

Doha Bank (Q.P.S.C)

Interim condensed consolidated
financial information

31 March 2022

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Review report on the interim condensed consolidated financial information to the board of directors of Doha Bank Q.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Doha Bank Q.P.S.C. (the “Parent”) and its subsidiaries (together “the Group”) as at 31 March 2022 and the related interim condensed consolidated income statement, statement of comprehensive income, statements of changes in equity and statement of cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ (‘IAS 34’). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

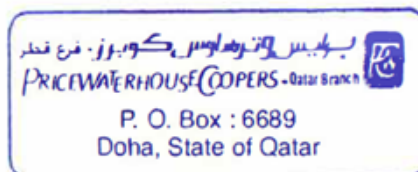
We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

For and on behalf of PricewaterhouseCoopers - Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor’s registration number 370
Doha, State of Qatar
27 April 2022



Doha Bank Q.P.S.C.

(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	31 March 2022 (Unaudited)	31 December 2021 Audited	31 March 2021 (Unaudited)
Assets				
Cash and balances with central banks		7,067,082	5,887,367	6,345,470
Due from banks	7	8,515,326	5,364,929	8,773,699
Loans and advances to customers	8	60,039,310	62,667,285	70,532,759
Investment securities	9	24,356,557	25,082,873	24,033,528
Investment in an associate		10,574	10,758	10,160
Property, furniture and equipment		682,954	689,273	707,974
Other assets		1,172,994	1,400,746	1,743,577
Total assets		101,844,797	101,103,231	112,147,167
Liabilities				
Due to banks	10	18,629,355	22,511,391	21,861,784
Customer deposits		54,479,543	50,355,949	63,672,216
Debt securities	11	2,567,625	1,891,734	2,135,513
Other borrowings	12	9,820,812	9,737,521	8,514,515
Other liabilities		2,369,311	2,350,683	2,005,284
Total liabilities		87,866,646	86,847,278	98,189,312
Equity				
Share capital	13	3,100,467	3,100,467	3,100,467
Legal reserve		5,094,607	5,094,607	5,094,574
Risk reserve		1,029,600	1,029,600	849,600
Fair value reserve		(84,556)	163,693	168,920
Foreign currency translation reserve		(67,513)	(65,550)	(62,882)
Retained earnings		905,546	933,136	807,176
Total equity attributable to shareholders of the Bank		9,978,151	10,255,953	9,957,855
Instruments eligible as additional Tier 1 capital	14	4,000,000	4,000,000	4,000,000
Total equity		13,978,151	14,255,953	13,957,855
Total liabilities and equity		101,844,797	101,103,231	112,147,167

The interim condensed consolidated financial information were approved by the Board of Directors on 27 April 2022 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


Gudni Stiholt Adalsteinsson
Acting Chief Executive Officer



The attached notes 1 to 21 form part of these interim condensed consolidated financial information.
Independent auditors' review report is set out on page 1.

Doha Bank Q.P.S.C.

(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month period ended

	Notes	For the three-month period ended	
		2022 (Unaudited)	2021 (Unaudited)
Interest income		862,818	898,027
Interest expense		(219,120)	(236,673)
Net interest income		643,698	661,354
Fee and commission income		126,493	110,359
Fee and commission expense		(45,380)	(37,248)
Net fee and commission income		81,113	73,111
Gross written premium		11,933	11,593
Premium ceded		(791)	(1,598)
Net claims paid		(8,811)	(9,609)
Net income from insurance activities		2,331	386
Net foreign exchange gain		38,786	41,115
Income from investment securities		53,573	31,854
Other operating income		6,186	15,542
		98,545	88,511
Net operating income		825,687	823,362
Staff costs		(127,972)	(113,721)
Depreciation		(25,499)	(26,454)
Net impairment reversal on investment securities		7,824	4,406
Net impairment loss on loans and advances to customers		(189,244)	(230,571)
Net impairment (loss)/ reversal on other financial assets		(9,177)	3,304
Other expenses		(77,993)	(78,355)
		(422,061)	(441,391)
Profit before tax		403,626	381,971
Income tax expense		(2,181)	(1,784)
Profit after tax		401,445	380,187
Earnings per share			
Basic and diluted earnings per share (QR per share)	16	0.13	0.12



The attached notes 1 to 21 form part of these interim condensed consolidated financial information. Independent auditors' review report is set out on page 1.

