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DOHA BANK

Condensed Consolidated Interim Financial Statements

30 June 2021

Doha Bank Q.P.S.C.

Condensed Consolidated Interim Financial Statements
30 June 2021

Contents

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

Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial statements of Doha Bank Q.P.S.C. (the 'Bank') and its subsidiaries (together the 'Group'), which comprise:

- the condensed consolidated statement of financial position as at 30 June 2021;
- the condensed consolidated income statement for the three and six month periods ended 30 June 2021;
- the condensed consolidated statement of comprehensive income for the three and six month periods ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2021;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2021; and
- notes to the condensed consolidated interim 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'). 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 30 June 2021 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

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مكتب تدقيق حسابات

27 July 2021
Doha
State of Qatar

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

Doha Bank Q.P.S.C.

Condensed consolidated statement of financial position
As at 30 June 2021

QAR '000s

	Notes	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Assets				
Cash and balances with central banks		**4,554,847**	8,411,265	6,895,185
Due from banks		**6,847,089**	5,807,043	3,673,577
Loans and advances to customers	7	**72,168,912**	62,475,065	65,450,036
Investment securities	8	**23,571,908**	26,625,752	24,667,333
Investment in an associate		**10,001**	9,884	10,176
Property, furniture and equipment	9	**692,507**	688,171	685,756
Other assets		**1,470,061**	4,025,883	2,158,209
Total assets		**109,315,325**	108,043,063	103,540,272
Liabilities				
Due to banks		**22,532,168**	25,761,260	23,036,764
Customer deposits		**59,112,823**	56,023,590	55,053,996
Debt securities	10	**1,924,785**	2,135,819	328,208
Other borrowings	11	**9,089,359**	6,604,754	8,217,193
Other liabilities		**2,474,597**	4,233,132	3,109,541
Total liabilities		**95,133,732**	94,758,555	89,745,702
Equity				
Share capital	12	**3,100,467**	3,100,467	3,100,467
Legal reserve		**5,094,574**	5,092,948	5,094,574
Risk reserve		**849,600**	849,600	849,600
Fair value reserve		**161,031**	(369,928)	152,992
Foreign currency translation reserve		**(65,417)**	(67,996)	(62,587)
Retained earnings		**1,041,338**	679,417	659,524
Total equity attributable to shareholders of the Bank		**10,181,593**	9,284,508	9,794,570
Instruments eligible as additional Tier 1 capital	13	**4,000,000**	4,000,000	4,000,000
Total equity		**14,181,593**	13,284,508	13,794,570
Total liabilities and equity		**109,315,325**	108,043,063	103,540,272

The condensed consolidated interim financial statements were approved by the Board of Directors on 27 July 2021 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

27 JUL 2021

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Dr. Raghavan Seetharaman
Group Chief Executive Officer

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

Doha Bank Q.P.S.C.

Condensed consolidated income statement
For the three and six month periods ended 30 June 2021 QAR '000s

