



**Interim Condensed Consolidated Financial Statements**

**As at and for the three month period ended  
31 March 2019**

**Doha Bank Q.P.S.C.**

**Interim Condensed Consolidated Financial Statements  
As at and for the three month period ended 31 March 2019**

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**Independent auditor's report on review of interim condensed consolidated financial statements to the Board of Directors of Doha Bank Q.P.S.C.**

**Introduction**

We have reviewed the accompanying 31 March 2019 condensed consolidated interim financial statements of Doha Bank Q.P.S.C. (the 'Bank') and its subsidiaries (together the 'Group'), which comprise:

- the interim consolidated statement of financial position as at 31 March 2019;
- the interim consolidated income statement for the three month period ended 31 March 2019;
- the interim consolidated statement of comprehensive income for the three month period ended 31 March 2019;
- the interim consolidated statement of changes in equity for the three month period ended 31 March 2019;
- the interim consolidated statement of cash flows for the three month period ended 31 March 2019; and
- notes to the interim condensed consolidated financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, '*Interim Financial Reporting*' ('IAS 34') and applicable provisions of the Qatar Central Bank regulations. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'. A review of interim financial statements 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 31 March 2019 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and applicable provisions of the Qatar Central Bank regulations.

30 April 2019  
Doha  
State of Qatar

Gopal Balasubramaniam  
KPMG  
Qatar Auditor's Registry Number 251  
Licensed by QFMA: External Auditor's  
License No. 120153

Interim consolidated statement of financial position  
As at 31 March 2019

QAR '000s

	Notes	31 March 2019 Reviewed	31 March 2018 Reviewed	31 December 2018 Audited
<b>Assets</b>				
Cash and balances with central banks		5,790,342	4,690,291	7,586,122
Due from banks		5,535,514	9,059,953	6,238,998
Loans and advances to customers	7	58,685,038	59,930,815	59,844,059
Investment securities	8	24,232,638	18,318,496	20,727,215
Investment in an associate		10,608	10,897	10,510
Property, furniture and equipment	9	742,258	674,938	621,469
Other assets		1,333,586	934,452	1,104,038
<b>Total assets</b>		<b>96,329,984</b>	<b>93,619,842</b>	<b>96,132,411</b>
<b>Liabilities</b>				
Due to banks		18,136,875	13,134,352	19,528,535
Customer deposits		54,458,737	59,700,618	55,785,338
Debt securities	10	744,771	729,410	747,573
Other borrowings	11	6,944,085	5,559,238	4,844,137
Other liabilities		3,157,593	2,073,213	2,493,599
<b>Total liabilities</b>		<b>83,442,061</b>	<b>81,196,831</b>	<b>83,399,182</b>
<b>Equity</b>				
Share capital	12	3,100,467	3,100,467	3,100,467
Legal reserve		5,092,948	5,092,762	5,092,948
Risk reserve		137,200	-	137,200
Fair value reserve		(71,249)	(344,406)	(227,271)
Foreign currency translation reserve		(54,955)	(41,150)	(56,180)
Retained earnings		683,512	615,338	686,065
<b>Total equity attributable to shareholders of the Bank</b>		<b>8,887,923</b>	<b>8,423,011</b>	<b>8,733,229</b>
Instruments eligible as additional Tier 1 capital	13	4,000,000	4,000,000	4,000,000
<b>Total equity</b>		<b>12,887,923</b>	<b>12,423,011</b>	<b>12,733,229</b>
<b>Total liabilities and equity</b>		<b>96,329,984</b>	<b>93,619,842</b>	<b>96,132,411</b>

The interim condensed consolidated financial statements were approved by the Board of Directors on 30 April 2019 and were signed on its behalf by:

