



**Interim Condensed Consolidated Financial Statements**

**30 June 2022**



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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 of Qatar National Bank (Q.P.S.C.) (the "Bank") and its subsidiaries (together the "Group") for the period ended 30 June 2022, which comprise:

- the interim consolidated statement of financial position as at 30 June 2022;
- the interim consolidated statement of income for the three-month and six-month periods ended 30 June 2022;
- the interim consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2022;
- the interim consolidated statement of changes in equity for the six-month period ended 30 June 2022;
- the interim consolidated statement of cash flows for the six-month period ended 30 June 2022; 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 IAS 34, 'Interim Financial Reporting'. 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 2022 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

7 July 2022  
Doha  
State of Qatar



  
Gopal Balasubramaniam  
KPMG

Qatar Auditor's Registry Number 251  
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Auditor's License No. 120153

**Qatar National Bank (Q.P.S.C.)**  
**Interim Consolidated Statement of Financial Position**  
**As at 30 June 2022**

	Notes	30 June 2022 (Reviewed) QR000	30 June 2021 (Reviewed) QR000	31 December 2021 (Audited) QR000
<b>ASSETS</b>				
Cash and Balances with Central Banks		92,253,935	80,203,593	88,551,288
Due from Banks		91,896,080	71,749,373	69,055,144
Loans and Advances to Customers	3	766,131,400	746,630,067	763,652,041
Investment Securities	4	143,711,215	137,743,216	142,821,328
Investment in Associates		7,500,192	7,360,852	7,467,009
Property and Equipment		6,028,520	5,278,869	5,156,806
Intangible Assets		4,673,047	3,907,903	3,886,786
Other Assets		12,106,294	12,103,130	12,447,209
<b>Total Assets</b>		<b>1,124,300,683</b>	<b>1,064,977,003</b>	<b>1,093,037,611</b>
<b>LIABILITIES</b>				
Due to Banks		134,759,803	100,532,839	111,441,572
Customer Deposits		794,800,259	766,943,813	785,511,524
Debt Securities		34,773,910	43,593,224	40,088,927
Other Borrowings		25,776,289	27,770,684	26,138,239
Other Liabilities		31,566,330	28,411,046	29,800,702
<b>Total Liabilities</b>		<b>1,021,676,591</b>	<b>967,251,606</b>	<b>992,980,964</b>
<b>EQUITY</b>				
Issued Capital		9,236,429	9,236,429	9,236,429
Legal Reserve		25,326,037	25,326,037	25,326,037
Risk Reserve		10,000,000	9,000,000	10,000,000
Fair Value Reserve	5	310,267	(1,684,543)	(1,169,550)
Foreign Currency Translation Reserve		(24,084,319)	(20,330,287)	(23,613,712)
Other Reserves		(82,566)	130,558	46,141
Retained Earnings		60,869,256	54,938,590	59,117,808
<b>Total Equity Attributable to Equity Holders of the Bank</b>		<b>81,575,104</b>	<b>76,616,784</b>	<b>78,943,153</b>
Non - Controlling Interests		1,048,988	1,108,613	1,113,494
Instruments Eligible for Additional Tier 1 Capital		20,000,000	20,000,000	20,000,000
<b>Total Equity</b>		<b>102,624,092</b>	<b>97,725,397</b>	<b>100,056,647</b>
<b>Total Liabilities and Equity</b>		<b>1,124,300,683</b>	<b>1,064,977,003</b>	<b>1,093,037,611</b>

These interim condensed consolidated financial statements were approved by the Board of Directors on 7 July 2022 and were signed on its behalf by:



