



Interim Condensed Consolidated Financial Statements

**As at and for the nine month period ended
30 September 2019**

Doha Bank Q.P.S.C.

**Interim Condensed Consolidated Financial Statements
As at and for the nine month period ended 30 September 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 30 September 2019 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 30 September 2019;
- the interim consolidated income statement for the three and nine month periods ended 30 September 2019;
- the interim consolidated statement of comprehensive income for the three and nine month periods ended 30 September 2019;
- the interim consolidated statement of changes in equity for the nine month period ended 30 September 2019;
- the interim consolidated statement of cash flows for the nine month period ended 30 September 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 interim condensed consolidated 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 interim condensed consolidated 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 September 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.

23 October 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 30 September 2019

QAR '000s

	Notes	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Assets				
Cash and balances with central banks		5,064,475	5,205,384	7,586,122
Due from banks		6,235,271	3,934,024	6,238,998
Loans and advances to customers	7	65,003,320	59,214,943	59,844,059
Investment securities	8	27,765,223	20,286,172	20,727,215
Investment in an associate		10,355	9,795	10,510
Property, furniture and equipment	9	698,879	640,925	621,469
Other assets		1,968,968	1,075,612	1,104,038
Total assets		106,746,491	90,366,855	96,132,411
Liabilities				
Due to banks		21,298,549	17,412,611	19,528,535
Customer deposits		58,896,949	52,165,499	55,785,338
Debt securities	10	525,260	700,813	747,573
Other borrowings	11	7,119,996	5,269,169	4,844,137
Other liabilities		5,450,511	1,769,011	2,493,599
Total liabilities		93,291,265	77,317,103	83,399,182
Equity				
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		(12,009)	(52,952)	(227,271)
Foreign currency translation reserve		(57,924)	(61,977)	(56,180)
Retained earnings		1,194,544	971,452	686,065
Total equity attributable to shareholders of the Bank		9,455,226	9,049,752	8,733,229
Instruments eligible as additional Tier 1 capital	13	4,000,000	4,000,000	4,000,000
Total equity		13,455,226	13,049,752	12,733,229
Total liabilities and equity		106,746,491	90,366,855	96,132,411

The interim condensed consolidated financial statements were approved by the Board of Directors on 23 October 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 and nine month periods ended 30 September 2019

QAR '000s

	Note	Three month period ended		Nine month period ended	
		30 September 2019 Reviewed	30 September 2018 Reviewed	30 September 2019	30 September 2018
Interest income		1,087,051	979,754	3,147,923	2,933,747
Interest expense		(553,200)	(458,823)	(1,652,179)	(1,330,533)
Net interest income		533,851	520,931	1,495,744	1,603,214
Fee and commission income		136,102	117,498	399,145	360,208
Fee and commission expense		(32,645)	(24,761)	(92,064)	(74,544)
Net fee and commission income		103,457	92,737	307,081	285,664
Gross written premium		10,269	11,647	31,203	36,524
Premium ceded		905	(1,052)	(3,654)	(2,333)
Net claims paid		(43,390)	(8,868)	(85,838)	(27,076)
Net (loss) / income from insurance activities		(32,216)	1,727	(58,289)	7,115
Net foreign exchange gain		32,465	34,375	85,111	88,834
Income from investment securities		137,321	(3,498)	190,870	(790)
Other operating income		13,294	18,429	59,173	45,972
		183,080	49,306	335,154	134,016
Net operating income		788,172	664,701	2,079,690	2,030,009
Staff costs		(125,205)	(128,429)	(363,360)	(389,460)
Depreciation		(27,196)	(21,779)	(82,382)	(68,124)
Net impairment loss on investment securities		(2,108)	(5,534)	(914)	(14,459)
Net impairment loss on loans and advances to customers		(261,632)	(181,480)	(678,429)	(629,848)
Net impairment reversal on other financial assets		16,053	32,734	87,390	98,567
Other expenses		(87,850)	(92,249)	(252,811)	(284,198)
		(487,938)	(396,737)	(1,290,506)	(1,287,522)
Profit before tax		300,234	267,964	789,184	742,487
Income tax (expense) / reversal		(299)	(1,198)	29,342	(5,020)
Profit		299,935	266,766	818,526	737,467
Earnings per share					
Basic and diluted earnings per share (QAR per share)	15	0.10	0.09	0.26	0.24

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 and nine month periods ended 30 September 2019

