



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 MARCH 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 31 March 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 31 March 2017;
- the condensed consolidated income statement for the three months ended 31 March 2017;
- the condensed consolidated statement of comprehensive income for the three months ended 31 March 2017;
- the condensed consolidated statement of changes in equity for the three months ended 31 March 2017;
- the condensed consolidated statement of cash flows for the three months ended 31 March 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 31 March 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 months ended 31 March 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 18 April 2016 and 30 January 2017 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

19 April 2017
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry Number 251

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

QAR '000s

	Notes	31 March 2017 Reviewed	31 March 2016 Reviewed	31 December 2016 Audited
ASSETS				
Cash and balances with central banks		4,614,034	3,566,083	4,260,410
Due from banks		9,985,433	10,828,384	10,505,250
Loans and advances to customers	6	59,469,310	56,837,003	59,186,222
Investment securities	7	15,142,454	11,820,514	14,706,110
Investment in an associate		10,847	8,893	10,343
Property, furniture and equipment	8	760,290	774,363	770,845
Other assets		727,838	814,202	925,769
TOTAL ASSETS		90,710,206	84,649,442	90,364,949
LIABILITIES				
Due to banks		16,669,056	12,353,682	12,275,336
Customer deposits		53,992,659	51,416,537	55,729,950
Debt securities	9	-	2,588,966	1,819,598
Other borrowings	10	5,052,485	3,112,791	4,994,474
Other liabilities		1,990,198	2,422,688	2,165,056
TOTAL LIABILITIES		77,704,398	71,894,664	76,984,414
EQUITY				
Share capital	11	2,583,723	2,583,723	2,583,723
Legal reserve		4,317,561	4,316,950	4,317,561
Risk reserve		1,372,000	1,292,000	1,372,000
Fair value reserve	12	(75,812)	(280,750)	(103,412)
Foreign currency translation reserve		(16,599)	(20,136)	(24,991)
Retained earnings		824,935	862,991	1,235,654
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		9,005,808	8,754,778	9,380,535
Instruments eligible as additional capital	13	4,000,000	4,000,000	4,000,000
TOTAL EQUITY		13,005,808	12,754,778	13,380,535
TOTAL LIABILITIES AND EQUITY		90,710,206	84,649,442	90,364,949

The condensed consolidated interim financial statements were approved by the Board of Directors on 19 April 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. Rajhavan Seetharaman
Group Chief Executive Officer

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

DOHA BANK Q.P.S.C.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2017

QAR '000s

	Note	<i>Three months ended</i>	
		<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>
Interest income		842,309	774,398
Interest expense		(321,434)	(255,856)
Net interest income		520,875	518,542
Fee and commission income		137,602	138,601
Fee and commission expense		(11,312)	(10,519)
Net fee and commission income		126,290	128,082
Gross written premium		21,038	18,773
Premium ceded		(6,027)	(7,320)
Net claims paid		(10,741)	(5,183)
Net income from insurance activities		4,270	6,270
Net foreign exchange gain		25,989	17,229
Income from investment securities		34,690	33,877
Other operating income		11,410	12,514
		72,089	63,620
Net operating income		723,524	716,514
Staff costs		(127,492)	(119,610)
Depreciation		(24,514)	(21,078)
Impairment loss on investment securities		(33,057)	(61,008)
Net impairment loss on loans and advances to customers		(53,343)	(54,144)
Other expenses		(119,363)	(105,074)
Profit before tax		365,755	355,600
Income tax expense		(1,357)	(1,438)
Profit		364,398	354,162
Earnings per share			
Basic/diluted earnings per share (QAR per share)	15	<u>1.41</u>	<u>1.37</u>

The attached notes 1 to 21 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 MONTHS ENDED 31 MARCH 2017

QAR '000s

	Note	<i>Three months ended</i>	
		<i>31 March 2017 (Reviewed)</i>	<i>31 March 2016 (Reviewed)</i>
Profit		<u>364,398</u>	<u>354,162</u>
Other comprehensive income			
Items that are or may be subsequently reclassified to income statement:			
Foreign currency translation differences for foreign operations		8,392	(311)
Net movement in fair value of available-for-sale investments	12	27,600	(11,074)
Other comprehensive income/(loss)		<u>35,992</u>	<u>(11,385)</u>
Total comprehensive income		<u><u>400,390</u></u>	<u><u>342,777</u></u>