	Note	Three month period ended		Six month period ended	
		30 June 2021 Reviewed	30 June 2020 Reviewed	**30 June 2021 Reviewed**	30 June 2020 Reviewed
Interest income		**875,001**	904,653	**1,773,028**	1,935,543
Interest expense		**(267,290)**	(381,163)	**(503,963)**	(864,066)
Net interest income		**607,711**	523,490	**1,269,065**	1,071,477
Fee and commission income		**106,881**	100,309	**217,240**	222,279
Fee and commission expense		**(37,236)**	(22,259)	**(74,484)**	(54,339)
Net fee and commission income		**69,645**	78,050	**142,756**	167,940
Gross written premium		**11,574**	10,760	**23,167**	23,858
Premium ceded		**(1,589)**	(1,461)	**(3,187)**	(4,331)
Net claims paid		**(7,892)**	(5,442)	**(17,501)**	(11,527)
Net income from insurance activities		**2,093**	3,857	**2,479**	8,000
Net foreign exchange gain		**35,665**	31,709	**76,780**	59,658
Income from investment securities		**21,610**	20,547	**53,464**	90,637
Other operating income		**4,381**	2,957	**19,923**	7,846
		61,656	55,213	**150,167**	158,141
Net operating income		**741,105**	660,610	**1,564,467**	1,405,558
Staff costs		**(114,853)**	(112,890)	**(228,574)**	(229,202)
Depreciation		**(24,798)**	(28,609)	**(51,252)**	(58,123)
Net impairment reversal / (loss) on investment securities		**5,075**	(51,546)	**9,481**	(51,544)
Net impairment loss on loans and advances to customers		**(301,292)**	(211,591)	**(531,863)**	(387,300)
Net impairment reversal / (loss) on other financial assets		**6,858**	(3,193)	**10,162**	(16,941)
Other expenses		**(76,020)**	(75,862)	**(154,375)**	(160,992)
		(505,030)	(483,691)	**(946,421)**	(904,102)
Profit before tax		**236,075**	176,919	**618,046**	501,456
Income tax expense		**(1,913)**	(295)	**(3,697)**	(741)
Profit		**234,162**	176,624	**614,349**	500,715
Earnings per share					
Basic and diluted earnings per share (QAR per share)	15	**0.08**	0.06	**0.20**	0.16

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

Doha Bank Q.P.S.C.

Condensed consolidated statement of comprehensive income
For the three and six month periods ended 30 June 2021 QAR '000s

	Note	**Three month period ended**		**Six month period ended**	
		30 June 2021	30 June 2020	**30 June 2021**	30 June 2020
		Reviewed	Reviewed	**Reviewed**	Reviewed
Profit		**234,162**	176,624	**614,349**	500,715
Other comprehensive income					
Items that are or may be subsequently reclassified to consolidated statement of income:					
Foreign currency translation differences for foreign operations		**(2,535)**	(40)	**(2,830)**	(9,150)
Movement in fair value reserve (debt instruments):					
Net change in fair value		**125,252**	964,058	**(197,640)**	312,088
Net amount transferred to consolidated statement of income		**(146,234)**	(44,291)	**177,964**	(785,614)
		(23,517)	919,727	**(22,506)**	(482,676)
Items that will not be reclassified subsequently to statement of income					
Net change in fair value of equity investments designated at FVOCI		**13,093**	46,175	**27,715**	(51,445)
Other comprehensive (loss) / income		**(10,424)**	965,902	**5,209**	(534,121)
Total comprehensive income / (loss)		**223,738**	1,142,526	**619,558**	(33,406)

27 JUL 2021

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Doha Bank Q.P.S.C.

Condensed consolidated statement of changes in equity
For the six month period ended 30 June 2021 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 2021 (Audited)	3,100,467	5,094,574	849,600	152,992	(62,587)	659,524	9,794,570	4,000,000	13,794,570
Total comprehensive income:									
Profit	-	-	-	-	-	614,349	614,349	-	614,349
Other comprehensive income / (loss)	-	-	-	8,039	(2,830)	-	5,209	-	5,209
Total comprehensive loss	-	-	-	8,039	(2,830)	614,349	619,558	-	619,558
Transactions with shareholders:									
Dividends paid (Note 14)	-	-	-	-	-	(232,535)	(232,535)	-	(232,535)
Balance at 30 June 2021 (Reviewed)	**3,100,467**	**5,094,574**	**849,600**	**161,031**	**(65,417)**	**1,041,338**	**10,181,593**	**4,000,000**	**14,181,593**
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
Total comprehensive income:									
Profit	-	-	-	-	-	500,715	500,715	-	500,715
Other comprehensive loss	-	-	-	(524,971)	(9,150)	-	(534,121)	-	(534,121)
Total comprehensive income	-	-	-	(524,971)	(9,150)	500,715	(33,406)	-	(33,406)
Transactions with shareholders:									
Dividends paid (Note 14)	-	-	-	-	-	-	-	-	-
Balance at 30 June 2020 (Reviewed)	3,100,467	5,092,948	849,600	(369,928)	(67,996)	679,417	9,284,508	4,000,000	13,284,508

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Doha Bank Q.P.S.C.

