DOHA BANK Q.S.C.
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2013

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATAMENTS 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 31 March 2013, comprising of the interim consolidated statement of financial position as at 31 March 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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 International Financial Reporting Standard 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. Consequently, it 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.

Ziad Nader
Of Ernst & Young
Auditor's Registration No: 258

Date: 17 April 2013
Doha

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes	***31 March 2013 (Reviewed) QAR'000***	*31 March 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Assets				
Cash and balances with central banks		**3,010,128**	2,892,441	2,598,365
Due from banks		**7,337,382**	10,315,893	7,786,587
Loans and advances to customers	5	**34,432,175**	29,971,537	33,774,849
Investment securities	6	**10,689,967**	7,895,101	9,581,013
Investment in an associate company		**10,645**	11,138	10,532
Property, furniture and equipment		**788,416**	796,286	794,822
Other assets		**969,936**	899,665	666,296
Total assets		**57,238,649**	52,782,061	55,212,464
Liabilities				
Due to banks		**9,432,895**	10,487,223	8,716,479
Customer deposits		**33,208,061**	31,364,615	34,401,083
Debt securities	7	**2,573,285**	2,567,498	2,571,968
Other liabilities	8	**3,557,071**	1,789,515	1,971,769
Total liabilities		**48,771,312**	46,208,851	47,661,299
Equity				
Share capital		**2,066,978**	2,066,978	2,066,978
Shares to be issued	8	**1,550,234**	-	-
Legal reserve		**3,283,600**	3,283,600	3,283,600
Risk reserve		**773,650**	597,650	773,650
Fair value reserves	9	**27,517**	31,423	126,856
Foreign currency translation reserve		**(3,354)**	(3,589)	(3,467)
Proposed dividends	10	**-**	-	930,140
Retained earnings		**768,712**	597,148	373,408
Total equity		**8,467,337**	6,573,210	7,551,165
Total liabilities and equity		**57,238,649**	52,782,061	55,212,464

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Abdul Rehman Bin Mohammad Bin Jabor Al Thani
Managing Director

Dr. Raghavan Seetharaman
Group Chief Executive Officer

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

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three months ended 31 March 2013

	Three Months Ended	
	31 March 2013 (Reviewed) QAR'000	31 March 2012 (Reviewed) QAR'000
Interest income	**567,840**	575,976
Interest expense	**(142,035)**	(137,249)
Net interest income	**425,805**	438,727
Fee and commission income	**93,518**	83,565
Fee and commission expense	**(828)**	(1,324)
Net fee and commission income	**92,690**	82,241
Gross written premium	**25,158**	24,326
Premium ceded	**(12,722)**	(11,670)
Net claims paid	**(8,105)**	(5,956)
Net income from insurance activities	**4,331**	6,700
Foreign exchange gain	**21,087**	20,820
Income from investment securities	**85,344**	53,116
Other operating income	**13,457**	11,280
	119,888	85,216
Net operating income	**642,714**	612,884
Staff cost	**(100,814)**	(89,582)
Depreciation	**(17,790)**	(18,555)
Impairment losses on investment securities	**(2,658)**	(1,826)
Net impairment loss on loans and advances to customers	**(45,997)**	(35,190)
Other expenses	**(78,734)**	(75,567)
	(245,993)	(220,720)
Net profit for the period before tax	**396,721**	392,164
Income tax expense	**(1,417)**	(2,216)
Net profit for the period	**395,304**	389,948
Basic and diluted earnings per share (QAR)	**1.79**	1.77
Weighted average number of shares;		
At the beginning of the period	**206,697,802**	206,697,802
Effect of rights issue	**14,010,861**	14,010,861
At the end of the period	**220,708,663**	220,708,663

