
QATAR DEVELOPMENT BANK Q.S.C.C
CONDENSED INTERIM FINANCIAL INFORMATION

30 JUNE 2014

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Introduction

We have reviewed the accompanying 30 June 2014 condensed interim financial information of Qatar Development Bank Q.S.C.C ("the Bank"), which comprises:

- the condensed statement of financial position as at 30 June 2014;
- the condensed statement of comprehensive income for the six month period ended 30 June 2014;
- the condensed statement of changes in equity for the six month period ended 30 June 2014;
- the condensed statement of cash flows for the six month period ended 30 June 2014 and;
- notes to the condensed interim financial information.

The Directors of the Bank is responsible for the preparation and presentation of this condensed interim financial information in accordance with *IAS 34 "Interim Financial Reporting"* and the applicable provisions of the Qatar Central Bank regulations. Our responsibility is to express a conclusion on this condensed interim financial information 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 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 30 June 2014 condensed interim financial information is not prepared, in all material respects, in accordance with *IAS 34 - Interim Financial Reporting* and the applicable provisions of the Qatar Central Bank regulations.

Other matter

We draw attention to the fact that we have not reviewed the accompanying statements of comprehensive income, changes in equity and cash flows for the period ended 30 June 2013, or any of the related notes and accordingly, we do not express a review conclusion thereon.



19 November 2014
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No. 289

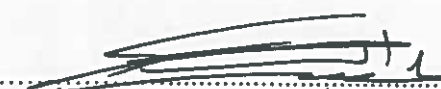
QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

QAR'000

	Notes	30 June 2014 (Reviewed)	31 December 2013 (Audited)
ASSETS			
Cash and balances with Qatar Central Bank		18,704	129,478
Due from banks		647,619	885,231
Loans and advances to customers	7	2,643,111	2,429,907
Investment securities	8	2,026,767	1,839,075
Investment in associates and joint ventures	10	40,114	40,911
Investment properties		137,258	139,190
Property and equipment		69,957	68,226
Other assets		279,000	126,149
TOTAL ASSETS		5,862,530	5,658,167
LIABILITIES			
Due to banks		902,737	1,402,737
Other liabilities		147,407	158,216
TOTAL LIABILITIES		1,050,144	1,560,953
EQUITY			
Share capital		3,900,000	3,300,000
Legal reserve		105,942	105,942
General reserve		1,010	1,010
Risk reserve		78,570	78,570
Fair value reserve		335,813	276,940
Retained earnings		391,051	334,752
TOTAL EQUITY		4,812,386	4,097,214
TOTAL LIABILITIES AND EQUITY		5,862,530	5,658,167

This condensed interim financial information was approved by the board of directors on 19 November 2014 and was signed on its behalf by:



 Sheikh Abdullah Bin Saud Al-Thani
 Chairman



 Abdulaziz Bin Nasser Al-Khalifa
 Chief Executive Officer

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QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014**

QAR'000

	Note	<i>SIX MONTHS TO 30 JUNE 2014 (Reviewed)</i>	<i>SIX MONTHS TO 30 JUNE 2013 (Not reviewed)</i>
Interest income		76,056	49,125
Profit from Islamic financing		5,918	11,596
Interest expense		<u>(2,749)</u>	<u>(2,021)</u>
Net interest income		79,225	58,700
Fees and commission income		66,601	68,677
Income from investment securities		24,415	27,297
Net gain on disposal of financial investments		4,949	-
Rental income		3,025	1,729
Foreign exchange gain		168	763
Other operating income		<u>362</u>	<u>578</u>
Net operating income		<u>178,745</u>	<u>157,744</u>
Staff and other costs		(90,652)	(76,692)
Depreciation		(9,054)	(5,428)
Net impairment loss on loans and advances to customers	7(e)	<u>(21,943)</u>	<u>(42,624)</u>
		57,096	33,000
Share of losses of associates and joint ventures		<u>(797)</u>	-
Profit for the period		<u>56,299</u>	<u> </u>
Other comprehensive income for the period			
Items that are or may be classified to profit or loss			
Fair value reserve (available-for-sale financial assets):			
Net change in fair value		58,873	39,420
Net amount transferred to profit or loss		-	-
Other comprehensive income for the period		<u>58,873</u>	<u>39,420</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>115,172</u>	<u>72,420</u>

The attached notes 1 to 13 form an integral part of this condensed interim financial information.

QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014**

QAR'000

	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2014	3,300,000	105,942	1,010	78,570	276,940	334,752	4,097,214
Capital contribution	600,000	-	-	-	-	-	600,000
Total comprehensive income for the period	-	-	-	-	-	56,299	56,299
Profit for the period	-	-	-	-	-	56,299	56,299
Other comprehensive income	-	-	-	-	58,873	-	58,873
Total comprehensive income for the period	-	-	-	-	58,873	56,299	115,172
Transfer to legal reserve	-	-	-	-	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-
Balance at 30 June 2014	3,900,000	105,942	1,010	78,570	335,813	391,051	4,812,386
Balance at 1 January 2013	2,900,000	93,401	1,010	43,915	255,831	319,241	3,613,398
*Capital contribution	400,000	-	-	-	-	-	400,000
Total comprehensive income for the period	-	-	-	-	-	33,000	33,000
Profit for the period	-	-	-	-	-	33,000	33,000
Other comprehensive income	-	-	-	-	39,420	-	39,420
Total comprehensive income for the period	-	-	-	-	39,420	33,000	72,420
Transfer to legal reserve	-	-	-	-	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-
Balance at 30 June 2013	3,300,000	93,401	1,010	43,915	295,251	352,241	4,085,818

*During the period the Bank has received QAR 600 million (2013: QAR 400 million) from the Government as a contribution towards the authorised capital.

The attached notes 1 to 13 form an integral part of this condensed interim financial information.

QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED STATEMENT OF CASHFLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014**

QAR'000

	<i>SIX MONTHS TO 30 JUNE 2014 (Reviewed)</i>	<i>SIX MONTHS TO 30 JUNE 2013 (Not Reviewed)</i>
Cash flows from operating activities		
Profit for the period	56,299	33,000
<i>Adjustments for:</i>		
Dividend received	(24,415)	(27,297)
Interest received	(81,974)	(60,722)
Interest paid	2,749	2,021
Net impairment loss on loans and advances to customers	21,943	42,624
Depreciation	9,054	5,428
Share of losses from associate and joint venture	797	-
Net gain on sale of property and equipment	(7)	-
	<u>(15,554)</u>	<u>(4,946)</u>
Increase in loans and advances to customers	(235,147)	(286,024)
Increase in other assets	(152,851)	(2,448)
(Decrease) / Increase in due to banks	(500,000)	200,000
(Decrease) / Increase in other liabilities	(10,809)	217,579
	<u>(914,361)</u>	<u>124,161</u>
Dividend received	24,415	27,297
Interest received	81,974	60,722
Interest paid	(2,749)	(2,021)
	<u>(810,721)</u>	<u>210,159</u>
Net cash flows (used in) / from operating activities		
Cash flows from investing activities		
Net movement in investment securities	(128,819)	(155,717)
Proceeds from Investment Property	-	(1,676)
Acquisition of property and equipment, net of disposal	(8,846)	(4,884)
Net cash (used in) investing activities	<u>(137,665)</u>	<u>(162,277)</u>
Cash flows from financing activities		
Proceeds from capital contribution	600,000	-
Net cash from financing activities	<u>600,000</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(348,386)	47,882
Cash and cash equivalents as at 1 January	964,709	557,133
Cash and cash equivalents as at 30 June	<u>616,323</u>	<u>605,015</u>

The attached notes 1 to 13 form an integral part of this condensed interim financial information.

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1 REPORTING ENTITY

Qatar Development Bank (Q.S.C.C.) ("the Bank") was established in the State of Qatar as a closed shareholding company under Commercial Registration No.19299.