Doha Bank Q.P.S.C.

(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended

	For the three-month period ended	
	31 March	
Notes	2022 (Unaudited)	2021 (Unaudited)
Profit after tax	401,445	380,187
Other comprehensive income		
Items that are or may be subsequently reclassified to income statement:		
Foreign currency translation differences for foreign operations	(1,963)	(295)
<i>Movement in fair value reserve (debt instruments – IFRS 9):</i>		
Net change in fair value	(512,302)	(322,892)
Net amount transferred to consolidated statement of income	245,364	324,198
	(268,901)	1,011
Items that will not be reclassified subsequently to statement of income		
Net change in fair value of equity investments designated at FVOCI (IFRS 9)	18,689	14,622
Other comprehensive (loss) / income	(250,212)	15,633
Total comprehensive income	151,233	395,820



The attached notes 1 to 21 form part of these interim condensed consolidated financial information. Independent auditors' review report is set out on page 1.

Doha Bank Q.P.S.C.

(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended

	Equity attributable to shareholders of the Bank						Total	Instrument eligible as additional Tier 1 capital	Total equity
	Share capital	Legal Reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings			
Balance at 1 January 2022 (Audited)	3,100,467	5,094,607	1,029,600	163,693	(65,550)	933,136	10,255,953	4,000,000	14,255,953
<i>Total comprehensive income:</i>									
Profit	-	-	-	-	-	401,445	401,445	-	401,445
Other comprehensive loss	-	-	-	(248,249)	(1,963)	-	(250,212)	-	(250,212)
Total comprehensive income / (loss)	-	-	-	(248,249)	(1,963)	401,445	151,233	-	151,233
Distribution for Tier 1 Capital notes	-	-	-	-	-	(196,500)	(196,500)	-	(196,500)
<i>Transactions with shareholders:</i>									
Dividends paid (Note 15)	-	-	-	-	-	(232,535)	(232,535)	-	(232,535)
Balance at 31 March 2022 (Unaudited)	3,100,467	5,094,607	1,029,600	(84,556)	(67,513)	905,546	9,978,151	4,000,000	13,978,151
Balance at 1 January 2021 (Audited)	3,100,467	5,094,574	849,600	152,992	(62,587)	659,524	9,794,570	4,000,000	13,794,570
<i>Total comprehensive income:</i>									
Profit	-	-	-	-	-	380,187	380,187	-	380,187
Other comprehensive income/ (loss)	-	-	-	15,928	(295)	-	15,633	-	15,633
Total comprehensive (loss) / income	-	-	-	15,928	(295)	380,187	395,820	-	395,820
<i>Transactions with shareholders:</i>									
Dividends paid (Note 15)	-	-	-	-	-	(232,535)	(232,535)	-	(232,535)
Balance at 31 March 2021 (Unaudited)	3,100,467	5,094,574	849,600	168,920	(62,882)	807,176	9,957,855	4,000,000	13,957,855

The attached notes 1 to 21 form part of these interim condensed consolidated financial information. Independent auditors' review report is set out on page 1.



Doha Bank Q.P.S.C.

(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended

	Notes	For the three-month period ended	
		31 March	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before tax		403,626	381,971
<i>Adjustments for:</i>			
Net impairment loss on loans and advances to customers		189,244	230,571
Net reversal on investment securities		(7,824)	(4,406)
Net impairment loss / (reversal) on other financial instruments		9,177	(3,304)
Depreciation		25,499	26,454
Amortisation of financing cost		4,962	5,107
Net income from investment securities		(33,838)	(21,869)
Loss on sale of property, furniture and equipment		-	171
Profit before changes in operating assets and liabilities		590,846	614,695
Change in due from banks		(688,443)	(1,000,829)
Change in loans and advances to customers		2,424,555	(5,329,419)
Change in other assets		227,752	414,632
Change in due to banks		(3,882,036)	(1,174,980)
Change in customer deposits		4,123,594	8,618,220
Change in other liabilities		22,505	(914,545)
Social and sports fund contribution		(17,594)	(17,576)
Income tax expense		(3,713)	-
Net cash flows generated from operating activities		2,797,466	1,210,198
Cash flows from investing activities			
Acquisition of investment securities		(1,959,274)	(545,621)
Proceeds from sale of investment securities		2,479,187	1,221,645
Net acquisition of property, furniture and equipment		(895)	(633)
Proceeds from sale of property, furniture and equipment		-	4
Net cash flows generated from investing activities		519,018	675,395
Cash flows from financing activities			
Proceeds from other borrowings		83,291	297,322
Proceeds from debt securities		670,929	1,802,198
Distribution on Tier 1 capital notes		(196,500)	(203,000)
Dividends paid		(232,535)	(232,535)
Net cash flows generated from financing activities		325,185	1,663,985
Net increase in cash and cash equivalents		3,641,669	3,549,578
Cash and cash equivalents at the beginning of the period		7,358,300	7,001,746
Cash and cash equivalents at the end of the period	18	10,999,969	10,551,324
Operational cash flows from interest and dividend:			
Interest received		875,167	878,081
Interest paid		282,602	283,922
Dividends received		19,735	9,985