QAR '000s

Note	Three month period ended		Nine month period ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	Reviewed	Reviewed	Reviewed	Reviewed
Profit	299,935	266,766	818,526	737,467
Other comprehensive income				
Items that are or may be subsequently reclassified to income statement:				
Foreign currency translation differences for foreign operations	(4,666)	(9,178)	(1,744)	(24,521)
<i>Movement in fair value reserve (debt instruments):</i>				
Net change in fair value	77,189	241,091	416,399	213,877
Net amount transferred to consolidated statement of income	(167,031)	(137)	(212,066)	(26,279)
	(94,508)	231,776	202,589	163,077
Items that will not be reclassified subsequently to statement of income				
Net change in fair value of equity investments designated at FVOCI	(8,628)	8,148	10,929	39,578
Other comprehensive (loss) / income	(103,136)	239,924	213,518	202,655
Total comprehensive income	196,799	506,690	1,032,044	940,122

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 nine month period ended 30 September 2019

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 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	-	-	-	-	-	818,526	818,526	-	818,526
Other comprehensive income	-	-	-	215,262	(1,744)	-	213,518	-	213,518
Total comprehensive income	-	-	-	215,262	(1,744)	818,526	1,032,044	-	1,032,044
<i>Transactions with shareholders:</i>									
Dividends paid (Note 14)	-	-	-	-	-	(310,047)	(310,047)	-	(310,047)
Balance at 30 September 2019 (Reviewed)	3,100,467	5,092,948	137,200	(12,009)	(57,924)	1,194,544	9,455,226	4,000,000	13,455,226
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	-	-	-	-	(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	-	-	-	-	-	737,467	737,467	-	737,467
Other comprehensive income	-	-	-	227,176	(24,521)	-	202,655	-	202,655
Total comprehensive income	-	-	-	227,176	(24,521)	737,467	940,122	-	940,122
<i>Transactions with shareholders:</i>									
Dividends paid (Note 14)	-	-	-	-	-	(930,140)	(930,140)	-	(930,140)
Balance at 30 September 2018 (Reviewed)	3,100,467	5,092,762	-	(52,952)	(61,977)	971,452	9,049,752	4,000,000	13,049,752

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 nine month period ended 30 September 2019

QAR '000s

	Nine month period ended		Year ended
	30 September 2019 Note	30 September 2018 Reviewed	31 December 2018 Audited
Cash flows from operating activities			
Profit before tax	789,184	742,487	834,036
Adjustments for:			
Net impairment loss on loans and advances to customers	678,429	629,848	951,683
Net impairment loss on investment securities	914	14,459	16,207
Net impairment reversal on other financial instruments	(87,390)	(98,567)	(103,699)
Depreciation	82,382	68,124	90,059
Amortisation of financing cost	10,844	7,939	13,141
Net (gain) / loss on disposal of investment securities	(163,508)	31,234	46,757
Profit on sale of property, furniture and equipment	85	(134)	(183)
Share of results of an associate		-	(340)
Profits before changes in operating assets and liabilities	1,310,940	1,395,390	1,847,661
Change in due from banks	(324,813)	(126,662)	132,999
Change in loans and advances to customers	(3,517,039)	(1,336,525)	(2,132,784)
Change in other assets	(864,930)	(297,193)	(325,619)
Change in due to banks	1,770,014	6,383,686	8,499,610
Change in customer deposits	3,111,611	(7,568,310)	(3,948,471)
Change in other liabilities	959,465	120,306	435,451
Social and sports fund contribution	(20,756)	(27,752)	(27,752)
Income tax reversal / (paid)	21,696	(36,823)	(29,606)
Net cash from / (used in) operating activities	2,446,188	(1,493,883)	4,451,489
Cash flows from investing activities			
Acquisition of investment securities	(12,521,702)	(9,008,625)	(11,581,363)
Proceeds from sale of investment securities	5,861,705	6,323,858	8,264,137
Net acquisition) of property, furniture and equipment	(159,952)	(17,280)	(2,960)
Proceeds from sale of property, furniture and equipment	75	146	195
Net cash used in investing activities	(6,819,874)	(2,701,901)	(3,319,991)
Cash flows from financing activities			
Proceeds from / (repayment of) other borrowings	2,275,859	(170,910)	(595,942)
(Repayment) / proceeds from issue of debt securities	(222,313)	41,871	88,631
Distribution on Tier 1 capital notes	(220,000)	(220,000)	(220,000)
Dividends paid	(310,047)	(930,140)	(930,140)
Net cash from / (used in) financing activities	1,523,499	(1,279,179)	(1,657,451)
Net decrease in cash and cash equivalents	(2,850,187)	(5,474,963)	(525,953)
Cash and cash equivalents at the beginning of the period / year	9,779,722	10,305,675	10,305,675
Cash and cash equivalents at the end of the period / year	6,929,535	4,830,712	9,779,722
Operational cash flows from interest and dividend:			
Interest received	3,086,655	2,855,300	3,878,639
Interest paid	1,542,347	1,285,311	1,731,955
Dividends received	27,362	31,813	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 nine month period ended 30 September 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 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 nine month period ended 30 September 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	
				30 September 2019	30 September 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 nine month period ended 30 September 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 nine month period ended 30 September 2019**

