



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**30 JUNE 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 30 June 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 30 June 2017;
- the condensed consolidated income statement for the three and six months ended 30 June 2017;
- the condensed consolidated statement of comprehensive income for the three and six months ended 30 June 2017;
- the condensed consolidated statement of changes in equity for the six months ended 30 June 2017;
- the condensed consolidated statement of cash flows for the six months ended 30 June 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 30 June 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 30 June 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 20 July 2016 and 30 January 2017 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

19 July 2017  
Doha  
State of Qatar



Gopal Balasubramaniam  
Qatar Auditor's Registry Number 251  
KPMG

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

QAR '000s

	Notes	30 June 2017 Reviewed	30 June 2016 Reviewed	31 December 2016 Audited
<b>ASSETS</b>				
Cash and balances with central banks		5,611,646	4,335,300	4,260,410
Due from banks		9,231,695	12,618,269	10,505,250
Loans and advances to customers	6	59,191,267	55,403,404	59,186,222
Investment securities	7	16,106,659	13,391,374	14,706,110
Investment in an associate		10,914	8,725	10,343
Property, furniture and equipment	8	749,331	797,690	770,845
Other assets		898,720	783,151	925,769
<b>TOTAL ASSETS</b>		<b>91,800,232</b>	<b>87,337,913</b>	<b>90,364,949</b>
<b>LIABILITIES</b>				
Due to banks		13,010,420	11,266,793	12,275,336
Customer deposits		55,995,277	52,406,507	55,729,950
Debt securities	9	381,120	2,590,353	1,819,598
Other borrowings	10	5,861,796	5,846,801	4,994,474
Other liabilities		1,959,500	2,164,210	2,165,056
<b>TOTAL LIABILITIES</b>		<b>77,208,113</b>	<b>74,274,664</b>	<b>76,984,414</b>
<b>EQUITY</b>				
Share capital	11	2,583,723	2,583,723	2,583,723
Shares to be issued	12	1,291,861	-	-
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	13	(133,589)	(273,174)	(103,412)
Foreign currency translation reserve		(15,488)	(23,475)	(24,991)
Retained earnings		1,176,051	1,167,225	1,235,654
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK</b>		<b>10,592,119</b>	<b>9,063,249</b>	<b>9,380,535</b>
Instruments eligible as additional capital	14	4,000,000	4,000,000	4,000,000
<b>TOTAL EQUITY</b>		<b>14,592,119</b>	<b>13,063,249</b>	<b>13,380,535</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>91,800,232</b>	<b>87,337,913</b>	<b>90,364,949</b>

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017

QAR '000s

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>
Interest income	895,290	778,280	1,737,599	1,552,678
Interest expense	(323,404)	(254,712)	(644,838)	(510,568)
<b>Net interest income</b>	<b>571,886</b>	<b>523,568</b>	<b>1,092,761</b>	<b>1,042,110</b>
Fee and commission income	118,998	121,579	256,600	260,180
Fee and commission expense	(12,839)	(10,927)	(24,151)	(21,446)
<b>Net fee and commission income</b>	<b>106,159</b>	<b>110,652</b>	<b>232,449</b>	<b>238,734</b>
Gross written premium	26,022	25,492	47,060	44,265
Premium ceded	(12,236)	(13,783)	(18,263)	(21,103)
Net claims paid	(11,136)	(6,794)	(21,877)	(11,977)
<b>Net income from insurance activities</b>	<b>2,650</b>	<b>4,915</b>	<b>6,920</b>	<b>11,185</b>
Foreign exchange gain	35,642	28,601	61,631	45,830
Income from investment securities	16,678	5,308	51,368	39,185
Other operating income	16,095	15,793	27,505	28,307
	<b>68,415</b>	<b>49,702</b>	<b>140,504</b>	<b>113,322</b>
<b>Net operating income</b>	<b>749,110</b>	<b>688,837</b>	<b>1,472,634</b>	<b>1,405,351</b>
Staff cost	(135,722)	(130,670)	(263,214)	(250,280)
Depreciation	(25,422)	(23,187)	(49,936)	(44,265)
Impairment losses on investment securities	(44,061)	(9,394)	(77,118)	(70,402)
Net impairment loss on loans and advances to customers	(78,058)	(50,002)	(131,401)	(104,146)
Other expenses	(113,781)	(118,746)	(233,144)	(223,820)
	<b>(397,044)</b>	<b>(331,999)</b>	<b>(754,813)</b>	<b>(692,913)</b>
<b>Profit before tax</b>	<b>352,066</b>	<b>356,838</b>	<b>717,821</b>	<b>712,438</b>
Income tax expense	(950)	(2,604)	(2,307)	(4,042)
<b>Profit</b>	<b>351,116</b>	<b>354,234</b>	<b>715,514</b>	<b>708,396</b>
<b>Basic and diluted earnings per share (QAR)</b>	<b>1.25</b>	<b>1.32</b>	<b>2.56</b>	<b>2.65</b>

