

**DOHA BANK Q.S.C.  
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 JUNE 2016**

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DOHA BANK Q.S.C.**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated financial statements of Doha Bank Q.S.C. (the "Bank") and its subsidiaries (the "Group") as at 30 June 2016, comprising of the interim consolidated statement of financial position as at 30 June 2016 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month period ended 30 June 2016, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and the related explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34") and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### ***Scope of review***

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

### ***Conclusion***

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 IAS 34 and the applicable provisions of Qatar Central Bank regulations.

Firas Qoussous  
Of Ernst & Young  
Auditor's Registration No: 236

Date: 20 July 2016  
Doha

## DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Notes</i>	<b>30 June 2016 (Reviewed) QAR'000</b>	<b>30 June 2015 (Reviewed) QAR'000</b>	<b>31 December 2015 (Audited) QAR'000</b>
<b>Assets</b>				
Cash and balances with central banks		<b>4,335,300</b>	5,583,915	3,562,821
Due from banks		<b>12,618,269</b>	10,927,576	10,385,414
Loans and advances to customers	5	<b>55,423,585</b>	53,054,905	55,615,185
Investment securities	6	<b>13,391,374</b>	11,176,343	12,198,232
Investment in an associate		<b>8,725</b>	9,142	8,908
Property, furniture and equipment		<b>797,690</b>	764,280	785,787
Other assets		<b>783,151</b>	1,219,443	752,766
<b>Total assets</b>		<b>87,358,094</b>	82,735,604	83,309,113
<b>Liabilities</b>				
Due to banks		<b>11,266,793</b>	11,459,317	8,776,130
Customer deposits		<b>52,406,507</b>	51,732,098	52,766,613
Debt securities	7	<b>2,590,353</b>	2,585,103	2,587,728
Other borrowings	8	<b>5,846,801</b>	1,731,053	3,452,534
Other liabilities		<b>2,164,210</b>	2,158,744	2,518,809
<b>Total liabilities</b>		<b>74,274,664</b>	69,666,315	70,101,814
<b>Equity</b>				
Share capital		<b>2,583,723</b>	2,583,723	2,583,723
Legal reserve		<b>4,316,950</b>	4,313,177	4,316,950
Risk reserve		<b>1,292,000</b>	1,140,000	1,292,000
Fair value reserve	9	<b>(273,174)</b>	(46,526)	(269,676)
Foreign currency translation reserve		<b>(23,475)</b>	(13,077)	(19,825)
Proposed dividends	10	<b>-</b>	-	775,117
Retained earnings		<b>1,187,406</b>	1,091,992	529,010
<b>Total equity attributable to shareholders of the Bank</b>		<b>9,083,430</b>	9,069,289	9,207,299
Instrument eligible as additional capital	11	<b>4,000,000</b>	4,000,000	4,000,000
<b>Total equity</b>		<b>13,083,430</b>	13,069,289	13,207,299
<b>Total liabilities and equity</b>		<b>87,358,094</b>	82,735,604	83,309,113

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 15 form part of these interim condensed consolidated financial statements.

## DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2016

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>
Interest income	778,280	687,770	1,552,678	1,357,454
Interest expense	(254,712)	(187,467)	(510,568)	(350,408)
<b>Net interest income</b>	<b>523,568</b>	<b>500,303</b>	<b>1,042,110</b>	<b>1,007,046</b>
Fee and commission income	112,308	117,655	241,917	237,601
Fee and commission expense	(1,656)	(1,957)	(3,183)	(3,203)
<b>Net fee and commission income</b>	<b>110,652</b>	<b>115,698</b>	<b>238,734</b>	<b>234,398</b>
Gross written premium	25,492	17,606	44,265	41,198
Premium ceded	(13,783)	(5,340)	(21,103)	(15,368)
Net claims paid	(6,794)	(6,196)	(11,977)	(13,935)
<b>Net income from insurance activities</b>	<b>4,915</b>	<b>6,070</b>	<b>11,185</b>	<b>11,895</b>
Foreign exchange gain	28,601	25,582	45,830	52,008
Income from investment securities	5,308	22,985	39,185	59,527
Other operating income	15,793	11,958	28,307	31,299
	<b>49,702</b>	<b>60,525</b>	<b>113,322</b>	<b>142,834</b>
<b>Net operating income</b>	<b>688,837</b>	<b>682,596</b>	<b>1,405,351</b>	<b>1,396,173</b>
Staff cost	(130,670)	(134,718)	(250,280)	(267,956)
Depreciation	(23,187)	(20,536)	(44,265)	(40,371)
Impairment losses on investment securities	(9,394)	(4,877)	(70,402)	(14,777)
Net impairment loss on loans and advances to customers	(50,002)	(40,465)	(104,146)	(69,020)
Other expenses	(118,746)	(97,773)	(223,820)	(197,008)
	<b>(331,999)</b>	<b>(298,369)</b>	<b>(692,913)</b>	<b>(589,132)</b>
<b>Profit for the period before tax</b>	<b>356,838</b>	<b>384,227</b>	<b>712,438</b>	<b>807,041</b>
Income tax expense	(2,604)	(2,973)	(4,042)	(5,582)
<b>Profit for the period</b>	<b>354,234</b>	<b>381,254</b>	<b>708,396</b>	<b>801,459</b>
<b>Basic and diluted earnings per share (QAR)</b>	<b>1.18</b>	<b>1.47</b>	<b>2.55</b>	<b>3.10</b>
<b>Weighted average number of shares</b>	<b>258,372,252</b>	<b>258,372,252</b>	<b>258,372,252</b>	<b>258,372,252</b>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

## DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>
<b>Profit for the period</b>	<b>354,234</b>	381,254	<b>708,396</b>	801,459
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation difference for foreign operations	(3,339)	(3,163)	(3,650)	(2,482)
Net change in fair value of available-for-sale investment securities	9 7,576	8,825	(3,498)	11,048
<b>Net other comprehensive income to be classified to profit and loss in subsequent periods</b>	<b>4,237</b>	5,662	<b>(7,148)</b>	8,566
<i>Items not to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
<b>Other comprehensive income(loss)</b>	<b>4,237</b>	5,662	<b>(7,148)</b>	8,566
<b>Total comprehensive income for the period</b>	<b>358,471</b>	386,916	<b>701,248</b>	810,025

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

## DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	<i>Equity attributable to shareholders of the Bank</i>							<i>Instrument eligible as additional capital QAR'000</i>	<i>Total QAR'000</i>	
	<i>Share capital QAR'000</i>	<i>Legal reserve QAR'000</i>	<i>Risk reserve QAR'000</i>	<i>Fair value reserve QAR'000</i>	<i>Foreign exchange translation reserve QAR'000</i>	<i>Proposed dividends QAR'000</i>	<i>Retained earnings QAR'000</i>			<i>Total QAR'000</i>
Balance at 1 January 2016 (Audited)	2,583,723	4,316,950	1,292,000	(269,676)	(19,825)	775,117	529,010	<b>9,207,299</b>	4,000,000	<b>13,207,299</b>
Profit for the period	-	-	-	-	-	-	708,396	<b>708,396</b>	-	<b>708,396</b>
Other comprehensive income	-	-	-	(3,498)	(3,650)	-	-	<b>(7,148)</b>	-	<b>(7,148)</b>
Total comprehensive income for the period	-	-	-	(3,498)	(3,650)	-	708,396	<b>701,248</b>	-	<b>701,248</b>
Dividends paid (Note 10)	-	-	-	-	-	(775,117)	-	<b>(775,117)</b>	-	<b>(775,117)</b>
Distribution for Tier 1 Capital notes	-	-	-	-	-	-	(50,000)	<b>(50,000)</b>	-	<b>(50,000)</b>
<b>Balance at 30 June 2016 (Reviewed)</b>	<b><u>2,583,723</u></b>	<b><u>4,316,950</u></b>	<b><u>1,292,000</u></b>	<b><u>(273,174)</u></b>	<b><u>(23,475)</u></b>	<b><u>-</u></b>	<b><u>1,187,406</u></b>	<b><u>9,083,430</u></b>	<b><u>4,000,000</u></b>	<b><u>13,083,430</u></b>
Balance at 1 January 2015 (Audited)	2,583,723	4,313,177	1,140,000	(57,574)	(10,595)	1,033,489	290,533	9,292,753	2,000,000	11,292,753
Profit for the period	-	-	-	-	-	-	801,459	801,459	-	801,459
Other comprehensive income	-	-	-	11,048	(2,482)	-	-	8,566	-	8,566
Total comprehensive income for the period	-	-	-	11,048	(2,482)	-	801,459	810,025	-	810,025
Issuance of additional tier 1 capital (Note11)	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Dividends paid (Note 10)	-	-	-	-	-	(1,033,489)	-	(1,033,489)	-	(1,033,489)
Balance at 30 June 2015 (Reviewed)	<b><u>2,583,723</u></b>	<b><u>4,313,177</u></b>	<b><u>1,140,000</u></b>	<b><u>(46,526)</u></b>	<b><u>(13,077)</u></b>	<b><u>-</u></b>	<b><u>1,091,992</u></b>	<b><u>9,069,289</u></b>	<b><u>4,000,000</u></b>	<b><u>13,069,289</u></b>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