**Ali Ahmed Al-Kuwari**  
Chairman of the Board of Directors



**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 2022**

	Three Months to 30 June 2022 (Reviewed) QR000	Three Months to 30 June 2021 (Reviewed) QR000	Six Months to 30 June 2022 (Reviewed) QR000	Six Months to 30 June 2021 (Reviewed) QR000
Interest Income	13,065,832	11,119,688	24,576,472	22,007,538
Interest Expense	<u>(6,062,163)</u>	<u>(5,447,653)</u>	<u>(11,310,424)</u>	<u>(10,945,361)</u>
<b>Net Interest Income</b>	<b>7,003,669</b>	<b>5,672,035</b>	<b>13,266,048</b>	<b>11,062,177</b>
Fees and Commission Income	1,202,446	1,095,479	2,358,672	2,171,792
Fees and Commission Expense	<u>(294,735)</u>	<u>(289,517)</u>	<u>(643,318)</u>	<u>(574,451)</u>
<b>Net Fees and Commission Income</b>	<b>907,711</b>	<b>805,962</b>	<b>1,715,354</b>	<b>1,597,341</b>
Net Foreign Exchange Gain	489,295	322,211	890,285	643,607
Income from Investment Securities	39,813	27,765	70,166	49,302
Other Operating Income	26,115	11,639	57,875	92,719
<b>Operating Income</b>	<b>8,466,603</b>	<b>6,839,612</b>	<b>15,999,728</b>	<b>13,445,146</b>
Staff Expenses	(884,021)	(841,391)	(1,761,724)	(1,690,138)
Depreciation	(178,575)	(156,391)	(308,227)	(322,602)
Other Expenses	(626,114)	(541,683)	(1,222,437)	(1,087,844)
Net ECL / Impairment Losses on Loans and Advances to Customers	(2,043,270)	(1,517,067)	(3,933,043)	(2,885,257)
Net ECL / Impairment Losses on Investment Securities	(12,253)	(34,589)	(20,711)	(47,759)
Net ECL / Impairment (Losses) / Recoveries on Other Financial Instruments	(4,328)	31,449	(96,912)	(9,266)
Amortisation of Intangible Assets	(18,167)	(19,503)	(38,359)	(38,660)
Other Provisions	<u>(10,971)</u>	<u>(10,031)</u>	<u>(21,664)</u>	<u>(23,379)</u>
	<b>(3,777,699)</b>	<b>(3,089,206)</b>	<b>(7,403,077)</b>	<b>(6,104,905)</b>
Share of Results of Associates	134,623	60,606	322,342	119,714
<b>Profit Before Income Taxes and Net Monetary Loss Arising from Hyperinflation</b>	<b>4,823,527</b>	<b>3,811,012</b>	<b>8,918,993</b>	<b>7,459,955</b>
Income Tax Expense	(651,154)	(326,138)	(1,104,641)	(645,448)
<b>Profit for the Period Before Net Monetary Loss Arising from Hyperinflation</b>	<b>4,172,373</b>	<b>3,484,874</b>	<b>7,814,352</b>	<b>6,814,507</b>
Net Monetary Loss Arising from Hyperinflation	<u>(255,321)</u>	<u>-</u>	<u>(743,791)</u>	<u>-</u>
<b>Profit for the Period</b>	<b>3,917,052</b>	<b>3,484,874</b>	<b>7,070,561</b>	<b>6,814,507</b>
<b>Attributable to:</b>				
Equity Holders of the Bank	3,890,488	3,463,834	7,018,033	6,776,039
Non - Controlling Interests	26,564	21,040	52,528	38,468
<b>Profit for the Period</b>	<b>3,917,052</b>	<b>3,484,874</b>	<b>7,070,561</b>	<b>6,814,507</b>
Earnings Per Share (QR) (Basic and Diluted) (note 12)	0.39	0.35	0.71	0.68



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 2022**

	Three Months to 30 June 2022 (Reviewed) QR000	Three Months to 30 June 2021 (Reviewed) QR000	Six Months to 30 June 2022 (Reviewed) QR000	Six Months to 30 June 2021 (Reviewed) QR000
<b>Profit for the Period</b>	<b>3,917,052</b>	<b>3,484,874</b>	<b>7,070,561</b>	<b>6,814,507</b>
<b>Other Comprehensive (Loss) / Income Items that are or may be Reclassified to Consolidated Income Statement in Subsequent Periods:</b>				
Foreign Currency Translation Differences for Foreign Operations	(1,077,016)	(395,837)	(3,612,615)	(1,735,072)
Share of Other Comprehensive Income of Associates	(74,795)	(90,162)	(128,982)	(35,542)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(703,287)	1,095,548	948,435	(48,580)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	444,541	(118,349)	593,049	289,711
Investments in Debt Instruments Measured at FVOCI				
Net Change in Fair Value	(47,988)	193,837	(113,900)	(160,896)
Net Amount Transferred to Income Statement	47,575	(2,368)	47,575	(4,574)
<b>Other Comprehensive (Loss) / Income Items that will not be Reclassified to Consolidated Income Statement:</b>				
Net Change in Fair Value of Investments in Equity Instruments Designated at FVOCI	(340,816)	32,440	1,578	50,631
Effects of Hyperinflation	(169,966)	-	3,044,019	-
<b>Total Other Comprehensive (Loss) / Income for the Period, net of Income Taxes</b>	<b>(1,921,752)</b>	<b>715,109</b>	<b>779,159</b>	<b>(1,644,322)</b>
<b>Total Comprehensive Income for the Period</b>	<b>1,995,300</b>	<b>4,199,983</b>	<b>7,849,720</b>	<b>5,170,185</b>
<b>Attributable to:</b>				
Equity Holders of the Bank	1,990,702	4,187,922	7,898,536	5,153,273
Non - Controlling Interests	4,598	12,061	(48,816)	16,912
<b>Total Comprehensive Income for the Period</b>	<b>1,995,300</b>	<b>4,199,983</b>	<b>7,849,720</b>	<b>5,170,185</b>