**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

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

**Interim consolidated income statement**  
**For the three month period ended 31 March 2019**

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	<b>Three month period ended</b>	
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Note</b>	<b>Reviewed</b>	<b>Reviewed</b>
Interest income	<b>1,016,538</b>	978,571
Interest expense	<b>(523,856)</b>	(418,485)
<b>Net interest income</b>	<b>492,682</b>	560,086
Fee and commission income	<b>130,810</b>	118,744
Fee and commission expense	<b>(30,843)</b>	(24,729)
<b>Net fee and commission income</b>	<b>99,967</b>	94,015
Gross written premium	<b>11,283</b>	13,115
Premium ceded	<b>(1,877)</b>	(944)
Net claims paid	<b>(8,474)</b>	(9,793)
<b>Net income from insurance activities</b>	<b>932</b>	2,378
Net foreign exchange gain	<b>27,320</b>	20,985
Income from investment securities	<b>(1,078)</b>	9,704
Other operating income	<b>15,646</b>	10,890
	<b>41,888</b>	41,579
<b>Net operating income</b>	<b>635,469</b>	698,058
Staff costs	<b>(115,123)</b>	(132,100)
Depreciation	<b>(29,220)</b>	(23,160)
Net impairment loss on investment securities	<b>(7,189)</b>	(9,102)
Net impairment loss on loans and advances to customers	<b>(119,935)</b>	(49,691)
Net impairment losses on other financial assets	<b>(4,186)</b>	(1,715)
Other expenses	<b>(82,598)</b>	(99,221)
	<b>(358,251)</b>	(314,989)
<b>Profit before tax</b>	<b>277,218</b>	383,069
Income tax reversal / (expense)	<b>30,276</b>	(1,716)
<b>Profit</b>	<b>307,494</b>	381,353
<b>Earnings per share</b>		
Basic/diluted earnings per share (QAR per share)	15	1.23
	<b>0.99</b>	

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Interim consolidated statement of comprehensive income  
For the three month period ended 31 March 2019

QAR '000s

	<b>Three month period ended</b>	
	<b>31 March 2019</b>	31 March 2018
<b>Note</b>	<b>Reviewed</b>	Reviewed
<b>Profit</b>	<b>307,494</b>	381,353
<b>Other comprehensive income</b>		
<b>Items that are or may be subsequently reclassified to income statement:</b>		
Foreign currency translation differences for foreign operations	1,225	(3,694)
<i>Movement in fair value reserve (debt instruments – IFRS 9):</i>		
Net change in fair value	115,235	(75,324)
Net amount transferred to consolidated statement of income	27,484	(414)
	<b>143,944</b>	(79,432)
<b>Items that will not be reclassified subsequently to statement of income</b>		
Net change in fair value of equity investments designated at FVOCI (IFRS 9)	13,303	11,460
<b>Other comprehensive income / (loss)</b>	<b>157,247</b>	(67,972)
<b>Total comprehensive income</b>	<b>464,741</b>	313,381

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Interim consolidated statement of changes in equity  
For the three month period ended 31 March 2019

QAR '000s

## Equity attributable to shareholders of the Bank

	Share capital	Legal Reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Instrument eligible as additional Tier 1 capital	Total equity
Balance at 1 January 2019 (Audited)	3,100,467	5,092,948	137,200	(227,271)	(56,180)	686,065	8,733,229	4,000,000	12,733,229
<i>Total comprehensive income:</i>									
Profit	-	-	-	-	-	307,494	307,494	-	307,494
Other comprehensive income	-	-	-	156,022	1,225	-	157,247	-	157,247
Total comprehensive income	-	-	137,200	156,022	1,225	307,494	464,741		464,741
<i>Transactions with shareholders:</i>									
Dividends paid (Note 14)	-	-	-	-	-	(310,047)	(310,047)	-	(310,047)
<b>Balance at 31 March 2019 (Reviewed)</b>	<b>3,100,467</b>	<b>5,092,948</b>	<b>137,200</b>	<b>(71,249)</b>	<b>(54,955)</b>	<b>683,512</b>	<b>8,887,923</b>	<b>4,000,000</b>	<b>12,887,923</b>
Balance at 1 January 2018 (Audited)	3,100,467	5,092,762	1,372,000	(67,555)	(13,451)	1,322,774	10,806,997	4,000,000	14,806,997
Effect of restatement (note 20)	-	-	-	-	(24,005)	24,005	-	-	-
Balance at 1 January 2018 (Restated)	3,100,467	5,092,762	1,372,000	(67,555)	(37,456)	1,346,779	10,806,997	4,000,000	14,806,997
Impact of adoption of IFRS 9	-	-	(1,372,000)	(212,573)	-	(182,654)	(1,767,227)	-	(1,767,227)
Restated balance at 1 January 2018	3,100,467	5,092,762	-	(280,128)	(37,456)	1,164,125	9,039,770	4,000,000	13,039,770
<i>Total comprehensive income:</i>									
Profit	-	-	-	-	-	381,353	381,353	-	381,353
Other comprehensive income	-	-	-	(64,278)	(3,694)	-	(67,972)	-	(67,972)
Total comprehensive income	-	-	-	(64,278)	(3,694)	381,353	313,381	-	313,381
<i>Transactions with shareholders:</i>									
Dividends paid (Note 14)	-	-	-	-	-	(930,140)	(930,140)	-	(930,140)
Balance at 31 March 2018 (Reviewed)	3,100,467	5,092,762	-	(344,406)	(41,150)	615,338	8,423,011	4,000,000	12,423,011

