

# Interim Condensed Consolidated Financial Statements

30 June 2014



# **Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements to the Board of Directors of Qatar National Bank S.A.Q.**

## **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar National Bank S.A.Q (the "Bank") and its subsidiaries (the "Group") as at 30 June 2014, comprising of the interim consolidated statement of financial position as at 30 June 2014 and the related interim consolidated statements of income and comprehensive income for the three month and six-month periods ended 30 June 2014, the related interim consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and the related explanatory notes. The Board of Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 - Interim Financial Reporting ("IAS 34") and the applicable provisions of 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 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 and the applicable provisions of Qatar Central Bank regulations.

Firas Qoussous  
of Ernst & Young  
Qatar Auditors Registry Number 236

Doha - State of Qatar  
8 July 2014

**Qatar National Bank S.A.Q.**  
**Interim Consolidated Statement of Financial Position**  
**As at 30 June 2014**

	Notes	30 June 2014 (Reviewed) QR000	30 June 2013 (Reviewed) QR000	31 December 2013 (Audited) QR000
<b>ASSETS</b>				
Cash and Balances with Central Banks		29,804,677	20,216,981	22,909,453
Due from Banks		21,431,065	29,065,928	13,602,258
Loans and Advances to Customers	3	326,332,724	296,414,072	310,712,046
Investment Securities	4	69,833,259	68,506,087	78,302,635
Investment in Associates		5,867,550	5,721,212	5,840,008
Property and Equipment		1,818,333	1,405,035	1,390,966
Intangible Assets		5,492,441	5,527,190	5,549,805
Other Assets		4,974,695	4,449,066	5,178,937
<b>Total Assets</b>		<b>465,554,744</b>	<b>431,305,571</b>	<b>443,486,108</b>
<b>LIABILITIES</b>				
Due to Banks		20,805,438	20,507,921	11,568,043
Customer Deposits		345,259,043	326,266,172	335,539,171
Debt Securities		21,766,801	16,296,512	21,754,224
Other Borrowings		13,369,891	10,753,853	12,408,154
Other Liabilities		10,678,037	8,883,433	8,489,232
<b>Total Liabilities</b>		<b>411,879,210</b>	<b>382,707,891</b>	<b>389,758,824</b>
<b>EQUITY</b>				
Issued Capital		6,997,294	6,997,294	6,997,294
Legal Reserve		23,086,902	23,086,902	23,086,902
Risk Reserve		2,750,000	1,750,000	2,750,000
Fair Value Reserve	5	1,093,346	803,487	1,401,954
Foreign Currency Translation Reserve		(1,029,485)	(923,706)	(957,107)
Other Reserves		1,757,063	1,742,397	1,719,114
Retained Earnings		18,002,068	14,260,399	17,830,304
<b>Total Equity Attributable to Equity Holders of the Bank</b>		<b>52,657,188</b>	<b>47,716,773</b>	<b>52,828,461</b>
Non - Controlling Interests		1,018,346	880,907	898,823
<b>Total Equity</b>		<b>53,675,534</b>	<b>48,597,680</b>	<b>53,727,284</b>
<b>Total Liabilities and Equity</b>		<b>465,554,744</b>	<b>431,305,571</b>	<b>443,486,108</b>

This interim condensed consolidated financial statements were approved by the Board of Directors on 8 July 2014 and were signed on its behalf by:

**Ali Shareef Al-Emadi**  
Chairman

**Ali Ahmad Al Kuwari**  
Acting Group Chief Executive Officer

The attached notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

**Qatar National Bank S.A.Q.**  
**Interim Consolidated Statement of Income**  
**For the Six Months Period Ended 30 June 2014**