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 2022**

	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	
<b>Balance at 1 January 2022</b>	9,236,429	25,326,037	10,000,000	(1,169,550)	(23,613,712)	46,141	59,117,808	78,943,153	1,113,494	20,000,000	100,056,647
<b>Total Comprehensive Income for the Period</b>											
Profit for the Period	-	-	-	-	-	-	7,018,033	7,018,033	52,528	-	7,070,561
Other Comprehensive Income / (Loss)	-	-	-	1,479,817	(470,607)	(128,707)	-	880,503	(101,344)	-	779,159
<b>Total Comprehensive Income / (Loss) for the Period</b>	-	-	-	<b>1,479,817</b>	<b>(470,607)</b>	<b>(128,707)</b>	<b>7,018,033</b>	<b>7,898,536</b>	<b>(48,816)</b>	-	<b>7,849,720</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>											
Dividend for the Year 2021 (note 6)	-	-	-	-	-	-	(5,080,036)	(5,080,036)	-	-	(5,080,036)
Other Movements	-	-	-	-	-	-	(186,549)	(186,549)	(15,690)	-	(202,239)
<b>Total Transactions Recognised Directly in Equity</b>	-	-	-	-	-	-	<b>(5,266,585)</b>	<b>(5,266,585)</b>	<b>(15,690)</b>	-	<b>(5,282,275)</b>
<b>Balance at 30 June 2022</b>	<b>9,236,429</b>	<b>25,326,037</b>	<b>10,000,000</b>	<b>310,267</b>	<b>(24,084,319)</b>	<b>(82,566)</b>	<b>60,869,256</b>	<b>81,575,104</b>	<b>1,048,988</b>	<b>20,000,000</b>	<b>102,624,092</b>
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
<b>Total Comprehensive Income for the Period</b>											
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)
<b>Total Comprehensive Income / (Loss) for the Period</b>	-	-	-	<b>125,718</b>	<b>(1,712,992)</b>	<b>(35,492)</b>	<b>6,776,039</b>	<b>5,153,273</b>	<b>16,912</b>	-	<b>5,170,185</b>
Reclassification of Net Change in Fair Value of Equity Instruments upon Derecognition	-	-	-	790	-	-	(790)	-	-	-	-
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>											
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)
<b>Total Transactions Recognised Directly in Equity</b>	-	-	-	<b>790</b>	-	-	<b>(4,346,957)</b>	<b>(4,346,167)</b>	<b>(340)</b>	-	<b>(4,346,507)</b>
<b>Balance at 30 June 2021</b>	<b>9,236,429</b>	<b>25,326,037</b>	<b>9,000,000</b>	<b>(1,684,543)</b>	<b>(20,330,287)</b>	<b>130,558</b>	<b>54,938,590</b>	<b>76,616,784</b>	<b>1,108,613</b>	<b>20,000,000</b>	<b>97,725,397</b>

