



Interim Condensed Consolidated Financial Statements

**As at and for the three month period ended
31 March 2020**

Doha Bank Q.P.S.C.

**Interim Condensed Consolidated Financial Statements
As at and for the three month period ended 31 March 2020**

Contents	Page(s)
Independent auditor's review report	1-2
Interim consolidated statement of financial position	3
Interim consolidated income statement	4
Interim consolidated statement of comprehensive income	5
interim consolidated statement of changes in equity	6
Interim consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial statements	8-20



KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: home.kpmg/qa

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 2020 interim condensed consolidated 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 2020;
- the interim consolidated income statement for the three month period ended 31 March 2020;
- the interim consolidated statement of comprehensive income for the three month period ended 31 March 2020;
- the interim consolidated statement of changes in equity for the three month period ended 31 March 2020;
- the interim consolidated statement of cash flows for the three month period ended 31 March 2020; 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 2020 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.

Emphasis of matter

We draw attention to Note 20 of the interim condensed consolidated financial statements, which describes the potential effect of the COVID 19 pandemic on the Group's operating environment including its interim results and the related uncertainties. Our conclusion is not modified in respect of this matter.

22 April 2020
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 2020

QAR '000s

	Notes	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Assets				
Cash and balances with central banks		5,520,315	5,790,342	5,803,844
Due from banks		7,213,703	5,535,514	7,756,944
Loans and advances to customers	7	65,324,326	58,685,038	65,784,258
Investment securities	8	25,192,105	24,232,638	26,560,585
Investment in an associate		9,887	10,608	10,478
Property, furniture and equipment	9	706,771	742,258	723,597
Other assets		2,449,854	1,333,586	1,568,719
Total assets		106,416,961	96,329,984	108,208,425
Liabilities				
Due to banks		27,159,118	18,136,875	24,036,948
Customer deposits		54,798,944	54,458,737	58,463,833
Debt securities	10	472,827	744,771	473,059
Other borrowings	11	7,361,740	6,944,085	6,859,049
Other liabilities		4,482,350	3,157,593	5,057,622
Total liabilities		94,274,979	83,442,061	94,890,511
Equity				
Share capital	12	3,100,467	3,100,467	3,100,467
Legal reserve		5,092,948	5,092,948	5,092,948
Risk reserve		849,600	137,200	849,600
Fair value reserve		(1,335,870)	(71,249)	155,043
Foreign currency translation reserve		(67,956)	(54,955)	(58,846)
Retained earnings		502,793	683,512	178,702
Total equity attributable to shareholders of the Bank		8,141,982	8,887,923	9,317,914
Instruments eligible as additional Tier 1 capital	13	4,000,000	4,000,000	4,000,000
Total equity		12,141,982	12,887,923	13,317,914
Total liabilities and equity		106,416,961	96,329,984	108,208,425

The interim condensed consolidated financial statements were approved by the Board of Directors on 22 April 2020 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 2020

QAR '000s

	Note	Three month period ended	
		31 March 2020 Reviewed	31 March 2019 Reviewed
Interest income		1,043,256	1,016,538
Interest expense		(495,269)	(523,856)
Net interest income		547,987	492,682
Fee and commission income		121,970	130,810
Fee and commission expense		(32,080)	(30,843)
Net fee and commission income		89,890	99,967
Gross written premium		13,098	11,283
Premium ceded		(2,870)	(1,877)
Net claims paid		(6,085)	(8,474)
Net income from insurance activities		4,143	932
Net foreign exchange gain		27,949	27,320
Income from investment securities		70,090	(1,078)
Other operating income		9,165	15,646
		107,204	41,888
Net operating income		749,224	635,469
Staff costs		(116,312)	(115,123)
Depreciation		(29,514)	(29,220)
Net impairment (reversal) / loss on investment securities		2	(7,189)
Net impairment loss on loans and advances to customers		(179,985)	(119,935)
Net impairment losses on other financial assets		(13,748)	(4,186)
Other expenses		(85,130)	(82,598)
		(424,687)	(358,251)
Profit before tax		324,537	277,218
Income tax (expense) / reversal		(446)	30,276
Profit		324,091	307,494
Earnings per share			
Basic and diluted earnings per share (QAR per share)	15	0.10	0.10