	Three Months to 30 June 2014 (Reviewed) QR000	Three Months to 30 June 2013 (Reviewed) QR000	Six Months to 30 June 2014 (Reviewed) QR000	Six Months to 30 June 2013 (Reviewed) QR000
Interest Income	4,595,296	4,900,970	9,103,344	8,012,969
Interest Expense	(1,580,493)	(1,619,191)	(3,132,192)	(2,379,441)
<b>Net Interest Income</b>	<b>3,014,803</b>	<b>3,281,779</b>	<b>5,971,152</b>	<b>5,633,528</b>
Fees and Commission Income	561,389	651,483	1,105,339	1,042,348
Fees and Commission Expense	(49,225)	(33,068)	(100,122)	(73,710)
<b>Net Fees and Commission Income</b>	<b>512,164</b>	<b>618,415</b>	<b>1,005,217</b>	<b>968,638</b>
Foreign Exchange Gain	198,591	267,233	378,315	439,629
Income from Investment Securities	81,699	68,259	104,021	83,943
Other Operating Income	15,545	5,854	40,293	8,887
<b>Operating Income</b>	<b>3,822,802</b>	<b>4,241,540</b>	<b>7,498,998</b>	<b>7,134,625</b>
Staff Expenses	(454,199)	(550,856)	(889,166)	(845,843)
Depreciation	(64,230)	(84,822)	(127,903)	(134,007)
Other Expenses	(311,452)	(329,066)	(623,515)	(510,319)
Net Impairment Losses on Investment Securities	(3,362)	(23,957)	(9,246)	(27,912)
Net Impairment Losses on Loans and Advances to Customers	(209,983)	(444,884)	(570,981)	(687,345)
Amortization of Intangible Assets	(19,516)	(29,308)	(38,879)	(30,225)
Other Provisions	(11,671)	(47,787)	(17,472)	(47,787)
	<b>(1,074,413)</b>	<b>(1,510,680)</b>	<b>(2,277,162)</b>	<b>(2,283,438)</b>
Share of Results of Associates	88,258	80,302	149,378	147,849
<b>Profit Before Income Tax</b>	<b>2,836,647</b>	<b>2,811,162</b>	<b>5,371,214</b>	<b>4,999,036</b>
Income Tax Expense	(185,393)	(213,545)	(274,822)	(233,577)
<b>Profit for the Period</b>	<b>2,651,254</b>	<b>2,597,617</b>	<b>5,096,392</b>	<b>4,765,459</b>
<b>Attributable to:</b>				
Equity Holders of the Bank	2,638,714	2,599,041	5,068,819	4,737,254
Non - Controlling Interests	12,540	(1,424)	27,573	28,205
<b>Profit for the Period</b>	<b>2,651,254</b>	<b>2,597,617</b>	<b>5,096,392</b>	<b>4,765,459</b>
Earnings Per Share (QR) (Basic and Diluted)	3.8	3.7	7.2	6.8
Weighted Average Number of Shares	699,729,438	699,729,438	699,729,438	699,729,438

The attached notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

**Qatar National Bank S.A.Q.**  
**Interim Consolidated Statement of Comprehensive Income**  
**For the Six Months Period Ended 30 June 2014**

	Three Months to 30 June 2014 (Reviewed) QR000	Three Months to 30 June 2013 (Reviewed) QR000	Six Months to 30 June 2014 (Reviewed) QR000	Six Months to 30 June 2013 (Reviewed) QR000
<b>Profit for the Period</b>	2,651,254	2,597,617	5,096,392	4,765,459
<b>Other Comprehensive Income, net of Income Tax</b> <i>Other comprehensive income to be reclassified to income statement</i> <i>in subsequent periods:</i>				
Foreign Currency Translation Differences for Foreign Operations	(88,915)	(263,872)	(72,378)	(283,243)
Share of Other Comprehensive Income of Associates	31,409	(9,620)	39,000	(8,777)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(261,242)	355,132	(368,741)	387,602
Available-for-Sale Investment Securities				
Net Change in Fair Value	(93,783)	4,280	67,867	9,680
Net Amount Transferred to Income Statement	(4,292)	(4,086)	(7,734)	(5,198)
<b>Total Other Comprehensive Income for the Period, net of Income Tax</b>	<b>(416,823)</b>	<b>81,834</b>	<b>(341,986)</b>	<b>100,064</b>
<b>Total Comprehensive Income for the Period</b>	<b>2,234,431</b>	<b>2,679,451</b>	<b>4,754,406</b>	<b>4,865,523</b>
<b>Attributable to:</b>				
Equity Holders of the Bank	2,221,891	2,680,875	4,726,833	4,837,318
Non - Controlling Interests	12,540	(1,424)	27,573	28,205
<b>Total Comprehensive Income for the Period</b>	<b>2,234,431</b>	<b>2,679,451</b>	<b>4,754,406</b>	<b>4,865,523</b>

