DOHA BANK Q.S.C.
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2013

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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 2013, comprising of the interim consolidated statement of financial position as at 30 June 2013 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month period ended 30 June 2013, the related interim consolidated statement of changes in equity and interim condensed 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. Consequently, it 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: 21 July 2013
Doha

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	***30 June 2013 (Reviewed) QAR'000***	*30 June 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Assets				
Cash and balances with central banks		**2,804,490**	2,369,971	2,598,365
Due from banks		**7,426,712**	9,569,624	7,786,587
Loans and advances to customers	5	**36,178,669**	30,078,216	33,774,849
Investment securities	6	**11,213,218**	8,728,126	9,581,013
Investment in an associate company		**9,707**	10,107	10,532
Property, furniture and equipment		**791,453**	789,675	794,822
Other assets		**795,531**	738,223	666,296
Total assets		**59,219,780**	52,283,942	55,212,464
Liabilities				
Due to banks		**11,300,940**	10,803,720	8,716,479
Customer deposits		**34,072,754**	30,338,513	34,401,083
Debt securities	7	**2,574,596**	2,569,127	2,571,968
Other liabilities		**2,540,704**	1,619,162	1,971,769
Total liabilities		**50,488,994**	45,330,522	47,661,299
Equity				
Share capital	8	**2,583,723**	2,066,978	2,066,978
Legal reserve	8	**4,317,089**	3,283,600	3,283,600
Risk reserve		**773,650**	597,650	773,650
Fair value reserve	9	**(61,202)**	62,682	126,856
Foreign currency translation reserve		**(4,292)**	(4,620)	(3,467)
Proposed dividends	10	**-**	-	930,140
Retained earnings		**1,121,818**	947,130	373,408
Total equity		**8,730,786**	6,953,420	7,551,165
Total liabilities and equity		**59,219,780**	52,283,942	55,212,464

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 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2013

	Three Months Ended		*Six Months Ended*	
	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	***30 June 2013 (Reviewed) QAR'000***	*30 June 2012 (Reviewed) QAR'000*
Interest income	**593,900**	554,426	**1,161,740**	1,130,402
Interest expense	**(129,746)**	(144,323)	**(271,781)**	(281,572)
Net interest income	**464,154**	410,103	**889,959**	848,830
Fee and commission income	**102,415**	82,426	**195,933**	165,991
Fee and commission expense	**(898)**	(1,292)	**(1,726)**	(2,616)
Net fee and commission income	**101,517**	81,134	**194,207**	163,375
Gross written premium	**32,904**	29,082	**58,062**	53,408
Premium ceded	**(21,042)**	(14,318)	**(33,764)**	(25,988)
Net claims paid	**(9,364)**	(10,867)	**(17,469)**	(16,823)
Net income from insurance activities	**2,498**	3,897	**6,829**	10,597
Foreign exchange gain	**22,947**	19,890	**44,034**	40,710
Income from investment securities	**24,241**	81,045	**109,585**	134,161
Other operating income	**14,757**	12,605	**28,214**	23,885
	61,945	113,540	**181,833**	198,756
Net operating income	**630,114**	608,674	**1,272,828**	1,221,558
Staff cost	**(117,722)**	(106,819)	**(218,536)**	(196,401)
Depreciation	**(23,824)**	(17,827)	**(41,614)**	(36,382)
Impairment losses on investment securities	**(2,999)**	(15,349)	**(5,657)**	(17,175)
Net impairment loss on loans and advances to customers	**(45,596)**	(31,202)	**(91,593)**	(66,392)
Other expenses	**(86,017)**	(86,056)	**(164,751)**	(161,623)
	(276,158)	(257,253)	**(522,151)**	(477,973)
Profit for the period before tax	**353,956**	351,421	**750,677**	743,585
Income tax expense	**(850)**	(1,439)	**(2,267)**	(3,655)
Profit for the period	**353,106**	349,982	**748,410**	739,930
Basic and diluted earnings per share (QAR)	**1.48**	1.59	**3.14**	3.35
Weighted average number of shares;				
At the beginning of the period	**206,697,802**	**206,697,802**	**206,697,802**	**206,697,802**
Effect of rights issue	**31,490,096**	**14,010,861**	**31,490,096**	**14,010,861**
At the end of the period	**238,187,898**	**220,708,663**	**238,187,898**	**220,708,663**