## DOHA BANK Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	<i>Six months ended</i>		<i>Year ended</i>
		<i>30 June</i> <i>2016</i> <i>(Reviewed)</i> <i>QAR'000</i>	<i>30 June</i> <i>2015</i> <i>(Reviewed)</i> <i>QAR'000</i>	<i>31 December</i> <i>2015</i> <i>(Audited)</i> <i>QAR'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the period/year before taxes		712,438	807,041	1,378,279
<b>Adjustments for:</b>				
Net impairment loss on loans and advances to customers		104,146	69,020	293,169
Impairment loss on investment securities		70,402	14,777	109,652
Depreciation		44,265	40,371	81,800
Amortisation of financing cost		2,625	2,625	7,180
Net gain on investment securities		3,110	(59,527)	(30,673)
Profit on sale of property, plant and equipment		(1,683)	-	597
Share of results of an associate		-	-	(168)
<b>Profits before changes in operating assets and liabilities</b>		<b>935,303</b>	<b>874,307</b>	<b>1,839,836</b>
Change in due from banks		(960,285)	(549,534)	(554,000)
Change in loans and advances to customers		319,068	(4,741,600)	(7,198,263)
Change in other assets		(30,385)	(430,056)	25,303
Change in due to banks		2,490,663	(1,335,418)	(4,018,605)
Change in customer deposits		(360,106)	5,785,523	6,820,038
Change in other liabilities		(533,575)	137,860	131,770
Social and sports fund contribution		(34,343)	(33,966)	(33,966)
Income tax paid		(25,987)	(23,519)	(22,823)
<b>Net cash from (used in) operating activities</b>		<b>1,800,353</b>	<b>(316,403)</b>	<b>(3,010,710)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of investment securities		(3,827,400)	(5,595,118)	(10,587,113)
Proceeds from sale of investment securities		2,557,431	4,438,295	7,954,022
Acquisition of property, furniture and equipment		(56,628)	(13,188)	(77,326)
Proceeds from sale of property, furniture and equipment		2,143	197	745
Acquisition of foreign branches, net of cash		-	17,416	17,416
<b>Net cash used in investing activities</b>		<b>(1,324,454)</b>	<b>(1,152,398)</b>	<b>(2,692,256)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of instrument eligible as additional capital		-	2,000,000	2,000,000
Proceeds from other borrowings		2,394,267	1,003,372	2,717,673
Distribution on Tier 1 capital notes		(50,000)	-	(120,000)
Dividends paid		(775,117)	(1,033,489)	(1,033,489)
<b>Net cash from financing activities</b>		<b>1,569,150</b>	<b>1,969,883</b>	<b>3,564,184</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2,045,049</b>	<b>501,082</b>	<b>(2,138,782)</b>
Cash and cash equivalents at the beginning of the period/year		7,557,401	10,099,073	9,696,183
<b>Cash and cash equivalents at the end of the period/year</b>	14	<b>9,602,450</b>	<b>10,600,155</b>	<b>7,557,401</b>
<b>Operational cash flows from interest and dividend :</b>				
<b>Interest received</b>		<b>1,565,962</b>	<b>1,339,357</b>	<b>2,433,661</b>
<b>Interest paid</b>		<b>568,451</b>	<b>363,878</b>	<b>709,946</b>
<b>Dividends received</b>		<b>42,295</b>	<b>34,026</b>	<b>38,868</b>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

