



Interim Condensed Consolidated Financial Statements

31 March 2020



KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: home.kpmg/qa

Independent auditor's report on review of interim condensed consolidated financial statements to the Board of Directors of Qatar National Bank (Q.P.S.C.)

Introduction

We have reviewed the accompanying 31 March 2020 interim condensed consolidated financial statements of Qatar National Bank (Q.P.S.C.) (the 'Bank') and its subsidiaries (together the 'Group'), which comprise:

- the interim consolidated statement of financial position as at 31 March 2020;
- the interim consolidated statement of income for the three month period ended 31 March 2020;
- the interim consolidated statement of comprehensive income for the three month period ended 31 March 2020;
- the interim consolidated statement of changes in equity for the three month period ended 31 March 2020;
- the interim condensed consolidated statement of cash flows for the three month period ended 31 March 2020; and
- notes to the interim condensed consolidated financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ('IAS 34') and applicable provisions of the Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2020 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and applicable provisions of the Qatar Central Bank regulations.

Emphasis of Matter

We draw attention to Note 14 of the interim condensed consolidated financial statements, which describes the potential effect of the COVID 19 pandemic on the Group's operating environment including its interim results and the related uncertainties. Our conclusion is not modified in respect of this matter.

12 April 2020
Doha
State of Qatar



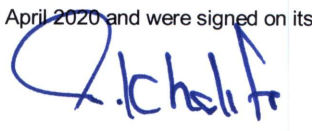
Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry Number 251
Licensed by QFMA: External
Auditor's License No. 120153

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Financial Position
As at 31 March 2020

	Notes	31 March 2020 (Reviewed) QR000	31 March 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		73,053,351	67,404,686	62,155,228
Due from Banks		59,359,739	70,709,739	79,316,258
Loans and Advances to Customers	3	708,055,842	627,949,793	678,681,835
Investment Securities	4	95,487,778	85,537,632	95,899,182
Investment in Associates		7,181,753	7,566,923	7,116,602
Property and Equipment		5,366,284	5,180,283	5,377,742
Intangible Assets		4,004,412	3,916,204	3,993,218
Other Assets		11,842,201	13,757,531	12,157,626
Total Assets		964,351,360	882,022,791	944,697,691
LIABILITIES				
Due to Banks		74,940,255	75,393,179	78,383,845
Customer Deposits		706,306,224	638,150,211	684,488,921
Debt Securities		39,510,051	31,412,082	33,778,250
Other Borrowings		24,878,477	24,851,808	25,266,611
Other Liabilities		29,991,963	26,676,357	28,060,896
Total Liabilities		875,626,970	796,483,637	849,978,523
EQUITY				
Issued Capital		9,236,429	9,236,429	9,236,429
Legal Reserve		25,326,037	25,326,037	25,326,037
Risk Reserve		8,500,000	8,000,000	8,500,000
Fair Value Reserve	5	(3,747,072)	(934,934)	(1,347,274)
Foreign Currency Translation Reserve		(17,651,377)	(16,587,821)	(16,439,210)
Other Reserves		268,936	456,697	263,729
Retained Earnings		45,815,432	39,011,621	48,059,481
Total Equity Attributable to Equity Holders of the Bank		67,748,385	64,508,029	73,599,192
Non - Controlling Interests		976,005	1,031,125	1,119,976
Instruments Eligible for Additional Tier 1 Capital		20,000,000	20,000,000	20,000,000
Total Equity		88,724,390	85,539,154	94,719,168
Total Liabilities and Equity		964,351,360	882,022,791	944,697,691

These interim condensed consolidated financial statements were approved by the Board of Directors on 12 April 2020 and were signed on its behalf by:


Ali Shareef Al-Emadi
Chairman


Abdulla Mubarak Al-Khalifa
Group Chief Executive Officer

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Income
For the Three Month Period Ended 31 March 2020