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 2022**

	<b>Six Months to 30 June 2022 (Reviewed) QR000</b>	<b>Six Months to 30 June 2021 (Reviewed) QR000</b>	<b>Year to 31 December 2021 (Audited) QR000</b>
<b>Cash Flows from Operating Activities</b>			
Profit Before Income Taxes	8,175,202	7,459,955	14,666,065
Adjustments for:			
Interest Income	(24,576,472)	(22,007,538)	(44,736,163)
Interest Expense	11,310,424	10,945,361	21,700,043
Depreciation	308,227	322,602	615,699
Net ECL / Impairment Losses on Loans and Advances to Customers	3,933,043	2,885,257	7,066,008
Net ECL / Impairment Losses on Investment Securities	20,711	47,759	55,851
Net ECL / Impairment Losses on Other Financial Instruments	96,912	9,266	102,639
Other Provisions	21,664	23,379	100,290
Dividend Income	(24,863)	(21,097)	(47,198)
Net Gain on Sale of Property and Equipment	(7,541)	(63,042)	(49,406)
Net Gain on Sale of Investment Securities	(45,303)	(28,205)	(59,492)
Amortisation of Intangible Assets	38,359	38,660	79,113
Net Amortisation of Premium or Discount on Investments	518,190	480,168	(970,336)
Net Share of Results of Associates	(322,342)	(119,714)	(256,673)
Net Monetary Loss Arising from Hyperinflation	743,791	-	-
	<b>190,002</b>	<b>(27,189)</b>	<b>(1,733,560)</b>
<i>Changes in:</i>			
Due from Banks	(8,696,896)	(4,180,879)	(5,063,696)
Loans and Advances to Customers	(27,557,198)	(37,710,130)	(81,430,647)
Other Assets	(834,945)	5,448,576	(10,678,206)
Due to Banks	27,519,770	15,521,298	32,175,130
Customer Deposits	48,255,394	39,992,332	82,244,426
Other Liabilities	(5,979,132)	(2,641,603)	(866,094)
<b>Cash from Operations</b>	<b>32,896,995</b>	<b>16,402,405</b>	<b>14,647,353</b>
Interest Received	22,457,096	18,724,796	43,974,692
Interest Paid	(11,836,353)	(10,893,957)	(21,580,593)
Dividends Received	24,863	21,097	47,198
Income Tax Paid	(1,066,605)	(940,180)	(1,245,157)
Other Provisions Paid	(14,807)	(7,577)	(56,863)
<b>Net Cash Flows from Operating Activities</b>	<b>42,461,189</b>	<b>23,306,584</b>	<b>35,786,630</b>
<b>Cash Flows from Investing Activities</b>			
Acquisitions of Investment Securities	(36,192,318)	(48,316,535)	(96,932,320)
Proceeds from Sale / Redemption of Investment Securities	29,601,082	33,546,583	74,114,534
Further Investment in Associate	-	(305,578)	(305,578)
Dividend from Associates	147,826	71,215	-
Additions to Property and Equipment	(699,974)	(442,308)	(1,173,874)
Proceeds from Sale of Property and Equipment	20,476	66,038	64,505
<b>Net Cash Flows used in Investing Activities</b>	<b>(7,122,908)</b>	<b>(15,380,585)</b>	<b>(24,232,733)</b>

**Qatar National Bank (Q.P.S.C.)**  
**Interim Consolidated Statement of Cash Flows (Continued)**  
**For the Six Month Period Ended 30 June 2022**

	Note	Six Months to 30 June 2022 (Reviewed) QR000	Six Months to 30 June 2021 (Reviewed) QR000	Year to 31 December 2021 (Audited) QR000
<b>Cash Flows from Financing Activities</b>				
Payment of Coupon on Instruments Eligible for Additional Capital		(1,000,000)	(1,000,000)	(1,000,000)
Proceeds from Issuance of Debt Securities		845,190	6,806,197	8,748,885
Repayment of Debt Securities		(5,501,637)	(5,842,930)	(10,754,896)
Proceeds from Issuance of Other Borrowings		2,610,592	1,439,431	11,259,064
Repayment of Other Borrowings		(1,748,600)	(922,748)	(10,419,936)
Payment of Rents for Lease Contracts		(102,229)	(130,112)	(239,951)
Dividends Paid		(5,073,934)	(4,145,480)	(4,162,715)
<b>Net Cash Flows used in Financing Activities</b>		<b>(9,970,618)</b>	<b>(3,795,642)</b>	<b>(6,569,549)</b>
Net Increase in Cash and Cash Equivalents		25,367,663	4,130,357	4,984,348
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(1,733,187)	(432,979)	(807,228)
Cash and Cash Equivalents as at 1 January		106,660,460	102,483,340	102,483,340
<b>Cash and Cash Equivalents at 30 June / 31 December</b>	11	<b>130,294,936</b>	<b>106,180,718</b>	<b>106,660,460</b>



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 2022**

**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 2021 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. In addition, results for the six month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021.

The Group has consistently applied the accounting policies as applied in the annual consolidated financial statements for the year ended 31 December 2021, except for application of International Accounting Standard 29, '*Financial Reporting in Hyperinflationary Economies*', for its operations in Turkey, as explained in these interim condensed consolidated financial statements.

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 2021.

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.

<b>Description</b>	<b>Effective from</b>
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
 <b>Standards / Amendments Issued but not yet Effective</b>	
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments amendments to IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

The Group is currently evaluating the impact of these new standard / amendments. The Group will adopt these on the effective date(s).

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**

**Classification of Turkey as a hyperinflationary economy**

From 1 April 2022, the Turkish economy has been considered hyperinflationary based on the criteria established by International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ('IAS 29'). This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years.

IAS 29 requires that consolidated financial statements are stated in terms of the measuring unit current at the balance sheet date which requires restatement of non-monetary assets and liabilities to reflect the changes in the general purchasing power of the Turkish Lira.

