بنك الدوحة
DOHA BANK

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2018

DOHA BANK Q.P.S.C.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: www.kpmg.com.qa

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 2018 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 2018;
- the condensed consolidated income statement for the three and six months ended 30 June 2018;
- the condensed consolidated statement of comprehensive income for the three and six months ended 30 June 2018;
- the condensed consolidated statement of changes in equity for the six months ended 30 June 2018;
- the condensed consolidated statement of cash flows for the six months ended 30 June 2018; 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 2018 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.

19 July 2018
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry Number 251
Licensed by QFMA: External Auditor's License No. 120153

DOHA BANK Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018 — QAR '000s

	Notes	*30 June 2018 Reviewed*	*30 June 2017 Reviewed*	*31 December 2017 Audited*
ASSETS				
Cash and balances with central banks		**5,223,553**	5,611,646	6,669,609
Due from banks		**4,316,648**	9,231,695	7,821,983
Loans and advances to customers	7	**57,878,487**	59,191,267	59,804,174
Investment securities	8	**19,763,878**	16,106,659	17,512,610
Investment in an associate		**10,326**	10,914	11,126
Property, furniture and equipment	9	**652,805**	749,331	708,580
Other assets		**1,304,575**	898,720	967,199
TOTAL ASSETS		**89,150,272**	91,800,232	93,495,281
LIABILITIES				
Due to banks		**17,000,705**	13,010,420	11,005,061
Customer deposits		**51,587,100**	55,995,277	59,468,326
Debt securities	10	**778,487**	381,120	657,669
Other borrowings	11	**5,199,866**	5,861,796	5,432,936
Other liabilities		**2,041,052**	1,959,500	2,124,292
TOTAL LIABILITIES		**76,607,210**	77,208,113	78,688,284
EQUITY				
Share capital	12	**3,100,467**	2,583,723	3,100,467
Shares to be issued		**-**	1,291,861	-
Legal reserve		**5,092,762**	4,317,561	5,092,762
Risk reserve		**-**	1,372,000	1,372,000
Fair value reserve		**(302,054)**	(133,589)	(67,555)
Foreign currency translation reserve		**(52,799)**	(15,488)	(13,451)
Retained earnings		**704,686**	1,176,051	1,322,774
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		**8,543,062**	10,592,119	10,806,997
Instruments eligible as additional Tier 1 capital	13	**4,000,000**	4,000,000	4,000,000
TOTAL EQUITY		**12,543,062**	14,592,119	14,806,997
TOTAL LIABILITIES AND EQUITY		**89,150,272**	91,800,232	93,495,281

The condensed consolidated interim financial statements were approved by the Board of Directors on 19 July 2018 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 20 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 QAR '000s

	Note	Three months ended 30 June 2018 Reviewed	Three months ended 30 June 2017 Reviewed	Six months ended 30 June 2018 Reviewed	Six months ended 30 June 2017 Reviewed
Interest income		**975,422**	895,290	**1,953,993**	1,737,599
Interest expense		**(453,225)**	(323,404)	**(871,710)**	(644,838)
Net interest income		**522,197**	571,886	**1,082,283**	1,092,761
Fee and commission income		**123,966**	118,998	**242,710**	256,600
Fee and commission expense		**(25,054)**	(23,278)	**(49,783)**	(44,773)
Net fee and commission income		**98,912**	95,720	**192,927**	211,827
Gross written premium		**11,762**	20,715	**24,877**	37,975
Premium ceded		**(337)**	(9,813)	**(1,281)**	(13,287)
Net claims paid		**(8,905)**	(11,057)	**(18,208)**	(21,616)
Net income from insurance activities		**2,520**	(155)	**5,388**	3,072
Net foreign exchange gain		**33,474**	35,642	**54,459**	61,631
Income from investment securities		**(6,996)**	16,678	**2,708**	51,368
Other operating income		**16,653**	16,095	**27,543**	27,505
		43,131	68,415	**84,710**	140,504
Net operating income		**666,760**	735,866	**1,365,308**	1,448,164
Staff costs		**(128,931)**	(135,722)	**(261,031)**	(263,214)
Depreciation		**(23,185)**	(25,422)	**(46,345)**	(49,936)
Net impairment reversal/(loss) on investment securities		**177**	(44,061)	**(8,925)**	(77,118)
Net impairment loss on loans and advances to customers		**(398,677)**	(78,058)	**(448,368)**	(131,401)
Net impairment reversal on other financial assets		**67,548**	-	**65,833**	-
Other expenses		**(92,238)**	(100,537)	**(191,949)**	(208,674)
		(575,306)	(383,800)	**(890,785)**	(730,343)
Profit before tax		**91,454**	352,066	**474,523**	717,821
Income tax expense		**(2,106)**	(950)	**(3,822)**	(2,307)
Profit		**89,348**	351,116	**470,701**	715,514
Earnings per share					
Basic and diluted earnings per share (QAR per share)	15	**0.29**	1.25	**1.52**	2.56

