



Interim Condensed Consolidated Financial Statements

30 June 2023

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 (the "Group") as at 30 June 2023, comprising of the interim consolidated statement of financial position as at 30 June 2023 and the related interim consolidated statements of income and comprehensive income for the three and six month periods ended 30 June 2023, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six months period then ended, and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 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

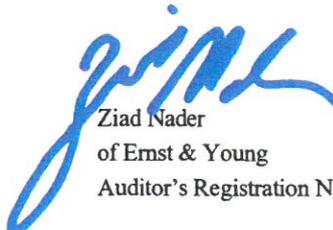
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The interim condensed consolidated financial statements as at 30 June 2022 were reviewed and the consolidated financial statements as at 31 December 2022 were audited by another auditor, whose reports dated 7 July 2022 and 17 January 2023, respectively, expressed an unmodified review conclusion and audit opinion.


Ziad Nader
of Ernst & Young
Auditor's Registration No. 258
Date: 10 July 2023
Doha



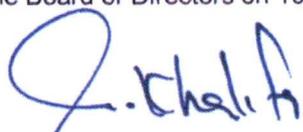
EY ERNST & YOUNG
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إرنست و يونغ EY
ص.ب : ١٦٤ ، الدوحة - قطر

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Financial Position
As at 30 June 2023

	Notes	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		94,789,136	92,253,935	91,563,936
Due from Banks		103,257,230	91,896,080	96,259,687
Loans and Advances to Customers	3	818,522,752	766,131,400	807,601,336
Investment Securities	4	152,767,226	143,711,215	159,913,041
Investment in Associates		7,859,577	7,500,192	7,902,221
Property and Equipment		6,306,929	6,028,520	6,941,495
Intangible Assets		3,274,129	4,673,047	3,178,417
Other Assets		15,279,193	12,106,294	15,858,879
Total Assets		<u>1,202,056,172</u>	<u>1,124,300,683</u>	<u>1,189,219,012</u>
LIABILITIES				
Due to Banks		161,300,841	134,759,803	142,814,699
Customer Deposits		836,478,115	794,800,259	842,278,655
Debt Securities		34,110,330	34,773,910	35,152,720
Other Borrowings		25,980,859	25,776,289	25,593,253
Other Liabilities		40,227,248	31,566,330	37,322,900
Total Liabilities		<u>1,098,097,393</u>	<u>1,021,676,591</u>	<u>1,083,162,227</u>
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		11,000,000	10,000,000	11,000,000
Fair Value Reserve	5	(371,038)	310,267	890,129
Foreign Currency Translation Reserve		(29,398,926)	(24,084,319)	(26,833,105)
Other Reserves		(509,140)	(82,566)	(381,451)
Retained Earnings		67,697,506	60,869,256	65,848,784
Total Equity Attributable to Equity Holders of the Bank		<u>82,980,868</u>	<u>81,575,104</u>	<u>85,086,823</u>
Non - Controlling Interests		977,911	1,048,988	969,962
Instruments Eligible for Additional Tier 1 Capital		20,000,000	20,000,000	20,000,000
Total Equity		<u>103,958,779</u>	<u>102,624,092</u>	<u>106,056,785</u>
Total Liabilities and Equity		<u>1,202,056,172</u>	<u>1,124,300,683</u>	<u>1,189,219,012</u>

These interim condensed consolidated financial statements were approved by the Board of Directors on 10 July 2023 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 2023