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Interim consolidated statement of cash flows  
For the three month period ended 31 March 2019

QAR '000s

	Three month period ended		Year ended
	31 March 2019 Reviewed	31 March 2018 Reviewed	31 December 2018 Audited
<b>Cash flows from operating activities</b>			
Profit before tax	277,218	383,069	834,036
Adjustments for:			
Net impairment loss on loans and advances to customers	119,935	49,691	951,683
Net impairment loss on investment securities	7,189	9,102	16,207
Net impairment loss on other financial instruments	4,186	1,715	(103,699)
Depreciation	29,220	23,160	90,059
Amortisation of financing cost	3,735	1,564	13,141
Net loss on disposal of investment securities	16,816	12,290	46,757
Profit on sale of property, furniture and equipment	-	(17)	(183)
Share of results of an associate	-	-	(340)
<b>Profits before changes in operating assets and liabilities</b>	<b>458,299</b>	<b>480,574</b>	<b>1,847,661</b>
Change in due from banks	65,578	127,267	132,999
Change in loans and advances to customers	1,233,759	(1,562,627)	(2,132,784)
Change in other assets	(229,548)	(156,033)	(325,619)
Change in due to banks	(1,391,660)	2,105,427	8,499,610
Change in customer deposits	(1,326,601)	(33,191)	(3,948,471)
Change in other liabilities	712,018	392,406	435,451
Social and sports fund contribution	(20,756)	(27,752)	(27,752)
Income tax reversal / (paid)	21,639	(34,807)	(29,606)
<b>Net cash (used in) / from operating activities</b>	<b>(477,272)</b>	<b>1,291,264</b>	<b>4,451,489</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment securities	(4,424,394)	(2,546,635)	(11,581,363)
Proceeds from sale of investment securities	1,050,890	1,566,554	8,264,137
Net (Acquisition) / disposal of property, furniture and equipment	(150,009)	10,471	(2,960)
Proceeds from sale of property, furniture and equipment	-	28	195
<b>Net cash used in investing activities</b>	<b>(3,523,513)</b>	<b>(969,582)</b>	<b>(3,319,991)</b>
<b>Cash flows from financing activities</b>			
Proceeds from / (repayment of) other borrowings	2,099,948	119,159	(595,942)
(Repayment) / proceeds from issue of debt securities	(2,802)	70,468	88,631
Distribution on Tier 1 capital notes	(220,000)	(220,000)	(220,000)
Dividends paid	(310,047)	(930,140)	(930,140)
<b>Net cash from / (used in) financing activities</b>	<b>1,567,099</b>	<b>(960,513)</b>	<b>(1,657,451)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,433,686)</b>	<b>(638,831)</b>	<b>(525,953)</b>
Cash and cash equivalents at the beginning of the period/year	9,779,722	10,305,675	10,305,675
<b>Cash and cash equivalents at the end of the period / year</b>	<b>7,346,036</b>	<b>9,666,844</b>	<b>9,779,722</b>
<b>Operational cash flows from interest and dividend:</b>			
Interest received	955,011	934,862	3,878,639
Interest paid	460,537	312,959	1,731,955
Dividends received	15,738	22,717	36,914

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.