	Three Months to 31 March 2020 (Reviewed) QR000	Three Months to 31 March 2019 (Reviewed) QR000
Interest Income	12,264,729	13,735,239
Interest Expense	<u>(6,876,041)</u>	<u>(8,916,568)</u>
Net Interest Income	5,388,688	4,818,671
Fees and Commission Income	1,189,724	1,177,457
Fees and Commission Expense	<u>(293,044)</u>	<u>(259,562)</u>
Net Fees and Commission Income	896,680	917,895
Net Foreign Exchange Gain	278,344	319,999
Income from Investment Securities	50,679	35,786
Other Operating Income	<u>15,060</u>	<u>15,571</u>
Operating Income	6,629,451	6,107,922
Staff Expenses	(915,872)	(856,255)
Depreciation	(175,527)	(173,861)
Other Expenses	(623,366)	(581,443)
Net ECL / Impairment Losses on Loans and Advances to Customers	(972,800)	(700,869)
Net ECL / Impairment (Losses) / Recoveries on Investment Securities	(11,031)	21,556
Net ECL / Impairment Losses on Other Financial Instruments	(71,379)	(45,347)
Amortisation of Intangible Assets	(19,129)	(17,777)
Other (Provisions) / Reversals	<u>(16,447)</u>	<u>7,955</u>
	(2,805,551)	(2,346,041)
Share of Results of Associates	76,889	113,583
Profit Before Income Taxes	3,900,789	3,875,464
Income Tax Expense	<u>(315,332)</u>	<u>(277,639)</u>
Profit for the Period	3,585,457	3,597,825
Attributable to:		
Equity Holders of the Bank	3,570,553	3,568,427
Non - Controlling Interests	<u>14,904</u>	<u>29,398</u>
Profit for the Period	3,585,457	3,597,825
Earnings Per Share (QR) (Basic and Diluted) (note 12)	0.36	0.36

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Comprehensive Income
For the Three Month Period Ended 31 March 2020

	Three Months to 31 March 2020 (Reviewed) QR000	Three Months to 31 March 2019 (Reviewed) QR000
Profit for the Period	3,585,457	3,597,825
Other Comprehensive Income Items that are or may be Reclassified to Consolidated Income Statement in Subsequent Periods:		
Foreign Currency Translation Differences for Foreign Operations	(1,333,392)	(366,320)
Share of Other Comprehensive Income / (Loss) of Associates	5,053	(226,964)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(1,915,673)	(145,474)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	197,123	190,328
Investments in Debt Instruments Measured at FVOCI		
Net Change in Fair Value	(487,431)	(74,330)
Net Amount Transferred to Income Statement	(30,242)	(1,680)
Other Comprehensive Items that will not be Reclassified to Consolidated Income Statement:		
Net Change in Fair Value of Investments in Equity Instruments Designated at FVOCI	(165,906)	73,085
Total Other Comprehensive (Loss) / Income for the Period, net of Income Taxes	(3,730,468)	(551,355)
Total Comprehensive (Loss) / Income for the Period	(145,011)	3,046,470
Attributable to:		
Equity Holders of the Bank	(36,205)	3,006,833
Non - Controlling Interests	(108,806)	39,637
Total Comprehensive (Loss) / Income for the Period	(145,011)	3,046,470

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Changes in Equity
For the Three Month Period Ended 31 March 2020