The restatements were calculated by means of conversion factors derived from the consumer price indices. Such index as announced by Turkish Statistical Institute and conversion factors used to restate the balances are as follows:

<b>Date</b>	<b>Index</b>	<b>Conversion factor</b>
30 June 2022	977.90	1.000
31 March 2022	843.64	1.159
31 December 2021	686.95	1.424

The basic principles, in relation to the financial information of QNB Finansbank, applied in the accompanying interim condensed consolidated financial statements, are summarized in the following paragraphs.

Adjustment for prior periods

- Adjustment of the historical carrying values of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the consolidated statement of financial position to the end of the reporting period to reflect the changes in purchasing power of the currency caused by inflation, according to the indices published by the Turkish Statistical Institute. The cumulative impact for previous years amounting to approximately QR 1.9 billion has been reflected through other comprehensive income. Since QNB Group's comparative amount are presented in a stable currency, these comparative amounts are not restated.

Adjustment for current period

- Monetary assets and liabilities, which are carried at amounts current at the date of statement of financial position, are not restated because they are already expressed in terms of the monetary unit current at the date of statement of financial position.
- Non-monetary assets and liabilities, which are not carried at amounts current at the date of statement of financial position, and components of shareholders' equity are restated by applying the relevant conversion factors.
- All items in the statement of income are restated by applying the conversion factors from the date on which the transaction originated except for those amounts deriving from non-monetary items, which are calculated based on the restated values of the related items.
- The effect of application indices on the Group's net monetary position is included in the statement of income as monetary gain or loss.
- All items in the statement of cash flows are expressed in a measuring unit current at the date of statement of financial position; they are therefore restated by applying the relevant conversion factors from the date on which the transaction originated.

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**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 & Intra-group Transactions	Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management			
	QR000	QR000	QR000			
<b>As at and for the six month period ended 30 June 2022:</b>						
<b>Revenue:</b>						
Net Interest Income	6,668,277	308,860	355,431	5,902,566	30,914	13,266,048
Net Fees and Commission Income	371,531	173,478	182,478	983,942	3,925	1,715,354
Net Foreign Exchange Gain	178,375	111,371	80,198	529,746	(9,405)	890,285
Income from Investment Securities	15,594	-	(4,802)	59,374	-	70,166
Other Operating Income	-	50	253	57,589	(17)	57,875
Share of Results of Associates	303,401	-	-	18,941	-	322,342
<b>Total Segment Revenue</b>	<b>7,537,178</b>	<b>593,759</b>	<b>613,558</b>	<b>7,552,158</b>	<b>25,417</b>	<b>16,322,070</b>
<b>Reportable Segment Profit</b>	<b>4,887,501</b>	<b>302,816</b>	<b>473,801</b>	<b>1,504,406</b>	<b>(150,491)</b>	<b>7,018,033</b>
<b>Reportable Segment Investments</b>	<b>88,303,763</b>	<b>-</b>	<b>761</b>	<b>55,406,691</b>	<b>-</b>	<b>143,711,215</b>
<b>Reportable Segment Loans and Advances</b>	<b>565,832,932</b>	<b>9,771,971</b>	<b>24,133,842</b>	<b>166,392,655</b>	<b>-</b>	<b>766,131,400</b>
<b>Reportable Segment Customer Deposits</b>	<b>380,933,198</b>	<b>35,773,364</b>	<b>43,943,273</b>	<b>334,150,424</b>	<b>-</b>	<b>794,800,259</b>
<b>Reportable Segment Assets</b>	<b>814,668,968</b>	<b>37,062,582</b>	<b>45,448,222</b>	<b>530,188,845</b>	<b>(303,067,934)</b>	<b>1,124,300,683</b>

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**2. SEGMENT INFORMATION (CONTINUED)**

	<b>Qatar Operations</b>			<b>International Banking</b>	<b>Unallocated &amp; Intra-group Transactions</b>	<b>Total</b>
	<b>Corporate Banking</b>	<b>Consumer Banking</b>	<b>Asset and Wealth Management</b>			
	<b>QR000</b>	<b>QR000</b>	<b>QR000</b>			
<b>As at and for the six month period ended 30 June 2021:</b>						
<b>Revenue:</b>						
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
<b>Total Segment Revenue</b>	<b>7,207,382</b>	<b>536,245</b>	<b>564,309</b>	<b>5,199,286</b>	<b>57,638</b>	<b>13,564,860</b>
<b>Reportable Segment Profit</b>	<b>4,776,040</b>	<b>223,777</b>	<b>408,043</b>	<b>1,475,636</b>	<b>(107,457)</b>	<b>6,776,039</b>
<b>Reportable Segment Investments</b>	<b>85,176,418</b>	<b>-</b>	<b>240</b>	<b>52,566,558</b>	<b>-</b>	<b>137,743,216</b>
<b>Reportable Segment Loans and Advances</b>	<b>540,735,572</b>	<b>9,278,216</b>	<b>20,357,515</b>	<b>176,258,764</b>	<b>-</b>	<b>746,630,067</b>
<b>Reportable Segment Customer Deposits</b>	<b>360,910,987</b>	<b>34,431,980</b>	<b>41,696,140</b>	<b>329,904,706</b>	<b>-</b>	<b>766,943,813</b>
<b>Reportable Segment Assets</b>	<b>760,363,091</b>	<b>35,577,792</b>	<b>42,878,233</b>	<b>556,642,959</b>	<b>(330,485,072)</b>	<b>1,064,977,003</b>

