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Annual Report 2013

QNB

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His Highness
Sheikh Tamim Bin Hamad Al-Thani
Emir of the State of Qatar

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Board of Directors

H.E. Mr. Ali Shareef Al-Emadi

Chairman of the Board of Directors

Member since 2013

H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al-Thani

Vice Chairman

Member since 2004

H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al-Thani

Member of the Group Policies, Development, Governance, & Remuneration Committee

Member since 2013

H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani

Chairman of the Group Executive Committee

Member of the Group Policies, Governance, Development & Remuneration Committee

Member since 2004

H.E. Mr. Ahmad Mohammed Ahmad Al-Sayed

Member of the Group Executive Committee

Member since 2010

Mr. Bader Abdullah Darwish Fakhroo

Member of the Group Executive Committee

Member since 2001

Mr. Rashid Misfer Al-Hajri

Chairman of the Group Audit & Compliance Committee

Member since 1998

Mr. Ali Hussain Ali Al-Sada

Member of the Group Executive Committee

Member since 1998

Mr. Fahad Mohammed Fahad Buzwair

Chairman of the Group Policies, Governance, Development & Remuneration Committee

Member of the Group Audit & Compliance Committee

Member since 2001

Mr. Mansoor Ebrahim Al-Mahmoud

Member of the Group Audit & Compliance Committee

Member since 2004

Chairman's Statement

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present QNB Group's Annual Report for 2013 that witnessed another year of strong performance.

QNB Group continues to lead the banking sector across the entire Middle East and North Africa (MENA) region. With the acquisition of QNB ALAHLI, Egypt's second largest private bank, and the entry into Asia's leading markets, China and India, QNB Group's global footprint has increased to 26 countries with over 13,600 employees operating from 590 locations, and an ATM network of over 1,240 machines.

In parallel to its international expansion, QNB Group continued to actively support Qatar's National Vision 2030, particularly in the area of human capital development. Through the Group's numerous recruitment initiatives, 150 Qataris were successfully hired, a comprehensive Trainee Development Program was launched and the Qatarisation ratio exceeded 50%, with strong representation at all levels, including in senior leadership positions.

QNB Group's success in maintaining momentum across all its activities was reflected in the strong 2013 financial results. I am pleased to announce an increase of 13.7% in Net Profit to QR9.5 billion, the highest ever achieved, with Total Assets up by 20.9%, to QR443.5 billion. These results reflect the sustained progress in the performance of the Group and its ability to meet shareholders' expectations.

As part of our commitment to maximise shareholder return in the long-term, the Board of Directors recommends to the General Assembly the distribution of a cash dividend of 70% of the nominal value of share capital, amounting to QR7.0 per share.

On behalf of the Board of Directors, I present our sincere gratitude to His Highness the Emir, Sheikh Tamim Bin Hamad Al-Thani, and to His Highness the Father Emir, Sheikh Hamad Bin Khalifa Al-Thani, for their support and guidance.

The Board also expresses its appreciation to His Excellency Sheikh Abdullah Bin Nasser Bin Khalifa Al-Thani, the Prime Minister and Minister of the Interior, for his constant support. Our appreciation is also extended to His Excellency Sheikh Abdullah Bin Saud Al-Thani, the Governor of Qatar Central Bank, for his dedicated efforts to bolster Qatar's healthy banking sector.

On this occasion, I would like to thank the Executive Management and all employees of the Group for their sincere efforts in implementing the Bank's strategy and achieving its goals and objectives.

Finally, I reaffirm QNB's constant commitment towards all our stakeholders. We will dedicate all our efforts in 2014 and the coming years to further enhance the Group's leading position in the Middle East and Africa.

Ali Shareef Al-Emadi
Chairman

GCEO's Message

GCEO's Message

I am delighted to present the key achievements of QNB Group during 2013, a prosperous year that witnessed important developments across the Group's activities, both in Qatar and internationally.

QNB Group recorded strong growth across all business activities in 2013. The Group's loan portfolio increased by 24.3% to reach QR310.7 billion, while maintaining high asset quality with the ratio of non-performing loans to total loans at just 1.6%, one of the lowest levels in the Middle East and North Africa (MENA) region. Operating income surged to QR14.7 billion, up by 28.1%, the highest level ever achieved. At the same time, QNB Group maintained a very favourable efficiency ratio of 20.4%, one of the best worldwide. Shareholders' equity increased by 12.0% in 2013 to reach QR53.7 billion, with the capital adequacy ratio remains strong at 15.6% at year-end.

The strong growth witnessed during 2013 in QNB Group's balance sheet and income statement allowed it to retain its position as the leading bank in the MENA region. Meanwhile, QNB Group's credit ratings are among the highest in the region, with an A+ rating from Standard & Poor's, Aa3 from Moody's, A+ from Fitch, and AA- from Capital Intelligence. All these ratings were affirmed during 2013, having a stable outlook.

As a result and reflecting QNB's strong financial performance, "Bloomberg Markets", the leading provider of business, financial and economic news has ranked QNB as the "World's Strongest Bank". The list of banks eligible for the ranking includes some of the largest and most renowned financial institutions in the world with a minimum of USD100 billion in assets. The strongest bank ranking weighs and combines five criteria around risk and cost management. Receiving this award is a clear reflection of the successful outcome of the Group's strategy during recent years.

Furthermore, as result of its outstanding performance, QNB Group's brand value increased to USD1.3 billion, making it the most valuable banking brand in the MENA region for a second consecutive year.

QNB Group introduced a variety of innovative products and services to Qatar in 2013, such as the first kiosk with a 24/7 self-service payment facility and two new investment products, Future Dreams and the International Saving Plan.

During 2013, the Bank continued to diversify its funding sources with great success. A number of public issues and private placements were completed during the year under the EMTN program that totalled USD4 billion. These issuances were several times oversubscribed, reflecting the high confidence of major global investors in QNB Group's financial strength.

In line with its international expansion strategy, QNB Group successfully completed in Q1 2013 the acquisition of a 97.12% stake in NSGB, Egypt's second largest private bank, which has been re-branded as QNB ALAHLI. QNB Group also extended its regional presence by increasing its stake in QNB-Tunisia to 99.96%. In 2013, QNB Group established its footprint in Asia's leading markets by opening a representative office in China and a fully-owned subsidiary in India. To further strengthen its market presence, QNB Group's affluent offering, QNB First, was launched in Oman, Kuwait, Sudan, Lebanon and Indonesia. Today, QNB Group, including its branches, subsidiaries and associate companies, comprises of a network of 590 branches, over 1,240 ATMs, 16,900 Point-Of-Sale (POS) machines and approximately 2.2 million cards in circulation.

QNB Group's success relied on a team of highly-qualified and experienced professionals. At present, the total number of employees amounts to over 13,600 employees. As QNB Group expands, it will continue to aim to attract and retain highly experienced and well qualified employees and to offer specialised training to enhance the skills of Qatari nationals and maintain a high Qatarisation ratio that exceeded 50% in 2013.

Finally, I would like to express my gratitude to the Board of Directors for their constant support. I extend my appreciation to QNB Group's Executive Management and all employees for their firm commitment to fulfilling the strategic plan, and I wish all of them further success in the coming years.

Ali Ahmed Al-Kuwari
Acting Group Chief Executive Officer

Highlights

QNB Footprint

26

Countries in MEA, Asia and Europe

Highest rated bank in Qatar

A+

by S&P and Fitch with stable outlook

Total Assets USD Billion

122

as at end of Dec-13

Corporate Governance

Corporate Governance

QNB Group's Board of Directors (BOD) firmly believes that the application of a sound Corporate Governance framework is a matter of vital importance and a fundamental part of the Group's business practices. Consequently, QNB Group is committed to applying sound Corporate Governance rules as an integral part of the Group's culture and conduct.

The Corporate Governance Report, issued as a companion to the 2013 Annual Report, provides additional details on the Group's Corporate Governance framework.

Board of Directors

- Provides overall strategic direction and oversight
- Reviews and approves all credit and investment policies through agreed risk parameters and limits
- Reviews and approves annual budget, business plans and all capital expenditure
- Regularly reviews achievements against strategy and makes modifications as required
- Ensures implementation of appropriate internal audit, compliance, risk management and financial control frameworks

Board composition

The ownership structure of QNB Group has been stable since its establishment in 1964. The Government of the State of Qatar, through its investment arm Qatar Investment Authority (QIA) owns 50 percent. The other 50 percent is held by the public. The ten-member BOD composition reflects this ownership structure with five members, including the Chairman, representing QIA, and five representatives from the private sector elected by shareholders at the General Assembly meeting.

According to the Articles of Association, QNB is managed by the BOD (ten members) whereby QIA is entitled to appoint five of these members and shareholders elect the remaining five members. QIA appoints the Chairman amongst the BOD members and the Board elects its Vice-Chairman. The BOD has the widest authority to manage the Group and also has the right to appoint several managers or authorised persons and to vest on them the right to sign jointly or separately on behalf of the Group.

Of the ten-member BOD, all are non-executive and five are independent. No member holds a managerial position and in accordance with the Qatar Financial Market Authority (QFMA) code, no member of the Board holds a full-time job within QNB Group.

To preserve transparency in the nomination of BOD members and to protect the rights and interests of all shareholders to stand for Board membership through direct election by the General Assembly without exclusion or deprivation, the BOD maintains strict and direct supervision over the nomination and election process without delegating the task to any of its committees.

Nominations and appointments are made in accordance with an approved mechanism that respects Qatar Central Bank (QCB) requirements. Moreover, in light of international professional and technical standards, the BOD has adopted a clear policy in line with the Commercial Companies Law and QCB instructions to measure the eligibility of individuals being considered for Board membership.

The BOD composition of QNB Group changed following the end of the term of the previous BOD which resulted in the nomination and election of new BOD members during the Ordinary General Assembly of the Shareholders held on 30th of January 2013. During this meeting, one new member from the private sector was elected, while all other members remained the same.

Duties of the Secretary of the BOD

- Records, coordinates and registers all Board meetings
- Acts as custodian of records, reports and other materials sent to, and received by, the Board
- Distributes information and coordinates among Board members, stakeholders, shareholders, Executive Management and employees
- Facilitates Board members' timely access to all minutes of meetings, information, documents and records relating to the Group

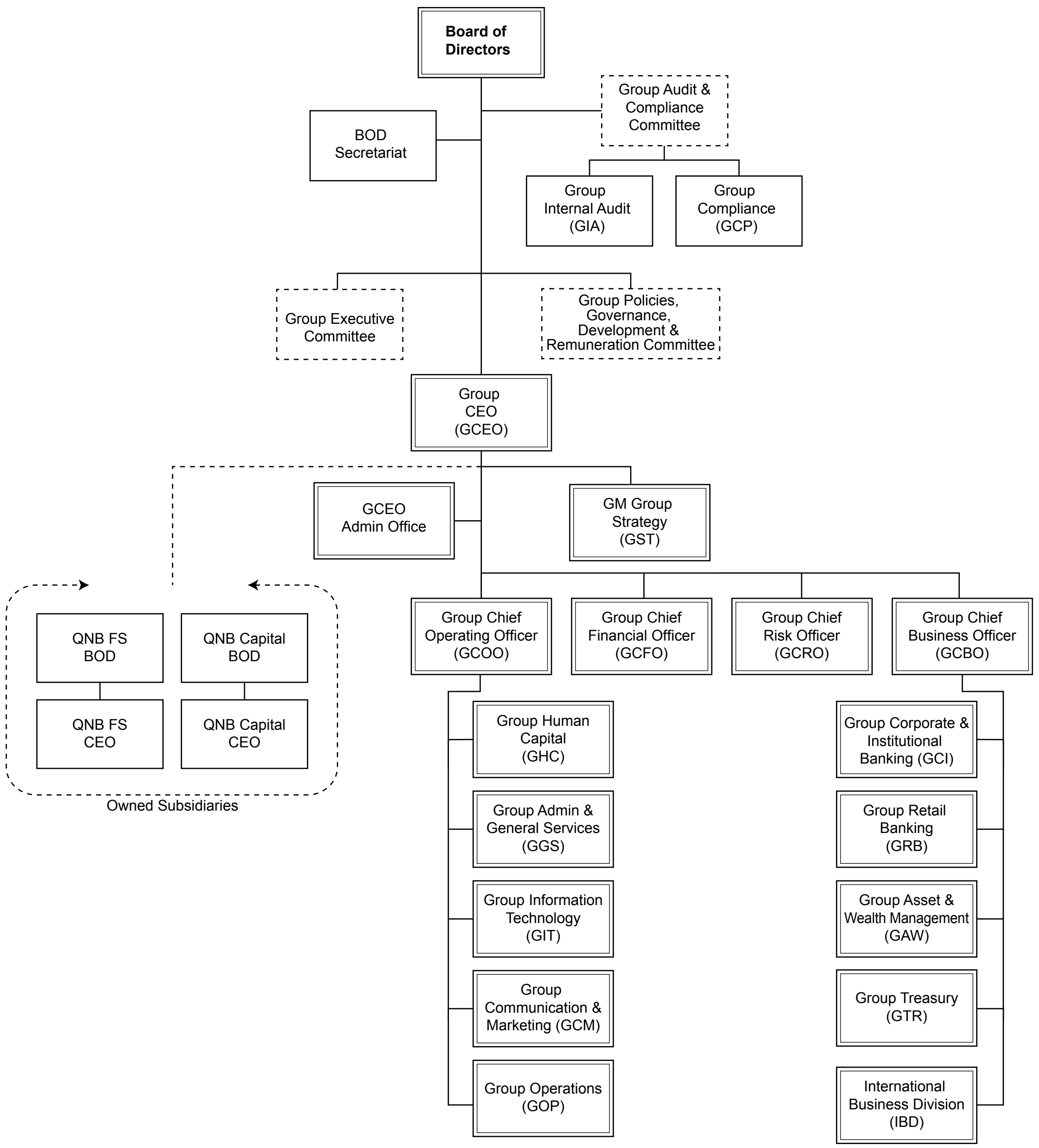
Remuneration of the BOD and Executive Management

QNB Group's BOD remuneration policy aligns with the Commercial Companies Law No.5 of 2002 and its subsequent amendments, as well as QCB instructions. During the February 2010 General Assembly it was agreed that a mechanism for establishing the BOD remuneration policy would be presented annually to the General Assembly for approval. The main elements of this mechanism are:

- Proposed BOD remuneration will be approved annually by the General Assembly
- Remuneration will include all allowances, fees and benefits
- Remuneration will be commensurate with the efforts exerted by the BOD members in the development of QNB Group's profit
- Calculation of remuneration will not exceed 0.5% of profits
- The Board's remuneration is treated as expenses (deductible from the profits)

Executive Management remuneration, which is linked to performance and the achievement of agreed upon tasks, is defined by the Group Policies, Development, Governance & Remuneration Committee (GPDGRC) and approved by the BOD. Remuneration reflects associated risks and QNB Group's overall performance.

QNB Group Organisation Structure



Board committees

To effectively manage its duties, the BOD is assisted by three specialised committees that perform functions on its behalf to support efficient conduct of its various duties. These committees include the Group Executive Committee (GEC), the Group Audit & Compliance Committee (GACC), and the Group Policies, Governance, Development & Remuneration Committee (GPGDRC). The composition and responsibility of each committee is outlined below.

Composition of the BOD and committees

Board of Directors		Board Committees		
		GEC	GACC	GPGDRC
Chairman	H.E. Mr. Ali Shareef Al-Emadi *			
Vice Chairman	H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al-Thani **			
Members	H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al-Thani **			X
	H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani *	X		X
	H.E. Mr. Ahmad Mohammed Ahmad Al-Sayed *	X		
	Mr. Bader Abdullah Darwish Fakhroo **	X		
	Mr. Rashid Misfer Al-Hajri *		X	
	Mr. Ali Hussain Ali Al-Sada **	X		
	Mr. Fahad Mohammed Fahad Buzwair **		X	X
	Mr. Mansoor Ebrahim Al-Mahmoud *		X	
	Mr. Ali Ahmed Al-Kuwari ¤	X		X

* Representing Qatar Investment Authority
** Elected by shareholders
¤ The Group Chief Executive Officer attends meetings without voting powers

Group Executive Committee (GEC)

The Group Executive Committee (GEC) is composed of four Board members with the Group Chief Executive Officer (GCEO) attending all meetings, without voting powers.

Responsibilities

- Reviews overall credit and investment exposures
- Approves credit facilities above the authorised limit set for management up to the committee's limit as delegated by the BOD
- Reviews litigation matters on a quarterly basis
- Recommends action to be taken on impaired loans
- Oversees and approves Corporate Social Responsibility expenditures

Group Audit and Compliance Committee (GACC) responsibilities

- Reviews financial statements, internal controls, internal audit, external audit, compliance and reporting responsibilities
- Overseas processes related to anti-money laundering and controls to detect potential terrorist financing activities
- Reviews significant accounting and reporting issues, including complex or unusual transactions and correlates their impact on financial statements
- Internal Audit and Compliance report directly to the GACC, with the Chiefs of both Audit and Compliance providing reports to the committee on a quarterly basis and as needed

Group Policies, Governance, Development & Remuneration Committee (GPGDRC) responsibilities

- Develops QNB Group's long-term strategy
- Ensures annual business plans and budget align with the long-term strategy
- Monitors performance on a quarterly basis
- Reviews and approves the Corporate Social Responsibility strategy
- Reviews and approves the Group's marketing and communication plans
- Periodically reviews and assesses local and international corporate governance practices and recommends improvements to the BOD
- Reviews and approves group-wide policies prior to final approval by the BOD
- Develops QNB Group's remuneration guidelines and the remuneration policy of the BOD and Executive Management
- Ensures remuneration framework aligns with the remuneration policy and the BOD guidelines

BOD committee meetings

The BOD meetings are held regularly and according to QNB Group Articles of Association the BOD meets at least six times a year. Meetings may be held at the request of the BOD Chairman or based on a request of two members. The BOD met six times during 2013, with the Chairman of the BOD attending and presiding at all meetings. The number of meetings held by the BOD and its committees is detailed below.

Board and Board Committees	No. of Meetings during 2013
Board of Directors	6
Group Executive Committee	6
Group Audit and Compliance Committee	8
Group Policies, Governance, Development & Remuneration Committee	4

Segregation of duties

A balance between the roles and responsibilities of the BOD and Management is achieved through segregation of duties. The BOD provides overall strategic direction and oversight through the review and approval of major strategic initiatives, policies and objectives while day-to-day management of QNB Group is entrusted to the GCEO.

Executive Management team

The GCEO is aided by a seasoned and experienced Executive Management team. Five senior executives report directly to the GCEO: the Executive General Manager - Group Chief Business Officer, the Executive General Manager - Group Chief Operating Officer, the General Manager - Group Chief Risk Officer, the General Manager - Group Chief Financial Officer, and the General Manager - Group Strategy. The Group Compliance Officer and the Group Chief Executive Audit have a dotted reporting line to the GCEO.

QNB Group committees

The GCEO relies on a number of multi-functional internal committees in the execution of his functions. Committee meetings are authenticated if a quorum, including the chairman of the committee or his deputy, is attained. Absent members must nominate a representative to attend on their behalf.

While majority rules are the norm for decisions, the vote of the chairman of the committee prevails in the case of a tie, with the exception of the Group's Credit Committee where unanimous decisions are required.

All committees have a dedicated secretary and each committee must hold a set minimum of meetings annually. Officers from concerned departments may be invited to attend meetings. Based on the Corporate Governance approach that the QNB Group has been implementing since 2007, specialised management committees were formed as detailed below:

Group Risk Committee (GRC)
Group Credit Committee (GCC)
Group Assets and Liability Committee (GALCO)
Group Strategy Committee (GSC)
Group Information Technology Committee (GITC)
Group Business Development Committee (GBDC)
Group Operations and Services Committee (GOSC)
Group Human Capital Committee (GHCC)
Centralised Purchasing Committee (CPC)

Committee membership and meetings held during 2013

	GRC	GCC	GALCO	GSC	GITC	GBDC	GOSC	GHCC	CPC
GCEO	√	√	√	√					√
EGM – GCBO	±	±	±	*	±	√	±	±	±
EGM – GCOO	±		±	±	√	±	√	√	±
GM – GCRO	*	±	±	±	±		±	±	
GM – GCFO	±		*	±					*
Group Compliance Officer	Ō								Ō
Group Chief Executive Audit	Ō								Ō
GM – Group Asset and Wealth Management				Ī		±			
GM – Group Communication & Marketing				Ī		±			
GM – Group Corporate & Institutional Banking		±		Ī		*			
GM – Group Admin & General Services				Ī			±		±
GM – Group Human Capital				Ī				*	
GM – Group Operations					±		*		
GM – Group Information Technology					*		±		
GM – International Business Division				Ī	±	±	±	±	
GM – Group Retail Banking				Ī	±	±	±	±	
GM – Group Strategy	±		±	±	±	±		±	
GM – Group Treasury			±	Ī		±			
Group Chief Credit Officer		*							
Number of meetings during the year	8	44	12	4	5	11	6	2	□

√ Chairman

Ō Observer

* Vice Chairman

Ī Invited

± Member

□ Due to business requirements, decisions by the CPC are taken through circulation and not through meetings

Group Risk

Risk management within QNB Group is a key focus at all levels of the bank. QNB Group adopts a centralised approach to risk management, which is complemented by local expertise and knowledge. This ensures proactive risk governance and management at the consolidated and the local level.

QNB Group's Risk Appetite Statement is central to the Group's integrated approach to risk management which articulates the risk culture, governance and boundaries of QNB Group. It provides a framework for QNB Group's attitude toward risk-taking. QNB Group's risk appetite is reviewed, reassessed and agreed alongside QNB Group's strategic and financial planning process.

Risk is defined, measured, monitored and managed by the BOD, its committees and Executive Management. It is then cascaded down to every division, department and employee. In addition, QNB Group ensures regulatory compliance at a country level in line with best practice risk management approaches.

Conservative Credit Policy

QNB Group has historically implemented a conservative approach to lending. Detailed credit analysis and comprehensive risk assessment is coupled with strictly adopted concentration limits to ensure risk is mitigated and diversified. This approach, coupled with periodic stress testing and scenario analyses, continues to yield positive results.

