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DOHA BANK

Interim Condensed Consolidated Financial Statements

As at and for the nine month period ended 30 September 2020

Doha Bank Q.P.S.C.

Interim Condensed Consolidated Financial Statements
As at and for the nine month period ended 30 September 2020

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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 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 30 September 2020;
- the interim consolidated income statement for the three and nine month periods ended 30 September 2020;
- the interim consolidated statement of comprehensive income for the three and nine month periods ended 30 September 2020;
- the interim consolidated statement of changes in equity for the nine month period ended 30 September 2020;
- the interim consolidated statement of cash flows for the nine month period ended 30 September 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 30 September 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.

27 October 2020
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry Number 251
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Doha Bank Q.P.S.C.

Interim consolidated statement of financial position
As at 30 September 2020 QAR '000s

	Notes	30 September 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 Audited
Assets				
Cash and balances with central banks		**9,468,433**	5,064,475	5,803,844
Due from banks		**4,963,940**	6,235,271	7,756,944
Loans and advances to customers	7	**63,133,554**	65,003,320	65,784,258
Investment securities	8	**25,419,409**	27,765,223	26,560,585
Investment in an associate		**10,132**	10,355	10,478
Property, furniture and equipment	9	**675,847**	698,879	723,597
Other assets		**2,785,393**	1,968,968	1,568,719
Total assets		**106,456,708**	106,746,491	108,208,425
Liabilities				
Due to banks		**25,760,407**	21,298,549	24,036,948
Customer deposits		**55,822,297**	58,896,949	58,463,833
Debt securities	10	**866,818**	525,260	473,059
Other borrowings	11	**7,046,757**	7,119,996	6,859,049
Other liabilities		**3,195,967**	5,450,511	5,057,622
Total liabilities		**92,692,246**	93,291,265	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		**(164,695)**	(12,009)	155,043
Foreign currency translation reserve		**(64,078)**	(57,924)	(58,846)
Retained earnings		**950,220**	1,194,544	178,702
Total equity attributable to shareholders of the Bank		**9,764,462**	9,455,226	9,317,914
Instruments eligible as additional Tier 1 capital	13	**4,000,000**	4,000,000	4,000,000
Total equity		**13,764,462**	13,455,226	13,317,914
Total liabilities and equity		**106,456,708**	106,746,491	108,208,425

The interim condensed consolidated financial statements were approved by the Board of Directors on 27 October 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 and nine month periods ended 30 September 2020 QAR ‘000s

	Note	Three month period ended **30 September 2020** **Reviewed**	 30 September 2019 Reviewed	Nine month period ended **30 September 2020** **Reviewed**	 30 September 2019 Reviewed
Interest income		**930,745**	1,074,549	**2,866,288**	3,110,824
Interest expense		**(300,472)**	(540,698)	**(1,164,538)**	(1,615,080)
Net interest income		**630,273**	533,851	**1,701,750**	1,495,744
Fee and commission income		**107,249**	136,102	**329,528**	399,145
Fee and commission expense		**(28,344)**	(32,645)	**(82,683)**	(92,064)
Net fee and commission income		**78,905**	103,457	**246,845**	307,081
Gross written premium		**8,774**	10,269	**32,632**	31,203
Premium ceded		**1,263**	905	**(3,068)**	(3,654)
Net claims paid		**(6,158)**	(43,390)	**(17,685)**	(85,838)
Net income / (loss) from insurance activities		**3,879**	(32,216)	**11,879**	(58,289)
Net foreign exchange gain		**16,057**	32,465	**75,715**	85,111
Income from investment securities		**48,491**	137,321	**139,128**	190,870
Other operating income		**10,765**	13,294	**41,756**	59,173
		75,313	183,080	**256,599**	335,154
Net operating income		**788,370**	788,172	**2,217,073**	2,079,690
Staff costs		**(107,039)**	(125,205)	**(336,241)**	(363,360)
Depreciation		**(28,067)**	(27,196)	**(86,190)**	(82,382)
Net impairment reversal / (loss) on investment securities		**7,388**	(2,108)	**(44,156)**	(914)
Net impairment loss on loans and advances to customers		**(299,985)**	(261,632)	**(710,430)**	(678,429)
Net impairment reversal / (loss) on other financial assets		**2,379**	16,053	**(14,562)**	87,390
Other expenses		**(91,864)**	(87,850)	**(252,856)**	(252,811)
		(517,188)	(487,938)	**(1,444,435)**	(1,290,506)
Profit before tax		**271,182**	300,234	**772,638**	789,184
Income tax (expense) / reversal		**(379)**	(299)	**(1,120)**	29,342
Profit		**270,803**	299,935	**771,518**	818,526
Earnings per share					
Basic and diluted earnings per share (QAR per share)	15	**0.09**	0.10	**0.25**	0.26

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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.

