

Interim Condensed Consolidated Financial Statements

30 September 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 September 2013, comprising of the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month period ended 30 September 2013, the related interim consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-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 nine months ended 30 September 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 7 October 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
8 October 2013

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

	Notes	30 September 2013 (Reviewed) QR000	30 September 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		22,368,444	18,517,200	19,829,576
Due from Banks		16,973,551	33,829,394	37,021,743
Loans and Advances to Customers	3	304,030,993	238,568,461	249,936,341
Investment Securities	4	75,705,991	49,961,823	50,047,924
Investment in Associates		5,757,004	5,736,056	5,795,307
Property and Equipment		1,406,704	960,150	957,056
Intangible Assets		5,507,233	256,787	261,216
Other Assets		5,279,811	3,130,601	3,004,669
Total Assets		437,029,731	350,960,472	366,853,832
LIABILITIES				
Due to Banks		15,904,387	14,332,238	22,201,770
Customer Deposits		331,105,158	268,476,871	270,039,961
Debt Securities		16,302,084	9,291,268	12,674,706
Other Borrowings		11,979,039	6,505,900	6,836,376
Other Liabilities		10,677,126	6,144,536	7,112,327
Total Liabilities		385,967,794	304,750,813	318,865,140
EQUITY				
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	1,108,892	464,959	411,403
Foreign Currency Translation Reserve		(1,017,449)	(543,588)	(640,463)
Other Reserves		1,734,540	1,749,427	1,751,174
Retained Earnings		16,628,758	11,924,565	13,721,522
Total Equity Attributable to Equity Holders of the Bank		50,288,937	45,279,559	47,077,832
Non - Controlling Interests		773,000	930,100	910,860
Total Equity		51,061,937	46,209,659	47,988,692
Total Liabilities and Equity		437,029,731	350,960,472	366,853,832

This interim condensed consolidated financial statements were approved by the Board of Directors on 8 October 2013 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 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 Nine Months Period Ended 30 September 2013

	Three Months to 30 September 2013 (Reviewed) QR000	Three Months to 30 September 2012 (Reviewed) QR000	Nine Months to 30 September 2013 (Reviewed) QR000	Nine Months to 30 September 2012 (Reviewed) QR000
Interest Income	4,298,027	3,124,241	12,310,996	9,188,996
Interest Expense	<u>(1,392,284)</u>	<u>(855,812)</u>	<u>(3,771,725)</u>	<u>(2,433,878)</u>
Net Interest Income	2,905,743	2,268,429	8,539,271	6,755,118
Fees and Commission Income	526,386	338,275	1,568,734	1,058,802
Fees and Commission Expense	<u>(48,185)</u>	<u>(30,059)</u>	<u>(121,895)</u>	<u>(90,645)</u>
Net Fees and Commission Income	478,201	308,216	1,446,839	968,157
Foreign Exchange Gain	157,634	137,809	597,263	452,924
Income from Investment Securities	56,321	25,572	140,264	121,422
Other Operating Income	2,797	2,114	11,684	6,879
Operating Income	3,600,696	2,742,140	10,735,321	8,304,500
Staff Expenses	(403,594)	(264,853)	(1,249,437)	(786,126)
Depreciation	(67,041)	(45,868)	(201,048)	(135,812)
Other Expenses	(271,572)	(168,363)	(781,891)	(487,512)
Net Impairment Losses on Investment Securities	(25,392)	(922)	(53,304)	(14,356)
Net Impairment Losses on Loans and Advances to Customers	(368,085)	(237,981)	(1,055,430)	(760,927)
Amortization of Intangible Assets	(15,326)	(937)	(45,551)	(2,792)
Other Provisions	<u>(4,039)</u>	<u>(589)</u>	<u>(51,826)</u>	<u>(2,168)</u>
	(1,155,049)	(719,513)	(3,438,487)	(2,189,693)
Share of Results of Associates	52,869	76,696	200,718	174,392
Profit Before Income Tax	2,498,516	2,099,323	7,497,552	6,289,199
Income Tax Expense	<u>(116,764)</u>	<u>(2,877)</u>	<u>(350,341)</u>	<u>(29,035)</u>
Profit for the Period	2,381,752	2,096,446	7,147,211	6,260,164
Attributable to:				
Equity Holders of the Bank	2,368,359	2,110,659	7,105,613	6,226,794
Non - Controlling Interests	<u>13,393</u>	<u>(14,213)</u>	<u>41,598</u>	<u>33,370</u>
Profit for the Period	2,381,752	2,096,446	7,147,211	6,260,164
Earnings Per Share (QR) (Basic and Diluted)	3.4	3.0	10.2	8.9
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 Nine Months Period Ended 30 September 2013