Risk Management

QNB Group has a robust and increasingly sophisticated risk management framework. Risks are assessed based upon international best practice and in compliance with international regulatory guidelines.

QNB Group's risk management framework is based largely on pre-determined roles and responsibilities at the BOD and Group Risk Committee level. This provides guidance to executive managers, senior managers and subordinates. Each employee within QNB Group is accountable for the risk exposures within his/ her responsibilities. This approach also contributes to ensure QNB's sustainable financial performance.

A key focus for Group Risk in 2013 was to establish a governance framework to ensure acquisitions will possess sufficient risk management capabilities to meet QNB Group standards. Furthermore, continued investment in risk infrastructure ensures that information used to manage risk is relevant and meaningful, both in terms of quality and insight.

Regulatory changes have shaped recent risk management developments in banks globally. In line with these developments, QNB Group is prepared well ahead of implementation dates to comply with Basel III including capital and liquidity requirements.

Operational Risk overview

Operational risk continues to pose a challenge for any organisation globally, primarily because of the increasing number of cyber attacks and fraud. QNB Group's information Security Management and Business Continuity Management Systems remain robust with ISO certification retained in these two areas (ISO 27001 and 22301). The management, monitoring and reporting of operational risk continues to evolve and improve. The design and operating effectiveness of the control environment remain prudent and operational risk losses and incidents are within the limits set by the QNB Group Risk Appetite Statement.

Group Internal Audit division

QNB Group Internal Audit division (GIA) is an autonomous division independent of QNB Group Management. It provides objective assurance to the BOD and other stakeholders of the existence of adequate and effective internal control systems addressing key risks. GIA also assures these controls are mitigating risk events and consequently enhancing value to all stakeholders and to the financial and operational values. GIA functions under the superintendence and guidance of the Group Audit and Compliance Committee (GACC), a sub-committee of the BOD of QNB Group.

In conformity with QCB requirements, and as recommended by Basel Committee on Banking Supervision, GIA continuously reports on the effectiveness and management of internal control systems by conducting audits of all the Group's entities including subsidiaries and affiliates as appropriate within approved policy and procedures. All audit processes conform to international standards and best practices relating to objectivity, ethics, integrity, confidentiality and professional competency in each audited area, as envisaged by the world's leading internal audit institution – The Institute of Internal Auditors (IIA) Inc., USA. GIA also adopts the standards and recommendations of Information Systems Audit and Control Association (ISACA), and uses its globally-accepted, knowledge and practices for information systems audits. These conformances are enhanced by its adherence, review and reporting on QNB Group's compliance with laws and regulations of the State of Qatar, QCB, and applicable jurisdictional regulatory bodies in conducting audits. The reliability and integrity of management information is checked during the audits. GIA contributes to the enterprise-wide risk management process through audits of Group Compliance and Group Risk; that includes framework and regulations of global and local regimes such as the Financial Action Task Force (FATF) on Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF), IT and Information Security, market, people and other risks to ensure that risks are appropriately identified and managed. Where applicable, regimes like US Foreign Accounts Tax Compliance Act (FATCA) as applicable to US citizens, are factored into audit processes.

The GACC-approved Group Internal Audit Charter enables GIA to operate with adequate and appropriate authority. GIA is empowered to audit all processes, systems and activities and has unrestricted access to all records, reports, personnel, IT systems, assets and liabilities for audit purposes.

GIA is managed by the Group Chief Audit Executive who reports functionally to the Chairman of GACC. On a quarterly basis, GIA liaises with Group Finance, Group Compliance and the External Auditors ensuring the timely completion of interim results as per statutory requirements. GIA participates in project committees of Information Technology, Corporate Governance, and the Tender Committee as a non-voting yet a vital value-adding member. GIA actively participates in the deliberations of Group Risk Committee as an Observer and updates the Risk Analysis of Business as appropriate.

In conformity with the IIA's Standards and Mandatory Guidance in the matter of assurance and consultancy activity and as provided by the Audit Charter, GIA reviews policies, procedures, circulars, legal agreements, new businesses/ processes providing contextual, legal, financial, control-related recommendations to manage, mitigate all types of risk, providing value additions on a continual basis without prejudicing its right to subsequently audit such systems, processes or activities. GIA works pro-actively with business and operational management, maintaining smooth and constructive working relationships.

GIA has been ranked at the highest grade of 'conforms' in quality assurance review by two independent external examiners such as the IIA and external professional Audit firm, consecutively for two blocks of five years each.

Group Compliance

Group Compliance has driven numerous initiatives during 2013, and assisted in discharging responsibilities of the Board and Executive Management by exerting a comprehensive compliance monitoring program and framework, and sound oversight that contributes to enhance governance as well as client confidence and loyalty.

Dynamic Corporate Governance and compliance frameworks

Group Compliance has continued its efforts to support the Group Audit and Compliance Committee in discharging the BOD responsibilities to enhance the current Corporate Governance framework and promote governance culture, in Doha and at overseas branches, by reviewing and updating the BOD Charter and the 2013 Corporate Governance Manual and updating the Board Policy.

In this context, the Corporate Governance frameworks have been enhanced to practically encompass every sphere of management, from action plans and internal controls, to performance measurement and corporate disclosure.

Enhance the consolidated supervision

Group Compliance has also driven several initiatives to improve the consolidated supervision approach, governance and conflict of interest resulting from "Outside Directorship" of the Group's employees in 2013. These subjects were covered under three designated documents and framework guidelines which focused on the nomination of QNB Group's representatives in its subsidiaries and affiliates, QNB Group employees' membership in other companies' board of directors and consolidated governance and supervision approach.

The "International Corporate Governance & Corporate Secretariat" unit – in cooperation with Group Compliance – has finalised the "Nominee Director's handbook" to provide the newly-appointed Nominee Directors with information about QNB's international group of companies, subsidiaries and associates along with their roles and responsibilities in accordance with QNB Group's Corporate Governance approach and approved policies.

In addition, progress has been made with the creation of Regional Risk Committees, Regional Asset and Liabilities Committees (ALCOs) and Compliance Committees, bringing specialist attention on risk issues especially on international network and its integration.

Contributions to Group's expansion strategy

QNB Group Compliance has supported the Group's global expansion, with respect to new acquisitions and integrations, by performing due diligence reviews, providing advices, and suggesting enhancements, in the areas of compliance, AML/ CTF, and Corporate Governance. Group Compliance also focused on assessing and improving the corporate culture at newly acquired subsidiaries by focusing on the role of the BOD and related committees, flowing down to the structure of "lines of defence", and reaching the operational risk/ control framework.

Meeting regulatory obligations

During 2013, Group Compliance performed all required regulatory reports including the AML Annual Report to the Board as mandated by QCB and QFMA, and the extent of internal controls as mandated by the QFMA. Furthermore, QNB Group keeps the Qatar Exchange (QE), QFMA, QCB, QFCRA and other overseas regulatory bodies updated on all required disclosures or notifications, including any critical matters and developments that may affect share price performance.

Enhanced compliance with FATF requirements

In order to strengthen compliance with international requirements related to AML and CTF issued by the FATF, as well as domestic regulations issued by QCB and QFMA, QNB Group implemented during 2013 one of the world's best AML systems in Doha and at all international branches. This system assists, with high efficiency, in detecting suspicious transactions as well as profiling the business relationships with customers. Meanwhile, country-risk reports have been prepared during 2013 and distributed on a quarterly basis. These reports have been shared with all the overseas branches as well as the international subsidiaries to support a risk-based approach that facilitates appropriate transaction oversight for AML and CTF purposes, in accordance with the regulatory requirements. A separate Country Risk Matrix was issued to prioritise countries which pose the greatest risk to QNB Group's portfolio.

Compliance interaction across QNB Group for payments clearance

Group Compliance has performed a full review in order to ensure adequacy and effectiveness of the policies, procedures, systems and controls applied at the Corporate and Institution Banking, Foreign Trade Department (FTD), overseas branches and Centralised Operations Department (COD), to ensure that adequate systems are in place with regards to obtaining the required/ relevant approvals before proceeding with transactions that are connected with either sanctioned countries or high risk jurisdictions.

Group Compliance set up a new workflow/ mechanism to facilitate/ simplify the daily work process specially in getting the required compliance clearances/ approvals (where relevant).

International regulations – Foreign Accounts Tax Compliance Act (FATCA)

QNB Group Compliance, being responsible for implementing FATCA requirements at the Group level, has completed the registration of QNB Group (including the Expanded Affiliated Group) as well as tailored the relevant policies and frameworks in this regard. An advanced workshop on the proposed changes to the on-boarding forms has been delivered to key employees.

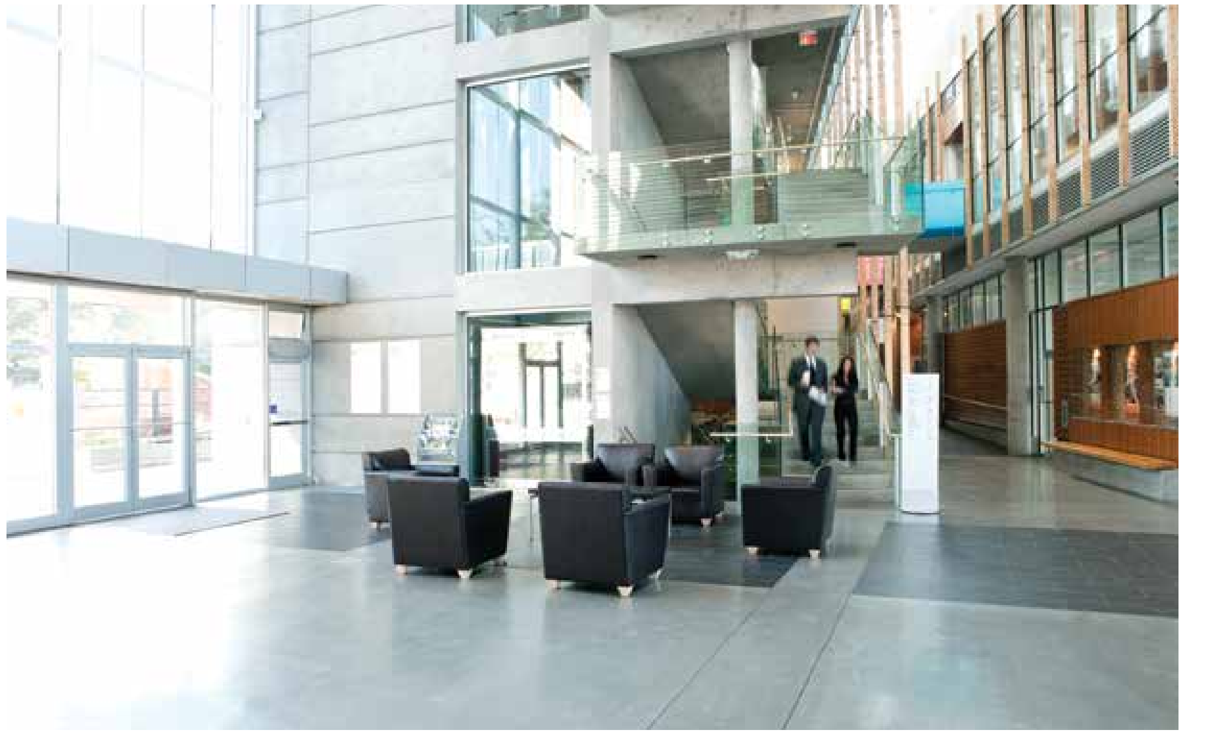
Impact Assessment final report was issued on the FATCA implementation, including high level analysis performed at the branch and subsidiary level, to determine their level of maturity assessing the impact of FATCA requirements.

Enhanced internal control tools at overseas branches

During 2013, the internal control tools at overseas branches were enhanced by ensuring the timely update and the development of their related internal policies and procedures as well as their effectiveness. Several visits to overseas branches were conducted in accordance with QCB requirements, to verify internal control systems efficiency and ensure compliance with local regulatory requirements of the host countries as well as the requirements of QCB and to detect any deviations and correct them as appropriate.

Compliance advisory services

QNB Group's activities expose the Group to dynamic and evolving financial markets that generate complexities in the delivery of products and services, which at times must be amended to address unique regulatory requirements of the host country, while respecting QCB requirements. Group Compliance proactively responded to these challenges by conducting advisory studies and providing management with recommendations



that enable the Group's business and support divisions to achieve their goals while mitigating potential compliance and AML/ CTF risks associated with new products and services.

Compliance risk assessment at QNB Capital

As part of Group Compliance's responsibilities to identify and assess compliance risks associated with the business activities of QNB Capital (the investment authority arm of QNB Group), as well as to ensure compliance with the requirements of Qatar Financial Centre Regulatory Authority ('QFCRA'), Group Compliance undertook a comprehensive compliance risk assessment and testing in 2013. This exercise included amending QNB Capital's existing Policies and Procedures, producing new manuals and frameworks as well as evaluating the Corporate Governance practices adopted by QNB Capital.

Promoting compliance awareness across the Group

QNB Group Compliance continued its efforts of promoting employees awareness on money laundering, terrorism financing, compliance, whistle-blowing and international sanctions. In this regard, a series of classroom training courses, e-training sessions, periodic newsletters, and flyers were developed and provided to Executive Management and employees.

Group Corporate & Institutional Banking

In 2013, Group Corporate & Institutional Banking (GCI) continued to maintain its dominant position in Qatar, driving the growth of fee-based businesses and strengthening its international presence. GCI enhanced its capability and breadth of products to cater to the needs of multinational clients. The strong performance of GCI remained the engine of QNB Group's profit and growth.

Supporting Qatar's strategic projects

The corporate banking department within GCI in Qatar consists of three sector-specialised units: large corporate, contracting, and commercial banking. They were involved in financing infrastructure and strategic projects of major clients.

The large corporate unit manages key relationships with customers in the large industries of Qatar, such as oil and gas, petrochemicals, telecommunications, mining, and shipping. Several bilateral financing facilities were provided during the year for clients such as Nakilat, Halul Offshore and Gulf LPG (a 50:50 joint-venture between Milaha and Nakilat). Financing of other strategic projects within Qatar, on a non-bilateral basis, are included under Global Structured Finance.

The contracting unit has in-depth expertise in construction and infrastructure financing. It continued to advise its large customer base and financed a wide range of their key projects. These included a 10-year loan facility agreement with United Development Company (UDC), the master developer of The Pearl-Qatar, and a term loan financing the development of the Mall of Qatar, a large mall under construction near Qatar Foundation facilities. A QNB Group-led syndicate of banks was mandated for the provision of the full banking facilities and associated requirements for the new Doha Metro Project – Red Line South package. The package was awarded to a QDVC-led consortium in which QNB Group was a major contributor.

On the commercial banking front, QNB Group continued to maintain its leading market share, offering a full range of depositary and credit-related banking services to finance trade activities. In 2013, the commercial banking unit focused on growing QNB Group's market share of trading businesses by targeting key traders in various sectors, including automobiles, electronics, food and beverage, fashion and pharmaceuticals.

Nurturing SMEs in Qatar through tailored business banking

GCI is highly supportive of a key pillar of the Qatar National Vision 2030 – nurturing the growth of small-and medium-sized enterprises (SMEs). In 2013, QNB Group enhanced its business banking offering with the launch of an array of new products and services tailored to the segment needs. To enhance customer access and convenience, the Group extended its distribution coverage by setting dedicated business banking areas across the branch network. Through these branches, business banking offers a diversified range of tailored products including vehicle leasing, insurance solutions, cash management, e-trade, SME cards and equipment financing. QNB Group has also partnered with several leading industrial suppliers to facilitate and accelerate equipment procurement for SMEs. Furthermore, in order to support SMEs that wish to diversify or expand their offerings, or entrepreneurs who want to test the feasibility of their business ideas, QNB Group promotes Enterprise Qatar's JADWA program. This program provides SMEs access to the services of specialised business consultancy firms at highly subsidised rates. The program's objective is to assist the QNB Group's SME clients to enhance their businesses' competitiveness and achieve sustainability.
In addition, QNB Group continues to support businesses for sponsors without collateral through Qatar Development Bank's (QDB) Al Dhameen program.

Strengthening International Presence

Internationally, GCI has banking relationships with corporate clients across QNB Group's footprint in MENA, Europe and Asia. These clients are served by QNB Group's branches and subsidiaries, in coordination with the centralised International Corporate Banking unit at QNB Group Headquarters in Qatar. QNB Group offers a full suite of financial solutions that are tailored to meet the specific needs of these clients in their respective markets.

Bolstering Financial Institutions & Correspondent Banking

The Financial Institutions and Correspondent Banking Department (FICB) acts as an enabler and platform for the growth of transaction banking, syndicated finance, multi-national client accounts and treasury products. Leveraging FICB's enabling role is vital for providing quality services as it allows better responsiveness and flexibility in meeting clients' needs. In 2013, services for financial institutions were enhanced to ensure QNB Group had the largest financial institutions network in MENA. Additionally, FICB aimed to position QNB Group as a market maker for trade finance in the MENA region. Furthermore, the implementation of the new FICB organisation structure across the network has begun to reap dividends. The set up of four major FICB hubs in Doha, London, Paris and Singapore has helped

identify and attract clients in new markets across the globe. As a result, QNB Group's profitability and market share has increased, especially in the trade finance segment.

Capturing trade flows and leveraging technology to offer cash management services

With the recent focus on boosting working capital and enhancing efficiency, corporate treasuries are increasingly treating cash and trade as an integrated unit. To better address clients' needs, QNB Group has integrated its cash and trade lines of business under the GCI's global transaction banking umbrella.

The focus of Global Transaction Banking (GTB) is to capture an increasing share of trade and settlement flows across QNB's international reach. Customers benefit from the scale and consistency of GTB's regional platforms, service experience, and connectivity to market infrastructure and proven operating expertise in 26 developed and growth markets. GTB's growth strategy is well-aligned to the fundamental trends that are reshaping all industries: globalisation, urbanisation and digitisation.

Following market trends and customer needs, GTB enhanced Supply Chain Finance (Open Account) trade product capabilities and worked hard to position GTB services as a "One-Stop-Shop", offering customers greater convenience and efficiency across the entire QNB Group network.

Throughout 2013, GTB enhanced the Group's trade portal internet-based platform and migrated trade operations to the "Trade Innovation Plus" system. This development enables the bank to process trade transactions electronically and provide advice to customers online.

In the cash management space, GTB continued to roll out global cash management channels to our customers enabling multinational and global corporations to access QNB Group's cash management services electronically from their locations.

Another key initiative in 2013 was to become a "Single Euro Payments Area" (SEPA) compliant bank. The SEPA initiative aims to turn the fragmented local markets for euro payments into a single payment system in the European Union plus five additional markets. The SEPA infrastructure will enable QNB Group to deliver cash management payment and collection services to QNB Group's customer base in all of the SEPA member countries from one central location.

The Group is confident that its cash management infrastructure investments are helping to position QNB Group as the "Payment Gateway to the Middle East and Africa".

Building a reputation in structured finance

In 2013, the Global Structure Finance (GSF) department was involved in several significant transactions demonstrating QNB Group's market leadership and strength in underwriting and arranging a number of high profile projects.

Within Qatar, QNB Group supported Ooredoo as General Financial Advisor, Documentation Coordinator, Facility Agent as well as Initial Mandated Lead Arranger in arranging a USD1 billion Revolving Credit Facility. The QNB Group was the Mandated Lead Arranger (MLA) and a Facility Agent for USD650 million for Qatar Aviation Leasing Company. QNB Group coordinated and arranged project financing of USD450 million for Qatar Electricity & Water Company's Ras Abu Fontas A2 water desalination project.

Outside Qatar, the Bank jointly underwrote the USD1.03 billion facility to Saudi Oger. QNB Group arranged USD182 million equivalent dual currency syndication for Omani Qatari Telecommunications Company (Nawras) in Oman. QNB Group jointly co-ordinated and arranged the USD700 million facility for Zain Mobile Telecommunications in Kuwait. QNB Group was a MLA in project financing USD12.5 billion deal for Sadara Chemical Company in Saudi Arabia while joined syndicated financing package of USD4.75 billion for Ojer Telekomunikasyon in Turkey. QNB Group was Advisor and Arranger of USD150 million for Reswara, a mining project in Indonesia and also advising and arranging a gold mining deal of USD290 million in Indonesia. QNB Group was engaged as underwriter and MLA for a USD350 million syndication for Air Arabia. It is also jointly arranging ship financing of USD1.23 billion for United Arab Shipping Company. QNB Group received The Ship Finance Award 2013 at the 10th Anniversary Seatrade Middle East and Indian Subcontinent Awards, known as the 'Oscars' of the maritime world.

Group Retail Banking

In 2013, Group Retail Banking (GRB) continued strengthening its retail offering, improving cross-sell, service quality and customer experience in Qatar and internationally.

With the primary focus of building deep and enduring relationships through superior customer service, advice and breadth of offering, GRB operations in Qatar increased its overall profit contribution to QNB Group. Several innovative products and services were introduced. In addition, customer access via physical and remote channels was enhanced through branch expansion and e-service upgrades. In 2013, GRB continued to serve the majority of the customer base in Qatar. QNB First, the premium banking offering for the affluent segment, was also enhanced. It witnessed robust customer growth and continued to be a strong contributor to QNB Group performance. Furthermore, GRB executed its strategy of cross-pollinating products and launching QNB First's offering in selected markets across QNB Group's expanding international network.

Sustaining momentum in loan growth

In 2013, continuing its strong momentum from the previous year, retail loans witnessed a significant increase. This strong growth emanated from GRB's strategy to launch innovative products, aggressive marketing campaigns and continuous improvement of customer sales across all channels. Furthermore, through dedicated centres for mortgage and vehicle loans, GRB increasingly focused on improving the efficiency and turnaround time of the loan issuing process as well as enhancing the overall customer experience.

Enhancing customer access and proximity to the bank

In 2013, GRB continued to extend its distribution network to improve customer access and proximity to the QNB Group branches. QNB Group has the largest distribution network of 76 branches and 335 ATMs in Qatar, with further expansion plans in 2014.

Several initiatives have been taken to continuously monitor customer service and improve process efficiency at branches with the singular goal of enhancing the customer experience. In collaboration with Group Strategy's Total Quality unit, several projects have been initiated to reduce waiting time at flagship branches as well as QNB Group's card centre.

