



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

DOHA BANK Q.P.S.C.

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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 September 2017 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 September 2017;
- the condensed consolidated income statement for the three and nine months ended 30 September 2017;
- the condensed consolidated statement of comprehensive income for the three and nine months ended 30 September 2017;
- the condensed consolidated statement of changes in equity for the nine months ended 30 September 2017;
- the condensed consolidated statement of cash flows for the nine months ended 30 September 2017; 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') 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 2017 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 and applicable provisions of the Qatar Central Bank regulations.

Other matter

The condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2016 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2016 were audited, by another auditor, whose review and audit reports dated 19 October 2016 and 30 January 2017 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

23 October 2017
Doha
State of Qatar

Gopal Balasubramaniam
Qatar Auditor's Registry Number 251
KPMG

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

QAR '000s

	Notes	30 September 2017 Reviewed	30 September 2016 Reviewed	31 December 2016 Audited
ASSETS				
Cash and balances with central banks		4,278,085	3,855,503	4,260,410
Due from banks		9,979,635	8,620,859	10,505,250
Loans and advances to customers	6	59,004,415	55,558,110	59,186,222
Investment securities	7	17,611,365	14,434,715	14,706,110
Investment in an associate		10,751	8,813	10,343
Property, furniture and equipment	8	730,288	779,458	770,845
Other assets		789,802	1,172,394	925,769
TOTAL ASSETS		92,404,341	84,429,852	90,364,949
LIABILITIES				
Due to banks		16,926,258	11,822,326	12,275,336
Customer deposits		52,536,414	48,600,907	55,729,950
Debt securities	9	576,692	2,591,666	1,819,598
Other borrowings	10	5,536,895	5,954,894	4,994,474
Other liabilities		1,831,618	2,030,833	2,165,056
TOTAL LIABILITIES		77,407,877	71,000,626	76,984,414
EQUITY				
Share capital	11	3,100,467	2,583,723	2,583,723
Legal reserve		5,092,677	4,316,950	4,317,561
Risk reserve		1,372,000	1,292,000	1,372,000
Fair value reserve	12	(59,661)	(219,579)	(103,412)
Foreign currency translation reserve		(18,205)	(21,717)	(24,991)
Retained earnings		1,509,186	1,477,849	1,235,654
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		10,996,464	9,429,226	9,380,535
Instruments eligible as additional capital	13	4,000,000	4,000,000	4,000,000
TOTAL EQUITY		14,996,464	13,429,226	13,380,535
TOTAL LIABILITIES AND EQUITY		92,404,341	84,429,852	90,364,949

The condensed consolidated interim financial statements were approved by the Board of Directors on 23 October 2017 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 20 form an integral part of these condensed consolidated interim financial statements.

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

QAR '000s

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>
Interest income	915,192	809,883	2,652,791	2,362,561
Interest expense	(356,745)	(294,473)	(1,001,583)	(805,041)
Net interest income	558,447	515,410	1,651,208	1,557,520
Fee and commission income	141,037	120,368	397,637	380,558
Fee and commission expense	(12,851)	(10,936)	(37,002)	(32,392)
Net fee and commission income	128,186	109,432	360,635	348,166
Gross written premium	16,699	24,211	63,759	68,476
Premium ceded	(1,878)	(12,939)	(20,141)	(34,042)
Net claims paid	(11,820)	(8,950)	(33,697)	(20,927)
Net income from insurance activities	3,001	2,322	9,921	13,507
Foreign exchange gain	25,872	27,080	87,503	72,910
Income from investment securities	3,976	12,474	55,344	51,659
Other operating income	13,415	13,054	40,920	41,361
	43,263	52,608	183,767	165,930
Net operating income	732,897	679,772	2,205,531	2,085,123
Staff cost	(134,250)	(135,306)	(397,464)	(385,586)
Depreciation	(24,587)	(24,407)	(74,523)	(68,672)
Impairment losses on investment securities	(23,618)	(26,040)	(100,736)	(96,442)
Net impairment loss on loans and advances to customers	(102,166)	(77,645)	(233,567)	(181,791)
Other expenses	(114,546)	(105,460)	(347,690)	(329,280)
	(399,167)	(368,858)	(1,153,980)	(1,061,771)
Profit before tax	333,730	310,914	1,051,551	1,023,352
Income tax expense	(595)	(290)	(2,902)	(4,332)
Profit	333,135	310,624	1,048,649	1,019,020
Basic and diluted earnings per share (QAR)	1.15	1.16	3.61	3.81