**Notes to the interim condensed consolidated financial statements  
As at and for the three month period ended 31 March 2019**

**1. Reporting entity**

Doha Bank Q.P.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 Qatar (Doha) and has 27 local branches, six overseas branches in the United Arab Emirates (Dubai & Abu Dhabi), State of Kuwait, the Republic of India (one branch each in Mumbai, Kochi and Chennai) and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Hong Kong, Canada, Bangladesh, South Africa, Sri Lanka and Nepal. The condensed consolidated interim financial statements for the three month period ended 31 March 2019 comprises of the Bank and its subsidiaries (together referred to as “the Group”).

The principal subsidiaries of the Group are as follows:

Company’s name	Country of incorporation	Company’s capital	Company’s activities	Percentage of ownership	
				31 March 2019	31 March 2018
Doha Bank Assurance Company L.L.C.	Qatar	100,000	General Insurance	100%	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	100%	100%
DB Securities Limited	Cayman Island	182	Derivatives Transactions	100%	100%

**2. Basis of preparation**

**(a) Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and the applicable provisions of the Qatar Central Bank (“QCB”) regulations.

The condensed consolidated interim 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 consolidated financial statements as at and for the year ended 31 December 2018 except for the effects of adoption of IFRS 16 as described in Note 3(c) to these interim condensed consolidated financial statements. The results for the three month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

**(b) Estimates and judgements**

The preparation of the condensed consolidated interim financial statements in conformity with IFRS and QCB regulations requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2018, except for the effects of adoption of IFRS 16 as described in Note 3(c) to these condensed consolidated interim financial statements.

**(c) Financial risk management**

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

**Notes to the interim condensed consolidated financial statements  
As at and for the three month period ended 31 March 2019**

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**3. Significant accounting policies**

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2018, except as noted below:

During the period, the Group applied the following standards and amendments to standards have been applied by the Group in preparation of these condensed consolidated interim financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Group.

**a) New standards adopted by the Group**

- IFRS 16 – “Leases” (Effective 1 January 2019)

**b) Standards and amendments issued but not yet effective**

- IFRS 17 – “Insurance Contracts” (Effective on 1 January 2021)
- Amendments to IFRS 10 – “Consolidated Financial Statements” and IAS 28 – “Investments in Associates and Joint Ventures” on sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely / available for optional adoption)

The Group is currently evaluating the impact of these new standards. The Group will adopt these new standards on their effective dates.

**c) Adoption of IFRS 16 – “Leases”**

The Group has adopted IFRS 16 as issued by the IASB in January 2016 with a date of transition of 1 January 2019, which resulted in almost all leases being recognized on the balance sheet by the lessee, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only recognition exemptions are short-term and low-value leases.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts, prior to the date of adoption of the standard. As allowed under IFRS 16, right-of-use assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Further the Group has used the following practical expedients on initial application:

- used the Group's previous assessment of which existing contracts are, or contain, lease;
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- exclude initial direct costs from the measurement of right of use asset at the date of initial application;
- use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease; and
- elected not to separate lease component from any associated non-lease components and taken this option to account for the lease component and the associated non-lease components as a single lease component.

The Group's activities as a lessor are not material and hence the Group did not have any significant impact on the condensed consolidated interim financial statements.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

**3. Significant accounting policies (continued)****c) Adoption of IFRS 16 – “Leases” (continued)**

The following amounts are recognized under the new standard and included in the respective headings of the interim consolidated statement of financial position and income statement.