The attached notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

**Qatar National Bank S.A.Q.**  
**Interim Consolidated Statement of Changes in Equity**  
**For the Six Months Period Ended 30 June 2014**

	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	Total
	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000
Balance at 1 January 2013	6,997,294	23,086,902	1,750,000	411,403	(640,463)	1,751,174	13,721,522	47,077,832	910,860	47,988,692
<b>Total Comprehensive Income for the Period</b>										
Profit for the Period	-	-	-	-	-	-	4,737,254	4,737,254	28,205	4,765,459
<b>Other Comprehensive Income</b>	-	-	-	<b>392,084</b>	<b>(283,243)</b>	<b>(8,777)</b>	-	<b>100,064</b>	-	<b>100,064</b>
<b>Total Comprehensive Income for the Period</b>	-	-	-	<b>392,084</b>	<b>(283,243)</b>	<b>(8,777)</b>	<b>4,737,254</b>	<b>4,837,318</b>	<b>28,205</b>	<b>4,865,523</b>
<b>Transactions with Equity Holders,</b>										
<b>Recognised Directly in Equity</b>										
Dividend for the Year 2012	-	-	-	-	-	-	(4,198,377)	(4,198,377)	-	(4,198,377)
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	(58,158)	(58,158)
<b>Total Transactions with Equity Holders,</b>										
<b>Recognised Directly in Equity</b>	-	-	-	-	-	-	<b>(4,198,377)</b>	<b>(4,198,377)</b>	<b>(58,158)</b>	<b>(4,256,535)</b>
<b>Balance at 30 June 2013</b>	<b>6,997,294</b>	<b>23,086,902</b>	<b>1,750,000</b>	<b>803,487</b>	<b>(923,706)</b>	<b>1,742,397</b>	<b>14,260,399</b>	<b>47,716,773</b>	<b>880,907</b>	<b>48,597,680</b>
Balance at 1 January 2014	6,997,294	23,086,902	2,750,000	1,401,954	(957,107)	1,719,114	17,830,304	52,828,461	898,823	53,727,284
<b>Total Comprehensive Income for the Period</b>										
Profit for the Period	-	-	-	-	-	-	5,068,819	5,068,819	27,573	5,096,392
<b>Other Comprehensive Income</b>	-	-	-	<b>(308,608)</b>	<b>(72,378)</b>	<b>37,949</b>	<b>1,051</b>	<b>(341,986)</b>	-	<b>(341,986)</b>
<b>Total Comprehensive Income for the Period</b>	-	-	-	<b>(308,608)</b>	<b>(72,378)</b>	<b>37,949</b>	<b>5,069,870</b>	<b>4,726,833</b>	<b>27,573</b>	<b>4,754,406</b>
<b>Transactions with Equity Holders,</b>										
<b>Recognised Directly in Equity</b>										
Dividend for the Year 2013	-	-	-	-	-	-	(4,898,106)	(4,898,106)	-	(4,898,106)
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	91,950	91,950
<b>Total Transactions with Equity Holders,</b>										
<b>Recognised Directly in Equity</b>	-	-	-	-	-	-	<b>(4,898,106)</b>	<b>(4,898,106)</b>	<b>91,950</b>	<b>(4,806,156)</b>
<b>Balance at 30 June 2014</b>	<b>6,997,294</b>	<b>23,086,902</b>	<b>2,750,000</b>	<b>1,093,346</b>	<b>(1,029,485)</b>	<b>1,757,063</b>	<b>18,002,068</b>	<b>52,657,188</b>	<b>1,018,346</b>	<b>53,675,534</b>

The attached notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

**Qatar National Bank S.A.Q.**  
**Interim Condensed Consolidated Statement of Cash Flows**  
**For the Six Months Period Ended 30 June 2014**

