



Interim Condensed Consolidated Financial Statements

30 June 2020



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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 30 June 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 30 June 2020;
- the interim consolidated statement of income for the three and six month periods ended 30 June 2020;
- the interim consolidated statement of comprehensive income for the three and six month periods ended 30 June 2020;
- the interim consolidated statement of changes in equity for the six month period ended 30 June 2020;
- the interim condensed consolidated statement of cash flows for the six month period ended 30 June 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 30 June 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.

12 July 2020
Doha
State of Qatar




Gopal Balasubramaniam
KPMG

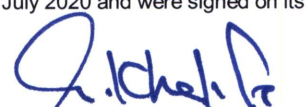
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Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Financial Position
As at 30 June 2020

	Notes	30 June 2020 (Reviewed) QR000	30 June 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		82,210,515	72,247,409	62,155,228
Due from Banks		61,211,681	67,417,177	79,316,258
Loans and Advances to Customers	3	704,772,258	634,448,461	678,681,835
Investment Securities	4	95,986,578	83,900,125	95,899,182
Investment in Associates		7,184,937	7,560,625	7,116,602
Property and Equipment		5,226,403	5,128,052	5,377,742
Intangible Assets		3,942,111	3,960,857	3,993,218
Other Assets		11,526,110	11,918,501	12,157,626
Total Assets		972,060,593	886,581,207	944,697,691
LIABILITIES				
Due to Banks		71,062,159	67,498,304	78,383,845
Customer Deposits		712,211,110	645,626,750	684,488,921
Debt Securities		40,145,088	32,708,016	33,778,250
Other Borrowings		27,037,067	25,623,060	25,266,611
Other Liabilities		29,960,254	26,391,362	28,060,896
Total Liabilities		880,415,678	797,847,492	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	(2,963,874)	(1,658,915)	(1,347,274)
Foreign Currency Translation Reserve		(18,258,797)	(16,481,632)	(16,439,210)
Other Reserves		260,174	446,307	263,729
Retained Earnings		48,639,584	42,816,146	48,059,481
Total Equity Attributable to Equity Holders of the Bank		70,739,553	67,684,372	73,599,192
Non - Controlling Interests		905,362	1,049,343	1,119,976
Instruments Eligible for Additional Tier 1 Capital		20,000,000	20,000,000	20,000,000
Total Equity		91,644,915	88,733,715	94,719,168
Total Liabilities and Equity		972,060,593	886,581,207	944,697,691

These interim condensed consolidated financial statements were approved by the Board of Directors on 12 July 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 and Six Month Periods Ended 30 June 2020

	Three Months to 30 June 2020 (Reviewed) QR000	Three Months to 30 June 2019 (Reviewed) QR000	Six Months to 30 June 2020 (Reviewed) QR000	Six Months to 30 June 2019 (Reviewed) QR000
Interest Income	10,674,155	13,597,873	22,938,884	27,333,112
Interest Expense	(5,597,817)	(8,572,461)	(12,473,858)	(17,489,029)
Net Interest Income	5,076,338	5,025,412	10,465,026	9,844,083
Fees and Commission Income	844,627	1,164,290	2,034,351	2,341,747
Fees and Commission Expense	(175,009)	(264,124)	(468,053)	(523,686)
Net Fees and Commission Income	669,618	900,166	1,566,298	1,818,061
Net Foreign Exchange Gain	274,022	264,292	552,366	584,291
Income from Investment Securities	56,495	14,939	107,174	50,725
Other Operating Income	10,026	15,133	25,086	30,704
Operating Income	6,086,499	6,219,942	12,715,950	12,327,864
Staff Expenses	(808,958)	(855,807)	(1,724,830)	(1,712,062)
Depreciation	(165,007)	(172,198)	(340,534)	(346,059)
Other Expenses	(457,694)	(580,074)	(1,081,060)	(1,161,517)
Net ECL / Impairment Losses on Loans and Advances to Customers	(1,500,158)	(605,516)	(2,472,958)	(1,306,385)
Net ECL / Impairment (Losses) / Recoveries on Investment Securities	(18,035)	8,430	(29,066)	29,986
Net ECL / Impairment Losses on Other Financial Instruments	(44,930)	(78,151)	(116,309)	(123,498)
Amortisation of Intangible Assets	(19,075)	(18,264)	(38,204)	(36,041)
Other Provisions	(11,992)	(12,881)	(28,439)	(4,926)
	(3,025,849)	(2,314,461)	(5,831,400)	(4,660,502)
Share of Results of Associates	37,953	115,799	114,842	229,382
Profit Before Income Taxes	3,098,603	4,021,280	6,999,392	7,896,744
Income Tax Expense	(261,943)	(192,684)	(577,275)	(470,323)
Profit for the Period	2,836,660	3,828,596	6,422,117	7,426,421
Attributable to:				
Equity Holders of the Bank	2,824,152	3,804,522	6,394,705	7,372,949
Non - Controlling Interests	12,508	24,074	27,412	53,472
Profit for the Period	2,836,660	3,828,596	6,422,117	7,426,421
Earnings Per Share (QR) (Basic and Diluted) (note 12)	0.28	0.38	0.64	0.74

