



**Interim Condensed Consolidated Financial Statements**

**30 June 2013**

## **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 2013, comprising of the interim consolidated statement of financial position as at 30 June 2013 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month period ended 30 June 2013, 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 is 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.

### **Other matter**

The interim condensed consolidated financial statements as at and for the six months ended 30 June 2012 were reviewed and the consolidated financial statements as at and for the year ended 31 December 2012, were audited by another auditor, whose reports dated 4 July 2012 and 13 January 2013 respectively, expressed an unmodified review conclusion and an unmodified audit opinion on those statements.

Firas Qoussous  
of Ernst & Young  
Qatar Auditors Registry Number 236

Doha - State of Qatar  
10 July 2013

**Qatar National Bank S.A.Q.**  
**Interim Consolidated Statement of Financial Position**  
**As at 30 June 2013**

	Notes	30 June 2013 (Reviewed) QR000	30 June 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
<b>ASSETS</b>				
Cash and Balances with Central Banks		20,216,981	16,872,816	19,829,576
Due from Banks		29,065,928	24,934,617	37,021,743
Loans and Advances to Customers	3	296,414,072	234,652,595	249,936,341
Investment Securities	4	68,506,087	44,945,516	50,047,924
Investment in Associates		5,721,212	4,565,640	5,795,307
Property and Equipment		1,405,035	948,913	957,056
Intangible Assets		5,527,190	257,411	261,216
Other Assets		4,449,066	3,629,798	3,004,669
<b>Total Assets</b>		<b>431,305,571</b>	<b>330,807,306</b>	<b>366,853,832</b>
<b>LIABILITIES</b>				
Due to Banks		20,507,921	18,035,865	22,201,770
Customer Deposits		326,266,172	245,902,359	270,039,961
Debt Securities		16,296,512	9,278,883	12,674,706
Other Borrowings		10,753,853	6,733,033	6,836,376
Other Liabilities		8,883,433	6,792,527	7,112,327
<b>Total Liabilities</b>		<b>382,707,891</b>	<b>286,742,667</b>	<b>318,865,140</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		1,750,000	1,600,000	1,750,000
Fair Value Reserve	5	803,487	429,726	411,403
Foreign Currency Translation Reserve		(923,706)	(535,627)	(640,463)
Other Reserves		1,742,397	1,736,653	1,751,174
Retained Earnings		14,260,399	9,813,907	13,721,522
<b>Total Equity Attributable to Equity Holders of the Bank</b>		<b>47,716,773</b>	<b>43,128,855</b>	<b>47,077,832</b>
Non - Controlling Interests		880,907	935,784	910,860
<b>Total Equity</b>		<b>48,597,680</b>	<b>44,064,639</b>	<b>47,988,692</b>
<b>Total Liabilities and Equity</b>		<b>431,305,571</b>	<b>330,807,306</b>	<b>366,853,832</b>

This interim condensed consolidated financial statements were approved by the Board of Directors on 10 July 2013 and were signed on its behalf by:

**Ali Shareef Al-Emadi**  
Chairman

The attached notes 1 to 12 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 2013**

