



Interim Condensed Consolidated Financial Statements

30 June 2021



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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 interim condensed consolidated financial statements for the period ended 30 June 2021 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 2021;
- the interim consolidated statement of income for the three and six month periods ended 30 June 2021;
- the interim consolidated statement of comprehensive income for the three and six month periods ended 30 June 2021;
- the interim consolidated statement of changes in equity for the six month period ended 30 June 2021;
- the interim condensed consolidated statement of cash flows for the six month period ended 30 June 2021; 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'). 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 interim condensed consolidated financial statements for the period ended 30 June 2021 are not prepared, in all material respects, in accordance with IAS 34.

11 July 2021
Doha
State of Qatar

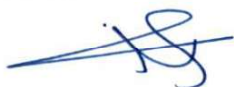


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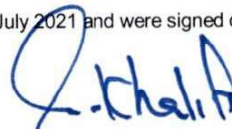
Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Financial Position
As at 30 June 2021

	Notes	30 June 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		80,203,593	82,210,515	81,550,978
Due from Banks		71,749,373	61,211,681	65,127,820
Loans and Advances to Customers	3	746,630,067	704,772,258	723,795,174
Investment Securities	4	137,743,216	95,986,578	123,383,569
Investment in Associates		7,360,852	7,184,937	7,064,652
Property and Equipment		5,278,869	5,226,403	5,405,040
Intangible Assets		3,907,903	3,942,111	3,946,963
Other Assets		12,103,130	11,526,110	14,740,864
Total Assets		1,064,977,003	972,060,593	1,025,015,060
LIABILITIES				
Due to Banks		100,532,839	71,062,159	87,953,723
Customer Deposits		766,943,813	712,211,110	738,737,586
Debt Securities		43,593,224	40,145,088	42,573,503
Other Borrowings		27,770,684	27,037,067	27,901,487
Other Liabilities		28,411,046	29,960,254	30,947,042
Total Liabilities		967,251,606	880,415,678	928,113,341
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		9,000,000	8,500,000	9,000,000
Fair Value Reserve	5	(1,684,543)	(2,963,874)	(1,811,051)
Foreign Currency Translation Reserve		(20,330,287)	(18,258,797)	(18,617,295)
Other Reserves		130,558	260,174	166,050
Retained Earnings		54,938,590	48,639,584	52,509,508
Total Equity Attributable to Equity Holders of the Bank		76,616,784	70,739,553	75,809,678
Non - Controlling Interests		1,108,613	905,362	1,092,041
Instruments Eligible for Additional Tier 1 Capital		20,000,000	20,000,000	20,000,000
Total Equity		97,725,397	91,644,915	96,901,719
Total Liabilities and Equity		1,064,977,003	972,060,593	1,025,015,060

These interim condensed consolidated financial statements were approved by the Board of Directors on 11 July 2021 and were signed on its behalf by:



H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani
Vice Chairman of the Board of Directors
(Acting 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 2021