The attached notes 1 to 21 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 THREE MONTHS ENDED 31 MARCH 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	-	-	-	-	-	364,398	-	364,398
Other comprehensive income	-	-	-	27,600	8,392	-	-	35,992
Total comprehensive income	-	-	-	27,600	8,392	364,398	-	400,390
Transactions with shareholders:								
Dividends paid (Note 14)	-	-	-	-	-	(775,117)	-	(775,117)
Balance at 31 March 2017 (Reviewed)	2,583,723	4,317,561	1,372,000	(75,812)	(16,599)	824,935	4,000,000	13,005,808
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	-	-	-	-	-	354,162	-	354,162
Other comprehensive income	-	-	-	(11,074)	(311)	-	-	(11,385)
Total comprehensive income	-	-	-	(11,074)	(311)	354,162	-	342,777
Transactions with shareholders:								
Dividends paid (Note 14)	-	-	-	-	-	(775,117)	-	(775,117)
Balance at 31 March 2016 (restated)	2,583,723	4,316,950	1,292,000	(280,750)	(20,136)	862,991	4,000,000	12,754,778

The attached notes 1 to 21 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 THREE MONTHS ENDED 31 MARCH 2017

QAR '000s

	<i>Three months ended</i>		<i>Year ended</i>
	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxes	365,755	355,600	1,051,998
Adjustments for:			
Net impairment loss on loans and advances to customers	53,343	54,144	480,224
Impairment loss on investment securities	33,057	61,008	139,499
Depreciation	24,514	21,078	93,642
Amortisation of financing cost	3,402	1,238	11,502
Net (gain) / loss on disposal of investment securities	(40,265)	(33,877)	5,095
Loss / (profit) on sale of property, furniture and equipment	83	(286)	446
Share of results of an associate	-	-	46
Profits before changes in operating assets and liabilities	439,889	458,905	1,782,452
Change in due from banks	(519,174)	303,077	541,188
Change in loans and advances to customers	(336,431)	(1,296,143)	(4,480,255)
Change in other assets	197,931	(61,436)	(173,003)
Change in due to banks	4,393,720	3,577,552	3,499,206
Change in customer deposits	(1,737,291)	(1,350,076)	2,963,337
Change in other liabilities	59,444	(38,558)	51,487
Social and sports fund contribution	(26,345)	(34,343)	(34,343)
Income tax paid	(31,426)	(24,969)	1,783
Net cash from operating activities	2,440,317	1,534,009	4,151,852
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities	(2,143,467)	(870,043)	(8,066,482)
Proceeds from sale of investment securities	1,741,931	1,209,571	5,578,839
Acquisition of property, furniture and equipment	(14,042)	(9,927)	(89,143)
Proceeds from sale of property, furniture and equipment	-	559	9,997
Net cash (used in) / from investing activities	(415,578)	330,160	(2,566,789)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other borrowings	58,011	(339,743)	1,541,940
Repayment of debt security	(1,823,000)	-	(773,273)
Distribution on Tier 1 capital notes	(170,000)	-	(220,000)
Dividends paid	(775,117)	(775,117)	(775,117)
Net cash used in financing activities	(2,710,106)	(1,114,860)	(226,450)
Net (decrease) / increase in cash and cash equivalents	(685,367)	749,309	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	8,230,647	8,306,710	8,916,014
Operational cash flows from interest and dividend:			
Interest received	798,230	749,713	3,200,642
Interest paid	299,869	293,366	1,041,332
Dividends received	15,896	41,060	48,215

The attached notes 1 to 21 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 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. The condensed consolidated interim financial statements for the three months ended 31 March 2017 comprises of the Bank and its subsidiaries (together referred to as "the Group")

The principal subsidiaries of the Group are as follows:

Company's name	Country of incorporation	Company's capital	Company's activities	Percentage of ownership	
				31 March 2017	31 March 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 months ended 31 March 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.

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 THREE MONTHS ENDED 31 MARCH 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 three months ended 31 March 2017 and 31 March 2016 are stated below:

	Conventional Banking				Total	Insurance	Total
	Corporate Banking	Retail Banking	Unallocated	Total			
For the three months ended 31 March 2017							
Interest income	747,682	94,627	-	842,309	-	842,309	
Net income on insurance activities	-	-	-	-	4,270	4,270	
Net other operating income	132,650	52,950	11,410	197,010	1,369	198,379	
Segmental revenue	880,332	147,577	11,410	1,039,319	5,639	1,044,958	
Profit for the period				363,333	1,065	364,398	
As at 31 March 2017							
Assets	77,731,597	6,873,914	5,834,591	90,440,102	259,257	90,699,359	
Investment in an associate						10,847	
Total assets						90,710,206	
Liabilities	66,001,440	11,089,411	511,666	77,602,517	101,881	77,704,398	
Contingent items	32,186,400	1,216	-	32,187,616	-	32,187,616	