	Equity Attributable to Equity Holders of the Bank										Total
	Issued	Legal	Risk	Fair Value	Foreign	Other	Retained	Equity	Non	Instruments	
	Capital	Reserve	Reserve	Reserve	Currency	Reserves	Earnings	Attributable to	Controlling	Eligible for	
	QR000	QR000	QR000	QR000	Translation	QR000	QR000	Equity Holders	Interests	Additional	
					Reserve			of the Bank	QR000	Tier 1 Capital	
					QR000			QR000		QR000	
Balance at 1 January 2020	9,236,429	25,326,037	8,500,000	(1,347,274)	(16,439,210)	263,729	48,059,481	73,599,192	1,119,976	20,000,000	94,719,168
Total Comprehensive Income for the Period											
Profit for the Period	-	-	-	-	-	-	3,570,553	3,570,553	14,904	-	3,585,457
Other Comprehensive Income / (Loss)	-	-	-	(2,399,798)	(1,212,167)	5,207	-	(3,606,758)	(123,710)	-	(3,730,468)
Total Comprehensive Income / (Loss) for the Period	-	-	-	(2,399,798)	(1,212,167)	5,207	3,570,553	(36,205)	(108,806)	-	(145,011)
Transactions with Equity Holders, Recognised Directly in Equity											
Dividend for the Year 2019	-	-	-	-	-	-	(5,541,857)	(5,541,857)	-	-	(5,541,857)
Other Movements	-	-	-	-	-	-	(272,745)	(272,745)	(35,165)	-	(307,910)
Total Transactions Recognised Directly in Equity	-	-	-	-	-	-	(5,814,602)	(5,814,602)	(35,165)	-	(5,849,767)
Balance at 31 March 2020	9,236,429	25,326,037	8,500,000	(3,747,072)	(17,651,377)	268,936	45,815,432	67,748,385	976,005	20,000,000	88,724,390
Balance at 1 January 2019	9,236,429	25,326,037	8,000,000	(973,557)	(16,209,852)	683,722	41,206,855	67,269,634	1,005,087	20,000,000	88,274,721
Total Comprehensive Income for the Period											
Profit for the Period	-	-	-	-	-	-	3,568,427	3,568,427	29,398	-	3,597,825
Other Comprehensive Income	-	-	-	38,623	(373,192)	(227,025)	-	(561,594)	10,239	-	(551,355)
Total Comprehensive Income for the Period	-	-	-	38,623	(373,192)	(227,025)	3,568,427	3,006,833	39,637	-	3,046,470
Transactions with Equity Holders, Recognised Directly in Equity											
Dividend for the Year 2018	-	-	-	-	-	-	(5,541,857)	(5,541,857)	-	-	(5,541,857)
Reclassification of Net Change in Fair Value of Equity Instruments upon derecognition	-	-	-	-	-	-	582	582	-	-	582
Net Movement in Non-controlling Interests	-	-	-	-	(4,777)	-	7,285	2,508	(2,508)	-	-
Other Movements	-	-	-	-	-	-	(229,671)	(229,671)	(11,091)	-	(240,762)
Total Transactions Recognised Directly in Equity	-	-	-	-	(4,777)	-	(5,763,661)	(5,768,438)	(13,599)	-	(5,782,037)
Balance at 31 March 2019	9,236,429	25,326,037	8,000,000	(934,934)	(16,587,821)	456,697	39,011,621	64,508,029	1,031,125	20,000,000	85,539,154

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Interim Condensed Consolidated Statement of Cash Flows
For the Three Month Period Ended 31 March 2020

	Note	Three Months to 31 March 2020 (Reviewed) QR000	Three Months to 31 March 2019 (Reviewed) QR000	Year to 31 December 2019 (Audited) QR000
Net Cash Flows (used in) / from Operating Activities		(13,773,355)	9,641,376	14,810,980
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(22,012,425)	(15,638,865)	(45,576,479)
Proceeds from Sale / Redemption of Investment Securities		20,988,273	17,931,151	41,752,268
Additions to Property and Equipment		(363,342)	(83,356)	(928,273)
Proceeds from Sale of Property and Equipment		2,941	683	4,669
Net Cash Flows (used in) / from Investing Activities		(1,384,553)	2,209,613	(4,747,815)
Cash Flows from Financing Activities				
Payment of Coupon on Instruments Eligible for Additional Capital		(1,000,000)	(532,500)	(532,500)
Proceeds from Issuance of Debt Securities		5,985,405	5,588,636	9,764,304
Repayment of Debt Securities		-	(213,943)	(1,842,580)
Proceeds from Issuance of Other Borrowings		2,463,569	9,336,762	12,314,000
Repayment of Other Borrowings		(2,451,659)	(9,387,007)	(11,732,186)
Payment of Rents for Lease Contracts		(74,250)	-	(313,349)
Dividends Paid		(5,513,679)	(5,502,335)	(5,538,478)
Net Cash Flows (used in) / from Financing Activities		(590,614)	(710,387)	2,119,211
Net (Decrease) / Increase in Cash and Cash Equivalents		(15,748,522)	11,140,602	12,182,376
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(274,560)	(225,699)	(1,266,393)
Cash and Cash Equivalents as at 1 January		102,727,845	91,811,862	91,811,862
Cash and Cash Equivalents at 31 March / 31 December	11	86,704,763	102,726,765	102,727,845

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank (QCB) Regulations. These interim condensed consolidated financial statements should be read in conjunction with the 2019 annual consolidated financial statements of the Group.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and the applicable provisions of QCB regulations. In addition, results for the three month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except as disclosed in note 14.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019, except as disclosed in note 14.

