



Interim Condensed Consolidated Financial Statements

31 March 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 31 March 2021 interim condensed consolidated financial statements of Qatar National Bank (Q.P.S.C.) (the 'Bank') and its subsidiaries (together the 'Group'), which comprise:

- the interim consolidated statement of financial position as at 31 March 2021;
- the interim consolidated statement of income for the three month period ended 31 March 2021;
- the interim consolidated statement of comprehensive income for the three month period ended 31 March 2021;
- the interim consolidated statement of changes in equity for the three month period ended 31 March 2021;
- the interim consolidated statement of cash flows for the three month period ended 31 March 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') and applicable provisions of the Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and applicable provisions of the Qatar Central Bank regulations.

11 April 2021
Doha
State of Qatar



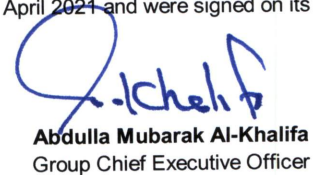
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Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Financial Position
As at 31 March 2021

	Notes	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		80,026,609	73,053,351	81,550,978
Due from Banks		84,707,826	59,359,739	65,127,820
Loans and Advances to Customers	3	720,649,256	708,055,842	723,795,174
Investment Securities	4	127,677,409	95,487,778	123,383,569
Investment in Associates		7,467,648	7,181,753	7,064,652
Property and Equipment		5,309,485	5,366,284	5,405,040
Intangible Assets		3,924,106	4,004,412	3,946,963
Other Assets		12,712,415	11,842,201	14,740,864
Total Assets		1,042,474,754	964,351,360	1,025,015,060
LIABILITIES				
Due to Banks		97,010,065	74,940,255	87,953,723
Customer Deposits		749,621,951	706,306,224	738,737,586
Debt Securities		45,848,746	39,510,051	42,573,503
Other Borrowings		27,512,206	24,878,477	27,901,487
Other Liabilities		28,955,489	29,991,963	30,947,042
Total Liabilities		948,948,457	875,626,970	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	(2,884,865)	(3,747,072)	(1,811,051)
Foreign Currency Translation Reserve		(19,944,166)	(17,651,377)	(18,617,295)
Other Reserves		220,671	268,936	166,050
Retained Earnings		51,475,546	45,815,432	52,509,508
Total Equity Attributable to Equity Holders of the Bank		72,429,652	67,748,385	75,809,678
Non - Controlling Interests		1,096,645	976,005	1,092,041
Instruments Eligible for Additional Tier 1 Capital		20,000,000	20,000,000	20,000,000
Total Equity		93,526,297	88,724,390	96,901,719
Total Liabilities and Equity		1,042,474,754	964,351,360	1,025,015,060

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


Ali Shareef Al-Emadi
 Chairman


Abdulla Mubarak Al-Khalifa
 Group Chief Executive Officer

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

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Income
For the Three Month Period Ended 31 March 2021

	Three Months to 31 March 2021 (Reviewed) QR000	Three Months to 31 March 2020 (Reviewed) QR000
Interest Income	10,887,850	12,264,729
Interest Expense	(5,497,708)	(6,876,041)
Net Interest Income	5,390,142	5,388,688
Fees and Commission Income	1,076,313	1,189,724
Fees and Commission Expense	(284,934)	(293,044)
Net Fees and Commission Income	791,379	896,680
Net Foreign Exchange Gain	321,396	278,344
Income from Investment Securities	21,537	50,679
Other Operating Income	81,080	15,060
Operating Income	6,605,534	6,629,451
Staff Expenses	(848,747)	(915,872)
Depreciation	(166,211)	(175,527)
Other Expenses	(546,161)	(623,366)
Net ECL / Impairment Losses on Loans and Advances to Customers	(1,368,190)	(972,800)
Net ECL / Impairment Losses on Investment Securities	(13,170)	(11,031)
Net ECL / Impairment Losses on Other Financial Instruments	(40,715)	(71,379)
Amortisation of Intangible Assets	(19,157)	(19,129)
Other Provisions	(13,348)	(16,447)
	(3,015,699)	(2,805,551)
Share of Results of Associates	59,108	76,889
Profit Before Income Taxes	3,648,943	3,900,789
Income Tax Expense	(319,310)	(315,332)
Profit for the Period	3,329,633	3,585,457
Attributable to:		
Equity Holders of the Bank	3,312,205	3,570,553
Non - Controlling Interests	17,428	14,904
Profit for the Period	3,329,633	3,585,457
Earnings Per Share (QR) (Basic and Diluted) (note 12)	0.33	0.36

