



Interim Condensed Consolidated Financial Statements

30 September 2021



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Independent auditor's report on review of interim condensed consolidated financial statements to the Board of Directors of Qatar National Bank (Q.P.S.C.)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements for the period ended 30 September 2021 of Qatar National Bank (Q.P.S.C.) (the 'Bank') and its subsidiaries (together the 'Group'), which comprise:

- the interim consolidated statement of financial position as at 30 September 2021;
- the interim consolidated statement of income for the three and nine month periods ended 30 September 2021;
- the interim consolidated statement of comprehensive income for the three and nine month periods ended 30 September 2021;
- the interim consolidated statement of changes in equity for the nine month period ended 30 September 2021;
- the interim condensed consolidated statement of cash flows for the nine month period ended 30 September 2021; and
- notes to the interim condensed consolidated financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

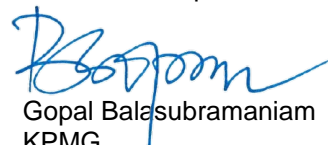
We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements for the period ended 30 September 2021 are not prepared, in all material respects, in accordance with IAS 34.

10 October 2021
Doha
State of Qatar

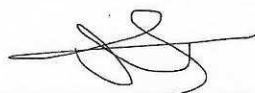



Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry Number 251
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Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Financial Position
As at 30 September 2021

	Notes	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		79,055,227	77,488,986	81,550,978
Due from Banks		64,575,336	67,113,399	65,127,820
Loans and Advances to Customers	3	766,157,670	716,624,378	723,795,174
Investment Securities	4	145,613,677	95,025,451	123,383,569
Investment in Associates		7,416,907	7,240,320	7,064,652
Property and Equipment		5,446,297	5,159,044	5,405,040
Intangible Assets		3,904,506	3,960,063	3,946,963
Other Assets		11,769,038	13,712,675	14,740,864
Total Assets		1,083,938,658	986,324,316	1,025,015,060
LIABILITIES				
Due to Banks		103,684,663	78,405,924	87,953,723
Customer Deposits		783,770,058	715,120,185	738,737,586
Debt Securities		39,437,674	42,500,461	42,573,503
Other Borrowings		27,480,792	27,397,096	27,901,487
Other Liabilities		28,244,041	29,035,365	30,947,042
Total Liabilities		982,617,228	892,459,031	928,113,341
EQUITY				
Issued Capital		9,236,429	9,236,429	9,236,429
Legal Reserve		25,326,037	25,326,037	25,326,037
Risk Reserve		9,000,000	8,500,000	9,000,000
Fair Value Reserve	5	(1,262,492)	(2,800,630)	(1,811,051)
Foreign Currency Translation Reserve		(20,603,620)	(19,313,719)	(18,617,295)
Other Reserves		79,311	253,890	166,050
Retained Earnings		58,426,236	51,731,351	52,509,508
Total Equity Attributable to Equity Holders of the Bank		80,201,901	72,933,358	75,809,678
Non - Controlling Interests		1,119,529	931,927	1,092,041
Instruments Eligible for Additional Tier 1 Capital		20,000,000	20,000,000	20,000,000
Total Equity		101,321,430	93,865,285	96,901,719
Total Liabilities and Equity		1,083,938,658	986,324,316	1,025,015,060

These interim condensed consolidated financial statements were approved by the Board of Directors on 10 October 2021 and were signed on its behalf by:



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



Abdulla Mubarak Al-Khalifa
Group Chief Executive Officer

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



Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Income
For the Three and Nine Month Periods Ended 30 September 2021

