

**DOHA BANK Q.S.C.**  
**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

**30 JUNE 2014**

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DOHA BANK Q.S.C.**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated financial statements of Doha Bank Q.S.C. (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 period ended 30 June 2014, interim consolidated statement of changes in equity and interim 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.

Firas Qoussous  
Of Ernst & Young  
Auditor's Registration No: 236

Date: 16 July 2014  
Doha

## DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	<i>Notes</i>	<b>30 June 2014 (Reviewed) QAR'000</b>	<b>30 June 2013 (Reviewed) QAR'000</b>	<b>31 December 2013 (Audited) QAR'000</b>
<b>Assets</b>				
Cash and balances with central banks		3,345,622	2,804,490	3,435,761
Due from banks		11,999,473	7,426,712	9,180,420
Loans and advances to customers	5	45,341,504	36,178,669	41,109,116
Investment securities	6	9,816,185	11,213,218	11,703,577
Investment in an associate		9,642	9,707	9,382
Property, furniture and equipment		783,990	791,453	759,471
Other assets		710,157	795,531	772,097
<b>Total assets</b>		<b>72,006,573</b>	<b>59,219,780</b>	<b>66,969,824</b>
<b>Liabilities</b>				
Due to banks		10,866,920	11,300,940	7,719,781
Customer deposits		44,461,084	34,072,754	42,522,489
Debt securities	7	2,579,853	2,574,596	2,575,831
Other borrowings	8	817,836	-	455,188
Other liabilities		2,344,040	2,540,704	2,425,632
<b>Total liabilities</b>		<b>61,069,733</b>	<b>50,488,994</b>	<b>55,698,921</b>
<b>Equity</b>				
Share capital		2,583,723	2,583,723	2,583,723
Legal reserve		4,311,133	4,317,089	4,311,133
Risk reserve		960,650	773,650	960,650
Fair value reserves	9	(335)	(61,202)	(43,355)
Foreign currency translation reserve		(6,075)	(4,292)	(4,647)
Proposed dividends	10	-	-	1,162,675
Retained earnings		1,087,744	1,121,818	300,724
<b>Total equity attributable to shareholders of the Bank</b>		<b>8,936,840</b>	<b>8,730,786</b>	<b>9,270,903</b>
Instrument eligible as additional capital	11	2,000,000	-	2,000,000
<b>Total equity</b>		<b>10,936,840</b>	<b>8,730,786</b>	<b>11,270,903</b>
<b>Total liabilities and equity</b>		<b>72,006,573</b>	<b>59,219,780</b>	<b>66,969,824</b>

Fahad Bin Mohammad Bin Jabor Al Thani  
Chairman

Abdul Rahman Bin Mohammad Bin Jabor Al Thani  
Managing Director

Dr. Raghavan Seetharaman  
Group Chief Executive Officer

## DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2014

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>
Interest income	628,572	593,900	1,256,453	1,161,740
Interest expense	(138,488)	(129,746)	(281,003)	(271,781)
<b>Net interest income</b>	<b>490,084</b>	464,154	<b>975,450</b>	889,959
Fee and commission income	138,959	102,415	235,114	195,933
Fee and commission expense	(1,825)	(898)	(2,972)	(1,726)
<b>Net fee and commission income</b>	<b>137,134</b>	101,517	<b>232,142</b>	194,207
Gross written premium	37,279	32,904	59,694	58,062
Premium ceded	(23,012)	(21,042)	(31,103)	(33,764)
Net claims paid	(9,288)	(9,364)	(18,481)	(17,469)
<b>Net income from insurance activities</b>	<b>4,979</b>	2,498	<b>10,110</b>	6,829
Foreign exchange gain	25,158	22,947	47,609	44,034
Income from investment securities	73,170	24,241	147,532	109,585
Other operating income	22,887	14,757	37,905	28,214
	<b>121,215</b>	61,945	<b>233,046</b>	181,833
<b>Net operating income</b>	<b>753,412</b>	630,114	<b>1,450,748</b>	1,272,828
Staff cost	(148,440)	(117,722)	(261,294)	(218,536)
Depreciation	(18,869)	(23,824)	(41,995)	(41,614)
Impairment losses on investment securities	(902)	(2,999)	(17,002)	(5,657)
Net impairment loss on loans and advances to customers	(95,463)	(45,596)	(151,912)	(91,593)
Other expenses	(99,256)	(86,017)	(187,968)	(164,751)
	<b>(362,930)</b>	(276,158)	<b>(660,171)</b>	(522,151)
<b>Profit for the period before tax</b>	<b>390,482</b>	353,956	<b>790,577</b>	750,677
Income tax expense	(2,809)	(850)	(3,557)	(2,267)
<b>Profit for the period</b>	<b>387,673</b>	353,106	<b>787,020</b>	748,410
<b>Basic and diluted earnings per share (QAR)</b>	<b>1.50</b>	1.48	<b>3.05</b>	3.14
<b>Weighted average number of shares;</b>				
At the beginning of the period	258,372,252	206,697,802	258,372,252	206,697,802
Effect of rights issue	-	31,490,096	-	31,490,096
<b>At the end of the period</b>	<b>258,372,252</b>	238,187,898	<b>258,372,252</b>	238,187,898