	Three Months to 30 June 2023 (Reviewed) QR000	Three Months to 30 June 2022 (Reviewed) QR000	Six Months to 30 June 2023 (Reviewed) QR000	Six Months to 30 June 2022 (Reviewed) QR000
Interest Income	22,207,066	13,065,832	43,149,782	24,576,472
Interest Expense	(15,195,693)	(6,062,163)	(28,931,845)	(11,310,424)
Net Interest Income	7,011,373	7,003,669	14,217,937	13,266,048
Fees and Commission Income	1,356,440	1,202,446	2,711,614	2,358,672
Fees and Commission Expense	(434,374)	(294,735)	(968,221)	(643,318)
Net Fees and Commission Income	922,066	907,711	1,743,393	1,715,354
Net Foreign Exchange Gain	1,212,459	489,295	1,735,247	890,285
(Loss) / Income from Investment Securities	(71,378)	39,813	229,309	70,166
Other Operating (Loss) / Income	(34,590)	26,115	277,610	57,875
Operating Income	9,039,930	8,466,603	18,203,496	15,999,728
Staff Expenses	(921,960)	(884,021)	(1,950,525)	(1,761,724)
Depreciation	(144,332)	(178,575)	(311,899)	(308,227)
Other Expenses	(690,646)	(626,114)	(1,510,907)	(1,222,437)
Net ECL / Impairment Losses on Loans and Advances to Customers	(2,249,483)	(2,043,270)	(4,748,564)	(3,933,043)
Net ECL / Impairment Losses on Investment Securities	(9,590)	(12,253)	(14,708)	(20,711)
Net ECL / Impairment Losses on Other Financial Instruments	(296,679)	(4,328)	(368,668)	(96,912)
Amortisation of Intangible Assets	(32,583)	(18,167)	(70,965)	(38,359)
Other Provisions	(31,158)	(10,971)	(38,531)	(21,664)
	(4,376,431)	(3,777,699)	(9,014,767)	(7,403,077)
Share of Results of Associates	202,322	134,623	336,015	322,342
Profit Before Income Taxes and Net Monetary Loss Arising from Hyperinflation	4,865,821	4,823,527	9,524,744	8,918,993
Income Tax Charge (note 12)	(704,978)	(651,154)	(683,512)	(1,104,641)
Profit for the Period Before Net Monetary Loss Arising from Hyperinflation	4,160,843	4,172,373	8,841,232	7,814,352
Net Monetary Loss Arising from Hyperinflation	(402,501)	(255,321)	(1,166,572)	(743,791)
Profit for the Period	3,758,342	3,917,052	7,674,660	7,070,561
Attributable to:				
Equity Holders of the Bank	3,723,231	3,890,488	7,604,976	7,018,033
Non - Controlling Interests	35,111	26,564	69,684	52,528
Profit for the Period	3,758,342	3,917,052	7,674,660	7,070,561

Earnings Per Share (QR) (Basic and Diluted)
(note 13)

0.37

0.39

0.76

0.70

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10 JUL 2023

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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 2023

	Three Months to 30 June 2023 (Reviewed) QR000	Three Months to 30 June 2022 (Reviewed) QR000	Six Months to 30 June 2023 (Reviewed) QR000	Six Months to 30 June 2022 (Reviewed) QR000
Profit for the Period	3,758,342	3,917,052	7,674,660	7,070,561
Other Comprehensive (Loss) / Income Items that are or may be Reclassified to Consolidated Income Statement in Subsequent Periods:				
Foreign Currency Translation Differences for Foreign Operations	(1,409,713)	(1,077,016)	(3,373,974)	(3,612,615)
Share of Other Comprehensive Income of Associates	61,744	(74,795)	(128,484)	(128,982)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(384,850)	(703,287)	(421,617)	948,435
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	14,956	444,541	(86,578)	593,049
Investments in Debt Instruments Measured at FVOCI				
Net Change in Fair Value	(539,262)	(47,988)	41,487	(113,900)
Net Amount Transferred to Income Statement	130,764	47,575	(91,574)	47,575
Other Comprehensive Income / (Loss) Items that will not be Reclassified to Consolidated Income Statement:				
Net Change in Fair Value of Investments in Equity Instruments				
Designated at FVOCI	64,413	(340,816)	(706,286)	1,578
Effects of Hyperinflation	484,207	(169,966)	773,944	3,044,019
Total Other Comprehensive (Loss) / Income for the Period, net of Income Taxes	(1,577,741)	(1,921,752)	(3,993,082)	779,159
Total Comprehensive Income for the Period	2,180,601	1,995,300	3,681,578	7,849,720
Attributable to:				
Equity Holders of the Bank	2,152,445	1,990,702	3,650,299	7,898,536
Non - Controlling Interests	28,156	4,598	31,279	(48,816)
Total Comprehensive Income for the Period	2,180,601	1,995,300	3,681,578	7,849,720