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 Month Period Ended 31 March 2021

	Three Months to 31 March 2021 (Reviewed) QR000	Three Months to 31 March 2020 (Reviewed) QR000
Profit for the Period	3,329,633	3,585,457
Other Comprehensive Income / (Loss) Items that are or may be Reclassified to Consolidated Income Statement in Subsequent Periods:		
Foreign Currency Translation Differences for Foreign Operations	(1,339,235)	(1,333,392)
Share of Other Comprehensive Income of Associates	54,620	5,053
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(1,144,128)	(1,915,673)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	408,060	197,123
Investments in Debt Instruments Measured at FVOCI		
Net Change in Fair Value	(354,733)	(487,431)
Net Amount Transferred to Income Statement	(2,206)	(30,242)
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	18,981	(165,906)
Total Other Comprehensive Loss for the Period, net of Income Taxes	(2,358,641)	(3,730,468)
Total Comprehensive Income / (Loss) for the Period	970,992	(145,011)
Attributable to:		
Equity Holders of the Bank	966,141	(36,205)
Non - Controlling Interests	4,851	(108,806)
Total Comprehensive Income / (Loss) for the Period	970,992	(145,011)

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 Three Month Period Ended 31 March 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	-	-	-	-	-	-	3,312,205	3,312,205	17,428	-	3,329,633
Other Comprehensive (Loss) / Income	-	-	-	(1,073,814)	(1,326,871)	54,621	-	(2,346,064)	(12,577)	-	(2,358,641)
Total Comprehensive (Loss) / Income for the Period	-	-	-	(1,073,814)	(1,326,871)	54,621	3,312,205	966,141	4,851	-	970,992
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)	(247)	-	(190,021)
Total Transactions Recognised Directly in Equity	-	-	-	-	-	-	(4,346,167)	(4,346,167)	(247)	-	(4,346,414)
Balance at 30 March 2021	9,236,429	25,326,037	9,000,000	(2,884,865)	(19,944,166)	220,671	51,475,546	72,429,652	1,096,645	20,000,000	93,526,297
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	-	-	-	-	-	-	3,570,553	3,570,553	14,904	-	3,585,457
Other Comprehensive (Loss) / Income	-	-	-	(2,399,798)	(1,212,167)	5,207	-	(3,606,758)	(123,710)	-	(3,730,468)
Total Comprehensive (Loss) / Income for the Period	-	-	-	(2,399,798)	(1,212,167)	5,207	3,570,553	(36,205)	(108,806)	-	(145,011)
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)	(35,165)	-	(307,910)
Total Transactions Recognised Directly in Equity	-	-	-	-	-	-	(5,814,602)	(5,814,602)	(35,165)	-	(5,849,767)
Balance at 31 March 2020	9,236,429	25,326,037	8,500,000	(3,747,072)	(17,651,377)	268,936	45,815,432	67,748,385	976,005	20,000,000	88,724,390

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 Three Month Period Ended 31 March 2021

