



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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2015

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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 31 March 2015, comprising of the interim consolidated statement of financial position as at 31 March 2015 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 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
Ernst & Young
Auditor's Registration No: 236

Date: 20 April 2015
Doha

DOHA BANK Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Assets			
Cash and balances with central banks	3,178,947	3,679,851	3,706,541
Due from banks	8,846,448	11,373,317	12,246,782
Loans and advances to customers	5 50,837,300	43,426,642	48,558,521
Investment securities	6 9,638,874	10,059,269	9,452,828
Investment in an associate	9,310	9,668	9,244
Property, furniture and equipment	749,695	793,923	761,011
Other assets	890,865	713,666	782,635
Total assets	74,151,439	70,056,336	75,517,562
Liabilities			
Due to banks	12,312,419	10,240,525	12,794,735
Customer deposits	45,216,893	43,470,692	45,946,575
Debt securities	7 2,583,791	2,578,540	2,582,478
Other borrowings	8 1,159,679	817,593	727,681
Other liabilities	2,196,284	2,389,767	2,173,340
Total liabilities	63,469,066	59,497,117	64,224,809
Equity			
Share capital	2,583,723	2,583,723	2,583,723
Legal reserve	4,313,177	4,311,133	4,313,177
Risk reserve	1,140,000	960,650	1,140,000
Fair value reserve	9 (55,351)	8,003	(57,574)
Foreign currency translation reserve	(9,914)	(4,361)	(10,595)
Proposed dividends	10 -	-	1,033,489
Retained earnings	710,738	700,071	290,533
Total equity attributable to shareholders of the Bank	8,682,373	8,559,219	9,292,753
Instrument eligible as additional capital	11 2,000,000	2,000,000	2,000,000
Total equity	10,682,373	10,559,219	11,292,753
Total liabilities and equity	74,151,439	70,056,336	75,517,562

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 three months ended 31 March 2015

	<i>Three Months Ended</i>	
	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>
Interest income	669,684	627,881
Interest expense	<u>(162,941)</u>	<u>(142,515)</u>
Net interest income	506,743	485,366
Fee and commission income	119,946	96,155
Fee and commission expense	<u>(1,246)</u>	<u>(1,147)</u>
Net fee and commission income	118,700	95,008
Gross written premium	23,592	22,415
Premium ceded	<u>(10,028)</u>	<u>(8,091)</u>
Net claims paid	<u>(7,739)</u>	<u>(9,193)</u>
Net income from insurance activities	5,825	5,131
Foreign exchange gain	26,426	22,451
Income from investment securities	36,542	74,362
Other operating income	<u>19,341</u>	<u>15,018</u>
	82,309	111,831
Net operating income	713,577	697,336
Staff cost	<u>(133,238)</u>	<u>(112,854)</u>
Depreciation	<u>(19,835)</u>	<u>(23,126)</u>
Impairment losses on investment securities	<u>(9,900)</u>	<u>(16,100)</u>
Net impairment loss on loans and advances to customers	<u>(28,555)</u>	<u>(56,449)</u>
Other expenses	<u>(99,235)</u>	<u>(88,712)</u>
	(290,763)	(297,241)
Profit for the period before tax	422,814	400,095
Income tax expense	<u>(2,609)</u>	<u>(748)</u>
Profit for the period	420,205	399,347
Basic and diluted earnings per share (QAR)	1.63	1.55
Weighted average number of shares	258,372,300	258,372,300

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

DOHA BANK Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2015

		<i>Three Months Ended</i>	
		<i>31 March</i>	<i>31 March</i>
		<i>2015</i>	<i>2014</i>
	<i>Note</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
		<i>QAR'000</i>	<i>QAR'000</i>
Profit for the period		420,205	399,347
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation difference for foreign operations		681	286
Net change in fair value of available-for-sale investment securities	9	2,223	51,358
Net other comprehensive income to be classified to profit and loss in subsequent periods		2,904	51,644
<i>Items not to be reclassified to profit or loss in subsequent periods</i>		-	-
Other comprehensive income		2,904	51,644
Total comprehensive income for the period		423,109	450,991