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Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Changes in Equity
For the Six Month Period Ended 30 June 2023

	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	QR000
Balance at 1 January 2023	9,236,429	25,326,037	11,000,000	890,129	(26,833,105)	(381,451)	65,848,784	85,086,823	969,962	20,000,000	106,056,785
Total Comprehensive Income for the Period	-	-	-	-	-	-	7,604,976	7,604,976	69,684	-	7,674,660
Profit for the Period	-	-	-	(1,261,167)	(2,565,821)	(127,689)	-	(3,954,677)	(38,405)	-	(3,993,082)
Other Comprehensive Loss	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive (Loss) / Income for the Period	-	-	-	(1,261,167)	(2,565,821)	(127,689)	7,604,976	3,650,299	31,279	-	3,681,578
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	(5,541,857)	(5,541,857)	-	-	(5,541,857)
Dividend for the Year 2022 (note 6)	-	-	-	-	-	-	(214,397)	(214,397)	(23,330)	-	(237,727)
Other Movements	-	-	-	-	-	-	-	-	-	-	-
Total Transactions Recognised Directly in Equity	-	-	-	-	-	-	(5,756,254)	(5,756,254)	(23,330)	-	(5,779,584)
Balance at 30 June 2023	9,236,429	25,326,037	11,000,000	(371,038)	(29,398,926)	(509,140)	67,697,506	82,980,868	977,911	20,000,000	103,956,779
Balance at 1 January 2022	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
Total Comprehensive Income for the Period	-	-	-	-	-	-	7,018,033	7,018,033	52,528	-	7,070,561
Profit for the Period	-	-	-	1,479,817	(470,607)	(128,707)	-	880,503	(101,344)	-	779,159
Other Comprehensive Income / (Loss)	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income / (Loss) for the Period	-	-	-	1,479,817	(470,607)	(128,707)	7,018,033	7,898,536	(48,816)	-	7,849,720
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	(5,080,036)	(5,080,036)	-	-	(5,080,036)
Dividend for the Year 2021 (note 6)	-	-	-	-	-	-	(186,549)	(186,549)	(15,690)	-	(202,239)
Other Movements	-	-	-	-	-	-	-	-	-	-	-
Total Transactions Recognised Directly in Equity	-	-	-	-	-	-	(5,266,585)	(5,266,585)	(15,690)	-	(5,282,275)
Balance at 30 June 2022	9,236,429	25,326,037	10,000,000	310,267	(24,084,319)	(82,566)	60,869,256	81,575,104	1,048,988	20,000,000	102,624,092

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

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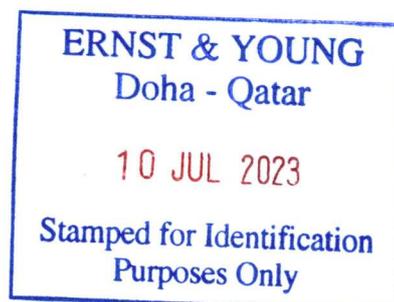
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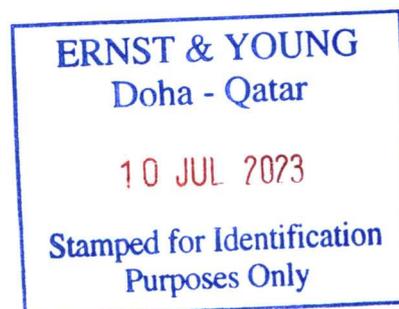
Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Cash Flows
For the Six Month Period Ended 30 June 2023