	Three Months to 30 September 2013 (Reviewed) QR000	Three Months to 30 September 2012 (Reviewed) QR000	Nine Months to 30 September 2013 (Reviewed) QR000	Nine Months to 30 September 2012 (Reviewed) QR000
Profit for the Period	2,381,752	2,096,446	7,147,211	6,260,164
Other Comprehensive Income, net of Income Tax Items that may be Subsequently Reclassified to Statement of Income:				
Foreign Currency Translation Differences for Foreign Operations	(93,743)	(7,962)	(376,986)	(354,306)
Share of Other Comprehensive Income of Associates	(7,857)	12,774	(16,634)	(37,207)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	133,354	(24,573)	520,956	5,535
Available-for-Sale Investment Securities				
Net Change in Fair Value	224,548	85,378	234,228	19,820
Net Amount Transferred to Income Statement	(52,497)	(25,572)	(57,695)	(57,354)
Total Other Comprehensive Income for the Period, net of Income Tax	<u>203,805</u>	<u>40,045</u>	<u>303,869</u>	<u>(423,512)</u>
Total Comprehensive Income for the Period	<u><u>2,585,557</u></u>	<u><u>2,136,491</u></u>	<u><u>7,451,080</u></u>	<u><u>5,836,652</u></u>
Attributable to:				
Equity Holders of the Bank	2,572,164	2,150,704	7,409,482	5,803,282
Non - Controlling Interests	13,393	(14,213)	41,598	33,370
Total Comprehensive Income for the Period	<u><u>2,585,557</u></u>	<u><u>2,136,491</u></u>	<u><u>7,451,080</u></u>	<u><u>5,836,652</u></u>

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 Nine Months Period Ended 30 September 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
Total Comprehensive Income for the Period										
Profit for the Period	-	-	-	-	-	-	6,226,794	6,226,794	33,370	6,260,164
Other Comprehensive Income, net of Income Tax										
Total Other Comprehensive Income	-	-	-	(31,999)	(354,306)	(37,207)	-	(423,512)	-	(423,512)
Total Comprehensive Income for the Period	-	-	-	(31,999)	(354,306)	(37,207)	6,226,794	5,803,282	33,370	5,836,652
Transfer to Legal Reserve for the Year 2011		1,908,353					(1,908,353)	-		-
Transactions with Equity Holders, Recognised Directly in Equity										
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	-	-	-	-	-	-	-	-	282,176	282,176
Total Transactions with Equity Holders, Recognised Directly in Equity	636,117	-	-	-	-	-	(3,180,590)	(2,544,473)	282,176	(2,262,297)
Balance at 30 September 2012	6,997,294	23,086,902	1,600,000	464,959	(543,588)	1,749,427	11,924,565	45,279,559	930,100	46,209,659
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
Total Comprehensive Income for the Period										
Profit for the Period							7,105,613	7,105,613	41,598	7,147,211
Total Other Comprehensive Income	-	-	-	697,489	(376,986)	(16,634)	-	303,869	-	303,869
Total Comprehensive Income for the Period	-	-	-	697,489	(376,986)	(16,634)	7,105,613	7,409,482	41,598	7,451,080
Transactions with Equity Holders, Recognised Directly in Equity										
Dividend for the Year 2012	-	-	-	-	-	-	(4,198,377)	(4,198,377)	-	(4,198,377)
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	(179,458)	(179,458)
Total Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	(4,198,377)	(4,198,377)	(179,458)	(4,377,835)
Balance at 30 September 2013	6,997,294	23,086,902	1,750,000	1,108,892	(1,017,449)	1,734,540	16,628,758	50,288,937	773,000	51,061,937

