



DOHA BANK Q.S.C.

DOHA - QATAR

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT
FOR THE PERIOD
ENDED SEPTEMBER 30, 2011**

DOHA BANK Q.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REVIEW REPORT

For the nine month period ended September 30, 2011

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QR. 30102

Report on Review of Interim Condensed Consolidated Financial Statements

**To The Board of Directors
Doha Bank Q.S.C.
Doha – Qatar.**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Doha Bank Q.S.C. (the “Bank”), as at September 30, 2011, and the related interim condensed consolidated statements of income, comprehensive income for the three and Nine month periods ended September 30, 2011 and the interim condensed consolidated statements of changes in shareholders’ equity and cash flows for the nine month period then ended, and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with **International Accounting Standard - 34 “Interim Financial Reporting”** and Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with **International Accounting Standard - 34 “Interim Financial Reporting”** and Qatar Central Bank regulations.

For **Deloitte & Touche**

**Doha – Qatar
October 12, 2011**

**Muhammad Bahemia
License No. 103**

DOHA BANK Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2011

	September 30,	December 31,
	2011	2010
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QR.'000</u>	<u>QR.'000</u>
Assets:		
Cash and balances with central banks	3,447,928	10,378,704
Due from banks and other financial institutions	10,145,591	3,634,244
Loans and advances and financing activities to customers	4 28,361,053	26,546,918
Financial investments	5 6,464,483	5,216,631
Investment in associate company	11,689	14,031
Property, furniture and equipment	826,585	737,442
Other assets	724,726	701,641
	-----	-----
Total Assets	49,982,055	47,229,611
	=====	=====
Liabilities:		
Due to banks and other financial institutions	10,792,199	8,683,403
Customer deposits	29,301,997	28,946,743
Subordinated debt	768,935	767,606
Other liabilities	1,340,696	922,133
	-----	-----
Total Liabilities	42,203,827	39,319,885
	-----	-----
Unrestricted Investment Depositors' Accounts	939,593	1,875,233
	-----	-----
Shareholders' Equity :		
Paid up share capital	2,066,978	1,894,730
Statutory reserve	3,282,788	2,717,814
Risk reserve	377,650	377,650
Fair value reserve	6 (19,907)	(5,053)
Hedge reserve	(24,550)	(44,039)
Foreign currency translation reserve	(3,038)	(2,001)
Proposed dividends	--	947,365
Retained earnings	1,158,714	148,027
	-----	-----
Total Shareholders' Equity	6,838,635	6,034,493
	-----	-----
Total Liabilities, Unrestricted Investment Depositors' Accounts and Shareholders' Equity	49,982,055	47,229,611
	=====	=====

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Abdul Rehman Bin Mohammad Bin Jabor Al Thani
Managing Director

Raghavan Seetharaman
Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements

DOHA BANK Q.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the nine month period ended September 30, 2011

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2011 (Reviewed) QR.'000	2010 (Reviewed) QR.'000	September 30, 2011 (Reviewed) QR.'000	2010 (Reviewed) QR.'000
Interest income		499,683	571,189	1,553,957	1,712,255
Interest expense		(117,849)	(224,766)	(389,646)	(760,060)
Net interest income		381,834	346,423	1,164,311	952,195
Fee and commission income		95,017	83,503	275,994	310,414
Fee and commission expense		(1,510)	(1,384)	(5,476)	(3,541)
Net fee and commission income		93,507	82,119	270,518	306,873
Income from islamic financing activities		50,739	62,726	169,303	187,985
Unrestricted investment depositors share of profit		(4,723)	(22,158)	(29,899)	(72,756)
Net islamic financing and investing income		46,016	40,568	139,404	115,229
Gross written premium		16,219	20,989	63,376	79,811
Premium ceded		(3,076)	(10,040)	(23,484)	(38,295)
Net claims paid		(6,142)	(6,810)	(18,402)	(25,223)
Net income from Insurance activities		7,001	4,139	21,490	16,293
Dividend income		1,383	1,091	16,228	14,412
Gain on foreign exchange activities		17,824	23,532	53,772	61,022
Net income from financial investments		13,378	13,925	57,261	33,766
Income from associate company		--	200	--	200
Other operating income		5,356	10,466	23,676	38,051
Total other income		37,941	49,214	150,937	147,451
Net operating income		566,299	522,463	1,746,660	1,538,041
General and administration expenses		(190,305)	(170,196)	(545,451)	(466,499)
Depreciation of property, furniture and equipment		(14,959)	(10,446)	(38,110)	(30,966)
Provision for impairment of loans and advances		(45,605)	(48,768)	(128,611)	(154,425)
Provision for impairment of financial investments		(5,888)	(12,004)	(21,034)	(32,095)
Other income	7	--	--	--	43,062
Net profit for the period before taxes		309,542	281,049	1,013,454	897,118
Taxes		(1,176)	(452)	(2,767)	(1,810)
Net profit for the period		308,366	280,597	1,010,687	895,308
Basic and diluted earnings per share (QR)		1.49	1.48	4.89	4.72
Total weighted average number of shares		206,697,800	189,472,986	206,697,800	189,472,986