The main objective of the Bank is to participate in the economic development process of the State of Qatar, by providing the necessary financing for small and medium size industrial, educational, health, agricultural and touristic projects. The Bank also administers the disbursement of the Government land loan scheme as part of its fiduciary activities.

2 BASIS OF PREPARATION**(a) Statement of compliance**

The condensed interim financial information has been prepared in accordance with IAS 34 – 'Interim Financial Reporting and the applicable provisions of the Qatar Central Bank regulations. This condensed interim financial information does not include all of the information required for full annual financial statements. In addition, results for the six month ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

(b) Basis of measurement

The condensed interim financial information has been prepared under the historical cost basis, except for available for sale financial investments which have been measured at fair value.

(c) Functional and presentation currency

This condensed interim financial information is presented in Qatari Riyals ("QAR"), which is the Bank's functional currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 6 of the annual financial statements for the year ended 31 December 2013.

In preparing this condensed interim financial information, the significant judgements made by the management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2013.

3 FINANCIAL RISK MANAGEMENT

The Bank's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013, except for the following policies.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**1) Basis of Consolidation**

The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Bank has decision making rights, it assesses whether it controls an entity and determines whether it is a principal or an agent. The Bank also determines whether another entity with decision-making rights is acting as an agent for the Bank. An agent is a party primarily engaged to act on behalf and for the benefit of another party (the principal) and therefore does not control the entity when it exercises its decision-making authority. A decision maker considers the overall relationship between itself and other parties involved with the entity, in particular all of the factors below, in determining whether it is an agent.

- The scope of its decision making authority over the entity;
- The rights held by other parties (including kick-out-right);
- The remuneration to which it is entitled;
- The decision maker's exposure to variability of returns from other interests that it holds in the entity.

The Bank makes significant judgments and assumptions when determining if it has control of another entity. The Bank may control an entity even though it holds less than half of the voting rights of that entity, for example if the Bank has control over an entity on a de facto basis because the remaining voting rights are widely dispersed and/or there is no indication that other shareholders exercise their votes collectively. Conversely, the Bank may not control an entity even though it holds more than half of the voting rights of that entity, for example where the Bank holds more than half of the voting power of an entity but does not control it, as it has no right to variable returns from the entity and is not able to use its power over the entity to affect those returns.

2) Interest in other entities

Interests on other entities are contractual and non contractual involvement that exposes the Bank to variability of returns from the performance of the other entity. As a result of IFRS 12, the Bank has expanded disclosures about its interests in other entities. The disclosure requirements related to its involvement in other entities are not included in the comparative information.

Structured entities

As part of normal business, the Bank engages in various transactions with entities which are considered to be structured entities. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Transactions with structured entities are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investment opportunities, and, as part of these activities, the Company may hold interests in the structured entities. If the Bank controls the structured entity then that entity is consolidated. The Bank discloses information about significant judgements and assumptions made in determining whether the Bank has (joint) control of, or significant influence over, another entity including structured entities. The Bank also provides disclosures with regards to unconsolidated structured entities such as when it sponsors or has an interest in such an entity.

Unconsolidated structured entities

The Bank has interests in a structured entity which is not consolidated. An interest is either contractual or non-contractual involvement that exposes the Bank to variability in returns from the performance of another entity. An interest on another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees.

The Bank does not have an interest in another entity solely because of a typical customer and supplier relationship. An example of a typical customer and supplier relationship are fees other than management and performance fees that are passively earned and are typically one-off in nature.

The Bank considers itself the sponsor of a structured entity when either its name appears in the name of the structured entity or in products issued by it or there is a general expectation from the market that the Bank is associated with the structured entity or the Bank was involved in the design or set up of the structured entity and has a form of involvement with the structured entity.

3) Transaction between shareholders

Any gain / loss arising on transactions with shareholders are recognized in equity.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014**

QAR'000

5. STANDARDS, AMENDMENTS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

The new standards, amendments to standards and interpretations which have been issued but are not yet effective for the period ended 30 June 2014 and have not been early applied in preparing these condensed interim financial information were as follows:

-IFRS 9, Financial Instruments is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The mandatory effective date of IFRS 9 is 31 December 2018 but early adoption is permitted.