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 Nine Months Period Ended 30 September 2013

	Note	Nine Months to 30 September 2013 (Reviewed) QR000	Nine Months to 30 September 2012 (Reviewed) QR000	Year to 31 December 2012 (Audited) QR000
Cash Flows from Operating Activities		(8,045,622)	4,935,194	2,192,961
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(25,552,222)	(21,166,540)	(30,368,008)
Proceeds from Sale of Investment Securities		13,365,951	21,573,508	31,215,848
Investments in Associates		-	(1,078,878)	(1,070,217)
Acquisition of Subsidiaries, net of Cash Acquired		(4,718,558)	345,427	(76,177)
Purchase of Property and Equipment		(187,957)	(167,381)	(221,731)
Proceeds from Sale of Property and Equipment		32,354	1,694	2,420
Net Cash used in Investing Activities		(17,060,432)	(492,170)	(517,865)
Cash Flows from Financing Activities				
Proceeds from Issue of Debt Securities		3,611,959	-	7,241,828
Proceeds from Other Borrowings		4,805,485	-	85,088
Dividends Paid		(4,196,062)	(2,539,700)	(2,541,713)
Net Cash from / (used in) Financing Activities		4,221,382	(2,539,700)	4,785,203
Net (Decrease) / Increase in Cash and Cash Equivalents		(20,884,672)	1,903,324	6,460,299
Effects of Exchange Rate Changes on Cash and Cash Equivalents		200,620	187,165	232,730
Cash and Cash Equivalents as at 1 January		48,096,723	41,403,694	41,403,694
Cash and Cash Equivalents at 30 September / 31 December	10	27,412,671	43,494,183	48,096,723

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 Nine Months Period Ended 30 September 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 nine months period ended 30 September 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 Nine Months Period Ended 30 September 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			
At 30 September 2013:						
Net Interest Income	5,214,180	321,616	288,691	2,695,021	19,763	8,539,271
Net Fees and Commission Income	452,642	107,727	200,495	663,732	22,243	1,446,839
Foreign Exchange Gain	229,430	53,775	65,152	182,601	66,305	597,263
Income from Investment Securities	125,254	-	-	15,010	-	140,264
Other Operating Income	253	3	619	10,809	-	11,684
Share of Results of Associates	7,315	-	-	193,403	-	200,718
Total Segment Revenue	6,029,074	483,121	554,957	3,760,576	108,311	10,936,039
Reportable Segment Profit	4,857,739	87,991	288,573	1,999,658	(128,348)	7,105,613
Reportable Segment Loans and Advances	222,185,276	7,511,491	13,563,833	60,770,393	-	304,030,993
Reportable Segment Customer Deposits	166,942,239	16,146,986	31,135,473	116,880,460	-	331,105,158
Reportable Segment Assets	310,915,738	16,724,101	32,008,016	179,480,105	(102,098,229)	437,029,731
Reportable Segment Liabilities	259,833,165	16,718,278	31,585,986	178,497,558	(100,667,193)	385,967,794
At 30 September 2012:						
Net Interest Income	5,138,592	304,664	283,696	1,015,442	12,724	6,755,118
Net Fees and Commission Income	581,150	102,372	147,938	127,772	8,925	968,157
Foreign Exchange Gain	378,757	25,793	19,855	19,290	9,229	452,924
Income from Investment Securities	121,422	-	-	-	-	121,422
Other Operating Income	153	5	-	6,721	-	6,879
Share of Results of Associates	6,428	-	-	167,964	-	174,392
Total Segment Revenue	6,226,502	432,834	451,489	1,337,189	30,878	8,478,892
Reportable Segment Profit	4,848,744	30,915	393,638	1,000,563	(47,066)	6,226,794
Reportable Segment Loans and Advances	197,664,291	6,601,992	9,922,404	24,379,774	-	238,568,461
Reportable Segment Customer Deposits	146,215,068	13,968,740	26,267,762	82,025,301	-	268,476,871
Reportable Segment Assets	304,406,325	14,758,452	27,503,672	121,456,162	(117,164,139)	350,960,472
Reportable Segment Liabilities	256,545,606	14,221,782	27,361,845	120,586,222	(113,964,642)	304,750,813