	Note	Three Months to 31 March 2021 (Reviewed) QR000	Three Months to 31 March 2020 (Reviewed) QR000	Year to 31 December 2020 (Audited) QR000
Cash Flows from Operating Activities				
Profit Before Income Taxes		3,648,943	3,900,789	13,184,299
Adjustments for:				
Interest Income		(10,887,850)	(12,264,729)	(43,773,079)
Interest Expense		5,497,708	6,876,041	22,777,721
Depreciation		166,211	175,527	664,164
Net ECL / Impairment Losses on Loans and Advances to Customers		1,368,190	972,800	5,825,419
Net ECL / Impairment Losses on Investment Securities		13,170	11,031	69,004
Net ECL / Impairment Losses on Other Financial Instruments		40,715	71,379	142,783
Other Provisions		13,348	16,447	93,162
Dividend income		(14,342)	(14,277)	(48,365)
Net gain on sale of property and equipment		(57,301)	(11,775)	(17,881)
Net gain on sale of investment securities		(7,195)	(36,402)	(120,745)
Amortisation of Intangible Assets		19,157	19,129	76,804
Net amortisation of premium or discount on investments		326,984	141,146	(1,629,308)
Net share of results of associates		(59,108)	(76,889)	(63,830)
		68,630	(219,783)	(2,819,852)
<i>Changes in:</i>				
Due from banks		1,340,723	(8,522,759)	1,558,999
Loans and advances to customers		(6,989,935)	(38,346,415)	(56,876,857)
Other assets		3,856,073	5,771,720	(6,135,498)
Due to banks		11,292,910	(1,571,492)	11,825,389
Customer deposits		21,602,264	34,932,100	57,835,092
Other liabilities		(4,649,477)	(6,853,962)	2,227,437
Cash from / (used in) operations		26,521,188	(14,810,591)	7,614,710
Interest received		9,002,439	8,818,299	35,952,097
Interest paid		(5,230,895)	(7,391,202)	(17,964,730)
Dividends received		14,342	14,277	48,365
Income tax paid		(680,126)	(233,693)	(864,513)
Other provisions paid		(6,788)	(170,445)	(44,880)
Net Cash Flows from / (used in) Operating Activities		29,620,160	(13,773,355)	24,741,049
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(28,768,779)	(22,012,425)	(111,997,115)
Proceeds from Sale / Redemption of Investment Securities		23,075,798	20,988,273	85,139,198
Further Investment in Associate		(305,578)	-	-
Additions to Property and Equipment		(271,504)	(363,342)	(1,167,928)
Proceeds from Sale of Property and Equipment		61,459	2,941	20,681
Net Cash Flows used in Investing Activities		(6,208,604)	(1,384,553)	(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		3,658,658	5,985,405	12,142,592
Repayment of Debt Securities		(389,683)	-	(3,815,091)
Proceeds from Issuance of Other Borrowings		313,276	2,463,569	17,710,213
Repayment of Other Borrowings		(76,374)	(2,451,659)	(15,325,322)
Payment of Rents for Lease Contracts		(64,874)	(74,250)	(274,052)
Dividends Paid		(4,132,810)	(5,513,679)	(5,533,350)
Net Cash Flows (used in) / from Financing Activities		(1,691,807)	(590,614)	3,904,990
Net Increase / (Decrease) in Cash and Cash Equivalents		21,719,749	(15,748,522)	640,875
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(302,649)	(274,560)	(885,380)
Cash and Cash Equivalents as at 1 January		102,483,340	102,727,845	102,727,845
Cash and Cash Equivalents at 31 March / 31 December	11	123,900,440	86,704,763	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 Three Month Period Ended 31 March 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" and the applicable provisions of Qatar Central Bank (QCB) Regulations. 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 three month period ended 31 March 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 judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 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

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.

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 is required 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.

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.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 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					Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management	International Banking	Unallocated and Intra-group Transactions	
	QR000	QR000	QR000	QR000	QR000	
As at and for the three month period ended 31 March 2021:						
Revenue:						
Net Interest Income	3,122,727	159,522	202,190	1,895,240	10,463	5,390,142
Net Fees and Commission Income	185,998	64,704	74,327	445,860	20,490	791,379
Net Foreign Exchange Gain	140,212	44,392	30,743	106,850	(801)	321,396
Income from Investment Securities	9,192	-	(1,021)	13,366	-	21,537
Other Operating Income	37	1	-	81,028	14	81,080
Share of Results of Associates	44,515	-	-	14,593	-	59,108
Total Segment Revenue	3,502,681	268,619	306,239	2,556,937	30,166	6,664,642
Reportable Segment Profit	2,346,520	120,317	231,226	664,504	(50,362)	3,312,205
Reportable Segment Investments	78,595,458	-	516	49,081,435	-	127,677,409
Reportable Segment Loans and Advances	517,310,818	9,325,335	20,075,629	173,937,474	-	720,649,256
Reportable Segment Customer Deposits	345,486,237	35,067,497	41,121,226	327,946,991	-	749,621,951
Reportable Segment Assets	744,883,301	36,016,003	42,210,172	547,019,653	(327,654,375)	1,042,474,754
As at and for the three month period ended 31 March 2020:						
Revenue:						
Net Interest Income	2,443,680	159,037	229,825	2,539,598	16,548	5,388,688
Net Fees and Commission Income	121,428	64,286	51,513	648,220	11,233	896,680
Net Foreign Exchange Gain	166,622	42,800	37,969	29,730	1,223	278,344
Income from Investment Securities	10,740	-	-	39,939	-	50,679
Other Operating Income	342	16	-	14,095	607	15,060
Share of Results of Associates	63,558	-	-	13,331	-	76,889
Total Segment Revenue	2,806,370	266,139	319,307	3,284,913	29,611	6,706,340
Reportable Segment Profit	2,149,364	59,459	319,322	1,098,566	(56,158)	3,570,553
Reportable Segment Investments	49,502,229	-	239	45,985,310	-	95,487,778
Reportable Segment Loans and Advances	492,660,897	9,593,877	29,261,247	176,539,821	-	708,055,842
Reportable Segment Customer Deposits	314,157,601	29,574,753	56,122,883	306,450,987	-	706,306,224
Reportable Segment Assets	658,676,719	30,143,404	57,881,245	464,479,642	(246,829,650)	964,351,360