6. FINANCIAL ASSETS AND LIABILITIES

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of the Bank's financial assets and financial liabilities:

	Loans and receivable	Available- for-sale	Other amortised cost	Total Carrying amount	Fair value
30 June 2014					
Cash and balances with Qatar central bank	18,704	-	-	18,704	18,704
Due from banks	647,619	-	-	647,619	647,619
Loans and advances to customers	2,643,111	-	-	2,643,111	2,643,111
Investment in associates and joint ventures	-	-	40,114	40,114	40,114
Investment securities	-	2,026,767	-	2,026,767	2,026,767
Other assets	-	-	279,000	279,000	279,000
	<u>3,309,434</u>	<u>2,026,767</u>	<u>319,114</u>	<u>5,655,315</u>	<u>5,655,315</u>
Due to banks	-	-	902,737	902,737	902,737
Other liabilities	-	-	147,407	147,407	147,407
	-	-	<u>1,050,144</u>	<u>1,050,144</u>	<u>1,050,144</u>
31 December 2013					
Cash and balances with Qatar central bank	129,478	-	-	129,478	129,478
Due from banks	885,231	-	-	885,231	885,231
Loans and advances to customers	2,429,907	-	-	2,429,907	2,429,907
Investment securities	-	1,839,075	-	1,839,075	1,839,075
Other assets	-	-	126,149	126,149	126,149
	<u>3,444,616</u>	<u>1,839,075</u>	<u>126,149</u>	<u>5,409,840</u>	<u>5,409,840</u>
Due to banks	-	-	1,402,737	1,402,737	1,402,737
Other liabilities	-	-	158,216	158,216	158,216
	-	-	<u>1,560,953</u>	<u>1,560,953</u>	<u>1,560,953</u>

6. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**(b) FINANCIAL INSTRUMENTS- CARRYING AMOUNT, FAIR VALUES AND FAIR VALUE HIERARCHY**

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

<i>30 June 2014</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	2,003,938	-	-	2,003,938
<i>31 December 2013</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	1,821,069	-	-	1,821,069

During the period ending 30 June 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Investment securities - at cost

At 30 June 2014, certain unquoted financial assets available-for-sale amounting to QR 22.82 million (2013 18.0 million) are carried at cost due to non-availability of quoted market prices or other reliable measures of their fair values. Management believes there is no impairment in their value. The fair value of these financial instruments, which are not measured at fair value approximates their carrying amount.

Further, the investment in Q-Media (refer note 9(1)) amounting to QR 1 is initially recognised at cost due to non-availability of observable market data and hence no gain / loss has been recognised on initial recognition.

7. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2014	31 December 2013
a) By type		
(i) Conventional banking loans and advances		
Non agricultural and fishery loans	2,131,327	2,030,096
Agricultural and fishery loans	18,876	30,412
	<u>2,150,203</u>	<u>2,060,508</u>
Specific impairment on loans and advances to customers	(176,901)	(151,725)
Net conventional banking loans and advances	<u>1,973,302</u>	<u>1,908,783</u>
ii) Islamic financing activities		
Murabaha	108,498	71,609
Istisna'a	23,071	39,791
Ijarah	556,130	447,083
	<u>687,699</u>	<u>558,483</u>
Deferred income on Islamic finances	(17,890)	(37,359)
Net financing activities	<u>669,809</u>	<u>521,124</u>
Net loan and advances and financing activities	<u>2,643,111</u>	<u>2,429,907</u>

b) All loans and advances are to corporate customers and small and medium sized entities located in the State of Qatar.

c) The movement in the allowance for impairment of loans and advances is as follows:

	30 June 2014	31 December 2013
At 1 January	151,725	95,099
Charge for the period / year	28,793	68,512
Recoveries	(3,617)	(11,886)
As at 30 June / 31 December	<u>176,901</u>	<u>151,725</u>

Interest in suspense of QR 8.6 million as at 30 June 2014 (2013: QR 5.383 million) is for the purpose of Qatar Central Bank regulatory requirements, effectively included in the above allowance for impairment on loans and advances. Movement in interest in suspense during the six months amounted to a net charge of QR 3.2 million (2013: net recovery of QR 0.778 million).