	Three Months to 30 June 2013 (Reviewed) QR000	Three Months to 30 June 2012 (Reviewed) QR000	Six Months to 30 June 2013 (Reviewed) QR000	Six Months to 30 June 2012 (Reviewed) QR000
Interest Income	4,900,970	3,067,274	8,012,969	6,064,755
Interest Expense	(1,619,191)	(827,129)	(2,379,441)	(1,578,066)
<b>Net Interest Income</b>	<b>3,281,779</b>	<b>2,240,145</b>	<b>5,633,528</b>	<b>4,486,689</b>
Fees and Commission Income	651,483	351,084	1,042,348	720,527
Fees and Commission Expense	(33,068)	(28,367)	(73,710)	(60,586)
<b>Net Fees and Commission Income</b>	<b>618,415</b>	<b>322,717</b>	<b>968,638</b>	<b>659,941</b>
Foreign Exchange Gain	267,233	151,841	439,629	315,115
Income from Investment Securities	68,259	75,999	83,943	95,850
Other Operating Income	5,854	3,007	8,887	4,765
<b>Operating Income</b>	<b>4,241,540</b>	<b>2,793,709</b>	<b>7,134,625</b>	<b>5,562,360</b>
Staff Expenses	(550,856)	(265,417)	(845,843)	(521,273)
Depreciation	(84,822)	(46,190)	(134,007)	(89,944)
Other Expenses	(329,066)	(169,578)	(510,319)	(319,149)
Net Impairment (Losses) / Gains on Investment Securities	(23,957)	(14,777)	(27,912)	(13,434)
Net Impairment Losses on Loans and Advances to Customers	(444,884)	(256,261)	(687,345)	(522,946)
Amortization of Intangible Assets	(29,308)	(928)	(30,225)	(1,855)
Other Provisions	(47,787)	(1,293)	(47,787)	(1,579)
	<b>(1,510,680)</b>	<b>(754,444)</b>	<b>(2,283,438)</b>	<b>(1,470,180)</b>
Share of Results of Associates	80,302	60,790	147,849	97,696
<b>Profit Before Income Tax</b>	<b>2,811,162</b>	<b>2,100,055</b>	<b>4,999,036</b>	<b>4,189,876</b>
Income Tax Expense	(213,545)	(12,884)	(233,577)	(26,158)
<b>Profit for the Period</b>	<b>2,597,617</b>	<b>2,087,171</b>	<b>4,765,459</b>	<b>4,163,718</b>
<b>Attributable to:</b>				
Equity Holders of the Bank	2,599,041	2,111,692	4,737,254	4,116,136
Non - Controlling Interests	(1,424)	(24,521)	28,205	47,582
<b>Profit for the Period</b>	<b>2,597,617</b>	<b>2,087,171</b>	<b>4,765,459</b>	<b>4,163,718</b>
Earnings Per Share (QR) (Basic and Diluted)	3.7	3.0	6.8	5.9
Weighted Average Number of Shares	699,729,438	699,729,438	699,729,438	699,729,438

The attached notes 1 to 12 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 2013**

	Three Months to 30 June 2013 (Reviewed) QR000	Three Months to 30 June 2012 (Reviewed) QR000	Six Months to 30 June 2013 (Reviewed) QR000	Six Months to 30 June 2012 (Reviewed) QR000
<b>Profit for the Period</b>	<b>2,597,617</b>	<b>2,087,171</b>	<b>4,765,459</b>	<b>4,163,718</b>
<b>Other Comprehensive Income, net of Income Tax</b>				
Foreign Currency Translation Differences for Foreign Operations	(263,872)	(215,948)	(283,243)	(346,345)
Share of Other Comprehensive Income of Associates	(9,620)	(40,025)	(8,777)	(49,981)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	355,132	4,415	387,602	30,108
Available-for-Sale Investment Securities				
Net Change in Fair Value	4,280	(162,912)	9,680	(65,558)
Net Amount Transferred to Income Statement	(4,086)	(29,617)	(5,198)	(31,782)
<b>Total Other Comprehensive Income for the Period, net of Income Tax</b>	<b>81,834</b>	<b>(444,087)</b>	<b>100,064</b>	<b>(463,558)</b>
<b>Total Comprehensive Income for the Period</b>	<b>2,679,451</b>	<b>1,643,084</b>	<b>4,865,523</b>	<b>3,700,160</b>
<b>Attributable to:</b>				
Equity Holders of the Bank	2,680,875	1,667,605	4,837,318	3,652,578
Non - Controlling Interests	(1,424)	(24,521)	28,205	47,582
<b>Total Comprehensive Income for the Period</b>	<b>2,679,451</b>	<b>1,643,084</b>	<b>4,865,523</b>	<b>3,700,160</b>