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

DOHA BANK Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017

QAR '000s

	Note	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>
Profit		<u>333,135</u>	<u>310,624</u>	<u>1,048,649</u>	<u>1,019,020</u>
Other comprehensive income					
Items that are or may be subsequently reclassified to income statement:					
Foreign currency translation differences for foreign operations		(2,717)	1,758	6,786	(1,892)
Net movement in fair value of available-for-sale investments	12	73,928	53,595	43,751	50,097
Other comprehensive income		<u>71,211</u>	<u>55,353</u>	<u>50,537</u>	<u>48,205</u>
Total comprehensive income		<u>404,346</u>	<u>365,977</u>	<u>1,099,186</u>	<u>1,067,225</u>

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

DOHA BANK Q.P.S.C.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

QAR '000s

	Equity attributable to shareholders of the Bank						Instrument eligible as additional capital	Total equity
	Share capital	Legal reserve	Risk reserve	Fair value reserve	Foreign exchange translation reserve	Retained earnings		
Balance at 1 January 2017 (Audited)	2,583,723	4,317,561	1,372,000	(103,412)	(24,991)	1,235,654	4,000,000	13,380,535
Total comprehensive income:								
Profit	-	-	-	43,751	-	1,048,649	-	1,048,649
Other comprehensive income	-	-	-	43,751	6,786	-	-	50,537
Total comprehensive income	-	-	-	43,751	6,786	1,048,649	-	1,099,186
Increase in share capital (note 11)	516,744	775,116	-	-	-	-	-	1,291,860
Dividends paid (note 14)	-	-	-	-	-	(775,117)	-	(775,117)
Balance at 30 September 2017 (Reviewed)	3,100,467	5,092,677	1,372,000	(59,661)	(18,205)	1,509,186	4,000,000	14,996,464
Balance at 1 January 2016 (Audited)	2,583,723	4,316,950	1,292,000	(269,676)	(19,825)	1,304,127	4,000,000	13,207,299
Effect of restatement (note 20)	-	-	-	-	-	(20,181)	-	(20,181)
Balance at 1 January 2016 (restated)	2,583,723	4,316,950	1,292,000	(269,676)	(19,825)	1,283,946	4,000,000	13,187,118
Total comprehensive income:								
Profit	-	-	-	-	-	1,019,020	-	1,019,020
Other comprehensive income	-	-	-	50,097	(1,892)	-	-	48,205
Total comprehensive income	-	-	-	50,097	(1,892)	1,019,020	-	1,067,225
Transactions with shareholders:								
Dividends paid (note 14)	-	-	-	-	-	(775,117)	-	(775,117)
Distribution for Tier 1 Capital notes	-	-	-	-	-	(50,000)	-	(50,000)
Balance at 30 September 2016 (restated)	2,583,723	4,316,950	1,292,000	(219,579)	(21,717)	1,477,849	4,000,000	13,429,226