# DOHA BANK Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 1 CORPORATE INFORMATION

Doha Bank Q.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 30 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. 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 Doha Finance Limited, a special purpose vehicle set up for the issuance of debt. The interim condensed consolidated financial statements for the six months ended 30 June 2016 comprises the Bank and its subsidiaries (together referred to as “the Group”)

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 were authorized for issue by the Board of Directors on 20 July 2016.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34, Interim Financial Reporting and the applicable provisions of Qatar Central Bank 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 financial statements as at 31 December 2015. The results for the six months ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

#### **New and amended standards and interpretations adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016.

The following amended accounting standards became effective in 2016 and have been adopted by the Group in the preparation of these Interim Condensed Consolidated Financial Statements as applicable. Whilst they did not have any material impact on these Interim Condensed Consolidated Financial Statements, they may require additional disclosures in the Annual Consolidated Financial Statements for the year ending 31 December 2016:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests  
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to IAS 27: Equity Method in Separate Financial Statements  
Annual Improvements 2012-2014 Cycle  
Amendments to IAS 1 Disclosure Initiative  
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Interim Condensed Consolidated Financial Statements are disclosed below. The Group intends to adopt these, if applicable, when they become effective:

#### *Topic*

Disclosure initiative (Amendment to IAS 7)	1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 15 Revenue from Contracts with Customers	1 January 2018

The Group is assessing the impact of implementation of these standards.

## 3 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 deposits to corporate customers. It also undertakes funding and centralized risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short term placements and corporate and government debt securities.
- Retail Banking provides a diversified range of products and services to individuals. The range includes loans, credit cards, deposits and other transactions with retail customers.

### Insurance Activities

Insurance activities to customers include effecting contracts of insurance, carrying out contracts of insurance, arranging deals in investments and advising on investments.

Details of each segment as of and for the six months ended 30 June 2016 and 30 June 2015 are stated below:

## DOHA BANK Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

**3 OPERATING SEGMENTS (CONTINUED)**

	<i>Conventional banking</i>			<i>Insurance</i> <i>QAR'000</i>	<i>Total</i> <i>QAR'000</i>
	<i>Corporate</i> <i>banking</i> <i>QAR'000</i>	<i>Retail</i> <i>banking</i> <i>QAR'000</i>	<i>Unallocated</i> <i>QAR'000</i>		
<i>For the six months 30 June 2016</i>					
Interest income	1,349,727	202,950	-	-	1,552,678
Net income on insurance activities	-	-	-	11,185	11,185
Other income	229,001	91,247	28,307	3,501	352,056
Segmental revenue	1,578,728	294,197	28,307	14,686	1,915,919
<b>Profit for the period</b>				<b>3,055</b>	<b>708,396</b>
<b>As at 30 June 2016</b>					
Assets	74,017,337	7,381,937	5,680,518	269,577	87,349,369
Investments in an associate					8,725
<b>Total assets</b>					<b>87,358,094</b>
Liabilities	62,639,855	10,840,138	680,650	114,021	74,274,664
Contingent liabilities	31,718,860	233,992	-	-	31,952,852

DOHA BANK Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

**3 OPERATING SEGMENTS (CONTINUED)**

	<i>Conventional banking</i>			<i>Total QAR'000</i>	<i>Insurance QAR'000</i>	<i>Total QAR'000</i>
	<i>Corporate banking QAR'000</i>	<i>Retail banking QAR'000</i>	<i>Unallocated QAR'000</i>			
<i>For the six months ended 30 June 2015</i>						
Interest income	1,142,736	214,718	-	1,357,454	-	1,357,454
Net income on insurance activities	-	-	-	-	11,895	11,895
Other income	256,608	84,154	31,299	372,061	5,171	377,232
Segmental revenue	1,399,344	298,872	31,299	1,729,515	17,066	1,746,581
Profit for the period				795,928	5,531	801,459
As at 31 December 2015						
Assets	70,096,449	7,916,107	5,023,461	83,036,017	264,188	83,300,205
Investments in an associate						8,908
Total assets						83,309,113
Liabilities	58,628,806	10,579,332	782,521	69,990,659	111,155	70,101,814
Contingent liabilities	33,471,992	175,627	-	33,647,619	-	33,647,619