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 March 2021

3. LOANS AND ADVANCES TO CUSTOMERS

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Loans and Advances to Customers	736,802,876	718,108,395	738,083,245
Deferred Profit	(27,259)	(35,555)	(64,614)
Accrued Interest	6,561,702	7,372,895	7,336,182
Expected Credit Losses - Performing Loans and Advances to Customers - Stage 1 and 2	(4,587,612)	(4,092,941)	(4,614,602)
Impairment on Non-performing Loans and Advances to Customers - Stage 3	(18,100,451)	(13,296,952)	(16,945,037)
Net Loans and Advances to Customers	<u>720,649,256</u>	<u>708,055,842</u>	<u>723,795,174</u>

The aggregate amount of non performing loans and advances to customers amounted to QR16,375 million or 2.2% 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:

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Stage 1	681,808,801	675,842,459	686,383,449
Stage 2	45,153,623	36,240,946	43,160,224
Stage 3	16,374,895	13,362,330	15,811,140
Total Gross Exposures	<u>743,337,319</u>	<u>725,445,735</u>	<u>745,354,813</u>

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

	31 March 2021			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January	1,427,951	3,186,651	16,945,037	21,559,639
ECL / Impairment Charge for the Period (Net)	81,463	204,392	1,380,069	1,665,924
Foreign Currency Translation for the Period	(71,643)	(98,932)	(269,971)	(440,546)
Transfers from Stage 1 to 2	(2,499)	2,499	-	-
Transfers from Stage 2 to 3	-	(142,270)	142,270	-
Write-offs during the Period	-	-	(96,954)	(96,954)
Closing Balance as at 31 March	<u>1,435,272</u>	<u>3,152,340</u>	<u>18,100,451</u>	<u>22,688,063</u>

	31 March 2020			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January	1,246,620	2,694,380	12,835,228	16,776,228
ECL / Impairment Charge for the Period (Net)	262,508	458,970	390,819	1,112,297
Foreign Currency Translation for the Period	(57,569)	(80,829)	(247,901)	(386,299)
Transfers from Stage 2 to 3	-	(431,139)	431,139	-
Write-offs during the Period	-	-	(112,333)	(112,333)
Closing Balance as at 31 March	<u>1,451,559</u>	<u>2,641,382</u>	<u>13,296,952</u>	<u>17,389,893</u>

ECL / impairment charge for the period includes interest in suspense and recoveries of balances previously written off, net for QR297.7 million (31 March 2020: QR139.4 million).

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4. INVESTMENT SECURITIES

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Investment Securities at Fair Value Through Profit or Loss (FVPL)	200,531	135,789	288,918
Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)	36,570,465	36,263,291	36,267,165
Investment Securities at Amortised Cost (AC), net	89,202,151	57,846,759	85,058,061
Accrued Interest	1,704,262	1,241,939	1,769,425
Total	127,677,409	95,487,778	123,383,569

The above includes impairment allowance in respect of debt securities amounting to QR162.2 million (31 December 2020: QR159.6 million).

5. FAIR VALUE RESERVE

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Cash Flow Hedges	(2,334,300)	(3,321,388)	(1,189,898)
Fair Value Through Other Comprehensive Income	(72,877)	(522,191)	264,595
Hedges of a Net Investment in Foreign Operations	(477,688)	96,507	(885,748)
Total	(2,884,865)	(3,747,072)	(1,811,051)

The Fair Value Reserve for Investments at Fair Value Through Other Comprehensive Income include the loss allowance amounting to QR19.1 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

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Contingent Liabilities			
Unused Facilities	113,836,423	114,508,858	115,535,472
Guarantees	60,699,893	59,909,570	60,337,801
Letters of Credit	43,273,486	37,961,599	37,806,688
Others	14,737,776	13,346,765	14,962,140
Total	232,547,578	225,726,792	228,642,101

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

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Stage 1	211,733,488	206,897,459	207,347,805
Stage 2	5,715,901	5,060,516	5,958,438
Stage 3	360,413	422,052	373,718
Total Gross Exposures	217,809,802	212,380,027	213,679,961