	Six Months to 30 June 2023 (Reviewed) QR000	Six Months to 30 June 2022 (Reviewed) QR000	Year to 31 December 2022 (Audited) QR000
Cash Flows from Operating Activities			
Profit Before Income Taxes	8,358,172	8,175,202	17,168,512
Adjustments for:			
Interest Income	(43,149,782)	(24,576,472)	(59,671,733)
Interest Expense	28,931,845	11,310,424	30,807,135
Depreciation	311,899	308,227	624,388
Net ECL / Impairment Losses on Loans and Advances to Customers	4,748,564	3,933,043	8,785,090
Net ECL / Impairment Losses on Investment Securities	14,708	20,711	62,057
Net ECL / Impairment Losses on Other Financial Instruments	368,668	96,912	296,761
Other Provisions	38,531	21,664	122,095
Dividend Income	(29,011)	(24,863)	(55,285)
Net Gain on Sale of Property and Equipment	(14,246)	(7,541)	(6,919)
Net Gain on Sale of Investment Securities	(200,298)	(45,303)	(265,986)
Amortisation of Intangible Assets	70,965	38,359	77,546
Net Amortisation of Premium or Discount on Investments	1,473,741	518,190	(3,351,819)
Net Share of Results of Associates	(336,015)	(322,342)	(370,978)
Net Monetary Loss Arising from Hyperinflation	1,166,572	743,791	1,745,116
	1,754,313	190,002	(4,034,020)
<i>Changes in:</i>			
Due from Banks	(8,678,331)	(8,696,896)	583,859
Loans and Advances to Customers	(34,817,857)	(27,557,198)	(83,925,088)
Other Assets	4,312,359	(834,945)	(31,078,344)
Due to Banks	21,284,017	27,519,770	35,275,224
Customer Deposits	19,186,596	48,255,394	111,275,723
Other Liabilities	(415,251)	(5,979,132)	6,553,034
Cash from Operations	2,625,846	32,896,995	34,650,388
Interest Received	38,009,313	22,457,096	53,620,058
Interest Paid	(22,170,102)	(11,836,353)	(26,824,083)
Dividends Received	29,011	24,863	55,285
Income Tax Paid	(1,166,300)	(1,066,605)	(2,314,547)
Other Provisions Paid	(85,226)	(14,807)	(68,487)
Net Cash Flow from Operating Activities	17,242,542	42,461,189	59,118,614
Cash Flows from Investing Activities			
Acquisitions of Investment Securities	(84,196,714)	(36,192,318)	(89,976,146)
Proceeds from Sale / Redemption of Investment Securities	83,808,940	29,601,082	65,297,786
Dividend from Associates	167,905	147,826	-
Additions to Property and Equipment	(1,115,590)	(699,974)	(1,335,072)
Proceeds from Sale of Property and Equipment	11,974	20,476	119,201
Net Cash Flows used in Investing Activities	(1,323,485)	(7,122,908)	(25,894,231)



Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Cash Flows (Continued)
For the Six Month Period Ended 30 June 2023

	Note	Six Months to 30 June 2023 (Reviewed) QR000	Six Months to 30 June 2022 (Reviewed) QR000	Year to 31 December 2022 (Audited) QR000
Cash Flows from Financing Activities				
Payment of Coupon on Instruments Eligible for Additional Capital		(1,082,917)	(1,000,000)	(1,000,000)
Proceeds from Issuance of Debt Securities		1,210,544	845,190	1,591,695
Repayment of Debt Securities		(2,226,151)	(5,501,637)	(5,739,025)
Proceeds from Issuance of Other Borrowings		2,902,920	2,610,592	4,167,335
Repayment of Other Borrowings		(2,045,452)	(1,748,600)	(3,558,972)
Payment of Rents for Lease Contracts		(61,253)	(102,229)	(192,591)
Dividends Paid		(5,536,803)	(5,073,934)	(5,079,312)
Net Cash Flows used in Financing Activities		<u>(6,839,112)</u>	<u>(9,970,618)</u>	<u>(9,810,870)</u>
Net Increase in Cash and Cash Equivalents		9,079,945	25,367,663	23,413,513
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(1,554,592)	(1,733,187)	(2,760,347)
Cash and Cash Equivalents as at 1 January		127,313,626	106,660,460	106,660,460
Cash and Cash Equivalents at 30 June		<u>134,838,979</u>	<u>130,294,936</u>	<u>127,313,626</u>
/ 31 December	11			