Geographically, the Group operates in the State of Qatar, the United Arab Emirates, the State of Kuwait and India. Qatar operations contributed approximately 97.4% of the Bank's profit for the six month period ended 30 June 2016 (30 June 2015: 92.3%), and approximately 89.1% (30 June 2015: 88.7%; 31 December 2015: 88.5%) of its assets.

**4 FAIR VALUE OF FINANCIAL INSTRUMENTS*****Fair value hierarchy***

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**As at 30 June 2016, the Group held the following classes of financial instruments measured at fair value:**

	<i>Level 1</i> <i>QAR'000</i>	<i>Level 2</i> <i>QAR'000</i>	<i>Level 3</i> <i>QAR'000</i>	<i>Total</i> <i>QAR'000</i>
<b>At 30 June 2016</b>				
<b>Financial assets measured at fair value:</b>				
Available-for-sale investment securities	6,102,714	1,306,998	-	7,409,712
Investment securities classified as held for trading	4,470	-	-	4,470
<i>Derivative instruments:</i>				
Interest rate swaps	-	9,674	-	9,674
Forward foreign exchange contracts	-	46,518	-	46,518
	<u>6,107,184</u>	<u>1,363,190</u>	<u>-</u>	<u>7,470,374</u>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Interest rate swaps	-	68,847	-	68,847
Forward foreign exchange contracts	-	29,844	-	29,844
	<u>-</u>	<u>98,691</u>	<u>-</u>	<u>98,691</u>

**4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

	<i>Level 1</i> <i>QAR'000</i>	<i>Level 2</i> <i>QAR'000</i>	<i>Level 3</i> <i>QAR'000</i>	<i>Total</i> <i>QAR'000</i>
At 31 December 2015				
Financial assets measured at fair value:				
Available-for-sale investment securities	5,264,799	1,131,313	-	6,396,112
Investment securities classified as held for trading	16,697	-	-	16,697
<i>Derivative instruments:</i>				
Interest rate swaps	-	5,158	-	5,158
Forward foreign exchange contracts	-	23,718	-	23,718
	<u>5,281,496</u>	<u>1,160,189</u>	<u>-</u>	<u>6,441,685</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	15,635	-	15,635
Forward foreign exchange contracts	-	4,431	-	4,431
	<u>-</u>	<u>20,066</u>	<u>-</u>	<u>20,066</u>

During the reporting period ended 30 June 2016, there were no transfers between Level 1 and Level 2 fair value measurements. All unquoted available for sale equity investments amounting to QAR 61.1 million (31 December 2015: QAR 61.3 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.

# DOHA BANK Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 5 LOANS AND ADVANCES TO CUSTOMERS

	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>31 December 2015 (Audited) QAR'000</i>
Gross loans and advances to customers*	<b>57,358,998</b>	54,816,146	57,665,300
Allowance for impairment	<b>(1,935,413)</b>	(1,761,241)	(2,050,115)
<b>Net loans and advances to customers</b>	<b><u>55,423,585</u></b>	<u>53,054,905</u>	<u>55,615,185</u>

The aggregate amount of non-performing loans and advances to customers amounted to QAR 1,658.1 million representing 2.89% of the total loans and advances to customers as at 30 June 2016 (30 June 2015: QAR 1,470.0 million representing 2.68% of total loans and advances to customers; 31 December 2015: QAR 1,881.2 million, representing 3.26 % of total loans and advances to customers).

During the period, the group has written off fully provided non-performing loans amounting to QAR 290.7 million (30 June 2015: QAR 111.2 million, 31 December 2015: QAR 111.2 million) as per Qatar Central Bank circular no. 68/2011.

Allowance for impairment of loans and advances to customers includes interest in suspense of QAR 369.3 million (30 June 2015: QAR 302.3 million, 31 December 2015: QAR 368.7 million).