Interim consolidated statement of comprehensive income
For the three and nine month periods ended 30 September 2020 QAR '000s

	Note	Three month period ended		Nine month period ended	
		30 September 2020 Reviewed	30 September 2019 Reviewed	**30 September 2020 Reviewed**	30 September 2019 Reviewed
Profit		**270,803**	299,935	**771,518**	818,526
Other comprehensive income					
Items that are or may be subsequently reclassified to income statement:					
Foreign currency translation differences for foreign operations		**3,918**	(4,666)	**(5,232)**	(1,744)
Movement in fair value reserve (debt instruments):					
Net change in fair value		**127,919**	77,189	**440,007**	416,399
Net amount transferred to consolidated statement of income		**38,008**	(167,031)	**(747,606)**	(212,066)
		169,845	(94,508)	**(312,831)**	202,589
Items that will not be reclassified subsequently to statement of income					
Net change in fair value of equity investments designated at FVOCI		**39,306**	(8,628)	**(12,139)**	10,929
Other comprehensive income / (loss)		**209,151**	(103,136)	**(324,970)**	213,518
Total comprehensive income		**479,954**	196,799	**446,548**	1,032,044

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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 2020

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 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	-	-	-	-	-	771,518	771,518	-	771,518
Other comprehensive loss	-	-	-	(319,738)	(5,232)	-	(324,970)	-	(324,970)
Total comprehensive loss	-	-	-	(319,738)	(5,232)	771,518	446,548	-	446,548
Transactions with shareholders:									
Dividends paid (Note 14)	-	-	-	-	-	-	-	-	-
Balance at 30 September 2020 (Reviewed)	**3,100,467**	**5,092,948**	**849,600**	**(164,695)**	**(64,078)**	**950,220**	**9,764,462**	**4,000,000**	**13,764,462**
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
Total comprehensive income:									
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
Transactions with shareholders:									
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

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

Doha Bank Q.P.S.C.

Interim consolidated statement of cash flows
For the nine month period ended 30 September 2020

	Note	Nine month period ended		Year ended
		30 September 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 Audited
Cash flows from operating activities				
Profit before tax		**772,638**	789,184	724,788
Adjustments for:				
Net impairment loss on loans and advances to customers		**710,430**	678,429	1,161,537
Net impairment loss / (reversal) on investment securities		**44,156**	914	(260)
Net impairment loss / (reversal) on other financial instruments		**14,562**	(87,390)	(38,113)
Depreciation		**86,190**	82,382	121,840
Amortisation of financing cost		**19,639**	10,844	14,630
Net gain on disposal of investment securities		**(115,301)**	(163,508)	(270,097)
Profit on sale of property, furniture and equipment		**(22)**	85	40
Share of results of an associate		**-**	-	(187)
Profits before changes in operating assets and liabilities		**1,532,292**	1,310,940	1,714,178
Change in due from banks		**2,525,159**	(324,813)	(2,316,713)
Change in loans and advances to customers		**(315,698)**	(3,517,039)	(5,146,264)
Change in other assets		**(1,216,674)**	(864,930)	(464,681)
Change in due to banks		**1,723,459**	1,770,014	4,508,413
Change in customer deposits		**(2,641,536)**	3,111,611	2,678,495
Change in other liabilities		**584,376**	820,042	446,434
Social and sports fund contribution		**(18,848)**	(20,756)	(20,756)
Income tax (paid) / reversal		**(1,560)**	21,696	21,696
Net cash from operating activities		**2,170,970**	2,306,765	1,420,802
Cash flows from investing activities				
Acquisition of investment securities		**(4,733,622)**	(12,521,702)	(13,453,006)
Proceeds from sale of investment securities		**5,626,551**	5,861,705	8,272,339
Net acquisition of property, furniture and equipment		**(9,005)**	(20,529)	(31,666)
Proceeds from sale of property, furniture and equipment		**22**	75	135
Net cash from / (used in) investing activities		**883,946**	(6,680,451)	(5,212,198)
Cash flows from financing activities				
Proceeds from other borrowings		**187,708**	2,275,859	2,014,912
Proceeds from / (repayment of) issue of debt securities		**374,120**	(222,313)	(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		**341,828**	1,523,499	1,210,351
Net increase / (decrease) in cash and cash equivalents		**3,396,744**	(2,850,187)	(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	17	**10,595,421**	6,929,535	7,198,677
Operational cash flows from interest and dividend:				
Interest received		**2,868,628**	3,086,655	4,166,727
Interest paid		**1,310,968**	1,542,347	2,142,581
Dividends received		**23,827**	27,362	35,627

