



Interim Condensed Consolidated Financial Statements

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

11 October 2020
Doha
State of Qatar




Gopal Balasubramaniam
KPMG

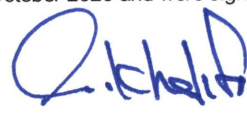
Qatar Auditor's Registry Number 251
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Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Financial Position
As at 30 September 2020

	Notes	30 September 2020 (Reviewed) QR000	30 September 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		77,488,986	63,637,356	62,155,228
Due from Banks		67,113,399	74,143,958	79,316,258
Loans and Advances to Customers	3	716,624,378	653,028,970	678,681,835
Investment Securities	4	95,025,451	93,071,684	95,899,182
Investment in Associates		7,240,320	7,072,249	7,116,602
Property and Equipment		5,159,044	5,173,928	5,377,742
Intangible Assets		3,960,063	3,984,926	3,993,218
Other Assets		13,712,675	11,693,849	12,157,626
Total Assets		986,324,316	911,806,920	944,697,691
LIABILITIES				
Due to Banks		78,405,924	70,087,021	78,383,845
Customer Deposits		715,120,185	662,539,112	684,488,921
Debt Securities		42,500,461	33,024,803	33,778,250
Other Borrowings		27,397,096	25,195,164	25,266,611
Other Liabilities		29,035,365	28,105,256	28,060,896
Total Liabilities		892,459,031	818,951,356	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		(2,800,630)	(1,727,390)	(1,347,274)
Foreign Currency Translation Reserve	5	(19,313,719)	(16,027,527)	(16,439,210)
Other Reserves		253,890	308,943	263,729
Retained Earnings		51,731,351	46,653,674	48,059,481
Total Equity Attributable to Equity Holders of the Bank		72,933,358	71,770,166	73,599,192
Non - Controlling Interests		931,927	1,085,398	1,119,976
Instruments Eligible for Additional Tier 1 Capital		20,000,000	20,000,000	20,000,000
Total Equity		93,865,285	92,855,564	94,719,168
Total Liabilities and Equity		986,324,316	911,806,920	944,697,691

These interim condensed consolidated financial statements were approved by the Board of Directors on 11 October 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 Nine Month Periods Ended 30 September 2020

	Three Months to 30 September 2020 (Reviewed) QR000	Three Months to 30 September 2019 (Reviewed) QR000	Nine Months to 30 September 2020 (Reviewed) QR000	Nine Months to 30 September 2019 (Reviewed) QR000
Interest Income	10,323,048	13,183,338	33,261,932	40,516,450
Interest Expense	(5,077,726)	(8,084,573)	(17,551,584)	(25,573,602)
Net Interest Income	5,245,322	5,098,765	15,710,348	14,942,848
Fees and Commission Income	933,523	1,263,733	2,967,874	3,605,480
Fees and Commission Expense	(223,331)	(302,071)	(691,384)	(825,757)
Net Fees and Commission Income	710,192	961,662	2,276,490	2,779,723
Net Foreign Exchange Gain	276,753	262,213	829,119	846,504
Income from Investment Securities	49,506	29,592	156,680	80,317
Other Operating Income	17,122	74,614	42,208	105,318
Operating Income	6,298,895	6,426,846	19,014,845	18,754,710
Staff Expenses	(824,925)	(881,077)	(2,549,755)	(2,593,139)
Depreciation	(164,972)	(177,917)	(505,506)	(523,976)
Other Expenses	(518,714)	(624,936)	(1,599,774)	(1,786,453)
Net ECL / Impairment Losses on Loans and Advances to Customers	(1,343,475)	(618,355)	(3,816,433)	(1,924,740)
Net ECL / Impairment (Losses) / Recoveries on Investment Securities	(12,363)	3,515	(41,429)	33,501
Net ECL / Impairment Losses on Other Financial Instruments	(55,119)	(34,918)	(171,428)	(158,416)
Amortisation of Intangible Assets	(19,211)	(18,830)	(57,415)	(54,871)
Other (Provisions) / Reversals	(27,488)	20,308	(55,927)	15,382
	(2,966,267)	(2,332,210)	(8,797,667)	(6,992,712)
Share of Results of Associates	81,997	90,003	196,839	319,385
Profit Before Income Taxes	3,414,625	4,184,639	10,414,017	12,081,383
Income Tax Expense	(297,824)	(319,854)	(875,099)	(790,177)
Profit for the Period	3,116,801	3,864,785	9,538,918	11,291,206
Attributable to:				
Equity Holders of the Bank	3,092,475	3,837,528	9,487,180	11,210,477
Non - Controlling Interests	24,326	27,257	51,738	80,729
Profit for the Period	3,116,801	3,864,785	9,538,918	11,291,206
Earnings Per Share (QR) (Basic and Diluted) (note 12)	0.31	0.39	0.95	1.13