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements

DOHA BANK Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the nine month period ended September 30, 2011

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u> <u>2011</u> (Reviewed) QR.'000	<u>2010</u> (Reviewed) QR.'000	<u>September 30,</u> <u>2011</u> (Reviewed) QR.'000	<u>2010</u> (Reviewed) QR.'000
Net profit for the period	308,366	280,597	1,010,687	895,308
Other comprehensive income:				
Net movement in fair value of available for sale investments	(3,049)	42,699	(14,854)	53,673
Net movement in fair value of cash flow hedge	5,434	(1,038)	19,489	2,586
Foreign exchange translation adjustment	(1,120)	514	(1,037)	533
Total other comprehensive income	1,265	42,175	3,598	56,792
Total comprehensive income for the period	309,631	322,772	1,014,285	952,100

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements

DOHA BANK Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine month period ended September 30, 2011

	Share Capital	Statutory Reserve	Risk Reserve	Fair Value Reserve	Hedge Reserve	Foreign Exchange Translation Reserve	Proposed Dividends	Retained Earnings	Total
	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000
Balance at January 1, 2011 (Audited)	1,894,730	2,717,814	377,650	(5,053)	(44,039)	(2,001)	947,365	148,027	6,034,493
Net profit for the period	--	--	--	--	--	--	--	1,010,687	1,010,687
Other comprehensive income	--	--	--	(14,854)	19,489	(1,037)	--	--	3,598
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total comprehensive income for the period	--	--	--	(14,854)	19,489	(1,037)	--	1,010,687	1,014,285
Increase in share capital (Note 9)	172,248	564,974	--	--	--	--	--	--	737,222
Dividends paid for the year 2010	--	--	--	--	--	--	(947,365)	--	(947,365)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance at September 30, 2011 (Reviewed)	2,066,978	3,282,788	377,650	(19,907)	(24,550)	(3,038)	--	1,158,714	6,838,635
	=====	=====	=====	=====	=====	=====	=====	=====	=====

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements

DOHA BANK Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine month period ended September 30, 2011

	Share Capital	Advance Capital	Statutory Reserve	Risk Reserve	Fair Value Reserve	Hedge Reserve	Foreign Exchange Translation Reserve	Proposed Dividends	Retained Earnings	Total
	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000
Balance at January 1, 2010 (Audited)	1,808,606	368,611	2,433,631	364,650	(80,451)	(52,689)	(2,417)	904,303	106,539	5,850,783
Contribution to social and sports fund for the year 2009	--	--	--	--	--	--	--	--	(24,340)	(24,340)
Net profit for the period	--	--	--	--	--	--	--	--	895,308	895,308
Other comprehensive income	--	--	--	--	53,673	2,586	533	--	--	56,792
Total comprehensive income for the period	--	--	--	--	53,673	2,586	533	--	870,968	927,760
Increase in share capital	86,124	(368,611)	282,487	--	--	--	--	--	--	--
Dividends paid for the year 2009	--	--	--	--	--	--	--	(904,303)	--	(904,303)
Balance at September 30, 2010 (Reviewed)	1,894,730	--	2,716,118	364,650	(26,778)	(50,103)	(1,884)	--	977,507	5,874,240

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements

DOHA BANK Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine month period ended September 30, 2011

		Nine Month Period Ended	
		September 30	
	Note	2011	2010
		(Reviewed)	(Reviewed)
		QR'000	QR'000
Net cash used in operating activities		(428,200)	(882,439)
		-----	-----
<u>Cash flow from investing activities:</u>			
Purchase of financial investments		(2,665,897)	(2,444,761)
Net proceeds from sale of financial investments		1,441,760	1,232,600
Purchase of property, furniture and equipment		(127,253)	(108,894)
		-----	-----
Net cash used in investing activities		(1,351,390)	(1,321,055)
		-----	-----
<u>Cash flow from financing activities:</u>			
Dividends paid		(947,365)	(904,303)
Increase in the share capital		737,222	--
		-----	-----
Net cash used in financing activities		(210,143)	(904,303)
		-----	-----
Net decrease in cash and cash equivalents		(1,989,733)	(3,107,797)
		-----	-----
Cash and cash equivalents at January 1,		10,809,565	11,888,523
		-----	-----
Cash and cash equivalents at September 30,	12	8,819,832	8,780,726
		=====	=====