The attached notes 1 to 12 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 2013**

	Issued Capital QR000	Legal Reserve QR000	Risk Reserve QR000	Fair Value Reserve QR000	Foreign Currency Translation Reserve QR000	Other Reserves QR000	Retained Earnings QR000	Equity Attributable to Equity Holders of the Bank QR000	Non Controlling Interests QR000	Total QR000
Balance at 1 January 2012	6,361,177	21,178,549	1,600,000	496,958	(189,282)	1,786,634	10,786,714	42,020,750	614,554	42,635,304
<b>Total Comprehensive Income for the Period</b>										
Profit for the Period	-	-	-	-	-	-	4,116,136	4,116,136	47,582	4,163,718
<b>Total Other Comprehensive Income</b>	-	-	-	(67,232)	(346,345)	(49,981)	-	(463,558)	-	(463,558)
<b>Total Comprehensive Income for the Period</b>	-	-	-	(67,232)	(346,345)	(49,981)	4,116,136	3,652,578	47,582	3,700,160
Transfer to Legal Reserve for the Year 2011		1,908,353					(1,908,353)	-		-
<b>Transactions with Equity Holders,</b>										
<b>Recognised Directly in Equity</b>										
Dividend for the Year 2011	-	-	-	-	-	-	(2,544,473)	(2,544,473)	-	(2,544,473)
Bonus Shares for the Year 2011	636,117	-	-	-	-	-	(636,117)	-	-	-
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	273,648	273,648
<b>Total Transactions with Equity Holders,</b>										
<b>Recognised Directly in Equity</b>	636,117	-	-	-	-	-	(3,180,590)	(2,544,473)	273,648	(2,270,825)
<b>Balance at 30 June 2012</b>	<b>6,997,294</b>	<b>23,086,902</b>	<b>1,600,000</b>	<b>429,726</b>	<b>(535,627)</b>	<b>1,736,653</b>	<b>9,813,907</b>	<b>43,128,855</b>	<b>935,784</b>	<b>44,064,639</b>
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, net of Income Tax</b>										
Net Movement in Currency Translation Differences	-	-	-	-	(283,243)	-	-	(283,243)	-	(283,243)
Share of Other Comprehensive Income of Associates	-	-	-	-	-	(8,777)	-	(8,777)	-	(8,777)
Net Movement in Fair Value Reserve	-	-	-	392,084	-	-	-	392,084	-	392,084
<b>Total Other Comprehensive Income</b>	-	-	-	392,084	(283,243)	(8,777)	-	100,064	-	100,064
<b>Total Comprehensive Income for the Period</b>	-	-	-	392,084	(283,243)	(8,777)	4,737,254	4,837,318	28,205	4,865,523
<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)	(58,158.0)
<b>Total Transactions with Equity Holders,</b>										
<b>Recognised Directly in Equity</b>	-	-	-	-	-	-	(4,198,377)	(4,198,377)	(58,158.0)	(4,256,535.0)
<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>

The attached notes 1 to 12 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 2013**