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 Nine Month Periods Ended 30 September 2020

	Three Months to 30 September 2020 (Reviewed) QR000	Three Months to 30 September 2019 (Reviewed) QR000	Nine Months to 30 September 2020 (Reviewed) QR000	Nine Months to 30 September 2019 (Reviewed) QR000
Profit for the Period	3,116,801	3,864,785	9,538,918	11,291,206
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	(1,052,130)	463,132	(3,078,228)	222,341
Share of Other Comprehensive Loss of Associates	(6,662)	(137,522)	(9,964)	(374,996)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	564,234	(594,838)	(866,404)	(1,473,848)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	(374,459)	355,485	(363,632)	427,854
Investments in Debt Instruments Measured at FVOCI				
Net Change in Fair Value	(82,932)	121,073	(131,821)	149,241
Net Amount Transferred to Income Statement	12,746	(1)	(57,665)	(3,261)
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	44,379	49,746	(34,963)	149,357
Total Other Comprehensive Income / (Loss) for the Period, net of Income Taxes	(894,824)	257,075	(4,542,677)	(903,312)
Total Comprehensive Income for the Period	2,221,977	4,121,860	4,996,241	10,387,894
Attributable to:				
Equity Holders of the Bank	2,194,513	4,085,794	5,148,768	10,268,964
Non - Controlling Interests	27,464	36,066	(152,527)	118,930
Total Comprehensive Income for the Period	2,221,977	4,121,860	4,996,241	10,387,894

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 Nine Month Period Ended 30 September 2020

	Equity Attributable to Equity Holders of the Bank								Non Controlling Interests	Instruments Eligible for Additional Tier 1 Capital	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			
	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	-	-	-	-	-	-	9,487,180	9,487,180	51,738	-	9,538,918
Other Comprehensive Loss	-	-	-	(1,454,064)	(2,874,509)	(9,839)	-	(4,338,412)	(204,265)	-	(4,542,677)
Total Comprehensive (Loss) / Income for the Period	-	-	-	(1,454,064)	(2,874,509)	(9,839)	9,487,180	5,148,768	(152,527)	-	4,996,241
Transactions with Equity Holders, Recognised Directly in Equity											
Dividend for the Year 2019	-	-	-	-	-	-	(5,541,857)	(5,541,857)	-	-	(5,541,857)
Reclassification of Net Change in Fair Value of Equity Instruments upon derecognition	-	-	-	708	-	-	(708)	-	-	-	-
Other Movements	-	-	-	-	-	-	(272,745)	(272,745)	(35,522)	-	(308,267)
Total Transactions Recognised Directly in Equity	-	-	-	708	-	-	(5,815,310)	(5,814,602)	(35,522)	-	(5,850,124)
Balance at 30 September 2020	9,236,429	25,326,037	8,500,000	(2,800,630)	(19,313,719)	253,890	51,731,351	72,933,358	931,927	20,000,000	93,865,285
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	-	-	-	-	-	-	11,210,477	11,210,477	80,729	-	11,291,206
Other Comprehensive (Loss) / Income	-	-	-	(753,833)	187,099	(374,779)	-	(941,513)	38,201	-	(903,312)
Total Comprehensive (Loss) / Income for the Period	-	-	-	(753,833)	187,099	(374,779)	11,210,477	10,268,964	118,930	-	10,387,894
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)	(36,110)	-	(265,811)
Total Transactions Recognised Directly in Equity	-	-	-	-	(4,774)	-	(5,763,658)	(5,768,432)	(38,619)	-	(5,807,051)
Balance at 30 September 2019	9,236,429	25,326,037	8,000,000	(1,727,390)	(16,027,527)	308,943	46,653,674	71,770,166	1,085,398	20,000,000	92,855,564