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 QAR '000s

	Note	*Three months ended*		*Six months ended*	
		30 June 2018 (Reviewed)	*30 June 2017 (Reviewed)*	***30 June 2018 Reviewed***	***30 June 2017 Reviewed***
Profit		**89,348**	351,116	**470,701**	715,514
Other comprehensive income					
Items that are or may be subsequently reclassified to income statement:					
Foreign currency translation differences for foreign operations		**(11,649)**	1,111	**(15,343)**	9,503
Movement in fair value reserve (debt instruments – IFRS 9):					
Net change in fair value		**48,110**	-	**(27,214)**	-
Net amount transferred to consolidated statement of income		**(25,728)**	-	**(26,142)**	-
Movement in fair value reserve (available-for-sale financial assets – IAS 39):					
Net change in fair value		**-**	(105,721)	**-**	(55,589)
Net amount transferred to consolidated statement of income		**-**	47,944	**-**	25,412
		10,733	(56,666)	**(68,699)**	(20,674)
Items that will not be reclassified subsequently to statement of income					
Net change in fair value of equity investments designated at FVOCI (IFRS 9)		**19,970**	-	**31,430**	-
Other comprehensive income / (loss)		**30,703**	(56,666)	**(37,269)**	(20,674)
Total comprehensive income		**120,051**	294,450	**433,432**	694,840

The attached notes 1 to 20 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 2018

QAR '000s

	Equity attributable to shareholders of the Bank									
	Share capital	*Shares to be issued*	*Legal reserve*	*Risk reserve*	*Fair value reserve*	*Foreign exchange translation reserve*	*Retained earnings*	*Total*	*Instrument eligible as additional capital*	*Total equity*
Balance at 1 January 2018 (Audited)	3,100,467	-	5,092,762	1,372,000	(67,555)	(13,451)	1,322,774	10,806,997	4,000,000	14,806,997
Effect of restatement (note 20)	-	-	-	-	-	(24,005)	24,005	-	-	-
Balance at 1 January 2018 (restated)	**3,100,467**	**-**	**5,092,762**	**1,372,000**	**(67,555)**	**(37,456)**	**1,346,779**	**10,806,997**	**4,000,000**	**14,806,997**
Impact of adoption of IFRS 9	-	-	-	(1,372,000)	(212,573)	-	(182,654)	(1,767,227)	-	(1,767,227)
Restated balance at 1 January 2018	**3,100,467**	**-**	**5,092,762**	**-**	**(280,128)**	**(37,456)**	**1,164,125**	**9,039,770**	**4,000,000**	**13,039,770**
Total comprehensive income:										
Profit	-	-	-	-	-	-	470,701	470,701	-	470,701
Other comprehensive income	-	-	-	-	(21,926)	(15,343)	-	(37,269)	-	(37,269)
Total comprehensive income	-	-	-	-	(21,926)	(15,343)	470,701	433,432	-	433,432
Transactions with shareholders:										
Dividends paid (Note 14)	-	-	-	-	-	-	(930,140)	(930,140)	-	(930,140)
Balance at 30 June 2018 (Reviewed)	**3,100,467**	**-**	**5,092,762**	**-**	**(302,054)**	**(52,799)**	**704,686**	**8,543,062**	**4,000,000**	**12,543,062**
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
Transactions with shareholders:										
Dividends paid (Note 14)	-	-	-	-	-	-	(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

