



DOHA BANK Q.S.C
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT

FOR THE THREE MONTHS PERIOD
ENDED MARCH 31, 2011

DOHA BANK Q.S.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REVIEW REPORT

For the three month period ended March 31, 2011

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QR. 3012

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 March 31, 2011, and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the three month period then ended, and certain selected 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
April 18, 2011**

**Muhammad Bahemia
License No. 103**

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

As at March 31, 2011

	<u>Note</u>	March 31, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Assets:			
Cash and balances with Central Banks		3,862,592	10,378,704
Due from banks and other financial institutions		8,762,220	3,634,244
Loans and advances and financing activities to customers	4	26,114,017	26,546,918
Financial investments	5	6,288,197	5,216,631
Investment in associate company		12,851	14,031
Property, furniture and equipment		763,332	737,442
Other assets		619,983	701,641
		-----	-----
Total Assets		46,423,192	47,229,611
		=====	=====
Liabilities:			
Due to banks and other financial institutions		10,440,580	8,683,403
Customer deposits		25,843,890	28,946,743
Subordinated debt		768,048	767,606
Other liabilities		997,233	922,133
		-----	-----
Total Liabilities		38,049,751	39,319,885
		-----	-----
Unrestricted Investment Depositors' Accounts		2,210,897	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	(35,843)	(5,053)
Hedge reserve		(38,150)	(44,039)
Foreign currency translation reserve		(1,876)	(2,001)
Proposed dividends		--	947,365
Retained earnings		510,997	148,027
		-----	-----
Total Shareholders' Equity		6,162,544	6,034,493
		-----	-----
Total Liabilities, Unrestricted Investment Depositors' Accounts and Shareholders' Equity		46,423,192	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 12 form part of these interim condensed consolidated financial statements

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

For the three month period ended March 31, 2011

	Three Months Ended	
	March 31, 2011	March 31, 2010
	(Reviewed) QR.'000	(Reviewed) QR.'000
Interest income	547,238	580,556
Interest expense	(154,217)	(285,873)
Net interest income	393,021	294,683
Fee and commission income	88,241	122,230
Fee and commission expense	(1,484)	(967)
Net fee and commission income	86,757	121,263
Income from Islamic financing activities	64,962	60,706
Unrestricted investment depositors' share of profit	(17,481)	(27,568)
Net Islamic financing and investing income	47,481	33,138
Gross written premium	28,648	30,979
Premium ceded	(14,896)	(17,905)
Net claims paid	(5,477)	(9,131)
Net Income from Insurance activities	8,275	3,943
Dividend income	9,844	9,542
Gain on foreign exchange activities	15,472	17,057
Net income from financial investments	29,611	10,515
Other operating income	10,128	4,492
Total other income	65,055	41,606
Net operating income	600,589	494,633
General and administration expenses	(175,769)	(151,930)
Depreciation of property, furniture and equipment	(10,204)	(9,932)
Provision for impairment of loans and advances, net	(44,663)	(14,761)
Provision for impairment of financial investments	(6,233)	(2,781)
Net profit for the period before taxes	363,720	315,229
Income tax expense	(750)	(198)
Net profit for the period	362,970	315,031
Basic and diluted earnings per share (QR)	1.86	1.66
Weighted average number of shares	195,597,365	189,472,986

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

DOHA BANK Q.S.C**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the three month period ended March 31, 2011

	Three Months Ended	
	March 31, 2011	March 31, 2010
	(Reviewed)	(Reviewed)
	QR.'000	QR. '000
Net profit for the period	362,970	315,031
Other comprehensive income:		
Net movement in fair value of available for sale investments	(30,790)	23,169
Net movement in fair value of cash flow hedge	5,889	6,177
Foreign exchange translation adjustment	125	(130)
	-----	-----
Total other comprehensive income	(24,776)	29,216
	-----	-----
Total comprehensive income for the period	338,194	344,247
	=====	=====

The attached notes 1 to 12 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 three month period ended March 31, 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	--	--	--	--	--	--	--	362,970	362,970
Other comprehensive income	--	--	--	(30,790)	5,889	125	--	--	(24,776)
Total comprehensive income for the period	--	--	--	(30,790)	5,889	125	--	362,970	338,194
Increase in share capital	172,248	564,974	--	--	--	--	--	--	737,222
Dividends paid for the year 2010	--	--	--	--	--	--	(947,365)	--	(947,365)
Balance at March 31, 2011 (Reviewed)	2,066,978	3,282,788	377,650	(35,843)	(38,150)	(1,876)	--	510,997	6,162,544

The attached notes 1 to 12 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 three month period ended March 31, 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	--	--	--	--	--	--	--	--	315,031	315,031
Other comprehensive income	--	--	--	--	23,169	6,177	(130)	--	--	29,216
Total comprehensive income for the period	--	--	--	--	23,169	6,177	(130)	--	290,691	319,907
Increase in share capital	86,124	(368,611)	282,487	--	--	--	--	--	--	--
Dividends paid for the year 2009	--	--	--	--	--	--	--	(904,303)	--	(904,303)
Balance at March 31, 2010 (Reviewed)	1,894,730	--	2,716,118	364,650	(57,282)	(46,512)	(2,547)	--	397,230	5,266,387