Condensed consolidated statement of cash flows
For the six month period ended 30 June 2021 QAR '000s

	Note	Six month period ended 30 June 2021 Reviewed	30 June 2020 Reviewed	Year ended 31 December 2020 Audited
Cash flows from operating activities				
Profit before tax		**618,046**	501,456	704,293
Adjustments for:				
Net impairment loss on loans and advances to customers		**531,863**	387,300	1,368,742
Net impairment (reversal) / loss on investment securities		**(9,481)**	51,544	34,680
Net impairment (reversal) / loss on other financial instruments		**(10,162)**	16,941	(38,299)
Depreciation		**51,252**	58,123	117,290
Amortisation of financing cost		**10,249**	11,919	24,995
Net gain on disposal of investment securities		**(36,772)**	(70,141)	(155,471)
Profit on sale of property, furniture and equipment		**(13)**	(18)	171
Share of results of an associate		**-**	-	50
Profits before changes in operating assets and liabilities		**1,154,982**	957,124	2,056,451
Change in due from banks		**(1,579,158)**	1,792,493	2,795,095
Change in loans and advances to customers		**(7,241,864)**	1,226,820	(3,283,569)
Change in other assets		**688,148**	(2,457,164)	(589,490)
Change in due to banks		**(504,596)**	1,724,312	(1,000,184)
Change in customer deposits		**4,058,827**	(2,440,243)	(3,409,837)
Change in other liabilities		**(474,316)**	1,067,288	277,281
Social and sports fund contribution		**(17,576)**	(18,848)	(18,848)
Income tax paid		**(1,175)**	(1,484)	(1,560)
Net cash (used in) / from operating activities		**(3,916,728)**	1,850,298	(3,174,661)
Cash flows from investing activities				
Acquisition of investment securities		**(2,396,928)**	(4,075,103)	(5,064,170)
Proceeds from sale of investment securities		**3,546,820**	3,504,156	7,076,464
Net acquisition of property, furniture and equipment		**(2,120)**	(5,902)	(19,879)
Proceeds from sale of property, furniture and equipment		**13**	18	17
Net cash from / (used in) investing activities		**1,147,785**	(576,831)	1,992,432
Cash flows from financing activities				
Proceeds from / (repayment of) other borrowings		**872,166**	(254,295)	1,358,144
Proceeds from / (repayment of) issue of debt securities		**1,586,328**	1,650,841	(169,846)
Distribution on Tier 1 capital notes		**(203,000)**	(220,000)	(203,000)
Dividends paid		**(232,535)**	-	-
Net cash from financing activities		**2,022,959**	1,176,546	985,298
Net (decrease) / increase in cash and cash equivalents		**(745,984)**	2,450,013	(196,931)
Cash and cash equivalents at the beginning of the period / year		**7,001,746**	7,198,677	7,198,677
Cash and cash equivalents at the end of the period / year	17	**6,255,762**	9,648,690	7,001,746
Operational cash flows from interest and dividend:				
Interest received		**1,783,661**	1,944,960	3,753,833
Interest paid		**527,773**	989,101	1,642,954
Dividends received		**16,692**	20,496	28,206

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

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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 six month period ended 30 June 2021 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	
				30 June 2021	30 June 2020
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.

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 2020. The results for the six month perid ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

(b) Estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS® Standards (“IFRS Standards”) 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 2020.

(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 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 2020, 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

- Interest Rate Benchmark Reform - Phase 2, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Effective on 1 January 2021)

Interest Rate Benchmark Reform – Phase 2 amendments

Effective from 1 January 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

The Group is in discussion with counterparties in relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021. Management is running a project on the Group's transition activities and preparedness for adopting alternate reference rates and continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

b) IFRS Standards and amendments issued but not yet effective

- Onerous Contracts – Cost of Fulfilling a Contract - Amendments to IAS 37 (Effective on 1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 (Effective on 1 January 2022)
- Reference to the Conceptual Framework - Amendments to IFRS 3 (Effective on 1 January 2022)
- Annual Improvements to IFRS Standards 2018 – 2020 (Effective on 1 January 2022)
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (Effective on 1 January 2023)
- IFRS 17 – "Insurance Contracts" (Effective on 1 January 2023)

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

As at and for the six month period ended 30 June 2021 QAR '000s

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 2020.