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 AND SIX MONTHS ENDED 30 JUNE 2017

QAR '000s

	Note	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>
<b>Profit</b>		<b>351,116</b>	<b>354,234</b>	<b>715,514</b>	<b>708,396</b>
<b>Other comprehensive income</b>					
<b>Items that are or may be subsequently reclassified to income statement:</b>					
Foreign currency translation differences for foreign operations		1,111	(3,339)	9,503	(3,650)
Net movement in fair value of available-for-sale investments	13	(57,777)	7,576	(30,177)	(3,498)
<b>Other comprehensive income</b>		<b>(56,666)</b>	<b>4,237</b>	<b>(20,674)</b>	<b>(7,148)</b>
<b>Total comprehensive income</b>		<b>294,450</b>	<b>358,471</b>	<b>694,840</b>	<b>701,248</b>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

QAR '000s

	Equity attributable to shareholders of the Bank							Instrument eligible as additional capital	Total equity	
	Share capital	Shares to be issued	Legal reserve	Risk reserve	Fair value reserve	Foreign exchange translation reserve	Retained earnings			Total
Balance at 1 January 2017 (Audited)	2,583,723	-	4,317,561	1,372,000	(103,412)	(24,991)	1,235,654	9,380,535	4,000,000	13,380,535
Total comprehensive income:										
Profit	-	-	-	-	-	-	715,514	715,514	-	715,514
Other comprehensive income	-	-	-	-	(30,177)	9,503	-	(20,674)	-	(20,674)
Total comprehensive income	-	-	-	-	(30,177)	9,503	715,514	694,840	-	694,840
Proceeds from Rights Issue	-	1,291,861	-	-	-	-	-	1,291,861	-	1,291,861
Dividends paid (Note 15)	-	-	-	-	-	-	(775,117)	(775,117)	-	(775,117)
Balance at 30 June 2017 (Reviewed)	2,583,723	1,291,861	4,317,561	1,372,000	(133,589)	(15,488)	1,176,051	10,592,119	4,000,000	14,592,119
Balance at 1 January 2016 (Audited)	2,583,723	-	4,316,950	1,292,000	(269,676)	(19,825)	1,304,127	9,207,299	4,000,000	13,207,299
Effect of restatement (note 21)	-	-	-	-	-	-	(20,181)	(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	9,187,118	4,000,000	13,187,118
Total comprehensive income:										
Profit	-	-	-	-	-	-	708,396	708,396	-	708,396
Other comprehensive income	-	-	-	-	(3,498)	(3,650)	-	(7,148)	-	(7,148)
Total comprehensive income	-	-	-	-	(3,498)	(3,650)	708,396	701,248	-	701,248
Transactions with shareholders:										
Dividends paid (Note 15)	-	-	-	-	-	-	(775,117)	(775,117)	-	(775,117)
Distribution for Tier 1 Capital notes	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
Balance at 30 June 2016 (restated)	2,583,723	-	4,316,950	1,292,000	(273,174)	(23,475)	1,167,225	9,063,249	4,000,000	13,063,249