Furthermore, an increased focus was given on training, coaching and mentoring employees to enhance product knowledge and instil soft skills that would have a positive impact on sales and service levels. This, in turn, should lead to an improved customer experience.

To improve the distribution efficiency, QNB Group continued its focus on migrating customers to e-services by introducing self-service touch points capable of executing teller transactions. These included deploying full service ATMs, cash deposits machines, cheque-book printers and internet banking kiosks. In addition, QNB Group has recently launched a number of e-branches, which solely offer online banking facilities and advisory services under one roof.

Valuing loyalty through Life Rewards

QNB Life Rewards, one of the most innovative loyalty reward programs in Qatar was launched by QNB Group in December 2012. Throughout the next 12 months, this was supported by focused communication and customer educational campaigns to create awareness and induce program use.

QNB Life Rewards allows customers to earn loyalty points on a complete range of banking transactions that they undertake, including with QNB Group credit cards. They can redeem these points across a wide range of exclusive partner outlets. In addition, the points can be redeemed for payment of credit card, utility and phone bills.

Going forward, QNB Group will endeavour to expand the "earning and burning" opportunities for its customers, to utilise the program internationally via additional partners.

Elevating customer experience

Customer satisfaction and service excellence were among the top priorities for GRB throughout 2013. In line with this, several initiatives were carried out to elicit customer feedback, which included an annual customer satisfaction survey, frequent mystery shopper audits and regular branch visits by both the Service Quality team and GRB's Executive Management. This allowed to identify high priority areas to be addressed, such as service performance, resource requirements and training needs. GRB values and supports the Qatarisation efforts within the division and continues to identify and recruit the best talent within the local market.

Enabling e-payments and maintaining dominance in Point-Of-Sale (POS) transactions

Bolstering its established reputation of being a financial technology leader in the region, QNB Group launched a number of innovative e-services for individuals in 2013. QNB Group became the first bank in the MENA region to partner with Paypal, the leading e-commerce service provider. This offer enhances customer convenience by enabling them to operate Paypal accounts via QNB Group's internet banking portal for making e-payments. Moreover, QNB Group's internet banking services have been improved with the addition of new features such as automated bill payments and standing orders.

In 2013, QNB Group retained its position as market leader in the POS business in Qatar with more than 50% of the market share in payment volumes processed through credit and debit cards, according to the Card Scheme reports. In addition, QNB Group launched the first ever "Self Service Payment Kiosk" in Qatar with the chip and pin facility providing its customers with a "24/7" self-service payment facility.

Strengthening Wealth management through Bancassurance

In 2013, QNB Group introduced two new investment-linked bancassurance products, "Future Dreams" and "International Saving Plan". These offerings provide customers with competitively-priced insurance products combined with a range of integrated investment options. This enables them to meet their long-term financial goals as well as providing protection against unforeseen situations in life.

Bolstering QNB First premium banking

Driven by its strong brand and relationship management model, the QNB First premium banking offering experienced a robust growth in the number of customers in 2013 and continued to be a strong contributor to QNB Group's performance. This growth was accelerated by QNB Group's strong branch network, which has extended QNB First's presence in Qatar from 10 locations in 2012 to 13 locations in 2013, including a new flagship branch exclusively for QNB First customers, offering premium hassle-free banking.

In 2013, QNB First successfully expanded its wealth management offering by providing customers access to a range of local and international investment funds by leveraging the recently introduced open architecture platform from Group Asset Wealth Management. In addition, QNB First has expanded its exclusive lifestyle offerings and benefits to its discerning customers (which include world-class hotels, luxury retail shops, restaurants, and health and beauty spas) by increasing the number of partnerships from 48 to 66.

In 2013, supporting QNB Group's vision to expand internationally, QNB First was successfully launched in Indonesia, Kuwait, Lebanon, Oman and Sudan. These initiatives reinforce QNB First's growing network in Asia, the Middle East and Africa.

Cross pollinating products and services across QNB's international network

In 2013, following QNB Group's global business expansion strategy, several initiatives are underway to fully integrate retail services of the acquired entities in these countries within QNB Group in order to provide a broader portfolio of products and services to customers. GRB will continue to expand its presence in other selected markets across QNB Group's growing international footprint.

Largest Network in Qatar

76
Branches

335
ATMs

International Business Division

International Business Division (IBD) continued executing its two-pronged strategy focused on international expansion and consolidating the international network. This included investing in identified strategic markets as well as enhancing existing capabilities.

Establishing a presence in Egypt

QNB Group successfully completed the acquisition of a 97.12% controlling stake in Egypt's National Société Générale Bank (NSGB) in the first quarter of 2013. NSGB is Egypt's second largest private sector bank, with total assets of around USD10.5 billion at end-2012, and a network of more than 160 branches located strategically throughout the country that focus on corporate and retail banking. This acquisition expanded QNB Group's total branch network by around 40% and provided QNB Group with access to a growing and under-penetrated Egyptian banking sector. Subsequent to the acquisition, regulatory approval was obtained to re-brand NSGB to 'QNB ALAHLI'.

Penetrating Asia's leading markets

QNB Group established its presence in China, Asia's largest and the world's second largest economy, through a representative office opened in Shanghai, located at the Shanghai World Financial Center.

QNB Group established a fully-owned subsidiary in India under the name of "QNB India Private Limited", which started its operations in Q3 2013. QNB (India) will take the role of extending consultancy and advisory services in the field of investment and finance for middle eastern companies that are willing to establish businesses and/ or invest in India.

Consolidating the international network

QNB Group continued consolidating its international network by implementing its global operating model to effectively serve customers. This enables better integration, stronger coordination and provides the ability to leverage synergies across the Group.

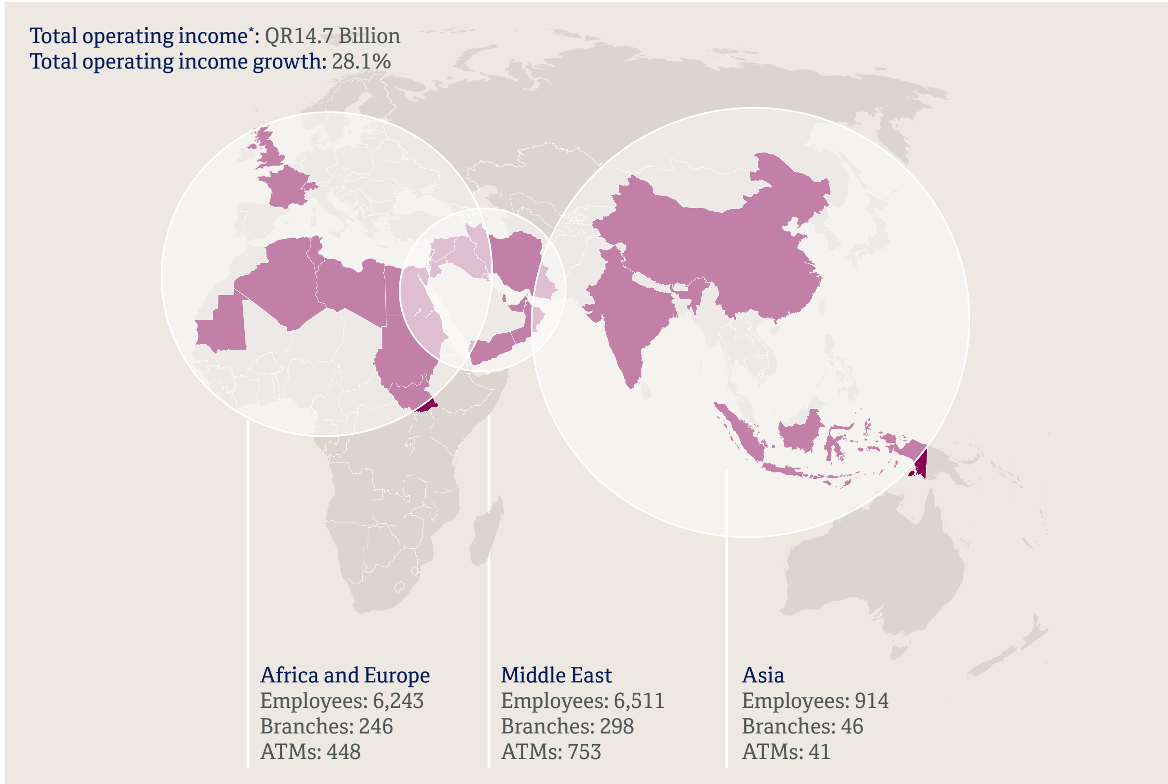
In 2013, QNB Group completed the roll-out and upgrades of the cash management system across the Group's international network, enhancing QNB's transaction banking value proposition in local markets.

One of the key achievements of the international team was the successful completion of the integration project of its Indonesian subsidiary, QNB Kesawan. Furthermore, the team has initiated the integration of recent acquisitions in Egypt, Iraq, Libya and Tunisia. QNB branding is being adopted and rolled out selectively across those entities to reinforce synergy as well as leverage the brand's recognition. For example, Commercial Bank International (CBI) in the UAE and NSGB in Egypt are being fully re-branded by adopting the QNB logo, livery and signage. In 2014, other subsidiaries and associates will follow suit.

Continuing its journey

With the entry into Egypt, Tunisia, China and India in 2013, QNB Group's presence, including its subsidiaries and associate companies, has increased to 26 countries. Through this network, QNB Group provides a comprehensive range of innovative financial products and services to institutions and individuals. QNB Group has a total employee count of over 13,600 employees operating from 590 locations and has an ATM network of over 1,240 machines.

In line with its strategy, QNB Group will continue to invest strategically while ensuring adequate due diligence in markets that expand its geographic footprint, primarily in the MENA region and Sub-Saharan Africa.



26 countries with a total of over 13,600 employees, 590 branches and over 1,240 ATMs.

* Including share of income from associate companies

Group Treasury

In 2013, QNB Group Treasury continued executing its three-pronged strategy: diversify sources of funding by attracting new global investors to broaden its client base, strengthening QNB Group's presence in international markets, and enhancing existing relationships with key customers across the group.

Under the Euro Medium Term Note (EMTN) Programme initiated in 2011, Group Treasury continued to proactively issue new tranches, both in terms of public issuance and private placements, to opportunistically take advantage of market appetite for the brand. 2013 highlights included USD1 billion 7 year fixed rate note, USD750 million 3 year Floating Rate Note (FRN), USD750 million 5 year fixed rate note, plus three Swiss Francs issuances totalling CHF700 million. Private placement activity continued to steadily increase, with issuances in USD, EUR, HKD and CNH.

During 2013, QNB Group Treasury consolidated its domestic and international operations and laid the groundwork to fully integrate its suite of products and services into QNB Group's expanding global network. This activity complemented its continued efforts to solidify its international presence, particularly in London, Paris and Singapore, as well as the Swiss operation as a further key focal point. This was highlighted by the steadily growing demand for the Certificates of Deposit (CD) product issued out of QNB's London branch, which is regulated by the Financial Conduct Authority (FCA). This multi-currency product has continued to attract significant interest from global investors since its launch in 2012.

In 2013, the London CDs successfully attracted a wide range of investors and assisted in raising the bank's profile in international markets.

To support the growth of the business, the Head Office Treasury function underwent a physical expansion in 2013, with new positions installed in order to accommodate additional expertise recruited across the Asset & Liability Management, Foreign Exchange and Treasury Sales desks. Going forward, QNB Group Treasury will focus on enhancing its system and infrastructure capabilities in order to fully integrate its international operations.

QNB Group Treasury continued to work collaboratively with leading companies to provide learning opportunities for their key employees through the Treasury Orientation Program. This training program which aims to introduce the treasury functions to QNB Group clients in three to six weeks, attracted several participants. Through this program, QNB Group is strengthening its existing clients' relationships while helping to develop a well-informed and knowledgeable client base.

Group Asset & Wealth Management

In 2013, QNB Group's Asset and Wealth Management Department (GAW) continued to be a leading regional asset manager with around USD4 billion assets under management, one of the largest in the GCC region. GAW is currently managing seven mutual funds and several discretionary mandates covering both equities and fixed income, including passive index trackers on equities.

Recognised proven track record

Throughout 2013, under the management of QNB Group's experienced asset management team, funds and portfolios continued to outperform their relevant benchmarks. These outstanding results were acknowledged by the industry in October 2013, when QNB Group was once again awarded 'Best Asset Manager' by Global Investor ISF.

Diversifying range of asset classes offered

To maintain its leading edge, GAW continued to identify and develop new products and services in response to investor demands for alternative low risk options, supported by an expanding team of specialists. Following the successful launch of the QNB Debt Fund, several new products have been designed and are currently in the pipeline such as the QNB MENA Fund, 100% Capital Protected Note, Commodities Fund, Exchange-Traded Funds (ETF's) and many other innovative products.

Building a regional fund manufacturing capability

In order to strengthen its global footprint, the asset management department expanded its geographic coverage to Singapore. A new asset management desk was established to cover major Asian equity markets.

Tailoring products and services for high net worth individuals

QNB Private Banking continued its focus to play a leading role in wealth management, offering both a diversified range of products and tailor made comprehensive wealth solutions.

In 2013, QNB Private Banking launched access to an open architecture platform in collaboration with "Allfunds International". Through this platform customers have access to a wide range of funds covering all asset classes from global investment managers in line with their individual risk appetite.

In addition, QNB Private Banking launched the exclusive diamond-embedded credit card, labelled, the QNB Private World Elite MasterCard Credit Card. The diamond-embedded credit card was designed to meet the lifestyle needs of this segment and is available by invitation only. This credit card provides an array of services and benefits, including luxury concierge, privileged accesses to special events, loyalty rewards, and 24-hour customer service assistance.

In 2013, QNB Private Banking continued to leverage QNB Group's network, primarily in Geneva, London and Paris to satisfy clients' specific international needs, offering offshore products through tailored made wealth management solutions.

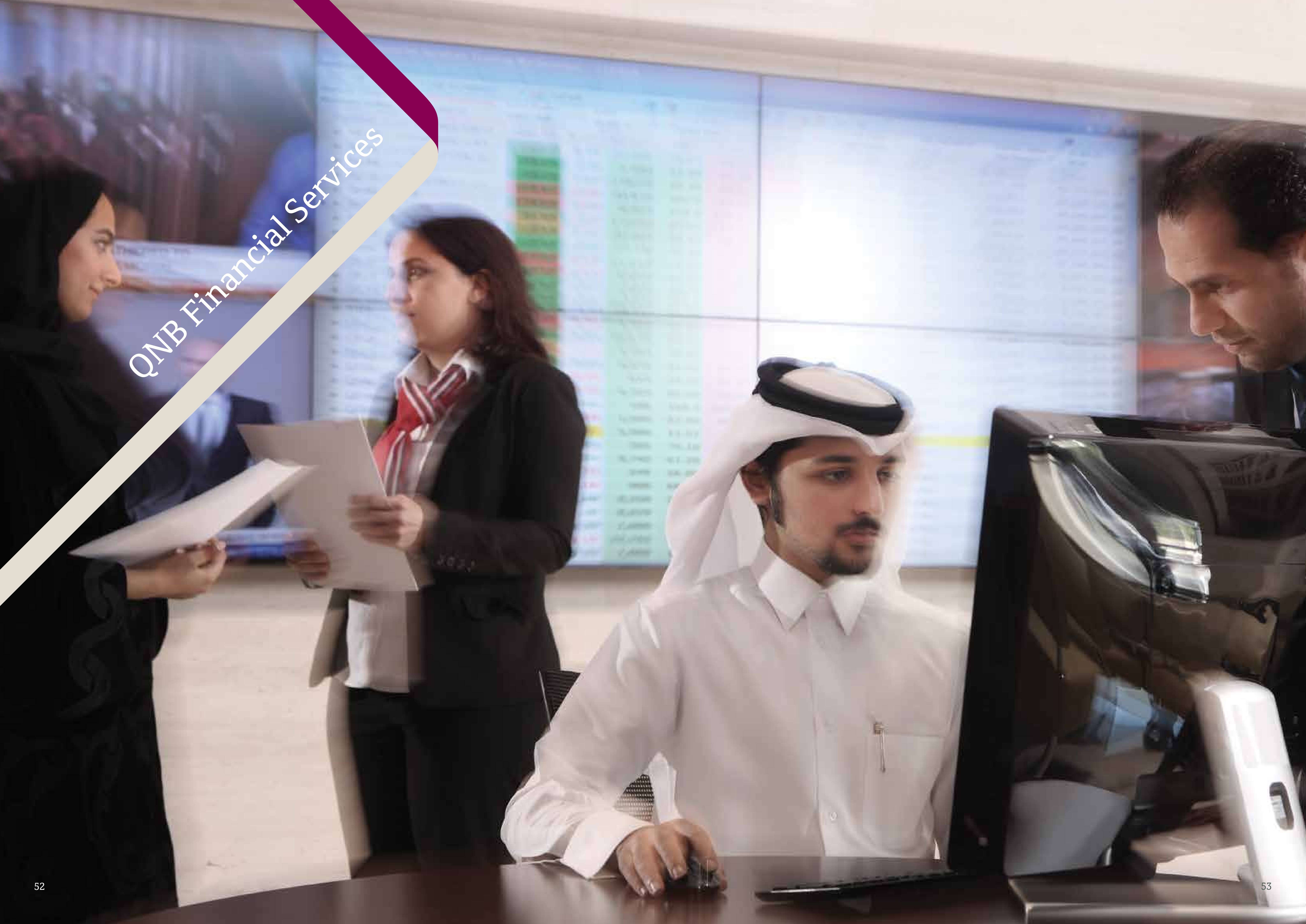
Total Assets under Management

USD4 Bn

"Best Asset Manager Award"

by Global Investor ISF

QNB Financial Services



In 2013, QNB Financial Services (QNBFS), the brokerage entity of QNB Group, focused on executing its business plan of further strengthening its market share and expanding its range of services. This resulted in QNBFS becoming the second-largest securities firm in Qatar by market share.

Preferred Institutional broker

QNBFS experienced robust growth within the institutional investor segment in 2013, which supported its position as a preferred broker for both domestic and foreign institutions. For the second consecutive year, QNBFS was the recipient of 'The Best Broker Award' at the Global Investor/ISF Middle East Summit, held in October 2013.

"Best Broker Award"

by Global Investor ISF, second consecutive year

"2nd largest securities firm in Qatar"

by market share

Expanding brokerage services and offering

QNBFS trading desk offers retail and institutional clients not only access to the GCC and MENA markets, but also to all major international markets. Furthermore, QNBFS enhanced its advisory service to allow clients to better manage risk and make well-informed investment decisions based on their risk tolerance, appetite and overall investment goals. QNBFS also offers investors access to global fixed income markets as well as to initial public offerings from companies.

Enhancing research coverage

Throughout 2013, QNBFS continued to provide 'on-the-ground' research and corporate access as important value-added services. Going forward, QNBFS will provide research coverage on the GCC regional markets with an expanded team of research analysts.


QNB Capital

QNB Capital continued to excel throughout 2013, maintaining its leading role and position in Qatar while continuing to expand its strategic advisory and asset management services to complement its traditional investment banking and corporate finance offerings.

On the asset management front, QNB Capital manages a portfolio of real estate interests in various European countries, which include iconic landmarks such as London's Shard tower and Park House.

Expanded advisory services were complemented by continued growth in its traditional investment banking activities, which gained solid traction through its Debt Capital Markets (DCM) mandates. QNB Capital acted as a Joint Lead Manager (JLM) on Ooredoo's USD1 billion bond issuance in January 2013 and QNB Group's bond issuances totalling USD2.5 billion in April and October 2013. It also acted as a joint lead manager on the USD500 million bond issuance by Al Khaliji Bank in October 2013 and Egypt's bond issuances totalling USD3.7 billion in May and June 2013.

Equity Capital Markets (ECM) also generated significant opportunities during 2013, with QNB Capital providing advisory services on several major projects in various industry sectors.

During 2013, QNB Capital assisted corporates and government entities in preparing analytical reports focusing on the local economy in Qatar and examining a range of development, infrastructure and project finance initiatives.

QNB Capital continued to expand its strategic advisory mandates, including advising a number of sovereign entities. These mandates encompassed advice on overall strategy, organisation structures, valuations, capital structuring, acquisitions, divestitures and turnaround of investments and projects. Going forward, this will enable QNB Capital to fully capitalise on new global opportunities generated through QNB Group's international activities.

Group Strategy

QNB Group Strategy expanded its activities and capabilities in 2013. Group Strategy consists of two departments; (i) Strategy and Business Development; and (ii) Economics, Financial Analysis and Research.

The Strategy and Business Development department consists of 3 units (i) Strategy; (ii) Corporate Planning and Integration (CPI); and (iii) Total Quality (TQ), with each having a clear remit. The teams are composed of highly skilled experienced professionals from leading global management consulting and financial services institutions. The primary communication platform for Group Strategy is the Group Strategy Committee.

The Strategy team, guided by Executive Management's direction, provides high impact delivery of strategic mandates that enables informed decision making. The team's mandate ranges from assessing and formulating group-wide strategic initiatives to supporting the execution of these initiatives. The team owns and manages the portfolio of group-wide strategy development assignments, including full scale regional strategies, individual country strategies and business/ support unit strategies. The core focus is to design a long-term strategic blueprint that defines and outlines key business development initiatives in order to support the Group's growth objectives. The main activities in 2013 were to develop comprehensive country strategies for selected markets across QNB Group's international network. In addition, the team hosted the QNB Group's internal biannual strategy conference which was held in Cairo and Dubai. Executive Management, country managers and talented national professionals were invited to attend workshops, presentations and panel discussions. The agenda included updates on accomplishments, future plans and strategic initiatives with the objective to ensure group-wide alignment on QNB Group's aspirations.

The CPI team has two mandates, namely corporate planning and project management through a dedicated group wide Project Management Office (PMO). The corporate planning team translates the long-term strategic blueprint into implementable annual business plans. Utilising a modified balanced scorecard (BSC) approach with specific, measurable, achievable, realistic and timely (SMART) key performance indicators (KPIs), the team follows a structured approach to planning across businesses and geographies. The execution of the annual business plan and the resulting performance are monitored and reviewed on a quarterly basis by Executive Management and submitted to the BOD. In January 2013, QNB Group institutionalised a new performance management policy which further strengthens the link between performance and employee compensation. Furthermore, a proprietary tool was developed to enable active performance management.