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Three Months Ended		Six Months Ended	
	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	***30 June 2013 (Reviewed) QAR'000***	*30 June 2012 (Reviewed) QAR'000*
Profit for the period	**353,106**	349,982	**748,410**	739,930
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation difference for foreign operations	**(938)**	(1,031)	**(825)**	(739)
Net change in fair value of cash flow hedge	**-**	4,896	**-**	11,724
Available-for-sale investment securities:				
Net change in fair value	**(70,410)**	34,356	**(78,259)**	71,797
Reclassified during the period to the consolidated statement of income	**(18,309)**	(7,993)	**(109,799)**	(20,355)
Net other comprehensive (loss) income to be classified to profit or loss in subsequent periods	**(89,657)**	30,228	**(188,883)**	62,427
Items not to be reclassified to profit or loss in subsequent periods	**-**	-	**-**	-
Other comprehensive (loss) income	**(89,657)**	30,228	**(188,883)**	62,427
Total comprehensive income for the period	**263,449**	380,210	**559,527**	802,357

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Share capital QAR'000	*Shares to be issued QAR'000*	*Legal reserve QAR'000*	*Risk reserve QAR'000*	*Fair value reserve QAR'000*	*Foreign currency translation reserve QAR'000*	*Proposed dividends QAR'000*	*Retained earnings QAR'000*	*Total QAR'000*
Balance at 1 January 2012 (Audited)	2,066,978	-	3,283,600	597,650	(484)	(3,881)	930,140	207,200	7,081,203
Profit for the period	-	-	-	-	-	-	-	739,930	739,930
Other comprehensive income	-	-	-	-	63,166	(739)	-	-	62,427
Total comprehensive income for the period	-	-	-	-	63,166	(739)	-	739,930	802,357
Dividends paid for the year 2011 (Note 10)	-	-	-	-	-	-	(930,140)	-	(930,140)
Balance at 30 June 2012 (Reviewed)	2,066,978	-	3,283,600	597,650	62,682	(4,620)	-	947,130	6,953,420
Balance at 1 January 2013 (Audited)	**2,066,978**	**-**	**3,283,600**	**773,650**	**126,856**	**(3,467)**	**930,140**	**373,408**	**7,551,165**
Profit for the period	-	-	-	-	-	-	-	748,410	748,410
Other comprehensive income	-	-	-	-	(188,058)	(825)	-	-	(188,883)
Total comprehensive income for the period	-	-	-	-	(188,058)	(825)	-	748,410	559,527
Proceeds from right issue (Note 8)	-	1,550,234	-	-	-	-	-	-	1,550,234
Increase in share capital (Note 8)	516,745	(1,550,234)	1,033,489	-	-	-	-	-	-
Dividends paid for the year 2012 (Note 10)	-	-	-	-	-	-	(930,140)	-	(930,140)
Balance at 30 June 2013 (Reviewed)	**2,583,723**	**-**	**4,317,089**	**773,650**	**(61,202)**	**(4,292)**	**-**	**1,121,818**	**8,730,786**