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**3. LOANS AND ADVANCES TO CUSTOMERS**

	<b>30 June 2022 (Reviewed) QR000</b>	<b>30 June 2021 (Reviewed) QR000</b>	<b>31 December 2021 (Audited) QR000</b>
Loans and Advances to Customers	787,422,620	762,918,075	782,195,713
Deferred Profit	(18,500)	(40,550)	(63,790)
Accrued Interest	7,848,408	7,615,988	7,750,961
Expected Credit Losses - Performing Loans and Advances to Customers - Stage 1 and 2	(5,489,267)	(4,614,480)	(4,812,606)
Impairment on Non-performing Loans and Advances to Customers - Stage 3	(23,631,861)	(19,248,966)	(21,418,237)
<b>Net Loans and Advances to Customers</b>	<b><u>766,131,400</u></b>	<b><u>746,630,067</u></b>	<b><u>763,652,041</u></b>

The aggregate amount of non performing loans and advances to customers amounted to QR19,169 million or 2.4% of total loans and advances to customers (31 December 2021: QR18,345 million or 2.3% of total loans and advances to customers).

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

	<b>30 June 2022 (Reviewed) QR000</b>	<b>30 June 2021 (Reviewed) QR000</b>	<b>31 December 2021 (Audited) QR000</b>
Stage 1	721,632,805	704,825,092	719,643,851
Stage 2	54,450,805	47,780,891	51,894,418
Stage 3	19,168,918	17,887,530	18,344,615
<b>Total Gross Exposures</b>	<b><u>795,252,528</u></b>	<b><u>770,493,513</u></b>	<b><u>789,882,884</u></b>

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

	<b>30 June 2022</b>			
	<b>Stage 1 (Reviewed) QR000</b>	<b>Stage 2 (Reviewed) QR000</b>	<b>Stage 3 (Reviewed) QR000</b>	<b>Total (Reviewed) QR000</b>
Opening Balance of Provisions as at 1 January 2022	1,430,091	3,382,515	21,418,237	26,230,843
ECL / Impairment Charge for the Period (Net)	218,058	967,798	3,187,989	4,373,845
Foreign Currency Translation for the Period	(178,915)	(325,342)	(610,605)	(1,114,862)
Transfers from Stage 1 to 2	(49,698)	49,698	-	-
Transfers from Stage 2 to 3	-	(4,938)	4,938	-
Write-offs during the Period	-	-	(368,698)	(368,698)
<b>Closing Balance as at 30 June 2022</b>	<b><u>1,419,536</u></b>	<b><u>4,069,731</u></b>	<b><u>23,631,861</u></b>	<b><u>29,121,128</u></b>

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**3. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)**

	<b>30 June 2021</b>			
	<b>Stage 1 (Reviewed) QR000</b>	<b>Stage 2 (Reviewed) QR000</b>	<b>Stage 3 (Reviewed) QR000</b>	<b>Total (Reviewed) QR000</b>
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)
<b>Closing Balance as at 30 June 2021</b>	<b>1,634,851</b>	<b>2,979,629</b>	<b>19,248,966</b>	<b>23,863,446</b>

ECL / impairment charge for the period includes interest in suspense and recoveries of balances previously written off, net for QR440.8 million (30 June 2021: QR470.6 million).

**4. INVESTMENT SECURITIES**

	<b>30 June 2022 (Reviewed) QR000</b>	<b>30 June 2021 (Reviewed) QR000</b>	<b>31 December 2021 (Audited) QR000</b>
Investment Securities at Fair Value Through Profit or Loss (FVPL)	295,591	239,530	284,709
Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)	29,029,621	36,347,691	29,860,133
Investment Securities at Amortised Cost (AC), net	111,128,664	99,152,245	110,439,259
Accrued Interest	3,257,339	2,003,750	2,237,227
<b>Total</b>	<b>143,711,215</b>	<b>137,743,216</b>	<b>142,821,328</b>

The above includes impairment allowance in respect of debt securities amounting to QR230.3 million (31 December 2021: QR214.1 million).