The following amendments to existing standards and framework have been applied by the Group in preparation of these interim condensed consolidated financial statements. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Description	Effective from
Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020
Definition of a Business – Amendments to IFRS 3	1 January 2020
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020

Standard Issued but not yet Effective

IFRS 17 Insurance Contracts is effective from 1 January 2023. The Group is currently evaluating the impact of this new standard. The Group will adopt this new standard on the effective date.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 2020

2. SEGMENT INFORMATION

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

	Qatar Operations			International Banking	Unallocated and Intra-group Transactions	Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management			
	QR000	QR000	QR000			
As at and for the three month period ended 31 March 2020:						
Revenue:						
Net Interest Income	2,443,680	159,037	229,825	2,539,598	16,548	5,388,688
Net Fees and Commission Income	121,428	64,286	51,513	648,220	11,233	896,680
Net Foreign Exchange Gain	166,622	42,800	37,969	29,730	1,223	278,344
Income from Investment Securities	10,740	-	-	39,939	-	50,679
Other Operating Income	342	16	-	14,095	607	15,060
Share of Results of Associates	63,558	-	-	13,331	-	76,889
Total Segment Revenue	2,806,370	266,139	319,307	3,284,913	29,611	6,706,340
Reportable Segment Profit	2,149,364	59,459	319,322	1,098,566	(56,158)	3,570,553
Reportable Segment Investments	49,502,229	-	239	45,985,310	-	95,487,778
Reportable Segment Loans and Advances	492,660,897	9,593,877	29,261,247	176,539,821	-	708,055,842
Reportable Segment Customer Deposits	314,157,601	29,574,753	56,122,883	306,450,987	-	706,306,224
Reportable Segment Assets	658,676,719	30,143,404	57,881,245	464,479,642	(246,829,650)	964,351,360
As at and for the three month period ended 31 March 2019:						
Revenue:						
Net Interest Income	2,035,952	144,056	167,787	2,450,056	20,820	4,818,671
Net Fees and Commission Income	146,367	60,581	69,559	642,611	(1,223)	917,895
Net Foreign Exchange Gain	176,056	34,362	29,318	78,895	1,368	319,999
Income from Investment Securities	27,037	-	-	8,749	-	35,786
Other Operating Income	2	2	-	14,066	1,501	15,571
Share of Results of Associates	101,092	-	-	12,491	-	113,583
Total Segment Revenue	2,486,506	239,001	266,664	3,206,868	22,466	6,221,505
Reportable Segment Profit	2,081,421	99,676	285,144	1,293,611	(191,425)	3,568,427
Reportable Segment Investments	47,384,034	-	13,349	38,140,249	-	85,537,632
Reportable Segment Loans and Advances	414,609,436	10,996,171	25,274,277	177,069,909	-	627,949,793
Reportable Segment Customer Deposits	279,417,424	27,038,032	53,818,446	277,876,309	-	638,150,211
Reportable Segment Assets	599,793,569	27,838,545	54,955,435	423,281,154	(223,845,912)	882,022,791

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 2020

3. LOANS AND ADVANCES TO CUSTOMERS

	31 March 2020 (Reviewed) QR000	31 March 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Loans and Advances to Customers	718,108,395	639,587,990	689,423,534
Deferred Profit	(35,555)	(14,816)	(48,592)
Accrued Interest	7,372,895	4,740,023	6,083,121
Expected Credit Losses - Performing Loans and Advances to Customers - Stage 1 and 2	(4,092,941)	(3,435,370)	(3,941,000)
Impairment on Non-performing Loans and Advances to Customers - Stage 3	(13,296,952)	(12,928,034)	(12,835,228)
Net Loans and Advances to Customers	<u>708,055,842</u>	<u>627,949,793</u>	<u>678,681,835</u>

The aggregate amount of non performing loans and advances to customers amounted to QR13,362 million or 1.9% of total loans and advances to customers (31 December 2019: QR12,839 million or 1.9% of total loans and advances to customers).