The PMO has a two-pronged mandate: to manage the portfolio of all strategic projects from the annual business plan and to ensure active project management support in the execution of top key strategic projects for QNB Group. Within its portfolio management function, the PMO actively tracks and reports the project progress against set target dates, supported by functional PMOs within divisions. Besides this, the PMO actively supported the launch of QNB First in Oman, Kuwait, Sudan, Lebanon as well as the re-launch of the SME business banking proposition in Qatar.

In its quest to be customer-centric and to enhance its market positioning, QNB Group launched the Total Quality (TQ) initiative in 2011 based on the Lean Sigma principles. The objective of the TQ initiative is to enhance customer service and satisfaction by enhancing operational excellence and efficiency. After focusing, since inception, on QNB Group's retail business in Qatar, the TQ team expanded its scope of activities across other business divisions, such as corporate banking, private banking, asset management and trade finance. In 2013, the scope of activities was further extended across QNB Group's international network. The focus here was to support the international roll out of QNB First in all customer related processes.

The main objective of the Economics, Financial Analysis and Research (EFAR) team is to act as a hub across the Group for macroeconomic research and insight. Within its remit, the team updates Executive Management, all divisions and the network on major global macroeconomic trends, key economic developments and their potential implications for QNB Group. A focus area of work was to provide Group Risk with macroeconomic scenarios for stress testing as part of QNB's compliance with both Basel II and Basel III. The EFAR team expanded the coverage of its Economic Insight reports to include the Gulf Cooperation Council (GCC), the Middle East and North Africa region (MENA) and South-East Asia. In 2013, reports on Indonesia, Saudi Arabia, Kuwait, Qatar, Oman and the UAE were published. As in previous years, a series of other publications related to Qatar were issued, including the Qatar Monthly Monitor.

Group Human Capital

QNB Group Human Capital Division (GHC) continued the execution of its defined strategic initiatives within the context of QNB Group's five year strategic plan. In 2013, GHC institutionalised the matrix organisational model across the entire QNB Group.

Employee development remains a key strategic priority

Employee development continued to be a top priority throughout 2013, with a substantial range of new courses and programs being launched. These included job-related certification programs for key positions in retail, corporate banking and credit. In addition, language development programs were offered as well as a new online global induction program utilising the latest innovations in 3D learning technologies.

In 2013, GHC launched the Global Leadership and Talent Management Program, which addresses the leadership development needs across QNB Group's network. The launch was successfully executed through a pilot project in London, Oman and Singapore.

The Group also focused on consolidating its succession planning and leadership development activities throughout the year. Additional programs such as leadership development and trainee development programs continued with the participation of a large number of employees to further develop their careers and knowledge.

Strong nationalisation representation

As part of its strategic nationalisation initiative, QNB Group continued to lead the banking sector's efforts to hire Qatari nationals, achieving a Qatarisation ratio that exceeded 50% of its domestic employees in 2013. This included strong representation at all levels, including senior leadership positions. Furthermore, a new Nationalisation and Employee Communications section has been established within GHC to ensure adequate focus on nationalisation programs and monitoring the development of nationals against defined goals.

The recruitment of Qatari talent continued to be a priority. Through the Group's ongoing presence at the annual Qatar Career Fair and the QNB Career Open Day in November, over 150 Qatari nationals were successfully recruited.

QNB Group also launched a comprehensive Trainee Development Program in 2013 covering all recent graduates joining QNB Group.

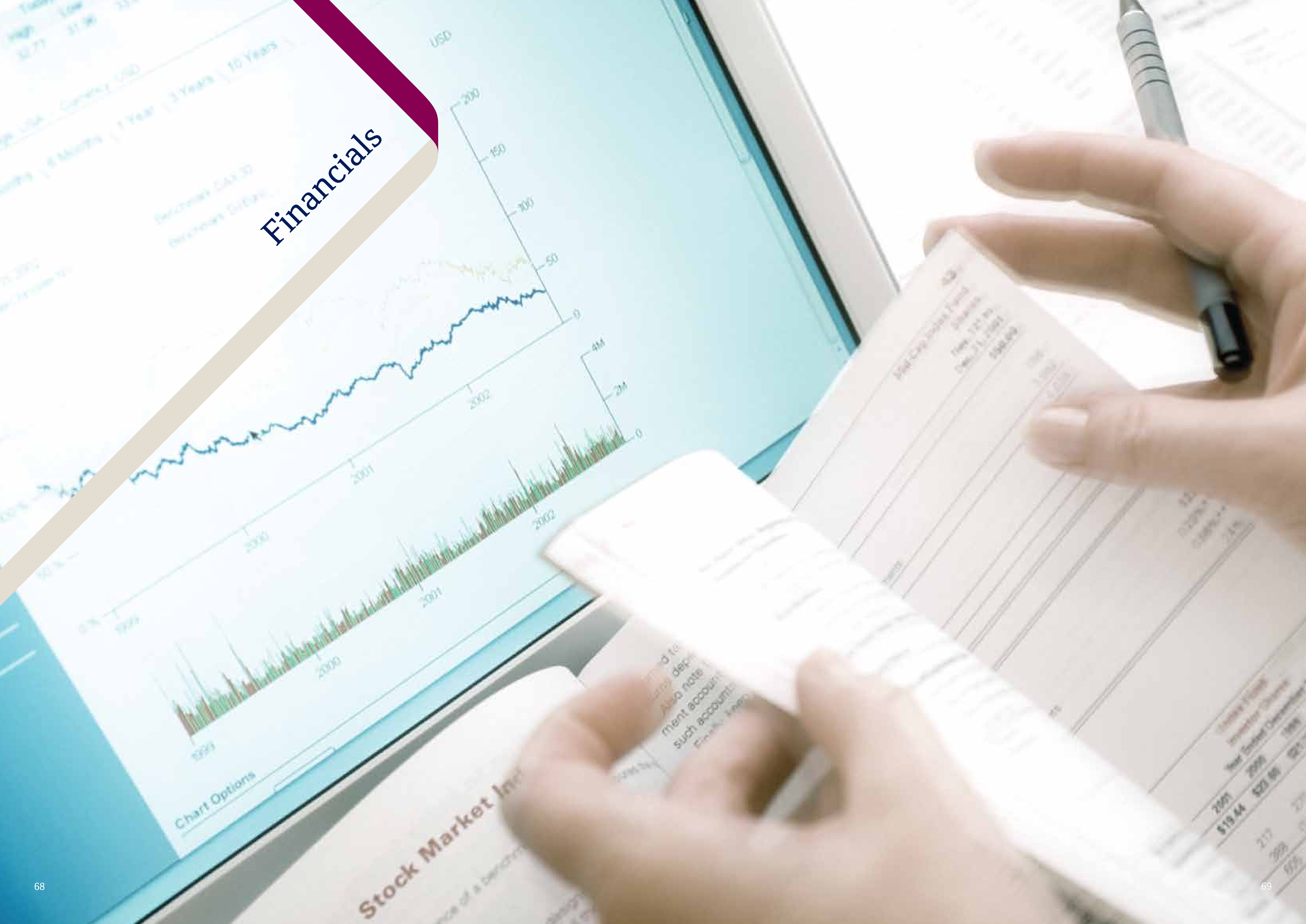
Qatari employees offered overseas assignment experiences

The launch of QNB's Ambassador Program in Kuwait, London and Oman was achieved in 2012. The program aims to expand learning opportunities for talented Qatari nationals and supports enhanced understanding and integration of Head Office functions with overseas operations. It commenced with the posting of selected and talented Qatari middle managers to overseas locations where they support international branch activities while developing new skills and acquiring new experiences as part of their professional development. The program has continued in 2013 with Qatari middle managers continuing their deployment in Kuwait and Oman, whilst the first nominated QNB Ambassador has returned from London. Furthermore, employees were identified and were assigned to posts in Indonesia, Singapore and London in mid-2013 for a 12-month duration. The program has continued to deliver vital learning opportunities for talented Qatari nationals and has enhanced understanding as well as cultural integration.

Upgrading systems and processes to support manpower planning

An automated manpower planning system was introduced in 2013. This automated process has been designed to increase visibility and provide a timely and accurate reporting tool for Executive Management.

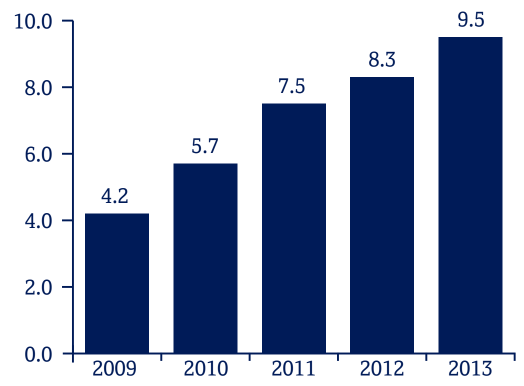
Financials



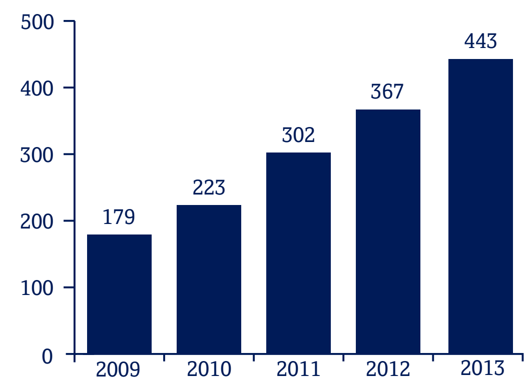
QNB Group Financial Highlights

- Net Profit reached QR9.5 billion, up by 13.7% from 2012
- Total Assets stood at QR443 billion, up by 20.9% from 2012
- Total Loans and Advances up by 24.3% to QR311 billion
- Total Customer Deposits up by 24.3% to QR336 billion
- Earnings Per Share reached QR13.5, compared to QR11.9 in 2012
- Total Shareholders' Equity increased to QR54 billion, up by 12.0% from 2012

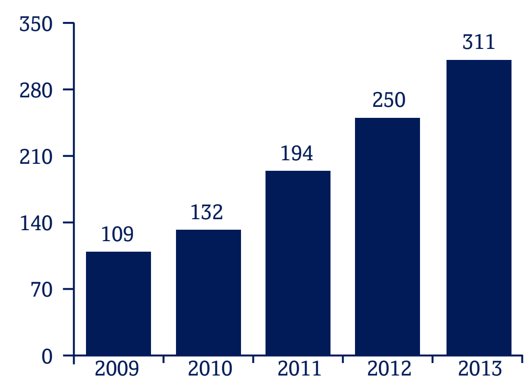
Net Profit (QR billion)



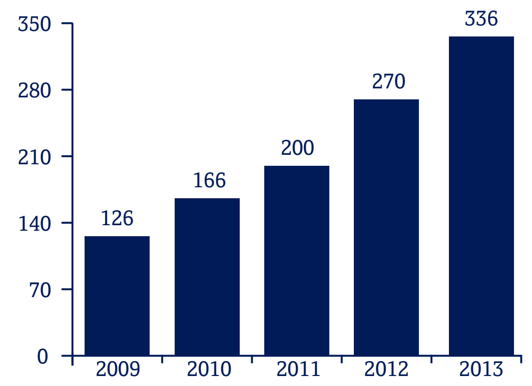
Total Assets (QR billion)



Loans and Advances (QR billion)



Customer Deposits (QR billion)



Financial Review and Credit Ratings

Financial Performance

QNB Group continued to move from strength to strength with the results announcement. For the twelve months of 2013 Net Profit was QR9.5 billion, up by 13.7% compared to last year. This was driven by operating income, including the share of results of associates, which increased to QR14.7 billion, up by 28.1% compared to December 2012, demonstrating QNB Group's success in achieving strong growth across the range of revenue sources.

Net interest income increased by 26.3% to reach QR11.6 billion, with net fee and commission income and net gain from foreign exchange reaching QR1.9 billion and QR762 million, respectively, reflecting success in diversifying sources of income.

The Group's prudent cost control policy and strong revenue generating capability allowed it to maintain an efficiency ratio (cost to income ratio) of 20.4%, which is considered one of the best ratios among financial institutions in the region.

Financial Position

Total assets increased by 20.9% from December 2012 to reach QR443 billion, the highest ever achieved by the Group. This was the result of a strong growth rate of 24.3% in loans and advances to reach QR311 billion.

The Group was able to maintain the ratio of non-performing loans to gross loans at 1.6%, a level considered one of the lowest amongst banks in the Middle East and Africa, reflecting the high quality of the Group's loan book and the effective management of credit risk. The Group's conservative policy in regard to provisioning continued with the coverage ratio reaching 123% in December 2013.

At the same time QNB Group increased customer funding by 24.3% to QR336 billion. This led to the Group's loan to deposit ratio reaching 93%.

Capital Strength

Total Equity increased by 12.0% from December 2012 to reach QR54 billion as at 31 December 2013. Earnings per Share reached QR13.5, compared to QR11.9 in December 2012.

The capital adequacy ratio stood at 15.6% as at 31 December 2013, higher than the regulatory requirements of Qatar Central Bank and the Basel Committee. The Group is keen to maintain a strong capitalisation in order to support future strategic plans.

Credit Ratings

QNB Group has maintained its credit rating, which is considered as being one of the highest in the region, with all rating agencies affirming the Bank's rating during the twelve months of 2013. This is a result of QNB Group's strong financial position, high quality of its assets and leading position in the financial sector.

	Moody's	S&P	Fitch	Capital Intelligence
QNB Long-Term Rating	Aa3	A+	A+	AA-

Financial Statements

Independent Auditor's Report to the Shareholders of Qatar National Bank S.A.Q.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qatar National Bank S.A.Q. (the "Bank") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Central Bank regulations and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Central Bank regulations.

Other Matters

The consolidated financial statements of the Group as at and for the year ended 31 December 2012 were audited by another auditor, whose report dated 13 January 2013, expressed an unmodified opinion on those statements.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which we consider necessary for the purpose of our audit. We further confirm that the financial information included in the Annual Report of the Board of Directors' is in agreement with the books and records of the Bank and that we are not aware of any contraventions by the Bank of its Articles of Association, the applicable provisions of Qatar Central Bank Law No: 13 of 2012 and of the Qatar Commercial Companies Law No: 5 of 2002, during the financial year that would materially affect its activities or its financial position.

Firas Qoussous
of Ernst & Young
Qatar Auditors Registry Number 236

Doha - State of Qatar
14 January 2014

Qatar National Bank S.A.Q.
Consolidated Statement of Financial Position
As at 31 December 2013

(All amounts are shown in thousands of Qatari Riyals)

	Notes	2013	2012
ASSETS			
Cash and Balances with Central Banks	8	22,909,453	19,829,576
Due from Banks	9	13,602,258	37,021,743
Loans and Advances to Customers	10	310,712,046	249,936,341
Investment Securities	11	78,302,635	50,047,924
Investments in Associates	12	5,840,008	5,795,307
Property and Equipment	13	1,390,966	957,056
Intangible Assets	14	5,549,805	261,216
Other Assets	15	5,178,937	3,004,669
Total Assets		**443,486,108**	**366,853,832**
LIABILITIES			
Due to Banks	16	11,568,043	22,201,770
Customer Deposits	17	335,539,171	270,039,961
Debt Securities	18	21,754,224	12,674,706
Other Borrowings	19	12,408,154	6,836,376
Other Liabilities	20	8,489,232	7,112,327
Total Liabilities		**389,758,824**	**318,865,140**
EQUITY			
Issued Capital	22	6,997,294	6,997,294
Legal Reserve	22	23,086,902	23,086,902
Risk Reserve	22	2,750,000	1,750,000
Fair Value Reserve	22	1,401,954	411,403
Foreign Currency Translation Reserve	22	(957,107)	(640,463)
Other Reserves	22	1,719,114	1,751,174
Retained Earnings	22	17,830,304	13,721,522
Total Equity Attributable to Equity Holders of the Bank		**52,828,461**	**47,077,832**
Non-Controlling Interest	23	898,823	910,860
Total Equity		**53,727,284**	**47,988,692**
Total Liabilities and Equity		**443,486,108**	**366,853,832**

These consolidated financial statements were approved by the Board of Directors on 14 January 2014 and were signed on its behalf by:

Ali Shareef Al-Emadi
Chairman

Ali Ahmed Al-Kuwari
Acting Group Chief Executive Officer

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

Qatar National Bank S.A.Q.
Consolidated Income Statement
For the Year Ended 31 December 2013

(All amounts are shown in thousands of Qatari Riyals)

	Notes	2013	2012
Interest Income	24	16,770,879	12,342,468
Interest Expense	25	(5,211,139)	(3,192,737)
Net Interest Income		**11,559,740**	**9,149,731**
Fee and Commission Income	26	2,096,103	1,429,197
Fee and Commission Expense		(167,801)	(124,394)
Net Fee and Commission Income		**1,928,302**	**1,304,803**
Foreign Exchange Gain	27	761,623	598,441
Income from Investment Securities	28	183,728	175,852
Other Operating Income		13,918	9,455
Operating Income		**14,447,311**	**11,238,282**
Staff Expenses	29	(1,670,590)	(1,078,756)
Depreciation	13	(255,362)	(185,665)
Other Expenses	30	(1,072,394)	(661,640)
Net Impairment Losses on Investment Securities		(61,892)	(22,981)
Net Impairment Losses on Loans and Advances to Customers	10	(1,515,912)	(1,055,956)
Amortisation of Intangible Assets		(76,207)	(3,730)
Other Provisions		(65,510)	(2,572)
		(4,717,867)	**(3,011,300)**
Share of Results of Associates	12	269,848	252,978
Profit Before Income Tax		**9,999,292**	**8,479,960**
Income Tax Expense		(462,032)	(56,920)
Profit for the Year		**9,537,260**	**8,423,040**
Attributable to:			
Equity Holders of the Bank		9,478,637	8,338,822
Non-Controlling Interest		58,623	84,218
Profit for the Year		**9,537,260**	**8,423,040**
Basic and Diluted Earnings Per Share (QR)	31	13.5	11.9

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

Qatar National Bank S.A.Q.
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2013

(All amounts are shown in thousands of Qatari Riyals)

	Notes	2013	2012
Profit for the Year		**9,537,260**	**8,423,040**
Other Comprehensive Income to be Reclassified to Income Statement in Subsequent Periods:			
Foreign Currency Translation Differences for Foreign Operations		(316,644)	(451,181)
Share of Other Comprehensive Income of Associates		(32,060)	(35,460)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	22	661,272	(4,903)
Available-for-Sale Investment Securities			
- Net Change in Fair Value	22	437,270	25,448
- Net Amount Transferred to Income Statement	22	(107,991)	(106,100)
Total Other Comprehensive Income for the Year, net of Income Tax		**641,847**	**(572,196)**
Total Comprehensive Income for the Year		**10,179,107**	**7,850,844**
Attributable to:			
Equity Holders of the Bank		10,120,484	7,766,626
Non-Controlling Interest		58,623	84,218
Total Comprehensive Income for the Year		**10,179,107**	**7,850,844**

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

Qatar National Bank S.A.Q.
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2013

(All amounts are shown in thousands of Qatari Riyals)

	Issued Capital	Legal Reserve	Risk Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders of the Bank	Non-Controlling Interest	Total
Balance at 1 January 2013	6,997,294	23,086,902	1,750,000	411,403	(640,463)	1,751,174	13,721,522	47,077,832	910,860	47,988,692
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	-	-	-	9,478,637	9,478,637	58,623	9,537,260
Total Other Comprehensive Income	-	-	-	990,551	(316,644)	(32,060)	-	641,847	-	641,847
Total Comprehensive Income for the Year	**-**	**-**	**-**	**990,551**	**(316,644)**	**(32,060)**	**9,478,637**	**10,120,484**	**58,623**	**10,179,107**
Transfer to Risk Reserve	-	-	1,000,000	-	-	-	(1,000,000)	-	-	-
Transfer to Social and Sports Fund	-	-	-	-	-	-	(171,478)	(171,478)	-	(171,478)
Transactions with Equity Holders, Recognised Directly in Equity										
Dividend for the Year 2012 (Note 22)	-	-	-	-	-	-	(4,198,377)	(4,198,377)	-	(4,198,377)
Net Movement in Non-Controlling Interest	-	-	-	-	-	-	-	-	(70,660)	(70,660)
Total Transactions with Equity Holders, Recognised Directly in Equity	**-**	**-**	**-**	**-**	**-**	**-**	**(4,198,377)**	**(4,198,377)**	**(70,660)**	**(4,269,037)**
Balance at 31 December 2013	**6,997,294**	**23,086,902**	**2,750,000**	**1,401,954**	**(957,107)**	**1,719,114**	**17,830,304**	**52,828,461**	**898,823**	**53,727,284**
Balance at 1 January 2012	6,361,177	21,178,549	1,600,000	496,958	(189,282)	1,786,634	10,786,714	42,020,750	614,554	42,635,304
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	-	-	-	8,338,822	8,338,822	84,218	8,423,040
Total Other Comprehensive Income	-	-	-	(85,555)	(451,181)	(35,460)	-	(572,196)	-	(572,196)
Total Comprehensive Income for the Year	**-**	**-**	**-**	**(85,555)**	**(451,181)**	**(35,460)**	**8,338,822**	**7,766,626**	**84,218**	**7,850,844**
Transfer to Legal Reserve for the Year 2011	-	1,908,353	-	-	-	-	(1,908,353)	-	-	-
Transfer to Risk Reserve	-	-	150,000	-	-	-	(150,000)	-	-	-
Transfer to Social and Sports Fund	-	-	-	-	-	-	(165,071)	(165,071)	-	(165,071)
Transactions with Equity Holders, Recognised Directly in Equity										
Dividend for the Year 2011	-	-	-	-	-	-	(2,544,473)	(2,544,473)	-	(2,544,473)
Bonus Shares for the Year 2011	636,117	-	-	-	-	-	(636,117)	-	-	-
Net Movement in Non-Controlling Interest	-	-	-	-	-	-	-	-	212,088	212,088
Total Transactions with Equity Holders, Recognised Directly in Equity	**636,117**	**-**	**-**	**-**	**-**	**-**	**(3,180,590)**	**(2,544,473)**	**212,088**	**(2,332,385)**
Balance at 31 December 2012	**6,997,294**	**23,086,902**	**1,750,000**	**411,403**	**(640,463)**	**1,751,174**	**13,721,522**	**47,077,832**	**910,860**	**47,988,692**