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 2023

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

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 2022 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 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 2022.

The Group has consistently applied the accounting policies as applied in the annual consolidated financial statements for the year ended 31 December 2022, except for the changes that became effective from 1 January 2023.

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 2022.

The following amendments to existing standards have been applied by the Group in preparation of these interim condensed consolidated financial statements. The adoption of these new standards do not have significant impact on the interim condensed consolidated financial statements.

Description	Effective from
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and 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
Amendments Issued but not yet Effective	
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 this amendment. The Group will adopt it when the amendment becomes effective.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Six Month Period Ended 30 June 2023

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (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:

Date	Index
30 June 2023	1,351.59
31 December 2022	1,128.45
30 June 2022	977.90
31 December 2021	686.95

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 had been reflected through other comprehensive income in 2022. 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 2023

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	Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management	Unallocated & Intra-group Transactions		
	QR000	QR000	QR000	QR000	QR000	QR000
As at and for the six month period ended 30 June 2023:						
Revenue:						
Net Interest Income	7,585,748	400,428	375,626	82,607	5,773,528	14,217,937
Net Fees and Commission Income	546,711	175,225	173,885	3,078	844,494	1,743,393
Net Foreign Exchange Gain	173,359	89,818	100,992	2,351	1,368,727	1,735,247
Income from Investment Securities	16,819	-	-	-	212,490	229,309
Other Operating Income	-	51	259	535	276,765	277,610
Share of Results of Associates	337,697	-	-	-	(1,682)	336,015
Total Segment Revenue	8,660,334	665,522	650,762	88,571	8,474,322	18,539,511
Reportable Segment Profit	4,522,074	329,576	511,912	(92,175)	2,333,589	7,604,976
Reportable Segment Investments	99,649,091	-	3,764	-	53,114,371	152,767,226
Reportable Segment Loans and Advances	604,355,348	10,053,955	32,647,057	-	171,466,392	818,522,752
Reportable Segment Customer Deposits	402,461,505	38,586,251	45,811,828	-	349,618,531	836,478,115
Reportable Segment Assets	886,217,021	41,267,950	48,250,615	(322,104,897)	548,425,483	1,202,056,172

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Six Month Period Ended 30 June 2023

2. SEGMENT INFORMATION (CONTINUED)

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

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Six Month Period Ended 30 June 2023

3. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Loans and Advances to Customers	834,724,955	787,422,620	825,098,856
Deferred Profit	(40,873)	(18,500)	(45,630)
Accrued Interest	15,476,193	7,848,408	12,417,405
Expected Credit Losses - Performing Loans and Advances to Customers - Stage 1 and 2	(7,072,989)	(5,489,267)	(6,541,920)
Impairment on Non-performing Loans and Advances to Customers - Stage 3	(24,564,534)	(23,631,861)	(23,327,375)
Net Loans and Advances to Customers	<u>818,522,752</u>	<u>766,131,400</u>	<u>807,601,336</u>

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

	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Stage 1	775,360,311	721,632,805	764,068,720
Stage 2	49,989,601	54,450,805	49,721,798
Stage 3	24,810,363	19,168,918	23,680,113
Total Gross Exposures	<u>850,160,275</u>	<u>795,252,528</u>	<u>837,470,631</u>