Intra-group transactions are eliminated from this segmental information (Assets: QAR 118.8 million and Liabilities: QAR 18.8 million)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2017

QAR '000s

4. OPERATING SEGMENTS (CONTINUED)

	Conventional Banking				Total
	Corporate Banking	Retail Banking	Unallocated	Insurance	
For the three months ended 31 March 2016					
Interest income	669,182	105,216	-	-	774,398
Net income on insurance activities	-	-	-	6,270	6,270
Net other operating income	131,328	45,546	12,514	2,314	191,702
Segmental revenue	800,510	150,762	12,514	8,584	972,370
Segmental profit					354,162
					2,239
					351,923
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 31 March 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 31 March 2017				
Financial assets measured at fair value:				
Available-for-sale investment securities	8,265,952	568,644	-	8,834,596
Investment securities classified as held for trading	36,435	-	-	36,435
<i>Derivative instruments:</i>				
Interest rate swaps	-	47,390	-	47,390
Forward foreign exchange contracts	-	39,408	-	39,408
	<u>8,302,387</u>	<u>655,442</u>	<u>-</u>	<u>8,957,829</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	15,024	-	15,024
Forward foreign exchange contracts	-	17,622	-	17,622
	<u>-</u>	<u>32,646</u>	<u>-</u>	<u>32,646</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 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements. All unquoted available for sale equity investments amounting to QAR 56.1 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>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Loans	56,223,062	52,807,480	54,456,707
Overdrafts	4,336,494	4,791,254	5,903,930
Bills discounted	504,680	441,720	520,874
Other loans*	726,188	975,906	715,293
	<u>61,790,424</u>	<u>59,016,360</u>	<u>61,596,804</u>
Deferred profit	-	(11,050)	(1,343)
Specific impairment of loans and advances to customers	(2,194,218)	(2,045,335)	(2,282,717)
Collective impairment allowance	(126,896)	(122,972)	(126,522)
Net loans and advances to customers*	<u>59,469,310</u>	<u>56,837,003</u>	<u>59,186,222</u>

The aggregate amount of non-performing loans and advances to customers at 31 March 2017 amounted to QAR 1,848 million which represents 2.99% of total loans and advances to customers (31 March 2016: QAR 1,993 million, 3.38% 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 (31 March 2016: Nil, 31 December 2016: QAR 291 million) as per Qatar Central Bank circular no. 68/2011.

Specific impairment of loans and advances includes QAR 487 million of interest in suspense (31 March 2016: QAR 413 million; 31 December 2016: QAR 457 million).

*This include acceptances pertaining to trade finance activities amounting to QAR 330 million (31 March 2016: QAR 552 million; 31 December 2016: QAR 308 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2017

QAR '000s

7. INVESTMENT SECURITIES

	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Available-for-sale	8,890,734	6,045,726	8,308,860
Held to maturity	6,215,285	5,773,557	6,391,593
Investment securities classified as held for trading	36,435	1,231	5,657
	<u>15,142,454</u>	<u>11,820,514</u>	<u>14,706,110</u>

The Group has pledged State of Qatar Bonds amounting to QAR1,601 million as at 31 March 2017 (31 March 2016: QAR 1,516 million; 31 December 2016: QAR 2,545 million) against repurchase agreements.

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

During the period ended 31 March 2017, the Group acquired assets with a cost of QAR 14 million (31 March 2016: QAR 10 million; 31 December 2016: QAR 89 million).

Asset disposals made by the Group during the period ended 31 March 2017 amounted to QAR 83 thousand (31 March 2016: QAR 2 million, 31 December 2016: QAR 34 million), at original cost.

9. DEBT SECURITIES

	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Subordinated debt notes (a)	-	772,897	-
Senior guaranteed notes (b)	-	1,816,069	1,819,598
	<u>-</u>	<u>2,588,966</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)

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>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Term loan facilities	<u>5,052,485</u>	<u>3,112,791</u>	<u>4,994,474</u>

The table below shows the maturity profile of other borrowings:

	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Upto 1 year	3,349,919	390,451	3,293,026
Between 1 and 3 years	<u>1,702,566</u>	<u>2,722,340</u>	<u>1,701,448</u>
	<u>5,052,485</u>	<u>3,112,791</u>	<u>4,994,474</u>

11. SHARE CAPITAL

	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Authorised number of ordinary shares (in thousands)	<u>258,372</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>2,583,723</u>	<u>2,583,723</u>	<u>2,583,723</u>

All shares are of the same class and carry equal voting rights.