	Note	Six Months to 30 June 2014 (Reviewed) QR000	Six Months to 30 June 2013 (Reviewed) QR000	Year to 31 December 2013 (Audited) QR000
<b>Net Cash Flows from / (used in) Operating Activities</b>		<b>7,096,627</b>	<b>(1,966,168)</b>	<b>(15,939,417)</b>
<b>Cash Flows from Investing Activities</b>				
Acquisitions of Investment Securities		(20,989,677)	(17,342,666)	(33,963,109)
Proceeds from Sale of Investment Securities		29,169,190	10,480,579	17,713,698
Investments in Associates		-	-	(103)
Acquisition of Subsidiaries, net of Cash Acquired		-	(4,718,558)	(4,718,558)
Purchase of Property and Equipment		(575,601)	(126,972)	(272,449)
Proceeds from Sale of Property and Equipment		2,640	33,229	32,098
<b>Net Cash Flows from / (used in) Investing Activities</b>		<b>7,606,552</b>	<b>(11,674,388)</b>	<b>(21,208,423)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from Issue of Debt Securities		-	3,611,959	9,057,937
Proceeds from Other Borrowings		1,179,128	3,715,438	5,169,535
Dividends Paid		(4,884,948)	(4,192,494)	(4,197,226)
<b>Net Cash Flows (used in) / from Financing Activities</b>		<b>(3,705,820)</b>	<b>3,134,903</b>	<b>10,030,246</b>
Net (Increase) / Decrease in Cash and Cash Equivalents		10,997,359	(10,505,653)	(27,117,594)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		393,007	100,224	114,351
Cash and Cash Equivalents as at 1 January		21,093,480	48,096,723	48,096,723
<b>Cash and Cash Equivalents at 30 June / 31 December</b>	11	<b>32,483,846</b>	<b>37,691,294</b>	<b>21,093,480</b>

The attached notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2014**

**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 Regulations. This interim condensed consolidated interim financial statements should be read in conjunction with the 2013 annual consolidated financial statements of the Group.

The interim condensed consolidated financial statements does 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 months period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

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 2013.

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 2013.

The following new and amended standards have been adopted by the Group in preparation of these interim condensed consolidated financial statements. The new standards do not have any material impact to the Group, but they will result in extensive additional disclosures:

Investment Entities (Amendment to IFRS 10, IFRS 12 and IAS 27)

Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)

Novation of Derivatives and Continuation of Hedge Accounting (Amendment to IAS 39)

Recoverable Amount Disclosure for Non-Financial Assets (Amendment to IAS 36).

Also, during the period, the following new standards have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards.

IFRS 14 Regulatory Deferral Accounts (Effective 1 January 2016).

IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2017).



**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2014**

**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			
<b>At 30 June 2014:</b>						
Net Interest Income	3,650,455	258,056	228,507	1,817,819	16,315	5,971,152
Net Fees and Commission Income	310,418	85,687	162,970	446,555	(413)	1,005,217
Foreign Exchange Gain	170,659	41,600	64,954	62,216	38,886	378,315
Income from Investment Securities	94,146	-	-	9,875	-	104,021
Other Operating Income	1	6	240	39,988	58	40,293
Share of Results of Associates	-	-	-	150,429	(1,051)	149,378
<b>Total Segment Revenue</b>	<b>4,225,679</b>	<b>385,349</b>	<b>456,671</b>	<b>2,526,882</b>	<b>53,795</b>	<b>7,648,376</b>
<b>Reportable Segment Profit</b>	<b>3,523,117</b>	<b>42,647</b>	<b>272,540</b>	<b>1,370,494</b>	<b>(139,979)</b>	<b>5,068,819</b>
<b>Reportable Segment Loans and Advances</b>	<b>236,204,677</b>	<b>8,032,938</b>	<b>11,622,898</b>	<b>70,472,211</b>	-	<b>326,332,724</b>
<b>Reportable Segment Customer Deposits</b>	<b>161,786,007</b>	<b>19,152,470</b>	<b>49,857,953</b>	<b>114,462,613</b>	-	<b>345,259,043</b>
<b>Reportable Segment Assets</b>	<b>305,703,297</b>	<b>19,745,031</b>	<b>51,058,420</b>	<b>196,229,233</b>	<b>(107,181,237)</b>	<b>465,554,744</b>
<b>At 30 June 2013:</b>						
Net Interest Income	3,492,018	216,146	169,260	1,741,895	14,209	5,633,528
Net Fees and Commission Income	317,183	71,717	140,457	421,866	17,415	968,638
Foreign Exchange Gain	171,068	36,340	38,611	158,561	35,049	439,629
Income from Investment Securities	72,757	-	-	11,186	-	83,943
Other Operating Income	251	2	415	8,219	-	8,887
Share of Results of Associates	7,315	-	-	140,534	-	147,849
<b>Total Segment Revenue</b>	<b>4,060,592</b>	<b>324,205</b>	<b>348,743</b>	<b>2,482,261</b>	<b>66,673</b>	<b>7,282,474</b>
<b>Reportable Segment Profit</b>	<b>3,151,126</b>	<b>84,909</b>	<b>262,008</b>	<b>1,326,619</b>	<b>(87,408)</b>	<b>4,737,254</b>
<b>Reportable Segment Loans and Advances</b>	<b>222,603,314</b>	<b>7,211,054</b>	<b>10,362,438</b>	<b>56,237,266</b>	-	<b>296,414,072</b>
<b>Reportable Segment Customer Deposits</b>	<b>167,272,023</b>	<b>16,401,508</b>	<b>31,020,475</b>	<b>111,572,166</b>	-	<b>326,266,172</b>
<b>Reportable Segment Assets</b>	<b>302,865,848</b>	<b>17,025,042</b>	<b>31,695,977</b>	<b>174,555,181</b>	<b>(94,836,477)</b>	<b>431,305,571</b>