	Three Months to 30 September 2021 (Reviewed) QR000	Three Months to 30 September 2020 (Reviewed) QR000	Nine Months to 30 September 2021 (Reviewed) QR000	Nine Months to 30 September 2020 (Reviewed) QR000
Interest Income	11,304,792	10,323,048	33,312,330	33,261,932
Interest Expense	(5,509,274)	(5,077,726)	(16,454,635)	(17,551,584)
Net Interest Income	5,795,518	5,245,322	16,857,695	15,710,348
Fees and Commission Income	1,155,076	933,523	3,326,868	2,967,874
Fees and Commission Expense	(347,078)	(223,331)	(921,529)	(691,384)
Net Fees and Commission Income	807,998	710,192	2,405,339	2,276,490
Net Foreign Exchange Gain	296,393	276,753	940,000	829,119
Income from Investment Securities	29,994	49,506	79,296	156,680
Other Operating Income	107,261	17,122	199,980	42,208
Operating Income	7,037,164	6,298,895	20,482,310	19,014,845
Staff Expenses	(824,290)	(824,925)	(2,514,428)	(2,549,755)
Depreciation	(157,918)	(164,972)	(480,520)	(505,506)
Other Expenses	(586,771)	(518,714)	(1,674,615)	(1,599,774)
Net ECL / Impairment Losses on Loans and Advances to Customers	(1,629,411)	(1,343,475)	(4,514,668)	(3,816,433)
Net ECL / Impairment Losses on Investment Securities	(2,459)	(12,363)	(50,218)	(41,429)
Net ECL / Impairment Losses on Other Financial Instruments	(51,549)	(55,119)	(60,815)	(171,428)
Amortisation of Intangible Assets	(19,942)	(19,211)	(58,602)	(57,415)
Other Provisions	(5,135)	(27,488)	(28,514)	(55,927)
	(3,277,475)	(2,966,267)	(9,382,380)	(8,797,667)
Share of Results of Associates	117,656	81,997	237,370	196,839
Profit Before Income Taxes	3,877,345	3,414,625	11,337,300	10,414,017
Income Tax Expense	(376,932)	(297,824)	(1,022,380)	(875,099)
Profit for the Period	3,500,413	3,116,801	10,314,920	9,538,918
Attributable to:				
Equity Holders of the Bank	3,484,369	3,092,475	10,260,408	9,487,180
Non - Controlling Interests	16,044	24,326	54,512	51,738
Profit for the Period	3,500,413	3,116,801	10,314,920	9,538,918
Earnings Per Share (QR) (Basic and Diluted) (note 12)	0.35	0.31	1.03	0.95

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 2021

	Three Months to 30 September 2021 (Reviewed) QR000	Three Months to 30 September 2020 (Reviewed) QR000	Nine Months to 30 September 2021 (Reviewed) QR000	Nine Months to 30 September 2020 (Reviewed) QR000
Profit for the Period	3,500,413	3,116,801	10,314,920	9,538,918
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	(277,659)	(1,052,130)	(2,012,731)	(3,078,228)
Share of Other Comprehensive Income of Associates	(51,189)	(6,662)	(86,731)	(9,964)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	280,920	564,234	232,340	(866,404)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	217,284	(374,459)	506,995	(363,632)
Investments in Debt Instruments Measured at FVOCI				
Net Change in Fair Value	(69,412)	(82,932)	(230,308)	(131,821)
Net Amount Transferred to Income Statement	(3,441)	12,746	(8,015)	(57,665)
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	(965)	44,379	49,666	(34,963)
Total Other Comprehensive Income / (Loss) for the Period, net of Income Taxes	95,538	(894,824)	(1,548,784)	(4,542,677)
Total Comprehensive Income for the Period	3,595,951	2,221,977	8,766,136	4,996,241
Attributable to:				
Equity Holders of the Bank	3,585,117	2,194,513	8,738,390	5,148,768
Non - Controlling Interests	10,834	27,464	27,746	(152,527)
Total Comprehensive Income for the Period	3,595,951	2,221,977	8,766,136	4,996,241