	Note	Six Months to 30 June 2013 (Reviewed) QR000	Six Months to 30 June 2012 (Reviewed) QR000	Year to 31 December 2012 (Audited) QR000
<b>Cash Flows from Operating Activities</b>		<b>(1,966,168)</b>	<b>(10,662,382)</b>	<b>2,192,961</b>
<b>Cash Flows from Investing Activities</b>				
Acquisitions of Investment Securities		(17,342,666)	(10,646,646)	(30,368,008)
Proceeds from Sale of Investment Securities		10,480,579	16,168,416	31,215,848
Investments in Associates		-	(1,175)	(1,070,217)
Acquisition of Subsidiaries, net of Cash Acquired		(4,718,558)	76,324	(76,177)
Purchase of Property and Equipment		(126,972)	(114,873)	(221,731)
Proceeds from Sale of Property and Equipment		33,229	1,279	2,420
<b>Net Cash (used in) / from Investing Activities</b>		<b>(11,674,388)</b>	<b>5,483,325</b>	<b>(517,865)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from Issue of Debt Securities		3,611,959	-	7,241,828
Proceeds from Other Borrowings		3,715,438	-	85,088
Dividends Paid		(4,192,494)	(2,538,537)	(2,541,713)
<b>Net Cash from / (used in) Financing Activities</b>		<b>3,134,903</b>	<b>(2,538,537)</b>	<b>4,785,203</b>
Net (Decrease) / Increase in Cash and Cash Equivalents		(10,505,653)	(7,717,594)	6,460,299
Effects of Exchange Rate Changes on Cash and Cash Equivalents		100,224	200,595	232,730
Cash and Cash Equivalents as at 1 January		48,096,723	41,403,694	41,403,694
<b>Cash and Cash Equivalents at 30 June / 31 December</b>	10	<b>37,691,294</b>	<b>33,886,695</b>	<b>48,096,723</b>

The attached notes 1 to 12 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 2013**

**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 2012 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 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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 2012.

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 2012.

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:

IAS 1 (amendment) 'Presentation of items of other comprehensive income.

IAS 28 (2011) 'Investment in Associates and Joint Ventures'.

IFRS 10 Consolidated Financial Statements.

IFRS 11 Joint Arrangements.

IFRS 12 Disclosure of Interest in Other Entities.

IFRS 13 Fair Value Measurement.

IFRS 9, Financial Instruments' is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2015.

The Group is currently assessing the impact of this standard on future periods.



**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2013**

**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 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>
<b>Reportable Segment Liabilities</b>	<b>261,489,458</b>	<b>16,936,885</b>	<b>31,404,690</b>	<b>160,389,377</b>	<b>(87,512,519)</b>	<b>382,707,891</b>
<b>At 30 June 2012:</b>						
Net Interest Income	3,347,727	220,545	191,495	690,138	36,784	4,486,689
Net Fees and Commission Income	395,304	68,135	102,659	81,439	12,404	659,941
Foreign Exchange Gain	243,399	18,410	12,593	13,186	27,527	315,115
Income from Investment Securities	95,850	-	-	-	-	95,850
Other Operating Income	97	4	-	4,652	12	4,765
Share of Results of Associates	6,428	-	-	91,268	-	97,696
<b>Total Segment Revenue</b>	<b>4,088,805</b>	<b>307,094</b>	<b>306,747</b>	<b>880,683</b>	<b>76,727</b>	<b>5,660,056</b>
<b>Reportable Segment Profit</b>	<b>3,110,166</b>	<b>28,708</b>	<b>271,932</b>	<b>667,124</b>	<b>38,206</b>	<b>4,116,136</b>
<b>Reportable Segment Loans and Advances</b>	<b>193,224,786</b>	<b>6,502,034</b>	<b>10,761,833</b>	<b>24,163,942</b>	-	<b>234,652,595</b>
<b>Reportable Segment Customer Deposits</b>	<b>132,040,227</b>	<b>14,129,750</b>	<b>24,630,413</b>	<b>75,101,969</b>	-	<b>245,902,359</b>
<b>Reportable Segment Assets</b>	<b>292,501,093</b>	<b>14,910,150</b>	<b>26,010,304</b>	<b>110,643,662</b>	<b>(113,257,903)</b>	<b>330,807,306</b>
<b>Reportable Segment Liabilities</b>	<b>254,342,243</b>	<b>14,495,654</b>	<b>25,508,963</b>	<b>101,777,881</b>	<b>(109,382,074)</b>	<b>286,742,667</b>