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

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

For the three month period ended March 31, 2011

	Three Month Period Ended	
	March 31,	March 31,
Note	2011	2010
	(Reviewed)	(Reviewed)
	QR'000	QR'000
Net cash used in operating activities	(373,008)	(779,413)
	-----	-----
<u>Cash flow from investing activities:</u>		
Purchase of financial investments	(1,788,038)	(639,318)
Net proceeds from sale of financial investments	710,240	326,269
Purchase of property, furniture and equipment	(36,094)	(50,807)
	-----	-----
Net cash used in investing activities	(1,113,892)	(363,856)
	-----	-----
<u>Cash flow from financing activities:</u>		
Dividends paid	(947,365)	(904,303)
Subordinated debt repurchased	--	(23,247)
Increase in the share capital	737,222	--
	-----	-----
Net cash used in financing activities	(210,143)	(927,550)
	-----	-----
Net decrease in cash and cash equivalents	(1,697,043)	(2,070,819)
Cash and cash equivalents at January 1,	10,809,565	11,888,523
	-----	-----
Cash and cash equivalents at March 31,	11 9,112,522	9,817,704
	=====	=====

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

DOHA BANK Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 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 37 local branches including seven Islamic branches, three overseas branches in the United States of America, the United Arab Emirates and the State of Kuwait and representative offices in: United Kingdom, Singapore, Turkey, China, Japan, South Korea and Romania. 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 three month period ended March 31, 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 three month period ended March 31, 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 three month period ended March 31, 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 March 31, 2011						
Total assets	42,614,026	3,576,938	46,190,964	231,282	946	46,423,192
Total liabilities including unrestricted investment accounts	37,121,541	3,037,236	40,158,777	101,703	168	40,260,648
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 three month period ended March 31, 2011						
Net operating income	543,022	48,698	591,720	8,718	151	600,589
Net profit	320,197	39,702	359,899	3,178	(107)	362,970
For the three month period ended March 31, 2010						
Net operating income	451,196	37,241	488,437	5,976	220	494,633
Net profit	284,695	29,400	314,095	932	4	315,031

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 99.69% (March 31, 2010: 100%) of the Bank's profit for the three month period ended March 31, 2011 and approximately 96.48% (December 31, 2010: 97.3%) of its assets.

4. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

	March 31, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Conventional banking loans and advances	24,038,797	24,630,702
Islamic financing activities	3,126,808	2,918,015
Specific provision for impairment of loans - net	(777,270)	(739,014)
Interest in suspense	(274,318)	(262,785)
Net	26,114,017	26,546,918

Total non-performing loans and advances as at March 31, 2011 amounted to QR. 1,182 million representing 4.20% of the total loans and advances (December 31, 2010: QR.1,086 million, representing 3.94 % of the total loans and advances).

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

For the three month period ended March 31, 2011

5. FINANCIAL INVESTMENTS

	March 31, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Available-for-sale investments	3,119,839	2,350,896
Held to maturity investments	3,168,358	2,865,735
	-----	-----
	6,288,197	5,216,631
	=====	=====

6. FAIR VALUE RESERVE

	March 31, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Balance at beginning of the period / year	(5,053)	(80,451)
(Decrease)/Increase in fair value	(12,353)	73,702
Amount transferred to the statement of income	(18,437)	1,696
Net change within the period / year	(30,790)	75,398
	-----	-----
	(35,843)	(5,053)
	=====	=====

7. ISLAMIC OPERATIONS

The recent Qatar Central Bank directive dated 31 January 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 31 December 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 options in relation to the future of the Islamic operations.

8. 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 to Qatar Investment Authority (QIA). On 17 January 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%.

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

For the three month period ended March 31, 2011

9. FINANCIAL COMMITMENTS AND CONTINGENCIES

	March 31, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
(a) Contingent commitments		
Acceptances	381,680	417,506
Guarantees	13,745,479	14,291,996
Letter of credit	4,510,933	4,283,594
Unused facilities	5,982,922	5,995,363
Others	706,248	715,090
	-----	-----
	25,327,262	25,703,549
	-----	-----
(b) Other commitments		
Capital commitments	55,534	60,961
Forward foreign exchange contracts	2,639,602	5,831,979
Interest rate swaps	773,273	773,273
Credit default swaps	25,491	25,491
Total return swaps	36,415	36,415
	-----	-----
	3,530,315	6,728,119
	-----	-----
Total	28,857,577	32,431,668
	=====	=====

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

10. 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.

	March 31, 2011 (Reviewed) QR.'000	December 31, 2010 (Audited) QR.'000
Statement of financial position items		
Loans and advances	1,019,539	1,023,784
	=====	=====
Customer deposits	153,824	98,391
	=====	=====
Contingent liabilities and other commitments	252,698	261,741
	=====	=====

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

For the three month period ended March 31, 2011

10. RELATED PARTY TRANSACTIONS (CONTINUED)

	Three Month Period Ended	
	March 31,	
	2011	2010
	(Reviewed)	(Reviewed)
	QR.'000	QR.'000
Statement of Income items		
Interest and commission income	9,460	12,220
	=====	=====
Interest and commission expenses	549	961
	=====	=====
Compensation to Board of Directors		
Salaries and other benefits	5,001	2,609
End of service benefits and pension fund	408	524
	-----	-----
	5,409	3,133
	=====	=====

11. CASH AND CASH EQUIVALENTS

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

	Three Month Period Ended	
	March 31,	
	2011	2010
	(Reviewed)	(Reviewed)
	QR.'000	QR.'000
Cash and balances with banks	2,251,338	6,924,946
Cash with banks and other financial institutions maturing within 3 months	6,861,184	2,892,758
	-----	-----
	9,112,522	9,817,704
	=====	=====

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

12. COMPARATIVE FIGURES

Certain of the prior period/ year amounts have been reclassified in order to conform with the current period's presentation.