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 2021

	Equity Attributable to Equity Holders of the Bank										Total
	Issued Capital	Legal Reserve	Risk Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders of the Bank	Non Controlling Interests	Instruments Eligible for Additional Tier 1 Capital	
	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	
Balance at 1 January 2021	9,236,429	25,326,037	9,000,000	(1,811,051)	(18,617,295)	166,050	52,509,508	75,809,678	1,092,041	20,000,000	96,901,719
Total Comprehensive Income for the Period											
Profit for the Period	-	-	-	-	-	-	10,260,408	10,260,408	54,512	-	10,314,920
Other Comprehensive Income / (Loss)	-	-	-	551,046	(1,986,325)	(86,739)	-	(1,522,018)	(26,766)	-	(1,548,784)
Total Comprehensive Income / (Loss) for the Period	-	-	-	551,046	(1,986,325)	(86,739)	10,260,408	8,738,390	27,746	-	8,766,136
Reclassification of Net Change in Fair Value of Equity Instruments upon Derecognition	-	-	-	(2,487)	-	-	2,487	-	-	-	-
Transactions with Equity Holders, Recognised Directly in Equity											
Dividend for the Year 2020 (note 6)	-	-	-	-	-	-	(4,156,393)	(4,156,393)	-	-	(4,156,393)
Other Movements	-	-	-	-	-	-	(189,774)	(189,774)	(258)	-	(190,032)
Total Transactions Recognised Directly in Equity	-	-	-	-	-	-	(4,346,167)	(4,346,167)	(258)	-	(4,346,425)
Balance at 30 September 2021	9,236,429	25,326,037	9,000,000	(1,262,492)	(20,603,620)	79,311	58,426,236	80,201,901	1,119,529	20,000,000	101,321,430
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
Reclassification of Net Change in Fair Value of Equity Instruments upon Derecognition	-	-	-	708	-	-	(708)	-	-	-	-
Transactions with Equity Holders, Recognised Directly in Equity											
Dividend for the Year 2019 (note 6)	-	-	-	-	-	-	(5,541,857)	(5,541,857)	-	-	(5,541,857)
Other Movements	-	-	-	-	-	-	(272,745)	(272,745)	(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

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 Nine Month Period Ended 30 September 2021

	Note	Nine Months to 30 September 2021 (Reviewed) QR000	Nine Months to 30 September 2020 (Reviewed) QR000	Year to 31 December 2020 (Audited) QR000
Cash Flows from Operating Activities				
Profit Before Income Taxes		11,337,300	10,414,017	13,184,299
Adjustments for:				
Interest Income		(33,312,330)	(33,261,932)	(43,773,079)
Interest Expense		16,454,635	17,551,584	22,777,721
Depreciation		480,520	505,506	664,164
Net ECL / Impairment Losses on Loans and Advances to Customers		4,514,668	3,816,433	5,825,419
Net ECL / Impairment Losses on Investment Securities		50,218	41,429	69,004
Net ECL / Impairment Losses on Other Financial Instruments		60,815	171,428	142,783
Other Provisions		28,514	55,927	93,162
Dividend income		(44,507)	(45,341)	(48,365)
Net gain on sale of property and equipment		(62,719)	(41,923)	(17,881)
Net gain on sale of investment securities		(34,789)	(156,680)	(120,745)
Amortisation of Intangible Assets		58,602	57,415	76,804
Net amortisation of premium or discount on investments		801,957	-	(1,629,308)
Net share of results of associates		(237,370)	(196,839)	(63,830)
		95,514	(1,088,976)	(2,819,852)
<i>Changes in:</i>				
Due from banks		(2,572,627)	(3,523,207)	1,558,999
Loans and advances to customers		(61,107,012)	(58,366,636)	(56,876,857)
Other assets		5,874,040	322,247	(6,135,498)
Due to banks		19,197,367	4,119,949	11,825,389
Customer deposits		61,999,182	47,010,218	57,835,092
Other liabilities		(5,310,448)	374,581	2,227,437
Cash from / (used in) operations		18,176,016	(11,151,824)	7,614,710
Interest received		29,662,397	29,576,622	35,952,097
Interest paid		(16,140,430)	(17,143,614)	(17,964,730)
Dividends received		44,507	45,341	48,365
Income tax paid		(1,106,383)	(695,582)	(864,513)
Other provisions paid		(13,435)	(187,425)	(44,880)
Net Cash Flows from Operating Activities		30,622,672	443,518	24,741,049
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(77,589,748)	(63,544,710)	(111,997,115)
Proceeds from Sale / Redemption of Investment Securities		53,754,690	63,183,147	85,139,198
Further Investment in Associate		(305,578)	-	-
Dividend from Associates		80,032	-	-
Additions to Property and Equipment		(781,976)	(710,500)	(1,167,928)
Proceeds from Sale of Property and Equipment		67,785	8,940	20,681
Net Cash Flows used in Investing Activities		(24,774,795)	(1,063,123)	(28,005,164)
Cash Flows from Financing Activities				
Payment of Coupon on Instruments Eligible for Additional Capital		(1,000,000)	(1,000,000)	(1,000,000)
Proceeds from Issuance of Debt Securities		7,600,977	12,182,849	12,142,592
Repayment of Debt Securities		(10,674,614)	(3,703,549)	(3,815,091)
Proceeds from Issuance of Other Borrowings		1,405,436	5,065,687	17,710,213
Repayment of Other Borrowings		(920,090)	(2,652,494)	(15,325,322)
Payment of Rents for Lease Contracts		(201,107)	(212,252)	(274,052)
Dividends Paid		(4,155,362)	(5,532,448)	(5,533,350)
Net Cash Flows (used in) / from Financing Activities		(7,944,760)	4,147,793	3,904,990
Net (Decrease) / Increase in Cash and Cash Equivalents		(2,096,883)	3,528,188	640,875
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(511,885)	(384,711)	(885,380)
Cash and Cash Equivalents as at 1 January		102,483,340	102,727,845	102,727,845
Cash and Cash Equivalents at 30 September / 31 December	11	99,874,572	105,871,322	102,483,340