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2013

	Three Months Ended 31 March 2013 (Reviewed) QAR'000	31 March 2012 (Reviewed) QAR'000
Net profit for the period	**395,304**	389,948
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation difference for foreign operations	**113**	292
Net change in fair value of cash flow hedge	**-**	6,828
Available-for-sale investment securities:		
Net change in fair value	**(7,849)**	37,441
Reclassification during the year to the statement of income	**(91,490)**	(12,362)
Net other comprehensive (loss) income to be classified to profit and loss in subsequent periods	**(99,226)**	32,199
Items not to be reclassified to profit or loss in subsequent periods	**-**	-
Other comprehensive (loss) income	**(99,226)**	32,199
Total comprehensive income for the period	**296,078**	422,147

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2013

	Share capital QAR'000	*Shares to be issued QAR'000*	*Legal reserve QAR'000*	*Risk reserve QAR'000*	*Fair value reserves QAR'000*	*Foreign exchange translation reserve QAR'000*	*Proposed dividends QAR'000*	*Retained earnings QAR'000*	*Total QAR'000*
Balance at 1 January 2012 (Audited)	2,066,978	-	3,283,600	597,650	(484)	(3,881)	930,140	207,200	7,081,203
Net profit for the period	-	-	-	-	-	-	-	389,948	389,948
Other comprehensive income	-	-	-	-	31,907	292	-	-	32,199
Total comprehensive income for the period	-	-	-	-	31,907	292	-	389,948	422,147
Dividends paid for the year 2012 (Note 10)	-	-	-	-	-	-	(930,140)	-	(930,140)
Balance at 31 March 2012 (Reviewed)	2,066,978	-	3,283,600	597,650	31,423	(3,589)	-	597,148	6,573,210
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
Net profit for the period	-	-	-	-	-	-	-	395,304	395,304
Other comprehensive (loss) income	-	-	-	-	(99,339)	113	-	-	(99,226)
Total comprehensive income for the period	-	-	-	-	(99,339)	113	-	395,304	296,078
Proceeds from right issue (Note 8)	-	1,550,234	-	-	-	-	-	-	1,550,234
Dividends paid for the year 2012 (Note 10)	-	-	-	-	-	-	(930,140)	-	(930,140)
Balance at 31 March 2013 (Reviewed)	**2,066,978**	**1,550,234**	**3,283,600**	**773,650**	**27,517**	**(3,354)**	-	**768,712**	**8,467,337**

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2013

	Notes	*Three months ended* **31 March 2013 (Reviewed) QAR'000**	*31 March 2012 (Reviewed) QAR'000*	*Year ended 31 December 2012 (Audited) QAR'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period/ year before taxes		**396,721**	392,164	1,308,769
Adjustments for:				
Net impairment loss on loans and advances to customers		**45,997**	35,190	189,643
Impairment loss on investment securities		**2,658**	1,826	85,939
Depreciation		**17,790**	18,555	73,401
Amortisation of financing cost		**1,317**	784	5,254
Net gain on sale of available-for-sale investment securities		**(73,088)**	(41,586)	(212,605)
Share of results of an associate		**-**	-	(246)
Profits before changes in operating assets and liabilities		**391,395**	406,933	1,450,155
Change in due from banks		**(1,520,086)**	421,698	(885,305)
Change in loans and advances to customers		**(531,248)**	1,126,324	(2,446,519)
Change in other assets		**(303,640)**	(312,943)	(71,530)
Change in due to banks		**716,416**	(1,148,300)	(2,919,044)
Change in customer deposits		**(1,193,022)**	(334,238)	2,702,230
Change in other liabilities		**155,145**	131,997	(106,641)
Social and sports fund contribution		**-**	-	(31,029)
Income tax paid		**(1,417)**	(2,216)	(5,565)
Net cash (used in) from operating activities		**(2,286,457)**	289,255	(2,313,248)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment securities		**(2,965,412)**	(840,469)	(6,397,205)
Proceeds from sale of investment securities		**1,827,549**	586,829	4,634,609
Acquisition of property, furniture and equipment		**(11,384)**	(25,418)	(80,979)
Proceeds from sale of property, furniture and equipment		**-**	-	73,050
Net cash used in investing activities		**(1,149,247)**	(279,058)	(1,770,525)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Right Issues	8	**2,808,316**	-	-
Proceed from issue of debt securities		**-**	1,797,335	1,797,335
Dividends paid	10	**(930,140)**	(930,140)	(930,140)
Net cash from financing activities		**1,878,176**	867,195	867,195
Net (decrease)/increase in cash and cash equivalents during the period/year		**(1,557,528)**	877,392	(3,216,578)
Cash and cash equivalents – beginning of the period/year		**5,228,991**	8,445,569	8,445,569
Cash and cash equivalents – end of the period/year	13	**3,671,463**	9,322,961	5,228,991
Operational cash flows from interest and dividend :				
Interest received		**551,322**	560,956	2,250,054
Interest paid		**147,170**	140,818	559,899
Dividends received		**12,136**	11,530	18,493