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

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 interim condensed consolidated financial statements for the nine month period ended 30 September 2020 comprises of the Bank and its subsidiaries (together referred to as "the Group").

The principal subsidiaries of the Group are as follows:

				Percentage of ownership	
Company's name	**Country of incorporation**	**Company's capital**	**Company's activities**	**30 September 2020**	30 September 2019
Sharq Insurance L.L.C (formerly 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 interim condensed consolidated 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 interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2019. The results for the nine month period ended 30 September 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 interim condensed consolidated financial statements in conformity with International Financial Reporting 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 interim condensed consolidated 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.

3. Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated 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 for the Inter Bank Offer Rate ("IBOR") transition as mentioned below.

During the period, the following IFRS Standards and amendments to IFRS Standards have been applied by the Group in preparation of these interim condensed consolidated 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.

IBOR Transition

Effective from 1 January 2020, the Group has implemented amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to interest rate benchmark reforms. The amendments (referred as Phase I of IBOR transition project) addresses the hedge accounting requirements arising before IBOR and proposed a hedging relief for such hedges.

The Group has applied the hedging relief available under the amendments such as relief on forward looking analysis during the period of uncertainty beyond the year 2021.

At Group level, the notional amount of IBOR related interest rate swaps that have been designated in a hedging relationship is QAR 6.6 billion as at 30 September 2020. The Group is in discussion with counterparties in relation to exposure to fair value hedges linked to IBOR maturing beyond the year 2021. Management continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

As at and for the nine month period ended 30 September 2020 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 2019, except as discussed in note 20.

(a) Exposure and related ECL movements

	30 September 2020 (Reviewed)				30 September 2019 (Reviewed)
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Total**
Gross exposures subject to ECL – as at 30 September					
- Loans and advances to customers	43,852,969	19,712,000	3,793,768	67,358,737	70,643,388
- Investment securities (debt)	24,554,032	345,573	18,793	24,918,398	27,103,674
- Loan commitments and financial guarantees	12,271,476	4,935,656	304,063	17,511,195	20,108,319
- Due from banks and balances with central Banks	13,354,533	492,364	-	13,846,897	10,881,673
	94,033,010	**25,485,593**	**4,116,624**	**123,635,227**	128,737,054
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*	(8,044)	(118,328)	1,144,609	1,018,237	943,723
- Investment securities (debt)	26,414	17,742	-	44,156	914
- Loan commitments and financial guarantees	761	8,298	(2,084)	6,975	(4,972)
- Due from banks and balances with central Banks	2,259	4,017	-	6,276	(7,581)
	21,390	**(88,271)**	**1,142,525**	**1,075,644**	932,084
Write offs during the period					
- Loans and advances to customers*	-	-	(1,922,625)	(1,922,625)	(537,079)
- Investment securities (debt)	-	-	(18,558)	(18,558)	-
- Loan commitments and financial guarantees	-	-	(3,345)	(3,345)	-
- Due from banks and balances with central Banks	-	-	-	-	-
	-	**-**	**(1,944,528)**	**(1,944,528)**	(537,079)
Closing balance of ECL / impairment - as at 30 September					
- Loans and advances to customers*	136,667	1,307,110	2,781,406	4,225,183	5,640,068
- Investment securities (debt)	35,843	25,005	6,474	67,322	42,898
- Loan commitments and financial guarantees	18,356	109,446	120,114	247,916	156,965
- Due from banks and balances with central Banks	10,168	4,626	-	14,794	4,697
	201,034	**1,446,187**	**2,907,994**	**4,555,215**	5,844,628

* stage 3 provision includes interest in suspense

As at and for the nine month period ended 30 September 2020 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 nine month period ended 30 September 2020 and 30 September 2019 are stated below:

For the nine month period ended 30 September 2020	Conventional Banking					
	Corporate Banking	Retail Banking	Unallocated	Total	Insurance	Total
Net interest income	1,605,576	96,174	-	1,701,750	-	1,701,750
Net income on insurance activities	-	-	-	-	11,879	11,879
Net other operating income	326,841	134,299	41,756	502,896	548	503,444
Segmental revenue	1,932,417	230,473	41,756	2,204,646	12,427	2,217,073
Total expense				(1,439,621)	(5,934)	(1,445,555)
Profit for the period				765,025	6,493	771,518
As at 30 September 2020						
Assets	88,219,667	5,112,293	12,929,673	106,261,633	184,943	106,446,576
Investment in an associate	-	-	-	-	-	10,132
Total assets						106,456,708
Liabilities	79,630,721	10,795,608	2,182,642	92,608,970	83,276	92,692,246
Contingent items	17,434,188	77,007	-	17,511,195	-	17,511,195

Intra-group transactions are eliminated from this segmental information (Assets: QAR 132 million and Liabilities: QAR 32 million).

As at and for the nine month period ended 30 September 2020 QAR '000s

5. Operating segments (continued)

For the nine month period ended 30 September 2019	Conventional Banking					
	Corporate Banking	Retail Banking	Unallocated	Total	Insurance	Total
Net interest income	1,310,709	185,035	-	1,495,744	-	1,495,744
Net income on insurance activities	-	-	-		(58,289)	(58,289)
Net other operating income	452,343	128,411	59,173	639,927	2,308	642,235
Segmental revenue	1,763,052	313,446	59,173	2,135,671	(55,981)	2,079,690
Total expense				(1,258,110)	(3,054)	(1,261,164)
Profit for the period				**877,561**	**(59,035)**	**818,526**
As at 31 December 2019						
Assets	93,962,105	5,373,161	8,096,160	107,878,014	319,933	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	191,922	94,890,511
Contingent items	19,229,223	84,707	-	19,313,930	-	19,313,930

As at and for the nine month period ended 30 September 2020 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 September 2020, the Group held the following classes of financial instruments measured at fair value:

	Level 1	**Level 2**	**Level 3**	**Total**
At 30 September 2020				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	16,987,924	-	50,869	**17,038,793**
Investment securities measured at FVTPL	43,569	34,608	-	**78,177**
Derivative instruments:				
Interest rate swaps	-	56,621	-	**56,621**
Forward foreign exchange contracts	-	53,735	-	**53,735**
	17,031,493	**144,964**	**50,869**	**17,227,326**
Financial liabilities measured at fair value:				
Derivative instruments:				
Interest rate swaps	-	1,072,897	-	**1,072,897**
Forward foreign exchange contracts	-	22,394	-	**22,394**
	-	**1,095,291**	**-**	**1,095,291**

	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
Derivative instruments:				
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:				
Derivative instruments:				
Interest rate swaps	-	506,663	-	506,663
Forward foreign exchange contracts	-	7,613	-	7,613
	-	514,276	-	514,276

During the reporting period ended 30 September 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

As at and for the nine month period ended 30 September 2020 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 September 2020	30 September 2019	31 December 2019
	Reviewed	Reviewed	Audited
Loans	**56,701,410**	58,766,081	57,676,395
Overdrafts	**10,155,716**	8,487,415	10,276,514
Bills discounted	**189,144**	347,892	308,927
Other*	**317,698**	3,053,397	2,666,157
	67,363,968	70,654,785	70,927,993
Deferred profit	**(5,231)**	(11,397)	(14,164)
ECL on loans and advances to customers (stage 1 & 2)	**(1,443,777)**	(1,630,820)	(1,570,149)
Net impairment on loans and advances to customers (Stage 3)	**(2,781,406)**	(4,009,248)	(3,559,422)
Net loans and advances to customers*	**63,133,554**	65,003,320	65,784,258

The aggregate amount of non-performing loans and advances to customers at 30 September 2020 amounted to QAR 3,794 million which represents 5.63% of total loans and advances to customers (30 September 2019: QAR 3,991 million, 5.65% 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 1,923 million (30 September 2019: QAR 537 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 946 million of interest in suspense (30 September 2019: QAR 934 million; 31 December 2019: QAR 900 million).

*This includes acceptances pertaining to trade finance activities amounting to QAR 151 million (30 September 2019: QAR 2,772 million; 31 December 2019: QAR 2,407 million).