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



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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". These interim condensed consolidated financial statements should be read in conjunction with the 2020 annual consolidated financial statements of the Group.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and the applicable provisions of QCB regulations. In addition, results for the nine month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

The Group has consistently applied the accounting policies as applied in the annual consolidated financial statements for the year ended 31 December 2020, except for effect of the Inter Bank Offer Rate ("IBOR") transition as mentioned below.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

The following amendments to existing standards have been applied by the Group in preparation of these interim condensed consolidated financial statements. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Description	Effective from
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

Interest Rate Benchmark Reform - Phase 2 amendments

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

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

With respect to operational aspect of IBOR transition, the Group is in discussion with counterparties in relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021. Management is running a project on the Group's transition activities and preparedness for adopting alternate reference rates and continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

Standard Issued but not yet Effective

IFRS 17 Insurance Contracts is effective from 1 January 2023. The Group is currently evaluating the impact of this new standard. The Group will adopt this new standard on the effective date.

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

2. SEGMENT INFORMATION

The Group is organised into four main operating segments. The results of each of the operating segments which are being monitored regularly by the Chief Operating Decision Maker, are stated below:

	Qatar Operations			International Banking	Unallocated and Intra-group Transactions	Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management			
	QR000	QR000	QR000			
As at and for the nine month period ended 30 September 2021:						
Revenue:						
Net Interest Income	9,978,187	473,274	526,156	5,838,392	41,686	16,857,695
Net Fees and Commission Income	571,345	208,458	191,505	1,412,745	21,286	2,405,339
Net Foreign Exchange Gain	387,697	134,372	94,575	328,902	(5,546)	940,000
Income from Investment Securities	32,926	-	(3,296)	49,666	-	79,296
Other Operating Income	-	10	418	199,615	(63)	199,980
Share of Results of Associates	193,963	-	-	43,407	-	237,370
Total Segment Revenue	11,164,118	816,114	809,358	7,872,727	57,363	20,719,680
Reportable Segment Profit	7,394,955	287,776	583,924	2,187,883	(194,130)	10,260,408
Reportable Segment Investments	88,366,404	-	286	57,246,987	-	145,613,677
Reportable Segment Loans and Advances	559,319,459	9,357,271	20,525,394	176,955,546	-	766,157,670
Reportable Segment Customer Deposits	363,545,966	34,772,722	39,844,380	345,606,990	-	783,770,058
Reportable Segment Assets	768,959,107	35,840,865	41,350,132	564,109,285	(326,320,731)	1,083,938,658
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

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

3. LOANS AND ADVANCES TO CUSTOMERS

	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Loans and Advances to Customers	783,702,581	729,813,173	738,083,245
Deferred Profit	(31,586)	(40,909)	(64,614)
Accrued Interest	7,831,362	6,689,961	7,336,182
Expected Credit Losses - Performing Loans and Advances to Customers - Stage 1 and 2	(4,821,093)	(4,510,118)	(4,614,602)
Impairment on Non-performing Loans and Advances to Customers - Stage 3	(20,523,594)	(15,327,729)	(16,945,037)
Net Loans and Advances to Customers	<u>766,157,670</u>	<u>716,624,378</u>	<u>723,795,174</u>

The aggregate amount of non performing loans and advances to customers amounted to QR18,380 million or 2.3% of total loans and advances to customers (31 December 2020: QR15,811 million or 2.1% of total loans and advances to customers).