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 2020

QAR '000s

	Three month period ended	
	31 March 2020	31 March 2019
Note	Reviewed	Reviewed
Profit	324,091	307,494
Other comprehensive income		
Items that are or may be subsequently reclassified to income statement:		
Foreign currency translation differences for foreign operations	(9,110)	1,225
<i>Movement in fair value reserve (debt instruments – IFRS 9):</i>		
Net change in fair value	(651,970)	115,235
Net amount transferred to consolidated statement of income	(741,323)	27,484
	(1,402,403)	143,944
Items that will not be reclassified subsequently to statement of income		
Net change in fair value of equity investments designated at FVOCI (IFRS 9)	(97,620)	13,303
Other comprehensive (loss) / income	(1,500,023)	157,247
Total comprehensive (loss) / income	(1,175,932)	464,741

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 2020

QAR '000s

	Equity attributable to shareholders of the Bank							Instrument eligible as additional Tier 1 capital	Total equity
	Share capital	Legal Reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total		
Balance at 1 January 2020 (Audited)	3,100,467	5,092,948	849,600	155,043	(58,846)	178,702	9,317,914	4,000,000	13,317,914
<i>Total comprehensive income:</i>									
Profit	-	-	-	-	-	324,091	324,091	-	324,091
Other comprehensive (loss) / income	-	-	-	(1,490,913)	(9,110)	-	(1,500,023)	-	(1,500,023)
Total comprehensive (loss) / income	-	-	-	(1,490,913)	(9,110)	324,091	(1,175,932)		(1,175,932)
<i>Transactions with shareholders:</i>									
Dividends paid (Note 14)	-	-	-	-	-	-	-	-	-
Balance at 31 March 2020 (Reviewed)	3,100,467	5,092,948	849,600	(1,335,870)	(67,956)	502,793	8,141,982	4,000,000	12,141,982
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	-	-	-	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)
Balance at 31 March 2019 (Reviewed)	3,100,467	5,092,948	137,200	(71,249)	(54,955)	683,512	8,887,923	4,000,000	12,887,923

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 2020

QAR '000s

	Three month period ended		Year ended
	31 March 2020	31 March 2019	31 December 2019
Note	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Profit before tax	324,537	277,218	724,788
Adjustments for:			
Net impairment loss on loans and advances to customers	179,985	119,935	1,161,537
Net impairment (reversal) / loss on investment securities	(2)	7,189	(260)
Net impairment loss / (reversal) on other financial instruments	13,748	4,186	(38,113)
Depreciation	29,514	29,220	121,840
Amortisation of financing cost	3,707	3,735	14,630
Net (income) / loss from investment securities	(57,243)	16,816	(270,097)
(Profit) / loss on sale of property, furniture and equipment	(26)	-	40
Share of results of an associate	-	-	(187)
Profit before changes in operating assets and liabilities	494,220	458,299	1,714,178
Change in due from banks	1,311,524	65,578	(2,316,713)
Change in loans and advances to customers	(1,017,247)	1,233,759	(5,146,264)
Change in other assets	(881,135)	(229,548)	(464,681)
Change in due to banks	3,122,170	(1,391,660)	4,508,413
Change in customer deposits	(3,664,889)	(1,326,601)	2,678,495
Change in other liabilities	933,759	712,018	446,434
Social and sports fund contribution	(18,848)	(20,756)	(20,756)
Income tax reversal	-	21,639	21,696
Net cash (used in) / from operating activities	279,554	(477,272)	1,420,802
Cash flows from investing activities			
Acquisition of investment securities	(2,486,316)	(4,424,394)	(13,453,006)
Proceeds from sale of investment securities	2,421,719	1,050,890	8,272,339
Net (acquisition) / disposal of property, furniture and equipment	(12,688)	(150,009)	(31,666)
Proceeds from sale of property, furniture and equipment	26	-	135
Net cash used in investing activities	(77,259)	(3,523,513)	(5,212,198)
Cash flows from financing activities			
Proceeds from other borrowings	502,691	2,099,948	2,014,912
Repayment of debt securities	(232)	(2,802)	(274,514)
Distribution on Tier 1 capital notes	(220,000)	(220,000)	(220,000)
Dividends paid	-	(310,047)	(310,047)
Net cash from financing activities	282,459	1,567,099	1,210,351
Net increase / (decrease) in cash and cash equivalents	484,754	(2,433,686)	(2,581,045)
Cash and cash equivalents at the beginning of the period/year	7,198,677	9,779,722	9,779,722
Cash and cash equivalents at the end of the period / year	7,683,431	7,346,036	7,198,677
Operational cash flows from interest and dividend:			
Interest received	1,038,729	955,011	4,166,727
Interest paid	526,316	460,537	2,142,581
Dividends received	12,847	15,738	35,627