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

Qatar National Bank S.A.Q.
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2013

(All amounts are shown in thousands of Qatari Riyals)

	Note	2013	2012
Cash Flows from Operating Activities			
Profit for the Year before Income Tax		9,999,292	8,479,960
Adjustments for:			
Interest Income		(16,770,879)	(12,342,468)
Interest Expense		5,211,139	3,192,737
Depreciation	13	255,362	185,665
Net Impairment Losses on Loans and Advances to Customers	10	1,515,912	1,055,956
Net Impairment Losses on Investment Securities		61,892	22,981
Other Provisions		30,584	11,311
Dividend Income	28	(75,737)	(64,096)
Net Gain on Sale of Available-for-Sale Investment Securities	28	(107,991)	(111,756)
Amortisation of Intangible Assets		76,207	3,730
Net Amortisation of Premium or Discount on Financial Investments		(96,487)	(179,788)
Net Share of Results of Associates		(150,810)	(135,778)
		(51,516)	**118,454**
Changes in:			
Due from Banks		(6,646,294)	(1,313,606)
Loans and Advances to Customers		(40,192,238)	(56,830,870)
Other Assets		(775,826)	172,223
Due to Banks		(11,608,356)	(17,280,665)
Customer Deposits		32,901,823	69,623,941
Other Liabilities		188,415	663,834
Cash used in Operations		**(26,183,992)**	**(4,846,689)**
Interest Received		16,045,288	11,812,334
Interest Paid		(5,659,368)	(4,798,084)
Dividends Received		75,737	64,096
Income Tax Paid		(214,692)	(32,244)
Other Provisions Paid		(2,390)	(6,452)
Net Cash (used in) / from Operating Activities		**(15,939,417)**	**2,192,961**
Cash Flows from Investing Activities			
Acquisition of Investment Securities		(33,963,109)	(30,368,008)
Proceeds from Sale / Redemption of Investment Securities		17,713,698	31,215,848
Investments in Associates	12	(103)	(1,070,217)
Acquisition of Subsidiary, net of Cash Acquired		(4,718,558)	(76,177)
Acquisition of Property and Equipment	13	(272,449)	(221,731)
Proceeds from Sale of Property and Equipment		32,098	2,420
Net Cash used in Investing Activities		**(21,208,423)**	**(517,865)**
Cash Flows from Financing Activities			
Proceeds from Issue of Debt Securities		9,057,937	7,241,828
Proceeds from Other Borrowings, net		5,169,535	85,088
Dividends Paid		(4,197,226)	(2,541,713)
Net Cash from Financing Activities		**10,030,246**	**4,785,203**
Net (Decrease) / Increase in Cash and Cash Equivalents		**(27,117,594)**	**6,460,299**
Effects of Exchange Rate Fluctuations on Cash Held		114,351	232,730
Cash and Cash Equivalents at 1 January		48,096,723	41,403,694
Cash and Cash Equivalents at 31 December	37	**21,093,480**	**48,096,723**

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

Qatar National Bank S.A.Q.
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2013 (All amounts are shown in thousands of Qatari Riyals)

1. Reporting Entity

Qatar National Bank S.A.Q. ("QNB" or "the Bank") was incorporated in the State of Qatar on 6 June 1964 as a Joint Stock Company under Emiri Decree No. 7 issued in 1964. The registered office of the Bank is in Doha, State of Qatar.

The Bank together with its subsidiaries (together referred to as the "Group") is engaged in Commercial and Islamic banking activities operating in 26 countries worldwide through its branches, associates and subsidiaries.

The principal subsidiaries of the Group are as follows:

Name of Subsidiary	Country of Incorporation	Year of Incorporation/ Acquisition	Ownership %
QNB International Holdings Limited	Luxemburg	2004	100%
CSI QNB Property	France	2008	100%
QNB Capital LLC	Qatar	2008	100%
QNB Banque Privée S.A.	Switzerland	2009	100%
QNB-Syria	Syria	2009	50.8%
QNB Finance Ltd.	Cayman Islands	2010	100%
QNB Financial Services SPC	Qatar	2011	100%
QNB Kesawan	Indonesia	2011	69.6%
Al-Mansour Investment Bank	Iraq	2012	50.8%
QNB Tunisia	Tunisia	2013	99.96%
QNB ALAHLI	Egypt	2013	97.1%
QNB India Private Limited	India	2013	100%

2. Basis of Preparation

a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of Qatar Central Bank ("QCB") regulations.

b) Basis of Measurements

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items, which are measured at fair value:

- Derivative financial instruments;
- Available-for-sale financial investments; and
- Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships.

c) Functional and Presentation Currency

These consolidated financial statements are presented in Qatar Riyals ("QR"), which is the Bank's functional currency. Except as otherwise indicated, financial information presented in QR has been rounded to the nearest thousand.

d) Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual figures may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in Note 5.

Qatar National Bank S.A.Q.
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2013 (All amounts are shown in thousands of Qatari Riyals)

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the end of the reporting period.

(i) Business Combinations

For acquisitions meeting the definition of a business under IFRS 3, the acquisition method of accounting is used as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the total of:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in the consolidated income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the consolidated income statement.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date at fair value and any resulting gain or loss is recognised in the consolidated income statement. It is then considered in the determination of goodwill.

(ii) Subsidiaries

Subsidiaries are all entities (including structured entities) controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The accounting policies of subsidiaries have been aligned to the Group accounting policies.

(iii) Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments, depending on the level of influence retained.

Qatar National Bank S.A.Q.
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2013

(All amounts are shown in thousands of Qatari Riyals)

3. Significant Accounting Policies (Continued)

(iv) Non-Controlling Interests and Transactions therewith

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets.

Interests in the equity of subsidiaries not attributable to the Bank are reported in consolidated equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as profit or loss attributable to non-controlling interests. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are transferred to the consolidated income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is transferred to the consolidated income statement where appropriate.

(v) Transactions Eliminated on Consolidation

Intra-group balances, transactions and unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated.

(vi) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost (including transaction costs directly related to acquisition of investment in the associate). The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement; its share of post-acquisition movements is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

For preparation of the consolidated financial statements, equal accounting policies for similar transactions and other events in similar circumstances are used.

Dilution gains and losses in associates are recognised in the consolidated income statement.

Qatar National Bank S.A.Q.
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2013

(All amounts are shown in thousands of Qatari Riyals)

3. Significant Accounting Policies (Continued)

The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the date of the consolidated statement of financial position, adjusted to conform with the accounting policies of the Group. Intergroup gains on transactions are eliminated to the extent of the Group's interest in the investee.

(vii) Funds Management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements, except when the Group controls the entity. Information about the Group's funds management is set out in Note 35.

b) Foreign Currency

(i) Foreign Currency Transactions and Balances

Foreign currency transactions are transactions denominated, or that require settlement in a foreign currency and are translated into the respective functional currencies of the operations at the spot exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate on the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction.

Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Changes in the fair value of monetary investment securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of security. Translation differences related to changes in amortised cost are recognised in the consolidated income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(ii) Foreign Operations

The results and financial position of all the Group's entities, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in shareholders' equity as 'foreign currency translation reserve'.

When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

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3. Significant Accounting Policies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the foreign exchange translation reserve in equity.

c) Financial Assets and Financial Liabilities

(i) Recognition and Initial Measurement

The Group initially recognises loans and advances to customers, due from / to banks, customer deposits, debt securities and other borrowings on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification

Financial Assets

At inception a financial asset is classified in one of the following categories:

- Loans and receivables;
- Held to maturity; or
- Available-for-sale.

Financial Liabilities

The Group has classified and measured its financial liabilities at amortised cost.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated income statement.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

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3. Significant Accounting Policies (Continued)

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS and when approved by the QCB, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(v) Measurement Principles

- Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss. The calculation of effective interest rate includes all fees paid or received that are an integral part of the effective interest rate.

- Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group measures the fair value of listed investments at the market bid price for the investment. For unlisted investments, the Group recognises any increase in the fair value, when they have reliable indicators to support such an increase. These reliable indicators are limited to the most recent transactions for the specific investment or similar investments made in the market on a commercial basis between desirous and informed parties who do not have any reactions which might affect the price. In the absence of a reliable measure of fair value, the unlisted equity investment is carried at cost.

The fair value of investments in mutual funds and portfolios whose units are unlisted are measured at the net asset value reported as at the end of the reporting period.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

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3. Significant Accounting Policies (Continued)

(vi) Identification and Measurement of Impairment

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Group considers evidence of impairment loss for loans and advances to customers and held to maturity investment securities at both a specific asset and collective level. All individually significant loans and advances to customers and held to maturity investment securities are assessed for specific impairment. All individually significant loans and advances to customers and held to maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances to customers and held to maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances to customers and held to maturity investment securities with similar risk characteristics.

Impairment losses on financial assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the consolidated income statement and reflected in an allowance account against loans and advances to customers when it pertains to loans and advances originated by the Group. Impairment of held to maturity investment securities are recorded and disclosed under a separate impairment allowance account.

For listed equity investments, a decline in the market value by 20% from cost or more, or for a continuous period of 9 months or more, are considered to be indicators of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to the consolidated income statement as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to the consolidated income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss in respect of a financial asset carried at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

In subsequent periods, the appreciation of fair value of an impaired available-for-sale equity investment securities is recorded in fair value reserves.

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3. Significant Accounting Policies (Continued)

d) Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

e) Loans and Advances to Customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances to customers are initially measured at the transaction price, which is the fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

f) Investment Securities

Subsequent to initial recognition investment securities are accounted for depending on their classification as either 'held to maturity' or 'available-for-sale'.

(i) Held to Maturity Financial Assets

Held to maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity.

Held to maturity investments are carried at amortised cost using the effective interest rate method.

(ii) Available-for-Sale Financial Assets

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial asset. Unquoted equity securities are carried at cost less impairment, and all other available-for-sale investments are carried at fair value.

Interest income is recognised in the consolidated income statement using the effective interest rate method. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in the consolidated income statement.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to the consolidated income statement as a reclassification adjustment.

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3. Significant Accounting Policies (Continued)

g) Derivatives

(i) Derivatives Held for Risk Management Purposes and Hedge Accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value on the statement of financial position. The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss. These hedging relationships are discussed below.

- Fair Value Hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item, for which the effective interest rate method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

- Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the consolidated income statement as a reclassification adjustment.

- Other Non-Trading Derivatives

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in the consolidated income statement.

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3. Significant Accounting Policies (Continued)

(ii) Derivatives Held for Trading Purposes

The Group's derivative trading instruments includes forward foreign exchange contracts and interest rate swaps. The Group sells these derivatives to customers in order to enable them to transfer, modify or reduce current and future risks. These derivative instruments are fair valued as at the end of the reporting date and the corresponding fair value changes are taken to the consolidated income statement.

h) Property and Equipment

(i) Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in the consolidated income statement.

(ii) Subsequent Costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated income statement as incurred.

(iii) Depreciation

The depreciable amount is the cost of property and equipment, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Land is not depreciated.

The estimated useful lives for the current and prior years are as follows:

	Years
Buildings	10 to 50
Equipment and Furniture	3 to 10
Motor Vehicles	5
Leasehold improvements	4 to 10

Freehold land is stated at cost.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

i) Intangible Assets

Goodwill that arises upon the acquisition of subsidiaries is included under intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Intangible assets also include Core Deposit Intangibles (CDI) acquired in a business combination, which are recognised at fair value at the acquisition date. CDI's have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of CDI and licences over their estimated useful lives. Intangible assets (such as operating licenses) with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level.

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3. Significant Accounting Policies (Continued)

j) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflow from continuing use, that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated, so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment, as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date, for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l) Financial Guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability

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3. Significant Accounting Policies (Continued)

is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

m) Employee Benefits

Defined Benefit Plan - Expatriate Employees

The Group makes a provision for all termination indemnity payable to employees in accordance with its regulations, calculated on the basis of the individual's final salary and period of service at the end of the reporting period. The expected costs of these benefits are accrued over the period of employment. The provision for employees' termination benefits is included in other provisions within other liabilities.

Defined Contribution Scheme - Qatari Employees

With respect to Qatari employees, the Group makes a contribution to the State administered Qatari Pension Fund calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions. The cost is considered as part of staff expenses and is disclosed in Note 29.

n) Share Capital and Reserves

(i) Share Issue Costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the end of the reporting period are dealt as a separate disclosure.

o) Interest Income and Expense

Interest income and expense are recognised in the consolidated income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income and expense include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period that the hedged cash flows affect interest income/expense;
- The ineffective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of interest rate risk; and
- Fair value changes in qualifying derivatives, including hedge ineffectiveness, and related hedged items in fair value hedges of interest rate risk.

Interest income on available-for-sale investment (debt) securities and held to maturity investment securities are calculated using effective interest rate method are also included in interest income.

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3. Significant Accounting Policies (Continued)

p) Fees and Commission Income and Expense

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

q) Income from Investment Securities

Gains or losses on the sale of investment securities are recognised in the consolidated income statement as the difference between fair value of the consideration received and carrying amount of the investment securities.

r) Dividend Income

Dividend income is recognised when the right to receive income is established.

s) Tax Expense

Taxes are calculated based on tax laws and regulations in countries in which the Group operates. A tax provision is made based on an evaluation of the expected tax liability. The Group operations inside Qatar are not subject to income tax, except for QNB Capital LLC whose profits are subject to tax as per the Qatar Financial Center Authority tax regulations.

t) Earnings Per Share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

u) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group management committees to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

v) Fiduciary Activities

The Group acts as fund manager and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, corporate and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

w) Repossessed Collateral

Repossessed collaterals against settlement of customers' debts are stated within the consolidated statement of financial position under "Other assets" at their acquisition value net of allowance for impairment.

According to QCB instructions, the Group should dispose of any land and properties acquired against settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended after obtaining approval from QCB.

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3. Significant Accounting Policies (Continued)

x) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

y) Parent Bank Financial Information

Statement of financial position and income statement of the Parent Bank as disclosed in the supplementary information to the consolidated financial statements are prepared following the same accounting policies as mentioned above except for investment in subsidiaries, associates and joint ventures, which are not consolidated and carried at cost.

z) New Standards and Amendments to Standards

The following amendments to IFRS and new IFRSs have been applied by the Group in preparation of these consolidated financial statements:

Standard		Effective Date
IAS 1	Financial statement presentation (Amendment), regarding other comprehensive income	01/07/2012
IAS 19	Employee benefits (Amendment), removal of corridor approach and calculation of finance cost	01/01/2013
IFRS 7	Financial instruments: Disclosures (Amendment), on asset and liability offsetting	01/01/2013
Annual improvements 2011 - relating to IASs 1, 16, 32, 34		01/01/2013
IFRS 10	Consolidated Financial Statements	01/01/2013
IFRS 11	Joint Arrangements	01/01/2013
IFRS 12	Disclosure of Interests in Other Entities	01/01/2013
IFRS 13	Fair Value Measurement	01/01/2013
IAS 27	Separate Financial Statements	01/01/2013
IAS 28	Investment in Associates and Joint Ventures	01/01/2013

The adoption of the above did not result in any changes to previously reported net profit or equity of the Group. However, the above resulted in additional disclosures in the annual consolidated financial statements of the Group.

Standards Issued But Not Yet Effective

The below mentioned Standards, Interpretations and Amendments to Standards are not yet effective and are not expected to result in material changes to the Group's consolidated financial statements:

Standard		Effective Date
(i)	IAS 32 - Financial instruments (Amendment): Presentation, on asset and liability offsetting	01/01/2014
(ii)	Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities	01/01/2014
(iii)	Amendment to IAS 36, 'Impairment of Assets' on recoverable amount disclosures	01/01/2014
(iv)	Financial Instruments: Recognition and Measurement Amendment to IAS 39 'Novation of Derivatives'	01/01/2014
(v)	IFRIC 21 - Levies the interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.	01/01/2014
(vi)	IFRS 9 - Financial Instruments: Part 1: Classification and Measurement and Part 2: Hedge Accounting	-

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4. Financial Risk Management

I. Financial Instruments

Definition and Classification

Financial instruments cover all financial assets and liabilities of the Group. Financial assets include cash balances, on demand balances and placements with banks, investment securities, loans and advances to customers and banks and certain other financial assets. Financial liabilities include customer deposits, due to banks and certain other financial liabilities. Financial instruments also include contingent liabilities and commitments included in off-balance sheet items and derivative financial instruments.

Note 3 explains the accounting policies used to recognise and measure the major financial instruments and their related income and expense.

II. Risk Management

a) Risk Management Framework

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to their responsibilities. The Group is exposed to credit risk, liquidity risk, operational risk and market risk, which include trading and non-trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk Management Structure

The Board of Directors is ultimately responsible for identifying and controlling risks, however, there are separate independent bodies responsible for managing and monitoring risks.

Risk Committee

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

Risk Measurement and Reporting Systems

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries.

Information compiled from all businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, the Risk Committee and the head of each business division.

Internal Audit

Risk management processes throughout the Group are audited by the Group Internal Audit function, as part of each audit which examines both the adequacy and compliance with the procedures, in addition to the specific audit of the Group Risk function itself as per approved audit plan. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Group Audit and Compliance Committee.

Risk Mitigation

As part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks and exposures arising from forecast transactions. The risk profile is assessed before entering into hedge transactions, which are authorised by the appropriate level of seniority within the Group. The effectiveness of all hedge relationships is monitored by Risk Management on a monthly basis. In a situation of hedge ineffectiveness, the Group will enter into a new hedge relationship to mitigate risk on a continuous basis.

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4. Financial Risk Management (Continued)

b) Credit Risk

The Group manages its credit risk exposure through diversification of its investments, capital markets and lending and financing activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains collaterals when appropriate. The types of collaterals obtained include cash, treasury bills and bonds, mortgages over real estate properties and pledges over shares.

The Group uses the same credit risk procedures when entering into derivative transactions as it does for traditional lending products.

Note 10 discloses the distribution of loans and advances and financing activities by industrial sector. Note 33 discloses the geographical distribution of the Group's assets and liabilities.

The table below shows the maximum exposure to credit risk on the consolidated statement of financial position and certain off balance sheet items. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross Maximum Exposure	
	2013	**2012**
Cash and Balances with Central Banks (excluding Cash on Hand)	19,628,794	17,680,852
Due from Banks	13,602,258	37,021,743
Loans and Advances to Customers	310,712,046	249,936,341
Investment Securities	76,726,819	48,727,991
Other Assets	3,834,003	2,623,355
	424,503,920	**355,990,282**
Guarantees	30,634,508	17,961,223
Letters of Credit	7,168,439	3,850,124
Unutilised Credit Facilities	34,353,777	25,343,695
Total	**496,660,644**	**403,145,324**

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4. Financial Risk Management (Continued)

c) Risk Concentration for Maximum Exposure to Credit Risk by Industry Sector

An industry sector analysis of the Group's financial assets and contingent liabilities, before and after taking into account collateral held or other credit enhancements, is as follows:

	Gross Maximum Exposure 2013	Net Maximum Exposure 2013	Gross Maximum Exposure 2012	Net Maximum Exposure 2012
Government	109,557,873	-	81,890,669	-
Government Agencies	162,665,091	24,192,410	152,162,925	23,755,547
Industry	17,525,455	15,582,352	4,643,660	4,333,551
Commercial	8,002,510	6,015,585	4,699,923	3,664,959
Services	59,043,170	27,430,872	57,049,255	38,940,330
Contracting	3,626,766	2,033,728	2,247,983	997,276
Real Estate	32,969,890	6,390,124	26,338,603	3,350,785
Personal	26,112,059	10,297,513	18,800,006	4,639,299
Others	5,001,106	4,872,357	8,157,258	6,665,184
Guarantees	30,634,508	30,634,508	17,961,223	17,961,223
Letters of Credit	7,168,439	7,168,439	3,850,124	3,850,124
Unutilised Credit Facilities	34,353,777	34,353,777	25,343,695	25,343,695
Total	**496,660,644**	**168,971,665**	**403,145,324**	**133,501,973**

d) Credit Risk Exposure for Each Internal Risk Rating

It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates the focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

Equivalent Grades	2013	2012
AAA to AA-	117,434,294	102,018,531
A+ to A-	177,015,269	151,661,646
BBB+ to BBB-	900,761	713,622
BB+ and Below	34,902,846	1,091,055
Unrated	166,407,474	147,660,470
Total	**496,660,644**	**403,145,324**

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4. Financial Risk Management (Continued)

Unrated exposures represent credit facilities granted to corporations and individuals which do not have external credit ratings. Also, the ratings used by the Group are in line with the ratings and definitions published by international rating agencies.

e) Credit Quality

	Due from Banks		Loans and Advances to Customers		Investment Securities (Debt)	
	2013	2012	2013	2012	2013	2012
Neither Past Due Nor Impaired						
A: Low Risk	8,738,226	26,468,861	243,865,519	199,737,622	47,894,640	46,007,177
B: Standard Risk	4,864,032	10,552,882	66,850,596	49,962,756	28,889,304	2,776,034
Total	**13,602,258**	**37,021,743**	**310,716,115**	**249,700,378**	**76,783,944**	**48,783,211**
Past Due But Not Impaired						
A: Low Risk	-	-	122,536	12,319	-	-
B: Standard Risk/Watchlist	-	-	1,078,499	723,271	-	-
Total	**-**	**-**	**1,201,035**	**735,590**	**-**	**-**
Impaired						
Substandard	-	-	1,047,035	1,305,633	-	-
Doubtful	-	-	478,978	71,203	-	-
Loss	-	-	3,680,460	2,003,406	16,018	16,018
Sub Total	**-**	**-**	**5,206,473**	**3,380,242**	**16,018**	**16,018**
Less: Impairment Allowance	-	-	(6,411,577)	(3,879,869)	(73,143)	(71,238)
Net Carrying Amounts	**13,602,258**	**37,021,743**	**310,712,046**	**249,936,341**	**76,726,819**	**48,727,991**

At 31 December 2013 and 2012, none of the other assets were either past due or impaired.