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

DOHA BANK Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2015

Equity attributable to shareholders of the bank

	<i>Share capital QAR'000</i>	<i>Legal reserve QAR'000</i>	<i>Risk reserve QAR'000</i>	<i>Fair value reserve QAR'000</i>	<i>Foreign exchange translation reserve QAR'000</i>	<i>Proposed dividends QAR'000</i>	<i>Retained earnings QAR'000</i>	<i>Total QAR'000</i>	<i>Instrument eligible as additional capital QAR'000</i>	<i>Total QAR'000</i>
Balance at 1 January 2014 (Audited)	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	-	-	-	-	-	-	399,347	399,347	-	399,347
Other comprehensive income	-	-	-	51,358	286	-	-	51,644	-	51,644
Total comprehensive income for the period	-	-	-	51,358	286	-	399,347	450,991	-	450,991
Dividends paid (Note 10)	-	-	-	-	-	(1,162,675)	-	(1,162,675)	-	(1,162,675)
Balance at 31 March 2014 (Reviewed)	<u>2,583,723</u>	<u>4,311,133</u>	<u>960,650</u>	<u>8,003</u>	<u>(4,361)</u>	<u>-</u>	<u>700,071</u>	<u>8,559,219</u>	<u>2,000,000</u>	<u>10,559,219</u>
Balance at 1 January 2015 (Audited)	2,583,723	4,313,177	1,140,000	(57,574)	(10,595)	1,033,489	290,533	9,292,753	2,000,000	11,292,753
Profit for the period	-	-	-	-	-	-	420,205	420,205	-	420,205
Other comprehensive income	-	-	-	2,223	681	-	-	2,904	-	2,904
Total comprehensive income for the period	-	-	-	2,223	681	-	420,205	423,109	-	423,109
Dividends paid (Note 10)	-	-	-	-	-	(1,033,489)	-	(1,033,489)	-	(1,033,489)
Balance at 31 March 2015 (Reviewed)	<u>2,583,723</u>	<u>4,313,177</u>	<u>1,140,000</u>	<u>(55,351)</u>	<u>(9,914)</u>	<u>-</u>	<u>710,738</u>	<u>8,682,373</u>	<u>2,000,000</u>	<u>10,682,373</u>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

DOHA BANK Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2015

	<i>Three months ended</i>		<i>Year ended</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>	<i>2014</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
<i>Notes</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period/year before taxes	422,814	400,095	1,370,238
Adjustments for:			
Net impairment loss on loans and advances to customers	28,555	56,449	439,149
Impairment loss on investment securities	9,900	16,100	30,174
Depreciation	19,835	23,126	83,575
Amortisation of financing cost	1,313	2,709	6,647
Net gain on investment securities	(11,224)	(52,266)	(185,349)
Share of results of an associate	-	-	(42)
Profits before changes in operating assets and liabilities	471,193	446,213	1,744,392
Change in due from banks	880,367	(239,565)	(1,536,448)
Change in loans and advances to customers	(2,163,676)	(2,323,853)	(8,709,320)
Change in other assets	(108,230)	58,431	(10,538)
Change in due to banks	(482,316)	2,520,744	5,074,954
Change in customer deposits	(729,682)	948,203	3,424,086
Change in other liabilities	(68,969)	(52,885)	(721,257)
Social and sports fund contribution	(33,966)	(32,816)	(32,816)
Income tax paid	(19,707)	(748)	(11,580)
Net cash (used in) from operating activities	(2,254,986)	1,323,724	(778,527)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities	(2,582,721)	(2,795,820)	(8,380,613)
Proceeds from sale of investment securities	2,400,156	4,527,366	10,772,456
Acquisition of property, furniture and equipment	(8,594)	(57,578)	(85,160)
Proceeds from sale of property, furniture and equipment	75	-	45
Net cash (used in) from investing activities	(191,084)	1,673,968	2,306,728
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other borrowings	431,998	362,405	272,493
Dividends paid	10 (1,033,489)	(1,162,675)	-
Net cash (used in) from financing activities	(601,491)	(800,270)	272,493
Net (decrease) increase in cash and cash equivalents	(3,047,561)	2,197,422	1,800,694
Cash and cash equivalents at the beginning of the period/year	10,099,073	8,298,379	8,298,379
Cash and cash equivalents at the end of the period/year	14 7,051,512	10,495,801	10,099,073
Operational cash flows from interest and dividend :			
Interest received	610,986	647,191	2,586,596
Interest paid	175,797	150,593	554,607
Dividends received	25,292	22,504	36,224