12. FAIR VALUE RESERVE

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

	<i>31 March 2017 Reviewed</i>	<i>31 March 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	50,132	(55,071)	(34,035)
Reclassified to consolidated income statement	<u>(22,532)</u>	<u>43,997</u>	<u>200,299</u>
Net change in fair value of available-for-sale investments	<u>27,600</u>	<u>(11,074)</u>	<u>166,264</u>
Balance as of period / year end	<u>(75,812)</u>	<u>(280,750)</u>	<u>(103,412)</u>

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13. INSTRUMENT ELIGIBLE AS ADDITIONAL CAPITAL

	<i>31 March 2017 Reviewed</i>	<i>31 March 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 June 2015	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<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 775.1 million (2015: QAR 775.1 million), was approved at the Annual General Assembly held on 8 March 2017 and paid during the period.

15. EARNINGS PER SHARE

	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>
Basic and diluted		
Profit attributable to the equity holders of the Bank	364,398	354,162
Weighted average number of outstanding ordinary shares in thousands	258,372	258,372
Basic / diluted earnings per share (QAR)	1.41	1.37

16. FINANCIAL COMMITMENTS AND CONTINGENCIES

	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
(a) Contingent commitments			
Guarantees	20,849,930	23,042,702	22,246,187
Letter of credit	7,596,974	2,499,618	7,196,260
Unused credit facilities	3,740,712	7,012,308	3,577,504
Others	<u>173,424</u>	<u>56,887</u>	<u>161,142</u>
	<u>32,361,040</u>	<u>32,611,515</u>	<u>33,181,093</u>
(b) Other commitments			
<i>Derivative financial instruments:</i>			
Forward foreign exchange contracts	28,438,353	17,257,283	30,696,684
Interest rate swaps	<u>2,345,523</u>	<u>949,613</u>	<u>1,822,890</u>
	<u>30,783,876</u>	<u>18,206,896</u>	<u>32,519,574</u>
Total	<u>63,144,916</u>	<u>50,818,411</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.

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17. CASH AND CASH EQUIVALENTS

	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Cash and balances with central banks *	2,540,315	1,451,480	2,222,899
Due from banks up to 90 days	<u>5,690,332</u>	<u>6,855,230</u>	<u>6,693,115</u>
	<u>8,230,647</u>	<u>8,306,710</u>	<u>8,916,014</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>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Statement of financial position items			
- Loans, advances and financing activities	2,457,353	1,278,092	1,350,895
- Deposits	499,715	438,978	414,137
- Contingent liabilities and other commitments	1,097,724	872,185	754,262
- Others assets	8,305	8,305	8,305

	Three months ended	
	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>
Statement of income and expenses items		
- Interest and fee income	11,754	9,858
- Interest, fee and commission expenses	3,591	3,175
Compensation to Board of Directors		
- Salaries and other benefits	9,430	7,422
- End of service benefits and pension fund	<u>629</u>	<u>931</u>
	<u>10,059</u>	<u>8,353</u>

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19. CAPITAL ADEQUACY

	<i>31 March 2017 Reviewed</i>	<i>31 March 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Common Equity Tier 1 Capital	8,447,577	8,264,813	8,247,923
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	<u>126,896</u>	<u>278,118</u>	<u>126,522</u>
Total Eligible Capital	<u>12,574,473</u>	<u>12,542,931</u>	<u>12,374,445</u>
Risk Weighted Assets	<u>83,960,995</u>	<u>80,614,367</u>	<u>79,471,199</u>
Total Capital Ratio	<u>14.98%</u>	<u>15.56%</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 3 month period ended 31 March 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 – 31 March 2016	56,857,184	56,837,003	(20,181)
Retained earnings – 1 January 2016	1,304,127	1,283,946	(20,181)
Retained earnings – 31 March 2016	883,172	862,991	(20,181)

21. SUBSEQUENT EVENTS

The Extraordinary General Assembly of the Bank was held on 6 March 2017 to resolve the increase of issued share capital of the Bank from QAR 2,583,772,520 to QAR 3,100,467,024 by way of offering 51,674,450 new ordinary shares for subscription to Doha Bank's eligible shareholders, at a price of (QAR 25) twenty five Qatari Riyals per share (including premium per share of QAR 15) (the Rights Issue). The Rights issue exercise is expected to be closed on 9 May 2017.