As at and for the nine month period ended 30 September 2020 QAR '000s

8. Investment securities

	30 September 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 Audited
Investment securities measured at FVOCI	16,872,141	18,470,591	17,259,232
Investment securities measured at FVTPL	78,177	119,487	64,808
Investment securities measured at amortised cost	8,235,267	8,949,976	9,033,190
Interest receivable	241,331	250,523	228,742
	25,426,916	27,790,577	26,585,972
Net impairment losses on investment securities	(7,507)	(25,354)	(25,387)
	25,419,409	27,765,223	26,560,585

The Group has pledged State of Qatar Bonds bonds amounting to QAR 8,357 million as at 30 September 2020 (30 September 2019: QAR 8,279 million; 31 December 2019: QAR 7,747 million) against repurchase agreements.

9. Property, furniture and equipment

Acquisitions and disposals

During the period ended 30 September 2020, the Group acquired assets with a cost of QAR 5.9 million (30 September 2019: QAR 19.3 million; 31 December 2019: QAR 87 million).

Asset disposals made by the Group during the period ended 30 September 2020 amounted to QAR 1.5 million (30 September 2019: QAR 12.1 million, 31 December 2019: QAR 12.9 million), at original cost.

10. Debt securities

	30 September 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 Audited
Senior guaranteed notes	865,747	524,034	471,908
Interest payable	1,071	1,226	1,151
	866,818	525,260	473,059

Note:
The Group has issued USD 200 million and JPY 4.0 billion as at 30 September 2020 (30 September 2019: USD 55 million and JPY 11 billion; 31 December 2019: USD 55 million and JPY 8.1 billion) senior unsecured debt under its updated EMTN programme.

11. Other borrowings

	30 September 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 Audited
Term loan facilities	**7,027,326**	7,093,435	6,824,310
Interest payable	**19,431**	26,561	34,739
	7,046,757	7,119,996	6,859,049

The table below shows the maturity profile of other borrowings:

	30 September 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 Audited
Upto 1 year	**4,512,070**	2,491,868	3,030,356
Between 1 and 3 years	**2,534,687**	4,628,128	3,828,693
	7,046,757	7,119,996	6,859,049

12. Share capital

	30 September 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 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 September 2020 Reviewed	30 September 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	**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 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

	Three month period ended		Nine month period ended	
	30 September 2020 Reviewed	30 September 2019 Reviewed	**30 September 2020 Reviewed**	30 September 2019 Reviewed
Basic and diluted				
Profit attributable to the shareholders of the Bank	**270,803**	299,935	**771,518**	818,526
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)	**0.09**	0.10	**0.25**	0.26

16. Financial commitments and contingencies

	30 September 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 Audited
(a) Contingent commitments			
Guarantees	**12,681,436**	13,320,901	12,896,949
Letter of credit	**3,996,082**	5,177,593	4,679,118
Unused credit facilities	**833,677**	1,609,825	1,737,863
Others	**80,468**	48,042	49,819
	17,591,663	20,156,361	19,363,749
(b) Other commitments			
Derivative financial instruments:			
Forward foreign exchange contracts	**6,639,456**	3,533,688	6,338,153
Interest rate swaps	**6,595,247**	7,018,597	7,110,363
	13,234,703	10,552,285	13,448,516
Total	**30,826,366**	30,708,646	32,812,265

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 2020 Reviewed	30 September 2019 Reviewed	31 December 2019 Audited
Cash and balances with central banks *	**7,381,330**	2,774,166	3,425,724
Due from banks up to 90 days	**3,214,091**	4,155,369	3,772,953
	10,595,421	6,929,535	7,198,677

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

As at and for the nine month period ended 30 September 2020 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 September 2020	30 September 2019	31 December 2019
	Reviewed	Reviewed	Audited
Statement of financial postion items			
- Loans, advances and financing activities	**1,814,967**	2,327,651	2,368,267
- Deposits	**666,527**	737,271	711,121
- Contingent liabilities and other commitments	**592,252**	758,259	661,588
- Others assets	**8,305**	8,305	8,305

	Three month period ended		**Nine month period ended**	
	30 September 2020	30 September 2019	**30 September 2020**	30 September 2019
	Reviewed	Reviewed	**Reviewed**	Reviewed
Statement of income and expenses items				
- Interest and fee income	**13,229**	16,662	**42,687**	49,893
- Interest, fee and commission expenses	**1,175**	1,288	**16,261**	8,656
Compensation to Board of Directors				
- Salaries and other benefits	**8,535**	8,876	**26,474**	29,601
- End of service benefits and pension fund	**(813)**	411	**-**	1,219
	7,722	9,287	**26,474**	30,820