The gross exposure of loans and advances to customers by stage is as follows:

	31 March 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Gross Exposures - Loans and Advances to Customers	675,842,459	36,240,946	13,362,330	725,445,735
	31 December 2019			
	Stage 1 (Audited) QR000	Stage 2 (Audited) QR000	Stage 3 (Audited) QR000	Total (Audited) QR000
Gross Exposures - Loans and Advances to Customers	649,647,849	32,971,136	12,839,078	695,458,063

The expected credit losses and impairment for the period for loans and advances to customers is as follows:

	31 March 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January	1,246,620	2,694,380	12,835,228	16,776,228
ECL / Impairment Charge for the Period (Net)	262,508	458,970	390,819	1,112,297
Foreign Currency Translation for the Period	(57,569)	(80,829)	(247,901)	(386,299)
Transfers from Stage 2 to 3		(431,139)	431,139	-
Write-offs during the Period	-	-	(112,333)	(112,333)
Closing Balance as at 31 March	<u>1,451,559</u>	<u>2,641,382</u>	<u>13,296,952</u>	<u>17,389,893</u>
	31 March 2019			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January	1,668,145	1,785,141	12,689,444	16,142,730
ECL / Impairment Charge for the Period (Net)	30,641	91,867	625,386	747,894
Foreign Currency Translation for the Period	(35,165)	(30,551)	(131,770)	(197,486)
Write-offs during the Period	-	(74,708)	(255,026)	(329,734)
Closing Balance as at 31 March	<u>1,663,621</u>	<u>1,771,749</u>	<u>12,928,034</u>	<u>16,363,404</u>

ECL / impairment charge for the period includes interest in suspense of QR139.4 million (31 March 2019: QR47.0 million).

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 2020

4. INVESTMENT SECURITIES

	31 March 2020 (Reviewed) QR000	31 March 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Investment Securities at Fair Value Through Profit or Loss (FVPL)	135,789	70,347	222,112
Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)	36,263,291	31,891,474	37,173,191
Investment Securities at Amortised Cost (AC), net	57,846,759	51,627,259	57,128,169
Accrued Interest	1,241,939	1,948,552	1,375,710
Total	95,487,778	85,537,632	95,899,182

The above includes impairment allowance in respect of debt securities amounting to QR133.4 million (31 December 2019: QR130.7 million).

5. FAIR VALUE RESERVE

	31 March 2020 (Reviewed) QR000	31 March 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Cash Flow Hedges	(3,321,388)	(521,803)	(1,405,869)
Fair Value Through Other Comprehensive Income	(522,191)	(300,276)	159,211
Hedges of a Net Investment in Foreign Operations	96,507	(112,855)	(100,616)
Total	(3,747,072)	(934,934)	(1,347,274)

The Fair Value Reserve for Investments at Fair Value Through Other Comprehensive Income include the loss allowance amounting to QR8.5 million (31 December 2019: QR8.0 million).

6. DIVIDEND

The cash dividend in respect of the year ended 31 December 2019 of QR0.60 per share, amounting to a total of QR5,542 million, was approved by the shareholders at the Annual General Assembly meeting on 9 February 2020.