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Notes	*Six Months Ended* **30 June 2013 (Reviewed) QAR'000**	*30 June 2012 (Reviewed) QAR'000*	*Year Ended 31 December 2012 (Audited) QAR'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the period before taxes		**750,677**	743,585	1,308,769
Adjustments for:				
Net impairment loss on loans and advances to customers		**91,593**	66,392	189,643
Impairment losses on investment securities		**5,657**	17,175	85,939
Depreciation		**41,614**	36,382	73,401
Amortisation of financing cost		**2,628**	2,413	5,254
Net gain on sale of available-for-sale investment securities		**(88,413)**	(118,916)	(212,605)
Share of results of an associate		**-**	-	(246)
Profits before changes in operating assets and liabilities		**803,756**	747,031	1,450,155
Net (increase) / decrease in operating assets				
Change in due from banks		**494,015**	556,017	(885,305)
Change in loans and advances to customers		**(2,326,219)**	970,419	(2,446,519)
Change in other assets		**(129,235)**	(182,916)	(71,530)
Change in due to banks		**2,584,461**	(831,803)	(2,919,044)
Change in customer deposits		**(328,329)**	(1,360,340)	2,702,230
Change other liabilities		**432,365**	15,593	(106,641)
Social and sports fund contribution paid		**(32,624)**	(31,029)	(31,029)
Income tax paid		**(2,267)**	(3,655)	(5,565)
Net cash from (used in) operating activities		**1,495,923**	(120,683)	(2,313,248)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment securities		**(4,808,029)**	(2,896,725)	(6,397,205)
Proceeds from sale of investment securities		**3,070,522**	1,898,404	4,634,609
Acquisition of property, furniture and equipment		**(38,245)**	(5,219)	(80,979)
Proceeds from sale of property, furniture and equipment		**-**	-	73,050
Net cash used in investing activities		**(1,775,752)**	(1,003,540)	(1,770,525)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Right Issue	**8**	**1,550,234**	-	-
Proceed from issue of debt securities		**-**	1,797,335	1,797,335
Dividends paid	**10**	**(930,140)**	(930,140)	(930,140)
Net cash from financing activities		**620,094**	867,195	867,195
Net increase (decrease) in cash and cash equivalents during the period/year		**340,265**	(257,028)	(3,216,578)
Cash and cash equivalents – beginning of the period/year		**5,228,991**	8,445,569	8,445,569
Cash and cash equivalents – end of the period/year	**13**	**5,569,256**	8,188,541	5,228,991
Operational cash flows from interest and dividend :				
Interest received		**1,151,690**	1,102,572	2,250,054
Interest paid		**307,943**	274,774	559,899
Dividends received		**21,172**	15,245	18,493

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

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 Doha and 31 local branches, three overseas branches in the United Arab Emirates (Dubai & Abu Dhabi) and the State of Kuwait, and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany and Australia. 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 registered in the Cayman Island for the issuance of debt. The interim condensed consolidated financial statement for the six month period ended 30 June 2013 comprises the financial statements of the Bank and its subsidiaries (together referred to as "the Group").

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2013 were authorised for issue by the Board of Directors on 21 July 2013.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the six months ended 30 June 2013 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 2012. The results for the six month ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

Significant accounting policies
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 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 *Consolidated Financial Statements***,** IFRS 11 *Joint Arrangements*, IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements.* As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements.

The nature and the impact of each new standards/amendment is described below:

IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IAS 1 *Clarification of the requirement for comparative information* (Amendment)
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

IAS 34 *Interim financial reporting and segment information for total assets and liabilities* (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the Chief Operating Decision Maker (CODM) and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the CODM.

IFRS 7 *Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7*
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have any impact on the Group.

IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements*
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IFRS 11 *Joint Arrangements* and IAS 28 *Investment in Associates and Joint Ventures*
IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for Jointly Controlled Entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Accounting for *Disclosure of Interests in Other Entities*
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for the interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 *Fair Value Measurement*
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 4.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 OPERATING SEGMENTS

The Group is organized into two main 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 six month period ended 30 June 2013 are stated below:

3 OPERATING SEGMENTS (continued)

	Conventional banking					
	Corporate Banking QAR'000	*Retail Banking QAR'000*	*Unallocated QAR'000*	*Total QAR'000*	*Insurance QAR'000*	*Total QAR'000*
For the six month ended 30 June 2013						
Interest income	961,543	200,197	-	1,161,740	-	**1,161,740**
Net income on insurance activities	-	-	-	-	6,829	**6,829**
Other income	289,944	53,798	28,214	371,956	4,084	**376,040**
Segmental revenue	1,251,487	253,995	28,214	1,533,696	10,913	**1,544,609**
Profit for the period				**748,307**	**103**	**748,410**
As at 30 June 2013						
Assets	48,075,798	6,798,456	4,082,956	58,957,210	252,863	**59,210,073**
Investments in an associate	-	-	9,707	9,707	-	**9,707**
Total assets	48,075,798	6,798,456	4,092,663	58,966,917	252,863	**59,219,780**