	Three Months to 30 June 2021 (Reviewed) QR000	Three Months to 30 June 2020 (Reviewed) QR000	Six Months to 30 June 2021 (Reviewed) QR000	Six Months to 30 June 2020 (Reviewed) QR000
Interest Income	11,119,688	10,674,155	22,007,538	22,938,884
Interest Expense	(5,447,653)	(5,597,817)	(10,945,361)	(12,473,858)
Net Interest Income	5,672,035	5,076,338	11,062,177	10,465,026
Fees and Commission Income	1,095,479	844,627	2,171,792	2,034,351
Fees and Commission Expense	(289,517)	(175,009)	(574,451)	(468,053)
Net Fees and Commission Income	805,962	669,618	1,597,341	1,566,298
Net Foreign Exchange Gain	322,211	274,022	643,607	552,366
Income from Investment Securities	27,765	56,495	49,302	107,174
Other Operating Income	11,639	10,026	92,719	25,086
Operating Income	6,839,612	6,086,499	13,445,146	12,715,950
Staff Expenses	(841,391)	(808,958)	(1,690,138)	(1,724,830)
Depreciation	(156,391)	(165,007)	(322,602)	(340,534)
Other Expenses	(541,683)	(457,694)	(1,087,844)	(1,081,060)
Net ECL / Impairment Losses on Loans and Advances to Customers	(1,517,067)	(1,500,158)	(2,885,257)	(2,472,958)
Net ECL / Impairment Losses on Investment Securities	(34,589)	(18,035)	(47,759)	(29,066)
Net ECL / Impairment Recoveries / (Losses) on Other Financial Instruments	31,449	(44,930)	(9,266)	(116,309)
Amortisation of Intangible Assets	(19,503)	(19,075)	(38,660)	(38,204)
Other Provisions	(10,031)	(11,992)	(23,379)	(28,439)
	(3,089,206)	(3,025,849)	(6,104,905)	(5,831,400)
Share of Results of Associates	60,606	37,953	119,714	114,842
Profit Before Income Taxes	3,811,012	3,098,603	7,459,955	6,999,392
Income Tax Expense	(326,138)	(261,943)	(645,448)	(577,275)
Profit for the Period	3,484,874	2,836,660	6,814,507	6,422,117
Attributable to:				
Equity Holders of the Bank	3,463,834	2,824,152	6,776,039	6,394,705
Non - Controlling Interests	21,040	12,508	38,468	27,412
Profit for the Period	3,484,874	2,836,660	6,814,507	6,422,117
Earnings Per Share (QR) (Basic and Diluted) (note 12)	0.35	0.28	0.68	0.64

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 2021

	Three Months to 30 June 2021 (Reviewed) QR000	Three Months to 30 June 2020 (Reviewed) QR000	Six Months to 30 June 2021 (Reviewed) QR000	Six Months to 30 June 2020 (Reviewed) QR000
Profit for the Period	3,484,874	2,836,660	6,814,507	6,422,117
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	(395,837)	(692,706)	(1,735,072)	(2,026,098)
Share of Other Comprehensive Income of Associates	(90,162)	(8,355)	(35,542)	(3,302)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	1,095,548	485,035	(48,580)	(1,430,638)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	(118,349)	(186,296)	289,711	10,827
Investments in Debt Instruments Measured at FVOCI				
Net Change in Fair Value	193,837	438,542	(160,896)	(48,889)
Net Amount Transferred to Income Statement	(2,368)	(40,169)	(4,574)	(70,411)
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	32,440	87,272	50,631	(78,634)
Total Other Comprehensive Income / (Loss) for the Period, net of Income Taxes	715,109	83,323	(1,644,322)	(3,647,145)
Total Comprehensive Income for the Period	4,199,983	2,919,983	5,170,185	2,774,972
Attributable to:				
Equity Holders of the Bank	4,187,922	2,991,168	5,153,273	2,954,963
Non - Controlling Interests	12,061	(71,185)	16,912	(179,991)
Total Comprehensive Income for the Period	4,199,983	2,919,983	5,170,185	2,774,972

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 2021

	Equity Attributable to Equity Holders of the Bank										Total
	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	
	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	
Balance at 1 January 2021	9,236,429	25,326,037	9,000,000	(1,811,051)	(18,617,295)	166,050	52,509,508	75,809,678	1,092,041	20,000,000	96,901,719
Total Comprehensive Income for the Period											
Profit for the Period	-	-	-	-	-	-	6,776,039	6,776,039	38,468	-	6,814,507
Other Comprehensive Income / (Loss)	-	-	-	125,718	(1,712,992)	(35,492)	-	(1,622,766)	(21,556)	-	(1,644,322)
Total Comprehensive Income / (Loss) for the Period	-	-	-	125,718	(1,712,992)	(35,492)	6,776,039	5,153,273	16,912	-	5,170,185
Reclassification of Net Change in Fair Value of Equity Instruments upon derecognition	-	-	-	790	-	-	(790)	-	-	-	-
Transactions with Equity Holders, Recognised Directly in Equity											
Dividend for the Year 2020 (note 6)	-	-	-	-	-	-	(4,156,393)	(4,156,393)	-	-	(4,156,393)
Other Movements	-	-	-	-	-	-	(189,774)	(189,774)	(340)	-	(190,114)
Total Transactions Recognised Directly in Equity	-	-	-	-	-	-	(4,346,167)	(4,346,167)	(340)	-	(4,346,507)
Balance at 30 June 2021	9,236,429	25,326,037	9,000,000	(1,684,543)	(20,330,287)	130,558	54,938,590	76,616,784	1,108,613	20,000,000	97,725,397
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 (note 6)	-	-	-	-	-	-	(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