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

	30 June 2023			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January 2023	2,511,635	4,030,285	23,327,375	29,869,295
ECL / Impairment Charge for the Period (Net)	687,644	1,036,837	3,874,858	5,599,339
Foreign Currency Translation for the Period	(422,254)	(287,575)	(446,009)	(1,155,838)
Transfers from Stage 1 to 2	(6,216)	6,216	-	-
Transfers from Stage 2 to 3	-	(483,583)	483,583	-
Transfer to ECL for contingent liabilities	-	-	(15,198)	(15,198)
Write-offs during the Period	-	-	(2,660,075)	(2,660,075)
Closing Balance as at 30 June 2023	<u>2,770,809</u>	<u>4,302,180</u>	<u>24,564,534</u>	<u>31,637,523</u>

Qatar National Bank (Q.P.S.C.)
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3. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	30 June 2022			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
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)
Closing Balance as at 30 June 2022	1,419,536	4,069,731	23,631,861	29,121,128

ECL / impairment charge for the period includes interest in suspense and recoveries of balances previously written off, net for QR851 million (30 June 2022: QR440.8 million).

4. INVESTMENT SECURITIES

	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Investment Securities at Fair Value Through Profit or Loss (FVPL)	300,239	295,591	348,855
Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)	37,678,773	29,029,621	36,939,459
Investment Securities at Amortised Cost (AC), net	111,787,680	111,128,664	118,250,846
Accrued Interest	3,000,534	3,257,339	4,373,881
Total	152,767,226	143,711,215	159,913,041

The above includes impairment allowance in respect of debt securities amounting to QR282.8 million (31 December 2022: QR272.4 million).

5. FAIR VALUE RESERVE

	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Cash Flow Hedges	(220,958)	(19,314)	200,570
Fair Value Through Other Comprehensive Income	(410,378)	(91,480)	342,683
Hedges of a Net Investment in Foreign Operations	260,298	421,061	346,876
Total	(371,038)	310,267	890,129

The Fair Value Reserve for Investments at Fair Value Through Other Comprehensive Income include the loss allowance amounting to QR23 million (31 December 2022: QR19.5 million).

6. DIVIDEND

The cash dividend in respect of the year ended 31 December 2022 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 13 February 2023.

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.

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7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Contingent Liabilities			
Unused Facilities	105,759,785	104,068,686	97,096,361
Guarantees	63,936,811	59,805,851	61,151,974
Letters of Credit	43,025,332	46,557,374	41,277,881
Others	14,695,408	11,563,357	14,152,894
Total	227,417,336	221,995,268	213,679,110

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

	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Stage 1	206,364,287	204,073,929	193,152,541
Stage 2	5,691,952	6,051,572	5,653,322
Stage 3	665,689	306,410	720,353
Total Gross Exposures	212,721,928	210,431,911	199,526,216

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

	30 June 2023			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January 2023	405,529	161,498	114,548	681,575
ECL / Impairment Charge for the Period (Net)	99,866	6,616	75,947	182,429
Foreign Currency Translation for the Period	(23,409)	(3,103)	(2,127)	(28,639)
Transfer from ECL for loans and advances	-	15,198	-	15,198
Transfers during the Period	(86)	86	-	-
Closing Balance as at 30 June 2023	481,900	180,295	188,368	850,563

	30 June 2022			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
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	-	-
Closing Balance as at 30 June 2022	286,045	124,922	123,322	534,289

Qatar National Bank (Q.P.S.C.)
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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 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances to Customers	3,448,398	3,225,677	3,421,567
Customer Deposits	1,664,130	1,563,617	1,610,328
Contingent Liabilities and Other Commitments	43,582	67,552	37,632
Statement of Income Items			
Interest and Commission Income	97,969	62,823	127,459
Interest and Commission Expense	40,606	12,645	33,711
Associates			
Due from banks	1,156,065	1,581,399	1,623,880
Interest and Commission Income	25,293	23,444	57,482
Due to banks	51,589	129,414	147,546
Interest and Commission Expense	1,200	64	600

Compensation of key management personnel is as follows:

Salaries and Other Benefits	39,504	39,022	48,345
End of Service Indemnity Benefits	873	588	1,121

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 QR85,312 million included in loans and advances (31 December 2022: QR94,228 million) and QR26,617 million included in customer deposits (31 December 2022: QR45,317 million).