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

## DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>
<b>Profit for the period</b>	<b>387,673</b>	353,106	<b>787,020</b>	748,410
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation difference for foreign operations	(1,714)	(938)	(1,428)	(825)
Available-for-sale investment securities:				
Net change in fair value	<b>9 64,881</b>	(70,410)	<b>94,095</b>	(78,259)
Reclassified to the interim consolidated statement of income	<b>9 (73,219)</b>	(18,309)	<b>(51,075)</b>	(109,799)
<b>Net other comprehensive (loss) income to be classified to profit or loss in subsequent periods</b>	<b>(10,052)</b>	(89,657)	<b>41,592</b>	(188,883)
<i>Items not to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
<b>Other comprehensive (loss) income</b>	<b>(10,052)</b>	(89,657)	<b>41,592</b>	(188,883)
<b>Total comprehensive income for the period</b>	<b>377,621</b>	263,449	<b>828,612</b>	559,527

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

DOHA BANK Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	<i>Equity attributable to shareholders of the Bank</i>									<i>Instrument eligible as additional capital</i>	<i>Total</i>
	<i>Share capital</i>	<i>Shares to be issued</i>	<i>Legal reserve</i>	<i>Risk reserve</i>	<i>Fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Proposed dividends</i>	<i>Retained earnings</i>	<i>Total</i>		
Balance at 1 January 2013 (Audited)	2,066,978	-	3,283,600	773,650	126,856	(3,467)	930,140	373,408	7,551,165	-	7,551,165
Profit for the period	-	-	-	-	-	-	-	748,410	748,410	-	748,410
Other comprehensive income	-	-	-	-	(188,058)	(825)	-	-	(188,883)	-	(188,883)
Total comprehensive income for the period	-	-	-	-	(188,058)	(825)	-	748,410	559,527	-	559,527
Proceeds from right issue	-	1,550,234	-	-	-	-	-	-	1,550,234	-	1,550,234
Increase in share capital	516,745	(1,550,234)	1,033,489	-	-	-	-	-	-	-	-
Dividends paid for the year 2012 (Note 10)	-	-	-	-	-	-	(930,140)	-	(930,140)	-	(930,140)
Balance at 30 June 2013 (Reviewed)	<u>2,583,723</u>	<u>-</u>	<u>4,317,089</u>	<u>773,650</u>	<u>(61,202)</u>	<u>(4,292)</u>	<u>-</u>	<u>1,121,818</u>	<u>8,730,786</u>	<u>-</u>	<u>8,730,786</u>
<b>Balance at 1 January 2014 (Audited)</b>	2,583,723	-	4,311,133	960,650	(43,355)	(4,647)	1,162,675	300,724	9,270,903	2,000,000	11,270,903
Profit for the period	-	-	-	-	-	-	-	787,020	787,020	-	787,020
Other comprehensive income	-	-	-	-	43,020	(1,428)	-	-	41,592	-	41,592
Total comprehensive income for the period	-	-	-	-	43,020	(1,428)	-	787,020	828,612	-	828,612
Dividends paid for the year 2013 (Note 10)	-	-	-	-	-	-	(1,162,675)	-	(1,162,675)	-	(1,162,675)
<b>Balance at 30 June 2014 (Reviewed)</b>	<u>2,583,723</u>	<u>-</u>	<u>4,311,133</u>	<u>960,650</u>	<u>(335)</u>	<u>(6,075)</u>	<u>-</u>	<u>1,087,744</u>	<u>8,936,840</u>	<u>2,000,000</u>	<u>10,936,840</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

# DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	<i>Six months ended</i>		<i>Year ended</i>
	<i>30 June</i> <i>2014</i> <i>(Reviewed)</i> <i>QAR'000</i>	<i>30 June</i> <i>2013</i> <i>(Reviewed)</i> <i>QAR'000</i>	<i>31 December</i> <i>2013</i> <i>(Audited)</i> <i>QAR'000</i>
	<i>Notes</i>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period/year before taxes		790,577	750,677
<b>Adjustments for:</b>			1,317,759
Net impairment loss on loans and advances to customers		151,912	91,593
Impairment loss on investment securities		17,002	5,657
Depreciation		41,995	41,614
Amortisation of financing cost		4,022	2,628
Income from investment securities		(147,532)	(88,413)
Share of results of an associate		-	(143)
<b>Profits before changes in operating assets and liabilities</b>		<b>857,976</b>	<b>803,756</b>
Change in due from banks		(371,866)	494,015
Change in loans and advances to customers		(4,597,583)	(2,326,219)
Change in other assets		61,940	(129,235)
Change in due to banks		3,147,139	2,584,461
Change in customer deposits		1,938,595	(328,329)
Change in other liabilities		162,071	432,365
Social and sports fund contribution		(32,816)	(32,624)
Income tax paid		(2,809)	(2,267)
<b>Net cash from operating activities</b>		<b>1,162,647</b>	<b>1,495,923</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of investment securities		(4,735,597)	(4,808,029)
Proceeds from sale of investment securities		6,796,539	3,070,522
Acquisition of property, furniture and equipment		(66,514)	(38,245)
Proceeds from sale of property, furniture and equipment		-	182
<b>Net cash from (used in) investing activities</b>		<b>1,994,428</b>	<b>(1,775,752)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from rights issue		-	1,550,234
Proceeds from issuance of instrument eligible as additional Capital	11	-	2,000,000
Proceeds from other borrowings		362,648	455,188
Dividends paid	10	(1,162,675)	(930,140)
<b>Net cash (used in) from financing activities</b>		<b>(800,027)</b>	<b>620,094</b>
Net increase in cash and cash equivalents during the period/year		2,357,048	340,265
Cash and cash equivalents – beginning of the period/year		8,298,379	5,228,991
<b>Cash and cash equivalents – end of the period/year</b>	14	<b>10,655,427</b>	<b>5,569,256</b>
Operational cash flows from interest and dividend :			
Interest received		1,308,787	1,151,690
Interest paid		318,909	307,943
Dividends received		32,446	21,172

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.



## 1 CORPORATE INFORMATION

Doha Bank Q.S.C. (“Doha Bank” or the “Bank”) is an entity domiciled in the State of Qatar and was incorporated on 15 March 1979 as a Joint Stock Company under Emiri Decree No. 51 of 1978. The commercial registration of the bank is 7115. The address of the Bank’s registered office is Doha Bank Tower, Corniche Street, West Bay, P.O. Box 3818, Doha Qatar.

Doha Bank is engaged in conventional banking activities and operates through its head office in Doha and 31 local branches, four overseas branches in the United Arab Emirates (Dubai & Abu Dhabi), State of Kuwait and India and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany Australia, Hong Kong, Sharjah and Canada. In addition, the Bank owns 100% of the issued share capital of Doha Bank Assurance Company L.L.C., an insurance company registered under Qatar Financial Centre and Doha Finance Limited, a special purpose vehicle set up for the issuance of debt. The interim condensed consolidated financial statements for the six months ended 30 June 2014 comprises the Bank and its subsidiaries (together referred to as “the Group”).

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2014 were authorised for issue by the Board of Directors on 16 July 2014.

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34, Interim Financial Reporting and the applicable provisions of Qatar Central Bank regulations.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2013. The results for the six months ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

### New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The nature and the impact of each new standard or amendment is described below:

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

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

### Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

### Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. The Group early adopted these disclosure requirements in the annual consolidated financial statements for the year ended 31 December 2013.

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).

## 3 OPERATING SEGMENTS

The Group organizes and manages its operations by 2 business segments, which comprise conventional banking and insurance activities.

### Conventional Banking

- Corporate Banking provides a range of product and service offerings to business and corporate customers including funded and non-funded credit facilities deposits to corporate customers. It also undertakes funding and centralized risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short term placements and corporate and government debt securities.
- Retail Banking provides a diversified range of products and services to individuals. The range includes loans, credit cards, deposits and other transactions with retail customers.