	<b>31 March 2019 Reviewed</b>	1 January 2019 Reviewed
Right of use asset (Property & Equipment)	132,034	143,105
Lease liability (Other Liabilities)	128,117	143,105
		<b>Three Month period ended 31 March 2019 Reviewed</b>
Depreciation charge for right of use assets		11,071
Interest expense on lease liabilities		687

**4. Financial Risk Management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

**(a) Exposure and related ECL movements**

	31 March 2019 (Reviewed)				31 March 2018 (Reviewed)
	Stage 1	Stage 2	Stage 3	Total	Total
<b>Gross exposures subject to ECL – as at 31 March 2019</b>					
- Loans and advances to customers	39,748,643	20,302,642	3,681,374	63,732,659	64,258,555
- Investment securities (debt)	23,332,518	21,331	-	23,353,849	17,488,222
- Loan commitments and financial guarantees	15,589,946	6,169,003	280,601	22,039,550	27,569,210
- Due from banks and balances with central Banks	10,456,330	446,718	-	10,903,048	13,242,066
	<b>89,127,437</b>	<b>26,939,694</b>	<b>3,961,975</b>	<b>120,029,106</b>	122,558,053
<b>Opening balance of ECL / impairment - as at 1 January</b>					
- Loans and advances to customers	223,709	1,301,896	3,707,819	5,233,424	2,817,973
- Investment securities (debt)	18,359	793	22,832	41,984	14,195
- Loan commitments and financial guarantees	27,575	126,204	8,158	161,937	-
- Due from banks and balances with central Banks	11,886	392	-	12,278	-
	<b>281,529</b>	<b>1,429,285</b>	<b>3,738,809</b>	<b>5,449,623</b>	2,832,168
<b>ECL impact of initial application of IFRS 9</b>					
- Loans and advances to customers	-	-	-	-	1,402,860
- Investment securities (debt)	-	-	-	-	11,673
- Loan commitments and financial guarantees	-	-	-	-	334,261
- Due from banks and balances with central Banks	-	-	-	-	17,179
	-	-	-	-	1,765,973
<b>Net charge and transfers for the period</b>					
- Loans and advances to customers	(105,498)	94,072	160,400	148,974	106,907
- Investment securities (debt)	(4,067)	(92)	11,348	7,189	9,102
- Loan commitments and financial guarantees	(15,577)	29,940	74,982	89,345	(1,098)
- Due from banks and balances with central Banks	(10,372)	195	-	(10,177)	2,813
	<b>(135,514)</b>	<b>124,115</b>	<b>246,730</b>	<b>235,331</b>	117,724
<b>Write offs during the period</b>					
- Loans and advances to customers	-	-	(334,777)	(334,777)	-
- Investment securities (debt)	-	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-	-
- Due from banks and balances with central Banks	-	-	-	-	-
	-	-	<b>(334,777)</b>	<b>(334,777)</b>	-
<b>Closing balance of ECL / impairment - as at 31 March</b>					
- Loans and advances to customers	118,211	1,395,968	3,533,442	5,047,621	4,327,740
- Investment securities (debt)	14,292	701	34,180	49,173	34,970
- Loan commitments and financial guarantees	11,998	156,144	83,140	251,282	333,163
- Due from banks and balances with central Banks	1,514	587	-	2,101	19,992
	<b>146,015</b>	<b>1,553,400</b>	<b>3,650,762</b>	<b>5,350,177</b>	4,715,865

**5. 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 and 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 2019 and 31 March 2018 are stated below:

**For the three month period ended 31 March 2019**

	Conventional Banking			Total	Insurance	Total
	Corporate Banking	Retail Banking	Unallocated			
Interest income	928,849	87,689	-	1,016,538	-	1,016,538
Net income on insurance activities	-	-	-	-	932	932
Net other operating income	92,207	32,382	15,646	140,235	1,620	141,855
Segmental revenue	1,021,056	120,071	15,646	1,156,773	2,552	1,159,325
Profit for the period				306,965	529	307,494
<b>As at 31 March 2019</b>						
Assets	82,490,224	5,715,033	7,658,858	95,864,115	455,261	96,319,376
Investment in an associate	-	-	-	-	-	10,608
Total assets						96,329,984
Liabilities	70,709,734	11,215,797	1,222,161	83,147,692	294,369	83,442,061
Contingent items	21,956,309	83,241	-	22,039,550	-	22,039,550

Intra-group transactions are eliminated from this segmental information (Assets: QAR 114.9 million and Liabilities: QAR 15.0 million)

Doha Bank Q.P.S.C.