\*This includes acceptances pertaining to trade finance activities amounting to QAR 485.2 million (30 June 2015: QAR 460.1 million, 31 December 2015: QAR 716.8 million).

### 6 INVESTMENT SECURITIES

	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>31 December 2015 (Audited) QAR'000</i>
Available-for-sale	<b>7,470,767</b>	5,336,362	6,457,373
Held to maturity	<b>5,916,137</b>	5,745,111	5,724,162
Investment securities classified as held for trading	<b>4,470</b>	94,870	16,697
	<b><u>13,391,374</u></b>	<u>11,176,343</u>	<u>12,198,232</u>

The Group has pledged bonds amounting to QAR 2,356 million as at 30 June 2016 (30 June 2015: QAR 236.7 million; 31 December 2015: QAR 2,829 million) against repurchase agreements.

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For the six months ended 30 June 2016

### 7 DEBT SECURITIES

	<b>30 June 2016 (Reviewed) QAR'000</b>	<b>30 June 2015 (Reviewed) QAR'000</b>	<b>31 December 2015 (Audited) QAR'000</b>
Subordinated debt notes (a)	773,058	772,414	772,736
Senior guaranteed notes (b)	<u>1,817,295</u>	<u>1,812,689</u>	<u>1,814,992</u>
	<u><b>2,590,353</b></u>	<u><b>2,585,103</b></u>	<u><b>2,587,728</b></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 mature in 2016 and carry interest at six months US\$ LIBOR plus 1.32% per annum.

*Note (b)*

On 14 March 2012, the Group issued US\$ 500 million senior guaranteed notes at 98.964% of nominal value. The notes have a minimum nominal denomination of US\$ 200,000. The notes mature in 2017 and carry interest at fixed rate of 3.50% payable semi-annually.

### 8 OTHER BORROWINGS

	<b>30 June 2016 (Reviewed) QAR'000</b>	<b>30 June 2015 (Reviewed) QAR'000</b>	<b>31 December 2015 (Audited) QAR'000</b>
Term loan facilities	4,046,801	1,731,053	3,452,534
Certificates of Deposit	<u>1,800,000</u>	<u>-</u>	<u>-</u>
	<u><b>5,846,801</b></u>	<u><b>1,731,053</b></u>	<u><b>3,452,534</b></u>

The table below shows the maturity profile of other borrowings.

	<b>30 June 2016 (Reviewed) QAR'000</b>	<b>30 June 2015 (Reviewed) QAR'000</b>	<b>31 December 2015 (Audited) QAR'000</b>
Up to 1 year	2,650,150	1,366,903	276,378
Between 1 and 3 years	<u>3,196,651</u>	<u>364,150</u>	<u>3,176,156</u>
	<u><b>5,846,801</b></u>	<u><b>1,731,053</b></u>	<u><b>3,452,534</b></u>

# DOHA BANK Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 9 FAIR VALUE RESERVE

	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>31 December 2015 (Audited) QAR'000</i>
Balance at 1 January	(269,676)	(57,574)	(57,574)
Net unrealized (loss) gain on available-for-sale investment securities	(55,530)	1,064	(296,132)
Reclassified to interim consolidated statement of income	52,032	9,984	84,030
Net change in fair value of available-for-sale investment securities	<u>(3,498)</u>	<u>11,048</u>	<u>(212,102)</u>
<b>Balance at end of the period/year</b>	<b><u>(273,174)</u></b>	<b><u>(46,526)</u></b>	<b><u>(269,676)</u></b>

### 10 DIVIDENDS PAID

A cash dividend of 30% (or QAR 3.0 per share) relating to the year ended 31 December 2015 (2014: QAR 4.0 per share), amounting to QAR 775.1 million (2014: QAR 1,033.5 million), was approved at the Annual General Assembly held on 7 March 2016 and paid during the period.

### 11 INSTRUMENT ELIGIBLE AS ADDITIONAL CAPITAL

	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>31 December 2015 (Audited) QAR'000</i>
Issued on 31 December 2013	2,000,000	2,000,000	2,000,000
Issued on 30 June 2015	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<b><u>4,000,000</u></b>	<b><u>4,000,000</u></b>	<b><u>4,000,000</u></b>

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.