The attached notes 1 to 21 form part of these interim condensed consolidated financial information. Independent auditors' review report is set out on page 1.

Doha Bank Q.P.S.C.

Notes to the interim condensed consolidated financial information

(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

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 has 24 local branches, six overseas branches in the United Arab Emirates (Dubai & Abu Dhabi), State of Kuwait, the Republic of India (one branch each in Mumbai, Kochi and Chennai) and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Hong Kong, Canada, Bangladesh, South Africa, Sri Lanka and Nepal. The interim condensed consolidated financial information for the three month period ended 31 March 2022 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 2022	31 March 2021
Sharq Insurance L.L.C.	Qatar	100,000	General Insurance	100%	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	100%	100%
DB Securities Limited	Cayman Island	182	Derivatives Transactions	100%	100%

During the previous year, law Number 8 of 2021 came into effect amending certain provisions of the previous Qatar Commercial Companies Law number 11 of 2015. Management has completed the impact assessment and the Bank’s article of association were updated and were approved by the general assembly during the quarter. These amendments did not have any significant financial impact on the Group’s financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial information have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial information do not contain all information and disclosures required in the consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 December 2021. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2021 except for the adoption of new and amended standards as set out in note 3. The results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

(b) Estimates and judgements

The preparation of the interim condensed consolidated financial information in conformity with IFRS Standards (“IFRS Standards”) 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 interim condensed consolidated 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 2021.

Doha Bank Q.P.S.C.

Notes to the interim condensed consolidated financial information

(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

(c) Basis of measurement

The interim condensed consolidated financial information has been prepared on the historical cost basis except for the following financial assets that have been measured at fair value:

- Investment securities designated at fair value through profit or loss (FVTPL);
- Derivative financial instruments measured at FVTPL;
- Other financial assets designated at FVTPL;
- Investment securities measured at fair value through other comprehensive income ('FVOCI'); and
- Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships to the extent of risks being hedged.

(d) Functional and presentation currency

The interim condensed consolidated financial information are presented in Qatari Riyals ("QR"), which is the Group's functional and presentation currency. Except as otherwise indicated, financial information presented in QR.

(e) 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 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated 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 2021, except as noted below:

(a) New standards, amendments and interpretations effective from 1 January 2022

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020

During the period, the above IFRS Standards and amendments to IFRS Standards have been applied by the Group in preparation of these interim condensed consolidated financial information. The adoption of the above IFRS Standards and amendments to IFRS Standards did not result in changes to previously reported net profit or equity of the Group.

(b) New standards, amendments and interpretations issued but not effective from 1 January 2022

- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Sale on contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28, deferred indefinitely.

The above new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards are currently in process of being assessed by the management of the Group to consider any implication in the current or future reporting periods and on foreseeable future transactions.

Doha Bank Q.P.S.C.

Notes to the interim condensed consolidated financial information
(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

4. 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 2021.