	2013	2012
Investment Securities (Debt)		
Held to Maturity	53,014,704	34,637,259
Available-for-Sale	23,785,258	14,161,970
	76,799,962	**48,799,229**
Less: Impairment Allowance	(73,143)	(71,238)
Net Carrying Amount	**76,726,819**	**48,727,991**

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4. Financial Risk Management (Continued)

Aging Analysis of Past Dues not Impaired per category of Loans and Advances to Customers

	Less than 30 Days	31 - 60 Days	61 - 90 Days	Total
As at 31 December 2013				
Corporate Lending	243,865	323,341	138,193	705,399
Small Business Lending	15,818	82,001	4,533	102,352
Consumer Lending	179,981	131,370	25,798	337,149
Residential Mortgages	19,639	34,696	1,800	56,135
Total	**459,303**	**571,408**	**170,324**	**1,201,035**
As at 31 December 2012				
Corporate Lending	202,378	196,564	-	398,942
Small Business Lending	12,129	20,974	5,021	38,124
Consumer Lending	82,866	92,336	83,786	258,988
Residential Mortgages	-	26,377	13,159	39,536
Total	**297,373**	**336,251**	**101,966**	**735,590**

f) Renegotiated Loans and Advances

	2013	2012
Corporate Lending	1,255,897	107,233
Small Business Lending	151,972	21,500
Consumer Lending	172,326	995,793
Residential Mortgages	15,927	38,228
Total	**1,596,122**	**1,162,754**

g) Market Risk

The Group takes on exposure to market risks from interest rates, foreign exchange rates and equity prices due to general and specific market movements. The Group applies an internal methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Group has a set of limits on the value of risk that may be accepted, which is monitored on a daily basis.

Equity price risk, is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

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4. Financial Risk Management (Continued)

	Change in Equity Price %	Effect on Other Comprehensive Income 2013	Change in Equity Price %	Effect on Other Comprehensive Income 2012
Market Indices				
Qatar Exchange	±10	76,621	±10	108,226

h) Operational Risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel and other risks having an operational risk impact. The Group seeks to minimise actual or potential losses from operational risks failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

i) Other Risks

Other risks to which the Group is exposed are regulatory risk, legal risk and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues, that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate.

j) Risk of Managing Customer Investments

The Group provides custody and corporate administration to third parties in relation to mutual funds marketed or managed by the Group. These services give rise to legal and operational risk. Such risks are mitigated through detailed daily procedures and internal audits to assure compliance. Note 35 lists funds marketed by the Group.

k) Interest Rate Risk

Interest rate risk reflects the risk of a change in interest rates, which might affect future earnings or the fair value of financial instruments. Exposure to interest rate risk is managed by the Group using, where appropriate, various off-balance sheet instruments, primarily interest rate swaps. Maturities of assets and liabilities have been determined on the basis of contractual pricing. The following table summarises the repricing profile of the Group's assets, liabilities and off-balance sheet exposures:

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4. Financial Risk Management (Continued)

	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Non-Interest Sensitive	Total	Effective Interest Rate
As at 31 December 2013:							
Cash and Balances with Central Banks	4,784,482	-	-	-	18,124,971	22,909,453	
Due from Banks	7,651,287	2,809,537	1,839,555	-	1,301,879	13,602,258	1.41%
Loans and Advances	122,422,538	33,680,434	125,200,370	27,644,447	1,764,257	310,712,046	4.47%
Investments	29,098,027	17,327,319	16,626,662	13,674,811	7,415,824	84,142,643	6.03%
Other Assets	-	-	-	-	12,119,708	12,119,708	
Total Assets	**163,956,334**	**53,817,290**	**143,666,587**	**41,319,258**	**40,726,639**	**443,486,108**	
Due to Banks	8,625,297	2,456,836	-	-	485,910	11,568,043	1.31%
Customer Deposits	233,649,179	56,375,797	7,756,512	80,204	37,677,479	335,539,171	1.54%
Debt Securities	2,730,376	-	15,409,133	3,614,715	-	21,754,224	
Other Borrowings	10,940,686	406,924	1,054,333	6,211	-	12,408,154	
Other Liabilities	-	-	-	-	8,489,232	8,489,232	
Total Equity	-	-	-	-	53,727,284	53,727,284	
Total Liabilities and Equity	**255,945,538**	**59,239,557**	**24,219,978**	**3,701,130**	**100,379,905**	**443,486,108**	
Balance Sheet Items	(91,989,204)	(5,422,267)	119,446,609	37,618,128	(59,653,266)	-	
Off-Balance Sheet Items	13,123,800	15,986,132	(18,086,142)	(11,023,790)	-	-	
Interest Rate Sensitivity Gap	**(78,865,404)**	**10,563,865**	**101,360,467**	**26,594,338**	**(59,653,266)**	**-**	
Cumulative Interest Rate Sensitivity Gap	**(78,865,404)**	**(68,301,539)**	**33,058,928**	**59,653,266**	**-**	**-**	
As at 31 December 2012:							
Cash and Balances with Central Banks	7,281,482	-	-	-	12,548,094	19,829,576	
Due from Banks	36,250,618	143,375	-	-	627,750	37,021,743	0.47%
Loans and Advances	162,046,669	77,259,705	8,799,840	727,200	1,102,927	249,936,341	4.43%
Investments	5,683,017	6,354,615	24,846,876	11,843,483	7,115,240	55,843,231	4.87%
Other Assets	-	-	-	-	4,222,941	4,222,941	
Total Assets	**211,261,786**	**83,757,695**	**33,646,716**	**12,570,683**	**25,616,952**	**366,853,832**	
Due to Banks	18,712,321	3,163,953	-	-	325,496	22,201,770	0.74%
Customer Deposits	205,799,699	40,648,286	223,390	-	23,368,586	270,039,961	1.25%
Debt Securities	-	-	9,059,300	3,615,406	-	12,674,706	
Other Borrowings	6,749,951	-	86,425	-	-	6,836,376	
Other Liabilities	-	-	-	-	7,112,327	7,112,327	
Total Equity	-	-	-	-	47,988,692	47,988,692	
Total Liabilities and Equity	**231,261,971**	**43,812,239**	**9,369,115**	**3,615,406**	**78,795,101**	**366,853,832**	
Balance Sheet Items	(20,000,185)	39,945,456	24,277,601	8,955,277	(53,178,149)	-	
Off-Balance Sheet Items	3,523,751	1,248,358	(3,014,853)	(1,757,256)	-	-	
Interest Rate Sensitivity Gap	**(16,476,434)**	**41,193,814**	**21,262,748**	**7,198,021**	**(53,178,149)**	**-**	
Cumulative Interest Rate Sensitivity Gap	**(16,476,434)**	**24,717,380**	**45,980,128**	**53,178,149**	**-**	**-**	

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4. Financial Risk Management (Continued)

l) Interest Rate Sensitivity

The following table demonstrates the sensitivity to a possible and reasonable change in interest rates, with all other variables held constant, of the Group's income statement. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of non-trading financial assets and financial liabilities including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets, including the effect of any associated hedges and swaps designated as cash flow hedges. The sensitivity of equity is analysed by maturity of the asset or swap. Total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

			Sensitivity of Other Comprehensive Income				
2013	**Increase in Basis Points**	**Sensitivity of Net Interest Income**	**Within 3 Months**	**3 - 12 Months**	**1 - 5 Years**	**More than 5 Years**	**Total**
Currency							
Qatari Riyal	10	5,796	42,509	(8,254)	74,204	23,421	131,880
US$	10	(83,794)	(79,504)	4,417	(13,027)	(2,893)	(91,007)
Euro	10	(5,697)	(2,042)	(1,013)	6,487	-	3,432
Pounds Sterling	10	1,067	2,178	(441)	420	-	2,157
Other Currencies	10	6,957	4,214	4,285	553	1,983	11,035

			Sensitivity of Other Comprehensive Income				
2013	**Decrease in Basis Points**	**Sensitivity of Net Interest Income**	**Within 3 Months**	**3 - 12 Months**	**1 - 5 Years**	**More than 5 Years**	**Total**
Currency							
Qatari Riyal	10	(3,301)	940	7,266	(81,623)	(25,763)	(99,180)
US$	10	86,828	78,719	(4,760)	11,712	2,603	88,274
Euro	10	6,037	5,412	907	(7,136)	-	(817)
Pounds Sterling	10	(849)	(2,053)	393	(462)	-	(2,122)
Other Currencies	10	(6,312)	(4,523)	(4,673)	(575)	(2,181)	(11,952)

			Sensitivity of Other Comprehensive Income				
2012	**Increase in Basis Points**	**Sensitivity of Net Interest Income**	**Within 3 Months**	**3 - 12 Months**	**1 - 5 Years**	**More than 5 Years**	**Total**
Currency							
Qatari Riyal	10	(2,457)	8,130	(8,912)	24,192	4,091	27,501
US$	10	(82)	(14,151)	39,735	(19,168)	4,268	10,684
Euro	10	3,039	4,034	(747)	603	-	3,890
Pounds Sterling	10	613	1,493	(440)	747	-	1,800
Other Currencies	10	1,666	1,555	482	(46)	46	2,037

			Sensitivity of Other Comprehensive Income				
2012	**Decrease in Basis Points**	**Sensitivity of Net Interest Income**	**Within 3 Months**	**3 - 12 Months**	**1 - 5 Years**	**More than 5 Years**	**Total**
Currency							
Qatari Riyal	10	4,722	(8,408)	7,867	(16,500)	(4,501)	(21,542)
US$	10	4,550	11,604	(43,676)	20,692	(4,695)	(16,075)
Euro	10	(2,774)	(4,377)	666	(494)	-	(4,205)
Pounds Sterling	10	(371)	(1,572)	392	(534)	-	(1,714)
Other Currencies	10	(1,571)	(1,691)	(528)	98	(51)	(2,172)

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4. Financial Risk Management (Continued)

m) Liquidity Risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to cease immediately. To mitigate this risk, the Group has a diversification of funding sources and a diversified portfolio of high quality liquid assets and readily marketable securities. The table below summarises the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period on the statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's deposit retention history. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

	Within 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
As at 31 December 2013:						
Cash and Balances with Central Banks	8,815,538	-	-	-	14,093,915	22,909,453
Due from Banks	7,728,031	1,225,135	2,809,537	1,839,555	-	13,602,258
Loans and Advances	19,042,734	7,218,700	33,449,880	172,000,360	79,000,372	310,712,046
Investments	24,086,418	6,365,598	17,363,724	16,812,084	19,514,819	84,142,643
Other Assets	4,775,406	221,797	13,961	2,054,874	5,053,670	12,119,708
Total Assets	**64,448,127**	**15,031,230**	**53,637,102**	**192,706,873**	**117,662,776**	**443,486,108**
Due to Banks	9,054,421	56,786	2,456,836	-	-	11,568,043
Customer Deposits	205,758,678	68,671,962	51,692,118	9,316,043	100,370	335,539,171
Debt Securities	-	-	-	18,139,509	3,614,715	21,754,224
Other Borrowings	53,739	17,466	1,615,222	10,715,516	6,211	12,408,154
Other Liabilities and Equity	3,164,986	3,689,174	496,310	1,131,153	53,734,893	62,216,516
Total Liabilities and Equity	**218,031,824**	**72,435,388**	**56,260,486**	**39,302,221**	**57,456,189**	**443,486,108**
Difference	**(153,583,697)**	**(57,404,158)**	**(2,623,384)**	**153,404,652**	**60,206,587**	**-**
As at 31 December 2012:						
Cash and Balances with Central Banks	10,324,262	-	-	-	9,505,314	19,829,576
Due from Banks	36,095,456	782,912	143,375	-	-	37,021,743
Loans and Advances	8,513,267	3,332,256	25,585,421	197,887,564	14,617,833	249,936,341
Investments	1,896,740	4,768,724	6,354,615	25,083,424	17,739,728	55,843,231
Other Assets	2,967,210	38,289	2,490	970,519	244,433	4,222,941
Total Assets	**59,796,935**	**8,922,181**	**32,085,901**	**223,941,507**	**42,107,308**	**366,853,832**
Due to Banks	15,851,771	3,186,046	3,163,953	-	-	22,201,770
Customer Deposits	194,311,259	34,649,607	40,814,086	265,009	-	270,039,961
Debt Securities	-	-	-	9,059,300	3,615,406	12,674,706
Other Borrowings	-	-	239,917	6,596,459	-	6,836,376
Other Liabilities and Equity	2,104,947	3,620,908	392,862	993,610	47,988,692	55,101,019
Total Liabilities and Equity	**212,267,977**	**41,456,561**	**44,610,818**	**16,914,378**	**51,604,098**	**366,853,832**
Difference	**(152,471,042)**	**(32,534,380)**	**(12,524,917)**	**207,027,129**	**(9,496,790)**	**-**

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4. Financial Risk Management (Continued)

The Group's liquidity ratio is set at 100% which is maintained by the Group. The definition of items included for liquidity ratio is consistent with Qatar Central Bank regulations.

Maturity Analysis (Financial Liabilities and Derivatives)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations.

	Within 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
At 31 December 2013:						
Due to Banks	9,059,250	56,876	2,464,699	-	-	11,580,825
Customer Deposits	205,962,556	68,980,986	52,157,347	9,651,421	111,210	336,863,520
Debt Securities	18,400	49,008	295,654	19,866,780	3,772,758	24,002,600
Other Borrowings	54,832	28,903	1,703,345	10,818,066	6,584	12,611,730
Derivative Financial Instruments						
- Contractual Amounts Payable - Forward Contracts	6,538,222	1,831,287	6,005,394	37,835	-	14,412,738
- Contractual Amounts Receivable - Forward Contracts	(6,544,967)	(1,866,454)	(6,041,215)	(37,835)	-	(14,490,471)
- Contractual Amounts Payable/(Receivable) - Others	19,481	32,085	110,542	(35,540)	(310,371)	(183,803)
Total Liabilities	**215,107,774**	**69,112,691**	**56,695,766**	**40,300,727**	**3,580,181**	**384,797,139**
At 31 December 2012:						
Due to Banks	15,860,489	3,191,303	3,174,394	-	-	22,226,186
Customer Deposits	194,459,462	34,762,218	41,079,378	271,899	-	270,572,957
Debt Securities	-	27,203	249,905	10,231,579	3,630,878	14,139,565
Other Borrowings	-	9,703	282,440	6,768,565	-	7,060,708
Derivative Financial Instruments						
- Contractual Amounts Payable - Forward Contracts	3,260,443	1,158,746	2,323,101	-	-	6,742,290
- Contractual Amounts Receivable - Forward Contracts	(3,260,925)	(1,158,917)	(2,323,445)	-	-	(6,743,287)
- Contractual Amounts Payable/(Receivable) - Others	4,718	1,852	48,978	182,883	94,915	333,346
Total Liabilities	**210,324,187**	**37,992,108**	**44,834,751**	**17,454,926**	**3,725,793**	**314,331,765**

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4. Financial Risk Management (Continued)

n) Liquidity Risk and Funding Management

The table below summarises the contractual expiry dates by maturity of contingent liabilities:

	On Demand	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
As at 31 December 2013:						
Contingent Liabilities	10,148,509	18,481,973	36,280,292	9,988,371	8,773,803	**83,672,948**
As at 31 December 2012:						
Contingent Liabilities	2,225,549	13,736,742	24,080,723	15,719,917	3,522,399	**59,285,330**

o) Currency Risk

The Group takes on exposure to the effect of fluctuations in prevailing foreign currency exchange rates on its financial position. The Group has a set of limits on the level of currency exposure, which are monitored daily. The Group has the following significant net exposures denominated in foreign currencies:

	QR	US$	Euro	Pounds Sterling	Other Currencies	Total
As at 31 December 2013:						
Assets	266,810,508	88,866,935	20,019,148	9,513,215	58,276,302	**443,486,108**
Liabilities and Equity	178,314,754	190,956,798	20,784,642	9,638,513	43,791,401	**443,486,108**
Net Exposure	**88,495,754**	**(102,089,863)**	**(765,494)**	**(125,298)**	**14,484,901**	**-**
As at 31 December 2012:						
Assets	128,348,631	203,849,560	11,250,845	10,704,876	12,699,920	**366,853,832**
Liabilities and Equity	160,536,251	176,412,093	11,267,203	10,728,005	7,910,280	**366,853,832**
Net Exposure	**(32,187,620)**	**27,437,467**	**(16,358)**	**(23,129)**	**4,789,640**	**-**

p) Currency Risk - Effect of Change in Fair Value of Currency

The table below indicates the effect of a reasonably possible movement of the currency rate against the Qatari Riyal on the income statement, with all other variables held constant:

	Change in Currency Rate %	Effect on Consolidated Income Statement 2013	Effect on Consolidated Income Statement 2012
Currency			
US$	+2	(2,041,797)	548,749
Euro	+3	(22,965)	(491)
Pounds Sterling	+2	(2,506)	(463)
Other Currencies	+3	434,547	143,689
US$	-2	2,041,797	(548,749)
Euro	-3	22,965	491
Pounds Sterling	-2	2,506	463
Other Currencies	-3	(434,547)	(143,689)

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4. Financial Risk Management (Continued)

q) Capital Management

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by Qatar Central Bank in supervising the Group.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

r) Capital Adequacy

	2013 Basel II Risk Weighted Amount	2012 Basel II Risk Weighted Amount	2013 Carrying Amount	2012 Carrying Amount
Cash and Balances with Central Banks	4,359,826	1,256,604	22,909,453	19,829,576
Due from Banks	6,921,143	17,666,734	13,602,258	37,021,743
Loans and Advances to Customers	128,092,188	107,775,534	310,712,046	249,936,341
Investment Securities	3,955,150	2,513,446	78,302,635	50,047,924
Investment in Associates	-	-	5,840,008	5,795,307
Other Assets	6,389,161	3,948,844	12,119,708	4,222,941
Off Balance Sheet Items	27,987,121	17,041,365	154,906,315	87,704,976
Total Risk Weighted Assets for Credit Risk	**177,704,589**	**150,202,527**	**598,392,423**	**454,558,808**
Risk Weighted Assets for Market Risk	32,974,788	8,592,926		
Risk Weighted Assets for Operational Risk	18,190,298	14,630,348		
Total Risk Weighted Assets	**228,869,675**	**173,425,801**		
Total Eligible Capital	**35,769,467**	**36,487,414**		
Capital Adequacy Ratio	**15.6%**	**21.0%**		

The minimum accepted capital adequacy ratio is 10% under Qatar Central Bank requirements and 8% under Basel Committee on Banking Supervision requirements.

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5. Use of Estimates and Judgements

a) Key Sources of Estimation Uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Allowances for Credit Losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in the accounting policies.

The specific counterparty component of the total allowances for impairment, applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function. Minimum impairments on specific counterparties are determined based on the QCB regulations.

Collectively assessed impairment allowances cover credit losses, inherent in portfolios of loans and advances to customers and investment securities measured at amortised cost with similar credit risk characteristics, when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In assessing the need for collective loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on the estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

(ii) Determining Fair Value

The determination of fair value for financial assets and liabilities, for which there is no observable market price requires the use of valuation techniques as described in the accounting policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

b) Critical Accounting Judgements in Applying the Group's Accounting Policies

(i) Valuation of Financial Instruments

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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5. Use of Estimates and Judgements (Continued)

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
As at 31 December 2013:				
Derivative Assets Held for Risk Management	-	773,171	-	773,171
Investment Securities	15,342,883	9,676,802	-	25,019,685
Total	**15,342,883**	**10,449,973**	**-**	**25,792,856**
Derivative Liabilities Held for Risk Management	-	281,075	-	281,075
Total	**-**	**281,075**	**-**	**281,075**
As at 31 December 2012:				
Derivative Assets Held for Risk Management	-	64,729	-	64,729
Investment Securities	14,394,171	818,802	-	15,212,973
Total	**14,394,171**	**883,531**	**-**	**15,277,702**
Derivative Liabilities Held for Risk Management	-	258,722	-	258,722
Total	**-**	**258,722**	**-**	**258,722**

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5. Use of Estimates and Judgements (Continued)

(ii) Financial Asset and Liability Classification

The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policies.
- In designating financial assets at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in accounting policies.
- In classifying financial assets as held to maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policies.

Details of the Group's classification of financial assets and liabilities are given in Note 7.

(iii) Qualifying Hedge Relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship.

In accounting for derivatives as cash flow hedges, the Group has determined that the hedged cash flow exposure relates to highly probable future cash flows.

(iv) Impairment of Investments in Equity and Debt Securities

Investments in equity and debt securities are evaluated for impairment on the basis described in the significant accounting policies section.

(v) Useful Lives of Property and Equipment

The Group's management determines the estimated useful life of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

(vi) Useful Lives of Intangible Assets

The Group's management determines the estimated useful life of its intangible assets for calculating amortisation. This estimate is determined after considering the expected economic benefits to be received from the use of intangible assets.

6. Operating Segments

The Group organises and manages its operations through four main business segments, as described below, which are the Group's strategic business units. For each strategic business unit, the Group management committee reviews internal management reports on at least a quarterly basis. The strategic business units offer different products and services and are managed separately because they require different strategies.

Corporate Banking

Corporate Banking includes loans, deposits, investment and advisory services and other products and services with corporate customers, and undertakes the Group's funding and centralised risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short term placements and corporate and government debt securities.

Consumer Banking

Consumer Banking includes loans, deposits and a diversified range of products and services to retail customers.

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6. Operating Segments (Continued)

Asset and Wealth Management

Asset and Wealth Management includes loans, deposits, assets management, brokerage and custody services to high net worth customers.

International Banking

International Banking includes loans, deposits and other products and services with corporate and individual customers in the Group's international locations.