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 Cash Flows
For the Six Month Period Ended 30 June 2021

	Note	Six Months to 30 June 2021 (Reviewed) QR000	Six Months to 30 June 2020 (Reviewed) QR000	Year to 31 December 2020 (Audited) QR000
Cash Flows from Operating Activities				
Profit Before Income Taxes		7,459,955	6,999,392	13,184,299
Adjustments for:				
Interest Income		(22,007,538)	(22,938,884)	(43,773,079)
Interest Expense		10,945,361	12,473,858	22,777,721
Depreciation		322,602	340,534	664,164
Net ECL / Impairment Losses on Loans and Advances to Customers		2,885,257	2,472,958	5,825,419
Net ECL / Impairment Losses on Investment Securities		47,759	29,066	69,004
Net ECL / Impairment Losses on Other Financial Instruments		9,266	116,309	142,783
Other Provisions		23,379	28,439	93,162
Dividend income		(21,097)	(17,437)	(48,365)
Net gain on sale of property and equipment		(63,042)	(30,350)	(17,881)
Net gain on sale of investment securities		(28,205)	(89,737)	(120,745)
Amortisation of Intangible Assets		38,660	38,204	76,804
Net amortisation of premium or discount on investments		480,168	927,464	(1,629,308)
Net share of results of associates		(119,714)	(114,842)	(63,830)
		(27,189)	234,974	(2,819,852)
<i>Changes in:</i>				
Due from banks		(4,180,879)	(1,026,610)	1,558,999
Loans and advances to customers		(37,710,130)	(39,513,541)	(56,876,857)
Other assets		5,448,576	3,617,841	(6,135,498)
Due to banks		15,521,298	(4,785,980)	11,825,389
Customer deposits		39,992,332	43,264,106	57,835,092
Other liabilities		(2,641,603)	(2,438,207)	2,227,437
Cash from / (used in) operations		16,402,405	(647,417)	7,614,710
Interest received		18,724,796	18,016,954	35,952,097
Interest paid		(10,893,957)	(12,609,426)	(17,964,730)
Dividends received		21,097	17,437	48,365
Income tax paid		(940,180)	(500,624)	(864,513)
Other provisions paid		(7,577)	(161,669)	(44,880)
Net Cash Flows from Operating Activities		23,306,584	4,115,255	24,741,049
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(48,316,535)	(30,821,966)	(111,997,115)
Proceeds from Sale / Redemption of Investment Securities		33,546,583	29,086,693	85,139,198
Further Investment in Associate		(305,578)	-	-
Dividend from Associates		71,215	-	-
Additions to Property and Equipment		(442,308)	(453,253)	(1,167,928)
Proceeds from Sale of Property and Equipment		66,038	4,414	20,681
Net Cash Flows used in Investing Activities		(15,380,585)	(2,184,112)	(28,005,164)
Cash Flows from Financing Activities				
Payment of Coupon on Instruments Eligible for Additional Capital		(1,000,000)	(1,000,000)	(1,000,000)
Proceeds from Issuance of Debt Securities		6,806,197	9,852,847	12,142,592
Repayment of Debt Securities		(5,842,930)	(3,640,500)	(3,815,091)
Proceeds from Issuance of Other Borrowings		1,439,431	4,481,223	17,710,213
Repayment of Other Borrowings		(922,748)	(2,608,652)	(15,325,322)
Payment of Rents for Lease Contracts		(130,112)	(141,501)	(274,052)
Dividends Paid		(4,145,480)	(5,530,250)	(5,533,350)
Net Cash Flows (used in) / from Financing Activities		(3,795,642)	1,413,167	3,904,990
Net Increase in Cash and Cash Equivalents		4,130,357	3,344,310	640,875
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(432,979)	(291,737)	(885,380)
Cash and Cash Equivalents as at 1 January		102,483,340	102,727,845	102,727,845
Cash and Cash Equivalents at 30 June / 31 December	11	106,180,718	105,780,418	102,483,340