(a) Exposure and related ECL movements

	31 March 2022 (Unaudited)				31 March 2021 (Unaudited)
	Stage 1	Stage 2	Stage 3	Total	Total
Gross exposures subject to ECL – as at 31 March					
- Loans and advances to customers	40,086,858	19,345,899	3,774,913	63,207,670	74,152,166
- Investment securities (debt)	23,366,258	165,282	22,033	23,553,573	23,324,519
- Loan commitments and financial guarantees	10,239,063	3,497,386	825,256	14,561,705	17,131,529
- Due from banks and balances with central Banks	12,412,668	2,645,733	-	15,058,401	14,445,181
	86,104,847	25,654,300	4,622,202	116,381,349	129,053,395
Opening balance of ECL / impairment - as at 1 January					
- Loans and advances to customers*	146,709	852,297	1,966,006	2,965,012	3,347,808
- Investment securities (debt) **	11,086	25,333	6,474	42,893	57,811
- Loan commitments and financial guarantees	8,594	5,382	343,596	357,572	208,658
- Due from banks and balances with central Banks	4,444	426	-	4,870	2,014
	170,833	883,438	2,316,076	3,370,347	3,616,291
Net charge and transfers for the period (net of foreign currency translation)					
- Loans and advances to customers*	(14,210)	42,844	275,428	304,062	464,778
- Investment securities (debt) **	(1,125)	(6,699)	-	(7,824)	(4,406)
- Loan commitments and financial guarantees	5,032	3,749	2,782	11,563	(6,933)
- Due from banks and balances with central Banks	(72)	467	-	395	3,629
	(10,375)	40,361	278,210	308,196	457,068
Write offs and other during the period					
- Loans and advances to customers*	-	-	(100,714)	(100,714)	(193,179)
- Investment securities (debt) **	-	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-	11,287
- Due from banks and balances with central Banks	-	-	-	-	-
	-	-	(100,714)	(100,714)	(181,892)
Closing balance of ECL / impairment - as at 31 March					
- Loans and advances to customers*	132,499	895,141	2,140,720	3,168,360	3,619,407
- Investment securities (debt) **	9,961	18,634	6,474	35,069	53,405
- Loan commitments and financial guarantees	13,626	9,131	346,378	369,135	213,012
- Due from banks and balances with central Banks	4,372	893	-	5,265	5,643
	160,458	923,799	2,493,572	3,577,829	3,891,467

* stage 3 provision balance includes interest in suspense and the net charge includes interest suspended on loans and advances to customers amounting to QR 93 million (31 March 2021: QR 183 million).

** This balance includes expected credit loss on investment in debt securities accounted at FVOCI and amortized cost.

Doha Bank Q.P.S.C.

Notes to the interim condensed consolidated financial information
(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

5. 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 businesses 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.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, assets and liabilities, as included in the internal management reports that are reviewed by the Assets and Liabilities Committee (ALCO) committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

Details of each segment as of and for the three-month period ended 31 March 2022 and 31 March 2021 are stated below:

For the three-month period ended 31 March 2022 (unaudited)

	Conventional Banking			Total	Insurance	Total
	Corporate Banking	Retail Banking	Unallocated			
Net interest income	607,219	36,479	-	643,698	-	643,698
Net income on insurance activities	-	-	-	-	2,331	2,331
Net other operating income	125,390	47,565	6,186	179,141	517	179,658
Segmental revenue	732,609	84,044	6,186	822,839	2,848	825,687
Total expenses				(231,208)	(2,437)	(233,645)
Net impairment loss on loans and advances to customers				(189,244)	-	(189,244)
Net impairment reversal on investment securities				7,824	-	7,824
Net impairment loss on other financial instruments				(9,177)	-	(9,177)
Net profit				401,034	411	401,445

Doha Bank Q.P.S.C.

Notes to the interim condensed consolidated financial information
(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

5. OPERATING SEGMENTS (CONTINUED)

For the three month period ended 31 March 2021 (unaudited)

	Conventional Banking				Insurance	Total
	Corporate Banking	Retail Banking	Unallocated	Total		
Net interest income	624,288	37,066	-	661,354	-	661,354
Net income on insurance activities	-	-	-	-	386	386
Net other operating income	106,369	40,003	15,542	161,914	(292)	161,622
Segmental revenue	730,657	77,069	15,542	823,268	94	823,362
Total expenses				(218,009)	(2,305)	(220,314)
Net impairment loss on loans and advances to customers				(230,571)	-	(230,571)
Net reversal on investment securities				4,406	-	4,406
Net reversal on other financial instruments				3,304	-	3,304
Net profit				382,398	(2,211)	380,187

As at 31 March 2022 (unaudited)