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 and Six Month Periods Ended 30 June 2020

	Three Months to 30 June 2020 (Reviewed) QR000	Three Months to 30 June 2019 (Reviewed) QR000	Six Months to 30 June 2020 (Reviewed) QR000	Six Months to 30 June 2019 (Reviewed) QR000
Profit for the Period	2,836,660	3,828,596	6,422,117	7,426,421
Other Comprehensive Income / (Loss) Items that are or may be Reclassified to Consolidated Income Statement in Subsequent Periods:				
Foreign Currency Translation Differences for Foreign Operations	(692,706)	125,529	(2,026,098)	(240,791)
Share of Other Comprehensive Income / (Loss) of Associates	(8,355)	(10,510)	(3,302)	(237,474)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	485,035	(733,536)	(1,430,638)	(879,010)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	(186,296)	(117,959)	10,827	72,369
Investments in Debt Instruments Measured at FVOCI				
Net Change in Fair Value	438,542	102,498	(48,889)	28,168
Net Amount Transferred to Income Statement	(40,169)	(1,580)	(70,411)	(3,260)
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	87,272	26,526	(78,634)	99,611
Total Other Comprehensive Income / (Loss) for the Period, net of Income Taxes	83,323	(609,032)	(3,647,145)	(1,160,387)
Total Comprehensive Income for the Period	2,919,983	3,219,564	2,774,972	6,266,034
Attributable to:				
Equity Holders of the Bank	2,991,168	3,176,337	2,954,963	6,183,170
Non - Controlling Interests	(71,185)	43,227	(179,991)	82,864
Total Comprehensive Income for the Period	2,919,983	3,219,564	2,774,972	6,266,034

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 Six Month Period Ended 30 June 2020

	Equity Attributable to Equity Holders of the Bank										
	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 Interests	Instruments Eligible for Additional Tier 1 Capital	Total
	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	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	-	-	-	-	-	-	6,394,705	6,394,705	27,412	-	6,422,117
Other Comprehensive Loss	-	-	-	(1,616,600)	(1,819,587)	(3,555)	-	(3,439,742)	(207,403)	-	(3,647,145)
Total Comprehensive (Loss) / Income for the Period	-	-	-	(1,616,600)	(1,819,587)	(3,555)	6,394,705	2,954,963	(179,991)	-	2,774,972
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)	(34,623)	-	(307,368)
Total Transactions Recognised Directly in Equity	-	-	-	-	-	-	(5,814,602)	(5,814,602)	(34,623)	-	(5,849,225)
Balance at 30 June 2020	9,236,429	25,326,037	8,500,000	(2,963,874)	(18,258,797)	260,174	48,639,584	70,739,553	905,362	20,000,000	91,644,915
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	-	-	-	-	-	-	7,372,949	7,372,949	53,472	-	7,426,421
Other Comprehensive (Loss) / Income	-	-	-	(685,358)	(267,006)	(237,415)	-	(1,189,779)	29,392	-	(1,160,387)
Total Comprehensive (Loss) / Income for the Period	-	-	-	(685,358)	(267,006)	(237,415)	7,372,949	6,183,170	82,864	-	6,266,034
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	-	-	-	-	-	-	617	617	-	-	617
Net Movement in Non-controlling Interests	-	-	-	-	(4,774)	-	7,283	2,509	(2,509)	-	-
Other Movements	-	-	-	-	-	-	(229,701)	(229,701)	(36,099)	-	(265,800)
Total Transactions Recognised Directly in Equity	-	-	-	-	(4,774)	-	(5,763,658)	(5,768,432)	(38,608)	-	(5,807,040)
Balance at 30 June 2019	9,236,429	25,326,037	8,000,000	(1,658,915)	(16,481,632)	446,307	42,816,146	67,684,372	1,049,343	20,000,000	88,733,715

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 Six Month Period Ended 30 June 2020