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 2020**

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 24 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 2020 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 2020	31 March 2019
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 2019. The results for the three month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

(b) Estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS® Standards (“IFRS Standards”) 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 2019, except as disclosed in note 20.

(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 2019, except as disclosed in note 20.

**Notes to the interim condensed consolidated financial statements
As at and for the three month period ended 31 March 2020**

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 2019, except as noted below:

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

a) New IFRS Standards adopted by the Group

- Definition of Material – Amendments to IAS 1 and IAS 8 (Effective 1 January 2020)
- Definition of a Business – Amendments to IFRS 3 (Effective 1 January 2020)
- Amendments to References to Conceptual Framework in IFRS Standards (Effective 1 January 2020)

b) IFRS Standards and amendments issued but not yet effective

- IFRS 17 – “Insurance Contracts” (Effective on 1 January 2023)
- 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 IFRS Standards. The Group will adopt these new IFRS Standards on their effective dates.

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 2019, except as disclosed in note 20.

(a) Exposure and related ECL movements

	31 March 2020 (Reviewed)				31 March 2019 (Reviewed)
	Stage 1	Stage 2	Stage 3	Total	Total
Gross exposures subject to ECL – as at 31 March					
- Loans and advances to customers	46,820,074	19,361,595	3,994,594	70,176,263	63,732,659
- Investment securities (debt)	24,441,261	204,020	36,936	24,682,217	23,353,849
- Loan commitments and financial guarantees	13,878,146	5,167,159	266,004	19,311,309	22,039,550
- Due from banks and balances with central Banks	11,525,209	527,526	-	12,052,735	10,903,048
	96,664,690	25,260,300	4,297,534	126,222,524	120,029,106
Opening balance of ECL / impairment - as at 1 January					
- Loans and advances to customers*	144,711	1,425,438	3,559,422	5,129,571	5,233,424
- Investment securities (debt)	9,429	7,263	25,032	41,724	41,984
- Loan commitments and financial guarantees	17,595	101,148	125,543	244,286	161,937
- Due from banks and balances with central Banks	7,909	609	-	8,518	12,278
	179,644	1,534,458	3,709,997	5,424,099	5,449,623
Net charge and transfers for the period (net of foreign currency translation)					
- Loans and advances to customers*	91,592	(12,496)	196,968	276,064	148,974
- Investment securities (debt)	(2)	-	-	(2)	7,189
- Loan commitments and financial guarantees	6,742	7,896	(4,674)	9,964	89,345
- Due from banks and balances with central Banks	(1)	(119)	-	(120)	(10,177)
	98,331	(4,719)	192,294	285,906	235,331
Write offs during the period					
- Loans and advances to customers*	-	-	(553,698)	(553,698)	(334,777)
- Investment securities (debt)	-	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-	-
- Due from banks and balances with central Banks	-	-	-	-	-
	-	-	(553,698)	(553,698)	(334,777)
Closing balance of ECL / impairment - as at 31 March					
- Loans and advances to customers*	236,303	1,412,942	3,202,692	4,851,937	5,047,621
- Investment securities (debt)	9,427	7,263	25,032	41,722	49,173
- Loan commitments and financial guarantees	24,337	109,044	120,869	254,250	251,282
- Due from banks and balances with central Banks	7,908	490	-	8,398	2,101
	277,975	1,529,739	3,348,593	5,156,307	5,350,177