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 Nine Month Period Ended 30 September 2020

	Note	Nine Months to 30 September 2020 (Reviewed) QR000	Nine Months to 30 September 2019 (Reviewed) QR000	Year to 31 December 2019 (Audited) QR000
Net Cash Flows from Operating Activities		443,518	822,226	14,810,980
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(63,544,710)	(43,611,596)	(45,576,479)
Proceeds from Sale / Redemption of Investment Securities		63,183,147	42,492,423	41,752,268
Additions to Property and Equipment		(710,500)	(377,467)	(928,273)
Proceeds from Sale of Property and Equipment		8,940	5,734	4,669
Net Cash Flows used in Investing Activities		(1,063,123)	(1,490,906)	(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		12,182,849	9,367,156	9,764,304
Repayment of Debt Securities		(3,703,549)	(1,942,569)	(1,842,580)
Proceeds from Issuance of Other Borrowings		5,065,687	12,284,645	12,314,000
Repayment of Other Borrowings		(2,652,494)	(11,726,334)	(11,732,186)
Payment of Rents for Lease Contracts		(212,252)	(233,442)	(313,349)
Dividends Paid		(5,532,448)	(5,537,451)	(5,538,478)
Net Cash Flows from Financing Activities		4,147,793	2,212,005	2,119,211
Net Increase in Cash and Cash Equivalents		3,528,188	1,543,325	12,182,376
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(384,711)	(170,741)	(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 September / 31 December	11	105,871,322	93,184,446	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 Nine Month Period Ended 30 September 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 nine month periods ended 30 September 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 and Amendments 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.

Interest Rate Benchmark Reform Phase 2 which include several amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are effective from 1 January 2021. The Group is currently evaluating the impact of these amendments. The Group will adopt these amendments 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 QR 52.5 billion as at 30 September 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 Nine Month Period Ended 30 September 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 nine month period ended 30 September 2020:						
Revenue:						
Net Interest Income	7,716,133	490,865	713,231	6,749,141	40,978	15,710,348
Net Fees and Commission Income	520,969	133,537	171,270	1,441,724	8,990	2,276,490
Net Foreign Exchange Gain	461,406	126,733	93,023	144,731	3,226	829,119
Income from Investment Securities	34,207	-	(301)	122,774	-	156,680
Other Operating Income	709	12	458	40,419	610	42,208
Share of Results of Associates	159,605	-	-	37,234	-	196,839
Total Segment Revenue	8,893,029	751,147	977,681	8,536,023	53,804	19,211,684
Reportable Segment Profit	5,931,796	226,862	885,024	2,639,800	(196,302)	9,487,180
Reportable Segment Investments	49,484,991	-	206	45,540,254	-	95,025,451
Reportable Segment Loans and Advances	504,195,865	9,337,642	30,380,426	172,710,445	-	716,624,378
Reportable Segment Customer Deposits	318,354,572	32,406,792	56,463,897	307,894,924	-	715,120,185
Reportable Segment Assets	691,806,081	33,609,202	56,144,873	492,558,258	(287,794,098)	986,324,316
As at and for the nine month period ended 30 September 2019:						
Revenue:						
Net Interest Income	6,582,622	529,429	629,503	7,152,555	48,739	14,942,848
Net Fees and Commission Income	523,984	230,106	184,823	1,849,512	(8,702)	2,779,723
Net Foreign Exchange Gain	397,843	108,776	127,551	203,193	9,141	846,504
Income from Investment Securities	45,043	-	-	35,274	-	80,317
Other Operating Income	47	5	-	103,765	1,501	105,318
Share of Results of Associates	276,123	-	-	43,262	-	319,385
Total Segment Revenue	7,825,662	868,316	941,877	9,387,561	50,679	19,074,095
Reportable Segment Profit	6,629,589	361,186	777,415	3,835,413	(393,126)	11,210,477
Reportable Segment Investments	52,529,238	-	14,087	40,528,359	-	93,071,684
Reportable Segment Loans and Advances	438,301,064	11,059,984	26,437,920	177,230,002	-	653,028,970
Reportable Segment Customer Deposits	281,039,880	26,454,959	52,695,429	302,348,844	-	662,539,112
Reportable Segment Assets	617,108,231	27,757,944	54,699,431	455,843,893	(243,602,579)	911,806,920