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

QAR '000s

	<i>Six months ended</i>		<i>Year ended</i>
	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
	<i>Note</i>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxes		717,821	712,438
Adjustments for:			1,051,998
Net impairment loss on loans and advances to customers		131,401	104,146
Impairment loss on investment securities		77,118	70,402
Depreciation		49,936	44,265
Amortisation of financing cost		5,584	2,625
Net (gain) / loss on disposal of investment securities		(51,368)	3,110
Loss / (profit) on sale of property, furniture and equipment		-	(1,683)
Share of results of an associate		-	-
			46
<b>Profits before changes in operating assets and liabilities</b>		<b>930,492</b>	<b>935,303</b>
Change in due from banks		(1,018,968)	(960,285)
Change in loans and advances to customers		(140,799)	319,068
Change in other assets		27,049	(30,385)
Change in due to banks		735,084	2,490,663
Change in customer deposits		265,327	(360,106)
Change in other liabilities		23,772	(533,575)
Social and sports fund contribution		(26,345)	(34,343)
Income tax paid		(27,018)	(25,987)
			1,783
<b>Net cash from operating activities</b>		<b>768,594</b>	<b>1,800,353</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of investment securities		(4,346,207)	(3,827,400)
Proceeds from sale of investment securities		2,889,160	2,557,431
Acquisition of property, furniture and equipment		(28,422)	(56,628)
Proceeds from sale of property, furniture and equipment		-	2,143
			9,997
<b>Net cash (used in) investing activities</b>		<b>(1,485,469)</b>	<b>(1,324,454)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from right issues		1,291,861	-
Proceeds from other borrowings		867,322	2,394,267
Proceeds from issue of debt securities		384,522	-
Repayment of debt security		(1,823,000)	-
Distribution on Tier 1 capital notes		(170,000)	(50,000)
Dividends paid		(775,117)	(775,117)
			(775,117)
<b>Net cash used in financing activities</b>		<b>(224,412)</b>	<b>1,569,150</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(941,287)</b>	<b>2,045,049</b>
Cash and cash equivalents at the beginning of the period/year		8,916,014	7,557,401
			7,557,401
<b>Cash and cash equivalents at the end of the period/year</b>	18	<b>7,974,727</b>	<b>9,602,450</b>
<b>Operational cash flows from interest and dividend:</b>			
Interest received		1,753,867	1,565,962
Interest paid		622,024	568,451
Dividends received		25,867	42,295
			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 31 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 as at and for the period ended 30 June 2017 comprise 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	
				30 June 2017	30 June 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 and six months ended 30 June 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)

## 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 six months ended 30 June 2017 and 30 June 2016 are stated below:

	Conventional Banking				Total	Insurance	Total
	Corporate Banking	Retail Banking	Unallocated	Total			
For the six months ended 30 June 2017							
Interest income	1,553,168	184,431	-	1,737,599	-	1,737,599	
Net income on insurance activities	-	-	-	-	6,920	6,920	
Net other operating income	231,192	111,083	27,504	369,779	3,174	372,953	
Segmental revenue	1,784,360	295,514	27,504	2,107,378	10,094	2,117,472	
Profit for the period				714,125	1,389	715,514	
As at 30 June 2017							
Assets	78,657,827	6,665,093	6,217,737	91,540,657	248,661	91,789,318	
Investment in an associate						10,914	
Total assets	66,722,152	9,524,750	868,411	77,115,313	92,800	91,800,232	
Liabilities	31,595,979	32,937	-	31,628,916	-	31,628,916	
Contingent items							

Intra-group transactions are eliminated from this segmental information (Assets: QAR 112.9 million and Liabilities: QAR 12.9 million)

**DOHA BANK Q.P.S.C.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT AND FOR THE PERIOD ENDED 30 JUNE 2017**

**QAR '000s**

**4. OPERATING SEGMENTS (CONTINUED)**

**For the six months ended 30 June 2016**

	Conventional Banking				Total
	Corporate Banking	Retail Banking	Unallocated	Insurance	
Interest income	1,350,692	201,986	-	-	1,552,678
Net income on insurance activities	-	-	-	11,185	11,185
Net other operating income	217,197	103,051	28,307	3,501	352,056
Segmental revenue	1,567,889	305,037	28,307	14,686	1,915,919
Segmental profit				3,055	708,396