* stage 3 provision includes interest in suspense

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 2020 and 31 March 2019 are stated below:

	Conventional Banking					Insurance	Total
	Corporate Banking	Retail Banking	Unallocated	Total			
For the three month period ended 31 March 2020							
Net interest income	517,413	30,574	-	547,987	-	-	547,987
Net income on insurance activities	-	-	-	-	4,143	-	4,143
Net other operating income	114,043	72,436	9,165	195,644	1,450	-	197,094
Segmental revenue	<u>631,456</u>	<u>103,010</u>	<u>9,165</u>	<u>743,631</u>	<u>5,593</u>	-	<u>749,224</u>
Total Expense				(242,051)	(3,099)	-	(245,150)
Net impairment loss on loans and advances to customers				(179,985)	-	-	(179,985)
Impairment reversal on investment securities				2	-	-	2
Net profit				<u>321,597</u>	<u>2,494</u>	-	<u>324,091</u>
As at 31 March 2020							
Assets	92,062,180	5,426,951	8,676,940	106,166,071	241,003	-	106,407,074
Investment in an associate	-	-	-	-	-	-	9,887
Total assets							<u>106,416,961</u>
Liabilities	82,913,376	9,630,864	1,584,852	94,129,092	145,887	-	94,274,979
Contingent items	19,208,323	102,987	-	19,311,309	-	-	19,311,309

Intra-group transactions are eliminated from this segmental information (Assets: QAR 136.6 million and Liabilities: QAR 36.6 million)

5. Operating segments (continued)

For the three month period ended 31 March 2019	Conventional Banking			Total	Insurance	Total
	Corporate Banking	Retail Banking	Unallocated			
Net interest income	456,800	35,882	-	492,682	-	492,682
Net income on insurance activities	-	-	-	-	932	932
Net other operating income	58,494	66,095	15,646	140,235	1,620	141,855
Segmental revenue	515,294	101,977	15,646	632,917	2,552	635,469
Total Expense				(198,828)	(2,023)	(200,851)
Net impairment loss on loans and advances to customers				(119,935)	-	(119,935)
Impairment loss on investment securities				(7,189)	-	(7,189)
Net profit				306,965	529	307,494
As at 31 December 2019						
Assets	93,795,514	5,885,511	8,096,160	107,777,185	420,762	108,197,947
Investment in an associate	-	-	-	-	-	10,478
Total assets						108,208,425
Liabilities	83,740,903	9,341,693	1,584,852	94,667,448	223,063	94,890,511
Contingent items	19,229,223	84,707	-	19,313,930	-	19,313,930

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 2020, the Group held the following classes of financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
At 31 March 2020				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	16,255,697	-	52,018	16,307,715
Investment securities measured at FVTPL	36,872	34,237	-	71,109
<i>Derivative instruments:</i>				
Interest rate swaps	-	139,544	-	139,544
Forward foreign exchange contracts	-	44,980	-	44,980
	16,292,569	218,761	52,018	16,563,348
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	1,265,443	-	1,265,443
Forward foreign exchange contracts	-	35,142	-	35,142
	-	1,300,585	-	1,300,585
	Level 1	Level 2	Level 3	Total
At 31 December 2019				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	17,367,095	-	52,813	17,419,908
Investment securities measured at FVTPL	23,237	41,571	-	64,808
<i>Derivative instruments:</i>				
Interest rate swaps	-	36,459	-	36,459
Forward foreign exchange contracts	-	3,970	-	3,970
	17,390,332	82,000	52,813	17,525,145
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	506,663	-	506,663
Forward foreign exchange contracts	-	7,613	-	7,613
	-	514,276	-	514,276