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

DOHA BANK Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

QAR '000s

	<i>Nine months ended</i>		<i>Year ended</i>
	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
<i>Note</i>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxes	1,051,551	1,023,352	1,051,998
Adjustments for:			
Net impairment loss on loans and advances to customers	233,567	181,791	480,224
Impairment loss on investment securities	100,736	96,442	139,499
Depreciation	74,523	68,672	93,642
Amortisation of financing cost	7,876	8,282	11,502
Net (gain) / loss on disposal of investment securities	(55,344)	(4,564)	5,095
(Profit) / loss on sale of property, furniture and equipment	(183)	(1,683)	446
Share of results of an associate	-	-	46
Profit before changes in operating assets and liabilities	1,412,726	1,372,292	1,782,452
Change in due from banks	(597,445)	(333,209)	541,188
Change in loans and advances to customers	(137,168)	(412,450)	(4,480,255)
Change in other assets	135,967	(419,628)	(173,003)
Change in due to banks	4,650,922	3,046,196	3,499,206
Change in customer deposits	(3,193,536)	(4,165,706)	2,963,337
Change in other liabilities	(21,815)	(170,661)	51,487
Social and sports fund contribution	(26,345)	(34,343)	(34,343)
Income tax paid	(25,986)	(25,987)	1,783
Net cash from / (used in) operating activities	2,197,320	(1,143,496)	4,151,852
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities	(6,826,702)	(6,092,476)	(8,066,482)
Proceeds from sale of investment securities	3,919,398	3,814,307	5,578,839
Acquisition of property, furniture and equipment	(33,783)	(72,934)	(89,143)
Proceeds from sale of property, furniture and equipment	-	12,274	9,997
Net cash used in investing activities	(2,941,087)	(2,338,829)	(2,566,789)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from right issues	1,291,860	-	-
Proceeds from other borrowings	534,545	2,502,360	1,541,940
Proceeds from issue of debt securities	580,094	-	-
Repayment of debt security	(1,823,000)	-	(773,273)
Distribution on Tier 1 capital notes	(170,000)	(50,000)	(220,000)
Dividends paid	(775,117)	(775,117)	(775,117)
Net cash (used in) / from financing activities	(361,618)	1,677,243	(226,450)
Net (decrease) / increase in cash and cash equivalents	(1,105,385)	(1,805,082)	1,358,613
Cash and cash equivalents at the beginning of the period / year	8,916,014	7,557,401	7,557,401
Cash and cash equivalents at the end of the period / year	7,810,629	5,752,319	8,916,014
Operational cash flows from interest and dividend:			
Interest received	2,617,279	2,328,155	3,200,642
Interest paid	942,274	831,985	1,041,332
Dividends received	28,433	47,095	48,215

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial 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 27 local branches, six overseas branches in the United Arab Emirates (Dubai & Abu Dhabi), State of Kuwait, the Republic of India (two branches in Mumbai and one branch in Kochi) and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Hong Kong, United Arab Emirates (Sharjah), Canada, Bangladesh and South Africa. The condensed consolidated interim financial statements as at and for the period ended 30 September 2017 comprise 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 2017	30 September 2016
Doha Bank Assurance Company L.L.C.	Qatar	100,000	General Insurance	100%	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	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 2016. The results for the three and nine months ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

(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 2016.

(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 2016.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial information 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 2016, except as noted below:

During the period, the Group applied the following amendments to standards in the preparation of the condensed consolidated interim financial information. The amendments to the below standards did not have any material impact to the Group.

- Amendments to IAS 7 - Disclosure Initiative
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12 Disclosure of Interests in Other Entities)

The following new standards and amendments have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards and amendments.

- IFRS 9 – Financial Instruments (Effective 1 January 2018)
- IFRS 15 – Revenue from Contracts with Customers (Effective 1 January 2018)
- IFRS 16 – Leases (Effective 1 January 2019)
- Amendments to IFRS 2 – Classification and Measurements of Share-based Payment Transactions (Effective 1 January 2018)
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Effective 1 January 2018)
- Amendments to IAS 40 – Transfers of Investment Property (Effective 1 January 2018)
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures) (Effective 1 January 2018)
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration (Effective 1 January 2018)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED 30 SEPTEMBER 2017

QAR '000s

4. 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 months ended 30 September 2017 and 30 September 2016 are stated below:

For the nine months ended 30 September 2017

	Conventional Banking			Total
	Corporate Banking	Retail Banking	Unallocated	
Interest income	2,365,426	287,365	-	2,652,791
Net income on insurance activities	-	-	-	9,921
Net other operating income	331,503	167,761	40,920	540,184
Segmental revenue	2,696,929	455,126	40,920	3,192,975
Profit for the period				1,047,235
				1,414
				1,048,649

As at 30 September 2017

Assets	79,991,960	6,619,205	5,542,057	92,153,222	240,368	92,393,590
Investment in an associate						10,751
Total assets						92,404,341
Liabilities	67,492,016	9,002,755	829,313	77,324,084	83,793	77,407,877
Contingent items	30,252,607	63,263	-	30,315,870	-	30,315,870