3 OPERATING SEGMENTS (continued)

	Conventional banking					
	Corporate Banking QAR'000	*Retail Banking QAR'000*	*Unallocated QAR'000*	*Total QAR'000*	*Insurance QAR'000*	*Total QAR'000*
For the six month ended 30 June 2012						
Interest income	917,196	213,206	-	1,130,402	-	**1,130,402**
Net income on insurance activities	-	-	-	-	10,597	**10,597**
Other income	295,336	46,893	18,320	360,549	1,582	**362,131**
Segmental revenue	1,212,532	260,099	18,320	1,490,951	12,179	**1,503,130**
Profit for the period				**738,620**	**1,310**	**739,930**
As at 31 December 2012						
Assets	44,570,631	6,726,265	3,663,480	54,960,376	241,556	**55,201,932**
Investments in an associate	-	-	10,532	10,532	-	**10,532**
Total assets	44,570,631	6,726,265	3,674,012	54,970,908	241,556	**55,212,464**

Geographically, the Group operates in the State of Qatar, the United Arab Emirates and the State of Kuwait and certain other location through its representative offices as stated in Note 1. Qatar operations contributed approximately 99.25% (30 June 2012: 100.34%) of the Group's profit for the six month period ended 30 June 2013 and approximately 94.31% (30 June 2012: 95.09%; 31 December 2012: 94.34%) 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 2013, the Group held the following classes of financial instruments measured at fair value:

	Level 1 QAR'000	*Level 2 QAR'000*	*Level 3 QAR'000*	*Total QAR'000*
At 30 June 2013				
Financial assets:				
Investment securities	3,306,371	1,393,589	-	**4,699,960**
Derivative instruments:				
Interest rate swaps	-	38,637	-	**38,637**
Forward foreign exchange contracts	-	20,295	-	**20,295**
	3,306,371	**1,452,521**	-	**4,758,892**
Financial liabilities:				
Derivative instruments:				
Interest rate swaps	-	13,644	-	**13,644**
Forward foreign exchange contracts	-	25,323	-	**25,323**
	-	**38,967**	-	**38,967**

4 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Level 1 QAR'000	*Level 2 QAR'000*	*Level 3 QAR'000*	*Total QAR'000*
At 31 December 2012				
Financial assets:				
Investment securities	3,530,394	943,589	-	4,473,983
Derivative instruments:				
Interest rate swaps	-	486	-	486
Forward foreign exchange contracts	-	16,335	-	16,335
	3,530,394	960,410	-	4,490,804
Financial liabilities:				
Derivative instruments:				
Interest rate swaps	-	1,032	-	1,032
Forward foreign exchange contracts	-	10,988	-	10,988
	-	12,020	-	12,020

During the reporting period ended 30 June 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

Unquoted available for sale equity investments amounting to QAR 68.8 million (31 December 2012: QAR 70 million) are recorded at cost since the fair value cannot be reliably measured and have excluded from above table.

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.

5 LOANS AND ADVANCES TO CUSTOMERS

	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Gross loans and advances to customers*	**37,125,778**	30,920,767	34,619,508
Allowance for impairment	**(947,109)**	(842,551)	(844,659)
Net loans and advances to customers	**36,178,669**	30,078,216	33,774,849

Total non-performing loans and advances as at 30 June 2013 amounted to QAR 1,055 million representing 2.84% of the total loans and advances to customers (30 June 2012: QAR 1,059 million representing 3.43% of the total loans and advances to customers; 31 December 2012: QAR 973.52 million, representing 2.81% of the total loans and advances to customers).

Interest in suspense of QAR 122.7 million (30 June 2012: QAR 113.0 million, 31 December 2012: QAR 109.1 million) for the purpose of the Qatar Central Bank regulatory requirements, included in the above allowance for impairment.

*This includes due from customers in relation to the acceptances pertaining to trade finance amounting to QAR 997.7 million (30 June 2012: QAR 411.0 million, 31 December 2012: QAR 828.5 million). The comparative figure for 30 June 2012 has been affected to include customer acceptances of QAR 411.0 million.

6 INVESTMENT SECURITIES

	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Available-for-sale investments	**4,768,739**	4,213,072	4,544,008
Held to maturity investments	**6,444,479**	4,515,054	5,037,005
	11,213,218	8,728,126	9,581,013

7 DEBT SECURITIES

	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Subordinated debt notes (a)	**771,119**	770,256	770,794
Senior guaranteed notes (b)	**1,803,477**	1,798,871	1,801,174
	2,574,596	2,569,127	2,571,968

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 three months US$ LIBOR plus 0.82 percent 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 SHARE CAPITAL

During the period, the Bank received QAR 2,808.3 million from its shareholders towards the Bank's offer to increase its share capital through the issuance of 51,674,450 new shares at a premium of QAR 20, in addition to a nominal value of QAR 10 per share, as resolved by the Bank's Extraordinary General Assembly held on 20 February 2013. The rights issue was oversubscribed by 1.8 times and the excess amounting to QAR 1,258.1 million was refunded to shareholders as per the regulatory guidelines.