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

DOHA BANK Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2015

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 and Abu Dhabi), State of Kuwait and India and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany Australia, Hong Kong, Sharjah (UAE), Canada and South Africa. 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 three months ended 31 March 2015 comprises the Bank and its subsidiaries (together referred to as “the Group”).

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2015 were authorised for issue by the Board of Directors on 20 April 2015.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2015 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 2014. The results for the three months ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

The following amended accounting standards became effective in 2015 and have been adopted by the Group in preparation of these Interim Condensed Consolidated Financial Statements as applicable. Whilst they did not have any material impact on these Interim Condensed Consolidated Financial Statements, they may require additional disclosures in the Annual Consolidated Financial Statements for the year ending 31 December 2015:

Amendments to IAS 19 Defined Benefits Plans : Employee Contributions
Annual Improvement Cycle - 2010-2012
Annual Improvement Cycle - 2011-2013

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<i>Topic</i>	<i>Effective date</i>
IFRS 9 Financial Instruments	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to IFRS 11 Joint Arrangement: Accounting for acquisition of interest	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to IAS 27: Equity method in separate financial statements	1 January 2016

The Group is assessing the impact of implementation of these standards.

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 three months ended 31 March 2015 are stated below:

DOHA BANK Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2015

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 three months ended 31 March 2015</i>					
Interest income	569,106	100,578	-	-	669,684
Net income from insurance activities	-	-	-	5,825	5,825
Other income	136,821	41,717	19,341	3,130	201,009
Segmental revenue	<u>705,927</u>	<u>142,295</u>	<u>19,341</u>	<u>8,955</u>	<u>876,518</u>
Profit for the period				3,101	<u>420,205</u>
As at 31 March 2015					
Assets	61,986,204	7,141,474	4,742,247	272,204	74,142,129
Investment in an associate					<u>9,310</u>
Total assets					<u>74,151,439</u>
Liabilities	51,478,225	11,156,127	709,128	125,586	63,469,066
Contingent items	32,222,806	369,206	-	-	32,592,012

DOHA BANK Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2015

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 three months ended 31 March 2014</i>					
Interest income	528,649	99,232	-	-	627,881
Net income from insurance activities	-	-	-	5,131	5,131
Other income	158,525	30,200	15,018	3,096	206,839
Segmental revenue	<u>687,174</u>	<u>129,432</u>	<u>15,018</u>	<u>8,227</u>	<u>839,851</u>
Profit for the period				<u>2,269</u>	<u>399,347</u>
As at 31 December 2014					
Assets	62,782,728	7,284,329	5,159,854	281,407	75,508,318
Investment in an associate					<u>9,244</u>
Total assets					<u>75,517,562</u>
Liabilities	54,218,518	9,383,256	485,919	137,116	64,224,809
Contingent items	32,458,791	364,655	-	-	32,823,446