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements

DOHA BANK Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2011

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Doha Bank Q.S.C. (“Doha Bank”) was incorporated on March 15, 1979, as a Joint Stock Company under Emiri Decree No. 51 of 1978.

Doha Bank is engaged in commercial and Islamic banking activities and operates through its head office in Doha and 38 local branches including seven Islamic branches, two overseas branches in the United Arab Emirates (Dubai) and the State of Kuwait each respectively and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, the United Arab Emirates (Abu Dhabi) & Germany. In addition, the Bank owns 100% of the issued share capital of Doha Bank Assurance Company L.L.C, an insurance company registered under Qatar Financial Centre and DBank Tech L.L.C, an information technology company with operations in the United Arab Emirates. During the period, the Bank has incorporated DB Capital, a 100% owned subsidiary, registered in the State of Qatar. The operation of DB Capital has not started yet. Doha Bank and its subsidiaries are referred to as “the Bank”.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting” and Qatar Central Bank regulations. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2010 and should be read in conjunction with the 2010 annual consolidated financial statements and the notes attached thereto, except for certain new and revised standards and interpretations, that became effective in the current period, which have introduced certain changes. Some of these changes are changes in terminology only, and some are substantive but have had no material effect on the reported results or financial position of the Bank.

The interim condensed consolidated financial statements are prepared under the historical cost convention except for investments and derivative financial instruments which are carried at fair value.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the Nine month period ended September 30, 2011 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

DOHA BANK Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine month period ended September 30, 2011

3. SEGMENT INFORMATION

The Bank is organized into three main business segments, which comprise conventional commercial banking, Islamic banking and Insurance activities. Details of each segment as of and for the Nine month period ended September 30, 2011 are stated below:

	Conventional Banking	Islamic Banking	Sub -Total	Insurance Activities	Others	Total
	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000	----- QR.'000
As of September 30, 2011						
Total assets	46,794,268	2,826,866	49,621,134	232,281	128,640	49,982,055
Total liabilities including unrestricted investment accounts	40,807,346	2,235,846	43,043,192	98,372	1,856	43,143,420
As of December 31, 2010						
Total assets	43,179,369	3,836,893	47,016,262	212,297	1,052	47,229,611
Total liabilities including unrestricted investment accounts	38,300,322	2,808,731	41,109,053	85,897	168	41,195,118
For the Nine month period ended September 30, 2011						
Net operating income	1,578,442	143,395	1,721,837	24,372	451	1,746,660
Net profit / (loss)	912,258	91,020	1,003,278	7,509	(100)	1,010,687
For the Nine month period ended September 30, 2010						
Net operating income	1,384,682	130,974	1,515,656	21,781	604	1,538,041
Net profit / (loss)	792,407	97,391	889,798	5,582	(72)	895,308
For the three month period ended September 30, 2011						
Net operating income	511,460	46,879	558,339	7,846	114	566,299
Net profit / (loss)	279,732	26,479	306,211	2,179	(24)	308,366
For the three month period ended September 30, 2010						
Net operating income	470,027	46,512	516,539	5,741	183	522,463
Net profit / (loss)	248,376	31,739	280,115	499	(17)	280,597

Geographically, the Bank operates in the State of Qatar, the United States of America, the United Arab Emirates and the State of Kuwait. Qatar operations contributed approximately 98.89% (September 30, 2010: 99.52%) of the Bank's profit for the Nine month period ended September 30, 2011 and approximately 95.93% (December 31, 2010: 97.3%) of its assets.

DOHA BANK Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine month period ended September 30, 2011

4. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

	September 30, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Conventional banking loans and advances	26,173,011	24,630,702
Islamic financing activities	2,774,644	2,918,015
Specific provision for impairment	(586,602)	(1,001,799)
Net	<u>28,361,053</u>	<u>26,546,918</u>

Total non-performing loans and advances as at September 30, 2011 amounted to QR. 598 million representing 2.07% of the total loans and advances (December 31, 2010: QR.1,086 million, representing 3.94 % of the total loans and advances). During the current period the Bank has written off fully provided bad loans amounting to QAR 564 million as per Qatar Central Bank directives vide circular no. 68/2011.