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 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.

	30 September 2019 Reviewed	1 January 2019 Reviewed
Right of use asset (Property & Equipment)	114,720	143,105
Lease liability (Other Liabilities)	110,765	143,105
		Nine month period ended 30 September 2019 Reviewed
Depreciation charge for right of use assets		24,020
Interest expense on lease liabilities		2,134

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

	30 September 2019 (Reviewed)				30 September 2018 (Reviewed)
	Stage 1	Stage 2	Stage 3	Total	Total
Gross exposures subject to ECL – as at 30 September					
- Loans and advances to customers	46,996,810	19,655,756	3,990,822	70,643,388	64,061,102
- Investment securities (debt)	26,810,353	256,228	37,093	27,103,674	19,655,122
- Loan commitments and financial guarantees	14,956,764	4,808,268	343,287	20,108,319	25,070,578
- Due from banks and balances with central Banks	10,668,182	213,491	-	10,881,673	8,713,932
	99,432,109	24,933,743	4,371,202	128,737,054	117,500,734
Opening balance of ECL / impairment - as at 1 January					
- 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	8,158
- Due from banks and balances with central Banks	11,886	392	-	12,278	-
	281,529	1,429,285	3,738,809	5,449,623	2,840,326
ECL impact of initial application of IFRS 9					
- Loans and advances to customers	-	-	-	-	1,484,635
- Investment securities (debt)	-	-	-	-	11,582
- Loan commitments and financial guarantees	-	-	-	-	252,767
- Due from banks and balances with central Banks	-	-	-	-	16,989
	-	-	-	-	1,765,973
Net charge and transfers for the period					
- Loans and advances to customers*	(105,669)	210,884	838,508	943,723	914,417
- Investment securities (debt)	(9,133)	7,847	2,200	914	14,459
- Loan commitments and financial guarantees**	(8,247)	(71,735)	75,010	(4,972)	(90,219)
- Due from banks and balances with central Banks	(7,390)	(191)	-	(7,581)	(8,348)
	(130,439)	146,805	915,718	932,084	830,309
Write offs during the period					
- Loans and advances to customers	-	-	(537,079)	(537,079)	(370,866)
- Investment securities (debt)	-	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-	-
- Due from banks and balances with central Banks	-	-	-	-	-
	-	-	(537,079)	(537,079)	(370,866)
Closing balance of ECL / impairment - as at 30 September					
- Loans and advances to customers	118,040	1,512,780	4,009,248	5,640,068	4,846,159
- Investment securities (debt)	9,226	8,640	25,032	42,898	40,236
- Loan commitments and financial guarantees	19,328	54,469	83,168	156,965	170,706
- Due from banks and balances with central Banks	4,496	201	-	4,697	8,641
	151,090	1,576,090	4,117,448	5,844,628	5,065,742

* stage 3 provision includes interest in suspense

** stage 3 provision includes a transfer of provision from loans and advances to loan commitments and financial guarantees

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 Nine month period ended 30 September 2019 and 30 September 2018 are stated below:

For the nine month period ended 30 September 2019

	Conventional Banking			Total	Insurance	Total
	Corporate Banking	Retail Banking	Unallocated			
Interest income	2,882,140	265,783	-	3,147,923	-	3,147,923
Net loss on insurance activities	-	-	-	-	(58,289)	(58,289)
Net other operating income	467,154	111,336	58,427	636,917	5,318	642,235
Segmental revenue	3,349,294	377,119	58,427	3,784,840	(52,971)	3,731,869
Total expense				(2,907,279)	(6,064)	(2,913,343)
Profit / (loss) for the period				877,561	(59,035)	818,526
As at 30 September 2019						
Assets	92,996,101	6,022,466	7,423,512	106,442,079	294,057	106,736,136
Investment in an associate						10,355
Total assets						106,746,491
Liabilities	79,551,707	11,834,384	1,713,252	93,099,343	191,922	93,291,265
Contingent items	20,050,180	58,139		20,108,319		20,108,319