9. CAPITAL ADEQUACY

	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	70,204,353	68,848,928	75,501,023
Eligible Additional Tier 1 (AT 1) Capital Instruments	20,000,000	20,000,000	20,000,000
Additional Tier 1 Capital	69,315	73,594	67,542
Additional Tier 2 Capital	5,604,536	5,648,778	5,856,732
Total Eligible Capital	95,878,204	94,571,300	101,425,297
Risk Weighted Assets	503,969,738	501,472,890	517,113,381
Total Capital Ratio	19.0%	18.9%	19.6%

Qatar National Bank (Q.P.S.C.)
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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 2022.

	Level 1 QR000	Level 2 QR000	Level 3 QR000	Total QR000
At 30 June 2023: (Reviewed)				
Derivative Assets	-	9,223,510	-	9,223,510
Investment Securities	26,223,683	12,391,321	-	38,615,004
	<u>26,223,683</u>	<u>21,614,831</u>	<u>-</u>	<u>47,838,514</u>
Derivative Liabilities	2,487	6,783,312	-	6,785,799
	<u>2,487</u>	<u>6,783,312</u>	<u>-</u>	<u>6,785,799</u>
At 31 December 2022: (Audited)				
Derivative Assets	100	10,594,440	-	10,594,540
Investment Securities	37,424,077	1,339,551	-	38,763,628
	<u>37,424,177</u>	<u>11,933,991</u>	<u>-</u>	<u>49,358,168</u>
Derivative Liabilities	5,909	6,049,176	-	6,055,085
	<u>5,909</u>	<u>6,049,176</u>	<u>-</u>	<u>6,055,085</u>

11. CASH AND CASH EQUIVALENTS

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

	30 June 2023 (Reviewed) QR000	30 June 2022 (Reviewed) QR000	31 December 2022 (Audited) QR000
Cash and Balances with Central Banks	39,134,118	43,857,701	36,820,885
Due from Banks with Original Maturity of Three Months or Less	95,704,861	86,437,235	90,492,741
Total	<u>134,838,979</u>	<u>130,294,936</u>	<u>127,313,626</u>

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

12. INCOME TAX CHARGE

The year to date reduction in tax expense is mainly attributable to an amendment in the Türkiye Corporate Tax Law that allows to revalue the tax base of property and equipment for Türkiye income tax purposes. The above mentioned amendment to Türkiye tax regulations gave rise to a temporary difference which resulted in the recognition of deferred tax asset and corresponding income tax benefit amounting to QAR0.5 billion.

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13. BASIC AND DILUTED EARNINGS PER SHARE

	Three Months to 30 June 2023 (Reviewed) QR000	Three Months to 30 June 2022 (Reviewed) QR000	Six Months to 30 June 2023 (Reviewed) QR000	Six Months to 30 June 2022 (Reviewed) QR000
Profit for the Period Attributable to Equity Holders of the Bank	3,723,231	3,890,488	7,604,976	7,018,033
Less: Dividend Appropriation for Instruments Eligible for Additional Tier 1 Capital	(287,500)	(257,917)	(575,000)	(507,917)
Net Profit for the Period Attributable to Equity Holders of the Bank	<u>3,435,731</u>	<u>3,632,571</u>	<u>7,029,976</u>	<u>6,510,116</u>
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	<u><u>0.37</u></u>	<u><u>0.39</u></u>	<u><u>0.76</u></u>	<u><u>0.70</u></u>

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.