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

	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Stage 1	725,474,010	680,998,000	686,383,449
Stage 2	47,648,182	40,707,485	43,160,224
Stage 3	18,380,165	14,756,740	15,811,140
Total Gross Exposures	<u>791,502,357</u>	<u>736,462,225</u>	<u>745,354,813</u>

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

	30 September 2021			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January 2021	1,427,951	3,186,651	16,945,037	21,559,639
ECL / Impairment Charge for the Period (Net)	155,777	549,748	4,494,251	5,199,776
Foreign Currency Translation for the Period	(93,853)	(227,878)	(425,136)	(746,867)
Transfers from Stage 1 to 2	(8,190)	8,190	-	-
Transfers from Stage 2 to 3	-	(177,303)	177,303	-
Write-offs during the Period	-	-	(667,861)	(667,861)
Closing Balance as at 30 September 2021	<u>1,481,685</u>	<u>3,339,408</u>	<u>20,523,594</u>	<u>25,344,687</u>

	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 2020	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 2020	<u>1,518,041</u>	<u>2,992,077</u>	<u>15,327,729</u>	<u>19,837,847</u>

ECL / impairment charge for the period includes interest in suspense and recoveries of balances previously written off, net of for QR685.1 million (30 September 2020: QR853.5 million).

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4. INVESTMENT SECURITIES

	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Investment Securities at Fair Value Through Profit or Loss (FVPL)	291,659	188,565	288,918
Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)	35,281,331	35,894,709	36,267,165
Investment Securities at Amortised Cost (AC), net	107,997,019	57,780,851	85,058,061
Accrued Interest	2,043,668	1,161,326	1,769,425
Total	145,613,677	95,025,451	123,383,569

The above includes impairment allowance in respect of debt securities amounting to QR208.5 million (31 December 2020: QR159.6 million).

5. FAIR VALUE RESERVE

	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Cash Flow Hedges	(957,761)	(2,272,248)	(1,189,898)
Fair Value Through Other Comprehensive Income	74,022	(64,134)	264,595
Hedges of a Net Investment in Foreign Operations	(378,753)	(464,248)	(885,748)
Total	(1,262,492)	(2,800,630)	(1,811,051)

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

6. DIVIDEND

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

The cash dividend in respect of the year ended 31 December 2019 of QR0.60 per share, amounting to a total of QR5,542 million, was approved by the shareholders at the Annual General Assembly meeting on 9 February 2020.

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Contingent Liabilities			
Unused Facilities	114,375,516	108,461,497	115,535,472
Guarantees	59,930,901	59,456,838	60,337,801
Letters of Credit	43,525,012	33,522,637	37,806,688
Others	13,617,244	14,919,726	14,962,140
Total	231,448,673	216,360,698	228,642,101

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

	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Stage 1	210,919,544	195,751,800	207,347,805
Stage 2	6,522,134	5,336,167	5,958,438
Stage 3	389,751	353,005	373,718
Total Gross Exposures	217,831,429	201,440,972	213,679,961

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

	30 September 2021			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January 2021	276,015	137,470	133,306	546,791
ECL / Impairment Charge / (Reversal) for the Period (Net)	37,244	(22,962)	21,201	35,483
Foreign Currency Translation for the Period	(12,193)	(800)	(7,823)	(20,816)
Transfers during the Period	(120)	120	-	-
Closing Balance as at 30 September 2021	300,946	113,828	146,684	561,458

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7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS (CONTINUED)

	30 September 2020			
	Stage 1	Stage 2	Stage 3	Total
	(Reviewed) QR000	(Reviewed) QR000	(Reviewed) QR000	(Reviewed) QR000
Opening Balance of Provisions as at 1 January 2020	213,251	75,150	158,758	447,159
ECL / Impairment Charge / (Reversal) 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 2020	288,730	128,318	144,299	561,347

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 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances to Customers	3,106,136	2,907,894	2,933,737
Customer Deposits	1,503,262	1,479,710	1,383,123
Contingent Liabilities and Other Commitments	61,577	94,148	81,658
Statement of Income Items			
Interest and Commission Income	95,671	98,954	130,951
Interest and Commission Expense	11,877	25,880	32,145
Associates			
Due from banks	1,374,659	1,347,032	1,512,004
Interest and Commission Income	34,004	44,937	56,832
Due to banks	59,691	2,882	1,708
Interest and Commission Expense	33	148	156
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	39,001	39,179	43,287
End of Service Indemnity Benefits	769	905	1,169

The Group also has significant commercial transactions with the State of Qatar, which owns 50% of the Bank's outstanding shares through Qatar Investment Authority, amounting to QR90,303 million included in loans and advances (31 December 2020: QR69,096 million) and QR14,471 million included in customer deposits (31 December 2020: QR6,704 million).