**5. FAIR VALUE RESERVE**

	<b>30 June 2022 (Reviewed) QR000</b>	<b>30 June 2021 (Reviewed) QR000</b>	<b>31 December 2021 (Audited) QR000</b>
Cash Flow Hedges	(19,314)	(1,238,643)	(967,432)
Fair Value Through Other Comprehensive Income	(91,480)	150,137	(30,130)
Hedges of a Net Investment in Foreign Operations	421,061	(596,037)	(171,988)
<b>Total</b>	<b>310,267</b>	<b>(1,684,543)</b>	<b>(1,169,550)</b>

The Fair Value Reserve for Investments at Fair Value Through Other Comprehensive Income include the loss allowance amounting to QR18.8 million (31 December 2021: QR18.7 million).

**6. DIVIDEND**

The cash dividend in respect of the year ended 31 December 2021 of QR0.55 per share, amounting to a total of QR5,080 million, was approved by the shareholders at the Annual General Assembly meeting on 13 February 2022.

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.

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

	<b>30 June 2022 (Reviewed) QR000</b>	<b>30 June 2021 (Reviewed) QR000</b>	<b>31 December 2021 (Audited) QR000</b>
<b>Contingent Liabilities</b>			
Unused Facilities	104,068,686	111,638,220	95,460,312
Guarantees	59,805,851	59,844,418	59,477,207
Letters of Credit	46,557,374	45,600,421	47,558,895
<b>Others</b>	11,563,357	14,152,410	11,527,422
<b>Total</b>	<b>221,995,268</b>	<b>231,235,469</b>	<b>214,023,836</b>

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

	<b>30 June 2022 (Reviewed) QR000</b>	<b>30 June 2021 (Reviewed) QR000</b>	<b>31 December 2021 (Audited) QR000</b>
Stage 1	204,073,929	210,344,893	195,637,915
Stage 2	6,051,572	6,378,716	6,539,449
Stage 3	306,410	359,450	319,050
<b>Total Gross Exposures</b>	<b>210,431,911</b>	<b>217,083,059</b>	<b>202,496,414</b>

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

	<b>30 June 2022</b>			
	<b>Stage 1 (Reviewed) QR000</b>	<b>Stage 2 (Reviewed) QR000</b>	<b>Stage 3 (Reviewed) QR000</b>	<b>Total (Reviewed) QR000</b>
Opening Balance of Provisions as at 1 January 2022	295,578	118,851	128,658	543,087
ECL / Impairment Charge for the Period (Net)	14,108	12,308	25,694	52,110
Foreign Currency Translation for the Period	(23,635)	(6,243)	(31,030)	(60,908)
Transfers during the Period	(6)	6	-	-
<b>Closing Balance as at 30 June 2022</b>	<b>286,045</b>	<b>124,922</b>	<b>123,322</b>	<b>534,289</b>

	<b>30 June 2021</b>			
	<b>Stage 1 (Reviewed) QR000</b>	<b>Stage 2 (Reviewed) QR000</b>	<b>Stage 3 (Reviewed) QR000</b>	<b>Total (Reviewed) QR000</b>
Opening Balance of Provisions as at 1 January 2021	276,015	137,470	133,306	546,791
ECL / Impairment Charge 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	-	-
<b>Closing Balance as at 30 June 2021</b>	<b>271,585</b>	<b>125,190</b>	<b>129,728</b>	<b>526,503</b>

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**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:

	<b>30 June 2022 (Reviewed) QR000</b>	<b>30 June 2021 (Reviewed) QR000</b>	<b>31 December 2021 (Audited) QR000</b>
<b>Statement of Financial Position Items</b>			
Loans and Advances to Customers	3,225,677	2,999,490	3,174,664
Customer Deposits	1,563,617	1,498,206	1,406,375
Contingent Liabilities and Other Commitments	67,552	72,135	48,938
<b>Statement of Income Items</b>			
Interest and Commission Income	62,823	63,171	127,325
Interest and Commission Expense	12,645	7,890	15,795
<b>Associates</b>			
Due from banks	1,581,399	1,396,184	1,363,707
Interest and Commission Income	23,444	22,623	45,243
Due to banks	129,414	61,532	58,238
Interest and Commission Expense	64	26	41

**Compensation of key management personnel is as follows:**

Salaries and Other Benefits	39,022	34,696	43,399
End of Service Indemnity Benefits	588	530	1,017

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 QR85,568 million included in loans and advances (31 December 2021: QR88,108 million) and QR12,282 million included in customer deposits (31 December 2021: QR21,244 million).