	Conventional Banking				Insurance	Total
	Corporate Banking	Retail Banking	Unallocated	Total		
Assets	87,847,831	4,876,942	8,923,030	101,647,803	186,420	101,834,223
Investment in an associate	-	-	-	-	-	10,574
Total assets	87,847,831	4,876,942	8,923,030	101,647,803	186,420	101,844,797
Liabilities	75,760,671	10,572,260	1,440,060	87,772,991	93,655	87,866,646
Contingent liabilities	14,518,683	43,022	-	14,561,705	-	14,561,705

As at 31 December 2021 (audited)

Assets	87,962,316	4,954,113	7,977,386	100,893,815	198,658	101,092,473
Investment in an associate	-	-	-	-	-	10,758
Total assets	87,962,316	4,954,113	7,977,386	100,893,815	198,658	101,103,231
Liabilities	75,015,172	10,298,460	1,439,991	86,753,623	93,655	86,847,278
Contingent liabilities	14,789,947	146,169	-	14,936,116	-	14,936,116

Intra-group transactions are eliminated from this segmental information amounted to as at 31 March 2022: Assets: QR 121.2 million and Liabilities: QR 21.2 million (31 December 2021: Assets: QR 122.9 million and liabilities QR 22.9 million).

Doha Bank Q.P.S.C.

Notes to the interim condensed consolidated financial information
(All amounts are expressed in '000 Qatari Riyals unless otherwise stated)

6. 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 price (unadjusted) in an active market for an identical instrument.

Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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.

Financial investments classification

As at 31 March 2022, the Group held the following classes of financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
At 31 March 2022 (Unaudited)				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	10,322,347	5,083,336	46,803	15,452,486
Investment securities measured at FVTPL	17,268	-	-	17,268
<i>Derivative instruments:</i>				
Interest rate swaps	-	152,764	-	152,764
Forward foreign exchange contracts	-	21,385	-	21,385
	10,339,615	5,257,485	46,803	15,643,903
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Interest rate swaps	-	234,690	-	234,690
Forward foreign exchange contracts	-	43,863	-	43,863
	-	278,553	-	278,553

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6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1	Level 2	Level 3	Total
At 31 December 2021 (Audited)				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	10,984,723	5,083,611	46,906	16,115,240
Investment securities measured at FVTPL	7,160	-	6,359	13,519
<i>Derivative instruments:</i>				
Interest rate swaps	-	34,566	-	34,566
Forward foreign exchange contracts	-	25,492	-	25,492
	10,991,883	5,143,669	53,265	16,188,817

Financial liabilities measured at fair value:

Derivative instruments:

Interest rate swaps	-	506,958	-	506,958
Forward foreign exchange contracts	-	35,979	-	35,979
	-	542,937	-	542,937

	Level 1	Level 2	Level 3	Total
At 31 March 2021 (Unaudited)				
Financial assets measured at fair value:				
Investment securities measured at FVOCI	10,847,291	4,848,510	50,445	15,746,246
Investment securities measured at FVTPL	46,897	-	35,193	82,090
<i>Derivative instruments:</i>				
Interest rate swaps	-	60,898	-	60,898
Forward foreign exchange contracts	-	15,075	-	15,075
	10,894,188	4,924,483	85,638	15,904,309

Financial liabilities measured at fair value:

Derivative instruments:

Interest rate swaps	-	536,503	-	536,503
Forward foreign exchange contracts	-	30,919	-	30,919
	-	567,422	-	567,422

There have been no transfers between level 1 and level 2 during the periods ended 31 March 2022 and 2021 and the year ended 31 December 2021.

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.

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7. DUE FROM BANKS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Current accounts	395,695	453,581	654,794
Placements	5,624,094	1,891,528	5,746,553
Loans to banks	2,498,794	3,023,611	2,375,829
Interest receivable	2,008	1,079	2,166
Allowance for impairment	(5,265)	(4,870)	(5,643)
	8,515,326	5,364,929	8,773,699

8. LOANS AND ADVANCES TO CUSTOMERS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Loans	53,845,363	53,571,452	54,680,154
Overdrafts	9,077,673	11,781,274	18,872,222
Bills discounted	91,438	99,239	139,998
Other*	196,588	183,936	464,514
	63,211,062	65,635,901	74,156,888
Deferred profit	(3,392)	(3,604)	(4,722)
ECL on loans and advances to customers (stage 1 & 2)	(1,027,640)	(999,006)	(1,133,998)
Net impairment on loans and advances to customers (Stage 3)	(1,375,830)	(1,270,485)	(1,606,693)
Interest in suspense	(764,890)	(695,521)	(878,716)
Net loans and advances to customers*	60,039,310	62,667,285	70,532,759