Intra-group transactions are eliminated from this segmental information (Assets: QAR 170 million and Liabilities: QAR 70 million)

5. Operating segments (continued)

For the Nine month period ended 30 September 2018	Conventional Banking				Insurance	Total
	Corporate Banking	Retail Banking	Unallocated	Total		
Interest income	2,671,628	262,119	-	2,933,747	-	2,933,747
Net income on insurance activities	-	-	-	-	7,115	7,115
Net other operating income	260,608	108,337	45,972	414,917	4,763	419,680
Segmental revenue	<u>2,932,236</u>	<u>370,456</u>	<u>45,972</u>	<u>3,348,664</u>	<u>11,878</u>	<u>3,360,542</u>
Total expense				<u>(2,613,473)</u>	<u>(9,602)</u>	<u>(2,623,075)</u>
Profit for the period				<u>735,191</u>	<u>2,276</u>	<u>737,467</u>
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						<u>96,132,411</u>
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 30 September 2019, the Group held the following classes of financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
At 30 September 2019				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	18,417,871	-	52,720	18,470,591
Investment securities measured at FVTPL	64,131	55,356	-	119,487
<i>Derivative instruments:</i>				
Interest rate swaps	-	6,649	-	6,649
Forward foreign exchange contracts	-	524	-	524
	<u>18,482,002</u>	<u>62,529</u>	<u>52,720</u>	<u>18,597,251</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	754,179	-	754,179
Forward foreign exchange contracts	-	5,400	-	5,400
	<u>-</u>	<u>759,579</u>	<u>-</u>	<u>759,579</u>
	Level 1	Level 2	Level 3	Total
At 31 December 2018				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	14,863,146	300,000	52,781	15,215,927
Investment securities measured at FVTPL	43,716	58,641	-	102,357
<i>Derivative instruments:</i>				
Interest rate swaps	-	77,417	-	77,417
Forward foreign exchange contracts	-	10,388	-	10,388
	<u>14,906,862</u>	<u>446,446</u>	<u>52,781</u>	<u>15,406,089</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	123,187	-	123,187
Forward foreign exchange contracts	-	15,701	-	15,701
	<u>-</u>	<u>138,888</u>	<u>-</u>	<u>138,888</u>

During the reporting period ended 30 September 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

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Loans	58,766,081	56,802,494	57,559,469
Overdrafts	8,487,415	6,333,841	6,240,831
Bills discounted	347,892	344,854	367,679
Other*	3,053,397	593,494	924,002
	70,654,785	64,074,683	65,091,981
Deferred profit	(11,397)	(13,581)	(14,498)
ECL on loans and advances to customers (stage 1 & 2)	(1,630,820)	(1,430,818)	(1,525,605)
Net impairment on loans and advances to customers (Stage 3)	(4,009,248)	(3,415,341)	(3,707,819)
Net loans and advances to customers*	65,003,320	59,214,943	59,844,059

The aggregate amount of non-performing loans and advances to customers at 30 September 2019 amounted to QAR 3,990.8 million which represents 5.65% of total loans and advances to customers (30 September 2018: QAR 3,236.3 million, 5.05% of total loans and advances to customers; 31 December 2018: QAR 3,802.1 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 537 million (30 September 2018: QAR 371 million, 31 December 2018: QAR 389 million) as per Qatar Central Bank circular no. 68/2011.

Net impairment of loans and advances includes QAR 934 million of interest in suspense (30 September 2018: QAR 581 million; 31 December 2018: QAR 667 million).

*This includes acceptances pertaining to trade finance activities amounting to QAR 2,772 million (30 September 2018: QAR 202 million; 31 December 2018: QAR 451 million).

8. Investment securities

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Investment securities measured at FVOCI	18,470,591	14,662,769	15,215,927
Investment securities measured at FVTPL	119,487	166,477	102,357
Investment securities measured at amortised cost	8,949,976	5,272,034	5,258,181
Interest receivable	<u>250,523</u>	<u>205,471</u>	<u>175,332</u>
	27,790,577	20,306,751	20,751,797
Net impairment losses on investment securities	<u>(25,354)</u>	<u>(20,579)</u>	<u>(24,582)</u>
	27,765,223	20,286,172	20,727,215

The Group has pledged State of Qatar Bonds amounting to QAR 8,279 million as at 30 September 2019 (30 September 2018: QAR 7,386 million; 31 December 2018: QAR 7,401 million) against repurchase agreements.