Notes to the interim condensed consolidated financial statements  
As at and for the three month period ended 31 March 2019

QAR '000s

5. Operating segments (continued)

For the three month period ended 31 March 2018	Conventional Banking			Total	Insurance	Total
	Corporate Banking	Retail Banking	Unallocated			
Interest income	890,323	88,248	-	978,571	-	978,571
Net income on insurance activities	-	-	-	-	2,378	2,378
Net other operating income	87,627	34,999	10,890	133,516	2,078	135,594
Segmental revenue	977,950	123,247	10,890	1,112,087	4,456	1,116,543
Profit for the period				380,181	1,172	381,353
As at 31 December 2018						
Assets	80,409,802	6,186,523	9,104,814	95,701,139	420,762	96,121,901
Investment in an associate	-	-	-	-	-	10,510
Total assets						96,132,411
Liabilities	72,288,428	9,899,986	951,809	83,140,223	258,959	83,399,182
Contingent items	23,133,637	53,783	-	23,187,420	-	23,187,420

**6. 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 2019, the Group held the following classes of financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
<b>At 31 March 2019</b>				
<b>Financial assets measured at fair value:</b>				
Investment securities measured at FVOCI	17,388,947	52,731	-	17,441,678
Investment securities measured at FVTPL	89,308	58,374	-	147,682
<i>Derivative instruments:</i>				
Interest rate swaps	-	37,792	-	37,792
Forward foreign exchange contracts	-	552	-	552
	<b>17,478,255</b>	<b>149,449</b>	-	<b>17,627,704</b>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Interest rate swaps	-	257,589	-	257,589
Forward foreign exchange contracts	-	2,414	-	2,414
	-	<b>260,003</b>	-	<b>260,003</b>
	Level 1	Level 2	Level 3	Total
<b>At 31 December 2018</b>				
<b>Financial assets measured at fair value:</b>				
Investment securities measured at FVOCI	14,863,146	352,781	-	15,215,927
Investment securities measured at FVTPL	43,716	58,640	-	102,356
<i>Derivative instruments:</i>				
Interest rate swaps	-	77,417	-	77,417
Forward foreign exchange contracts	-	10,388	-	10,388
	<b>14,906,862</b>	<b>499,226</b>	-	<b>15,406,088</b>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Interest rate swaps	-	123,187	-	123,187
Forward foreign exchange contracts	-	15,701	-	15,701
	-	<b>138,888</b>	-	<b>138,888</b>

During the reporting period ended 31 March 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

**6. Fair value of financial instruments (continued)****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.

**7. Loans and advances to customers**

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
Loans	57,167,110	55,895,561	57,559,469
Overdrafts	5,091,803	7,314,351	6,240,831
Bills discounted	361,805	437,507	367,679
Other*	<u>1,123,924</u>	<u>629,281</u>	<u>924,002</u>
	<b>63,744,642</b>	64,276,700	65,091,981
Deferred profit	(11,983)	(18,145)	(14,498)
ECL on loans and advances to customers (stage 1 & 2)	(1,514,179)	(1,538,405)	(1,525,605)
Net impairment on loans and advances to customers (Stage 3)	<u>(3,533,442)</u>	<u>(2,789,335)</u>	<u>(3,707,819)</u>
<b>Net loans and advances to customers*</b>	<b><u>58,685,038</u></b>	<b><u>59,930,815</u></b>	<b><u>59,844,059</u></b>

The aggregate amount of non-performing loans and advances to customers at 31 March 2019 amounted to QAR 3,681 million which represents 5.78% of total loans and advances to customers (31 March 2018: QAR 2,560 million, 3.98% of total loans and advances to customers; 31 December 2018: QAR 3,802 million, 5.84% of total loans and advances to customers).

During the period, the Group has written off fully provided non-performing loans amounting to QAR 335 million (31 March 2018: Nil, 31 December 2018: QAR 389 million) as per Qatar Central Bank circular no. 68/2011.