d) Details of non-performing loans are as follows:

The net amount of non-performing loans and advances and financing activities to customers as at 30 June 2014 amounted to QR 90 million representing 3.2% (2013: QR 113 million representing 4.3%) of the total gross loans and advances to customers.

e) Net impairment during the period

	30 June 2014	31 December 2013
Loans and advances (net of recoveries)	25,176	57,404
Other provisions	-	2,337
Interest in suspense	(3,233)	(778)
As at 30 June / 31 December	<u>21,943</u>	<u>58,963</u>

8 INVESTMENT SECURITIES

	30 June 2014			31 December 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Available for sale investments						
a) By type						
Equity securities measured at fair value	619,857	-	619,857	635,382	-	635,382
Equity securities measured at cost	-	7,016	7,016	-	7,016	7,016
State of Qatar Bonds	874,849	-	874,849	701,347	-	701,347
Other debt securities	509,232	-	509,232	492,470	-	492,470
Investment funds	-	15,813	15,813	-	10,990	10,990
Total	2,003,938	22,829	2,026,767	1,829,199	18,006	1,847,205
Impairment loss	-	-	-	(8,130)	-	(8,130)
Total	2,003,938	22,829	2,026,767	1,821,069	18,006	1,839,075

The State of Qatar Bonds and other debt securities financial assets amounting to QR 874.85 million and QR 509.2 million respectively (2013: QR 701.3 million and QR. 492.5 million) represent investments in fixed rate securities. There are no investments in floating rate securities as at 30 June 2014.

No impairment loss on investments was recognised during the period ended 30 June 2014 and 30 June 2013.

9 INTEREST IN OTHER ENTITIES

Set out below is the summary of the Bank's interest in other entities:

Name of the entity	Description of activities	Accounting treatment
Q Media W.L.L-	The main activities of the Q-Media ("the Company") are to provide media and outdoor advertising services, marketing services, managing events, printing and road signboard services.	Disclosed as an interest in other entity and treated as an Available for sale investment.
Yellow Services S.P.C.	The Company was designed to facilitate the acquisition of Q-Media.	Treated as a Subsidiary but not consolidated as the company's operations are not material to the Bank. Refer Note 2.
Ellan Entertainment Development W.L.L. (a subsidiary of Q-Media)	The principal activities of the Company are investment in properties including construction, sales and operating, development of various kinds of projects, general building contracting and operating real estate.	Treated as a Subsidiary but not consolidated as the company's operations are not material to the Bank. Refer Note 3.
Qatari German Company for Medical Devices	The principal activities of the Company are manufacturing of single used disposable syringes.	Disclosed as interest in other entity. The Bank has extended a financing facility amounting to QR 58.7 million to the company.
Al Shams advanced lighting technologies	The principal activities of the Company are manufacturing HID lamps and other lighting products.	Disclosed as an interest in other entity and treated as an investment in associate. Refer note 10. Further, the Bank has extended a financing facility amounting to QR 9.1 million to the company.
Housing Loan Portfolio managed by the Bank	The portfolio contains government sponsored and funded housing loans to Qatari Nationals managed by the Bank.	1% of the total portfolio is recognised as income.

9 INTEREST IN OTHER ENTITIES (CONTINUED)**Note 1**

During the year, the ownership of Q-Media was transferred to the Bank on the instruction of Ministry of Finance (MoF) at QR 1. 99.1% of the shares of Q-Media were transferred to QDB directly and 0.9% through its wholly owned company Yellow Services S.P.C. (structured entity established only to acquire Q-Media).

The maximum exposure to loss for the Bank is the credit risk in respect of loan amounting to QR 981 mn provided by the Bank to the Company. However, the Bank's exposure towards the Company is secured through a guarantee issued by the MoF to settle the loan in case of default.

The following table provides the carrying amounts and classifications of interests recorded in the the Bank's Statement of financial position and maximum exposure to loss as of and for the period ended 30 June 2014.