	Qatar Operations						
	Corporate Banking	Consumer Banking	Asset and Wealth Manage-ment	Interna-tional Banking	QNB ALAHLI	Unallocated and Intra-group Transactions	Total
At 31 December 2013:							
External Revenue:							
Net Interest Income	7,032,663	432,381	408,295	1,946,002	1,715,052	25,347	11,559,740
Net Fee and Commission Income	654,512	138,476	258,836	318,311	530,853	27,314	1,928,302
Foreign Exchange Gain	310,154	72,406	107,516	91,384	123,390	56,773	761,623
Income from Investment Securities	167,501	-	-	254	15,973	-	183,728
Other Operating Income	249	10	1,016	12,516	67	60	13,918
Share of Results of Associates	11,349	-	-	253,309	5,190	-	269,848
Total Segment Revenue	**8,176,428**	**643,273**	**775,663**	**2,621,776**	**2,390,525**	**109,494**	**14,717,159**
Reportable Segment Profit	**6,526,747**	**87,298**	**434,515**	**1,778,186**	**841,332**	**(189,441)**	**9,478,637**
Reportable Segment:							
Loans and Advances	227,667,987	7,645,337	15,345,103	38,183,120	21,870,499	-	310,712,046
Customer Deposits	155,729,347	16,518,766	40,810,294	86,610,915	35,869,849	-	335,539,171
Assets	318,124,784	17,088,527	41,859,006	141,840,022	43,056,856	(118,483,087)	443,486,108
At 31 December 2012:							
External Revenue:							
Net Interest Income	6,538,711	391,791	406,282	1,781,424	-	31,523	9,149,731
Net Fee and Commission Income	741,640	140,401	195,470	202,104	-	25,188	1,304,803
Foreign Exchange Gain	408,393	41,556	34,950	60,148	-	53,394	598,441
Income from Investment Securities	168,778	-	-	7,074	-	-	175,852
Other Operating Income	261	7	134	9,037	-	16	9,455
Share of Results of Associates	6,428	-	-	246,550	-	-	252,978
Total Segment Revenue	**7,864,211**	**573,755**	**636,836**	**2,306,337**	**-**	**110,121**	**11,491,260**
Reportable Segment Profit	**6,219,215**	**13,054**	**498,482**	**1,735,967**	**-**	**(127,896)**	**8,338,822**
Reportable Segment:							
Loans and Advances	205,519,772	6,839,515	7,980,202	29,596,852	-	-	249,936,341
Customer Deposits	150,853,867	13,870,858	21,247,792	84,067,444	-	-	270,039,961
Assets	292,924,292	13,962,829	22,584,284	128,696,791	-	(91,314,364)	366,853,832

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7. Financial Assets and Liabilities

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Held to Maturity	Loans and Advances	Available-for-sale	Other Amortised Cost	Total Carrying Amount	Fair Value
As at 31 December 2013:						
Cash and Balances with Central Banks	-	22,909,453	-	-	22,909,453	22,909,453
Due from Banks	-	-	-	13,602,258	13,602,258	13,602,258
Loans and Advances to Customers	-	310,712,046	-	-	310,712,046	310,712,046
Investment Securities:						
- Measured at Fair Value	-	-	25,337,389	-	25,337,389	25,337,389
- Measured at Amortised Cost	52,965,246	-	-	-	52,965,246	53,670,296
	52,965,246	**333,621,499**	**25,337,389**	**13,602,258**	**425,526,392**	**426,231,442**
Due to Banks	-	-	-	11,568,043	11,568,043	11,581,838
Customer Deposits	-	-	-	335,539,171	335,539,171	335,539,171
Debt Securities	-	-	-	21,754,224	21,754,224	21,754,224
Other Borrowings	-	-	-	12,408,154	12,408,154	12,408,154
	-	**-**	**-**	**381,269,592**	**381,269,592**	**381,283,387**
As at 31 December 2012:						
Cash and Balances with Central Banks	-	19,829,576	-	-	19,829,576	19,829,576
Due from Banks	-	-	-	37,021,743	37,021,743	37,021,743
Loans and Advances to Customers	-	249,936,341	-	-	249,936,341	249,936,341
Investment Securities:						
- Measured at Fair Value	-	-	15,447,842	-	15,447,842	15,447,842
- Measured at Amortised Cost	34,600,082	-	-	-	34,600,082	36,912,561
	34,600,082	**269,765,917**	**15,447,842**	**37,021,743**	**356,835,584**	**359,148,063**
Due to Banks	-	-	-	22,201,770	22,201,770	22,242,457
Customer Deposits	-	-	-	270,039,961	270,039,961	270,039,961
Debt Securities	-	-	-	12,674,706	12,674,706	12,674,706
Other Borrowings	-	-	-	6,836,376	6,836,376	6,836,376
	-	**-**	**-**	**311,752,813**	**311,752,813**	**311,793,500**

Investment Securities - Unquoted Equity Securities at Cost

The above table includes QR251.9 million as at 31 December 2013 (2012: QR213.3 million) of equity investment securities in both the carrying amount and fair value columns that were measured at cost and for which disclosure of fair value was not provided, because their fair value was not considered to be reliably measureable.

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8. Cash and Balances with Central Banks

	2013	2012
Cash	3,280,659	2,148,724
Cash Reserve with Qatar Central Bank	10,769,139	8,611,221
Other Balances with Qatar Central Bank	140,004	6,556,422
Balances with Other Central Banks	8,719,651	2,513,209
Total	**22,909,453**	**19,829,576**

Cash reserve with Qatar Central Bank is a mandatory reserve and cannot be used to fund the Group's day-to-day operations.

9. Due from Banks

	2013	2012
Current Accounts	1,315,408	2,738,385
Placements	11,238,063	33,482,348
Loans	1,048,787	801,010
Total	**13,602,258**	**37,021,743**

10. Loans and Advances to Customers

a) By Type

	2013	2012
Loans	303,220,746	249,104,953
Overdrafts	12,026,993	4,831,855
Bills Discounted	2,102,185	581,931
	317,349,924	**254,518,739**
Deferred Profit	(226,301)	(702,529)
Allowance for Impairment of Loans and Advances to Customers	(6,411,577)	(3,879,869)
Net Loans and Advances to Customers	**310,712,046**	**249,936,341**

The aggregate amount of non-performing loans and advances to customers amounted to QR5,206 million, which represents 1.6% of total loans and advances to customers (2012: QR3,380 million, 1.3% of total loans and advances to customers).

Allowance for impairment of loans and advances to customers includes QR839.2 million of interest in suspense (2012: QR540.9 million).

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10. Loans and Advances to Customers (Continued)

b) By Industry

	Loans & Advances	Overdrafts	Bills Discounted	Total
As at 31 December 2013:				
Government	38,246,121	424,878	-	38,670,999
Government Agencies	142,260,579	6	-	142,260,585
Industry	12,423,733	4,043,073	551,971	17,018,777
Commercial	6,166,849	1,565,721	207,569	7,940,139
Services	44,568,236	2,198,942	758,122	47,525,300
Contracting	2,497,060	1,021,150	101,362	3,619,572
Real Estate	31,560,405	340,665	116,738	32,017,808
Personal	23,488,203	2,355,925	3,997	25,848,125
Others	2,009,560	76,633	362,426	2,448,619
Total	**303,220,746**	**12,026,993**	**2,102,185**	**317,349,924**
As at 31 December 2012:				
Government	36,012,597	1,603,807	-	37,616,404
Government Agencies	131,383,667	706	-	131,384,373
Industry	4,482,652	42,284	1,347	4,526,283
Commercial	4,523,525	277,623	332,205	5,133,353
Services	23,145,069	192,090	236,710	23,573,869
Contracting	2,148,288	354,259	9,115	2,511,662
Real Estate	27,488,076	17,844	-	27,505,920
Personal	17,603,414	2,273,548	295	19,877,257
Others	2,317,665	69,694	2,259	2,389,618
Total	**249,104,953**	**4,831,855**	**581,931**	**254,518,739**

The amounts above include figures before subtracting specific impairment.

c) Movement in Impairment of Loans and Advances to Customers

	2013	2012
Balance as at 1 January	3,879,869	2,680,172
Foreign Currency Translation	(72,893)	(12,255)
Net Allowance during the Year	1,743,153	1,203,946
Allowances Made during the Year	2,225,919	1,686,100
Recoveries during the Year	(482,766)	(482,154)
Impairment Allowance relating to Acquired Subsidiary	934,519	13,855
Written off / Transfers during the Year	(73,071)	(5,849)
Balance as at 31 December	**6,411,577**	**3,879,869**

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10. Loans and Advances to Customers (Continued)

d) Impairment on Loans and Advances to Customers

	Corporate Lending	Small Business Lending	Consumer Lending	Residential Mortgages	Total
Balance at 1 January 2013	2,556,289	98,028	1,153,157	72,395	3,879,869
Foreign Currency Translation	(53,588)	(5,620)	(13,057)	(628)	(72,893)
Allowances Made during the Year	1,810,664	122,784	276,473	15,998	2,225,919
Recoveries during the Year	(347,192)	(22,156)	(112,122)	(1,296)	(482,766)
Impairment Allowance relating to Acquired Subsidiary	723,624	62,363	144,793	3,739	934,519
Written off / Transfers during the Year	(59,482)	-	(13,589)	-	(73,071)
Balance at 31 December 2013	**4,630,315**	**255,399**	**1,435,655**	**90,208**	**6,411,577**
Balance at 1 January 2012	1,528,056	54,771	989,747	107,598	2,680,172
Foreign Currency Translation	(12,516)	(7)	286	(18)	(12,255)
Allowances Made during the Year	1,188,467	107,092	383,713	6,828	1,686,100
Recoveries during the Year	(159,345)	(63,497)	(217,299)	(42,013)	(482,154)
Impairment Allowance relating to Acquired Subsidiary	13,855	-	-	-	13,855
Written off / Transfers during the Year	(2,228)	(331)	(3,290)	-	(5,849)
Balance at 31 December 2012	**2,556,289**	**98,028**	**1,153,157**	**72,395**	**3,879,869**

e) Net Impairment During the Year

	2013	2012
Corporate Lending	(1,110,899)	(1,008,197)
Small Business Lending	(118,382)	(45,163)
Consumer Lending	(284,169)	(39,607)
Residential Mortgages	(2,462)	37,011
Total	**(1,515,912)**	**(1,055,956)**

11. Investment Securities

Investments as at 31 December 2013 totaled QR78,303 million (2012: QR50,048 million). The analysis of investment securities is detailed below:

a) Available-for-Sale Financial Investments

	2013		2012	
	Quoted	Unquoted	Quoted	Unquoted
Equities	311,335	251,917	312,700	213,297
State of Qatar Debt Securities	6,878,909	-	12,365,060	-
Other Debt Securities	16,866,738	15,926	1,743,989	18,860
Mutual Funds	946,777	65,787	772,364	21,572
Total	**25,003,759**	**333,630**	**15,194,113**	**253,729**

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11. Investment Securities (Continued)

Fixed rate securities and floating rate securities amounted to QR23,714 million and QR47.4 million respectively (2012: QR13,946 million and QR181.9 million respectively).

The above includes impairment allowance in respect of debt securities amounting to QR23.7 million (2012: QR34.0 million).

b) Held to Maturity Financial Investments

	2013		2012	
	Quoted	**Unquoted**	**Quoted**	**Unquoted**
- By Issuer				
State of Qatar Debt Securities	34,561,971	42,674	29,166,331	42,855
Other Debt Securities	17,967,699	392,902	4,785,610	605,286
Total	**52,529,670**	**435,576**	**33,951,941**	**648,141**
- By Interest Rate				
Fixed Rate Securities	52,375,290	433,930	33,734,377	648,141
Floating Rate Securities	154,380	1,646	217,564	-
Total	**52,529,670**	**435,576**	**33,951,941**	**648,141**

The above includes impairment allowance in respect of debt securities amounting to QR49.4 million (2012: QR37.2 million). The carrying amount and fair value of securities pledged under repurchase agreements amounted to QR3,655 million and QR3,669 million respectively (2012: QR1,972 million and QR2,013 million respectively).

12. Investments In Associates

	2013	2012
Balance at 1 January	5,795,307	4,703,260
Foreign Currency Translation	17,331	3,081
Investments Acquired during the Year	103	1,070,217
Share in Profit	269,848	252,978
Cash Dividend	(119,038)	(117,200)
Associates Sold / Transferred	(106,895)	(81,570)
Related to Subsidiary	12,349	-
Other Movements	(28,997)	(35,459)
Balance at 31 December	**5,840,008**	**5,795,307**

		Ownership %	
Name of Associate	**Country**	**2013**	**2012**
Housing Bank for Trade and Finance	Jordan	34.5	34.5
Al Jazeera Finance Company	Qatar	20.0	20.0
Commercial Bank International	UAE	40.0	40.0
Bank of Commerce and Development	Libya	49.0	49.0
NSGB Life Insurance	Egypt	25.0	-
Senouhi Company for Construction Materials	Egypt	23.0	-
Société Générale Asset Management (SGAM)	Egypt	5.0	-

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12. Investments In Associates (Continued)

The table below shows the summarised financial information of the Group's investment in listed associates:

	Total Assets	Total Liabilities	Equity	Group's Share of Profit
Balance at 30 September 2013				
Housing Bank for Trade and Finance	36,933,001	31,726,428	5,206,573	172,219
Commercial Bank International	15,140,821	12,997,853	2,142,967	63,322
Balance at 31 December 2012				
Housing Bank for Trade and Finance	36,349,556	30,984,665	5,364,891	163,029
Commercial Bank International	12,626,600	10,639,882	1,986,718	67,466

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13. Property and Equipment

	Land & Buildings	Leasehold Improvements	Equipment & Furniture	Motor Vehicles	Total
Balance at 31 December 2013					
Cost:					
Balance at 1 January	688,133	370,951	705,532	8,272	1,772,888
Additions / Transfers	88,260	45,634	125,221	13,334	272,449
Relating to Subsidiary	530,652	70,276	249,873	5,448	856,249
Disposals	(30,892)	(1,600)	(5,308)	(4,030)	(41,830)
Foreign Currency Translation	(35,699)	(7,722)	(14,610)	(1,646)	(59,677)
	1,240,454	**477,539**	**1,060,708**	**21,378**	**2,800,079**
Accumulated Depreciation:					
Balance at 1 January	128,219	218,079	464,138	5,396	815,832
Charged during the Year	47,678	73,061	131,675	2,948	255,362
Relating to Subsidiary	152,213	34,101	170,929	3,192	360,435
Disposals	-	(2,189)	(4,717)	(2,828)	(9,734)
Foreign Currency Translation	(2,326)	(2,014)	(7,227)	(1,215)	(12,782)
	325,784	**321,038**	**754,798**	**7,493**	**1,409,113**
Net Carrying Amount	**914,670**	**156,501**	**305,910**	**13,885**	**1,390,966**
Balance at 31 December 2012					
Cost:					
Balance at 1 January	732,756	304,458	578,461	8,634	1,624,309
Additions / Transfers	2,122	79,224	139,847	538	221,731
Relating to Subsidiary	5,685	-	3,935	115	9,735
Disposals	-	(1,054)	(6,889)	(450)	(8,393)
Foreign Currency Translation	(52,430)	(11,677)	(9,822)	(565)	(74,494)
	688,133	**370,951**	**705,532**	**8,272**	**1,772,888**
Accumulated Depreciation:					
Balance at 1 January	108,065	158,348	373,992	4,845	645,250
Charged during the Year	22,564	65,492	96,597	1,012	185,665
Relating to Subsidiary	-	-	1,472	21	1,493
Disposals	-	(1,014)	(4,769)	(190)	(5,973)
Foreign Currency Translation	(2,410)	(4,747)	(3,154)	(292)	(10,603)
	128,219	**218,079**	**464,138**	**5,396**	**815,832**
Net Carrying Amount	**559,914**	**152,872**	**241,394**	**2,876**	**957,056**

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14. Intangible Assets

	Goodwill	Core Deposit Intangibles	Operating Licence	Total
Cost				
Balance at 31 December 2012	212,606	-	55,795	268,401
Foreign Currency Translation	-	-	(277)	(277)
Additions	3,931,485	905,576	494,078	5,331,139
Relating to Subsidiary	-	70,426	58,031	128,457
Balance at 31 December 2013	**4,144,091**	**976,002**	**607,627**	**5,727,720**
Accumulated Amortisation				
Balance at 31 December 2012	-	-	(7,185)	(7,185)
Foreign Currency Translation	-	78	87	165
Amortisation Charge	-	(82,705)	(11,877)	(94,582)
Relating to Subsidiary	-	(37,521)	(38,792)	(76,313)
Balance at 31 December 2013	**-**	**(120,148)**	**(57,767)**	**(177,915)**
Net Book Value as at 31 December 2013	**4,144,091**	**855,854**	**549,860**	**5,549,805**
Net Book Value as at 31 December 2012	212,606	-	48,610	261,216

Impairment Tests for Goodwill and Intangible Assets with Indefinite Lives

The Group performed its annual impairment test in accordance with its accounting policy. The recoverable amounts of of cash-generating units were determined based on value-in-use calculations and these were higher than the carrying amounts. Consequently, no impairment was considered necessary as at the end of the reporting period.

15. Other Assets

	2013	2012
Interest Receivable	2,596,598	2,028,638
Prepaid Expenses	61,615	63,520
Positive Fair Value of Derivatives (Note 34)	773,171	64,729
Sundry Debtors	464,234	529,988
Others	1,283,319	317,794
Total	**5,178,937**	**3,004,669**

16. Due to Banks

	2013	2012
Balances Due to Central Banks	235,713	263,887
Current Accounts	1,302,239	13,961,126
Deposits	6,374,813	6,004,794
Repurchase Agreements	3,655,278	1,971,963
Total	**11,568,043**	**22,201,770**

17. Customer Deposits

a) By Type

	2013	2012
Current and Call Accounts	79,679,198	75,627,666
Saving Accounts	7,394,238	3,342,967
Time Deposits	248,465,735	191,069,328
Total	**335,539,171**	**270,039,961**

Customer deposits include QR1,376 million of margins held for direct and indirect facilities (2012: QR467.8 million).

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17. Customer Deposits (Continued)

b) By Sector

	2013	2012
Government	32,685,288	24,349,546
Government Agencies	132,755,968	139,965,075
Individuals	67,416,794	29,475,307
Corporate	102,681,121	76,250,033
Total	**335,539,171**	**270,039,961**

18. Debt Securities

	2013	2012
Face Value of Bonds	21,843,000	12,741,750
Less: Unamortised Discount	(88,776)	(67,044)
Total	**21,754,224**	**12,674,706**

The table below shows the debt securities issued by the Group as at the end of the reporting period:

Currency	Issue Price	Coupon Rate	Maturity Date	2013 Amounts (Net of Unamortised Discount)	2012 Amounts (Net of Unamortised Discount)
USD	99.017%	3.125%	16-Nov-15	5,440,661	5,429,925
USD	99.631%	3.375%	22-Feb-17	3,632,063	3,629,846
USD	99.293%	2.125%	14-Feb-18	3,620,304	3,614,935
USD	99.216%	2.875%	29-Apr-20	3,614,715	-
USD	99.459%	2.750%	31-Oct-18	2,716,105	-
USD	100.000%	3M LIBOR +125bps	31-Oct-16	2,730,376	-
Total				**21,754,224**	**12,674,706**

19. Other Borrowings

The table below shows the other borrowings issued by the Group as at the end of the reporting period:

Currency	Issue Price	Coupon Rate	Maturity Date	2013	2012
USD	100%	3M LIBOR+100bps	12-Aug-15	6,526,435	6,510,033
EUR	100%	3M EURIBOR+20bps	24-Jun-14	250,593	-
HKD	100%	2.00%	20-Dec-17	86,388	86,425
HKD	100%	2.00%	29-Jan-18	72,773	-
CHF	100%	3M LIBOR+40bps	12-Jan-15	1,225,560	-
CHF	100%	3M LIBOR+53bps	13-May-16	817,040	-
CHF	100%	0.50%	27-Jun-16	817,040	-
CNY	100%	2.49%	6-Jun-14	360,810	-
EUR	99.85%	3M EURIBOR+30bps	24-Oct-14	300,462	-
EUR	100%	3M EURIBOR+30bps	19-Dec-14	293,193	-
USD	100%	3M LIBOR+80bps	16-Jul-15	182,025	-
USD	100%	1M LIBOR+42bps	11-Sep-14	364,050	-
USD	100%	3M LIBOR+75bps	16-Sep-15	182,025	-
USD	100%	1M LIBOR+58bps	23-Jan-15	364,050	-
USD	100%	3M LIBOR+50bps	30-Apr-15	364,050	-
EUR	100%	3M EURIBOR+51bps	18-Jun-13	-	239,918
EGP	100%	Corridor+125bps	22-Feb-17	49,596	-
EGP	100%	10.25% to 11.90%	31-Aug-20	50,216	-
EGP	100%	10.50%	25-Sep-14	2,365	-
EGP	100%	10.50%	2-May-18	24,979	-
EGP	100%	4.00% to 5.00%	11-Oct-16	22,079	-
EGP	100%	Mid-Corridor+175bps	25-Aug-18	46,773	-
EGP	100%	1.00%	10-Jan-15	496	-
USD	100%	6M LIBOR+15bps	30-Jun-17	5,156	-
Total				**12,408,154**	**6,836,376**

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20. Other Liabilities

	2013	2012
Interest Payable	2,573,626	2,604,620
Expense Payable	792,960	494,147
Other Provisions (Note 21)	86,244	58,719
Tax Payable	488,744	57,345
Negative Fair Value of Derivatives (Note 34)	281,075	258,722
Unearned Revenue	1,588,337	1,300,924
Social and Sports Fund	171,478	165,071
Deferred Tax Liability	202,119	-
Others	2,304,649	2,172,779
Total	**8,489,232**	**7,112,327**

21. Other Provisions

	Staff Indemnity	Legal Provision	Total 2013	Total 2012
Balance as at 1 January	53,665	5,054	58,719	53,788
Foreign Currency Translation	-	-	-	72
Provisions Made during the Year	10,679	19,905	30,584	12,543
	64,344	**24,959**	**89,303**	**66,403**
Provisions Recovered during the Year	-	-	-	(1,232)
Provisions Paid and Written Off during the Year	(2,390)	(669)	(3,059)	(6,452)
Balance as at 31 December	**61,954**	**24,290**	**86,244**	**58,719**

22. Shareholders' Equity

a) Issued Capital

The authorised, issued and fully paid up share capital of the Bank totaling QR6,997 million consists of 699,729,438 ordinary shares of QR10 each (2012: 699,729,438 shares of QR10 each).

Qatar Investment Authority holds 50% of the ordinary shares of the Bank with the remaining 50% held by members of the public. All shares issued are of the same class and carry equal rights.