19. Capital adequacy

	30 September 2020	30 September 2019	31 December 2019
	Reviewed	Reviewed	Audited
Common Equity Tier 1 Capital	8,819,919	8,398,084	9,143,194
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	860,996	923,473	927,323
Total Eligible Capital	**13,680,915**	13,321,557	14,070,517
Risk Weighted Assets	**74,418,387**	79,067,547	79,287,429
Total Capital Ratio	**18.38%**	16.85%	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%.

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's operations are concentrated in economies that are relatively dependent on the price of crude oil. During the financial reporting period, oil prices have witnessed unprecedented volatility. 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.

IASB Guidance

On 27 March 2020, the IASB issued a guidance note on accounting for expected credit losses in the light of current uncertainty arising from the Covid-19 pandemic. The guidance note states that IFRS 9 requires the application of judgement and both requires and allows entities to adjust their approach to determining ECLs in different circumstances. A number of assumptions and linkages underlying the way ECLs have been implemented to date may no longer hold in the current environment. Entities should not continue to apply their existing ECL methodology mechanically.

Further, to assess significant increase in credit risk (SICR) IFRS 9 requires that entities assess changes in the risk of a default occurring over the expected life of a financial instrument. Both the assessment of SICR and the measurement of ECLs are required to be based on reasonable and supportable information that is available to an entity without undue cost or effort. Entities are required to develop estimates based on the best available information about past events, current conditions and forecasts of economic conditions. In assessing forecast conditions, consideration should be given both to the effects of covid-19 and the significant government support measures being undertaken.

QCB support programs and initiatives

In response to COVID-19, QCB launched a support program ("QCB support program") for the affected sectors. The support program mainly encompasses the following:

- Deferral of loan installments for affected sectors;
- Maximum rate to be charged during the deferral of installment period to be capped at 2.5%;
- Zero-cost repo facilities for bank meeting the criteria; and
- Point of sale ("POS") and ATM withdrawal fees;

(a) Expected credit losses

The Bank 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 30 September 2020:

(i) Identifying whether a significant increase in credit risk (SICR) has occurred for IFRS 9

Under IFRS 9, loans and advances are required to be moved from Stage 1 to Stage 2 if and only if they have been the subject of a SICR since origination. A SICR occurs when there has been a significant increase in the risk of a default occurring over the expected life of a financial instrument.

The Bank continues to assess borrowers for other indicators of unlikeliness to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of Covid-19 or longer term.

In response to the QCB support program the Bank has initiated a programme of payment relief for its impacted customers by deferring installments. These payment reliefs are considered as short-term liquidity to address borrower cash flow issues. The relief offered to customers may indicate a SICR. However, the extension of these payment reliefs do not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments.

20. Impact of COVID-19 (continued)

(a) Expected credit losses (continued)

(i) Identifying whether a significant increase in credit risk (SICR) has occurred for IFRS 9 (continued)

In addition to the assumptions outlined above, the Bank 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.

(ii) Reasonableness of forward looking Information and probability weights

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") as at 30 September 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 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.

The Bank has re-assessed the association of the macro-economic variables with its own default experience as a part of its endeavor towards ongoing improvement of the ECL models and analysis of the impact of Covid 19. The macro-economic variables for incorporation of forward looking factor in ECL were identified based on their level and direction of association with Bank's own default experience over period of last 5 years and asset quality ratio of Qatar' Banking sector over a period of last 19 years. The forward-looking factor (here Credit Index or CI) used is determined from the observed historical macro-economic factors. 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 i) yearly average oil price of $ 45/ barrel, $ 53.8 / barrel ii) Private sector credit concentration of 62.2%, 63.7% for the financial year 2020 and 2021 respectively (31 December 2019: Oil price 2020: $ 60.49/barrel, 2021: $ 57.96/ barrel and GDP 2020: 2.75%, 2021: 3%). The ECL has been calculated as probability weighted figure for three scenarios i.e. Baseline, Further Downside and Improved with 65%, 35% and 0% weightings respectively (31 December 2019: 70% to the Baseline, 15% to Downside and 15% Improved Case).

(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 as detailed above, 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 costs 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.

20. Impact of COVID-19 (continued)

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