	Note	Six Months to 30 June 2020 (Reviewed) QR000	Six Months to 30 June 2019 (Reviewed) QR000	Year to 31 December 2019 (Audited) QR000
Net Cash Flows from / (used in) Operating Activities		4,115,255	(1,875,551)	14,810,980
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(30,821,966)	(26,840,081)	(45,576,479)
Proceeds from Sale / Redemption of Investment Securities		29,086,693	33,562,970	41,752,268
Additions to Property and Equipment		(453,253)	(233,950)	(928,273)
Proceeds from Sale of Property and Equipment		4,414	2,466	4,669
Net Cash Flows (used in) / from Investing Activities		(2,184,112)	6,491,405	(4,747,815)
Cash Flows from Financing Activities				
Payment of Coupon on Instruments Eligible for Additional Capital		(1,000,000)	-	(532,500)
Proceeds from Issuance of Debt Securities		9,852,847	8,718,837	9,764,304
Repayment of Debt Securities		(3,640,500)	(1,949,064)	(1,842,580)
Proceeds from Issuance of Other Borrowings		4,481,223	12,367,975	12,314,000
Repayment of Other Borrowings		(2,608,652)	(11,622,107)	(11,732,186)
Payment of Rents for Lease Contracts		(141,501)	(125,099)	(313,349)
Dividends Paid		(5,530,250)	(5,534,981)	(5,538,478)
Net Cash Flows from Financing Activities		1,413,167	1,855,561	2,119,211
Net Increase in Cash and Cash Equivalents		3,344,310	6,471,415	12,182,376
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(291,737)	(210,017)	(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 30 June / 31 December	11	105,780,418	98,073,260	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 Six Month Period Ended 30 June 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 and six month periods ended 30 June 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 has consistently applied the accounting policies as applied in the annual consolidated financial statements for the year ended 31 December 2019, except for the Inter Bank Offer Rate ("IBOR") transition as mentioned below.

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
Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	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.

IBOR Transition

Effective from 1 January 2020, the Group has implemented amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to interest rate benchmark reforms. The amendments (referred as Phase I of IBOR transition project) addresses the hedge accounting requirements arising before IBOR and proposed a hedging relief for such hedges.

The Group has applied the hedging relief available under the amendments such as relief on forward looking analysis during the period of uncertainty beyond the year 2021.

At Group level, the notional amount of IBOR related interest rate swaps that have been designated in a hedging relation is QAR 49.9 billion as at 30 June 2020. The Group is in discussion with counterparties in relation to exposure to cash flow hedges and fair value hedges linked to IBOR maturing beyond the year 2021. Management is running a project on the Group's transition activities and preparedness for adopting alternate reference rates and continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Six Month Period Ended 30 June 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	QR000	QR000	QR000
As at and for the six month period ended 30 June 2020:						
Revenue:						
Net Interest Income	4,988,442	323,119	474,408	4,653,361	25,696	10,465,026
Net Fees and Commission Income	261,540	69,816	103,402	1,121,679	9,861	1,566,298
Net Foreign Exchange Gain	319,007	84,502	72,322	74,848	1,687	552,366
Income from Investment Securities	11,331	-	-	95,843	-	107,174
Other Operating Income	664	14	308	23,493	607	25,086
Share of Results of Associates	91,184	-	-	23,658	-	114,842
Total Segment Revenue	5,672,168	477,451	650,440	5,992,882	37,851	12,830,792
Reportable Segment Profit	3,852,289	103,661	631,042	1,937,337	(129,624)	6,394,705
Reportable Segment Investments	49,999,395	-	150	45,987,033	-	95,986,578
Reportable Segment Loans and Advances	491,161,776	9,292,878	29,794,040	174,523,564	-	704,772,258
Reportable Segment Customer Deposits	316,763,196	31,764,797	56,503,150	307,179,967	-	712,211,110
Reportable Segment Assets	670,975,952	32,794,525	58,539,394	467,187,057	(257,436,335)	972,060,593
As at and for the six month period ended 30 June 2019:						
Revenue:						
Net Interest Income	4,274,457	357,436	433,798	4,739,884	38,508	9,844,083
Net Fees and Commission Income	311,509	126,953	147,234	1,237,186	(4,821)	1,818,061
Net Foreign Exchange Gain	258,697	66,836	90,072	158,987	9,699	584,291
Income from Investment Securities	27,179	-	-	23,546	-	50,725
Other Operating Income	45	4	4	29,150	1,501	30,704
Share of Results of Associates	202,535	-	-	26,847	-	229,382
Total Segment Revenue	5,074,422	551,229	671,108	6,215,600	44,887	12,557,246
Reportable Segment Profit	4,337,015	206,494	559,254	2,583,866	(313,680)	7,372,949
Reportable Segment Investments	46,198,887	-	13,551	37,687,687	-	83,900,125
Reportable Segment Loans and Advances	424,068,451	11,056,622	25,576,393	173,746,995	-	634,448,461
Reportable Segment Customer Deposits	287,798,349	26,947,438	53,328,841	277,552,122	-	645,626,750
Reportable Segment Assets	601,703,868	27,611,172	53,589,774	446,524,568	(242,848,175)	886,581,207