**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2013**

**3. LOANS AND ADVANCES TO CUSTOMERS**

	<b>30 June 2013 (Reviewed) QR000</b>	<b>30 June 2012 (Reviewed) QR000</b>	<b>31 December 2012 (Audited) QR000</b>
Loans and Advances to Customers	302,168,519	238,690,069	254,518,739
Deferred Profit	(289,583)	(769,322)	(702,529)
Impairment of Loans and Advances to Customers	(5,464,864)	(3,268,152)	(3,879,869)
<b>Net Loans and Advances</b>	<b><u>296,414,072</u></b>	<b><u>234,652,595</u></b>	<b><u>249,936,341</u></b>

The aggregate amount of non performing loans and advances amounted to QR4,635 million or 1.5% of total loans and advances (31 December 2012: QR3,380 million or 1.3% of total loans and advances).

**4. INVESTMENT SECURITIES**

	<b>30 June 2013 (Reviewed) QR000</b>	<b>30 June 2012 (Reviewed) QR000</b>	<b>31 December 2012 (Audited) QR000</b>
Available-for-Sale Investment Securities	20,063,520	10,164,265	15,447,842
Held to Maturity Investment Securities	48,442,567	34,781,251	34,600,082
<b>Total</b>	<b><u>68,506,087</u></b>	<b><u>44,945,516</u></b>	<b><u>50,047,924</u></b>

The above includes impairment allowance in respect of debt securities amounting to QR68.1 million (31 December 2012: QR71.2 million)

Available for sale investment securities have been valued using Level 1 measurement techniques as per IFRS and there have been no transfers between Level 1, Level 2 and Level 3 fair value measurements.

**5. FAIR VALUE RESERVE**

	<b>30 June 2013 (Reviewed) QR000</b>	<b>30 June 2012 (Reviewed) QR000</b>	<b>31 December 2012 (Audited) QR000</b>
Cash Flow Hedges	188,974	(163,617)	(198,628)
Available-for-Sale Investment Securities	614,513	593,343	610,031
<b>Total</b>	<b><u>803,487</u></b>	<b><u>429,726</u></b>	<b><u>411,403</u></b>

**6. DIVIDEND**

The cash dividend in respect of the year ended 31 December 2012 of QR6.0 per share, amounting to a total of QR4,198 million was approved by the shareholders at the annual general assembly meeting on 30 January 2013.

**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2013**

**7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

	<b>30 June 2013 (Reviewed) QR000</b>	<b>30 June 2012 (Reviewed) QR000</b>	<b>31 December 2012 (Audited) QR000</b>
<b>Contingent Liabilities</b>			
Unused Facilities	29,507,244	20,019,087	25,343,695
Guarantees	27,432,469	16,753,253	17,961,223
Letters of Credit	9,519,452	3,935,977	3,850,124
Others	12,752,751	10,133,101	12,130,288
<b>Total Contingent Liabilities</b>	<b>79,211,916</b>	<b>50,841,418</b>	<b>59,285,330</b>
Other Commitments	57,291,609	35,223,911	28,419,646

**8. RELATED PARTIES**

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 2013 (Reviewed) QR000</b>	<b>30 June 2012 (Reviewed) QR000</b>	<b>31 December 2012 (Audited) QR000</b>
<b>Statement of Financial Position Items</b>			
Loans and Advances	1,103,967	2,179,951	2,308,420
Deposits	1,225,426	857,703	838,488
Contingent Liabilities and Other Commitments	42,839	40,158	68,472
<b>Statement of Income Items</b>			
Interest and Commission Income	51,999	35,212	68,446
Interest and Commission Expense	9,655	9,043	17,023
<b>Compensation of key management personnel is as follows:</b>			
Salaries and Other Benefits	30,509	24,360	31,275
End of Service Indemnity	532	493	861

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 QR38,493 million included in loans and advances (31 December 2012: QR37,616 million) and QR15,225 million included in customer deposits (31 December 2012: QR24,350 million).