**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 30 June 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>
<b>At 30 June 2017</b>				
<b>Financial assets measured at fair value:</b>				
Available-for-sale investment securities	9,636,855	568,263	-	10,205,118
Investment securities classified as held for trading	1,576	-	-	1,576
<i>Derivative instruments:</i>				
Interest rate swaps	-	37,221	-	37,221
Forward foreign exchange contracts	-	78,353	-	78,353
	<u>9,638,431</u>	<u>683,837</u>	<u>-</u>	<u>10,322,268</u>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Interest rate swaps	-	29,897	-	29,897
Forward foreign exchange contracts	-	79,928	-	79,928
	<u>-</u>	<u>109,825</u>	<u>-</u>	<u>109,825</u>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>At 31 December 2016</b>				
<b>Financial assets measured at fair value:</b>				
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>
<b>Financial liabilities measured at fair value:</b>				
<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 30 June 2017, there were no transfers between Level 1 and Level 2 fair value measurements. All unquoted available for sale equity investments amounting to QAR 54.7 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>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Loans	55,921,594	51,682,074	54,456,707
Overdrafts	4,384,542	4,285,148	5,903,930
Bills discounted	451,732	501,484	520,874
Other loans*	<u>695,923</u>	<u>898,264</u>	<u>715,293</u>
	61,453,791	57,366,970	61,596,804
Deferred profit	-	(7,972)	(1,343)
Specific impairment of loans and advances to customers	(2,136,666)	(1,833,522)	(2,282,717)
Collective impairment allowance	<u>(125,858)</u>	<u>(122,072)</u>	<u>(126,522)</u>
<b>Net loans and advances to customers*</b>	<u><b>59,191,267</b></u>	<u><b>55,403,404</b></u>	<u><b>59,186,222</b></u>

The aggregate amount of non-performing loans and advances to customers at 30 June 2017 amounted to QAR 1,908.6 million which represents 3.11% of total loans and advances to customers (30 June 2016: QAR 1,658.1 million, 2.89% 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 (30 June 2016: 290.7, 31 December 2016: 291 million) as per Qatar Central Bank circular no. 68/2011.

Specific impairment of loans and advances includes QAR 349.8 million of interest in suspense (30 June 2016: QAR 369.3 million; 31 December 2016: QAR 457 million).

\*This include acceptances pertaining to trade finance activities amounting to QAR 303.6 million (30 June 2016: QAR 485.2 million; 31 December 2016: QAR 308 million).

**7. INVESTMENT SECURITIES**

	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Available-for-sale	10,259,819	7,470,767	8,308,860
Held to maturity	5,845,264	5,916,137	6,391,593
Investment securities classified as held for trading	<u>1,576</u>	<u>4,470</u>	<u>5,657</u>
	<u>16,106,659</u>	<u>13,391,374</u>	<u>14,706,110</u>

The Group has pledged State of Qatar Bonds amounting to QAR 4,030 million as at 30 June 2017 (30 June 2016: QAR 2,356 million; 31 December 2016: QAR 2,545 million) against repurchase agreements.

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

During the period ended 30 June 2017, the Group acquired assets with a cost of QAR 28 million (30 June 2016: QAR 64 million; 31 December 2016: QAR 89 million).

Asset disposals made by the Group during the period ended 30 June 2017 amounted to QAR Nil (30 June 2016: QAR 4.7 million, 31 December 2016: QAR 34 million), at original cost.

**9. DEBT SECURITIES**

	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Subordinated debt notes (a)	-	773,058	-
Senior guaranteed notes (b)	<u>381,120</u>	<u>1,817,295</u>	<u>1,819,598</u>
	<u>381,120</u>	<u>2,590,353</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)*

During current year, the Group issued USD 75 million and JPY 3.3 billion senior unsecured debt under its updated EMTN programme.