9. CAPITAL ADEQUACY

	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	66,689,542	61,400,225	69,329,402
Eligible Additional Tier 1 (AT 1) Capital Instruments	20,000,000	20,000,000	20,000,000
Additional Tier 1 Capital	78,374	97,395	84,021
Additional Tier 2 Capital	5,561,615	5,135,279	5,267,427
Total Eligible Capital	92,329,531	86,632,899	94,680,850
Risk Weighted Assets	495,565,510	478,356,739	495,306,558
Total Capital Ratio	18.6%	18.1%	19.1%

The Group follows Basel III Capital Adequacy Ratio (CAR) calculation in accordance with Qatar Central Bank (QCB) regulations. The minimum accepted total Capital Adequacy Ratio requirements under Basel III as per QCB Requirements is as follows:

- Minimum limit without Capital Conservation buffer is 10%
- Minimum limit including Capital Conservation buffer, ICAAP buffer and the applicable Domestically Systemically Important Bank ("DSIB") buffer is 16%.

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10. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. There is no change in fair value hierarchy compared to 31 December 2020.

	Level 1 QR000	Level 2 QR000	Level 3 QR000	Total QR000
At 30 September 2021: (Reviewed)				
Derivative Assets Held for Risk Management	161	5,016,082	-	5,016,243
Investment Securities	34,804,663	1,199,336	-	36,003,999
	34,804,824	6,215,418	-	41,020,242
Derivative Liabilities Held for Risk Management	1,315	3,636,978	-	3,638,293
	1,315	3,636,978	-	3,638,293
At 31 December 2020: (Audited)				
Derivative Assets Held for Risk Management	50	5,505,932	-	5,505,982
Investment Securities	35,860,571	1,202,063	-	37,062,634
	35,860,621	6,707,995	-	42,568,616
Derivative Liabilities Held for Risk Management	1,430	5,856,817	-	5,858,247
	1,430	5,856,817	-	5,858,247

11. CASH AND CASH EQUIVALENTS

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

	30 September 2021 (Reviewed) QR000	30 September 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Cash and Balances with Central Banks	39,439,669	41,730,217	40,951,732
Due from Banks Maturing in Three months	60,434,903	64,141,105	61,531,608
Total	99,874,572	105,871,322	102,483,340

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

12. BASIC AND DILUTED EARNINGS PER SHARE

	Three Months to 30 September 2021 (Reviewed) QR000	Three Months to 30 September 2020 (Reviewed) QR000	Nine Months to 30 September 2021 (Reviewed) QR000	Nine Months to 30 September 2020 (Reviewed) QR000
Profit for the Period Attributable to Equity Holders of the Bank	3,484,369	3,092,475	10,260,408	9,487,180
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	3,234,369	2,842,475	9,510,408	8,737,180
Weighted Average Number of Shares	9,236,428,570	9,236,428,570	9,236,428,570	9,236,428,570
Earnings Per Share (QR) - Basic and Diluted	0.35	0.31	1.03	0.95

13. COMPARATIVE INFORMATION

Certain comparative information has been reclassified where necessary to preserve consistency with the presentation in the current period. However, such reclassifications did not have any effect on the interim consolidated statement of income or the consolidated equity of the Group for the comparative period / year.

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14 . IMPACT OF COVID-19

During the current period, due to continued uncertainties caused by COVID-19, the Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs"). ECLs are estimated based on a range of forecast economic conditions as at the reporting date and the Group has considered the impact of volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

This volatility has been reflected through adjustment in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factors used are determined from statistical distribution of credit cycle index (CCI) factors, which can be derived from a number of historical observed factors such as risk yields, credit growth, credit spreads or defaults. Interdependency exists between the CCI and these factors as applicable in the relevant economies, which for Qatar scenarios include:

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

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

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

QNB Group also updated the relevant forward-looking information of QNB Group's international operations with respect to the weightings of the relevant macroeconomic scenarios relative to the economic climate of the respective market in which it operates.

The Group has considered the potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

QNB Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.