The table below shows the number of shares outstanding at the beginning and end of the year:

	2013	2012
Number of Shares Outstanding at the Beginning of the Year	699,729,438	636,117,671
Bonus Shares	-	63,611,767
Number of Shares Outstanding at the End of the Year	**699,729,438**	**699,729,438**

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22. Shareholders' Equity (Continued)

b) Legal Reserve

In accordance with Qatar Central Bank Law, at least 10% of profit for the year is required to be transferred to the legal reserve until the reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in the Qatar Commercial Companies Law No. 5 of 2002 and after Qatar Central Bank approval. When bonus shares are proposed, an increase in the legal reserve is proposed equivalent to the increase in capital to enhance the financial position of the Group.

The proceeds received from the rights issue, net of any directly attributable transaction costs, are directly credited to share capital (nominal value of shares) and legal reserve (share premium on rights issue) when shares have been issued higher than their nominal value as per Qatar Commercial Companies Law No. 5 of 2002.

c) Risk Reserve

In accordance with Qatar Central Bank regulations, a risk reserve is made to cover contingencies on loans and advances to customers, with a minimum requirement of 2.5% of the total direct facilities after excluding provisions for credit losses, deferred profits, exposures granted to or guaranteed by Government and exposures against cash collaterals.

d) Fair Value Reserve

	Cash Flow Hedges	Available-for-Sale Investments	Total 2013	Total 2012
Balance at 1 January	(198,628)	610,031	411,403	496,958
Foreign Currency Translation	16	(3,553)	(3,537)	-
Revaluation Impact	657,303	422,766	1,080,069	20,545
Reclassified to Consolidated Income Statement	-	(107,991)	(107,991)	(106,100)
Related to Subsidiary	3,953	18,057	22,010	-
Net Movement during the Year	661,272	329,279	990,551	(85,555)
Balance at 31 December	**462,644**	**939,310**	**1,401,954**	**411,403**

Fair value reserve for available-for-sale investment securities as at 31 December 2013 includes a negative fair value amounting to QR52.8 million (2012: QR3.2 million).

e) Foreign Currency Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

f) Other Reserves

Other reserves represent mainly a general reserve which, in accordance with the Bank's Articles of Association, shall be employed according to a resolution of the General Assembly upon the recommendation from the Board of Directors and after Qatar Central Bank approval. Currency translation adjustments and share of changes recognised directly in associates' equity are not available for distribution. Details of other reserves are as follows:

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22. Shareholders' Equity (Continued)

	2013	2012
General Reserve	1,769,073	1,770,034
Share of Changes Recognised Directly in Associates' Equity, excluding Share of Profit	(49,959)	(18,860)
Total	**1,719,114**	**1,751,174**

g) Retained Earnings

Retained earnings include the Group's share in profit of associates. These profits are distributable to the shareholders only to the extent of the cash received.

h) Proposed Dividend

The Board of Directors have proposed a cash dividend of 70% of the nominal share value (QR7.0 per share) for the year ended 31 December 2013 (2012: cash dividend 60% of the nominal share value (QR6.0 per share)). The amounts are subject to the approval of the General Assembly.

23. Non-Controlling Interest

Represents the Non-Controlling Interest in QNB-Syria amounting to 49.2% of the share capital, 30.4% in QNB Kesawan, 49.2% in Al-Mansour Investment Bank, 0.04% in QNB Tunisia and 2.88% in QNB ALAHLI.

24. Interest Income

	2013	2012
Due from Central Banks	69,779	33,473
Due from Banks	371,980	79,386
Debt Securities	3,922,538	2,257,317
Loans and Advances	12,406,582	9,972,292
Total	**16,770,879**	**12,342,468**

25. Interest Expense

	2013	2012
Due to Banks	341,444	227,528
Customer Deposits	4,203,359	2,574,677
Debt Securities	512,839	304,096
Others	153,497	86,436
Total	**5,211,139**	**3,192,737**

26. Fee and Commission Income

	2013	2012
Loans and Advances	572,944	594,870
Off-Balance Sheet Items	501,835	184,135
Bank Services	734,259	425,542
Investment Activities for Customers	233,763	194,162
Others	53,302	30,488
Total	**2,096,103**	**1,429,197**

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27. Foreign Exchange Gain

	2013	2012
Dealing in Foreign Currencies	401,583	510,738
Revaluation of Assets and Liabilities	342,838	71,801
Revaluation of Derivatives	17,202	15,902
Total	**761,623**	**598,441**

28. Income from Investment Securities

	2013	2012
Net Gains from Sale of Available-for-Sale Securities	107,991	111,756
Dividend Income	75,737	64,096
Total	**183,728**	**175,852**

29. Staff Expenses

	2013	2012
Staff Costs	1,630,055	1,041,830
Staff Pension Fund Costs	29,856	28,187
Staff Indemnity Costs	10,679	8,739
Total	**1,670,590**	**1,078,756**

30. Other Expenses

	2013	2012
Training	37,165	25,177
Advertising	251,382	189,409
Professional Fees	95,071	77,061
Communication and Insurance	136,351	96,942
Occupancy and Maintenance	216,244	111,217
Computer and IT Costs	124,807	87,835
Printing and Stationery	28,750	10,336
Directors' Fees	11,380	11,380
Others	171,244	52,283
Total	**1,072,394**	**661,640**

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31. Earnings Per Share

Earnings per share for the Group is calculated by dividing profit for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit for the Year Attributable to Equity Holders of the Bank	9,478,637	8,338,822
Weighted Average Number of Shares	699,729,438	699,729,438
Earnings Per Share (QR)	**13.5**	**11.9**

The Weighted Average Number of Shares have been Calculated as follows:

	2013	2012
Weighted Average Number of Shares at the Beginning of the Year	699,729,438	636,117,671
Effect of Bonus Share Issue	-	63,611,767
Weighted Average Number of Shares at the End of the Year	**699,729,438**	**699,729,438**

32. Contingent Liabilities and Other Commitments

a) Contingent Liabilities

	2013	2012
Unutilised Credit Facilities	34,353,777	25,343,695
Guarantees	30,634,508	17,961,223
Letters of Credit	7,168,439	3,850,124
Others	11,516,224	12,130,288
Total	**83,672,948**	**59,285,330**

b) Other Commitments

	2013	2012
Forward Foreign Exchange Contracts	14,490,471	6,743,287
Interest Rate Swaps	39,534,591	10,054,970
Options, Caps and Floors	2,400,676	1,176,556
Mutual Funds	14,807,629	10,444,833
Total	**71,233,367**	**28,419,646**

Unutilised Credit Facilities

Commitments to extend credit represent contractual commitments to make loans and revolving credits. The majority of these expire in the next year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Guarantees and Letters of Credit

Guarantees and letters of credit commit the Group to make payments on behalf of customers in the case of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

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33. Geographical Distribution

	Qatar	Other GCC Countries	Europe	North America	Others	Total
At 31 December 2013:						
Cash and Balances with						
Central Banks	13,086,105	813,794	97,968	-	8,911,586	22,909,453
Due from Banks	1,636,276	1,575,727	4,496,295	636,573	5,257,387	13,602,258
Loans and Advances	250,658,427	9,099,984	16,759,851	638,930	33,554,854	310,712,046
Investments	46,049,660	4,029,884	551,263	904,506	32,607,330	84,142,643
	311,430,468	**15,519,389**	**21,905,377**	**2,180,009**	**80,331,157**	**431,366,400**
Other Assets						12,119,708
Total Assets						**443,486,108**
Due to Banks	216,513	8,576,568	746,385	165,920	1,862,657	11,568,043
Customer Deposits	213,058,407	18,134,965	50,131,632	234,890	53,979,277	335,539,171
Debt Securities	-	-	21,754,224	-	-	21,754,224
Other Borrowings	-	-	5,680,059	-	6,728,095	12,408,154
	213,274,920	**26,711,533**	**78,312,300**	**400,810**	**62,570,029**	**381,269,592**
Other Liabilities						8,489,232
Total Equity						53,727,284
Total Liabilities and Equity						**443,486,108**
Guarantees	15,791,682	635,541	4,268,921	124,957	9,813,407	30,634,508
Letters of Credit	5,325,180	676,211	364,050	-	802,998	7,168,439
Unutilised Credit Facilities	23,542,688	3,462,882	3,298,422	14,562	4,035,223	34,353,777
At 31 December 2012:						
Cash and Balances with						
Central Banks	17,158,360	426,043	39,131	-	2,206,042	19,829,576
Due from Banks	4,790,830	4,895,466	15,957,508	1,693,401	9,684,538	37,021,743
Loans and Advances	220,339,489	6,896,822	16,337,637	153,418	6,208,975	249,936,341
Investments	46,318,440	3,716,742	195,789	86,805	5,525,455	55,843,231
	288,607,119	**15,935,073**	**32,530,065**	**1,933,624**	**23,625,010**	**362,630,891**
Other Assets						4,222,941
Total Assets						**366,853,832**
Due to Banks	2,348,352	6,883,484	4,595,739	1,865,013	6,509,182	22,201,770
Customer Deposits	185,972,517	10,383,143	52,815,066	74,834	20,794,401	270,039,961
Debt Securities	-	-	12,674,706	-	-	12,674,706
Other Borrowings	-	-	326,342	-	6,510,034	6,836,376
	188,320,869	**17,266,627**	**70,411,853**	**1,939,847**	**33,813,617**	**311,752,813**
Other Liabilities						7,112,327
Total Equity						47,988,692
Total Liabilities and Equity						**366,853,832**
Guarantees	11,258,772	1,372,622	1,502,898	76,263	3,750,668	17,961,223
Letters of Credit	2,860,121	313,189	195,529	-	481,285	3,850,124
Unutilised Credit Facilities	17,368,068	2,554,661	2,433,334	45,743	2,941,889	25,343,695

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34. Derivatives

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, or market risk.

				Notional / Expected Amount by Term to Maturity			
	Positive Fair Value	Negative Fair Value	Notional Amount	Within 3 Months	3 - 12 Months	1-5 Years	More than 5 Years
As at 31 December 2013:							
Derivatives Held for Trading:							
Forward Foreign Exchange Contracts	149,264	140,483	14,490,471	8,411,421	6,041,215	37,835	-
Caps and Floors	30,159	30,159	2,400,676	-	-	2,400,676	-
Interest Rate Swaps	16,763	1,573	7,654,962	-	453,640	2,737,274	4,464,048
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	571,759	104,392	31,663,378	-	2,736,836	17,902,752	11,023,790
Derivatives Held as Fair Value Hedges:							
Interest Rate Swaps	5,226	4,468	216,251	11,814	21,047	183,390	-
Total	**773,171**	**281,075**	**56,425,738**	**8,423,235**	**9,252,738**	**23,261,927**	**15,487,838**
As at 31 December 2012:							
Derivatives Held for Trading:							
Forward Foreign Exchange Contracts	19,403	18,427	6,743,287	4,419,842	2,323,445	-	-
Options	974	934	408,820	408,820	-	-	-
Caps and Floors	38,427	38,429	767,736	-	-	-	767,736
Interest Rate Swaps	3,620	-	5,013,819	-	804,710	3,107,947	1,101,162
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	2,305	200,932	5,041,151	-	269,042	3,014,853	1,757,256
Total	**64,729**	**258,722**	**17,974,813**	**4,828,662**	**3,397,197**	**6,122,800**	**3,626,154**

Swaps

Swaps are commitments to exchange one set of cash flows for another. In the case of interest rate swaps, counterparties generally exchange fixed and floating interest payments in a single currency without exchanging principal. In the case of currency swaps, fixed interest payments and principal are exchanged in different currencies. In the case of cross-currency interest rate swaps, principal, fixed and floating interest payments are exchanged in different currencies. In the case of credit default swaps the counterparties agree to make payments with respect to defined credit events based on specified notional amounts.

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34. Derivatives (Continued)

Forwards and Futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and interest rate futures are transacted in standardised amounts on regulated exchanges and changes in future contract values are settled daily.

Forward Rate Agreements

Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement of the difference between a contracted interest rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Caps and Floors

An interest rate cap or floor is a contractual arrangement under which the buyer receives money at the end of each specific period, in which the agreed interest rate exceeds or is below the agreed strike price of the cap or floor.

Derivatives Held for Hedging Purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves reducing the Group's exposure to fluctuations in foreign exchange rates and interest rates to acceptable levels within the guidelines issued by Qatar Central Bank. The Group has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Group has established a level of interest rate risk by setting limits on interest rate gaps for stipulated periods. Asset and liability interest rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce interest rate gaps to within the established limits.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to adjust its own exposure to currency and interest rate risks. This is generally achieved by hedging specific transactions in the statement of financial position.

The Group uses interest rate swaps to hedge against the cash flow risk arising on certain floating rate liabilities. In such cases, the hedging relationship and objective, including details of the hedged items and hedging instruments, are formally documented and the transactions are accounted for as cash flow hedges.

The Group uses interest rate swap contracts to mitigate part of the risk of a potential increase in the fair value of its fixed rate customer's deposits in foreign currencies to the extent caused by declining market interest rates. These transactions are accounted as fair value hedges.

Derivatives Held for Trading Purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers in order to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices. Arbitrage involves identifying and profiting from price differentials between markets or products.
The Group also uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

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35. Mutual Funds

As part of the Group's investment activities, the following mutual funds were marketed by the Group:

	2013	2012
Funds Marketed	15,318	-

The Group's investment activities also include management of certain investment funds. As at 31 December 2013, third party funds under management amounted to QR14,808 million (2012: QR10,445 million). The financial statements of these funds are not consolidated with the financial statements of the Group. However, the Group's share of equity in these funds is included in the financial investments of the Group.

36. Related Parties

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities over which they have significant influence and control. The key management personnel are those persons having authority and responsibility in making financial and operating decisions. At the statement of financial position date, such significant balances included:

	2013	2012
Statement of Financial Position Items		
Loans and Advances	1,122,243	2,308,420
Deposits	1,279,106	838,488
Contingent Liabilities and Other Commitments	608,267	68,472
Income Statement Items		
Interest and Commission Income	98,457	68,446
Interest and Commission Expense	21,928	17,023

The Group also has significant commercial transactions with the Government of Qatar which are disclosed in Notes 10 and 17. All the transactions with related parties are substantially on the same terms, including interest rates and collateral, as those prevailing in comparable transactions with unrelated parties.

	2013	2012
Compensation of key management personnel is as follows:		
Salaries and Other Benefits	36,617	31,275
End of Service Indemnity Benefits	1,138	861

37. Cash and Cash Equivalents

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

	2013	2012
Cash and Balances with Central Banks	12,140,314	11,218,355
Due from Banks Maturing in Three Months	8,953,166	36,878,368
Total	**21,093,480**	**48,096,723**

Cash and balances with Central Banks does not include mandatory reserve deposits.

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38. Business Combination

Acquisitions in 2013

(i) Acquisition of QNB ALAHLI (formerly known as NSGB - Egypt)

On 31 March 2013, the Group concluded the acquisition of a controlling stake of 97.12% in NSGB - Egypt. This acquisition has been accounted for using the acquisition method.

The consolidated financial statements include the results of QNB ALAHLI for the year ended 31 December 2013.

The fair values of the identifiable assets and liabilities of QNB ALAHLI were:

	Fair Value
Assets	
Cash and Balances with Central Banks	3,598,370
Due from Banks	1,058,928
Loans and Advances to Customers	21,074,638
Investment Securities	11,728,863
Intangible Assets	1,353,855
Other Assets	1,049,758
Total Assets	**39,864,412**
Liabilities	
Due to Banks	988,336
Customer Deposits	31,689,386
Deferred Tax Liability	227,022
Other Liabilities	1,905,452
Total Liabilities	**34,810,196**
Total Identifiable Net Assets at Fair Value	5,054,216
Non Controlling Interests	(145,329)
Goodwill Arising on Acquisition	3,865,211
Purchase Consideration Transferred	**8,774,098**
Analysis of Cash Flows on Acquisition	
Net Cash Acquired with the Subsidiary	4,054,442
Cash Paid	(8,774,098)
Net Cash Outflow	**(4,719,656)**

In compliance with IFRS 3, the Group has carried out a one time 'Purchase Price Allocation (PPA)' exercise of the value paid for the acquisition of the 97.12% share in QNB ALAHLI. PPA identifies the value paid for the tangible assets, intangible assets and the premium/goodwill arising on the acquisition. Derived values of intangible assets are QR882 million amortised over the 12 years useful life of the intangible assets comprising of core deposit intangibles. Remaining intangibles represent operating license which has an indefinite life. Goodwill represents expected synergies and other benefits from combining the assets and activities of QNB ALAHLI.

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38. Business Combination (Continued)

(ii) Step Acquisition of QNB Tunisia

During 2013, the Bank acquired an additional 49.96% stake in QNB Tunisia at a cost of QR235 million bringing its total shareholding to 99.96%. In compliance with IFRS 3, the Group has carried out one time 'Purchase Price Allocation (PPA)' exercise of the value paid for the acquisition. PPA identifies the value paid for the tangible assets, intangible assets and the premium/goodwill arising on the acquisition. Derived values of intangible assets are QR51.4 million. Goodwill represents expected synergies and other benefits from combining the assets and activities of QNB Tunisia net assets at the date of acquisition were QR77.4 million.

Acquisitions in 2012

During 2012, the Group obtained control of Al-Mansour Investment Bank (Private Joint Stock Company), incorporated in Iraq, by acquisition of additional 27.7% of its shares against cash consideration of QR425.4 million. As a result, the Group's equity interest in Al-Mansour Investment Bank increased from 23.1% to 50.8%. Goodwill of QR111.9 million has been determined on acquisition of this additional stake. The Group completed the PPA exercise and derived values of intangibles were QR7.5 million.

39. Comparative Figures

Certain prior year amounts have been reclassified in order to conform with the current year presentation.

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Parent Company

The statement of financial position and income statement of the parent company are presented below:

(i) Statement of Financial Position as at 31 December:

	2013	2012
ASSETS		
Cash and Balances with Central Banks	15,616,496	18,952,367
Due from Banks	14,240,711	37,015,743
Loans and Advances to Customers	284,559,923	248,076,422
Investment Securities	62,467,659	49,149,567
Investments in Subsidiaries and Associates	17,175,914	7,512,820
Property and Equipment	763,528	797,997
Other Assets	4,138,819	2,883,446
Total Assets	**398,963,050**	**364,388,362**
LIABILITIES		
Due to Banks	45,892,635	36,057,854
Customer Deposits	288,538,371	268,026,074
Other Borrowings	6,526,435	6,510,034
Other Liabilities	5,809,331	6,784,282
Total Liabilities	**346,766,772**	**317,378,244**
EQUITY		
Issued Capital	6,997,294	6,997,294
Legal Reserve	23,086,902	23,086,902
Risk Reserve	2,750,000	1,750,000
Fair Value Reserve	1,084,679	411,403
Foreign Currency Translation Reserve	(368,740)	(620,687)
Other Reserves	1,720,075	1,751,174
Retained Earnings	16,926,068	13,634,032
Total Equity	**52,196,278**	**47,010,118**
Total Liabilities and Equity	**398,963,050**	**364,388,362**

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(ii) Income Statement for the Year Ended 31 December:

	2013	2012
Interest Income	12,883,762	12,132,949
Interest Expense	(3,256,126)	(3,127,419)
Net Interest Income	**9,627,636**	**9,005,530**
Fee and Commission Income	1,385,348	1,356,406
Fee and Commission Expense	(165,683)	(120,493)
Net Fee and Commission Income	**1,219,665**	**1,235,913**
Foreign Exchange Gain	560,328	393,139
Income from Investment Securities	167,501	168,778
Other Operating Income	451	234
Operating Income	**11,575,581**	**10,803,594**
Staff Expenses	(1,036,927)	(951,694)
Depreciation	(172,992)	(162,899)
Other Expenses	(678,135)	(574,022)
Net Impairment Losses on Investment Securities	(58,399)	(22,981)
Net Impairment Losses on Loans and Advances to Customers	(1,132,944)	(1,023,934)
Other Provisions	(20,669)	(1,562)
Profit Before Income Tax	**8,475,515**	**8,066,502**
Income Tax Expense	(79,559)	(56,218)
Profit for the Year	**8,395,956**	**8,010,284**

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Branches

Airforce Branch	LandMark Branch
Al Gharafa Branch	Marriot Hotel Branch
Al Khor Branch	Mesaeed Branch
Al Khor Ladies Branch	Mortgage Loans Centre Branch
Al Khraitiyat Branch	Mushaireb Branch
Al Rayyan Branch	Ooredoo Branch
Al Rowdha Branch	Qatar Foundation Branch
Al Sadd Branch	Qatar Gas (Navigation Tower) Branch
Al Shahaniya Branch	QSTP Branch
Al Shamal Branch	Ras Gas Branch (HO Tower)
Al Wakra Branch	Ras Laffan Branch
Al-Udeid Base Branch	Ritz Carlton Hotel Branch
C Ring Road Branch	Salwa Road (Ain Khalid) Branch
Cards Centre Branch	Sharq Branch
City Center Branch	Sheraton Hotel Branch
D-Ring Road - Ladies	Souq Waqif Branch
ECCH Branch	The Mall Branch
Exhibition Centre Branch	Umm Al Dom Branch
GR & SIA Branch	Umm Salal Branch
Grand Hamad Branch	University Branch
Hamad Hospital Branch	Vehicle Loans Centre Branch
Industrial Area Branch	Villaggio Branch
Katara Branch	West Bay Branch
Lagoona Branch	

Corporate Branches

Al Wakrah Corporate Branch	Industrial Area Corporate Branch
Coprorate Head Office Branch	MBT Corporate Branch
Coprorate Salwa Road (Ain Khalid) Branch	Mesaieed Corporate Branch
Customs Branch	

QNB First Branches

Al Gharafa QNB First Branch	University QNB First Branch
D-Ring Road QNB First Branch	West Bay QNB First Branch
Main Branch QNB First (Freej)	Woqod Office
Salwa QNB First Branch	

Offices

Doha International Airport	Qatar Petroleum Office (West Bay)
Ministry of Education Office	Ras Gas Office (Ras Laffan)
Q Post Office	University Office (Female)
Qatar Gas Office (Ras Laffan)	Urban Planning Office
Qatar Petroleum Office (Al Sadd Plaza)	

e-Branch

Al Khor Mall e-Branch	Pearl/ Porto Arabia/ Parcel 3
Dar Al-Salam e-Branch	

3 Mobile Branches

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