**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2014**

<b>3. LOANS AND ADVANCES TO CUSTOMERS</b>	<b>30 June 2014 (Reviewed) QR000</b>	<b>30 June 2013 (Reviewed) QR000</b>	<b>31 December 2013 (Audited) QR000</b>
Loans and Advances to Customers	333,217,361	302,168,519	317,349,924
Deferred Profit	(208,629)	(289,583)	(226,301)
Allowance for Impairment of Loans and Advances to Customers	(6,676,008)	(5,464,864)	(6,411,577)
<b>Net Loans and Advances</b>	<b>326,332,724</b>	<b>296,414,072</b>	<b>310,712,046</b>

The aggregate amount of non performing loans and advances to customers amounted to QR5,419 million or 1.6% of total loans and advances (31 December 2013: QR5,206 million or 1.6% of total loans and advances to customers).

<b>4. INVESTMENT SECURITIES</b>	<b>30 June 2014 (Reviewed) QR000</b>	<b>30 June 2013 (Reviewed) QR000</b>	<b>31 December 2013 (Audited) QR000</b>
Available-for-Sale Investment Securities	27,944,949	20,063,520	25,337,389
Held to Maturity Investment Securities	41,888,310	48,442,567	52,965,246
<b>Total</b>	<b>69,833,259</b>	<b>68,506,087</b>	<b>78,302,635</b>

The above includes impairment allowance in respect of debt securities amounting to QR67.0 million (31 December 2013: QR73.1 million)

**5. FAIR VALUE RESERVE**

	<b>30 June 2014 (Reviewed) QR000</b>	<b>30 June 2013 (Reviewed) QR000</b>	<b>31 December 2013 (Audited) QR000</b>
Cash Flow Hedges	93,903	188,974	462,644
Available-for-Sale Investment Securities	999,443	614,513	939,310
<b>Total</b>	<b>1,093,346</b>	<b>803,487</b>	<b>1,401,954</b>

**6. DIVIDEND**

The cash dividend in respect of the year ended 31 December 2013 of QR7.0 per share, amounting to a total of QR4,898 million was approved by the shareholders at the annual general assembly meeting on 2 February 2014.