These shares were listed on Qatar Exchange on 8 April 2013 and the paid up capital of the Bank was increased by QAR 516,744,504 to QAR 2,583,722,520. The share premium amounting to QAR 1,033.5 million was credited to the legal reserve in accordance with provisions of Qatar Commercial Companies Law no. 5 of 2002.

9 FAIR VALUE RESERVE

	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Available for sale investments securities	**(61,202)**	74,534	126,856
Cash flow hedges	-	(11,852)	-
	(61,202)	62,682	126,856

10 DIVIDENDS PAID

A cash dividend of 45% (or QAR 4.50 per share) relating to the year ended 31 December 2012 (2012: QAR 4.50 per share amounting to QAR 930,140 thousand relating to 2011), amounting to QAR 930,140 thousand was approved at the Annual General Assembly held on 20 February 2013 and paid during the period.

11 FINANCIAL COMMITMENTS AND CONTINGENCIES

	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
(a) Contingent commitments			
Guarantees	**16,049,397**	15,219,071	14,128,617
Letter of credit	**4,444,247**	3,329,966	3,916,532
Unused credit facilities	**5,347,093**	5,456,342	4,480,753
Others	**1,510,976**	1,242,216	885,393
	27,351,713	25,247,595	23,411,295
(b) Other commitments			
Capital commitments	-	13,078	-
Forward foreign exchange contracts	**4,626,581**	1,896,512	2,095,120
Interest rate swaps	**491,603**	846,103	243,980
	5,118,184	2,755,693	2,339,100
Total	**32,469,897**	28,003,288	25,750,395

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

12 RELATED PARTY DISCLOSURES

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 at the end of the reporting period were as follows:

	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Statement of financial position items			
Loans and advances	**1,323,938**	716,230	1,155,230
Other assets	**1,252**	15,544	8,748
Customer deposits	**182,954**	206,522	264,892
Other liabilities	**-**	730	213
Contingent liabilities and other commitments	**310,338**	237,383	294,759

Transactions with related parties for the period were as follows:

	Three Months Ended		***Six Months Ended***	
	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	***30 June 2013 (Reviewed) QAR'000***	*30 June 2012 (Reviewed) QAR'000*
Statement of income items				
Interest and commission income	**10,131**	10,058	**19,042**	20,007
Interest and commission expenses	**3,852**	3,072	**4,686**	3,440
Compensation to Board of Directors				
Salaries and other benefits	**5,487**	8,405	**18,776**	21,102
End of service benefits and pension fund	**497**	452	**1,194**	996
	5,984	8,857	**19,970**	22,098

13 CASH AND CASH EQUIVALENTS

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

	30 June 2013 (Reviewed) QAR'000	*30 June 2012 (Reviewed) QAR'000*	*31 December 2012 (Audited) QAR'000*
Cash and balances with central banks*	**1,354,064**	1,139,160	1,121,198
Balances due from banks maturing within 3 months	**4,215,192**	7,049,381	4,107,793
	5,569,256	8,188,541	5,228,991

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

14 COMPARATIVE FIGURES

Certain comparative figures pertaining to prior period have been reclassified in order to conform to the presentation of the current period and improve the quality of the information presented. However, such reclassifications do not affect the previously reported profit, other comprehensive income or equity for the comparative year/period.

In particular, the Qatar Central Bank (QCB) required all banks to bring customer acceptances onto the statement of financial position. The Group concluded that it was appropriate to affect the change for the prior period. As a result, the comparatives in the interim consolidated statement of financial position as at 30 June 2012 have been affected to include customer acceptance amounting to QAR 411.0 million.

In addition, the basic and diluted earnings per share of QAR 3.58 for the period ended 30 June 2012 and QAR 1.69 for the quarter ended 30 June 2012 as originally reported has been restated to QAR 3.35 and QAR 1.59 per share respectively, due to the effect of rights issue.