The aggregate amount of non-performing loans and advances to customers at 31 March 2022 amounted to QR 3,775 million which represents 5.97% of total loans and advances to customers (31 March 2021: QR 4,206 million, 5.67% of total loans and advances to customers; 31 December 2021: QR 3,827 million, 5.83% of total loans and advances to customers).

During the period, the Group has written off fully provided non-performing loans amounting to QR 78.4 million (31 March 2021: QR 182 million, 31 December 2021: QR 2,244 million) as per Qatar Central Bank circular no. 68/2011.

*This includes acceptances pertaining to trade finance activities amounting to QR 144 million (31 March 2021: QR 142 million; 31 December 2021: QR 98 million).

The net impairment loss on loans and advances to customers in the income statement includes QR 22.3 million recovery from the loans & advances previously written off for the period ended 31 March 2022 (31 March 2021: QR 94.6 million).

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9. INVESTMENT SECURITIES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Investment securities measured at FVOCI	15,300,243	15,974,891	15,590,186
Investment securities measured at FVTPL	17,268	13,519	82,090
Investment securities measured at amortised cost	8,822,139	8,894,822	8,137,852
Interest receivable	224,936	207,755	230,303
	24,364,586	25,090,987	24,040,431
Net impairment losses on investment securities	(8,029)	(8,114)	(6,903)
	24,356,557	25,082,873	24,033,528

The Group has pledged State of Qatar Bonds amounting to QR 4,688 million as at 31 March 2022 (31 March 2021: QR 7,125 million; 31 December 2021: QR 3,582 million) against repurchase agreements.

10. DUE TO BANKS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Balances due to central banks	-	-	2,217,616
Current accounts	131,873	259,743	487,918
Short-term loan from banks	12,098,164	17,034,053	10,323,735
Repo borrowings	6,389,397	5,208,949	8,823,372
Interest payable	9,921	8,646	9,143
	18,629,355	22,511,391	21,861,784

11. DEBT SECURITIES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Senior guaranteed notes	2,566,731	1,880,436	2,133,777
Interest payable	894	11,298	1,736
	2,567,625	1,891,734	2,135,513

Note:

The Group has issued USD 510 million, JPY 1.0 billion and CHF 175 million as at 31 March 2022 (31 March 2021: USD 563 million and JPY 3.0 billion; 31 December 2021: USD 510 million and JPY 1.0 billion) senior unsecured debt under its updated EMTN programme.

The maturities of senior guaranteed notes ranged from 2 years to 6 years (31 December 2021: 3 years to 6 years, 31 March 2021: 2 years to 5 years) and carries average borrowing costs of 0.47% up to 2.38% per annum (31 December 2021: 0.62% up to 2.38% per annum, 31 March 2021: 0.25% up to 2.38% per annum).

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12. OTHER BORROWINGS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Term loan facilities	9,808,341	9,720,419	8,501,700
Interest payable	12,471	17,102	12,815
	9,820,812	9,737,521	8,514,515

The table below shows the maturity profile of other borrowings:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Upto 1 year	6,081,970	2,930,639	3,362,685
Between 1 and 3 years	3,192,658	6,260,740	5,151,830
More than 3 years	546,184	546,142	-
	9,820,812	9,737,521	8,514,515

The term loan facilities carry average borrowing costs of 0.82% up to 1.80% per annum (31 December 2021: 0.72% up to 1.79% per annum, 31 March 2021: 0.65% up to 1.68% per annum) as Maturities is covered in the above table any ways.

13. SHARE CAPITAL

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Authorised number of ordinary shares (in thousands)	3,100,467	3,100,467	3,100,467
(Nominal value of ordinary shares QR 1 each)			
Issued and paid up capital (in thousands of Qatar Riyals)	3,100,467	3,100,467	3,100,467

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

14. INSTRUMENT ELIGIBLE AS ADDITIONAL TIER 1 CAPITAL

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
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
	4,000,000	4,000,000	4,000,000

The Group has issued regulatory Tier I capital notes totaling to QR 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.