Geographically, the Group operates in the State of Qatar, the United Arab Emirates, the State of Kuwait and India. Qatar operations contributed approximately 88.1% (31 March 2014: 97.4%) of the Bank's profit for the three month period ended 31 March 2015 and approximately 90.8% (31 March 2014: 91.3%; 31 December 2013: 94.3%) 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 2015, 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>
At 31 March 2015				
Financial assets measured at fair value:				
Available-for-sale investment securities	4,064,926	1,141,286	-	5,206,212
Investment securities classified as held for trading	60,561	-	-	60,561
Derivative instruments:				
Interest rate swaps	-	6,784	-	6,784
Cross currency rate swaps	-	2,188	-	2,188
Forward foreign exchange contracts	-	34,736	-	34,736
	<u>4,125,487</u>	<u>1,184,994</u>	<u>-</u>	<u>5,310,481</u>
Financial liabilities measured at fair value:				
Derivative instruments:				
Interest rate swaps	-	18,713	-	18,713
Forward foreign exchange contracts	-	39,898	-	39,898
	<u>-</u>	<u>58,611</u>	<u>-</u>	<u>58,611</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>
31 December 2014				
Financial assets measured at fair value:				
Available-for-sale Investment securities	4,089,030	1,141,749	-	5,230,779
Investment securities classified as held for trading	36,541	-	-	36,541
Derivative instruments:				
Interest rate swaps	-	11,977	-	11,977
Forward foreign exchange contracts	-	26,152	-	26,152
	<u>4,125,571</u>	<u>1,179,878</u>	<u>-</u>	<u>5,305,449</u>
Financial liabilities measured at fair value:				
Derivative instruments:				
Interest rate swaps	-	10,044	-	10,044
Forward foreign exchange contracts	-	42,642	-	42,642
	<u>-</u>	<u>52,686</u>	<u>-</u>	<u>52,686</u>

During the reporting period ended 31 March 2015, there were no transfers between Level 1 and Level 2 fair value measurements. All unquoted available for sale equity investments amounting to QAR 61.3 million (31 December 2014: QAR 61.1 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 observable market 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 three months period ended 31 March 2015

5 LOANS AND ADVANCES TO CUSTOMERS

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Gross loans and advances to customers*	52,542,218	44,731,727	50,333,906
Allowance for impairment	(1,704,918)	(1,305,085)	(1,775,385)
Net loans and advances to customers	<u>50,837,300</u>	<u>43,426,642</u>	<u>48,558,521</u>

The aggregate amount of non-performing loans and advances to customers amounted to QAR 1,411 million representing 2.68% of the total loans and advances to customers as at 31 March 2015 (31 March 2014: QAR 1,278 million representing 2.86% of total loans and advances to customers; 31 December 2014: QAR 1,560 million, representing 3.10 % of total loans and advances to customers).

During the period, the Group has written off fully provided non-performing loans amounting to QAR 111.2 million (2014: Nil) as per Qatar Central Bank circular no. 68/2011.

Allowance for impairment of loans and advances to customers includes interest in suspense of QAR 280.0 million (31 March 2014: QAR 197.7 million, 31 December 2014: QAR 290.5 million).

*This includes acceptances pertaining to trade finance amounting to QAR 708.8 million (31 March 2014: QAR 1,090.4 million, 31 December 2014: QAR 565.2 million).

6 INVESTMENT SECURITIES

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Available-for-sale	5,267,473	5,805,512	5,291,922
Held to maturity	4,310,840	4,233,215	4,124,365
Investment securities classified as held for trading	60,561	20,542	36,541
	<u>9,638,874</u>	<u>10,059,269</u>	<u>9,452,828</u>

The Group has pledged State of Qatar Bonds amounting to QAR 1,683 million (31 March 2014: QAR 168 million; 31 December 2014: QAR 168 million) against repurchase agreements.

7 DEBT SECURITIES

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Subordinated debt notes (a)	772,253	771,609	772,092
Senior guaranteed notes (b)	1,811,538	1,806,931	1,810,386
	<u>2,583,791</u>	<u>2,578,540</u>	<u>2,582,478</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 three months US\$ LIBOR plus 1.32% per annum.

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7 DEBT SECURITIES (continued)

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>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Term loan facilities	<u>1,159,679</u>	<u>817,593</u>	<u>727,681</u>

The table below shows the maturity profile of other borrowings.