30 June 2014	Total
	In QR '000
<i>Statement of financial position line items</i>	
Available-for-Sale investment	-*
Loans and advances to customer	965,813
Interest receivable	14,729
Total assets	980,542
<i>Statement of comprehensive income line items</i>	
Interest income	14,729
Maximum exposure to loss	980,542

*This represents investment in Q-Media amounting to QR 1

Note 2

Yellow Services S.P.C. has net assets of QR 200,000 representing only the share capital and cash as at 30 June 2014.

Note 3

The ownership of Ellan Entertainment Development W.L.L. has been transferred to the Bank with effect from 26 February 2014 without consideration, as a pass through arrangement, to facilitate the sale of lands owned by it to a third party. Ellan Entertainment Development W.L.L. has net assets of QR 200,000 representing the share capital and cash as at 30 June 2014. Further, the financial statements of Ellan Entertainment Development W.L.L. include a liability to a third party amounting to QR 138 million which will be borne by Q-Media.

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2014	2013
Balance at 1 January	40,911	39,972
Investments acquired during the period / year	-	1,556
Share of results	(797)	(617)
Balance at 30 June / 31 December	40,114	40,911

	Amount (Carrying value)		Associates / Joint venture	Country	Company's Activities	Ownership %	
	2014	2013				2014	2013
Al Shams advanced lighting technologies	5,681	5,911	Associate	Qatar	Manufacturing HID lamps and other lighting products	25%	25%
Qatar Business Incubator	34,433	35,000	Joint Venture	Qatar	Career development and entrepreneurship services for the youth of Qatar	50%	50%
The Bedaya Centre*	-	-	Joint Venture	Qatar	Catering to the diversified needs of SMEs with tailor- made solutions and toolkits.	50%	50%

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014**

QAR'000

The financial position and results of associates and joint ventures based on financial statements, as at and for the six months ended 30 June 2014 are as follows:

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

30 June 2014	Al Shams advanced lighting technologies	Qatar Business Incubator	The Bedaya Centre*
Total assets	13,145	76,396	4,423
Total liabilities	9,712	7,532	32,793
Total revenue	587	-	375
Net loss	(906)	(1,135)	(802)
Share of net loss	(230)	(567)	-

*The Investments in this Joint venture has been fully impaired. The Bank has recognised the share of loss up to the cost of the investment in prior years.

11 CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2014	31 December 2013
Al-Tasdeer	7,214	158,835
Al- Dahmeen	288,091	191,641
Letters of guarantee	90,038	48,305
Letters of credit	203,449	127,558
Unutilised credit facilities	1,345,849	1,485,039
Capital commitments	-	13,026
Others	41,557	48,401
	<u>1,976,198</u>	<u>2,072,805</u>

12 RELATED PARTY DISCLOSURES

The Bank enters into transactions with major shareholder, directors and key management personnel of the Bank, and entities controlled, jointly controlled, or significantly influenced by such parties. All the loans and advances and financing activities to related parties are given at market rates and these are performing and free of any allowance for impairment.

The period-end balances in respect of related parties included in the condensed financial information are as follows:

	2014	2013
a) Statement of financial position		
Financial investments (Government of State of Qatar)	874,849	701,347
Other receivable (Government of State of Qatar)	4,476	3,952
Investments in associate and joint ventures	40,114	40,911
Loan to Q-Media	980,542	-
b) Statement of comprehensive income		
Interest on the loan to Q-Media	14,729	-
Interest on the State of Qatar bonds	17,301	12,093

Board of Directors remuneration amounted to QAR 1.4 million (2013: QR 1.4 million).

Compensation of key management personnel is as follow:

	2014	2013
Salaries and other benefits	<u>9,880</u>	<u>7,443</u>

13 SUBSEQUENT EVENTS

On 11 August 2014, the Ministry of Finance received a letter from the office of the Prime Minister instructing the merger of Enterprise Qatar ("EQ") with the Bank. Further, on 12 November 2014, HE Emir of Qatar formally announced the merger of EQ and QDB.