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 2021

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". These interim condensed consolidated financial statements should be read in conjunction with the 2020 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 six month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 judgements 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 2020.

The Group has consistently applied the accounting policies as applied in the annual consolidated financial statements for the year ended 31 December 2020, except for effect of 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 2020.

The following amendments to existing standards 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
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

Interest Rate Benchmark Reform - Phase 2 amendments

Effective from 1 January 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that are effected by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

With respect to operational aspect of IBOR transition, the Group is in discussion with counterparties in relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate 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.

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 Six Month Period Ended 30 June 2021

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				Unallocated and Intra-group Transactions QR000	Total QR000
	Corporate Banking	Consumer Banking	Asset and Wealth Management QR000	International Banking		
	QR000	QR000	QR000	QR000		
As at and for the six month period ended 30 June 2021:						
Revenue:						
Net Interest Income	6,501,040	318,897	363,175	3,853,585	25,480	11,062,177
Net Fees and Commission Income	349,910	128,669	132,777	950,934	35,051	1,597,341
Net Foreign Exchange Gain	251,372	88,675	70,206	236,268	(2,914)	643,607
Income from Investment Securities	12,000	-	(2,130)	39,432	-	49,302
Other Operating Income	47	4	281	92,366	21	92,719
Share of Results of Associates	93,013	-	-	26,701	-	119,714
Total Segment Revenue	7,207,382	536,245	564,309	5,199,286	57,638	13,564,860
Reportable Segment Profit	4,776,040	223,777	408,043	1,475,636	(107,457)	6,776,039
Reportable Segment Investments	85,176,418	-	240	52,566,558	-	137,743,216
Reportable Segment Loans and Advances	540,735,572	9,278,216	20,357,515	176,258,764	-	746,630,067
Reportable Segment Customer Deposits	360,910,987	34,431,980	41,696,140	329,904,706	-	766,943,813
Reportable Segment Assets	760,363,091	35,577,792	42,878,233	556,642,959	(330,485,072)	1,064,977,003
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

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Six Month Period Ended 30 June 2021

3. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Loans and Advances to Customers	762,918,075	715,694,144	738,083,245
Deferred Profit	(40,550)	(49,186)	(64,614)
Accrued Interest	7,615,988	8,148,682	7,336,182
Expected Credit Losses - Performing Loans and Advances to Customers - Stage 1 and 2	(4,614,480)	(4,407,403)	(4,614,602)
Impairment on Non-performing Loans and Advances to Customers - Stage 3	(19,248,966)	(14,613,979)	(16,945,037)
Net Loans and Advances to Customers	<u>746,630,067</u>	<u>704,772,258</u>	<u>723,795,174</u>

The aggregate amount of non performing loans and advances to customers amounted to QR17,888 million or 2.3% of total loans and advances to customers (31 December 2020: QR15,811 million or 2.1% of total loans and advances to customers).