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Six Month Period Ended 30 June 2020

3. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2020 (Reviewed) QR000	30 June 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Loans and Advances to Customers	715,694,144	645,156,882	689,423,534
Deferred Profit	(49,186)	(15,705)	(48,592)
Accrued Interest	8,148,682	5,892,376	6,083,121
Expected Credit Losses - Performing Loans and Advances to Customers - Stage 1 and 2	(4,407,403)	(3,502,478)	(3,941,000)
Impairment on Non-performing Loans and Advances to Customers - Stage 3	(14,613,979)	(13,082,614)	(12,835,228)
Net Loans and Advances to Customers	<u>704,772,258</u>	<u>634,448,461</u>	<u>678,681,835</u>

The aggregate amount of non performing loans and advances to customers amounted to QR14,603 million or 2.0% 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:

	30 June 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Gross Exposures - Loans and Advances to Customers	669,691,642	39,498,797	14,603,201	723,793,640
	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:

	30 June 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)	322,235	366,382	2,439,655	3,128,272
Foreign Currency Translation for the Period	(81,543)	(120,236)	(348,522)	(550,301)
Transfers from Stage 1 to 2	(13,252)	13,252	-	-
Transfers from Stage 2 to 3	-	(20,435)	20,435	-
Write-offs during the Period	-	-	(332,817)	(332,817)
Closing Balance as at 30 June	<u>1,474,060</u>	<u>2,933,343</u>	<u>14,613,979</u>	<u>19,021,382</u>
	30 June 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)	33,133	183,121	1,220,689	1,436,943
Foreign Currency Translation for the Period	(45,704)	(50,044)	(140,444)	(236,192)
Transfers from Stage 1 to 2	(349,998)	349,998	-	-
Transfers from Stage 2 to 3	-	(71,314)	71,314	-
Write-offs during the Period	-	-	(758,389)	(758,389)
Closing Balance as at 30 June	<u>1,305,576</u>	<u>2,196,902</u>	<u>13,082,614</u>	<u>16,585,092</u>

ECL / impairment charge for the period includes interest in suspense and recoveries of balances previously written off for QR655.3 million (30 June 2019: QR130.6 million).

Qatar National Bank (Q.P.S.C.)
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4. INVESTMENT SECURITIES

	30 June 2020 (Reviewed) QR000	30 June 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Investment Securities at Fair Value Through Profit or Loss (FVPL)	247,388	105,230	222,112
Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)	37,442,629	36,103,087	37,173,191
Investment Securities at Amortised Cost (AC), net	57,114,331	46,468,971	57,128,169
Accrued Interest	1,182,230	1,222,837	1,375,710
Total	95,986,578	83,900,125	95,899,182

The above includes impairment allowance in respect of debt securities amounting to QR151.3 million (31 December 2019: QR130.7 million).

5. FAIR VALUE RESERVE

	30 June 2020 (Reviewed) QR000	30 June 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Cash Flow Hedges	(2,836,397)	(1,254,890)	(1,405,869)
Fair Value Through Other Comprehensive Income	(37,688)	(173,211)	159,211
Hedges of a Net Investment in Foreign Operations	(89,789)	(230,814)	(100,616)
Total	(2,963,874)	(1,658,915)	(1,347,274)

The Fair Value Reserve for Investments at Fair Value Through Other Comprehensive Income include the loss allowance amounting to QR9.3 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

	30 June 2020 (Reviewed) QR000	30 June 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Contingent Liabilities			
Unused Facilities	114,254,271	100,607,887	112,224,237
Guarantees	58,879,479	60,876,993	61,154,915
Letters of Credit	35,033,310	31,568,278	30,572,387
Others	15,973,585	16,360,577	16,750,687
Total	224,140,645	209,413,735	220,702,226

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

	30 June 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Gross Exposures - Contingent Liabilities	202,815,425	4,956,335	395,300	208,167,060

	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:

	30 June 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)	75,470	25,614	(10,270)	90,814
Foreign Currency Translation for the Period	(4,101)	(6,056)	(9,498)	(19,655)
Closing Balance as at 30 June	284,620	94,708	138,990	518,318

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7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS (CONTINUED)