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

3. LOANS AND ADVANCES TO CUSTOMERS

	30 September 2020 (Reviewed) QR000	30 September 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Loans and Advances to Customers	729,813,173	661,732,047	689,423,534
Deferred Profit	(40,909)	(18,869)	(48,592)
Accrued Interest	6,689,961	7,974,684	6,083,121
Expected Credit Losses - Performing Loans and Advances to Customers - Stage 1 and 2	(4,510,118)	(3,606,758)	(3,941,000)
Impairment on Non-performing Loans and Advances to Customers - Stage 3	(15,327,729)	(13,052,134)	(12,835,228)
Net Loans and Advances to Customers	716,624,378	653,028,970	678,681,835

The aggregate amount of non performing loans and advances to customers amounted to QR14,757 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 September 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Gross Exposures - Loans and Advances to Customers	680,998,000	40,707,485	14,756,740	736,462,225
	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 September 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)	436,598	535,803	3,697,564	4,669,965
Foreign Currency Translation for the Period	(144,561)	(232,851)	(584,525)	(961,937)
Transfers from Stage 1 to 2	(20,616)	20,616	-	-
Transfers from Stage 2 to 3	-	(25,871)	25,871	-
Write-offs during the Period	-	-	(646,409)	(646,409)
Closing Balance as at 30 September	1,518,041	2,992,077	15,327,729	19,837,847

	30 September 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)	(31,568)	318,042	1,833,053	2,119,527
Foreign Currency Translation for the Period	(20,081)	(41,607)	179,313	117,625
Transfers from Stage 1 to 2	(354,898)	354,898	-	-
Transfers from Stage 2 to 3	-	(71,314)	71,314	-
Write-offs during the Period	-	-	(1,720,990)	(1,720,990)
Closing Balance as at 30 September	1,261,598	2,345,160	13,052,134	16,658,892

ECL / impairment charge for the period includes interest in suspense and recoveries of balances previously written off for QR853.5 million (30 September 2019: QR194.8 million).

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4. INVESTMENT SECURITIES

	30 September 2020 (Reviewed) QR000	30 September 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Investment Securities at Fair Value Through Profit or Loss (FVPL)	188,565	181,617	222,112
Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)	35,894,709	36,423,283	37,173,191
Investment Securities at Amortised Cost (AC), net	57,780,851	55,070,828	57,128,169
Accrued Interest	1,161,326	1,395,956	1,375,710
Total	95,025,451	93,071,684	95,899,182

The above includes impairment allowance in respect of debt securities amounting to QR159.5 million (31 December 2019: QR130.7 million).

5. FAIR VALUE RESERVE

	30 September 2020 (Reviewed) QR000	30 September 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Cash Flow Hedges	(2,272,248)	(1,849,389)	(1,405,869)
Fair Value Through Other Comprehensive Income	(64,134)	(2,672)	159,211
Hedges of a Net Investment in Foreign Operations	(464,248)	124,671	(100,616)
Total	(2,800,630)	(1,727,390)	(1,347,274)

