)
Net Fees and Commission Income	329,467	281,109	930,251	848,667
Dividend Income	13	6,537	59,289	41,061
Net Gains from Foreign Currency Transactions	142,501	87,594	344,789	264,239
Net Gains from Investment Securities	76,092	40,522	234,840	94,258
Share in Profit of Associates	49,737	43,156	149,884	168,631
Other Operating Income	5,789	3,685	27,037	10,391
Net Operating Income	2,538,435	1,923,148	7,139,528	5,450,742
General and Administrative Expenses	(323,719)	(292,672)	(975,754)	(838,011)
Depreciation	(42,356)	(33,207)	(119,505)	(93,642)
Net Impairment Losses on Loans and Advances	(250,402)	(118,220)	(636,658)	(307,500)
Net Impairment Gains / (Losses) on Investment Securities	(3,454)	(30,235)	34,575	(51,857)
Amortization of Intangible Assets	(2,517)	-	(2,517)	-
Other (Provisions) / Recoveries	(23)	468	(1,230)	614
Profit Before Income Taxes	1,915,964	1,449,282	5,438,439	4,160,346
Income Tax Expense	(8,730)	(2,354)	(16,860)	(9,465)
Profit for the Period	1,907,234	1,446,928	5,421,579	4,150,881
Attributable to:				
Equity Holders of the Bank	1,900,585	1,450,501	5,416,719	4,154,003
Non - Controlling Interest	6,649	(3,573)	4,860	(3,122)
Profit for the Period	1,907,234	1,446,928	5,421,579	4,150,881
Earnings Per Share (QR)	3.2	2.7	9.2	7.7
Weighted Average Number of Shares	590,373,350	538,553,611	590,373,350	538,553,611

The attached notes 1 to 12 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 Nine Months Period Ended 30 September 2011

	Three Months to 30 September 2011 (Reviewed) QR000	Three Months to 30 September 2010 (Reviewed) QR000	Nine Months to 30 September 2011 (Reviewed) QR000	Nine Months to 30 September 2010 (Reviewed) QR000
Profit for the Period	1,907,234	1,446,928	5,421,579	4,150,881
Other Comprehensive Income, net of Income Tax				
Foreign Currency Translation Differences for Foreign Operations	13,791	(15,622)	(23,285)	(29,154)
Share of Other Comprehensive Income of Associates	7,261	(5,730)	(5,425)	12,479
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(41,513)	(28,881)	(34,865)	(146,178)
Net (Loss) / Gain on Revaluation of Available-for-Sale Investment Securities	(38,334)	131,392	(159,680)	159,556
Total Other Comprehensive Income for the Period, net of Tax	<u>(58,795)</u>	<u>81,159</u>	<u>(223,255)</u>	<u>(3,297)</u>
Total Comprehensive Income for the Period	<u>1,848,439</u>	<u>1,528,087</u>	<u>5,198,324</u>	<u>4,147,584</u>
Attributable to:				
Equity Holders of the Bank	1,841,790	1,531,660	5,193,464	4,150,706
Non - Controlling Interest	6,649	(3,573)	4,860	(3,122)
Total Comprehensive Income for the Period	<u>1,848,439</u>	<u>1,528,087</u>	<u>5,198,324</u>	<u>4,147,584</u>