During the reporting period ended 31 March 2020, there were no transfers between Level 1, Level 2 and Level 3 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

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Loans	57,382,732	57,167,110	57,676,395
Overdrafts	11,189,543	5,091,803	10,276,514
Bills discounted	334,060	361,805	308,927
Other*	<u>1,280,320</u>	<u>1,123,924</u>	<u>2,666,157</u>
	70,186,655	63,744,642	70,927,993
Deferred profit	(10,392)	(11,983)	(14,164)
ECL on loans and advances to customers (stage 1 & 2)	(1,649,245)	(1,514,179)	(1,570,149)
Net impairment on loans and advances to customers (Stage 3)	<u>(3,202,692)</u>	<u>(3,533,442)</u>	<u>(3,559,422)</u>
Net loans and advances to customers*	<u>65,324,326</u>	<u>58,685,038</u>	<u>65,784,258</u>

The aggregate amount of non-performing loans and advances to customers at 31 March 2020 amounted to QAR 3,995 million which represents 5.69% of total loans and advances to customers (31 March 2019: QAR 3,681 million, 5.78% of total loans and advances to customers; 31 December 2019: QAR 4,122 million, 5.81% of total loans and advances to customers).

During the period, the Group has written off fully provided non-performing loans amounting to QAR 554 million (31 March 2019: QAR 335 million, 31 December 2019: QAR 1,680 million) as per Qatar Central Bank circular no. 68/2011.

Net impairment of loans and advances includes QAR 925 million of interest in suspense (31 March 2019: QAR 736 million; 31 December 2019: QAR 900 million).

*This includes acceptances pertaining to trade finance activities amounting to QAR 1,110 million (31 March 2019: QAR 646 million; 31 December 2019: QAR 2,407 million).

8. Investment securities

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Investment securities measured at FVOCI	16,139,176	17,441,678	17,259,232
Investment securities measured at FVTPL	71,109	147,682	64,808
Investment securities measured at amortised cost	8,762,137	6,444,872	9,033,190
Interest receivable	<u>245,037</u>	<u>232,834</u>	<u>228,742</u>
	25,217,459	24,267,066	26,585,972
Net impairment losses on investment securities	<u>(25,354)</u>	<u>(34,428)</u>	<u>(25,387)</u>
	<u>25,192,105</u>	<u>24,232,638</u>	<u>26,560,585</u>

The Group has pledged State of Qatar Bonds amounting to QAR 9,848 million as at 31 March 2020 (31 March 2019: QAR 6,643 million; 31 December 2019: QAR 7,747 million) against repurchase agreements.

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

During the period ended 31 March 2020, the Group acquired assets with a cost of QAR 4.2 million (31 March 2019: QAR 5.5 million; 31 December 2019: QAR 87 million).

Asset disposals made by the Group during the period ended 31 March 2020 amounted to QAR 1.5 million (31 March 2019: QAR 5 thousand, 31 December 2019: QAR 12.9 million), at original cost.

10. Debt securities

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Senior guaranteed notes	471,831	742,692	471,908
Interest payable	<u>996</u>	<u>2,079</u>	<u>1,151</u>
	<u>472,827</u>	<u>744,771</u>	<u>473,059</u>

Note:

The Group has issued USD 55 million and JPY 8.1 billion as at 31 March 2020 (31 March 2019: USD 75 million and JPY 14.3 billion; 31 December 2019: USD 55 million and JPY 8.1 billion) senior unsecured debt under its updated EMTN programme.