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

3. LOANS AND ADVANCES TO CUSTOMERS	30 September 2013 (Reviewed) QR000	30 September 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Loans and Advances to Customers	310,219,946	242,857,632	254,518,739
Deferred Profit	(262,260)	(755,280)	(702,529)
Impairment of Loans and Advances to Customers	(5,926,693)	(3,533,891)	(3,879,869)
Net Loans and Advances	304,030,993	238,568,461	249,936,341

The aggregate amount of non performing loans and advances amounted to QR4,989 million or 1.6% of total loans and advances (31 December 2012: QR3,380 million or 1.3% of total loans and advances).

4. INVESTMENT SECURITIES	30 September 2013 (Reviewed) QR000	30 September 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Available-for-Sale Investment Securities	21,891,487	16,271,709	15,447,842
Held to Maturity Investment Securities	53,814,504	33,690,114	34,600,082
Total	75,705,991	49,961,823	50,047,924

The above includes impairment allowance in respect of debt securities amounting to QR73.1 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

	30 September 2013 (Reviewed) QR000	30 September 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Cash Flow Hedges	322,328	(188,190)	(198,628)
Available-for-Sale Investment Securities	786,564	653,149	610,031
Total	1,108,892	464,959	411,403

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 Nine Months Period Ended 30 September 2013

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 September 2013 (Reviewed) QR000	30 September 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Contingent Liabilities			
Unused Facilities	31,735,525	22,208,243	25,343,695
Guarantees	29,048,518	18,358,773	17,961,223
Letters of Credit	7,620,583	3,849,864	3,850,124
Others	12,526,076	48,973,336	12,130,288
Total Contingent Liabilities	80,930,702	93,390,216	59,285,330
Other Commitments	58,953,246	26,824,818	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:

	30 September 2013 (Reviewed) QR000	30 September 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances	1,482,733	2,318,151	2,308,420
Deposits	1,325,583	744,486	838,488
Contingent Liabilities and Other Commitments	606,616	39,792	68,472
Statement of Income Items			
Interest and Commission Income	74,412	51,357	68,446
Interest and Commission Expense	16,342	12,952	17,023

Compensation of key management personnel is as follows:

Salaries and Other Benefits	33,569	27,981	31,275
End of Service Indemnity	673	646	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 QR36,055 million included in loans and advances (31 December 2012: QR37,616 million) and QR26,629 million included in customer deposits (31 December 2012: QR24,350 million).

9. CAPITAL ADEQUACY

	30 September 2013 (Reviewed) QR000	30 September 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Total Eligible Tier 1 Capital	31,309,197	32,804,196	36,487,414
Total Eligible Tier 2 Capital (After Deductions)	-	-	-
Total Eligible Capital	31,309,197	32,804,196	36,487,414
Risk Weighted Assets	214,671,355	170,080,753	173,425,801
Tier 1 Capital ratio	14.6%	19.3%	21.0%
Total Capital ratio	14.6%	19.3%	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 Nine Months Period Ended 30 September 2013

10. CASH AND CASH EQUIVALENTS

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

	30 September 2013 (Reviewed) QR000	30 September 2012 (Reviewed) QR000	31 December 2012 (Audited) QR000
Cash and Balances with Central Banks	11,602,317	9,784,908	11,218,355
Due from Banks Maturing in Three months	15,810,354	33,709,275	36,878,368
Total	27,412,671	43,494,183	48,096,723

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 September 2013.

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

	Fair Value QR000
Assets	
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
Total assets	39,864,412
Liabilities	
Due to Banks	988,336
Customer Deposits	31,689,386
Deferred tax liability	227,022
Other Liabilities	1,905,452
Total liabilities	34,810,196
Total identifiable net assets at fair value	5,054,216
Non Controlling Interest	(145,329)
Goodwill arising on acquisition	3,865,211
Purchase consideration transferred	8,774,098
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	4,054,442
Cash paid	(8,774,098)
Net cash outflow	(4,719,656)

From the date of acquisition, NSGB has contributed QR1,777 million of net operating income and QR647.9 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.