### Insurance Activities

Insurance activities to customers include effecting contracts of insurance, carrying out contracts of insurance, arranging deals in investments and advising on investments.

Details of each segment as of and for the six months ended 30 June 2014 are stated below:

## DOHA BANK Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2014

**3 OPERATING SEGMENTS (continued)**

	<i>Conventional banking</i>			<i>Insurance</i> <i>QAR'000</i>	<i>Total</i> <i>QAR'000</i>
	<i>Corporate</i> <i>banking</i> <i>QAR'000</i>	<i>Retail</i> <i>banking</i> <i>QAR'000</i>	<i>Unallocated</i> <i>QAR'000</i>		
<i>For the six months ended 30 June 2014</i>					
Interest income	1,059,072	197,381	-	-	<b>1,256,453</b>
Net income on insurance activities	-	-	-	10,110	<b>10,110</b>
Other income	337,109	71,099	50,236	6,744	<b>465,188</b>
Segmental revenue	1,396,181	268,480	50,236	16,854	<b>1,731,751</b>
<b>Profit for the period</b>				<b>5,244</b>	<b>787,020</b>
<b>As at 30 June 2014</b>					
Assets	59,826,521	7,149,589	4,740,564	280,257	<b>71,996,931</b>
Investments in an associate					<b>9,642</b>
<b>Total assets</b>					<b>72,006,573</b>
Liabilities	50,945,013	9,458,208	525,008	141,504	<b>61,069,733</b>
Contingent liabilities	28,071,706	155,089	-	-	<b>28,226,795</b>

## DOHA BANK Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2014

**3 OPERATING SEGMENTS (continued)**

	<i>Conventional banking</i>			<i>Total</i> <i>QAR'000</i>	<i>Insurance</i> <i>QAR'000</i>	<i>Total</i> <i>QAR'000</i>
	<i>Corporate</i> <i>Banking</i> <i>QAR'000</i>	<i>Retail</i> <i>Banking</i> <i>QAR'000</i>	<i>Unallocated</i> <i>QAR'000</i>			
<i>For the six month ended 30 June 2013</i>						
Interest income	961,543	200,197	-	1,161,740	-	<b>1,161,740</b>
Net income on insurance activities	-	-	-	-	6,829	<b>6,829</b>
Other income	289,944	53,798	28,214	371,956	4,084	<b>376,040</b>
Segmental revenue	1,251,487	253,995	28,214	1,533,696	10,913	<b>1,544,609</b>
<b>Profit for the period</b>				<b>748,307</b>	<b>103</b>	<b>748,410</b>
<i>As at 31 December 2013</i>						
Assets	55,234,965	6,935,248	4,535,871	66,706,084	254,358	<b>66,960,442</b>
Investments in an associate						<b>9,382</b>
<b>Total assets</b>						<b>66,969,824</b>
Liabilities	46,114,803	8,864,432	599,300	55,578,535	120,386	<b>55,698,921</b>
Contingent items	26,463,508	235,114	-	26,698,622	-	<b>26,698,622</b>

Geographically, the Group operates in the State of Qatar, the United Arab Emirates and the State of Kuwait. Qatar operations contributed approximately 98.26% (30 June 2013: 99.25%) of the Bank's profit for the six month period ended 30 June 2014 and approximately 95.09% (30 June 2013: 94.31% ; 31 December 2013: 94.34%) of its assets.

**4 FAIR VALUE OF FINANCIAL INSTRUMENTS*****Fair value hierarchy***

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**As at 30 June 2014, the Group held the following classes of financial instruments measured at fair value:**

	<i>Level 1</i> <i>QAR'000</i>	<i>Level 2</i> <i>QAR'000</i>	<i>Level 3</i> <i>QAR'000</i>	<i>Total</i> <i>QAR'000</i>
<b>At 30 June 2014</b>				
<b>Financial assets measured at fair value:</b>				
Available-for-sale investment securities	4,158,548	1,142,648	-	5,301,196
Investment securities classified as held for trading	34,594	-	-	34,594
Derivative instruments:				
Interest rate swaps	-	20,298	-	20,298
Forward foreign exchange contracts	-	11,893	-	11,893
	<u>4,193,142</u>	<u>1,174,839</u>	<u>-</u>	<u>5,367,981</u>
<b>Financial liabilities measured at fair value:</b>				
Derivative instruments:				
Interest rate swaps	-	4,393	-	4,393
Forward foreign exchange contracts	-	7,795	-	7,795
	<u>-</u>	<u>12,188</u>	<u>-</u>	<u>12,188</u>