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018 QAR '000s

	Note	*Six months ended* *30 June 2018 Reviewed*	*Six months ended* *30 June 2017 Reviewed*	*Year ended 31 December 2017 Audited*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		474,523	717,821	1,108,797
Adjustments for:				
Net impairment loss on loans and advances to customers		448,368	131,401	592,541
Impairment loss on investment securities		8,925	77,118	142,067
Impairment loss on other financial instruments		(65,833)	-	-
Depreciation		46,345	49,936	98,820
Amortisation of financing cost		6,845	5,584	44,121
Net loss / (gain) on disposal of investment securities		27,736	(51,368)	(10,571)
(Profit) / loss on sale of property, furniture and equipment		(128)	-	83
Share of results of an associate		-	-	(158)
Profits before changes in operating assets and liabilities		**946,781**	930,492	1,975,700
Change in due from banks		**(176,897)**	(1,018,968)	1,663,729
Change in loans and advances to customers		**94,676**	(140,799)	(1,294,604)
Change in other assets		**(337,376)**	27,049	(41,430)
Change in due to banks		**5,995,644**	735,084	(1,270,275)
Change in customer deposits		**(7,881,226)**	265,327	3,738,376
Change in other liabilities		**89,575**	23,772	(40,483)
Social and sports fund contribution		**(27,752)**	(26,345)	(26,345)
Income tax paid		**(34,930)**	(27,018)	1,277
Net cash (used in) / from operating activities		**(1,331,505)**	768,594	4,705,945
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment securities		**(7,611,129)**	(4,346,207)	(7,634,121)
Proceeds from sale of investment securities		**5,074,994**	2,889,160	4,731,199
Acquisition of property, furniture and equipment		**9,419**	(28,422)	(36,684)
Proceeds from sale of property, furniture and equipment		**139**	-	46
Net cash used in investing activities		**(2,526,577)**	(1,485,469)	(2,939,560)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from other borrowings		**(233,070)**	867,322	438,462
Proceeds from right issues		**-**	1,291,861	1,291,860
Repayment of debt security		**-**	(1,823,000)	(1,823,000)
Proceeds from issue of debt securities		**120,818**	384,522	661,071
Distribution on Tier 1 capital notes		**(220,000)**	(170,000)	(170,000)
Dividends paid		**(930,140)**	(775,117)	(775,117)
Net cash used in financing activities		**(1,262,392)**	(224,412)	(376,724)
Net (decrease) / increase in cash and cash equivalents		**(5,120,474)**	(941,287)	1,389,661
Cash and cash equivalents at the beginning of the period/year		**10,305,675**	8,916,014	8,916,014
Cash and cash equivalents at the end of the period/year	17	**5,185,201**	7,974,727	10,305,675
Operational cash flows from interest and dividend:				
Interest received		**1,898,183**	1,753,867	3,606,557
Interest paid		**829,587**	622,024	1,292,252
Dividends received		**30,444**	25,867	39,251

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2018 QAR '000s

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 27 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 condensed consolidated interim financial statements as at and for the period ended 30 June 2018 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 2018**	30 June 2017
Doha Bank Assurance Company 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%**	-

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 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 2017 except for the effects of adoption of IFRS 9 as described in Note 4 to these condensed consolidated interim financial statements. The results for the three and six months ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

(b) Estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS and applicable provisions of the 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 2017, except for the effects of adoption of IFRS 9 as described in Note 4 to these condensed consolidated interim financial statements

(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 2017 except for the impacts of adoption of IFRS 9 as noted in 4e, which may result in additional disclosures at year end.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial statements 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 2017, except as noted below:

During the period, the Group applied the following standards and amendments to standards have been applied by the Group in preparation of these condensed consolidated interim financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Group, except for the changes mentioned in Note 4 from the adoption of IFRS 9, but they may result in additional disclosures at year end:

- IFRS 9 **-** Financial Instruments (effective 1 January 2018)
- IFRS 15 **-** Revenue from Contracts with Customers (effective 1 January 2018)

Amendments to standards

Amendments to IAS 40 – Transfer of Investment Property (Effective 1 January 2018)

Standards Issued but not yet Effective

IFRS 16 Leases (Effective 1 January 2019) is not effective and the Group is currently evaluating the impact of this new standard. The Group will adopt these new standards on the respective effective dates.

4. ADOPTION OF IFRS 9 FINANICAL INSTRUMENTS

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the consolidated financial statements as of and for the year ended 31 December 2017.