(a) Exposure and related ECL movements

	30 June 2021 (Reviewed)				30 June 2020 (Reviewed)
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Total**
Gross exposures subject to ECL – as at 30 June					
- Loans and advances to customers	52,247,605	19,046,036	4,264,307	75,557,948	67,309,579
- Investment securities (debt)	22,564,450	274,968	17,109	22,856,527	26,084,015
- Loan commitments and financial guarantees	12,037,785	3,957,038	535,629	16,530,452	18,449,685
- Due from banks and balances with central Banks	9,599,682	1,288,098	-	10,887,780	13,643,838
	96,442,961	**24,566,140**	**4,817,045**	**125,832,707**	125,487,117
Opening balance of ECL / impairment - as at 1 January					
- Loans and advances to customers*	138,241	988,162	2,221,405	3,347,808	5,129,571
- Investment securities (debt)	8,904	42,433	6,474	57,811	41,724
- Loan commitments and financial guarantees	15,125	22,226	171,307	208,658	244,286
- Due from banks and balances with central Banks	1,704	310	-	2,014	8,518
	163,974	**1,053,131**	**2,399,186**	**3,616,291**	5,424,099
Net charge and transfers for the period (net of foreign currency translation)					
- Loans and advances to customers*	(12,490)	30,115	943,116	960,741	561,922
- Investment securities (debt)	(255)	(9,226)	-	(9,481)	51,544
- Loan commitments and financial guarantees	(6,609)	(7,804)	-	(14,413)	60,821
- Due from banks and balances with central Banks	1,740	2,511	-	4,251	7,274
	(17,614)	**15,596**	**943,116**	**941,098**	681,561
Write offs and other during the period					
- Loans and advances to customers*	-	-	(919,513)	(919,513)	(856,979)
- Investment securities (debt)	-	-	-	-	(18,558)
- Loan commitments and financial guarantees	-	-	19,353	19,353	-
- Due from banks and balances with central Banks	-	-	-	-	-
	-	**-**	**(900,160)**	**(900,160)**	(875,537)
Closing balance of ECL / impairment - as at 30 June					
- Loans and advances to customers*	125,751	1,018,277	2,245,008	3,389,036	4,834,514
- Investment securities (debt)	8,649	33,207	6,474	48,330	74,710
- Loan commitments and financial guarantees	8,516	14,422	190,660	213,598	305,107
- Due from banks and balances with central Banks	3,444	2,821	-	6,265	15,792
	146,360	**1,068,727**	**2,442,142**	**3,657,229**	5,230,123

* stage 3 provision includes interest in suspense

As at and for the six month period ended 30 June 2021 QAR '000s

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 facilitates 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 six month period ended 30 June 2021 and 30 June 2020 are stated below:

For the six month period ended 30 June 2021	Conventional Banking					
	Corporate Banking	Retail Banking	Unallocated	Total	Insurance	Total
Net interest income	1,185,816	83,249	-	1,269,065	-	1,262,965
Net income on insurance activities	-	-	-	-	2,479	2,479
Net other operating income	178,911	94,389	19,923	293,223	(300)	299,023
Segmental revenue	1,364,727	177,638	19,923	1,562,288	2,179	1,564,467
Total expense				(424,208)	(3,528)	(427,736)
Net impairment loss on loans and advances to customers				(531,863)	-	(531,863)
Impairment reversal on investment securities				9,481	-	9,481
Profit for the period				**615,698**	**(1,349)**	**614,349**
As at 30 June 2021						
Assets	97,307,206	5,089,316	6,717,415	109,113,937	191,387	109,305,324
Investment in an associate	-	-	-	-	-	10,001
Total assets						**109,315,325**
Liabilities	82,740,814	10,748,067	1,557,454	95,046,335	87,397	95,133,732
Contingent items	16,368,169	162,283	-	16,530,452	-	16,530,452