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

	30 June 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Stage 1	704,825,092	669,691,642	686,383,449
Stage 2	47,780,891	39,498,797	43,160,224
Stage 3	17,887,530	14,603,201	15,811,140
Total Gross Exposures	<u>770,493,513</u>	<u>723,793,640</u>	<u>745,354,813</u>

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

	30 June 2021			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January 2021	1,427,951	3,186,651	16,945,037	21,559,639
ECL / Impairment Charge for the Period (Net)	302,074	142,938	2,910,844	3,355,856
Foreign Currency Translation for the Period	(86,891)	(179,287)	(408,386)	(674,564)
Transfers from Stage 1 to 2	(8,283)	8,283	-	-
Transfers from Stage 2 to 3	-	(178,956)	178,956	-
Write-offs during the Period	-	-	(377,485)	(377,485)
Closing Balance as at 30 June 2021	<u>1,634,851</u>	<u>2,979,629</u>	<u>19,248,966</u>	<u>23,863,446</u>

	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 2020	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 2020	<u>1,474,060</u>	<u>2,933,343</u>	<u>14,613,979</u>	<u>19,021,382</u>

ECL / impairment charge for the period includes interest in suspense and recoveries of balances previously written off, net of for QR470.6 million (30 June 2020: QR655.3 million).

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4. INVESTMENT SECURITIES

	30 June 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Investment Securities at Fair Value Through Profit or Loss (FVPL)	239,530	247,388	288,918
Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)	36,347,691	37,442,629	36,267,165
Investment Securities at Amortised Cost (AC), net	99,152,245	57,114,331	85,058,061
Accrued Interest	2,003,750	1,182,230	1,769,425
Total	137,743,216	95,986,578	123,383,569

The above includes impairment allowance in respect of debt securities amounting to QR203.3 million (31 December 2020: QR159.6 million).

5. FAIR VALUE RESERVE

	30 June 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Cash Flow Hedges	(1,238,643)	(2,836,397)	(1,189,898)
Fair Value Through Other Comprehensive Income	150,137	(37,688)	264,595
Hedges of a Net Investment in Foreign Operations	(596,037)	(89,789)	(885,748)
Total	(1,684,543)	(2,963,874)	(1,811,051)

The Fair Value Reserve for Investments at Fair Value Through Other Comprehensive Income include the loss allowance amounting to QR19.2 million (31 December 2020: QR18.9 million).

6. DIVIDEND

The cash dividend in respect of the year ended 31 December 2020 of QR0.45 per share, amounting to a total of QR4,156 million, was approved by the shareholders at the Annual General Assembly meeting on 31 January 2021.

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 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Contingent Liabilities			
Unused Facilities	111,638,220	114,254,271	115,535,472
Guarantees	59,844,418	58,879,479	60,337,801
Letters of Credit	45,600,421	35,033,310	37,806,688
Others	14,152,410	15,973,585	14,962,140
Total	231,235,469	224,140,645	228,642,101

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

	30 June 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Stage 1	210,344,893	202,815,425	207,347,805
Stage 2	6,378,716	4,956,335	5,958,438
Stage 3	359,450	395,300	373,718
Total Gross Exposures	217,083,059	208,167,060	213,679,961

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

	30 June 2021			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January 2021	276,015	137,470	133,306	546,791
ECL / Impairment Charge / (Reversal) for the Period (Net)	5,476	(11,864)	(8,297)	(14,685)
Foreign Currency Translation for the Period	(9,807)	(515)	4,719	(5,603)
Transfers during the Period	(99)	99	-	-
Closing Balance as at 30 June 2021	271,585	125,190	129,728	526,503

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7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS (CONTINUED)

	30 June 2020			
	Stage 1	Stage 2	Stage 3	Total
	(Reviewed) QR000	(Reviewed) QR000	(Reviewed) QR000	(Reviewed) QR000
Opening Balance of Provisions as at 1 January 2020	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 2020	284,620	94,708	138,990	518,318