	30 June 2019			Total (Reviewed) QR000
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	
Opening Balance of Provisions as at 1 January	131,183	34,458	128,519	294,160
ECL / Impairment Charge for the Period (Net)	52,856	19,343	68,548	140,747
Foreign Currency Translation for the Period	(485)	(442)	16,096	15,169
Closing Balance as at 30 June	183,554	53,359	213,163	450,076

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:

	30 June 2020 (Reviewed) QR000	30 June 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances to Customers	2,485,603	2,662,848	3,237,684
Customer Deposits	1,483,923	568,387	1,292,434
Contingent Liabilities and Other Commitments	72,847	67,980	70,317
Statement of Income Items			
Interest and Commission Income	35,848	69,040	143,642
Interest and Commission Expense	8,758	4,362	12,474
Associates			
Due from banks	1,375,520	1,762,342	1,580,722
Interest and Commission Income	32,017	34,315	68,973
Due to banks	23,108	96,645	185,873
Interest and Commission Expense	139	1,090	1,277
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	34,796	28,408	37,132
End of Service Indemnity Benefits	628	521	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 QR58,825 million included in loans and advances (31 December 2019: QR79,386 million) and QR23,427 million included in customer deposits (31 December 2019: QR14,024 million).

9. CAPITAL ADEQUACY

	30 June 2020 (Reviewed) QR000	30 June 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	62,453,926	55,787,831	64,910,223
Eligible Additional Tier 1 (AT 1) Capital Instruments	20,000,000	20,000,000	20,000,000
Additional Tier 1 Capital	99,810	90,834	91,848
Additional Tier 2 Capital	4,957,427	3,929,802	4,373,999
Total Eligible Capital	87,511,163	79,808,467	89,376,070
Risk Weighted Assets	477,768,199	434,346,657	473,493,258
Total Capital Ratio	18.3%	18.4%	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 are effective from 30 June 2020.

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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 30 June 2020: (Reviewed)				
Derivative Assets Held for Risk Management	752	5,870,056	-	5,870,808
Investment Securities	36,789,450	1,283,218	-	38,072,668
	36,790,202	7,153,274	-	43,943,476
Derivative Liabilities Held for Risk Management	38	6,819,814	-	6,819,852
	38	6,819,814	-	6,819,852
At 31 December 2019: (Audited)				
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:

	30 June 2020 (Reviewed) QR000	30 June 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Cash and Balances with Central Banks	49,263,199	40,104,945	29,092,901
Due from Banks Maturing in Three months	56,517,219	57,968,315	73,634,944
Total	105,780,418	98,073,260	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 30 June 2020 (Reviewed) QR000	Three Months to 30 June 2019 (Reviewed) QR000	Six Months to 30 June 2020 (Reviewed) QR000	Six Months to 30 June 2019 (Reviewed) QR000
Profit for the Period Attributable to Equity Holders of the Bank	2,824,152	3,804,522	6,394,705	7,372,949
Less: Dividend Appropriation for Instruments Eligible for Additional Tier 1 Capital	(250,000)	(250,000)	(500,000)	(500,000)
Net Profit for the Period Attributable to Equity Holders of the Bank	2,574,152	3,554,522	5,894,705	6,872,949
Weighted Average Number of Shares	9,236,428,570	9,236,428,570	9,236,428,570	9,236,428,570
Earnings Per Share (QR) - Basic and Diluted	0.28	0.38	0.64	0.74

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.

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.

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14 . IMPACT OF COVID-19

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.

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.

QNB Group's operations are partially concentrated in economies that are relatively dependent on the price of crude oil. During the financial reporting period, oil prices have witnessed unprecedented volatility. 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 30 June 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 USD19/barrel to USD44.9 /barrel, GDP range -1.5% to -4.4%, Inflation 0.7% to 1.9% 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 30 June 2020, were 55% to the Base Case 45% to Downside and 0% to the Upside Case. (31 December 2019: 80% to the Base Case, 10% to Downside and Upside Case). Further, Loss Given Default (LGD) and Exposure at Default (EAD) estimates have also been reassessed.

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.

The Group has delayed repayments of certain customers for the period and the resulting modification loss on these exposures is not considered material for the Group. In accordance with IASB guidance, the extension of payment relief does not automatically trigger a significant increase in credit risk and a stage migration for the purpose of calculating expected credit losses, as these are measures are being made available to assist borrowers affected by Covid-19 outbreak to resume regular payments.

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.

The Group has investments in associates which were tested for impairment during the period, due to market volatility arising from economic conditions due to global pandemic. The Group has performed an impairment testing, and based on results of the test, the recoverable amounts were higher than the carrying amounts at end of the reporting period.

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the 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.