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	31 March 2020 (Reviewed) QR000	31 March 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Contingent Liabilities			
Unused Facilities	114,508,858	103,126,908	112,224,237
Guarantees	59,909,570	59,850,401	61,154,915
Letters of Credit	37,961,599	30,386,591	30,572,387
Others	13,346,765	17,583,305	16,750,687
Total	225,726,792	210,947,205	220,702,226

The gross exposure of contingent liabilities by stage is as follows:

	31 March 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Gross Exposures - Contingent Liabilities	206,897,459	5,060,516	422,052	212,380,027
	31 December 2019			
	Stage 1 (Audited) QR000	Stage 2 (Audited) QR000	Stage 3 (Audited) QR000	Total (Audited) QR000
Gross Exposures - Contingent Liabilities	200,547,325	3,169,624	234,590	203,951,539

The expected credit losses and impairment for the period for contingent liabilities is as follows:

	31 March 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January	213,251	75,150	158,758	447,159
ECL / Impairment Charge for the Period (Net)	34,112	29,462	(5,635)	57,939
Foreign Currency Translation for the Period	(2,587)	(5,405)	(4,106)	(12,098)
Closing Balance as at 31 March	244,776	99,207	149,017	493,000

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 2020

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS (CONTINUED)

	31 March 2019			
	Stage 1	Stage 2	Stage 3	Total
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	QR000	QR000	QR000	QR000
Opening Balance of Provisions as at 1 January	131,183	34,458	128,519	294,160
ECL / Impairment Charge for the Period (Net)	35,738	11,832	13,905	61,475
Foreign Currency Translation for the Period	2,151	1,393	7,510	11,054
Closing Balance as at 31 March	169,072	47,683	149,934	366,689

8. RELATED PARTY DISCLOSURES

The Group has transactions in the ordinary course of business with directors and officers of the Group and entities over which they have significant influence and control. As at the end of the reporting period, such significant items included:

	31 March 2020 (Reviewed) QR000	31 March 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances to Customers	2,485,603	2,559,553	3,237,684
Customer Deposits	1,482,171	443,933	1,292,434
Contingent Liabilities and Other Commitments	72,847	77,365	70,317
Statement of Income Items			
Interest and Commission Income	35,848	33,622	143,642
Interest and Commission Expense	8,518	2,577	12,474
Associates			
Due from banks	1,365,214	1,591,383	1,580,722
Interest and Commission Income	16,339	15,490	68,973
Due to banks	62,921	222,864	185,873
Interest and Commission Expense	99	966	1,277
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	30,421	24,071	37,132
End of Service Indemnity Benefits	352	282	1,006

The Group also has significant commercial transactions with the State of Qatar, which owns 50% of the Bank's outstanding shares through Qatar Investment Authority, amounting to QR74,854 million included in loans and advances (31 December 2019: QR79,386 million) and QR1,768 million included in customer deposits (31 December 2019: QR14,024 million).

9. CAPITAL ADEQUACY

	31 March 2020 (Reviewed) QR000	31 March 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	62,402,531	55,596,043	64,910,223
Eligible Additional Tier 1 (AT 1) Capital Instruments	20,000,000	20,000,000	20,000,000
Additional Tier 1 Capital	98,949	84,452	91,848
Additional Tier 2 Capital	4,979,839	3,843,524	4,373,999
Total Eligible Capital	87,481,319	79,524,019	89,376,070
Risk Weighted Assets	475,450,232	429,310,720	473,493,258
Total Capital Ratio	18.4%	18.5%	18.9%

The Group follows Basel III Capital Adequacy Ratio (CAR) calculation in accordance with Qatar Central Bank (QCB) regulations. The minimum accepted total Capital Adequacy Ratio requirements under Basel III as per QCB Requirements is as follows:

- Minimum limit without Capital Conservation buffer is 10%
- Minimum limit including Capital Conservation buffer, ICAAP buffer and the applicable Domestically Systemically Important Bank ("DSIB") buffer is 16.0%.

Pursuant to Qatar Central Bank circular number 24/2019, the Group does not anticipate any material change to its current ICAAP charge based on revised IRRBB rules which will be effective from 30 June 2020.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 2020

10. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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. There is no change in fair value hierarchy measurement compared to 31 December 2019.