The attached notes 1 to 14 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, three overseas branches in the United Arab Emirates (Dubai & Abu Dhabi) and the State of Kuwait, and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany and Australia. 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 registered in the Cayman Island for the issuance of debt. The interim condensed consolidated financial statement for the three-month period ended 31 March 2013 comprises the Bank and its subsidiaries (together referred to as "the Group").

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2013 were authorised for issue by the Board of Directors on 17 April 2013.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the three months ended 31 March 2013 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 2012. The results for the three months ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

Significant accounting policies
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 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 *Consolidated Financial Statements***,** IFRS 11 *Joint Arrangements*, IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements.* As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements.

The nature and the impact of each new standards/amendment is described below:

IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IAS 1 *Clarification of the requirement for comparative information* (Amendment)
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

IAS 34 *Interim financial reporting and segment information for total assets and liabilities* (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the CODM.

IFRS 7 *Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7*
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements*
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IFRS 11 *Joint Arrangements* and IAS 28 *Investment in Associates and Joint Ventures*
IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of the joint venture in Showers Limited (see Note 14) with the equity method of accounting. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. IFRS 11 had no impact on the consolidation of investments held by the Group.

IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 *Fair Value Measurement*
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 4.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 OPERATING SEGMENTS

The Group is organized into two main 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 facilitates 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 three month period ended 31 March 2013 are stated below:

3 OPERATING SEGMENTS (continued)

	Conventional banking					
	Corporate Banking QAR'000	*Retail Banking QAR'000*	*Unallocated QAR'000*	*Total QAR'000*	*Insurance QAR'000*	*Total QAR'000*
For the three month ended 31 March 2013						
Interest/similar income	464,781	103,059	-	567,840	-	**567,840**
Net income on insurance activities	-	-	-	-	4,331	**4,331**
Other income	173,153	25,453	12,811	211,417	1,161	**212,578**
Segmental revenue	637,934	128,512	12,811	779,257	5,492	**784,749**
Net profit for the period				**395,258**	**46**	**395,304**
As at 31 March 2013						
Assets	45,941,292	6,676,610	4,368,472	56,986,374	241,630	**57,228,004**
Investments in an associate						**10,645**
Total assets						**57,238,649**

3 OPERATING SEGMENTS (continued)

	Conventional banking					
	Corporate Banking QAR'000	*Retail Banking QAR'000*	*Unallocated QAR'000*	*Total QAR'000*	*Insurance QAR'000*	*Total QAR'000*
For the three month ended 31 March 2012						
Interest/similar income	467,624	108,352	-	575,976	-	**575,976**
Net income on insurance activities	-	-	-	-	6,700	**6,700**
Other income	125,159	23,183	18,320	166,662	795	**167,457**
Segmental revenue	592,783	131,535	18,320	742,638	7,495	**750,133**
Net profit for the period				**387,694**	**2,254**	**389,948**
As at 31 December 2012						
Assets	44,570,631	6,726,265	3,663,480	54,960,376	241,556	**55,201,932**
Investments in an associate						**10,532**
Total assets						**55,212,464**