5. FINANCIAL INVESTMENTS

	September 30, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Available-for-sale investments	3,296,319	2,350,896
Held to maturity investments	3,168,164	2,865,735
	<u>6,464,483</u>	<u>5,216,631</u>

6. FAIR VALUE RESERVE

	September 30, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Balance at beginning of the period / year	(5,053)	(80,451)
Increase in fair value	7,624	73,702
Amount transferred to the statement of income	(22,478)	1,696
Net change within the period / year	<u>(14,854)</u>	<u>75,398</u>
	<u>(19,907)</u>	<u>(5,053)</u>

7. OTHER INCOME

On April 22, 2010, the Qatar Investment Authority relinquished its right to the dividends receivable, in relation to the 5% subscription which represents the first tranche of capital participation by the government, as part of the continued government assistance. As a result, the Bank recorded the relinquished amount of QR 43.06 million as a grant under other income.

DOHA BANK Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine month period ended September 30, 2011

8. ISLAMIC OPERATIONS

The recent Qatar Central Bank directive dated January 31, 2011 in relation to Islamic branches of conventional banks has required all conventional banks to cease providing new Islamic banking services through their Islamic branches and to discontinue such activities by December 31, 2011.

The directive is applicable to the Bank which has an Islamic banking business, operating as a branch of the Bank under the brand of Doha Islamic. The Board of Directors of the Bank is currently considering its options in relation to the future of the Islamic operations.

9. ADDITIONAL CAPITAL SUBSCRIPTION

In accordance with the shareholders' approval of the extra ordinary general assembly held on December 21, 2008, the Bank approved a 20% additional share capital from Qatar Investment Authority (QIA). On January 17, 2011, the Bank received the final tranche from QIA amounting to QR 737.2 million against 17.22 million shares at a price of QR 42.80 per share including share premium of QR 32.80 per share. With this additional subscription, QIA has increased their shareholding in the Bank to 16.66%.

10. FINANCIAL COMMITMENTS AND CONTINGENCIES

	September 30, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
(a) Contingent commitments		
Acceptances	361,843	459,090
Guarantees	13,791,193	13,749,384
Letter of credit	4,025,387	3,395,489
Unused facilities	6,088,079	5,874,386
Others	847,957	777,214
	----- 25,114,459 -----	----- 24,255,563 -----
(b) Other commitments		
Capital commitments	26,880	106,622
Forward foreign exchange contracts	2,840,319	6,347,401
Interest rate swaps	773,273	773,273
Credit default swaps	25,491	25,491
Total return swaps	36,415	36,415
	----- 3,702,378 -----	----- 7,289,202 -----
Total	=====	=====
	28,816,837	31,544,765

The derivative instruments are reflected in the accompanying financial statements at their fair value and presented under other commitments note at their notional amount.

DOHA BANK Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine month period ended September 30, 2011

11. RELATED PARTY TRANSACTIONS

The Bank enters into transactions, arrangements and agreements involving members of the Board of Directors and their related concerns in the ordinary course of business at commercial interest and commission rates.

The following table provides the total amount of balances and transactions which have been entered into with related parties for the relevant financial period/year

	September 30, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Statement of financial position items		
Loans and advances	1,116,091	1,023,784
Customer deposits	141,402	98,391
Contingent liabilities and other commitments	268,769	261,741
	Nine Month Period Ended	
	September 30, 2011 (Reviewed) QR.'000	2010 (Reviewed) QR.'000
Statement of Income items		
Interest and commission income	29,682	34,927
Interest and commission expenses	2,078	4,161
Compensation to Board of Directors		
Salaries and other benefits	21,574	8,239
End of service benefits and pension fund	1,233	1,273
	22,807	9,512

DOHA BANK Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the nine month period ended September 30, 2011

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of statement of cash flows, comprise the following:

	September 30, 2011 (Reviewed) QR.'000	September 30, 2010 (Audited) QR.'000
Cash and balances with banks	1,967,068	6,892,967
Cash with banks and other financial institutions maturing within 3 months	6,852,764	1,887,759
	----- 8,819,832 =====	----- 8,780,726 =====

Cash and balances with banks do not include the statutory cash reserves.

13. COMPARATIVE FIGURES

Certain comparative figures for the prior period / year have been reclassified, where necessary to conform to the current period's presentation.