Intra-group transactions are eliminated from this segmental information (Assets: QAR 122.9 million and Liabilities: QAR 22.9 million)

As at and for the six month period ended 30 June 2021 QAR '000s

5. Operating segments (continued)

For the six month period ended 30 June 2020	Conventional Banking					
	Corporate Banking	Retail Banking	Unallocated	Total	Insurance	Total
Net interest income	952,045	119,432	-	1,071,477	-	1,071,477
Net income on insurance activities	-	-	-	-	8,000	8,000
Net other operating income	232,718	85,040	7,846	325,604	477	326,081
Segmental revenue	1,184,763	204,472	7,846	1,397,081	8,477	1,405,558
Total expense				(462,965)	(3,034)	(465,999)
Net impairment loss on loans and advances to customers				(387,300)	-	(387,300)
Impairment reversal on investment securities				(51,544)	-	(51,544)
Profit for the period				495,272	5,443	500,715
As at 31 December 2020						
Assets	88,525,339	5,064,422	9,739,150	103,328,911	201,185	103,530,096
Investment in an associate	-	-	-	-	-	10,176
Total assets						103,540,272
Liabilities	76,652,730	10,762,410	2,234,526	89,649,666	96,036	89,745,702
Contingent items	17,090,189	66,604	-	17,156,793	-	17,156,793

As at and for the six month period ended 30 June 2021 QAR '000s

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 30 June 2021, the Group held the following classes of financial instruments measured at fair value:

	Level 1	**Level 2**	**Level 3**	**Total**
At 30 June 2021				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	10,450,609	4,823,510	50,414	15,324,533
Investment securities measured at FVTPL	59,785	-	19,099	78,884
Derivative instruments:				
Interest rate swaps	-	73,867	-	73,867
Forward foreign exchange contracts	-	10,843	-	10,843
	10,510,394	**4,908,220**	**69,513**	**15,488,127**
Financial liabilities measured at fair value:				
Derivative instruments:				
Interest rate swaps	-	631,807	-	631,807
Forward foreign exchange contracts	-	29,163	-	29,163
	-	**660,970**	**-**	**660,970**

	Level 1	Level 2	Level 3	Total
At 31 December 2020				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	11,513,998	4,848,510	51,046	16,413,554
Investment securities measured at FVTPL	20,239	-	34,940	55,179
Derivative instruments:				
Interest rate swaps	-	57,700	-	57,700
Forward foreign exchange contracts	-	92,466	-	92,466
	11,534,237	4,998,676	85,986	16,618,899
Financial liabilities measured at fair value:				
Derivative instruments:				
Interest rate swaps	-	894,928	-	894,928
Forward foreign exchange contracts	-	15,058	-	15,058
	-	909,986	-	909,986

During the reporting period ended 30 June 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

As at and for the six month period ended 30 June 2021 QAR '000s

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

	30 June 2021	30 June 2020	31 December 2020
	Reviewed	Reviewed	Audited
Loans	54,089,550	57,775,844	54,462,315
Overdrafts	20,866,980	8,306,596	13,595,830
Bills discounted	124,651	350,716	190,370
Other*	480,901	883,335	554,021
	75,562,082	67,316,491	68,802,536
Deferred profit	(4,134)	(6,912)	(4,692)
ECL on loans and advances to customers (stage 1 & 2)	(1,144,028)	(1,646,710)	(1,126,403)
Net impairment on loans and advances to customers (Stage 3)	(2,245,008)	(3,187,804)	(2,221,405)
Net loans and advances to customers*	**72,168,912**	62,475,065	65,450,036

The aggregate amount of non-performing loans and advances to customers at 30 June 2021 amounted to QAR 4,264 million which represents 5.64% of total loans and advances to customers (30 June 2020: QAR 4,006 million, 5.95% of total loans and advances to customers; 31 December 2020: QAR 4,115 million, 5.98% of total loans and advances to customers).