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 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances to Customers	2,999,490	2,485,603	2,933,737
Customer Deposits	1,498,206	1,483,923	1,383,123
Contingent Liabilities and Other Commitments	72,135	72,847	81,658
Statement of Income Items			
Interest and Commission Income	63,171	35,848	130,951
Interest and Commission Expense	7,890	8,758	32,145
Associates			
Due from banks	1,396,184	1,375,520	1,512,004
Interest and Commission Income	22,623	32,017	56,832
Due to banks	61,532	23,108	1,708
Interest and Commission Expense	26	139	156
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	34,696	34,796	43,287
End of Service Indemnity Benefits	530	628	1,169

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 QR83,955 million included in loans and advances (31 December 2020: QR69,096 million) and QR9,419 million included in customer deposits (31 December 2020: QR6,704 million).

9. CAPITAL ADEQUACY

	30 June 2021 (Reviewed) QR000	30 June 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	67,037,543	62,453,926	69,329,402
Eligible Additional Tier 1 (AT 1) Capital Instruments	20,000,000	20,000,000	20,000,000
Additional Tier 1 Capital	78,406	99,810	84,021
Additional Tier 2 Capital	5,326,634	4,957,427	5,267,427
Total Eligible Capital	92,442,583	87,511,163	94,680,850
Risk Weighted Assets	490,865,128	477,768,199	495,306,558
Total Capital Ratio	18.8%	18.3%	19.1%

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%.

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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 2020.

	Level 1	Level 2	Level 3	Total
	QR000	QR000	QR000	QR000
At 30 June 2021: (Reviewed)				
Derivative Assets Held for Risk Management	284	5,094,712	-	5,094,996
Investment Securities	35,826,048	1,253,937	-	37,079,985
	35,826,332	6,348,649	-	42,174,981
Derivative Liabilities Held for Risk Management	209	3,754,181	-	3,754,390
	209	3,754,181	-	3,754,390
At 31 December 2020: (Audited)				
Derivative Assets Held for Risk Management	50	5,505,932	-	5,505,982
Investment Securities	35,860,571	1,202,063	-	37,062,634
	35,860,621	6,707,995	-	42,568,616
Derivative Liabilities Held for Risk Management	1,430	5,856,817	-	5,858,247
	1,430	5,856,817	-	5,858,247

11. CASH AND CASH EQUIVALENTS

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

	30 June	30 June	31 December
	2021	2020	2020
	(Reviewed)	(Reviewed)	(Audited)
	QR000	QR000	QR000
Cash and Balances with Central Banks	40,157,510	49,263,199	40,951,732
Due from Banks Maturing in Three months	66,023,208	56,517,219	61,531,608
Total	106,180,718	105,780,418	102,483,340

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

12. BASIC AND DILUTED EARNINGS PER SHARE

	Three Months to	Three Months to	Six Months to	Six Months to
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	QR000	QR000	QR000	QR000
Profit for the Period Attributable to Equity Holders of the Bank	3,463,834	2,824,152	6,776,039	6,394,705
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	3,213,834	2,574,152	6,276,039	5,894,705
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	0.35	0.28	0.68	0.64

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

During the current period, due to continued uncertainties caused by COVID-19, the Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs"). ECLs are estimated based on a range of forecast economic conditions as at the reporting date and the Group has considered the impact of 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 scenarios include:

	30 June 2021 (Reviewed)	30 June 2020 (Reviewed)	31 December 2020 (Audited)
Average oil price range (USD / Barrel)	38 to 54	19 to 44.9	19 to 44.9
GDP Growth Rate	0.9% to 2.5%	-4.4% to -1.5%	-4.4% to -1.5%
Inflation	-1.0% to 1.5%	0.7% to 1.9%	0.7% to 1.9%

The following weightings were assigned to each macro-economic scenario at QNB parent company level which are based on the CCI:

	30 June 2021 (Reviewed)	30 June 2020 (Reviewed)	31 December 2020 (Audited)
Upside Case	5%	0%	0%
Base Case	65%	55%	55%
Downside Case	30%	45%	45%

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 considered the 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.

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.