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

During the period ended 30 September 2019, the Group acquired assets with a cost of QAR 19.3 million (30 September 2018: QAR 17.3 million; 31 December 2018: QAR 22 million).

Asset disposals made by the Group during the period ended 30 September 2019 amounted to QAR 12.1 million (30 September 2018: QAR 5.4 million, 31 December 2018: QAR 18.9 million), at original cost.

10. Debt securities

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Senior guaranteed notes	524,034	698,892	745,997
Interest payable	<u>1,226</u>	<u>1,921</u>	<u>1,576</u>
	525,260	700,813	747,573

Note:

The Group has issued USD 55 million and JPY 11 billion as at 30 September 2019 (30 September 2018: USD 75 million and JPY 13.3 billion; 31 December 2018: USD Nil and JPY 5.4 billion) senior unsecured debt under its updated EMTN programme.

11. Other borrowings

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Term loan facilities	7,093,435	5,257,893	4,831,161
Interest payable	26,561	11,276	12,976
	<u>7,119,996</u>	<u>5,269,169</u>	<u>4,844,137</u>

The table below shows the maturity profile of other borrowings:

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Upto 1 year	2,491,868	3,106,790	2,918,583
Between 1 and 3 years	4,628,128	2,162,379	1,925,554
	<u>7,119,996</u>	<u>5,269,169</u>	<u>4,844,137</u>

12. Share capital

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Authorised number of ordinary shares (in thousands) (Nominal value of ordinary shares QAR 1 each for 2019 and QAR 10 each for comparative period)	<u>3,100,467</u>	310,047	310,047
Issued and paid up capital (in thousands of Qatar Riyals)	<u>3,100,467</u>	3,100,467	3,100,467

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 21 of these interim condensed consolidated financial statements.

13. Instrument eligible as additional tier 1 capital

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Issued on 31 December 2013	2,000,000	2,000,000	2,000,000
Issued on 30 September 2015	2,000,000	2,000,000	2,000,000
	<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

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

	Three month period ended		Nine month period ended	
	30 September 2019 Reviewed	30 September 2018 Reviewed	30 September 2019 Reviewed	30 September 2018 Reviewed
Basic and diluted				
Profit attributable to the shareholders of the Bank	299,935	266,766	818,526	737,467
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)	0.10	0.09	0.26	0.24

* Refer note 21.

16. Financial commitments and contingencies

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
(a) Contingent commitments			
Guarantees	13,320,901	17,256,815	16,046,400
Letter of credit	5,177,593	5,613,356	5,273,014
Unused credit facilities	1,609,825	2,200,407	1,868,006
Others	48,042	215,762	190,294
	20,156,361	25,286,340	23,377,714
(b) Other commitments			
<i>Derivative financial instruments:</i>			
Forward foreign exchange contracts	3,533,688	4,498,302	8,135,927
Interest rate swaps	7,018,597	5,660,206	6,737,362
	10,552,285	10,158,508	14,873,289
Total	30,708,646	35,444,848	38,251,003

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 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Cash and balances with central banks *	2,774,166	3,161,092	5,611,097
Due from banks up to 90 days	4,155,369	1,669,620	4,168,625
	6,929,535	4,830,712	9,779,722

* 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:

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Statement of financial position items			
- Loans, advances and financing activities	2,327,651	2,502,622	2,444,110
- Deposits	737,271	406,092	449,486
- Contingent liabilities and other commitments	758,259	912,808	827,653
- Others assets	8,305	8,305	8,305
	Three month period ended 30 September 2019 Reviewed	30 September 2018 Reviewed	Nine month period ended 30 September 2019 Reviewed
			30 September 2018 Reviewed
Statement of income and expenses items			
- Interest and fee income	16,662	18,861	49,893
- Interest, fee and commission expenses	1,288	1,962	8,656
Compensation to Board of Directors			
- Salaries and other benefits	8,876	9,010	29,601
- End of service benefits and pension fund	411	411	1,219
	9,287	9,421	30,820

19. Capital adequacy

	30 September 2019 Reviewed	30 September 2018 Reviewed	31 December 2018 Audited
Common Equity Tier 1 Capital	8,398,084	8,122,179	8,224,942
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	923,473	883,813	899,329
Total Eligible Capital	13,321,557	13,005,992	13,124,271
Risk Weighted Assets	79,067,547	76,057,944	77,173,209
Total Capital Ratio	16.85%	17.10%	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

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.