The attached notes 1 to 12 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 Nine Months Period Ended 30 September 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 Transfer to 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	2,343,670	19,685,316	190,692	19,876,008
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	-	4,154,003	4,154,003	(3,122)	4,150,881
Profit for the Period	-	-	-	-	-	-	-	-	-	(29,154)	-	(29,154)
Other Comprehensive Income, net of Income Tax	-	-	(29,154)	-	-	-	-	-	-	-	-	-
Net Movement in Currency Translation	-	-	-	-	-	-	-	-	-	-	-	-
Differences	-	-	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income of Associates	-	-	12,479	-	-	-	-	-	-	12,479	-	12,479
Net Movement in Fair Value Reserve	-	-	-	-	13,378	-	-	-	-	13,378	-	13,378
Total Other Comprehensive Income	-	-	(16,675)	-	13,378	-	-	-	-	(3,297)	-	(3,297)
Total Comprehensive Income for the Period	-	-	(16,675)	-	13,378	-	-	-	4,154,003	4,150,706	(3,122)	4,147,584
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	-	-	-	-	-	-	-	-	-	-	(3,008)	(3,008)
Balance at 30 September 2010	3,914,570	8,554,060	1,752,711	1,410,000	502,525	-	0	0	6,497,673	22,631,539	184,563	22,816,102
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	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the Period	-	-	(23,285)	-	-	-	-	-	-	(23,285)	-	(23,285)
Other Comprehensive Income, net of Income Tax	-	-	(5,425)	-	-	-	-	-	-	(5,425)	-	(5,425)
Net Movement in Currency Translation	-	-	-	-	(194,545)	-	-	-	-	(194,545)	-	(194,545)
Differences	-	-	(28,710)	-	(194,545)	-	-	-	-	(223,255)	-	(223,255)
Share of Other Comprehensive Income of Associates	-	-	(28,710)	-	(194,545)	-	-	-	-	(223,255)	-	(223,255)
Net Movement in Fair Value Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	-	-	(28,710)	-	(194,545)	-	-	-	-	(223,255)	-	(223,255)
Total Comprehensive Income for the Period	-	-	(28,710)	-	(194,545)	-	-	-	5,416,719	5,193,464	4,860	5,198,324
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)	-	-	-	-	-
Rights Issue	1,272,236	-	-	-	-	-	-	-	-	1,272,236	-	1,272,236
Premium on Rights Issue	-	11,450,118	-	-	-	-	-	-	-	11,450,118	-	11,450,118
Transfer to Statutory Reserve for the year 2010	-	1,174,371	-	-	-	-	-	(1,174,371)	-	-	-	-
Net Movement in Non-controlling Interest	-	-	-	-	-	-	-	-	-	-	86,675	86,675
Balance at 30 September 2011	6,361,177	21,178,549	1,703,933	1,500,000	505,859	-	-	-	8,946,479	40,195,997	646,759	40,842,756

The attached notes 1 to 12 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 Nine Months Period Ended 30 September 2011

	Note	Nine Months to 30 September 2011 (Reviewed) QR000	Nine Months to 30 September 2010 (Reviewed) QR000	Year to 31 December 2010 (Audited) QR000
Cash Flows from Operating Activities		8,175,000	200,741	13,629,052
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(25,556,576)	(2,505,242)	(3,576,449)
Proceeds from Sale of Investment Securities		3,243,263	2,529,221	3,218,229
Investments in Associates		(17,860)	(72,874)	(71,882)
Acquisition of Subsidiary, net of Cash Acquired		280,396	-	-
Purchase of Property and Equipment		(217,943)	(312,750)	(358,846)
Proceeds from Sale of Property and Equipment		1,038	388	10,179
Net Cash used in Investing Activities		(22,267,682)	(361,257)	(778,769)
Cash Flows from Financing Activities				
Dividends Paid		(1,954,427)	(1,204,473)	(1,208,629)
Proceeds from Rights Issue		12,722,354	-	-
Proceeds from Eurobond Issue		-	-	5,408,424
Net Cash from / (used in) Financing Activities		10,767,927	(1,204,473)	4,199,795
Net (Decrease) / Increase in Cash and Cash Equivalents		(3,324,755)	(1,364,989)	17,050,078
Effects of Exchange Rate Changes on Cash and Cash Equivalents		17,567	11,577	24,458
Cash and Cash Equivalents as at 1 January		52,172,432	35,097,896	35,097,896
Cash and Cash Equivalents at 30 September / 31 December	12	48,865,244	33,744,484	52,172,432

The attached notes 1 to 12 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 Nine Months Period Ended 30 September 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 nine month period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in the consolidated financial statements for the year ended 31 December 2010.

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 30 September 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 2015, 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.
- IFRS 10, Consolidated Financial Statements.
- IFRS 11, Joint Arrangements.
- IFRS 12, Disclosure of Interest in Other Entities.
- IFRS 13, Fair Value Measurement.

The above standards are effective for annual periods beginning on or after 1 January 2013. The Group is currently assessing the impact of these standards on future periods.

**Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Nine Months Period Ended 30 September 2011**

2. SEGMENT INFORMATION

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

	Qatar Operations					Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management	QIHL (Subsidiary)	International Banking	
At 30 September 2011:						
Operating Income	4,777,648	602,517	374,013	26,839	1,274,610	7,139,528
General and Administrative Expenses	(247,877)	(481,720)	(18,639)	(33,092)	(145,610)	(975,754)
Profit / (Loss)	3,859,081	176,905	368,899	(5,949)	1,024,145	5,416,719
Loans and Advances and Financing Activities	128,014,431	7,722,233	5,237,522	67	27,146,814	168,121,067
Customer Deposits and Unrestricted Investment Accounts	117,404,503	14,898,957	13,848,011	29,151	49,162,625	195,343,247
Total Assets	217,545,115	15,425,670	14,459,856	537,068	80,537,192	280,071,751
At 30 September 2010:						
Operating Income	3,470,014	675,737	316,900	36,725	875,137	5,450,742
General and Administrative Expenses	(257,708)	(376,427)	(13,803)	(65,493)	(114,666)	(838,011)
Profit / (Loss)	3,066,845	114,366	289,137	(40,289)	728,370	4,154,003
Loans and Advances and Financing Activities	88,609,683	8,627,198	3,374,672	945,822	22,511,678	124,069,053
Customer Deposits and Unrestricted Investment Accounts	73,004,734	15,038,808	9,712,948	74,093	50,826,139	148,656,722
Total Assets	129,656,450	15,311,548	9,964,573	1,199,936	76,252,557	194,675,155

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Nine Months Period Ended 30 September 2011

3. LOANS AND ADVANCES AND FINANCING ACTIVITIES

	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Loans and Advances and Financing Activities	170,377,663	125,380,622	133,268,481
Specific Impairment of Loans and Advances and Financing Activities	<u>(2,256,596)</u>	<u>(1,311,569)</u>	<u>(1,572,481)</u>
Net Loans and Advances and Financing Activities	<u>168,121,067</u>	<u>124,069,053</u>	<u>131,696,000</u>

The aggregate amount of non performing loans and advances and financing activities amounted to QR1,824 million or 1.1% 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

	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Available-for-Sale Financial Investments	6,414,388	6,006,913	6,209,861
Held to Maturity Financial Investments	40,150,802	17,494,690	17,837,875
Total	<u>46,565,190</u>	<u>23,501,603</u>	<u>24,047,736</u>

5. FAIR VALUE RESERVE

	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Cash Flow Hedges	(226,625)	(286,113)	(191,760)
Available-for-Sale Investment Securities	732,484	788,638	892,164
Total	<u>505,859</u>	<u>502,525</u>	<u>700,404</u>

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. The Group has recognised goodwill of QR89.6 million on acquisition of PT Bank Kesawan Tbk following the acquisition method of accounting under IFRS 3 "Business Combination".

	QR million
Total Consideration Transferred	394.3
Fair Value of Identifiable Attributable Net Assets	(248.9)
License and Trade Mark Allocation	<u>(55.8)</u>
Resulted Goodwill	<u>89.6</u>

Qatar National Bank S.A.Q.
Notes to the Condensed Consolidated Interim Financial Information
For the Nine Months Period Ended 30 September 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

	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Contingent Liabilities	43,640,359	38,825,833	38,371,455
Other Commitments	36,236,587	40,059,001	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 have significant influence and control. As at the reporting date, such significant balances included:

	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Statement of Financial Position Items			
Loans and advances	2,574,435	2,274,520	2,370,642
Deposits	1,222,338	966,847	857,468
Contingent Liabilities and Other Commitments	31,088	80,477	101,378
Income Statement Items			
Interest and Commission Income	56,206	94,169	152,736
Interest and Commission Expense	19,101	27,429	38,366
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	23,227	18,751	20,868
End of Service Indemnity	412	185	494

The Group also has significant commercial transactions with the State of Qatar, which owns 50% of the Bank's outstanding shares through the Qatar Investment Authority, amounting to QR30,799 million included in loans and advances and financing activities (31 December 2010: QR32,128 million) and QR22,585 million included in customer deposits (31 December 2010: QR26,209 million).

11) CAPITAL ADEQUACY

	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Tier 1 Capital	29,801,956	13,670,145	17,119,158
Tier 2 Capital	-	-	-
Total Capital	29,801,956	13,670,145	17,119,158
Risk Weighted Assets	142,850,675	102,527,292	112,003,237
Tier 1 Capital ratio	20.9%	13.3%	15.3%
Total Capital ratio	20.9%	13.3%	15.3%

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 currency translation adjustment 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 Nine Months Period Ended 30 September 2011

12. CASH AND CASH EQUIVALENTS

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

	30 September 2011 (Reviewed) QR000	30 September 2010 (Reviewed) QR000	31 December 2010 (Audited) QR000
Cash and Balances with Central Banks	11,518,780	16,314,719	27,898,477
Due from Banks Maturing in Three months	37,346,464	17,429,765	24,273,955
Total	48,865,244	33,744,484	52,172,432

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