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>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Term loan facilities	5,861,796	4,046,801	4,994,474
Certificates of deposit	-	1,800,000	-
	<u>5,861,796</u>	<u>5,846,801</u>	<u>4,994,474</u>

The table below shows the maturity profile of other borrowings:

	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Upto 1 year	3,519,275	2,650,150	3,293,026
Between 1 and 3 years	2,342,521	3,196,651	1,701,448
	<u>5,861,796</u>	<u>5,846,801</u>	<u>4,994,474</u>

**11. SHARE CAPITAL**

	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Authorised number of ordinary shares (in thousands)	<u>310,047</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>

**12. SHARES TO BE ISSUED**

On the 9 May 2017, the Bank closed its right issue subscription and received from the Banks' shareholders QAR 1,291.9 million towards the Bank's offer to increase its share capital through the issuance of 51,674,450 new shares at a premium of QAR 15, in addition to a nominal value of QAR 10 per share, as resolved by the bank's Extraordinary General Assembly held on 6 March 2017.

Shares were listed on Qatar Exchange as on 12 July 2017 and the paid up capital of the Bank has been increased to QAR 3,100,467,020.

**13. FAIR VALUE RESERVE**

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

	<i>30 June 2017 Reviewed</i>	<i>30 June 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	(55,589)	(55,530)	(34,035)
Reclassified to consolidated income statement	25,412	52,032	200,299
Net movement in fair value of available-for-sale investments	<u>(30,177)</u>	<u>(3,498)</u>	<u>166,264</u>
<b>Balance as of period / year end</b>	<u><b>(133,589)</b></u>	<u><b>(273,174)</b></u>	<u><b>(103,412)</b></u>

**14. INSTRUMENT ELIGIBLE AS ADDITIONAL CAPITAL**

	<i>30 June 2017 Reviewed</i>	<i>30 June 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	2,000,000	2,000,000	2,000,000
	<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.

**15. 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.

**16. EARNINGS PER SHARE**

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>
<b>Basic and diluted</b>				
Profit attributable to the shareholders of the Bank	351,116	354,234	715,514	708,396
Weighted average number of outstanding ordinary shares in thousands	280,011	267,575	280,011	267,575
Basic / diluted earnings per share (QAR)	1.25	1.32	2.56	2.65

**17. FINANCIAL COMMITMENTS AND CONTINGENCIES**

	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
<b>(a) Contingent commitments</b>			
Guarantees	19,827,521	22,536,574	22,246,187
Letter of credit	7,611,115	1,923,464	7,196,260
Unused credit facilities	4,190,280	7,492,814	3,577,504
Others	179,540	72,340	161,142
	<u>31,808,456</u>	<u>32,025,192</u>	<u>33,181,093</u>
<b>(b) Other commitments</b>			
<i>Derivative financial instruments:</i>			
Forward foreign exchange contracts	28,395,713	21,253,259	30,696,684
Interest rate swaps	3,132,396	1,710,514	1,822,890
	<u>31,528,109</u>	<u>22,963,773</u>	<u>32,519,574</u>
<b>Total</b>	<u>63,336,565</u>	<u>54,988,965</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.



**20. CAPITAL ADEQUACY**

	<i>30 June 2017 Reviewed</i>	<i>30 June 2016 Reviewed</i>	<i>31 December 2016 Audited</i>
Common Equity Tier 1 Capital	9,672,660	8,263,832	8,247,923
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	125,944	277,565	126,522
<b>Total Eligible Capital</b>	<b>13,798,604</b>	<b>12,541,397</b>	<b>12,374,445</b>
<b>Risk Weighted Assets</b>	<b>81,157,910</b>	<b>77,995,757</b>	<b>79,471,199</b>
<b>Total Capital Ratio</b>	<b>17.00%</b>	<b>16.08%</b>	<b>15.57%</b>

**21. 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 six month period ended 30 June 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 – 30 June 2016	55,423,585	55,403,404	(20,181)
Retained earnings – 1 January 2016	1,304,127	1,283,946	(20,181)
Retained earnings – 30 June 2016	1,187,406	1,167,225	(20,181)