**4 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

	<i>Level 1</i> <i>QAR'000</i>	<i>Level 2</i> <i>QAR'000</i>	<i>Level 3</i> <i>QAR'000</i>	<i>Total</i> <i>QAR'000</i>
<b>31 December 2013</b>				
<b>Financial assets measured at fair value:</b>				
Available-for-sale Investment securities	4,442,482	1,116,413	-	5,558,895
Derivative instruments:				
Interest rate swaps	-	39,009	-	39,009
Forward foreign exchange contracts	-	19,844	-	19,844
	<u>4,442,482</u>	<u>1,175,266</u>	<u>-</u>	<u>5,617,748</u>
<b>Financial liabilities measured at fair value:</b>				
Derivative instruments:				
Interest rate swaps	-	4,005	-	4,005
Forward foreign exchange contracts	-	15,005	-	15,005
	<u>-</u>	<u>19,010</u>	<u>-</u>	<u>19,010</u>

During the reporting period ended 30 June 2014, there were no transfers between Level 1 and Level 2 fair value measurements. All unquoted available for sale equity investments amounting to QAR 63.4 million (31 December 2013: QAR 63.4 million) are recorded at cost since the fair value cannot be reliably measured.

**Valuation techniques**

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

# DOHA BANK Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2014

### 5 LOANS AND ADVANCES TO CUSTOMERS

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
Gross loans and advances to customers*	<b>46,774,930</b>	37,125,778	42,339,274
Allowance for impairment	<b>(1,433,426)</b>	(947,109)	(1,230,158)
<b>Net loans and advances to customers</b>	<b><u>45,341,504</u></b>	<u>36,178,669</u>	<u>41,109,116</u>

The aggregate amount of non-performing loans and advances to customers amounted to QAR 1,342 million representing 2.87% of the total loans and advances to customers as at 30 June 2014 (30 June 2013: QAR 1,055 million representing 2.84% of total loans and advances to customers; 31 December 2013: QAR 1,273 million, representing 3.01 % of total loans and advances to customers).

Allowance for impairment of loans and advances to customers includes interest in suspense of QAR 226.4 million (30 June 2013: QAR 122.7 million, 31 December 2013: QAR 177.7 million).

\*This includes acceptances pertaining to trade finance amounting to QAR 827.1 million (30 June 2013: QAR 997.7 million, 31 December 2013: QAR 1,040.3 million).

### 6 INVESTMENT SECURITIES

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
Available-for-sale	<b>5,364,643</b>	4,768,739	5,622,300
Held to maturity	<b>4,416,948</b>	6,444,479	6,081,277
Investment securities classified as held for trading	<b>34,594</b>	-	-
	<b><u>9,816,185</u></b>	<u>11,213,218</u>	<u>11,703,577</u>

### 7 DEBT SECURITIES

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
Subordinated debt notes (a)	<b>771,770</b>	771,119	771,447
Senior guaranteed notes (b)	<b>1,808,083</b>	1,803,477	1,804,384
	<b><u>2,579,853</u></b>	<u>2,574,596</u>	<u>2,575,831</u>

*Note (a)*

On 12 December 2006, the Group issued US\$ 340 million subordinated floating rate step up notes at a nominal value of US\$ 100,000 per note. The notes mature in 2016 and carry interest at six months US\$ LIBOR plus 1.32% per annum.

*Note (b)*

On 14 March 2012, the Group issued US\$ 500 million senior guaranteed notes at 98.964% of nominal value. The notes have a minimum nominal denomination of US\$ 200,000. The notes mature in 2017 and carry interest at fixed rate of 3.50% payable semi-annually.

**8 OTHER BORROWINGS**

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
Term loan facilities	<u>817,836</u>	<u>-</u>	<u>455,188</u>

The table below shows the maturity profile of other borrowings.