Net impairment of loans and advances includes QAR 736 million of interest in suspense (31 March 2018: QAR 505 million; 31 December 2018: QAR 667 million).

\*This includes acceptances pertaining to trade finance activities amounting to QAR 646 million (31 March 2018: QAR 219 million; 31 December 2018: QAR 451 million).



**8. Investment securities**

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
Investment securities measured at FVOCI	17,441,678	13,633,818	15,215,927
Investment securities measured at FVTPL	147,682	158,585	102,357
Investment securities measured at amortised cost	6,444,872	4,392,411	5,258,181
Interest receivable	<u>232,834</u>	<u>168,653</u>	<u>175,332</u>
	<b>24,267,066</b>	18,353,467	20,751,797
Net impairment losses on investment securities	<u>(34,428)</u>	<u>(34,971)</u>	<u>(24,582)</u>
	<b><u>24,232,638</u></b>	<b><u>18,318,496</u></b>	<b><u>20,727,215</u></b>

The Group has pledged State of Qatar Bonds amounting to QAR 6,643 million as at 31 March 2019 (31 March 2018: QAR 5,074 million; 31 December 2018: QAR 7,401 million) against repurchase agreements.

**9. Property, furniture and equipment****Acquisitions and disposals**

During the period ended 31 March 2019, the Group acquired assets with a cost of QAR 5.5 million (31 March 2018: QAR 8.8 million; 31 December 2018: QAR 22 million).

Asset disposals made by the Group during the period ended 31 March 2019 amounted to QAR 5 thousand (31 March 2018: QAR 111 thousand, 31 December 2018: QAR 18.9 million), at original cost.

**10. Debt securities**

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
Senior guaranteed notes	742,692	727,680	745,997
Interest payable	<u>2,079</u>	<u>1,730</u>	<u>1,576</u>
	<b><u>744,771</u></b>	<b><u>729,410</u></b>	<b><u>747,573</u></b>

*Note:*

The Group has issued USD 75 million and JPY 14.3 billion as at 31 March 2019 (31 March 2018: USD 75 million and JPY 13.3 billion; 31 December 2018: USD 75 million and JPY 14.3 billion) senior unsecured debt under its updated EMTN programme.

**11. Other borrowings**

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
Term loan facilities	6,911,942	5,550,632	4,831,161
Interest payable	32,143	8,606	12,976
	<u><b>6,944,085</b></u>	<u>5,559,238</u>	<u>4,844,137</u>

The table below shows the maturity profile of other borrowings:

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
Upto 1 year	3,203,422	2,761,533	2,918,583
Between 1 and 3 years	3,740,663	2,797,705	1,925,554
	<u><b>6,944,085</b></u>	<u>5,559,238</u>	<u>4,844,137</u>

**12. Share capital**

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
Authorised number of ordinary shares (in thousands)	<u><b>310,047</b></u>	<u>310,047</u>	<u>310,047</u>
(Nominal value of ordinary shares QAR 10 each)			
Issued and paid up capital (in thousands of Qatar Riyals)	<u><b>3,100,467</b></u>	<u>3,100,467</u>	<u>3,100,467</u>

All shares are of the same class and carry equal voting rights.

**13. Instrument eligible as additional tier 1 capital**

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
Issued on 31 December 2013	2,000,000	2,000,000	2,000,000
Issued on 30 June 2015	2,000,000	2,000,000	2,000,000
	<u><b>4,000,000</b></u>	<u>4,000,000</u>	<u>4,000,000</u>

The Group has issued regulatory Tier I capital notes totaling to QAR 4 billion. These notes are perpetual, subordinated, unsecured and each has been priced at a fixed interest rate for the first six years and shall be re-priced thereafter. The coupon is discretionary and the event on non-payment is not considered as an event of default. The notes carry no maturity date and have been classified under Tier 1 capital.

**14. Dividend**

A cash dividend of 10% (QAR 1.0 per share) relating to the year ended 31 December 2018 (2017: QAR 3.0 per share), amounting to QAR 310 million (2017: QAR 930.1 million), was approved at the Annual General Assembly held on 6 March 2019 and paid during the period.