**9. CAPITAL ADEQUACY**

	<b>30 June 2022 (Reviewed) QR000</b>	<b>30 June 2021 (Reviewed) QR000</b>	<b>31 December 2021 (Audited) QR000</b>
Common Equity Tier 1 (CET 1) Capital	68,848,928	67,037,543	70,825,047
Eligible Additional Tier 1 (AT 1) Capital Instruments	20,000,000	20,000,000	20,000,000
Additional Tier 1 Capital	73,594	78,406	78,664
Additional Tier 2 Capital	5,648,778	5,326,634	5,560,003
<b>Total Eligible Capital</b>	<b>94,571,300</b>	<b>92,442,583</b>	<b>96,463,714</b>
<b>Risk Weighted Assets</b>	<b>501,472,890</b>	<b>490,865,128</b>	<b>499,381,153</b>
Total Capital Ratio	18.9%	18.8%	19.3%

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**9. CAPITAL ADEQUACY (CONTINUED)**

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%.

**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 compared to 31 December 2021.

	Level 1 QR000	Level 2 QR000	Level 3 QR000	Total QR000
<b>At 30 June 2022: (Reviewed)</b>				
Derivative Assets Held for Risk Management	-	5,795,773	-	5,795,773
Investment Securities	28,897,926	1,330,948	-	30,228,874
	<b>28,897,926</b>	<b>7,126,721</b>	<b>-</b>	<b>36,024,647</b>
Derivative Liabilities Held for Risk Management	170	2,869,480	-	2,869,650
	<b>170</b>	<b>2,869,480</b>	<b>-</b>	<b>2,869,650</b>
<b>At 31 December 2021: (Audited)</b>				
Derivative Assets Held for Risk Management	-	7,308,699	-	7,308,699
Investment Securities	29,375,351	1,292,818	-	30,668,169
	<b>29,375,351</b>	<b>8,601,517</b>	<b>-</b>	<b>37,976,868</b>
Derivative Liabilities Held for Risk Management	602	5,630,316	-	5,630,918
	<b>602</b>	<b>5,630,316</b>	<b>-</b>	<b>5,630,918</b>

**11. CASH AND CASH EQUIVALENTS**

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

	30 June 2022 (Reviewed) QR000	30 June 2021 (Reviewed) QR000	31 December 2021 (Audited) QR000
Cash and Balances with Central Banks	43,857,701	40,157,510	44,822,662
Due from Banks Maturing in Three months	86,437,235	66,023,208	61,837,798
<b>Total</b>	<b>130,294,936</b>	<b>106,180,718</b>	<b>106,660,460</b>

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

**Qatar National Bank (Q.P.S.C.)**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Month Period Ended 30 June 2022**

**12. BASIC AND DILUTED EARNINGS PER SHARE**

	<b>Three Months to 30 June 2022 (Reviewed) QR000</b>	<b>Three Months to 30 June 2021 (Reviewed) QR000</b>	<b>Six Months to 30 June 2022 (Reviewed) QR000</b>	<b>Six Months to 30 June 2021 (Reviewed) QR000</b>
Profit for the Period Attributable to Equity Holders of the Bank	3,890,488	3,463,834	7,018,033	6,776,039
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	3,640,488	3,213,834	6,518,033	6,276,039
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	<b>0.39</b>	<b>0.35</b>	<b>0.71</b>	<b>0.68</b>

**13. POTENTIAL IMPACT OF ECONOMIC UNCERTAINTIES**

Though the Group's direct credit exposure to countries directly involved in the recent international disputes is not material, the Group's operations are partially concentrated in economies that are relatively dependent on the price of crude oil and accordingly, the Group has considered any potential impact of current economic uncertainties in the inputs for the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. The following forward looking factors have been used in determination of the ECL:

	<b>30 June 2022 (Reviewed)</b>	<b>30 June 2021 (Reviewed)</b>	<b>31 December 2021 (Audited)</b>
Average oil price range (USD / Barrel)	48 to 88	38 to 54	40 to 64
GDP Growth Rate	2.3% to 3.8%	0.9% to 2.5%	-1.25% to 1.8%
Inflation	0.5% to 1.9%	-1.0% to 1.5%	-0.9% to 1.0%

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

	<b>30 June 2022 (Reviewed)</b>	<b>30 June 2021 (Reviewed)</b>	<b>31 December 2021 (Audited)</b>
Upside Case	5%	5%	5%
Base Case	80%	65%	80%
Downside Case	15%	30%	15%

The uncertainties caused during the current period by these economic uncertainties, coupled with the continued impact of COVID-19 in key markets, have required the Group to closely monitor the inputs and assumptions used for determination of ECL. Further, the Group has considered the potential impacts of the current economic conditions in determination of the reported amounts of the financial and non-financial assets, where relevant, 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.

**14. 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.