**12 FINANCIAL COMMITMENTS AND CONTINGENCIES**

	<b>30 June 2016 (Reviewed) QAR'000</b>	<b>30 June 2015 (Reviewed) QAR'000</b>	<b>31 December 2015 (Audited) QAR'000</b>
<b>(a) Contingent commitments</b>			
Guarantees	22,536,574	22,909,899	23,335,322
Letter of credit	1,923,464	2,952,933	3,058,478
Unused credit facilities	7,492,814	8,573,428	7,253,819
Others	72,340	38,717	49,052
	<u>32,025,192</u>	<u>34,474,977</u>	<u>33,696,671</u>
<b>(b) Other commitments</b>			
<i>Derivative financial instruments:</i>			
Forward foreign exchange contracts	21,253,259	9,695,680	11,017,638
Interest rate swaps	1,710,514	700,989	949,275
	<u>22,963,773</u>	<u>10,396,669</u>	<u>11,966,913</u>
<b>Total</b>	<u><u>54,988,956</u></u>	<u><u>44,871,646</u></u>	<u><u>45,663,584</u></u>

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

**13 RELATED PARTY TRANSACTIONS**

The Group 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. Balances with related parties and transactions with related parties at the end of the reporting period were as follows:

	<b>30 June 2016 (Reviewed) QAR'000</b>	<b>30 June 2015 (Reviewed) QAR'000</b>	<b>31 December 2015 (Audited) QAR'000</b>
<b>Statement of financial position items</b>			
Loans and advances to customers	<u>1,270,561</u>	<u>1,227,216</u>	<u>1,280,508</u>
Customer deposits	<u>378,337</u>	<u>495,086</u>	<u>409,029</u>
Contingent liabilities and other commitments	<u>879,363</u>	<u>1,040,056</u>	<u>931,377</u>
Other assets	<u>8,305</u>	<u>3,650</u>	<u>8,305</u>

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**13 RELATED PARTY TRANSACTIONS (CONTINUED)**

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>
<b>Statement of income items</b>				
Interest, fee and commission income	<u>9,997</u>	<u>8,389</u>	<u>19,855</u>	<u>15,935</u>
Interest, fee and commission expenses	<u>1,932</u>	<u>3,022</u>	<u>5,107</u>	<u>4,247</u>
<b>Compensation to Key Management Personnel</b>				
Salaries and other benefits	<u>8,056</u>	<u>6,807</u>	<u>15,478</u>	<u>12,517</u>
End of service benefits and pension fund	<u>662</u>	<u>602</u>	<u>1,593</u>	<u>1,322</u>
	<u>8,718</u>	<u>7,409</u>	<u>17,071</u>	<u>13,839</u>

**14 CASH AND CASH EQUIVALENTS**

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

	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>31 December 2015 (Audited) QAR'000</i>
Cash and balances with central banks	<u>2,383,236</u>	<u>4,016,844</u>	<u>1,399,611</u>
Balance due from banks maturing within 3 months	<u>7,219,214</u>	<u>6,583,311</u>	<u>6,157,790</u>
	<u>9,602,450</u>	<u>10,600,155</u>	<u>7,557,401</u>

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

**15 CAPITAL ADEQUACY**

	<i>30 June 2016 (Reviewed) QAR'000</i>	<i>30 June 2015 (Reviewed) QAR'000</i>	<i>31 December 2015 (Audited) QAR'000</i>
Common Equity Tier 1 Capital	<u>8,263,832</u>	<u>8,234,199</u>	<u>8,327,067</u>
Additional Tier 1 Capital	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Additional Tier 2 Capital	<u>277,565</u>	<u>238,333</u>	<u>278,118</u>
<b>Total Eligible Capital</b>	<u>12,541,397</u>	<u>12,472,532</u>	<u>12,605,185</u>
<b>Risk Weighted Assets</b>	<u>77,995,757</u>	<u>77,753,804</u>	<u>80,152,166</u>
<b>Total Capital Ratio</b>	<u>16.08%</u>	<u>16.04%</u>	<u>15.73%</u>