Geographically, the Group operates in the State of Qatar, the United Arab Emirates and the State of Kuwait. Qatar operations contributed approximately 99.70% (31 March 2012: 102.51%) of the Bank's profit for the three month period ended 31 March 2013 and approximately 95.51% (31 March 2012: 95.53%; 31 December 2012: 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 31 March 2013, the Group held the following classes of financial instruments measured at fair value:

	Level 1 QAR'000	*Level 2 QAR'000*	*Level 3 QAR'000*	*Total QAR'000*
31 March 2013				
Financial assets:				
Investment securities	3,124,139	1,243,589	-	**4,367,728**
Derivative instruments:				
Interest rate swaps	-	2,994	-	**2,994**
Forward foreign exchange contracts	-	13,988	-	**13,988**
	3,124,139	**1,260,571**	-	**4,384,710**
Financial liabilities:				
Derivative instruments:				
Interest rate swaps	-	965	-	965
Forward foreign exchange contracts	-	10,585	-	10,585
	-	**11,550**	-	**11,550**

4 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Level 1 QAR'000	*Level 2 QAR'000*	*Level 3 QAR'000*	*Total QAR'000*
31 December 2012				
Financial assets:				
Investment securities	3,530,394	943,589	-	4,473,983
Derivative instruments:				
Interest rate swaps	-	486	-	486
Forward foreign exchange contracts		16,335	-	16,335
	3,530,394	960,410	-	4,490,804
Financial liabilities:				
Derivative instruments:				
Interest rate swaps	-	1,032	-	1,032
Forward foreign exchange contracts	-	10,988	-	10,988
	-	12,020	-	12,020

During the reporting period ended 31 March 2013, there were no transfers between Level 1 and Level 2 fair value measurements. All unquoted available for sale equity investments amounting to QAR 69.8 million (31 December 2012: QAR 70 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.

5 LOANS AND ADVANCES TO CUSTOMERS

	31 March 2013 (Reviewed) QAR'000	*31 March 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Gross loans and advances to customers*	**35,323,518**	30,765,678	34,619,508
Allowance for impairment	**(891,343)**	(794,141)	(844,659)
Net loans and advances to customers	**34,432,175**	29,971,537	33,774,849

Total non-performing loans and advances to customers as at 31 March 2013 amounted to QAR 1,021 million representing 2.89% of the total loans and advances to customers (31 March 2012: QAR 1,035 million representing 3.36% of the total loans and advances to customers; 31 December 2012: QAR 973.52 million, representing 2.81 % of the total loans and advances to customers).

Interest in suspense of QAR 116.8 million (31 March 2012: QAR 102 million, 31 December 2012: QAR 109.1 million) is for the purpose of the Qatar Central Bank regulatory requirements, included in the above impairment allowance amount.

*This includes due from customers in relation to the acceptances pertaining to trade finance amounting to QAR 1,000.6 million (31 March 2012: QAR 429.0 million, 31 December 2012: QAR 828.5 million). The comparative figure for March 2012 has been affected to include customer acceptances of QAR 429.0 million.

6 FINANCIAL INVESTMENTS

	31 March 2013 (Reviewed) QAR'000	*31 March 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Available-for-sale investments	**4,437,512**	4,707,999	4,544,008
Held to maturity investments	**6,252,455**	3,187,102	5,037,005
	10,689,967	7,895,101	9,581,013

7 DEBT SECURITIES

	31 March 2013 (Reviewed) QAR'000	*31 March 2012 (Reviewed) QAR'000*	*31 December 2011 (Audited) QAR'000*
Subordinated debt notes (a)	**770,960**	769,779	770,794
Senior guaranteed notes (b)	**1,802,325**	1,797,719	1,801,174
	2,573,285	2,567,498	2,571,968

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 three months US$ LIBOR plus 0.82 percent per annum payable.