The Fair Value Reserve for Investments at Fair Value Through Other Comprehensive Income include the loss allowance amounting to QR13.6 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 September 2020 (Reviewed) QR000	30 September 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Contingent Liabilities			
Unused Facilities	108,461,497	107,714,921	112,224,237
Guarantees	59,456,838	59,533,937	61,154,915
Letters of Credit	33,522,637	28,951,170	30,572,387
Others	14,919,726	15,093,613	16,750,687
Total	216,360,698	211,293,641	220,702,226

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

	30 September 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Gross Exposures - Contingent Liabilities	195,751,800	5,336,167	353,005	201,440,972
	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 September 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)	86,532	58,713	(4,369)	140,876
Foreign Currency Translation for the Period	(11,053)	(5,545)	(10,090)	(26,688)
Closing Balance as at 30 September	288,730	128,318	144,299	561,347

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7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS (CONTINUED)

	30 September 2019			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (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)	59,257	14,395	89,081	162,733
Foreign Currency Translation for the Period	504	(216)	4,196	4,484
Closing Balance as at 30 September	190,944	48,637	221,796	461,377

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 September 2020 (Reviewed) QR000	30 September 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances to Customers	2,907,894	2,750,038	3,237,684
Customer Deposits	1,479,710	394,135	1,292,434
Contingent Liabilities and Other Commitments	94,148	72,526	70,317
Statement of Income Items			
Interest and Commission Income	98,954	105,524	143,642
Interest and Commission Expense	25,880	6,379	12,474
Associates			
Due from banks	1,347,032	1,414,201	1,580,722
Interest and Commission Income	44,937	61,795	68,973
Due to banks	2,882	86,907	185,873
Interest and Commission Expense	148	1,191	1,277
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	39,179	32,734	37,132
End of Service Indemnity Benefits	905	761	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 QR58,310 million included in loans and advances (31 December 2019: QR79,386 million) and QR14,957 million included in customer deposits (31 December 2019: QR14,024 million).

9. CAPITAL ADEQUACY

	30 September 2020 (Reviewed) QR000	30 September 2019 (Reviewed) QR000	31 December 2019 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	61,400,225	57,055,044	64,910,223
Eligible Additional Tier 1 (AT 1) Capital Instruments	20,000,000	20,000,000	20,000,000
Additional Tier 1 Capital	97,395	90,247	91,848
Additional Tier 2 Capital	5,135,279	4,046,567	4,373,999
Total Eligible Capital	86,632,899	81,191,858	89,376,070
Risk Weighted Assets	478,356,739	446,119,551	473,493,258
Total Capital Ratio	18.1%	18.2%	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%.

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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	Level 2	Level 3	Total
	QR000	QR000	QR000	QR000
At 30 September 2020: (Reviewed)				
Derivative Assets Held for Risk Management	-	6,959,167	-	6,959,167
Investment Securities	35,067,814	1,371,449	-	36,439,263
	35,067,814	8,330,616	-	43,398,430
Derivative Liabilities Held for Risk Management	1,175	6,551,669	-	6,552,844
	1,175	6,551,669	-	6,552,844
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 September	30 September	31 December
	2020	2019	2019
	(Reviewed)	(Reviewed)	(Audited)
	QR000	QR000	QR000
Cash and Balances with Central Banks	41,730,217	31,088,609	29,092,901
Due from Banks Maturing in Three months	64,141,105	62,095,837	73,634,944
Total	105,871,322	93,184,446	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	Three Months to	Nine Months to	Nine Months to
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	QR000	QR000	QR000	QR000
Profit for the Period Attributable to Equity Holders of the Bank	3,092,475	3,837,528	9,487,180	11,210,477
Less: Dividend Appropriation for Instruments Eligible for Additional Tier 1 Capital	(250,000)	(250,000)	(750,000)	(750,000)
Net Profit for the Period Attributable to Equity Holders of the Bank	2,842,475	3,587,528	8,737,180	10,460,477
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	0.31	0.39	0.95	1.13

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 current year, the uncertainties caused by COVID-19, and the changes in oil prices have required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") accordingly and the Group has updated the same as at 30 September 2020. ECLs were estimated based on a range of forecast economic conditions as at that 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 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 September 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, and hence no impairment is deemed to be required.

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.