During the period, the Group has written off fully provided non-performing loans amounting to QAR 920 million (30 June 2020: QAR 857 million, 31 December 2020: QAR 3,978 million) as per Qatar Central Bank circular no. 68/2011.

Net impairment of loans and advances includes QAR 779 million of interest in suspense (30 June 2020: QAR 962 million; 31 December 2020: QAR 797 million).

*This includes acceptances pertaining to trade finance activities amounting to QAR 166 million (30 June 2020: QAR 712 million; 31 December 2020: QAR 158 million).

The net impairment loss on loans and advances to customers in the consolidated statement of income includes QAR 143.8 million recovery from the loans & advances previously written off for the period ended 30 June 2021 (30 June 2020: QAR 23.1 million).

As at and for the six month period ended 30 June 2021 QAR '000s

8. Investment securities

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Investment securities measured at FVOCI	15,187,279	17,314,670	16,268,922
Investment securities measured at FVTPL	78,884	95,122	55,179
Investment securities measured at amortised cost	8,114,078	8,996,110	8,141,932
Interest receivable	198,576	227,480	208,220
	23,578,817	26,633,382	24,674,253
Net impairment losses on investment securities	(6,909)	(7,630)	(6,920)
	23,571,908	26,625,752	24,667,333

The Group has pledged State of Qatar Bonds bonds amounting to QAR 4,301 million as at 30 June 2021 (30 June 2020: QAR 10,091 million; 31 December 2020: QAR 8,900 million) against repurchase agreements.

9. Property, furniture and equipment

Acquisitions and disposals

During the period ended 30 June 2021, the Group acquired assets with a cost of QAR 2.1 million (30 June 2020: QAR 5.9 million; 31 December 2020: QAR 20 million).

Asset disposals made by the Group during the period ended 30 June 2021 amounted to QAR 1.2 million (30 June 2020: QAR 1.5 million, 31 December 2020: QAR 2.2 million), at original cost.

10. Debt securities

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Senior guaranteed notes	1,913,576	2,129,799	327,430
Interest payable	11,209	6,020	778
	1,924,785	2,135,819	328,208

Note:
The Group has issued USD 510 million and JPY 2.0 billion as at 30 June 2021 (30 June 2020: USD 510 million and JPY 8.1 billion; 31 December 2020: USD 63 million and JPY 3.0 billion) senior unsecured debt under its updated EMTN programme. Interest on these ranges from 0.35% to 2.38% (30 June 2020: 0.35% to 2.57%, 31 Decemebr 2021: 0.35% to 1.50%).

11. Other borrowings

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Term loan facilities	9,073,711	6,579,085	8,200,026
Interest payable	15,648	25,669	17,167
	9,089,359	6,604,754	8,217,193

Interest on these ranges from 0.65% to 1.68% (30 June 2020: 0.81% to 2.85%, 31 Decemebr 2021: 0.74% to 1.73%).

The table below shows the maturity profile of other borrowings:

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Upto 1 year	2,826,525	4,342,853	5,806,659
Between 1 and 3 years	5,716,823	2,261,901	2,410,534
Above 3 years	546,011	-	-
	9,089,359	6,604,754	8,217,193

12. Share capital

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Authorised number of ordinary shares (in thousands)	**3,100,467**	3,100,467	3,100,467
(Nominal value of ordinary shares QAR 1 each)			
Issued and paid up capital (in thousands of Qatar Riyals)	**3,100,467**	3,100,467	3,100,467

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

13. Instrument eligible as additional tier 1 capital

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 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
	4,000,000	4,000,000	4,000,000

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 7.5% cash dividend amounting to QAR 233 million for the year ended 31 December 2020 (2019: Nil), was approved at the Annual General Assembly held on 15 March 2021.