As permitted by the transitional provisions of IFRS 9 and QCB regulations, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings, risk reserves and the opening balance of the fair value reserve. The Group has elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are the IFRS 9 transition impact disclosures for the Group. Further details of the specific IFRS 9 accounting policies applied in the current period are described in more detail in note 4(e).

AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2018 QAR '000s

4. ADOPTION OF IFRS 9 FINANICAL INSTRUMENTS (CONTINUED)

(a) Impact of adopting IFRS 9

The impact of adoption of IFRS 9 as at 1 January 2018 has been shown below:

	Retained earnings	**Fair value reserve**
Closing balance under IAS 39 at 31 December 2017 (restated)	1,346,779	(67,555)
Impact on reclassification and remeasurements:		
Investment securities (equity) from available-for-sale to those measured at fair value through other comprehensive income (FVOCI)	196,332	(196,332)
Investment securities (debt) from held to maturity to those measured at fair value through other comprehensive income (FVOCI)	-	(1,216)
Investment securities (equity) from available-for-sale to those measured at fair value through profit or loss (FVTPL)	7,546	(7,546)
Investment securities (mutual funds) from available-for-sale to those measured at fair value through profit or loss (FVTPL)	7,441	(7,441)
Investment securities (debt) from available-for-sale to those measured at amortized cost	-	(38)
	211,319	(212,573)
Impact on recognition of Expected Credit Losses		
Due from banks	(17,179)	-
Investment securities (debt) at fair value through other comprehensive income	(10,255)	-
Investment securities (debt) at amortised cost	(1,418)	-
Loans and advances to customers	(1,402,860)	-
Loan commitments and financial guarantees	(334,261)	-
	(1,765,973)	-
Transfer from risk reserve	1,372,000	-
Opening balance under IFRS 9 on date of initial application of 1 January 2018	**1,164,125**	**(280,128)**

AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2018 QAR '000s

4. ADOPTION OF IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Classification and measurement of financial instruments

The Group performed a detailed analysis of its business models for managing financial assets as well as analysing their cash flow characteristics. The below table reconciles the original measurment categories and carrying amounts of financial assets in accordance with IAS 39 and the new measurement categories under IFRS 9 as at 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	Impact of IFRS 9 Re-measure-ment	Impact of IFRS 9 Re-classifica-tion	New carrying amount
Financial assets						
Cash and balances with central banks	Loans and receivables	Amortised cost	6,669,609	-	-	**6,669,609**
Due from banks	Loans and receivables	Amortised cost	7,821,983	(17,179)	-	**7,804,804**
Loans and advances to customers	Loans and receivables	Amortised cost	59,804,174	(1,402,860)	-	**58,401,314**
Investment securities – debt	Held to maturity	Amortised cost	3,677,734	(356)	-	**3,677,378**
Investment securities – debt	Held to maturity	FVOCI	1,986,095	-	(1,216)	**1,984,879**
Investment securities – debt	Held to maturity	FVTPL	30,628	-	-	**30,628**
Investment securities – debt	Available-for-sale	Amortised cost	670,075	(1,062)	(38)	**668,975**
Investment securities – debt	Available-for-sale	FVOCI	10,268,545	-	-	**10,268,545**
Investment securities – equity	Available-for-sale	FVOCI	698,599	-	-	**698,599**
Investment securities – equity	Available-for-sale	FVTPL	180,934	-	-	**180,934**
			91,808,376	(1,421,457)	(1,254)	**90,385,665**

Financial liabilities

There were no changes to the classification and measurement of financial liabilities.

AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2018 QAR '000s

4. ADOPTION OF IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Exposure and related ECL movements

	Stage 1	Stage 2	Stage 3	Total
Exposures subject to ECL – as at 30 June 2018				
- Loans and advances to customers	43,047,515	16,725,075	2,683,502	**62,456,092**
- Investment securities (debt)	19,076,942	24,065	25,038	**19,126,045**
- Loan commitments and financial guarantees	21,934,683	5,033,492	-	**26,968,175**
- Due from banks and balances with central Banks	8,967,937	76,491	-	**9,044,428**
	93,027,077	**21,859,123**	**2,708,540**	**117,594,740**
Opening balance of impairment - as at 1 January 2018 (under IAS 39)				
- Loans and advances to customers	-	111,563	2,706,410	**2,817,973**
- Investment securities (debt)	-	-	14,195	**14,195**
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	-	**111,563**	**2,720,605**	**2,832,168**
ECL impact of initial application of IFRS 9 at 1 January 2018 *				
- Loans and advances to customers	344,929	1,139,706	-	1,484,635
- Investment securities (debt)	10,470	1,112	-	11,582
- Loan commitments and financial guarantees	106,568	146,199	-	252,767
- Due from banks	14,957	2,032	-	16,989
	476,924	**1,289,049**	**-**	**1,765,973**
Charge and net transfer between stages for the period (net of foreign exchange translation)				
- Loans and advances to customers	(31,895)	(172,930)	848,838	644,013
- Investment securities (debt)	4,036	(1,111)	6,000	8,925
- Loan commitments and financial guarantees	(44,501)	(12,157)	-	(56,658)
- Due from banks	(7,795)	(1,380)	-	(9,175)
	(80,155)	**(187,578)**	**854,838**	**587,105**
Write offs during the period				
- Loans and advances to customers	-	-	(369,016)	**(369,016)**
- Investment securities (debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Duefrom banks	-	-	-	-
	-		**(369,016)**	**(369,016)**
Closing balance of impairment - as at 30 June 2018				
- Loans and advances to customers	313,034	1,078,339	3,186,232	4,577,605
- Investment securities (debt)	14,506	1	20,195	34,702
- Loan commitments and financial guarantees	62,067	134,042	-	196,109
- Due from banks	7,162	652	-	7,814
	396,769	**1,213,034**	**3,206,427**	**4,816,230**

* Refer note 20 (a)

(d) Changes in accounting policies and significant estimates and judgments (continued)

Key changes to the Group's accounting policies

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below. Since the comparative financial information has not been restated, the accounting policies in respect of the financial instruments for comparative periods are based on IAS 39 and applicable QCB regulations as disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2017.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

IFRS 9 removes the requirement contained in IAS 39 relating to bifurcation of an embedded derivative from an asset host contract. However, entities are still required to separate derivatives embedded in financial liabilities where they are not closely related to the host contract.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities with the exception of the treatment of the bank's own credit gains and losses, which arise where a bank has chosen to measure a liability at fair value through profit or loss, these gains and losses are recognised in other comprehensive income. There continue to be two measurement categories for financial liabilities: fair value and amortised cost.

(e) Changes in accounting policies and significant estimates and judgments

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Key changes in the Group's accounting policy for impairment of financial assets are listed below:

The Group applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since initial recognition or that have low credit risk (i. Local sovereign that carry credit rating of (Aaa) or (Aa) and carry (zero) credit weight in accordance with capital adequacy instructions of the QCB ii. Externally rated debt instruments of rating Aaa or Aa. iii. Other financial assets which the group may classify as such after obtaining QCB's no objection) at the reporting date. For these assets, 12-month ECL are recognised and interest is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12-months.

Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the life-time probability of default ('PD') as the weight.

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date in accordance with the indicators specified in the QCB's instructions. For these assets, lifetime ECL is recognised and treated with the interests calculated on them, according to QCB's instructions. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition.

e. Changes in accounting policies and significant estimates and judgments (continued)

Hedge accounting
At inception of the hedging relationship, the management undertakes a formal designation and documentation. This includes the Group's risk management objective underlying, the hedging relationship and how that fits within the overall risk management strategy. The documentation also includes an identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements.
The Group has elected to continue to apply the hedge accounting requirements of IAS 39, hence no impacts on adoption of IFRS 9.

Key changes to the significant estimates and judgements

Financial asset and liability classification
Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial instruments
Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

(f) Changes in accounting policies and significant estimates and judgments

Inputs, assumptions and techniques used for estimating impairment
Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

In determining whether credit risk has increased significantly since initial recognition following criteria's are considered:
i. Two notches down for rating from Aaa to Baa or one notch down for ratings from Ba to Caa
ii. Facilities restructured during previous twelve months
iii. Facilities overdue by 60 days as at the reporting date

Credit risk grades
Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a moved to a different credit risk grade.

Generating the term structure of Probability of Default (PD)
The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Bank has taken exposures.

(g) Changes to Group's financial risk management objectives and policies

Credit risk measurement
The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 as detailed in note 4d.