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 SHARES TO BE ISSUED

On the 13 March 2013, the Bank closed its right issue subscription and received from the Banks' shareholders QAR 2,808.3 million towards the Bank offer to increase its share capital through the issuance of 51,674,450 new shares at a premium of QAR 20, in addition to a nominal value of QAR 10 per share, as resolved by the bank's Extraordinary General Assembly held on 20 February 2013. The rights issue was oversubscribed by 1.8 times and the excess amounting to QR 1,258.1 million, which is included under other liabilities, shall be refunded to shareholders as per the regulatory guidelines.

Shares were listed on Qatar Exchange as on 8 April 2013 and the paid up capital of the Bank has been increased to QAR 2,583,722,520.

9 FAIR VALUE RESERVE

	31 March 2013 (Reviewed) QAR'000	*31 March 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Available for sale investments securities	**27,517**	48,171	126,856
Cash flow hedges	**-**	(16,748)	-
	27,517	31,423	126,856

10 DIVIDENDS PAID

A cash dividend of 45% (or QAR 4.50 per share) relating to the year ended 31 December 2012 (2011: QAR 4.50 per share), amounting to QAR 930,140 thousand (2011: QAR 930,140 thousand), was approved at the Annual General Assembly held on 20 February 2013.

11 FINANCIAL COMMITMENTS AND CONTINGENCIES

	31 March 2013 (Reviewed) QAR'000	*31 March 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
(a) Contingent commitments			
Guarantees	**15,338,696**	13,572,688	14,128,617
Letter of credit	**4,605,479**	4,126,830	3,916,532
Unused credit facilities	**5,287,524**	5,833,716	4,480,753
Others	**2,110,737**	727,647	885,393
	27,342,436	24,260,881	23,411,295
(b) Other commitments			
Capital commitments	**-**	20,731	-
Forward foreign exchange contracts	**5,223,034**	2,573,688	2,095,120
Interest rate swaps	**360,509**	791,481	243,980
	5,583,543	3,385,900	2,339,100
Total	**32,925,979**	27,646,781	25,750,395

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

12 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:

	31 March 2012 (Reviewed) QAR'000	*31 March 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Statement of financial position items			
Loans and advances	**1,258,930**	1,140,428	1,155,230
Other assets	**12,328**	17,910	8,748
Customer deposits	**138,546**	214,739	264,892
Other liabilities	**1,218**	1,604	213
Contingent liabilities and other commitments	**296,003**	267,764	294,759

	Three Months Ended	
	31 March 2013 (Reviewed) QAR'000	*31 March 2012 (Reviewed) QAR'000*
Statement of income items		
Interest and commission income	**8,911**	9,949
Interest and commission expenses	**834**	368
Compensation to Board of Directors		
Salaries and other benefits	**13,289**	12,697
End of service benefits and pension fund	**697**	544
	13,986	13,241

13 CASH AND CASH EQUIVALENTS

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

	31 March 2013 (Reviewed) QAR'000	*31 March 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Cash and balances with central banks	**1,598,232**	1,705,078	1,121,198
Balance due from banks maturing within 3 months	**2,073,231**	7,617,883	4,107,793
	3,671,463	9,322,961	5,228,991

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

14 COMPARATIVE FIGURES

Certain comparative figures pertaining to prior period have been reclassified in order to conform to the presentation of the current period and improve the quality of the information presented. However, such reclassifications do not affect the previously reported net profit, other comprehensive income or the total consolidated equity for the comparative year/period.

In particular, the Qatar Central Bank (QCB) required all banks to bring customer acceptances onto the statement of financial position. The Group concluded that it was appropriate to affect the change for the prior period. As a result, the comparatives in the interim consolidated statement of financial position as at 31 March 2012 have been affected to include customer acceptance amounting to QR 429 million.

In addition, the basic and diluted earnings per share of QR 1.89 for the period ended 31 March 2012 as originally reported has been restated to QR 1.77 per share due to the effect of rights issue.