11. Other borrowings

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Term loan facilities	7,325,150	6,911,942	6,824,310
Interest payable	<u>36,590</u>	<u>32,143</u>	<u>34,739</u>
	<u>7,361,740</u>	<u>6,944,085</u>	<u>6,859,049</u>

The table below shows the maturity profile of other borrowings:

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Upto 1 year	5,075,565	3,203,422	3,030,356
Between 1 and 3 years	<u>2,286,175</u>	<u>3,740,663</u>	<u>3,828,693</u>
	<u>7,361,740</u>	<u>6,944,085</u>	<u>6,859,049</u>

12. Share capital

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Authorised number of ordinary shares (in thousands)	<u>3,100,467</u>	<u>310,047</u>	<u>3,100,467</u>
(Nominal value of ordinary shares QAR 1 each)			
Issued and paid up capital (in thousands of Qatar Riyals)	<u>3,100,467</u>	<u>3,100,467</u>	<u>3,100,467</u>

All shares are of the same class and carry equal voting rights. The number of shares have been increased pursuant to instruction from Qatar Financial Markets Authority, as explained in note 15 of these interim condensed consolidated financial statements.

13. Instrument eligible as additional tier 1 capital

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Issued on 31 December 2013	2,000,000	2,000,000	2,000,000
Issued on 30 June 2015	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<u>4,000,000</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

The Board of Directors' proposal of a Nil cash dividend for the year ended 31 December 2019 (2018: QAR 0.10 per share amounting to QAR 310 million), was approved at the Annual General Assembly held on 16 March 2020.

15. Earnings per share

	31 March 2020	31 March 2019
	Reviewed	Reviewed*
Basic and diluted		
Profit attributable to the shareholders of the Bank	324,091	307,494
Weighted average number of outstanding ordinary shares in thousands	3,100,467	3,100,467
Basic and diluted earnings per share (QAR)	0.10	0.10

* As per the instructions from the Qatar Financial Markets Authority, the Extraordinary General Assembly on 6 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QAR 1 each were exchanged for 1 old share with a par value of QAR 10 each. This has led to an increase in the number of authorised and outstanding shares from 310,046,702 to 3,100,467,020. The listing of the new shares on the Qatar Exchange was effective from 16 June 2019, as decided by Qatar Exchange. Consequently, the weighted average number of shares outstanding has been retrospectively adjusted.

16. Financial commitments and contingencies

	31 March 2020	31 March 2019	31 December 2019
	Reviewed	Reviewed	Audited
(a) Contingent commitments			
Guarantees	12,920,882	15,125,201	12,896,949
Letter of credit	4,472,731	5,129,812	4,679,118
Unused credit facilities	1,917,696	1,784,537	1,737,863
Others	50,720	127,345	49,819
	<u>19,362,029</u>	<u>22,166,895</u>	<u>19,363,749</u>
(b) Other commitments			
<i>Derivative financial instruments:</i>			
Forward foreign exchange contracts	10,097,921	5,536,904	6,338,153
Interest rate swaps	7,270,433	1,784,537	7,110,363
	<u>17,368,354</u>	<u>7,321,441</u>	<u>13,448,516</u>
Total	<u>36,730,383</u>	<u>29,488,336</u>	<u>32,812,265</u>

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

17. Cash and cash equivalents

	31 March 2020	31 March 2019	31 December 2019
	Reviewed	Reviewed	Audited
Cash and balances with central banks *	3,224,404	3,665,229	3,425,724
Due from banks up to 90 days	4,459,027	3,680,807	3,772,953
	<u>7,683,431</u>	<u>7,346,036</u>	<u>7,198,677</u>

* 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:

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Statement of financial position items			
- Loans, advances and financing activities	1,808,866	2,402,322	2,368,267
- Deposits	714,245	493,756	711,121
- Contingent liabilities and other commitments	647,165	775,535	661,588
- Others assets	8,305	8,305	8,305
		31 March 2020 Reviewed	31 March 2019 Reviewed
Statement of income and expenses items			
- Interest and fee income		10,750	10,742
- Interest, fee and commission expenses		7,876	4,738
Compensation to Board of Directors			
- Salaries and other benefits		9,005	11,803
- End of service benefits and pension fund		406	402
		9,411	12,205