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(g) Changes to Group's financial risk management objectives and policies (continued)

Credit risk grading
The Group uses internal credit risk grading that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

Credit quality assessments
Pursuant to the adoption of IFRS 9, the Bank has mapped its internal credit rating scale to external rating agency' scale, the table below provides an analysis of counterparties by rating grades and credit quality of the Bank's credit risk, mapped to the external rating agency's scale (or their equivalent) as at 30 June 2018.

Rating grade	Loans and advances to customers	Investment securities (debt)	Loan commitments and financial guarantees	Due from banks and other financial assets
AAA to AA-	5,193,783	16,375,130	5,009,798	4,783,680
A+ to A-	12,420,487	1,599,544	4,211,332	3,062,213
BBB to BBB-	18,094,164	844,007	7,739,295	986,053
BB+ to B-	16,007,838	307,364	9,079,830	211,047
CCC+ to CCC-	4,191,363	-	927,920	1,435
Unrated	6,548,457	-	-	-
Total	**62,456,092**	**19,126,045**	**26,968,175**	**9,044,428**

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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 business and corporate customers including funded and non-funded credit facilitates 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 2018 and 30 June 2017 are stated below:

For the six months ended 30 June 2018	Conventional Banking					
	Corporate Banking	Retail Banking	Unallocated	Total	Insurance	Total
Interest income	1,774,008	179,985	-	1,953,993	-	1,953,993
Net income on insurance activities	-	-	-	-	5,388	5,388
Net other operating income	125,612	121,256	27,543	274,411	3,226	277,637
Segmental revenue	1,899,620	301,241	27,543	2,228,404	8,614	**2,237,018**
Profit for the period				**468,425**	**2,276**	**470,701**

As at 30 June 2018						
Assets	76,095,855	6,284,206	6,528,416	88,908,477	231,469	89,139,946
Investment in an associate	-	-	-	-	-	10,326
Total assets						**89,150,272**
Liabilities	65,718,769	9,822,049	994,140	76,534,958	72,252	**76,607,210**
Contingent items	26,911,046	57,129	-	26,968,175	-	**26,968,175**

Intra-group transactions are eliminated from this segmental information (Assets: QAR 126 million and Liabilities: QAR 26 million)

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5. OPERATING SEGMENTS (CONTINUED)

For the six months ended 30 June 2017	Conventional Banking					
	Corporate Banking	Retail Banking	Unallocated	Total	Insurance	Total
Interest income	1,553,168	184,431	-	1,737,599	-	1,737,599
Net income on insurance activities	-	-	-	-	3,072	3,072
Net other operating income	231,192	90,461	27,504	349,157	3,174	352,331
Segmental revenue	1,784,360	274,892	27,504	2,086,756	6,246	2,093,002
Segmental profit				714,125	1,389	715,514
As at 31 December 2017						
Assets	78,699,654	6,452,639	8,082,441	93,234,734	249,421	93,484,155
Investments in an associate						11,126
Total assets						93,495,281
Liabilities	68,614,334	9,065,643	913,438	78,593,415	94,869	78,688,284
Contingent items	28,028,028	48,569	-	28,076,597	-	28,076,597

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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 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 2018, the Group held the following classes of financial instruments measured at fair value:

At 30 June 2018	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets measured at fair value:				
Investment securities measured at FVOCI	13,959,673	378,066	-	14,337,739
Investment securities measured at FVTPL	76,651	74,331	-	150,982
Derivative instruments:				
Interest rate swaps	-	152,868	-	152,868
Forward foreign exchange contracts	-	9,141	-	9,141
	14,036,324	**614,406**	**-**	**14,650,730**
Financial liabilities measured at fair value:				
Derivative instruments:				
Interest rate swaps	-	38,624	-	38,624
Forward foreign exchange contracts	-	7,584	-	7,584
	-	**46,208**	**-**	**46,208**

At 31 December 2017	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets measured at fair value:				
Available-for-sale investment securities	11,216,316	549,509	-	11,765,825
Derivative instruments:				
Interest rate swaps	-	59,610	-	59,610
Forward foreign exchange contracts	-	102,253	-	102,253
	11,216,316	711,372	-	11,927,688
Financial liabilities measured at fair value:				
Derivative instruments:				
Interest rate swaps	-	27,485	-	27,485
Forward foreign exchange contracts	-	20,014	-	20,014
	-	47,499	-	47,499