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

	31 March 2021			
	Stage 1 (Reviewed) QR000	Stage 2 (Reviewed) QR000	Stage 3 (Reviewed) QR000	Total (Reviewed) QR000
Opening Balance of Provisions as at 1 January	276,015	137,470	133,306	546,791
ECL / Impairment Charge for the Period (Net)	21,792	(7,157)	(2,647)	11,988
Foreign Currency Translation for the Period	(7,894)	(537)	1	(8,430)
Closing Balance as at 31 March	289,913	129,776	130,660	550,349

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7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS (CONTINUED)

	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
	(Reviewed) QR000	(Reviewed) QR000	(Reviewed) QR000	(Reviewed) QR000
Opening Balance of Provisions as at 1 January	213,251	75,150	158,758	447,159
ECL / Impairment Charge for the Period (Net)	34,112	29,462	(5,635)	57,939
Foreign Currency Translation for the Period	(2,587)	(5,405)	(4,106)	(12,098)
Closing Balance as at 31 March	244,776	99,207	149,017	493,000

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:

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances to Customers	2,950,317	2,485,603	2,933,737
Customer Deposits	1,489,485	1,482,171	1,383,123
Contingent Liabilities and Other Commitments	73,243	72,847	81,658
Statement of Income Items			
Interest and Commission Income	31,432	35,848	130,951
Interest and Commission Expense	4,020	8,518	32,145
Associates			
Due from banks	1,332,088	1,365,214	1,512,004
Interest and Commission Income	11,519	16,339	56,832
Due to banks	1,255	62,921	1,708
Interest and Commission Expense	14	99	156
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	30,262	30,421	43,287
End of Service Indemnity Benefits	291	352	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 QR79,688 million included in loans and advances (31 December 2020: QR69,096 million) and QR6,689 million included in customer deposits (31 December 2020: QR6,704 million).

9. CAPITAL ADEQUACY

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	67,088,543	62,402,531	69,329,402
Eligible Additional Tier 1 (AT 1) Capital Instruments	20,000,000	20,000,000	20,000,000
Additional Tier 1 Capital	88,057	98,949	84,021
Additional Tier 2 Capital	5,281,913	4,979,839	5,267,427
Total Eligible Capital	92,458,513	87,481,319	94,680,850
Risk Weighted Assets	486,022,959	475,450,232	495,306,558
Total Capital Ratio	19.0%	18.4%	19.1%

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

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

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10. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Level 1 QR000	Level 2 QR000	Level 3 QR000	Total QR000
At 31 March 2021: (Reviewed)				
Derivative Assets Held for Risk Management	1,248	6,263,180	-	6,264,428
Investment Securities	35,982,702	1,174,979	-	37,157,681
	35,983,950	7,438,159	-	43,422,109
Derivative Liabilities Held for Risk Management	375	5,339,466	-	5,339,841
	375	5,339,466	-	5,339,841
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:

	31 March 2021 (Reviewed) QR000	31 March 2020 (Reviewed) QR000	31 December 2020 (Audited) QR000
Cash and Balances with Central Banks	41,847,430	33,242,597	40,951,732
Due from Banks Maturing in Three months	82,053,010	53,462,166	61,531,608
Total	123,900,440	86,704,763	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 31 March 2021 (Reviewed) QR000	Three Months to 31 March 2020 (Reviewed) QR000
Profit for the Period Attributable to Equity Holders of the Bank	3,312,205	3,570,553
Less: Dividend Appropriation for Instruments Eligible for Additional Tier 1 Capital	(250,000)	(250,000)
Net Profit for the Period Attributable to Equity Holders of the Bank	3,062,205	3,320,553
Weighted Average Number of Shares	9,236,428,570	9,236,428,570
Earnings Per Share (QR) - Basic and Diluted	0.33	0.36

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:

	31 March 2021 (Reviewed)	31 March 2020 (Reviewed)	31 December 2020 (Audited)
Average oil price range (USD / Barrel)	28 to 46	33.8 to 57	19 to 44.9
GDP Growth Rate	-0.7% to 2.95%	-0.67% to 0%	-4.4% to -1.5%
Inflation	-1.0% to 2.3%	-0.6% to 1.8%	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:

	31 March 2021 (Reviewed)	31 March 2020 (Reviewed)	31 December 2020 (Audited)
Upside Case	0%	5%	0%
Base Case	55%	70%	55%
Downside Case	45%	25%	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.