**15. Earnings per share**

	<b>31 March 2019</b>	31 March 2018
	<b>Reviewed</b>	Reviewed
<b>Basic and diluted</b>		
Profit attributable to the shareholders of the Bank	<b>307,494</b>	381,353
Weighted average number of outstanding ordinary shares in thousands	<b>310,047</b>	310,047
Basic / diluted earnings per share (QAR)	<b>0.99</b>	1.23

**16. Financial commitments and contingencies**

	<b>31 March 2019</b>	31 March 2018	31 December 2018
	<b>Reviewed</b>	Reviewed	Audited
<b>(a) Contingent commitments</b>			
Guarantees	15,125,201	17,915,724	16,046,400
Letter of credit	5,129,812	6,084,497	5,273,014
Unused credit facilities	1,784,537	3,568,989	1,868,006
Others	127,345	236,896	190,294
	<b><u>22,166,895</u></b>	<b><u>27,806,106</u></b>	<b><u>23,377,714</u></b>
<b>(b) Other commitments</b>			
<i>Derivative financial instruments:</i>			
Forward foreign exchange contracts	5,536,904	4,040,001	8,135,927
Interest rate swaps	1,784,537	3,540,914	6,737,362
	<b><u>7,321,441</u></b>	<b><u>7,580,915</u></b>	<b><u>14,873,289</u></b>
<b>Total</b>	<b><u>29,488,336</u></b>	<b><u>35,387,021</u></b>	<b><u>38,251,003</u></b>

The derivative instruments are reflected at their fair value and are presented under other commitments at their notional amount.

**17. Cash and cash equivalents**

	<b>31 March 2019</b>	31 March 2018	31 December 2018
	<b>Reviewed</b>	Reviewed	Audited
Cash and balances with central banks *	3,665,229	2,329,742	5,611,097
Due from banks up to 90 days	3,680,807	7,337,102	4,168,625
	<b><u>7,346,036</u></b>	<b><u>9,666,844</u></b>	<b><u>9,779,722</u></b>

\* Cash and balances with central banks do not include the mandatory cash reserve.

**18. Related party transactions**

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

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
<b>Statement of financial position items</b>			
- Loans, advances and financing activities	2,402,322	2,604,533	2,444,110
- Deposits	493,756	453,895	449,486
- Contingent liabilities and other commitments	775,535	984,080	827,653
- Others assets	8,305	8,305	8,305
		<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed
<b>Statement of income and expenses items</b>			
- Interest and fee income		<b>10,742</b>	18,505
- Interest, fee and commission expenses		<b>4,738</b>	3,583
<b>Compensation to Board of Directors</b>			
- Salaries and other benefits		11,803	12,005
- End of service benefits and pension fund		402	402
		<b>12,205</b>	<b>12,407</b>

**19. Capital adequacy**

	<b>31 March 2019 Reviewed</b>	31 March 2018 Reviewed	31 December 2018 Audited
Common Equity Tier 1 Capital	8,342,617	7,861,724	8,224,942
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	901,208	900,656	899,329
<b>Total Eligible Capital</b>	<b>13,243,825</b>	<b>12,762,380</b>	<b>13,124,271</b>
<b>Risk Weighted Assets</b>	<b>77,463,880</b>	<b>76,911,532</b>	<b>77,173,209</b>
Total Capital Ratio	<b>17.10%</b>	16.59%	17.01%

**20. Restatement of comparative and reclassification****(a) Reclassifications**

The comparative figures have been reclassified where necessary to preserve consistency with the current period. However, such reclassification did not have any effect on the consolidated net profit or equity for the comparative period.

**(b) Restatement of comparatives**

Prior period figures have not been restated for the adoption of IFRS 16 as permitted by the transitional provisions of IFRS 16 and QCB regulations.

**21. Share split**

On 6 March 2019, the Extraordinary General Meeting of the Bank approved the par value of the ordinary share to be QAR 1 instead of QAR 10, as per the instructions of Qatar Financial Markets Authority, and amendment of the related Articles of Association. The share split has not yet been implemented pending completion of certain legal formalities, as at the end of the reporting period.