During the reporting period ended 30 June 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

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6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

7. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Loans	56,236,881	55,921,594	56,027,009
Overdrafts	5,106,980	4,384,542	5,588,715
Bills discounted	548,486	451,732	443,389
Other*	582,079	695,923	584,501
	62,474,426	61,453,791	62,643,614
Deferred profit	(18,334)	-	(21,467)
Net impairment of loans and advances to customers (note 4c)	(4,577,605)	(2,136,666)	(2,706,410)
Collective impairment allowance	-	(125,858)	(111,563)
Net loans and advances to customers*	**57,878,487**	59,191,267	59,804,174

The aggregate amount of non-performing loans and advances to customers at 30 June 2018 amounted to QAR 2,683.5 million which represents 4.30% of total loans and advances to customers (30 June 2017: QAR 1,908.6 million, 3.11% of total loans and advances to customers; 31 December 2017: QAR 2,258.7 million, 3.61% of total loans and advances to customers).

During the period, the group has written off fully provided non-performing loans amounting to QAR 369 (30 June 2017: QAR 194 million, 31 December 2017: QAR 194 million) as per Qatar Central Bank circular no. 68/2011.

Specific impairment of loans and advances includes QAR 501 million of interest in suspense (30 June 2017: QAR 350 million; 31 December 2017: QAR 451 million).

*This includes acceptances pertaining to trade finance activities amounting to QAR 233 million (30 June 2017: QAR 304 million; 31 December 2017: QAR 224 million).

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8. INVESTMENT SECURITIES

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Investment securities measured at FVOCI*	14,337,739	-	-
Investment securities measured at FVTPL	150,982	-	-
Investment securities measured at amortised cost	5,295,901	-	-
Available-for-sale investment securities	-	10,497,286	12,065,115
Held to maturity investment securities	-	5,859,458	5,708,651
Investment securities classified as held for trading	-	1,576	-
	19,784,622	16,358,320	17,773,766
Net impairment losses on investment securities	(20,744)	(251,661)	(261,156)
	19,763,878	16,106,659	17,512,610

*FVOCI securities include QAR 507.6 million in relation to equity securities

The Group has pledged State of Qatar Bonds bonds amounting to QAR 6,294 million as at 30 June 2018 (30 June 2017: QAR 4,030 million; 31 December 2017: QAR 4,606 million) against repurchase agreements.

9. PROPERTY, FURNITURE AND EQUIPMENT

Acquisitions and disposals

During the period ended 30 June 2018, the Group acquired assets with a cost of QAR 9.4 million (30 June 2017: QAR 28 million; 31 December 2017: QAR 37 million).

Asset disposals made by the Group during the period ended 30 June 2018 amounted to QAR 2.6 million (30 June 2017: QAR Nil, 31 December 2017: QAR 5.8 million), at original cost.

10. DEBT SECURITIES

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Senior guaranteed notes	**778,487**	381,120	657,669
	778,487	381,120	657,669

Note
The Group has issued USD 75 million and JPY 15.3 billion as at 30 June 2018 (30 June 2017: USD 75 million and JPY 3.3 billion; 31 December 2017: USD 75 million and JPY 11.9 billion) senior unsecured debt under its updated EMTN programme.

11. OTHER BORROWINGS

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Term loan facilities	**5,199,866**	5,861,796	5,432,936

The table below shows the maturity profile of other borrowings:

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Upto 1 year	**968,824**	3,519,275	2,727,621
Between 1 and 3 years	**4,231,042**	2,342,521	2,705,315
	5,199,866	5,861,796	5,432,936

12. SHARE CAPITAL

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Authorised number of ordinary shares (in thousands) (Nominal value of ordinary shares QAR 10 each)	**310,047**	310,047	310,047
Issued and paid up capital (in thousands of Qatar Riyals)	**3,100,467**	2,583,723	3,100,467

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

13. INSTRUMENT ELIGIBLE AS ADDITIONAL TIER 1 CAPITAL

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
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 QAR 4 billion. These notes are perpetual, subordinated, unsecured and each has been priced at a fixed interest rate for the first six years and shall be re-priced thereafter. The coupon is discretionary and the event on non-payment is not considered as an event of default. The notes carry no maturity date and have been classified under Tier 1 capital.