Intra-group transactions are eliminated from this segmental information (Assets: QAR 110 million and Liabilities: QAR 10 million)

DOHA BANK Q.P.S.C.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

QAR '000s

4. OPERATING SEGMENTS (CONTINUED)

For the nine months ended 30 September 2016

	Conventional Banking				Total
	Corporate Banking	Retail Banking	Unallocated	Insurance	
Interest income	2,064,895	297,666	-	-	2,362,561
Net income on insurance activities	-	-	-	13,507	13,507
Net other operating income	333,365	132,862	41,361	6,508	514,096
Segmental revenue	2,398,260	430,528	41,361	20,015	2,890,164
Profit for the period				3,055	1,019,020

As at 31 December 2016

Assets	78,461,105	6,970,182	4,657,665	265,654	90,354,606
Investments in an associate					10,343
Total assets					90,364,949
Liabilities	65,790,217	10,404,519	679,716	109,962	76,984,414
Contingent items	32,881,346	138,605	-	-	33,019,951

5. 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 2017, the Group held the following classes of financial instruments measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
At 30 September 2017				
Financial assets measured at fair value:				
Available-for-sale investment securities	11,285,819	550,113	-	11,835,932
Investment securities classified as held for trading	-			
<i>Derivative instruments:</i>				
Interest rate swaps	-	38,119	-	38,119
Forward foreign exchange contracts	-	119,436	-	119,436
	<u>11,285,819</u>	<u>707,668</u>	<u>-</u>	<u>11,993,487</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	38,486	-	38,486
Forward foreign exchange contracts	-	36,870	-	36,870
	<u>-</u>	<u>75,356</u>	<u>-</u>	<u>75,356</u>
At 31 December 2016				
Financial assets measured at fair value:				
Available-for-sale investment securities	6,597,526	1,652,081	-	8,249,607
Investment securities classified as held for trading	5,657	-	-	5,657
<i>Derivative instruments:</i>				
Interest rate swaps	-	55,601	-	55,601
Forward foreign exchange contracts	-	52,145	-	52,145
	<u>6,603,183</u>	<u>1,759,827</u>	<u>-</u>	<u>8,363,010</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	9,149	-	9,149
Forward foreign exchange contracts	-	19,827	-	19,827
	<u>-</u>	<u>28,976</u>	<u>-</u>	<u>28,976</u>

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

During the reporting period ended 30 September 2017, there were no transfers between Level 1 and Level 2 fair value measurements. All unquoted available for sale equity investments amounting to QAR 54.9 million (31 December 2016: QAR 59.3 million) are recorded at cost since the fair value cannot be reliably measured.

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.

6. LOANS AND ADVANCES TO CUSTOMERS

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Loans	56,211,807	52,713,751	54,456,707
Overdrafts	4,182,494	3,509,362	5,903,930
Bills discounted	423,563	564,503	520,874
Other loans*	603,196	850,072	715,293
	61,421,060	57,637,688	61,596,804
Deferred profit	-	(5,760)	(1,343)
Specific impairment of loans and advances to customers	(2,290,583)	(1,951,942)	(2,282,717)
Collective impairment allowance	(126,062)	(121,876)	(126,522)
Net loans and advances to customers*	59,004,415	55,558,110	59,186,222

The aggregate amount of non-performing loans and advances to customers at 30 September 2017 amounted to QAR 2,002 million which represents 3.26% of total loans and advances to customers (30 September 2016: QAR 1,758 million, 3.05% of total loans and advances to customers; 31 December 2016: QAR 2,012 million, 3.27% of total loans and advances to customers).

During the period, the group has written off fully provided non-performing loans amounting to QAR 194 million (30 September 2016: QAR 291 million, 31 December 2016: QAR 291 million) as per Qatar Central Bank circular no. 68/2011.

Specific impairment of loans and advances includes QAR 402 million of interest in suspense (30 September 2016: QAR 411 million; 31 December 2016: QAR 457 million).

*This include acceptances pertaining to trade finance activities amounting to QAR 223 million (30 September 2016: QAR 449 million; 31 December 2016: QAR 308 million).