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15. DIVIDEND

The Board of Directors' proposal of a 7.5% cash dividend amounting to QR 232.5 million for the year ended 31 December 2021 (2020: QR 232.5 million), was approved at the Annual General Assembly held on 23 March 2022.

16. EARNINGS PER SHARE

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Basic and diluted		
Profit attributable to the shareholders of the Bank	401,445	380,187
Weighted average number of outstanding ordinary shares in thousands	3,100,467	3,100,467
Basic and diluted earnings per share (QR)	0.13	0.12

17. FINANCIAL COMMITMENTS AND CONTINGENCIES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
(a) Contingent commitments			
Guarantees	10,879,273	11,166,636	12,130,224
Letter of credit	3,131,403	2,940,328	4,385,904
Unused credit facilities	551,029	829,152	615,401
	14,561,705	14,936,116	17,131,529
(b) Other commitments			
<i>Derivative financial instruments:</i>			
Forward foreign exchange contracts	5,648,584	5,656,968	6,429,443
Interest rate swaps	6,803,565	6,895,585	6,697,417
	12,452,149	12,552,553	13,126,860
Total	27,013,854	27,488,669	30,258,389

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

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18. CASH AND CASH EQUIVALENTS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Cash and balances with central banks *	4,799,996	3,555,318	3,978,833
Due from banks up to 90 days	6,199,973	3,802,982	6,572,491
	10,999,969	7,358,300	10,551,324

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

19. 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:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Statement of financial postion items			
- Loans, advances and financing activities	1,726,759	1,727,315	1,793,587
- Deposits	277,270	131,622	555,485
- Contingent liabilities and other commitments	504,753	551,807	570,217
- Others assets	-	8,305	8,305

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Statement of income and expenses items		
- Interest and fee income	12,725	13,631
- Interest, fee and commission expenses	721	5,775
Compensation to Board of Directors		
- Salaries and other benefits	8,569	8,864
	8,569	8,864

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20. CAPITAL ADEQUACY

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Common Equity Tier 1 Capital	9,434,906	9,682,725	9,395,083
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	826,493	826,404	834,604
Total Eligible Capital	14,261,399	14,509,129	14,229,687
Risk Weighted Assets	71,922,672	71,898,016	72,274,803
Total Capital Ratio	19.83%	20.18%	19.69%

The minimum total Capital Adequacy Ratio requirements under Basel III as per QCB Requirements is as follows:

- Minimum limit without Capital Conservation buffer is 10%; and
- Minimum limit including Capital Conservation buffer, ICAAP buffer and the applicable Domestic Systemically Important Bank ("DSIB") buffer is 12.5%.

21. IMPACT OF COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

(a) Expected credit losses

The uncertainties caused by COVID-19, and the volatility in oil prices have required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs"). ECLs were estimated based on a range of forecast economic conditions as at that date, the Bank has considered the impact of higher volatility in the forward-looking macro-economic factors, including following, when determining the severity and likelihood of economic scenarios for ECL determination

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Brent Crude oil price (USD/Barrel)	USD 69.29	USD 69.29	USD 41.96
Private Sector Credit Concentration	65.9%	65.9%	67.7%

The following weightings were assigned to each macro-economic scenario:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Improved case	-	10%	10%
Base case	65%	65%	65%
Stressed case	35%	25%	25%

The Group has considered the potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

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21. IMPACT OF COVID-19 (CONTINUED)

(b) Accounting for modified loans and advances

As part of QCB support program, the Bank has deferred payments on lending facilities for those companies that qualify as affected sectors. The payment reliefs are considered as short-term liquidity support to address the borrowers' potential cash flow issues. The Bank has effected the payment reliefs by deferring the installments with no additional fee or commission to be borne by the customer. The accounting impact of these changes in terms of the credit facilities has been assessed and accounted for in accordance with the requirements of IFRS 9 as a modification of loan arrangement.

(c) Accounting for zero rate repo facilities

The QCB has advised banks to extend new financing to affected sectors at reduced rates, which is to be supported by zero-cost repo facilities from QCB, and extended guarantees from the government of the State of Qatar to local banks to support these affected sectors. The benefit arising out of the zero rate repos was not considered to be material for the period.