	Level 1 QR000	Level 2 QR000	Level 3 QR000	Total QR000
At 31 March 2020:				
Derivative Assets Held for Risk Management	743	6,265,938	-	6,266,681
Investment Securities	35,598,389	1,223,035	-	36,821,424
	35,599,132	7,488,973	-	43,088,105
Derivative Liabilities Held for Risk Management	1,370	7,507,132	-	7,508,502
	1,370	7,507,132	-	7,508,502
At 31 December 2019:				
Derivative Assets Held for Risk Management	710	5,345,202	-	5,345,912
Investment Securities	36,533,925	1,389,380	-	37,923,305
	36,534,635	6,734,582	-	43,269,217
Derivative Liabilities Held for Risk Management	1,650	4,710,210	-	4,711,860
	1,650	4,710,210	-	4,711,860

11. CASH AND CASH EQUIVALENTS

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

	31 March 2020 (Reviewed) QR000	31 March 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Cash and Balances with Central Banks	33,242,597	36,443,375	29,092,901
Due from Banks Maturing in Three months	53,462,166	66,283,390	73,634,944
Total	86,704,763	102,726,765	102,727,845

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

12. BASIC AND DILUTED EARNINGS PER SHARE

	Three Months to 31 March 2020 (Reviewed) QR000	Three Months to 31 March 2019 (Reviewed) QR000
Profit for the Period Attributable to Equity Holders of the Bank	3,570,553	3,568,427
Less: Dividend Appropriation for Instruments Eligible for Additional Tier 1 Capital	(250,000)	(250,000)
Net Profit for the Period Attributable to Equity Holders of the Bank	3,320,553	3,318,427
Weighted Average Number of Shares	9,236,428,570	9,236,428,570
Earnings Per Share (QR) - Basic and Diluted	0.36	0.36

On 10 February 2019, at the Extraordinary General Meeting of the Bank, the shareholders approved the par value of the ordinary share to be QR1 instead of QR10, as per the instructions of Qatar Financial Markets Authority (QFMA), and amendment of the related Articles of Association. The share split was implemented on 12 June 2019 and has led to an increase in the number of authorised and outstanding shares from 923,642,857 to 9,236,428,570. Consequently, Earnings Per Share for comparative period has been restated to reflect this.

13. COMPARATIVE INFORMATION

Certain comparative information has been reclassified where necessary to preserve consistency with the presentation in the current period. However, such reclassifications did not have any effect on the interim consolidated statement of income or the consolidated equity of the Group for the comparative period / year.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 2020

14 . IMPACT OF COVID-19 AND REVISION TO FORWARD LOOKING INFORMATION WITH RESPECT TO EXPECTED CREDIT LOSSES

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

In addition, QNB Group's operations are partially concentrated in economies that are relatively dependent on the price of crude oil. As at the end of the financial reporting period, oil prices have witnessed unprecedented volatility. QNB Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

The uncertainties caused by COVID-19, and the volatility in oil prices have required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 March 2020. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

This volatility has been reflected through adjustment in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factors used are determined from statistical distribution of credit cycle index (CCI) factors, which can be derived from a number of historical observed factors such as risk yields, credit growth, credit spreads or defaults. Interdependency exists between the CCI and these factors as applicable in the relevant economies, which for Qatar base and downside scenarios include average oil price between USD57/barrel to USD33.8 /barrel, GDP range 0.0% to -0.67%, Inflation -0.6% to 1.8% etc., (31 December 2019: Oil USD 60/barrel to USD 62/barrel, GDP 1.9% to 3.5%, Inflation 1.9% to 2.2% etc.). The weightings assigned to each macro-economic scenario at QNB parent company level are based on the CCI, and as at 31 March 2020, were 70% to the Base Case 25% to Downside and 5% to the Upside Case. (31 December 2019: 80% to the Base Case, 10% to Downside and Upside Case). The situation is fast evolving and accordingly any downside scenarios will be reassessed if adverse conditions continue.

QNB Group also updated the relevant forward-looking information of QNB Group's international operations with respect to the weightings of the relevant macroeconomic scenarios relative to the economic climate of the respective market in which it operates.

In addition to the assumptions outlined above, QNB Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors. This has resulted in staging downgrade of certain exposures and recognition of relevant ECLs and impairment allowances as disclosed in note 3 to the interim condensed consolidated financial statements.

QNB has considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.