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
Up to 1 year	182,075	-	182,075
Between 1 and 3 years	<u>635,761</u>	<u>-</u>	<u>273,113</u>
	<u>817,836</u>	<u>-</u>	<u>455,188</u>

**9 FAIR VALUE RESERVE**

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
Balance at 1 January	(43,355)	126,856	126,856
Net unrealized gain (losses) on available-for-sale investment securities	94,095	(78,259)	(78,357)
Reclassified to interim consolidated statement of income	<u>(51,075)</u>	<u>(109,799)</u>	<u>(91,854)</u>
<b>Balance at end of the period/year</b>	<u>(335)</u>	<u>(61,202)</u>	<u>(43,355)</u>

**10 DIVIDENDS PAID**

A cash dividend of 45% (or QAR 4.50 per share) relating to the year ended 31 December 2013 (2012: QAR 4.50 per share), amounting to QAR 1,162,675 thousand (2012: QAR 930,140 thousand), was approved at the Annual General Assembly held on 3 March 2014 and paid during the period.

**11 INSTRUMENT ELIGIBLE AS ADDITIONAL CAPITAL**

In December 2013, the Group issued regulatory Tier I capital notes amounting to QAR 2 billion. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate for the first six years and on a floating rate basis thereafter. The Bank can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and the event is not considered an event of default. The notes carry no maturity date and have been classified under equity.



**12 FINANCIAL COMMITMENTS AND CONTINGENCIES**

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
<b>(a) Contingent commitments</b>			
Guarantees	19,981,271	16,049,397	17,779,104
Letter of credit	3,274,712	4,444,247	2,786,771
Unused credit facilities	4,970,812	5,347,093	6,132,747
Others	<u>2,289,198</u>	<u>1,510,976</u>	<u>1,937,207</u>
	<u>30,515,993</u>	<u>27,351,713</u>	<u>28,635,829</u>
<b>(b) Other commitments</b>			
<b>Derivative financial instruments :</b>			
Forward foreign exchange contracts	3,935,756	4,626,581	3,233,755
Interest rate swaps	<u>758,888</u>	<u>491,603</u>	<u>711,549</u>
	<u>4,694,644</u>	<u>5,118,184</u>	<u>3,945,304</u>
<b>Total</b>	<u>35,210,637</u>	<u>32,469,897</u>	<u>32,581,133</u>

The derivative instruments are reflected in the accompanying interim condensed consolidated financial statements at their fair value and are presented under other commitments at their notional amount.

**13 RELATED PARTY TRANSACTIONS**

The Group enters into transactions, arrangements and agreements involving members of the Board of Directors and their related concerns in the ordinary course of business at commercial interest and commission rates. Balances with related parties and transactions with related parties at the end of the reporting period were as follows:

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
<b>Statement of financial position items</b>			
Loans and advances to customers	<u>894,830</u>	<u>1,323,938</u>	<u>1,350,905</u>
Customer deposits	<u>411,087</u>	<u>182,954</u>	<u>380,705</u>
Contingent liabilities and other commitments	<u>1,021,329</u>	<u>310,338</u>	<u>621,880</u>

**13 RELATED PARTY TRANSACTIONS (continued)**

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>
<b>Statement of income items</b>				
Interest and commission income	<u>6,902</u>	<u>10,131</u>	<u>11,967</u>	<u>19,042</u>
Interest and commission expenses	<u>5,537</u>	<u>3,852</u>	<u>6,844</u>	<u>4,686</u>
<b>Compensation to Key management personnel</b>				
Salaries and other benefits	<u>4,984</u>	<u>5,487</u>	<u>12,905</u>	<u>18,776</u>
End of service benefits and pension fund	<u>546</u>	<u>497</u>	<u>1,090</u>	<u>1,194</u>
	<u>5,530</u>	<u>5,984</u>	<u>13,995</u>	<u>19,970</u>

**14 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of the interim consolidated statement of cash flows, comprise the following:

	<i>30 June 2014 (Reviewed) QAR'000</i>	<i>30 June 2013 (Reviewed) QAR'000</i>	<i>31 December 2013 (Audited) QAR'000</i>
Cash and balances with central banks	<u>1,418,792</u>	<u>1,354,064</u>	<u>1,635,230</u>
Balance due from banks maturing within 3 months	<u>9,236,635</u>	<u>4,215,192</u>	<u>6,663,149</u>
	<u>10,655,427</u>	<u>5,569,256</u>	<u>8,298,379</u>

Cash and balances with central banks do not include the mandatory cash reserves.

**15 INDIAN OPERATION**

During the period, the Group has transferred the minimum statutory capital as required by the Reserve Bank of India. The branch is expected to commence its operations by the end of December 2014.

In addition, the Group has entered into an agreement with HSBC Oman to acquire 2 branches in India. The acquisition is subject to relevant regulatory approval and is expected to be completed in the second half of 2014.