19. Capital adequacy

	31 March 2020 Reviewed	31 March 2019 Reviewed	31 December 2019 Audited
Common Equity Tier 1 Capital	7,647,418	8,342,617	9,143,194
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	906,159	901,208	927,323
Total Eligible Capital	12,553,577	13,243,825	14,070,517
Risk Weighted Assets	77,727,540	77,463,880	79,287,429
Total Capital Ratio	16.15%	17.10%	17.75%

The minimum total Capital Adequacy Ratio requirements under Basel III as per QCB Requirements is as follows:

- Minimum limit without Capital Conservation buffer is 10%; and
- Minimum limit including Capital Conservation buffer, ICAAP buffer and the applicable Domestic Systemically Important Bank ("DSIB") buffer is 13.5%.

Pursuant to Qatar Central Bank circular number 24/2019, the Group does not anticipate any material change to its current ICAAP charge based on revised IRRBB rules which will be effective from 30 June 2020.

20. Impact of COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

20. Impact of COVID-19 (continued)

In addition, the Group's operations are concentrated in economies that are relatively dependent on the price of crude oil. As at the end of the financial reporting period, oil prices have witnessed unprecedented volatility. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption the COVID-19 outbreak may have on its operations and financial performance.

The Group has performed an assessment of COVID-19 which has resulted in the following changes to the expected credit loss methodology and valuation estimates and judgements as at and for the period ended 31 March 2020:

(a) Expected credit losses

The uncertainties caused by COVID-19, and the volatility in oil prices have required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 March 2020. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

This volatility has been reflected through adjustment in the methods of scenario construction and the underlying weightings assigned to these scenarios. The forward-looking factor (here Credit Index or CI) used is determined from the observed historical credit index. The credit index is used to forecast expected point-in-time probability of defaults for the credit portfolio of the Bank. Interdependency exists between the CI and macro-economic factors as applicable, which for Qatar includes a) yearly weighted average oil price of \$ 40.98/ barrel, \$ 47.51 / barrel and weighted average real GDP growth of -0.068%, 2.514% for the financial year 2020 and 2021 respectively (31 December 2019: Oil price 2020: \$ 61.30/barrel, 2021: \$64.00/ barrel and GDP 2020: 2.48%, 2021: 2.49%). The aforementioned values of macro-economic factors have been derived by applying weightings of 65%, 25% and 10% for base, stressed and improved scenarios respectively (31 December 2019: 70% to the Base Case, 15% to Downside and Upside Case). The situation is fast evolving and accordingly any downside scenarios will be reassessed if adverse conditions continue.

In addition to the assumptions outlined above, the Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors. This has resulted in staging downgrade of certain exposures and recognition of relevant ECLs and impairment allowances as disclosed in note 4(a) to the interim condensed consolidated financial statements.

(b) Valuation estimates and judgements

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

(c) Accounting for modified loans and advances

Considering the economic circumstances post the COVID-19 outbreak, the QCB has encouraged banks in Qatar to delay repayments for affected sectors, via a circular issued on 22 March 2020, pursuant to which the Group has delayed repayments of certain customers subsequent to 31 March 2020. The Bank will record the modification loss on those loans and advances in the subsequent reporting period.

(d) Accounting for zero rate repo facilities

QCB has advised banks to extend new financing to affected sectors at reduced rates, which is to be supported by zero-cost repo facilities from QCB, and extended guarantees from the government of the State of Qatar to local banks to support these affected sectors. The benefit arising out of the zero rate repos was not considered to be material for the period.

21. Comparative information

Certain comparative information has been reclassified where necessary to preserve consistency with the presentation in the current period. However, such reclassifications did not have any effect on the interim consolidated statement of income or the consolidated equity of the Group for the comparative period / year.