15. Earnings per share

	Three month period ended		Six month period ended	
	30 June 2021 Reviewed	30 June 2020 Reviewed	**30 June 2021 Reviewed**	30 June 2020 Reviewed
Basic and diluted				
Profit attributable to the shareholders of the Bank	**234,162**	176,624	**614,349**	500,715
Weighted average number of outstanding ordinary shares in thousands	**3,100,467**	3,100,467	**3,100,467**	3,100,467
Basic & diluted earnings per share (QAR)	**0.08**	0.06	**0.20**	0.16

16. Financial commitments and contingencies

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
(a) Contingent commitments			
Guarantees	11,794,110	12,803,236	12,392,098
Letter of credit	3,847,569	4,226,045	3,670,942
Unused credit facilities	888,773	1,420,404	1,093,753
Others	24,750	57,619	59,694
	16,555,202	18,507,304	17,216,487
(b) Other commitments			
Derivative financial instruments:			
Forward foreign exchange contracts	6,353,468	7,459,804	9,604,548
Interest rate swaps	6,707,977	7,585,131	6,604,533
	13,061,445	15,044,935	16,209,081
Total	**29,616,647**	33,552,239	33,425,568

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

17. Cash and cash equivalents

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Cash and balances with central banks *	1,822,699	6,440,335	4,755,276
Due from banks up to 90 days	4,433,063	3,208,355	2,246,470
	6,255,762	9,648,690	7,001,746

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

As at and for the six month period ended 30 June 2021 QAR '000s

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:

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Statement of financial postion items			
- Loans, advances and financing activities	**2,203,203**	2,301,224	1,824,272
- Deposits	**423,435**	694,113	669,281
- Contingent liabilities and other commitments	**587,558**	659,948	600,477
- Others assets	**8,305**	8,305	8,305

	Three month period ended		**Six month period ended**	
	30 June 2021 Reviewed	30 June 2020 Reviewed	**30 June 2021 Reviewed**	30 June 2020 Reviewed
Statement of income and expenses items				
- Interest and fee income	**13,725**	18,708	**27,356**	29,458
- Interest, fee and commission expenses	**7,091**	7,210	**12,866**	15,086
Compensation to Board of Directors				
- Salaries and other benefits	8,464	8,934	17,328	17,939
- End of service benefits and pension fund	-	407	-	813
	8,464	9,341	**17,328**	18,752

19. Capital adequacy

	30 June 2021 Reviewed	30 June 2020 Reviewed	31 December 2020 Audited
Common Equity Tier 1 Capital	9,384,055	8,610,648	9,379,037
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	816,104	889,034	825,583
Total Eligible Capital	**14,200,159**	13,499,682	14,204,620
Risk Weighted Assets	**70,992,923**	76,495,493	71,908,257
Total Capital Ratio	**20.00%**	17.65%	19.75%

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 12.5%.

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.

The Bank 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.

(a) Expected credit losses

The uncertainties caused by COVID-19, and the volatility in oil prices have required the Bank to update the inputs and assumptions used for the determination of expected credit losses ("ECLs"). ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Bank 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.

(b) Valuation estimates and judgements

The Bank has considered potential impacts of the current economic volatility in determination of the reported amounts of the Bank'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.

The impact of such uncertain economic environment is judgmental and the Bank will continue to reassess its position and the related impact on a regular basis.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

(c) Accounting for modified loans and advances

As part of QCB support program, the Bank has deferred payments on lending facilities for those companies that qualify as affected sectors. The payment reliefs are considered as short-term liquidity support to address the borrowers' potential cash flow issues. The Bank has effected the payment reliefs by deferring the installments with no additional fee or commission to be borne by the customer. The accounting impact of these changes in terms of the credit facilities has been assessed and accounted for in accordnance with the requirements of IFRS 9 as a modification of loan arrangement.

(d) Accounting for zero rate repo facilities

The 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 consolidated statement of income or the consolidated statement of equity of the Group for the comparative period / year.