14. DIVIDEND

A cash dividend of 30% (QAR 3.0 per share) relating to the year ended 31 December 2017 (2016: QAR 3.0 per share), amounting to QAR 930.1 million (2016: QAR 775.1 million), was approved at the Annual General Assembly held on 7 March 2018 and paid during the period.

15. EARNINGS PER SHARE

	Three months ended		*Six months ended*	
	30 June 2018 Reviewed	*30 June 2017 Reviewed*	***30 June 2018 Reviewed***	*30 June 2017 Reviewed*
Basic and diluted				
Profit attributable to the shareholders of the Bank	**89,348**	351,116	**470,701**	715,514
Weighted average number of outstanding ordinary shares in thousands	**310,047**	280,011	**310,047**	280,011
Basic / diluted earnings per share (QAR)	**0.29**	1.25	**1.52**	2.56

16. FINANCIAL COMMITMENTS AND CONTINGENCIES

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
(a) Contingent commitments			
Guarantees	17,213,630	19,827,521	18,380,848
Letter of credit	5,860,201	7,611,115	5,958,391
Unused credit facilities	3,894,344	4,190,280	3,737,358
Others	247,678	179,540	207,200
	27,215,853	31,808,456	28,283,797
(b) Other commitments			
Derivative financial instruments:			
Forward foreign exchange contracts	3,803,834	28,395,713	7,091,767
Interest rate swaps	5,641,635	3,132,396	3,256,877
	9,445,469	31,528,109	10,348,644
Total	**36,661,322**	63,336,565	38,632,441

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

17. CASH AND CASH EQUIVALENTS

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Cash and balances with central banks *	1,816,204	3,564,007	4,380,783
Due from banks up to 90 days	3,368,997	4,410,720	5,924,892
	5,185,201	7,974,727	10,305,675

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

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18. RELATED PARTY TRANSACTIONS

The Group enters into transactions, arrangements and agreements involving member of the Board of Directors and their relted 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:

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Statement of financial postion items			
- Loans, advances and financing activities	**2,542,803**	2,724,876	2,599,973
- Deposits	**441,104**	374,186	384,382
- Contingent liabilities and other commitments	**952,764**	977,299	998,210
- Others assets	**8,305**	8,305	8,305

	Three months ended		**Six months ended**	
	30 June 2018 Reviewed	*30 June 2017 Reviewed*	***30 June 2018 Reviewed***	*30 June 2017 Reviewed*
Statement of income and expenses items				
- Interest and fee income	**17,930**	11,707	**36,435**	23,461
- Interest, fee and commission expenses	**2,842**	2,810	**6,425**	6,401
Compensation to Board of Directors				
- Salaries and other benefits	**9,112**	8,792	**21,117**	18,222
- End of service benefits and pension fund	**406**	394	**808**	1,023
	9,518	9,186	**21,925**	19,245

19. CAPITAL ADEQUACY

	30 June 2018 Reviewed	*30 June 2017 Reviewed*	*31 December 2017 Audited*
Common Equity Tier 1 Capital	7,883,111	9,672,660	9,700,840
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Additional Tier 2 Capital	896,127	125,944	111,564
Total Eligible Capital	**12,779,238**	13,798,604	13,812,404
Risk Weighted Assets	**76,840,102**	81,157,910	78,885,775
Total Capital Ratio	**16.63%**	17.00%	17.51%

Upon the adoption of IFRS 9 on 1 January 2018, the CET1 ratio declined from 12.30% to 10.44%, while the total capital ratio declined from 17.51% to 16.73%.

20. RESTATMENT OF COMPARATIVES AND RECLASSIFICATIONS

(a) Reclassifications

The comparative figures have been reclassified where necessary to preserve consistency with the current period. However, such reclassifications did not have any effect on the consolidated net profit or equity for the comparative period. Further, there have been reclassifications within the ECL impact of initial application of IFRS 9, however such reclassifications did not have any effect on the total ECL as described in note 4 (c).

(b) Restatement of comparatives

Prior period figures have not been restated for the adoption of IFRS 9 as permitted by the transitional provisions of IFRS 9 and QCB regulations. An amount of QAR 24 million relating to the translation of foreign operations for prior periods, has been corrected in the opening retained earnings.