7. INVESTMENT SECURITIES

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Available-for-sale	11,890,620	8,355,863	8,308,860
Held to maturity	5,720,745	6,048,650	6,391,593
Investment securities classified as held for trading	-	30,202	5,657
	<u>17,611,365</u>	<u>14,434,715</u>	<u>14,706,110</u>

The Group has pledged State of Qatar Bonds amounting to QAR 3,428 million as at 30 September 2017 (30 September 2016: QAR 538 million; 31 December 2016: QAR 2,545 million) against repurchase agreements.

8. PROPERTY, FURNITURE AND EQUIPMENT**Acquisitions and disposals**

During the period ended 30 September 2017, the Group acquired assets with a cost of QAR 31 million (30 September 2016: QAR 70 million; 31 December 2016: QAR 89 million).

Asset disposals made by the Group during the period ended 30 September 2017 amounted to QAR 3 million (30 September 2016: QAR 6 million, 31 December 2016: QAR 34 million), at original cost.

9. DEBT SECURITIES

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Subordinated debt notes (a)	-	773,219	-
Senior guaranteed notes (b)	<u>576,692</u>	<u>1,818,447</u>	<u>1,819,598</u>
	<u>576,692</u>	<u>2,591,666</u>	<u>1,819,598</u>

Note (a)

On 12 December 2006, the Group issued US\$ 340 million subordinated floating rate step up notes at a nominal value of US\$ 100,000 per note. The notes matured in December 2016.

Note (b)

During current year, the Group issued USD 75 million and JPY 9.4 billion senior unsecured debt under its updated EMTN programme.

On 14 March 2012, the Group issued US\$ 500 million senior guaranteed notes at 98.964% of nominal value. The notes had a minimum nominal denomination of US\$ 200,000. The notes matured in March 2017.

10. OTHER BORROWINGS

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Term loan facilities	<u>5,536,895</u>	<u>5,954,894</u>	<u>4,994,474</u>
	<u>5,536,895</u>	<u>5,954,894</u>	<u>4,994,474</u>

The table below shows the maturity profile of other borrowings:

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Upto 1 year	3,377,744	2,760,221	3,293,026
Between 1 and 3 years	<u>2,159,151</u>	<u>3,194,673</u>	<u>1,701,448</u>
	<u>5,536,895</u>	<u>5,954,894</u>	<u>4,994,474</u>

11. SHARE CAPITAL

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Authorised number of ordinary shares (in thousands)	<u>310,047</u>	<u>258,372</u>	<u>258,372</u>
(Nominal value of ordinary shares QAR 10 each)			
Issued and paid up capital (in thousands of Qatar Riyals)	<u>3,100,467</u>	<u>2,583,723</u>	<u>2,583,723</u>

On 9 May 2017, the Bank closed its right issue subscription and received QAR 1,292 million from its shareholders towards the Bank's offer to increase its share capital through the issuance of 51,674,450 new shares at a premium of QAR 15, in addition to a nominal value of QAR 10 per share, as resolved by the bank's Extraordinary General Assembly held on 6 March 2017.

Shares were listed on Qatar Exchange as on 12 July 2017 and the paid up capital of the Bank has been increased to QAR 3,100,467,020.

12. FAIR VALUE RESERVE

This reserve comprises the fair value changes recognised on available-for-sale financial assets.

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Balance at 1 January	(103,412)	(269,676)	(269,676)
Net unrealized loss on available-for-sale investments	(48,340)	(25,788)	(34,035)
Reclassified to consolidated income statement	<u>92,091</u>	<u>75,885</u>	<u>200,299</u>
Net movement in fair value of available-for-sale investments	<u>43,751</u>	<u>50,097</u>	<u>166,264</u>
Balance as of period / year end	<u>(59,661)</u>	<u>(219,579)</u>	<u>(103,412)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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QAR '000s

13. INSTRUMENT ELIGIBLE AS ADDITIONAL CAPITAL

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
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 30% (QAR 3.0 per share) relating to the year ended 31 December 2016 (2015: QAR 3.0 per share), amounting to QAR 775 million (2015: QAR 775 million), was approved at the Annual General Assembly held on 8 March 2017 and paid during the period.