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Up to 1 year	<u>795,529</u>	<u>182,075</u>	<u>181,638</u>
Between 1 and 3 years	<u>364,150</u>	<u>635,518</u>	<u>546,043</u>
	<u>1,159,679</u>	<u>817,593</u>	<u>727,681</u>

9 FAIR VALUE RESERVE

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Balance at 1 January	(57,574)	(43,355)	(43,355)
Net unrealized gain on available-for-sale investment securities	5,074	29,214	65,816
Reclassified to interim consolidated statement of income	<u>(2,851)</u>	<u>22,144</u>	<u>(80,035)</u>
Balance at end of the period/year	<u>(55,351)</u>	<u>8,003</u>	<u>(57,574)</u>

10 DIVIDENDS PAID

A cash dividend of 40% (or QAR 4.00 per share) relating to the year ended 31 December 2014 (2013: QAR 4.50 per share), amounting to QAR 1,033.5 million (2013: QAR 1,162.7 million), was approved at the Annual General Assembly held on 4 March 2015 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 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
(a) Contingent commitments			
Guarantees	21,312,576	17,913,787	20,231,382
Letter of credit	2,551,814	3,742,930	3,058,424
Unused credit facilities	8,727,622	4,943,288	9,533,640
Others	1,658,074	1,965,089	491,547
	<u>34,250,086</u>	<u>28,565,094</u>	<u>33,314,993</u>
(b) Other commitments			
Derivative financial instruments:			
Forward foreign exchange contracts	6,969,286	3,996,797	5,527,793
Interest rate swaps	731,942	882,700	746,508
	<u>7,701,228</u>	<u>4,879,497</u>	<u>6,274,301</u>
Total	<u>41,951,314</u>	<u>33,444,591</u>	<u>39,589,294</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>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Statement of financial position items:			
Loans and advances to customers	<u>1,060,947</u>	<u>871,469</u>	<u>1,033,716</u>
Customer deposits	<u>521,787</u>	<u>465,824</u>	<u>429,926</u>
Contingent liabilities and other commitments	<u>1,022,299</u>	<u>502,449</u>	<u>998,929</u>
Other assets	<u>3,650</u>	<u>-</u>	<u>3,650</u>
		Three Months Ended	
		31 March 2015 (Reviewed) QAR'000	31 March 2014 (Reviewed) QAR'000
Statement of income items			
Interest, fee and commission income		<u>7,546</u>	<u>5,065</u>
Interest, fee and commission expense		<u>1,225</u>	<u>1,307</u>
Compensation to Board of Directors			
Salaries and other benefits		<u>5,710</u>	<u>7,921</u>
End of service benefits and pension fund		<u>720</u>	<u>544</u>
		<u>6,430</u>	<u>8,465</u>

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14 CASH AND CASH EQUIVALENTS

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

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Cash and balances with central banks	1,176,036	1,901,857	1,744,830
Balance due from banks maturing within 3 months	5,875,476	8,593,944	8,354,243
	<u>7,051,512</u>	<u>10,495,801</u>	<u>10,099,073</u>

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

15 CAPITAL ADEQUACY

	<i>31 March 2015 (Reviewed) QAR'000</i>	<i>31 March 2014 (Reviewed) QAR'000</i>	<i>31 December 2014 (Audited) QAR'000</i>
Common Equity Tier 1 Capital	8,244,613	8,054,198	8,049,896
Additional Tier 1 Capital	2,000,000	2,000,000	2,000,000
Additional Tier 2 Capital	237,342	309,309	237,338
Total Eligible Capital	<u>10,481,955</u>	<u>10,363,507</u>	<u>10,287,234</u>
Risk Weighted Assets	<u>71,433,830</u>	<u>62,820,562</u>	<u>68,455,918</u>
Risk weighted assets as a percentage of total eligible capital:			
Capital adequacy ratio	<u>14.67%</u>	<u>16.50%</u>	<u>15.03%</u>

16 EVENTS AFTER REPORTING PERIOD

The Group has purchased the business of Mumbai and Kochi branches of HSBC Bank Oman S.A.O.G.' for INR 1,276 million (equivalent QAR 74.6 million) effective from 1 April 2015.