**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2014**

**7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

	<b>30 June 2014 (Reviewed) QR000</b>	<b>30 June 2013 (Reviewed) QR000</b>	<b>31 December 2013 (Audited) QR000</b>
<b>Contingent Liabilities</b>			
Unused Facilities	37,886,440	29,507,244	34,353,777
Guarantees	32,091,559	27,432,469	30,634,508
Letters of Credit	6,960,767	9,519,452	7,168,439
Others	15,491,792	12,752,751	11,516,224
<b>Total</b>	<b>92,430,558</b>	<b>79,211,916</b>	<b>83,672,948</b>
<b>Other Commitments</b>			
Derivative Financial Instruments	70,103,587	45,228,294	56,425,738
Others	15,605,991	12,063,315	14,807,629
<b>Total</b>	<b>85,709,578</b>	<b>57,291,609</b>	<b>71,233,367</b>

**8. RELATED PARTY DISCLOSURES**

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities of which they have significant influence and control. As at the reporting date, such significant items included:

	<b>30 June 2014 (Reviewed) QR000</b>	<b>30 June 2013 (Reviewed) QR000</b>	<b>31 December 2013 (Audited) QR000</b>
<b>Statement of Financial Position Items</b>			
Loans and Advances	1,053,692	1,103,967	1,122,243
Deposits	595,289	1,225,426	1,279,106
Contingent Liabilities and Other Commitments	45,655	42,839	608,267
<b>Statement of Income Items</b>			
Interest and Commission Income	21,864	51,999	98,457
Interest and Commission Expense	2,974	9,655	21,928
<b>Compensation of key management personnel is as follows:</b>			
Salaries and Other Benefits	27,256	30,509	36,617
End of Service Indemnity	421	532	1,138

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 QR36,330 million included in loans and advances (31 December 2013: QR37,738 million) and QR28,717 million included in customer deposits (31 December 2013: QR30,960 million).

**9. CAPITAL ADEQUACY**

	<b>Basel III 30 June 2014 (Reviewed) QR000</b>	<b>Basel II 30 June 2013 (Reviewed) QR000</b>	<b>31 December 2013 (Audited) QR000</b>
Common Equity Tier 1 (CET 1) Capital	40,766,805	-	-
Tier 1 Capital	81,875	31,289,200	35,769,467
Tier 2 Capital	61,195	-	-
<b>Total Eligible Capital</b>	<b>40,909,875</b>	<b>31,289,200</b>	<b>35,769,467</b>
<b>Risk Weighted Assets</b>	<b>257,286,917</b>	<b>208,360,088</b>	<b>228,869,675</b>
CET 1 Ratio	15.8%	-	-
Total Tier 1 Capital Ratio (Including CET 1)	15.9%	15.0%	15.6%
Total Capital Ratio	15.9%	15.0%	15.6%

The Bank has followed Basel III Capital Adequacy Ratio (CAR) with effect from 1 January 2014 in accordance with Qatar Central Bank regulations. The minimum accepted Capital Adequacy Ratio under Basel III as per Qatar Central Bank Requirements are as follows:

Minimum limit without Capital Conservation Buffer is 10%.

Minimum limit including Capital Conservation Buffer is 12.5%.

Capital Adequacy disclosures relating to 31 December 2013 and 30 June 2013 are based on Basel II requirements.

**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2014**

**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:

	Level 1	Level 2	Level 3	Total
<b>At 30 June 2014:</b>				
Derivative Assets Held for Risk Management	-	398,721	-	398,721
Investment Securities	14,697,222	12,928,973	-	27,626,195
	<b>14,697,222</b>	<b>13,327,694</b>	-	<b>28,024,916</b>
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Derivative Liabilities Held for Risk Management		302,929	-	302,929
	-	<b>302,929</b>	-	<b>302,929</b>
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<b>At 31 December 2013:</b>				
Derivative Assets Held for Risk Management	-	773,171	-	773,171
Investment Securities	15,342,883	9,676,802	-	25,019,685
	<b>15,342,883</b>	<b>10,449,973</b>	-	<b>25,792,856</b>
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Derivative Liabilities Held for Risk Management	-	281,075	-	281,075
	-	<b>281,075</b>	-	<b>281,075</b>
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**11. CASH AND CASH EQUIVALENTS**

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

	30 June 2014 (Reviewed) QR000	30 June 2013 (Reviewed) QR000	31 December 2013 (Audited) QR000
Cash and Balances with Central Banks	18,216,194	9,711,024	12,140,314
Due from Banks Maturing in Three months	14,267,652	27,980,270	8,953,166
<b>Total</b>	<b>32,483,846</b>	<b>37,691,294</b>	<b>21,093,480</b>

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