15. EARNINGS PER SHARE

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>
Basic and diluted				
Profit attributable to the shareholders of the Bank	333,135	310,624	1,048,649	1,019,020
Weighted average number of outstanding ordinary shares in thousands	290,133	267,575	290,133	267,575
Basic / diluted earnings per share (QAR)	1.15	1.16	3.61	3.81

16. FINANCIAL COMMITMENTS AND CONTINGENCIES

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
(a) Contingent commitments			
Guarantees	18,488,844	22,232,256	22,246,187
Letter of credit	6,992,529	2,247,182	7,196,260
Unused credit facilities	4,834,497	5,130,638	3,577,504
Others	215,795	105,217	161,142
	<u>30,531,665</u>	<u>29,715,293</u>	<u>33,181,093</u>
(b) Other commitments			
<i>Derivative financial instruments:</i>			
Forward foreign exchange contracts	15,604,743	30,306,616	30,696,684
Interest rate swaps	3,342,756	1,728,779	1,822,890
	<u>18,947,499</u>	<u>32,035,395</u>	<u>32,519,574</u>
Total	<u>49,479,164</u>	<u>61,750,688</u>	<u>65,700,667</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

QAR '000s

17. CASH AND CASH EQUIVALENTS

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Cash and balances with central banks *	2,024,124	1,884,851	2,222,899
Due from banks up to 90 days	<u>5,786,505</u>	<u>3,867,468</u>	<u>6,693,115</u>
	<u><u>7,810,629</u></u>	<u><u>5,752,319</u></u>	<u><u>8,916,014</u></u>

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

18. RELATED PARTY TRANSACTIONS

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

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Statement of financial position items			
- Loans, advances and financing activities	2,694,332	1,287,543	1,350,895
- Deposits	355,399	415,040	414,137
- Contingent liabilities and other commitments	1,049,735	790,236	754,262
- Others assets	8,305	8,305	8,305
	Three months ended	Three months ended	Nine months ended
	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>30 September 2017 Reviewed</i>
			<i>30 September 2016 Reviewed</i>
Statement of income and expenses items			
- Interest and fee income	12,663	10,116	36,124
- Interest, fee and commission expenses	2,140	1,649	8,541
			6,756
Compensation to Board of Directors			
- Salaries and other benefits	9,015	7,320	27,237
- End of service benefits and pension fund	411	666	1,434
	<u>9,426</u>	<u>7,986</u>	<u>28,671</u>
			<u>22,798</u>
			<u>2,259</u>
			<u>25,057</u>

19. CAPITAL ADEQUACY

	<i>30 September 2017 Reviewed</i>	<i>30 September 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Common Equity Tier 1 Capital	9,710,676	8,319,185	8,247,923
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	<u>126,071</u>	<u>277,288</u>	<u>126,522</u>
Total Eligible Capital	<u>13,836,747</u>	<u>12,596,473</u>	<u>12,374,445</u>
Risk Weighted Assets	<u>81,788,096</u>	<u>78,377,088</u>	<u>79,471,199</u>
Total Capital Ratio	<u>16.92%</u>	<u>16.07%</u>	<u>15.57%</u>

20. RESTATEMENT OF COMPARATIVES AND RECLASSIFICATION

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.

Restatement of comparatives

The bank has recorded additional impairment provision of QAR 20.2 million pertaining to one of its overseas operations subsequent to the finalisation of the consolidated financial statements of the Bank for the year ended 31 December 2015.

This has been adjusted in the consolidated financial statements for the year ended 31 December 2016 with retrospective effect in the opening retained earnings in line with IAS-8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Effect of changes

The comparatives for the nine month period ended 30 September 2016 have been restated in accordance with the requirements of IAS-8, 'Accounting Policies, Changes in Accounting Estimates and Errors' in these financial statements retrospectively, effects are explained below:

	<i>As previously reported</i>	<i>As restated</i>	<i>Effect of restatement</i>
Loans and advances to customers – 30 September 2016	55,578,291	55,558,110	(20,181)
Retained earnings – 1 January 2016	1,304,127	1,283,946	(20,181)
Retained earnings – 30 September 2016	1,498,030	1,477,849	(20,181)