**9. CAPITAL ADEQUACY**

	<b>30 June 2013 (Reviewed) QR000</b>	<b>30 June 2012 (Reviewed) QR000</b>	<b>31 December 2012 (Audited) QR000</b>
Total Eligible Tier 1 Capital	31,289,200	33,953,320	36,487,414
Total Eligible Tier 2 Capital (After Deductions)	-	-	-
<b>Total Eligible Capital</b>	<b>31,289,200</b>	<b>33,953,320</b>	<b>36,487,414</b>
<b>Risk Weighted Assets</b>	<b>208,360,088</b>	<b>168,817,078</b>	<b>173,425,801</b>
Tier 1 Capital ratio	15.0%	20.1%	21.0%
Total Capital ratio	15.0%	20.1%	21.0%

Tier 1 capital includes issued capital, statutory reserve, other reserves and retained earnings.

Tier 2 capital includes risk reserve (up to 1.25% of risk weighted assets) and 45% of the fair value reserve and foreign currency translation reserve if the balance is positive and 100% if negative.

The minimum accepted capital adequacy ratio is 10% under Qatar Central Bank requirements and 8% under Basel Committee on Banking Supervision requirements.

**Qatar National Bank S.A.Q.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Six Months Period Ended 30 June 2013**

**10. CASH AND CASH EQUIVALENTS**

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

	<b>30 June 2013 (Reviewed) QR000</b>	<b>30 June 2012 (Reviewed) QR000</b>	<b>31 December 2012 (Audited) QR000</b>
Cash and Balances with Central Banks	9,711,024	9,005,658	11,218,355
Due from Banks Maturing in Three months	27,980,270	24,881,037	36,878,368
<b>Total</b>	<b>37,691,294</b>	<b>33,886,695</b>	<b>48,096,723</b>

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

**11. DEBT SECURITIES**

During the period, the Group completed a bond issuance under its Euro Medium Term Note (EMTN) program in the international capital markets. Under this program a QR3.64 billion (US\$1.0) billion tranche was issued on 22 April 2013 that matures after 7 years with a fixed coupon of 2.875% per annum.

**12. BUSINESS COMBINATION**

On 31 March 2013, the Group concluded the acquisition of a controlling stake of 97.12% in NSGB - Egypt. This acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of NSGB for the period ended 30 June 2013.

The fair values of the identifiable assets and liabilities of NSGB were:

	<b>Fair Value QR000</b>
<b>Assets</b>	
Cash and Balances with Central Banks	3,598,370
Due from Banks	1,058,928
Loans and Advances to Customers	21,074,638
Investment Securities	11,728,863
Intangible assets	1,353,855
Other Assets	1,049,758
<b>Total assets</b>	<b>39,864,412</b>
<b>Liabilities</b>	
Due to Banks	988,336
Customer Deposits	31,689,386
Deferred tax liability	227,022
Other Liabilities	1,500,643
<b>Total liabilities</b>	<b>34,405,387</b>
Total identifiable net assets at fair value	5,459,025
Non Controlling Interest (2.88%)	(145,329)
Other Adjustments	(404,809)
Goodwill arising on acquisition	3,865,211
<b>Purchase consideration transferred</b>	<b>8,774,098</b>
<b>Analysis of cash flows on acquisition</b>	
Net cash acquired with the subsidiary	4,054,442
Cash paid	(8,774,098)
<b>Net cash outflow</b>	<b>(4,719,656)</b>

From the date of acquisition, NSGB has contributed QR1,200 million of net operating income and QR451.2 million to the profit for the period.

In compliance with IFRS 3, the Group has carried out one time 'Purchase Price Allocation (PPA)' exercise of the value paid for the acquisition of 97.12% share in NSGB. PPA identifies the value paid for the tangible assets, intangible assets and the premium/goodwill arising on the acquisition. Derived values of intangible assets are QR882 million amortized over the 12 years useful life of the intangible assets comprising of core deposit intangibles. Remaining intangibles represent operating license which has an infinite life. Goodwill represents expected synergies and other benefits from combining the assets and activities of NSGB.